### INFORME ANUAL • 2014

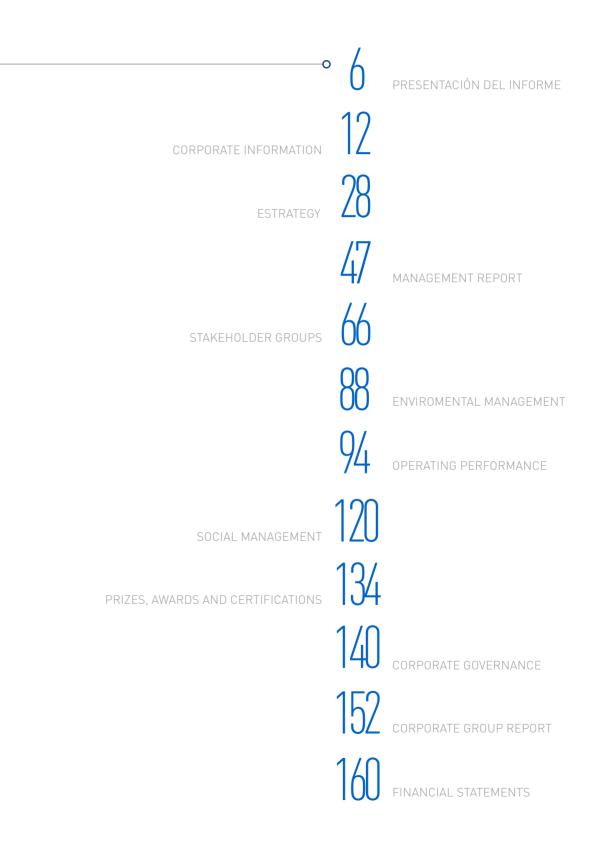
Grupo SURA - MParent company of the SURA Group

## GENERAMOS VALOR Y CONFIANZA



# GENERAMOS VALOR Y CONFIANZA





CONTENTS

## CHAPTER 1 ° PRESENTATION



CONTENT AND SCOPE OF THIS REPORT, as well as the methodology used for such and the standards thus complied with.

### Location: Museo de Antioquia, "Mexican-Colombian Rendezvous" Art Exhibition SURA Collection

### PRESENTATION ////

As customary during the first quarter of every year, we present our shareholders and other stakeholders with an annual report containing detailed information on the performance and results obtained by Grupo Sura over the previous 12-month period.

Besides presenting our achievements and more important events, we constantly strive to enhance the way in which we present this information from one year to the next, ensuring that clear and complete information is revealed so as to provide true added value to all those users of such, helping them to form an opinion about the Company and its business environment.

It is also true that every year companies are more exposed to public scrutiny, especially those involved with the securities markets. We are convinced that this reality is not only more exacting in terms of transparency, but also serves to encourage the adoption of best practices in reporting information to the market.

In our case we have made much progress in adopting new reporting standards for this year's Annual Report, namely the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines. A materiality analysis performed with the assistance of KPMG, has allowed us to identify the most important issues for our stakeholders, which form the road map for this document.

This report contains both complete and specific information on the performance of Grupo SURA and its strategic investments in the banking, insurance, pensions, savings and investment sectors, taking into account the economic, social and environmental dimensions of such. This includes our financial and accounting information at year-end 2014, our main business figures, achievements, more important projects, aspects of our risk management, corporate governance, regulatory compliance functions along with the most important challenges facing the company in the various areas of our different lines of business, this together with other information of interest.

This document also allows us to reaffirm our commitment to and the initiatives deployed with regard to the 10 universal principles of the United Nations' Global Compact, to which Grupo SURA and its subsidiaries are

We hope that you shall find this information useful in evaluating the Company and making informed decisions in this regard. More importantly, based on the level of performance as outlined in this report, we continue building relationships of trust with our stakeholders and creating economic and social value for all.

> **DAVID BOJANINI GARCÍA** Chief Executive Officer

### STANDARDS AND COMMITMENTS

G4.56

We recognize the importance of being able to benchmark ourselves against the highest standards of corporate governance as part of our continuous improvement efforts as well as maintaining a broader commitment to the general public by upholding practices that drive the sustainable development both on a business and social level. Here we would like to highlight our adherence and commitment to some of these:

Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM









### REPORTING STANDARDS

All financial information pertaining to Grupo SURA, as contained in this report, is published in keeping with Colombian accounting standards as stipulated by the Colombian Superintendency of Finance. Figures are stated in Colombian pesos (COP) and some are restated in US dollars (USD) except in the case of SURA Asset Management whose figures are stated in US dollars and restated in Colombian pesos. Some figures pertaining to Grupo SURA's Annual Report for 2013 were reclassified so as to provide an even basis for comparison.

In 2014, Grupo SURA drew up an opening balance sheet as part of its transition to International Financial Reporting Standards - IFRS. At the present time and as of Q1, 2015 the company shall be issuing a separate and consolidated statement of financial position based on these standards. However, the Group's IFRS financial statements should be considered as supplementary information for 2014 since in Colombia all issuers of securities are legally obliged to present their financial statements in accordance on Colombian Accounting Principles (COLGAAP) until December 31, 2014.

The accounting and financial information provided in this report was audited by KPMG Ltda. whereas all non-financial information was audited by Deloitte.

The exchange rate used in this report was COP 2,392.46 per US dollar.

IR Award for Issuers from the Colombian Stock Exchange, which is not a certification endorsing the listed shares or solvency of their issuer

CHAPTER 2

CORPORATE INFORMATION



Basic description of Grupo SURA and information regarding ITS MAIN FINANCIAL AND NON-FINANCIAL FIGURES, ITS PORTFOLIO AND SHAREHOLDER STRUCTURE, as well as governing bodies and corporate governance standards

### THE COMPANY

Grupo de Inversiones Suramericana -Grupo SURA- is a Latin American company listed on the Colombian Stock Exchange (BVC) and registered with the ADR- Level 1 program in the United States. It is also the only company from the Latin American Diversified Financial Services sector to be admitted to the Dow Jones World Sustainability Index, which monitors companies who have become global benchmarks thanks to the good practices they have adopted from the economic, environmental and social standpoints.

Grupo SURA has two fields of investment: its core **strategic** interests in the financial service, insurance, pension, savings and investment sectors; and its industrial interests in the processed food, cement, energy, port services and real estate sectors.

The Organization first came into being 70 years ago when Compañía Suramericana de Seguros Generales (now known as Seguros SURA) was first founded. With the forming of new companies and the stakes acquired in companies belonging to the finance, insurance and other industrial sectors, the Organization was able to grow and consolidate a portfolio of investments that upon spinning off its insurance business in 1997 gave rise to what is known today as Grupo SURA.

Since then, and as the parent company of the Grupo Empresarial SURA, it has been focusing on its core strategic investments in the insurance and financial service sectors. Grupo Bancolombia is the investment with the greatest weighting in Grupo SURA's portfolio. The Group has two main subsidiaries: Suramericana, dedicated to the insurance and social security sectors and SURA Asset Management catering to the pension, savings and investment sectors.

Over the last few years, Grupo SURA has strengthened its corporate role as parent company, fostering a greater interaction with its subsidiaries and strategic investments in 9 different countries in Latin America, thereby helping people and organizations to thrive and prosper.

Today Grupo SURA is recognized as one of the Latin America's top organizations in the Diversified Financial Service sector, especially given its sound reputation, which in turn has helped create added value and inspire greater trust.

### NUESTRO PORTAFOLIO



### OUR INVESTMENT **PORTFOLIO**



- Property and casualty insurance Life insurance
- Social Security: Workers Compensation Mandatory and complement health care plans (POS in
- Spanish) Health care providers (IPS in
- Complementary lines of business



**67.1**% SAVINGS AND INVESTMENT

- Mandatory pensions:
- Voluntary pensions Retirement insurance
- Investment funds
- Life annuities Life insurance
- Severance funds
- Complementary lines of business

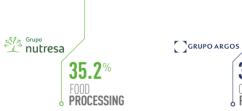


45.9% UNIVERSAL

- Commercial banking Retail banking
- Rancasssurance
- Government banking · Asset management
- Cash management products Investment banking
- · Off-shore banking
- Private banking
- Other complementary financial services

### STRATEGIC INVESTMENTS

### INDUSTRIAL INVESTMENTS



- Cold Cuts
- Biscuits
- Chocolate
- Coffee
- Ice Cream
- Pasta · Lines of husiness support
- Distribution
- Alternate channels

REAL STATE AND PORT SERVICES

35.7%

- Cemento
- Concrete Aggregate
- · Power generation
- Power distribution Port services
- Real estate
- · Lines of business support
- Logistics
- Transport

The percentages shown correspond to the voting stakes held by Grupo SURA in each of the aforementioned companies.

### OTHER INVESTMENTS











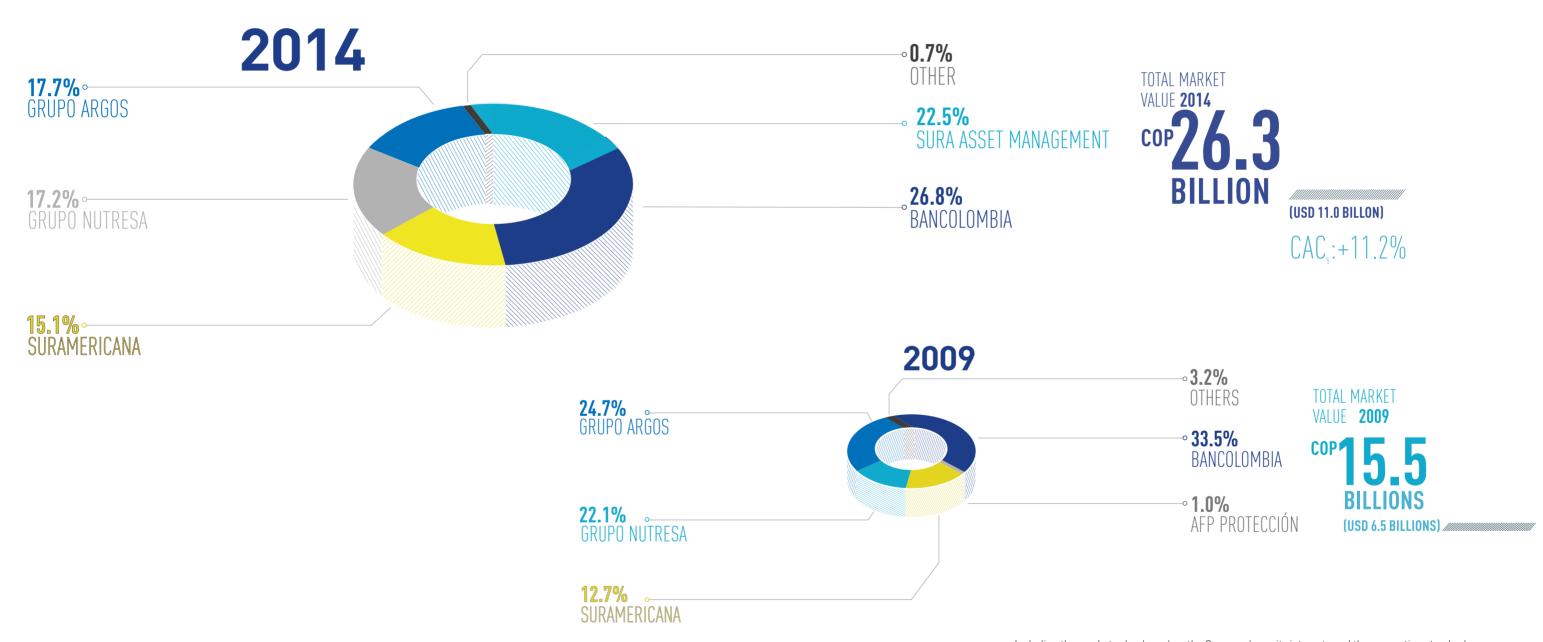


Strategic investments: constituting the main focus of Grupo SURA's strategy. It is here where the Organization has taken on a corporate role.

Industrial investments: those with which Grupo SURA has historically held common equity interests. The Organization also participates in these companies through their Boards of Directors

### INVESTMENT PORTFOLIO STRUCTURE AND GROWTH

The expansion and growth that our Company has undergone over the last few years has enabled us to build an investment portfolio with a special focus on the diversified finance service sector that includes banking, insurance, pensions, savings and investments. These are what we call our strategic investments, which today represent 64.4% of the total market value of our portfolio.



- Including the market value based on the Company's equity interests and the accounting standards applied
- Estimated market value which in the case of Suramericana was twice its book value and in the case of SURA Asset Management its book value (this multiple must be calculated by the market)
- CAGR = Compound Annual Growth Rate.

### **BOARD OF DIRECTORS**

G4.38, G4.40

Grupo SURA's Board of Directors is made up of seven (7) principal members, four (4) of whom have an independent status, including its Chairman and Vice-Chairman. The current members of our Board of Directors were either appointed or re-appointed for a two-year period, by the General Assembly of Shareholders at their annual meeting held on March 27, 2014. Their reappointment shall be decided at the upcoming Annual Shareholders Meeting to be held in March, 2016, except in the case of all those directors that have tendered their resignation and must be replaced.

The mechanisms deployed to ensure the independent status of the members of the Board of Directors are in keeping with that stipulated in Article 44 of Law 964 of 2005 as well as in Article 25 of the Company's by-laws.

The professional and personal profiles of the members of the Board of Directors are in keeping with Grupo SURA's needs. They must all possess analytical and managerial skills, a strategic business vision, objectivity, an ability to express their points of view as well as being able to evaluate high-level managerial issues. Furthermore they must bring to the table a knowledge of the industry, particularly with regard to financial, risk and legal matters, international experience and crisis management. The Directors must also be able to understand and question financial information as well as new business proposals.

### **Grupo SURA's Board Committees**



Finance, Risk and Audit Committee

Corporate Governance Committee

Compensation and Development Committee

**Investment Committee** 

In 2014, the Board of Directors met on a total of 12 occasions, with a 92% attendance rate. The monthly fees for each member, as approved by the General Assembly of Shareholders at their Annual Meeting, came to COP 5,500,000 for 2014. This same amount shall apply for each committee meeting attended.

More detailed information regarding our Corporate Governance can be found on Page 142 of this report as well as on our website: www.gruposura.com

The members of the Board of Directors did not serve in any other job within Grupo SURA as of December 31, 2014. On the other hand, the following members of the Board of Directors are legal representatives of related companies as shown below:

NAME	COMPANY	POSITION	
José Alberto Vélez Cadavid	Grupo Argos S.A. Celsia S.A. E.S.P. Bancolombia S.A. Cementos Argos S.A.	Legal representative Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	
Carlos Ignacio Gallego Palacio	Grupo Nutresa S.A. Grupo Argos S.A. Bancolombia S.A.	Legal representative Member of the Board of Directors Member of the Board of Directors	
Juan Guillermo Londoño Posada	Celsia S.A. E.S.P.	Legal representative	

None of the member of the Board of Directors hold more than a 0.01% stake in Grupo SURA.

### Our gratitude and appreciation

The General Assembly of Shareholders at their upcoming Annual Meeting to be held in March 2015 shall appoint three new members to Grupo SURA's Board of Directors, to replace Messrs. Armando Montenegro Trujillo, Hernando Yepes Arcila and Juan Guillermo Londoño Posada

Grupo SURA would like to make special mention of the work carried out by the aforementioned directors, having assisted in steering the Organization throughout a period of enormous transformation. Their experience, expertise and professionalism were fundamental factors in attaining the growth and corporate goals set.



### **BOARD MEMBERS**

G4.38

### O O 1 Armando Montenegro Trujillo

Chairman of the Board of Directors - Independent Member: Mr. Montenegro holds a degree in Industrial Engineering from the Universidad Javeriana, a Masters degree in Economics and Latin-American studies from Ohio University and a Ph.D. in Economics from New York University. He has held the posts of Director of Colombia's National Planning Department, Deputy Executive Director of the World Bank, Director of the Colombian Association of Financial Institutions (Asociación Nacional de Instituciones Financieras) and Managing Director of Rothschild in Colombia. Until January 2015 he served as the Managing Director of the Investment Bank, Agora Banca de Inversión.

After serving on the Board of Directors for a period of 5 years, Mr. Armando Montenegro resigned on February 03, 2015 given new professional responsibilities. He was the first independent Chairman of the Board of Directors since Grupo SURA was founded. His in-depth knowledge, analytical objectivity and technical skills together with his extensive expertise in the world of business and finance represented a valuable contribution to the Company's strategic focus.

### O 2 Hernando Yepes Arcila

Vice-Chairman of the Board of Directors - Independent Member:Holding a law degree from the Universidad de Caldas, Mr. Yepes has served as a magistrate for the Constitutional Division of the Colombian Supreme Court of Justice, a magistrate for the Superior Council for the Judiciary and First President, a delegate for the National Constituent Assembly in 1991, Legal Director of the National Federation of Coffee Growers in Colombia, as well as Minister of Labor and Social Security. He is currently the Head of the Department of Public Law at the Pontificia Universidad Javeriana as well as a member of the Board of Regents. He has served as arbiter for multiple arbitration proceedings. He is also a practicing attorney.

For a period of 8 years and until March 26, 2015, he served as an independent member of the Company's Board of Directors, being appointed Vice-Chairman in 2012. His knowledge and understanding of the institutional environment was especially important for Grupo SURA in analyzing and making important strategic decisions. Also his humanitarian spirit and ability to grasp the essence of the world of business, left its mark on the Company's maximum governing body.

### G4.38

### 3 Jaime Bermúdez Merizalde

**Independent Member:** EMr. Bermúdez holds a degree in law from the Universidad de los Andes and a Ph.D. in Political Science from Oxford University (United Kingdom) specializing in Public Opinion. He has worked as a private consultant in the fields of strategic communications, public issues and crisis management for multinational companies and Government institutions. He has also served as advisor to the Colombian President, and was the Colombian Ambassador in Argentina as well as Colombian Minister of Foreign Affairs. He is currently CEO of the Investment Bank MBA - Lazard Colombia

### Carlos Antonio Espinosa Soto

Independent Member: Holding a degree in Economics from the Louisiana State University, Mr. Espinosa also attended the Senior Management program at INALDE (Universidad de la Sabana) along with other programs at the Wharton School and Harvard Business School. He was the Chief Executive Officer of Acegrasas S.A. and currently serves as Chief Executive Officer of RACAFE & Cía SCA. He is also a member of the Board of Directors of Teamfoods Colombia S.A., as well as the Boards of Trustees of Fedesarrollo and the Fundación Cardio Infantil.

### O 5 José Alberto Vélez Cadavid

Holding a B.Sc. degree in Administrative Engineering from the Universidad Nacional and a M.Sc in Engineering from the University of California in the U.S., Mr. Velez has also attended specialized courses at Harvard University, Northwestern University, Massachusetts Institute of Technology (MIT), Columbia University and Université La Sorbone He also graduated with an Honor's degree in Engineering from the Ecole Nationale d'Ingénieurs de Metz in France. He was a local Councilor for the City of Medellin and Assistant to the Governor of Antioquia in 1982 and 1983. He joined Suramericana de Seguros in 1984, becoming its CEO as well as CEO of Inversura (now known as Suramericana S.A.). He served as CEO of Cementos Argos between 2003 and 2012 before being appointed CEO of Grupo Argos.

### O O 6 Carlos Ignacio Gallego Palacio

Holding a degree in Civil Engineering from the Universidad EAFIT and a Master's degree in Business Administration from this same university, Mr. Gallego first joined Compañía Nacional de Chocolates S.A. in 1991, and worked his way up through various positions until he was appointed Chief Industrial Officer. His prior positions also included Head of the Services Division for Nutresa S.A.S., Managing Director of the Nutresa Foundation, Head of the Chocolates Division as well as Vice-President for the Southern Strategic Region for this same business group. He was appointed Chief Executive Officer of Grupo Nutresa S.A. on April 1, 2014.

### 7 Juan Guillermo Londoño Posada

Holding a degree in Business Administration from the Universidad EAFIT, Mr. Londoño was General Manager of Ramón H. Londoño and Chief Executive Officer of Coninsa & Ramón H. S.A.. He is currently the Chief Executive Officer of Celsia S.A. E.S.P.. He also serves on the Boards of Directors of Smurfit Kappa Cartón de Colombia S.A., Ruta N, Urbansa S.A., Situm S.A.S., Andesco, Acolgen as well as on the Board of Trustees of ProAntioquia, Instituto Tecnológico Metropolitano – ITM, Corporación para el Fomento de la Educación Superior de Antioquia, Fondo Social de la Asociación Nacional de Empresarios – ANDI, Consejo de Asuntos Económicos de la Arquidiócesis de Medellín as well as the Foundations Francisco y Clara de Asís, Celsia and EPSA.

Besides presiding over the transformation and consolidation of Celsia (formerly Colinversiones) one of the companies making up Grupo SURA's portfolio of investments, from 2006 until March 26, 2015 Mr. Londoño was able to demonstrate his strategic and analytical skills as part of the methodical and rigorous role he played as a member of the Board. All of this was extremely valuable for Grupo SURA's corporate focus and the strategic decisions made.



Location: Museo de Antioquia, "Mexican-Colombian Rendezvous" Art Exhibition The SURA Collection

### SENIOR MANAGEMENT 64.38

### 1 David Bojanini García Chief Executive Officer

Holding a degree in Industrial Engineering from the Universidad de Los Andes, with an MBA majoring in Actuarial studies from Michigan University, Mr. Bojanini served as the CEO of Administradora de Fondos de Pensiones y Cesantías Protección S.A. for a period of 15 years since it was first founded. Before this, he was Actuarial Manager for the Suramericana insurance companies. He has served as CEO of Grupo de Inversiones Suramericana S.A. since October 2006.

He is a member of the Boards of Directors of Grupo Nutresa, Grupo Argos, Grupo Bancolombia, Suramericana and SURA Asset Management. In Colombia, he is currently the Chairman of the Colombian Private Council for Competitiveness. He also serves on the Boards of Trustees of several community outreach institutions including Fundación para el Desarrollo de Antioquia – Proantioquia, Fundación Empresarios por la Educación and Corporación Colombia Internacional; he also is a member of the Advisory Board of the local think tank, Fedesarrollo.



### 2 Ignacio Calle Cuartas Chief Corporate Finance Officer

Holding a degree in Production Engineering from the Universidad EAFIT and a Master's Degree in Economics and Finance from the State University of New York, Mr. Calle began his career in Suramericana in 1996 and then joined what is known today as Grupo SURA as its Finance and Investment Manager. He later joined the Groupe Casino in France as Vice-president of Mergers and Acquisitions for Latin America and International Finance Director for the Casino Group's subsidiaries in Asia, the Indian Ocean and Latin America. He returned to Grupo SURA in 2012 to serve in his current post.

Mr. Calle is a member of the Boards of Directors of Suramericana, SURA Asset Management, Seguros SURA (Peru), AFP Integra (Peru) and Grupo Crystal. He also sits on the Board of Trustees of the Secretos para Contar Foundation.

### Fernando Ojalvo Prieto Chief Corporate Affairs Officer and Company Secretary

Mr. Ojalvo graduated in law from the Universidad de Medellin and specialized in Labor Law at the Universidad Pontificia Bolivariana. He has served as Manager of the Administradora de Fondos de Inversión Suramericana, Legal Officer and Company Secretary for Suramericana and Subsidiaries, Chairman of the Suramericana Foundation as well as Chief Administrative Officer for both Suramericana and Grupo SURA. Besides his current post in Grupo Sura, Mr. Ojalvo serves as Company Secretary for Suramericana S.A.

He is a member of the Boards of Directors of AFP Protección S.A., EPS SURA, Sodexo Colombia, Afore SURA (Mexico) (Mexico), Seguros de Vida SURA (Mexico), SURA Art Corporation (Mexico), SURA Asset Management México, the Suramericana Foundation and Comfama. He also serves as a director or trustee for various education and social outreach institutions.



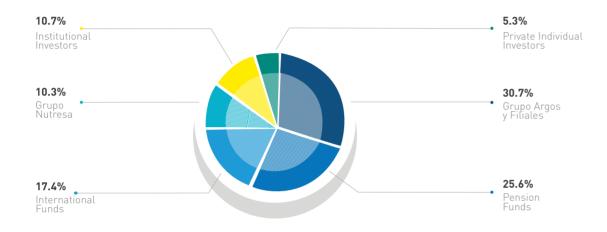
### Our gratitude and appreciation

For 13 years Mario Lopez served as Chief Audit Officer for both Grupo SURA as well as its subsidiary Suramericana S.A. After setting up the new Auditing Department in Grupo SURA, whose structure and operating framework are how completely independent from those of its subsidiary, Mr. Lopez resigned from his post with the parent company during the second half of 2014, while continuing to work for Suramericana S.A.

Grupo SURA would like to thank Mr. Lopez for his invaluable contribution to the Company's development and consolidation, especially for his knowledge, experience and precision with regard to the Company's auditing and control issues, all of which helped us to strengthen the Organization's corporate governance and maintain a sound financial position.

### SHAREHOLDERS

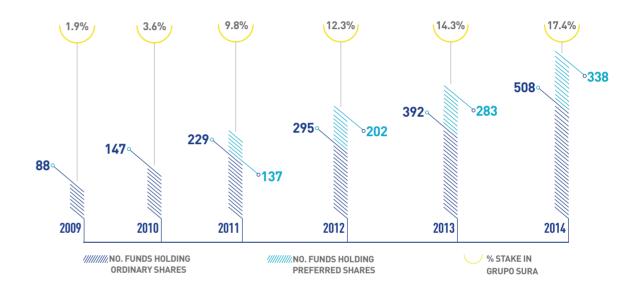
As a listed issuer on the public securities market, one of Grupo SURA's strengths is its broad shareholder base. In addition to a large number of small-scale shareholders, the Company is attracting the attention of more and more pension funds in Colombia, and with these, millions of Colombian fund affiliates. Equally important is the recent increase in international funds investing in the Company.



NAME OF SHAREHOLDER	NO. SHARES	% STAKE HELD
Grupo Argos S.A.	140,018,149	24.34%
Grupo Nutresa S.A.	59,387,803	10.32%
Fondo de Pensiones Obligatorias Porvenir Moderado	58,230,450	10.12%
Fondo de Pensiones Obligatorias Protección Moderado	46,481,461	8.08%
Cementos Argos S.A.	28,183,262	4.90%
Fondo de Pensiones Obligatorias Colfondos Moderado	17,710,846	3.08%
Oppenheimer Developing Markets Fund	14,733,486	2.56%
Fondo Bursátil Ishares Colcap	9,466,074	1.65%
Colombiana de Comercio S.A. Corbeta y/o Alkosto S.A.	9,178,289	1.60%
Celsia S.A. E.S.P.	8,341,163	1.45%
Vanguard Emerging Markerts Stock Index Fund	6,285,153	1.09%
Fondo de Pensiones Obligatorias Skandia	6,282,822	1.09%
Otros accionistas con participación menor a 1%	171,073,265	29.73%
Total	575,372,223	100.00%

Breakdown of Grupo SURA's main shareholders, each holding more than a 1% stake in its share capital.

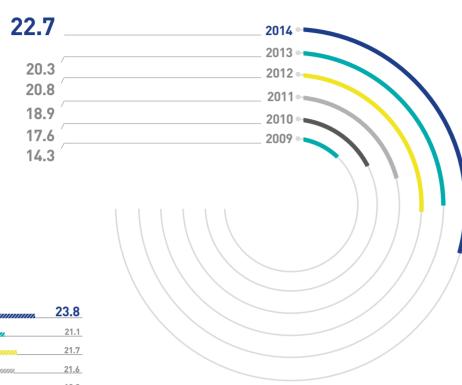
### A GREATER NUMBER OF INTERNATIONAL FUNDS ARE ACQUIRING SHARES IN GRUPO SURA



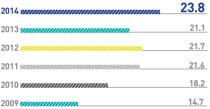
Evidently there is great interest on the part of international funds to invest in Grupo SURA. These, over the past six years, have increased their overall participation to a substantial extent, especially since the Company began to expand throughout Latin America. This has helped us not only to diversify our shareholder base, which has been one of our strategic purposes, but to strengthen our corporate governance system in keeping with international standards.

### KEY FINANCIAL FIGURES

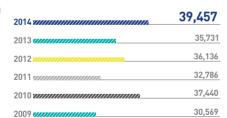
### **QUITY**COP BILLION



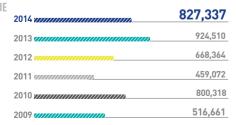




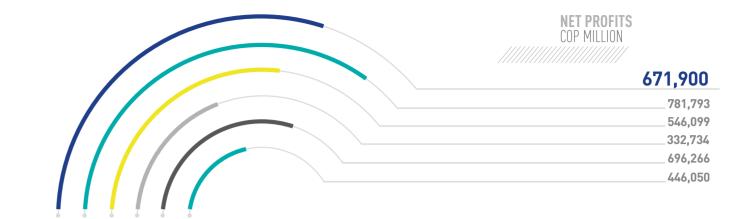
### **VALOR INTRÍNSECO**



### OPERATING REVENUE COP MILLION



<sup>\*</sup> Gráficas basadas en los estados financieros individuales.



### KEY NON-FINANCIAL FIGURES

thousand employees

2014 2013 2012 2011 2010 2009

Belonging to the Group's subsidiaries and strategic investments

37.4

million clients Attended by the Group's subsidiaries and strategic investments

COP 17,482

invested by the SURA Foundation using the donations provided by Grupo SURA and its subsidiaries COP 53,889
million
(USD 22.5 million)
In tax paid in Colombia by Grupo SURA

ASSETS UNDER MANAGEMENTS
COP 3 7 5
billion
(USD 157 billion)

Activos administrados por nuestras inversiones estratégicas CHAPTER 3 STRATEGY



Details of Grupo SURA's strategic focus **AS WELL AS THE COMPANY'S MATERIALITY ANALYSIS AND COMPREHENSIVE RISK MANAGEMENT SYSTEM CAN BE FOUND IN THIS CHAPTER,** these providing the guidelines for our financial reporting in 2014 We also include information regarding our commitment to responsible investing and the results of the Dow Jones Sustainability Index which monitors Grupo SURA's overall performance.

### STRATEGIC FOCUS

2014 was a key year in our ongoing process of strengthening and consolidating our strategic planning and guidelines, as defined in 2013. It was here when we set out with our overarching purpose of working in closer conjunction with all those companies pertaining to our strategic investment portfolio that lie at the core of our business.

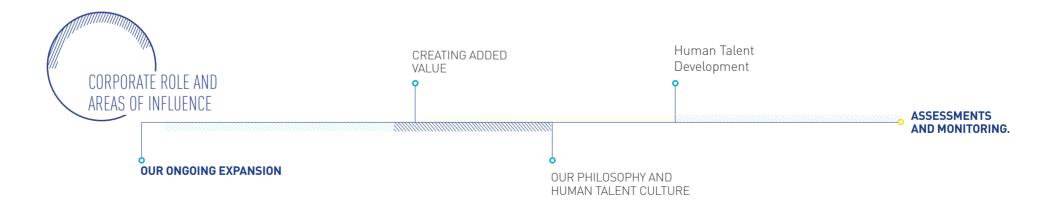
Today, we have put into place initiatives and projects that are shaping each of the strategic guidelines towards which the Organization is working and have determined the value placed on different performance issues and their order of priority. All of this has enabled us to move forward with our goal of **providing** added value and inspiring greater trust amongst our stakeholders.

With regard to strengthening our corporate role as parent company so as to add value to all those companies

in which we invest, we have created a new communication and liaisoning framework. Consequently, we have set up dedicated Strategy, Finance, Branding and Legal Committees addressing issues faced as part of the Organization's corporate role in the following areas of influence: Expansion, Value Creation, Human Talent Development, Corporate Culture and Philosophy as well as Auditing and Monitoring.

These areas of influence, besides determining the key topics involved in liaisoning with our investments, are directly related to our strategic planning, allowing us to achieve the utmost consistency between what we do as the parent company of the Grupo Empresarial SURA and how we steer our investments towards achieving greater added value.

# FRAMEWORK FOR STRENGTHENING communications and interaction with our subsidiaries STRATEGIC COMMITTEE BRAND MANAGEMENT COMMITTEE LEGAL COMMITTEE



GRUPO SURA'S STRATEGIC PLANNING allows us to focus and prioritize all those high-impact **PROJECTS AND INITIATIVES** in keeping with the Company's strategic goals. The following are just some of the initiatives aimed at shaping each strategic goal that we were able to deploy in 2014.

governance.

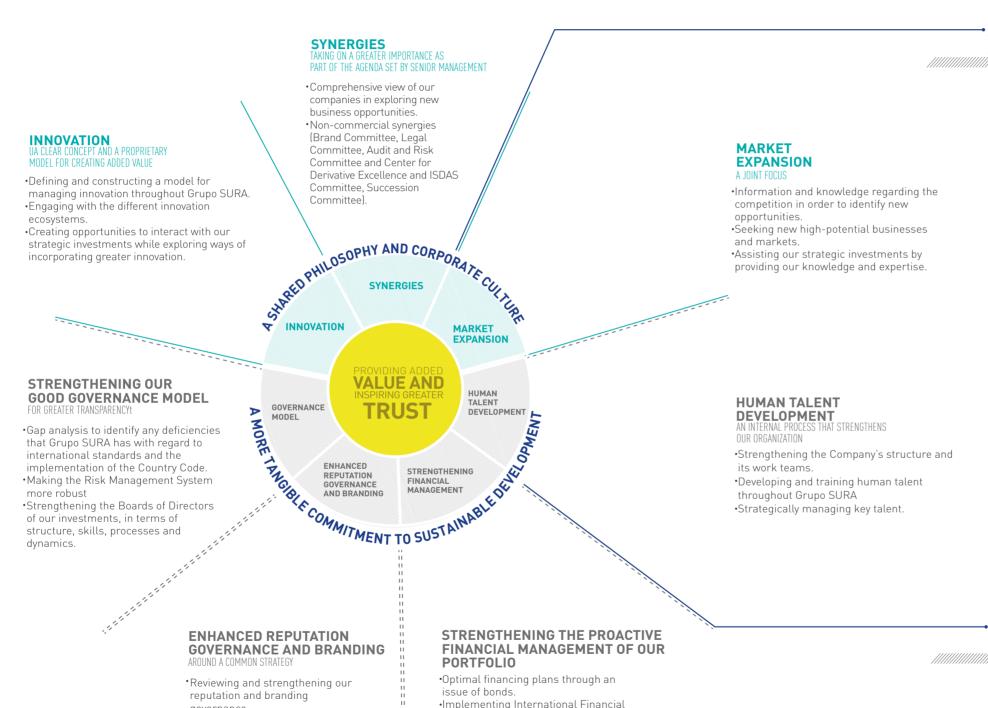
·Gauging and effectively managing

branding plan based on a common

stakeholder relationships.

positioning strategy.

·Master communication and



Reporting Standards (IFRS).

Bancolombia preferred shares.

·Creating a Financial Committee to

oversee our Strategic Investments.

•Investing in a new issue of

### A SHARED PHILOSOPHY AND CORPORATE CULTURE

- ·Strengthening our corporate role with regard to our strategic investments.
- ·Long-term vision and shared corporate principles.

### · A MORE TANGIBLE COMMITMENT TO SUSTAINABLE DEVELOPMENT

- Assisting with the deployment of practices within Grupo SURA and its subsidiaries.
- ·Monitoring non-financial indicators and reports.
- ·Defining a Responsible Investment Policy for Grupo SURA and its subsidiaries.

### INNOVATION

Innovation, synergies and market expansion and development form the cornerstone of the Company's strategic growth framework. We conduct follow-ups and provide assistance to our investments with regard to all these aspects.

Since this is one of our top work fronts for our future growth, in 2014 we were able to clarify our own approach and structure an innovation management model that governs everything that we do in order to create value and remain relevant in today's marketplace, while providing new responses to the challenges and opportunities posed.

Thus, we are preparing to build pathways to organic growth that allow us to remain sustainable while continuing at the forefront of our different businesses.

In Grupo SURA, innovation is managed using a model that begins with strategic monitoring and competitive intelligence. Here we obtain and analyze information regarding issues such as technological advances, legislation, economic environment, demographics and current and future market trends. This is crucial for being able to anticipate changes to the business environment and prepare on a company-wide level to embrace such change in a strategic manner, ensuring that we remain relevant over time.

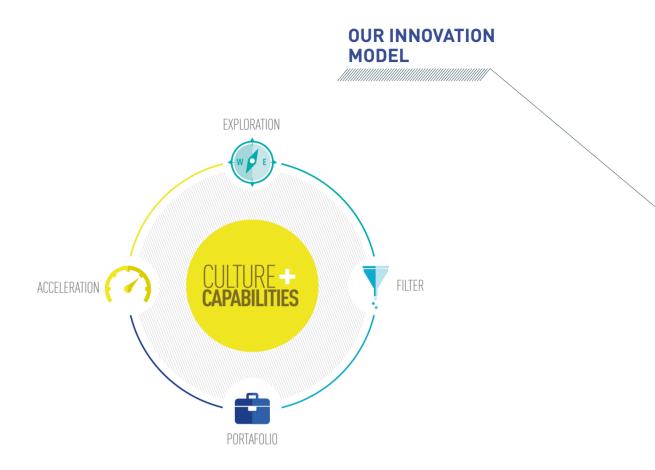
Based on an analysis of the business environment, we are able to identify vectors, current and future challenges to our lines of business from both within and outside the current portfolio. Widespread internet use, the surge in

new financial technologies, an aging population and the attitude of the younger generations towards financial services are just some of the potential challenges we face.

In this sense, and as part of the focus of our business model and our relationship with our strategic investments, innovation is a permanent item on our agenda. We emphasize vigilance as an opportunity to build knowledge and understanding of the business environment of both the Company and its investments. We also participate in civic events; analyze our investments in innovation and employee training and development, etc, these being just some of the areas where we are able to harness the synergies existing between our subsidiaries.

Thus, by concentrating on innovation we are able to face the challenges of our different business environments, so as to be able to build pathways towards organic growth that shall allow us to remain sustainable over time, while continuing at the forefront of our different sectors.

Innovation, coupled with creating and/or harnessing synergies as well as market expansion and development form our key focus for the growth of our companies, all of which is underpinned by a robust level of good corporate governance as well as a comprehensive reputation and branding governance framework so as to achieve (i) greater coordination around a common positioning strategy; (ii) financial strength with the proactive handling of our portfolio; and (iii) developing human talent as an internal process that is permanently reinforced.







1

At this point it is necessary to evaluate a number of alternatives so as to achieve a better understanding of the challenges thus detected and establish possible market solutions, within the innovation and entrepreneurial ecosystem.

### FILTER



2

Then it is necessary to filter and select the options that best suit our needs and with which we can tackle the opportunities previously detected.

### PORTAFOLIO



3

Upon selecting these options we are able to devise a list of opportunities for innovation, which are distributed in such a way as to establish possible innovations for different horizons.

### ACCEL FRATION



/\_

After constructing this list, we proceed to identify the best way of incubating and then accelerating the different projects, for which alliances with business incubators and accelerators are critical to being able to scale up the best initiatives.

### RESPONSIBLE INVESTMENT POLICY

A broad and comprehensive vision is required over the long term that takes into account all financial, environmental, social and corporate governance factors. Likewise, global development brings its inherent risks and opportunities that require responsible practices to be put into place as well as an investment strategy that is closely aligned with the capacity of our subsidiaries to create added value, together with the long-term projection of our Company, the strengthening of its corporate governance model along with a more comprehensive risk management framework.

In this sense, one of our greatest challenges is to continue 'to position ourselves as a world-class company and for this purpose we continue to work on our international practices and standards so as to incorporate more responsible investment criteria. Today Grupo SURA, Suramericana and SURA Asset Management have a policy in place aimed at providing general guidelines for incorporating environmental, social and governance processes criteria (ESG) with regard to evaluating and making investment decisions.

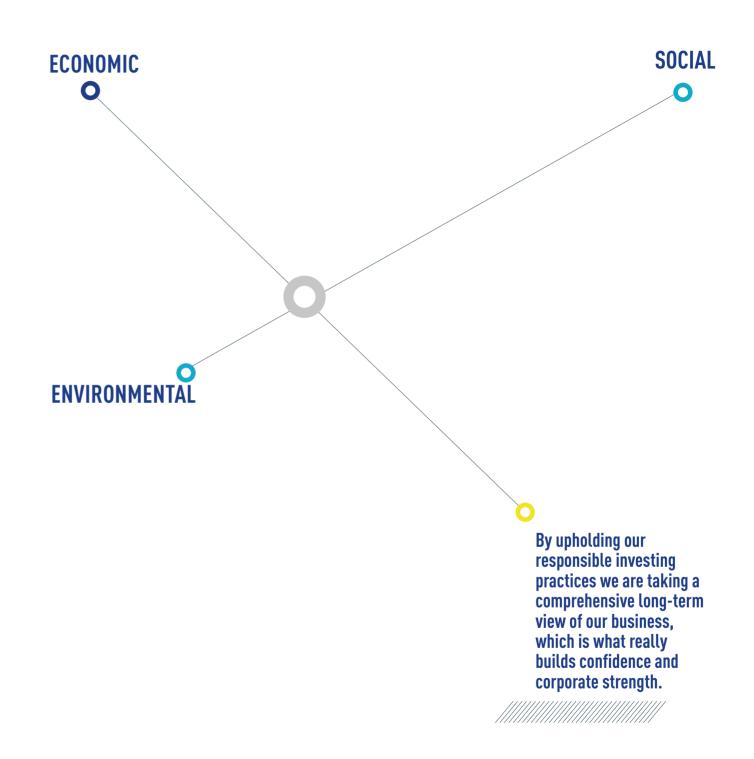
### **POLICY GUIDELINES**

- Incorporating ESG criteria in the analysis of investment projects.
- Including ESG issues in investment monitoring, according to the procedures defined by each company.
- Promoting and participating in local and global initiatives to promote the adoption and development of responsible investment practices that could have a positive impact on the financial market.
- Reporting on the progress made in introducing ESG criteria within the investment processes.

The policy also contains a general framework for building tools for analyzing investments and handling discrepancies faced by companies in their selection and decision-making processes, together with a governability clause for applying and managing the policy itself.

"The application of responsible investment criteria is undoubtedly a smart way of building a business management approach based on a greater awareness of the business environment itself, so as to create added value and achieve higher margins. This is indeed an invitation for acquiring a more modern and broader perspective towards various investment theories, allowing for a better assessment of individual business models and what is more, it is fully compatible with the historical fundamentals of the investment world itself, as well as with the functions of portfolio structuring and financial management".

Excerpt from an article written by David Bojanini García, CEO of Grupo SURA, as published in the SEMANA Sostenible magazine.



### COMPREHENSIVE RISK MANAGEMENT

In 2014, we continued to work on our comprehensive risk management model, both from the standpoint of our own risk exposure, where we made important progress as a result of having redesigned Grupo SURA's own internal structure, as well as in terms of investment risk.

Our own risk exposure was broken down in the following categories which are linked to issues that are important to the sustainability of our business and our operating framework:



### **STRATEGIC** RISK

Those that may limit or prevent us from achieving our goals, so that any situation or event that could possibly divert us from our core purpose of creating added value and trust is promptly included in this category. Here we find the risks faced with our business consolidation and growth projects as well as emerging risks to both our reputation and the group as a whole.

### **LEGAL** RISK

Based on the relevance of the legal and geopolitical environment as it affects our strategic business. This is a category in which we identify, assess, analyze and address the legal and regulatory conditions that may pose a threat to our investments. This also includes legal and *compliance* risk

### FINANCIAL \ RISK

This category includes events that could have a negative effect on the value of our investments as a result of our exposure to the financial markets, such as credit, market and liquidity risks.

### **OPERATING** RISK

This consists of all those events that could prevent or disrupt the Company's normal course of business in terms of people, technology and processes.

Based on these categories, we prioritize and focus our efforts on handling our different risks. Although we have developed different initiatives in each of these categories, special effort has been made with regard to identifying and analyzing the strategic and legal risks to which we are exposed.



Our Comprehensive Risk Management model has allowed us to strengthen our risk prevention and mitigation mechanisms so as to be able to respond to the challenges and opportunities facing our different business units in their day to day dealings.

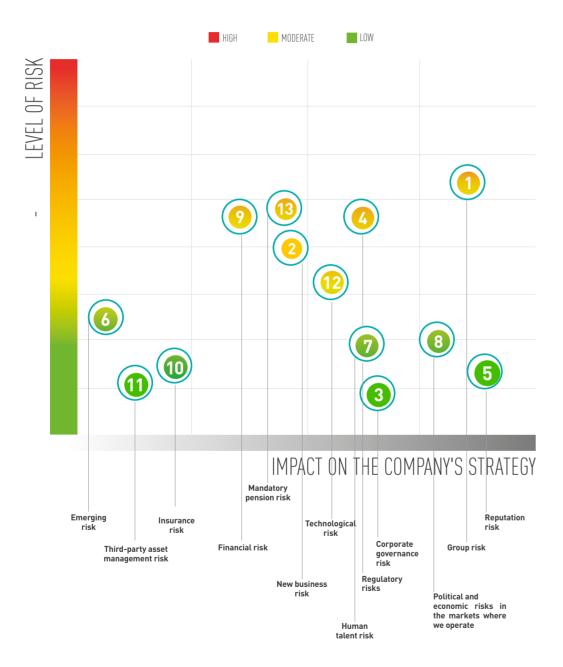
Ultimately we are exposed to the risk of our performance being impacted by the risk of our investments and for this reason we conduct follow-ups on how our companies are being properly managed, a process which is led and carried out by our subsidiaries' own risk departments. It is worth noting that with the experience thus gained, as well as the nature of our own individual lines of business, our risk management staff has become true experts in their field. Therefore, we have focused on developing appropriate communication channels so as to be able to properly assess the risk profile and risk management functions of the companies themselves. The reporting channels that exist in this regard include participating in committee and board meetings, monitoring investment performance and exercising our corporate role as the parent company.

### **OPPORTUNITIES**

Understanding risks and opportunities is definitely an essential element in the way in which we manage the Company. Redefining existing businesses, setting up new businesses, exploring new markets and enhancing our human talent are, after all, ways of perceiving risk as an opportunity for creating added value but in a different way.

### **RISK MAP**

The following are just some of the more relevant risks we face, including the subsidiaries of our main strategic investments





- 1 Group risk: this refers to the challenge of continuing to provide added value to both shareholders and clients alike through inter-company relations and the corporate role that Grupo SURA plays with regard to its strategic investments. This includes the possibility of any adverse effect on one of the investments leading to a systemic or contagion risk for the other companies belonging to the group.
- New business risk: arising from the continuing consolidation of acquired businesses and from a clearly-defined strategy for driving the organic and inorganic expansion of existing businesses. This type of risk is found in areas such as operations, leverage, creditworthiness, reputation and culture, among others. Implicit is the need for innovation as one of the major growth strategies in order to remain relevant over time, and to survive in today's highly-competed market with new players permanently coming to the fore.
- 3 Corporate governance risk: today, our companies have adequate corporate governance systems in place that provide clear rules and regulations for their management. Grupo SURA shall continue in 2015 with the implementation of the new Country Code
- Regulatory risks: these refer to the implications of having highly regulated businesses, and the impact of being subject to regulatory changes in terms of taxes, accounting principles and banking legislation, amongst others.
- 5 Reputation risk: how stakeholders perceive the organization based on how it relates to them. This is a multi-dimensional asset, not necessarily based on reality, but rather on perceptions, ranging from public image, to financial performance, corporate practices, social outreach programs and the customer care service. Grupo SURA has a robust system in place for handling reputational risk in conjunction with its subsidiaries, so as to be able to promptly respond to those events that might affect the positioning of our companies and their public perception.
- 6 Emerging risk: the continuous assessment of the business environment and the ability to react quickly to change are essential factors when dealing with dynamic local settings such as ours, where companies must adapt to new trends without losing sight of the rapid pace of change in terms of technology as well as economic, environmental and social issues. This long-term perspective allows us to detect in advance the possible solutions or scenarios that may affect our business, so as to convert overall risk in an opportunity for growth.
- 1 Human talent risk: Here we are working on retaining and attracting the best possible human talent as well as the need to share corporate values that underpin our corporate culture as well as to develop the necessary skills to meet the growth and sustainability challenges faced by our different businesses. In this sense, we have a skilled management team with extensive experience, a long-term vision, knowledge and a clear understanding of strategy.
- 8 Political and economic risks in the markets where we operate: Grupo SURA, a Latin American business group, evaluates the political and macroeconomic environment of the countries in which it operates. Events such as a change in government, exchange volatility, inflationary pressure and unemployment, among other factors, are variables that impact business performance and should be monitored and appropriately managed by our Companies. The current growth expectations of our Latin American and the Caribbean economies have been downgraded, given the global economic situation, including a more sluggish global GDP, falling commodity prices, especially oil, and slowing investment rates. Should these risks materialize, they could well impact the goals set by each of our different businesses.
- Financial risk: this refers to the financial health of our companies, an appropriate capital structure, creditworthiness and the need for resources to meet financial obligations and carry out expansion plans. Difficult macroeconomic conditions and highly volatile financial markets could affect our companies with regard to their normal course of business, and consequently their financial results. This means that risk management systems must be firmly in place so as to be able to manage their exposure to market, credit and liquidity risks.
- Insurance risk: the constant monitoring of technical reserves, adequate insurance tariffs, the existence and implementation of subscription policies as well as the choice of suitable reinsurers are factors that allow our insurance companies to develop strategies aimed at improving our customer care service, achieve the targeted levels of operating efficiency and manage technical business variables. The proper handling of these risks and the low penetration levels of the insurance industry in the countries where we operate today, are creating significant growth opportunities for the Group.
- 11 Third-party asset management risk: the Company has put into place all the risk management systems it requires in order to ensure a transparent and efficient handling of third party resources to the best of its ability. Through its various lines of business, the Group encourages its clients to save and invest with its different wealth management products.
- 12 **Technological risk:** in keeping with the need to innovate, companies that rely heavily on technology have to constantly adapt its technological resources based on new market needs.
- (3) Mandatory pension risk: mandatory pension products are subject to eventual changes given government policy-making introducing new reforms, restrictions and regulations that could have a direct impact on the profitability and performance of our companies.

### MATERIALITY

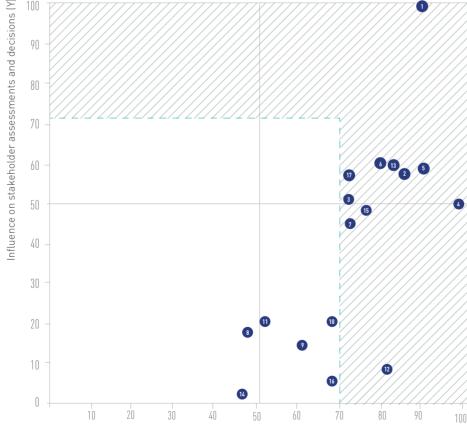
G4.27

A materiality analysis has allowed us to same sector. We also evaluated issues identify the most important issues for our stakeholder groups in evaluating our performance or making any decisions with regard to the Company.

Indeed in 2014, we revised and updated the materiality analysis that Grupo SURA had drawn up in 2012 in order to verify its validity and adapt this to the G4 version of the Global Reporting Initiative, both in terms of the general standards to be applied as well as the sectorial supplement for the financial service industry.

Here, we took into account Grupo SURA's business sustainability as well as the more important aspects and issues identified by companies belonging to the relating to the press, reviewed our risk map and our strategic planning and consulted with our stakeholders.

Based on the findings obtained, we drew up the following graph showing the level of importance that different aspects have with regard to our stakeholder groups, as well as the their significance in terms of standards, strategy and risk. On this basis we defined a threshold that prioritizes our key performance issues, that is to say, our materiality matrix.



Significance of the economic, social and environmental impact causes (X)

Upon reviewing our materiality analysis we took into account certain international standards and initiatives such as

Integrated Reporting - IR, Sustainability Accounting Standards Board - SASB, Accountability, Global Reporting Initiative - GRI, Global Compact, CDP, Dow Jones Sustainability Indices and Principles for Responsible Investment

### G4.19

- 1 Corporate governance: putting into place best practices in terms of corporate governance, transparency and the skills of the members of our governing bodies.
- 2 Risk management and auditing: assessing and mitigating the risk to which the financial service industry is exposed.
- 3 Regulatory compliance: tracking and monitoring regulatory requirements as issued by the competent authorities (financial, environmental and social) in all the companies belonging to the Group.
- 4 Ethics, integrity and anti-corruption: conducting ourselves in keeping with ethical principles endorsed by the Organization, these based on honesty, fairness, integrity and transparency.
- 3 Active ownership and investment: investment policies, practices and monitoring taking into account all applicable environmental, social and corporate governance factors.
- 6 Financial performance: how the Group manages its finances so as to provide sustainable levels of profitability, while allowing for growth opportunities and ensuring compliance with tax obligations.
- 1 Investor relations management: activities aimed at meeting the needs and expectations of our investors, ensuring the protection of sensitive information and safe and secure transactions.
- 3 Supplier/service provider risk management: procurement strategy and the handling of our suppliers and service providers so as to reduce the inherent risk while creating mutual benefits.
- **9 Environmental management system:** clearly defined environmental management systems and quidelines
- (D) Water and energy management: the responsibility of an organization to address the environmental impact caused by its water and energy consumption in performing its business activities.
- 1 Materials and waste disposal management: the organization's approach to addressing the environmental impact caused by the use of materials and the disposal of waste in performing its business activities.
- **Emissions and climate change:** the organization's responsibility to adapt to or cope with the effects of climate change while directly or indirectly mitigating these.
- (3) Human capital management: labor practices that promote the professional development of an organization's employees and fostering a dignified work environment that takes into account workers' rights. Also, carrying out initiatives to maintain employee motivation, develop their skills and attract qualified staff.
- (Label than disafety: ensuring the safety, integrity and health conditions of the people affected by the Organization's ousiness activities (employees, contractors, adjacent communities and customers, among others).
- **5** Social investment and market development: promoting and improving the quality of life of the community in all those locations where the company operates.
- 18 Human rights: honoring the principles of respect and human rights with regard to all those people affected by the Organization's operations (employees, suppliers, service providers, adjacent communities and clients,
- To Communication and brand management: reputation and brand management practices for creating added

### DOW JONES SUSTAINABILITY INDEX

Thanks to its commitment to a responsible and comprehensive business management from the economic, environmental and social standpoints, Grupo SURA's listing with the Dow Jones Sustainability World Index -DJSI- was ratified for the fourth consecutive year.

In the world *ranking* corresponding to 2014, a total of 11 companies were selected from the Capital Markets and the Diversified Financial Services sectors with Grupo SURA being the only Latin American company to be included, having obtained a total score of 81 out of a maximum100. Grupo SURA also received the Gold Class award from RobecoSAM, since based on the DJSI assessment the Company obtained the second best score in its sector.

The Company obtained the highest scores in its respective industry in aspects such as its anti-crime policy, branding, risk and crisis management, tax strategy, controversial issues, ethical dilemmas with regard to investing and financing, and occupational health and safety.

On the other hand, we were able to detect certain challenges in terms of our corporate governance, environmental management, and human talent management, where we are concentrating our efforts to attain the highest performance standards.

### GRUPO SURA'S SCORE ON THE DOW JONES SUSTAINABILITY WORLD INDEX



Belonging to this index is indeed an achievement that reflects a corporate strategy that is firmly committed to sustainability and a responsible business performance.



### CHAPTER 4 MANAGEMENT REPORT

Letter to our Shareholders, a report drawn up by Grupo SURA's Chief Executive Officer and Board of Directors CONTAINING THE MORE SALIENT ASPECTS OF THE COMPANY'S PERFORMANCE AND RESULTS OBTAINED FOR 2014.





### **DEAR SHAREHOLDERS**

AS THE PARENT COMPANY OF THE GRUPO **EMPRESARIAL SURA WE ARE CONSTANTLY** TRYING TO COME UP WITH NEW WAYS OF CREATING ADDED VALUE AND CONFIDENCE WITH REGARD TO ALL OUR STAKEHOLDERS. ESPECIALLY OUR SHAREHOLDERS.

> The answer to this question can be found in our results for 2014, which we are pleased to present you with today, and which enabled us to obtain, amongst other achievements, an outstanding performance on the stock exchange, against an unsettled economic backdrop, along with important awards received with regard to our goal of becoming a world class company in sustainability, while furthering our corporate role with regard to our subsidiaries and strategic investments, strengthening our portfolio and driving the overall growth of our business.

be remembered as a year in which geopolitical tension, falling oil prices and a stronger dollar largely fueled market concerns at year-end and curbed growth expectations, mainly in emerging countries. Although Colombia did not emerge totally unscathed from this situation, it did outperform other Latin American economies, with a GDP growth of 4.6%, compared to an estimated 1.3% the countries belonging to the so-called present, also posted higher GDPs which averaged out at 3.2% \*.

### STOCK EXCHANGE PERFORMANCE

As a result of the situation seen during the last half of the year, market performance was marred by considerable volatility, with the Colombian COLCAP stock index falling by 5.8% In contrast, Grupo SURA's stock prices rose by 18.7%, in the case of its ordinary shares and 12.9% for its on the local stock exchange is a good preferred shares.

In macroeconomic terms, 2014 will The stock prices of all those listed companies that make up our portfolio, also increased last year by 16.0% in the case of Bancolombia; 5.5% for Grupo Argos and 8.2% for Grupo Nutresa.

Gindices, among others. Here it is worthwhile noting that our shares increased their participation on the local COLCAP index, especially in Q3 when they were ranked in No. 1 position. At \* average for Latin America. Likewise, year-end 2014, our market cap came to COP 23.0 billion (USD 9,653 million), for Pacific Alliance, where Grupo SURA is an overall weighting of 6.3% with regard to the Colombian Stock Exchange, and the prices of our ordinary and preferred shares reaching COP 40,000 (USD 16.7) and COP 39,500 (USD 16.5) respectively. Liquidity was also good with trades averaging out at COP 18,839 million (USD 7.9 million) per day, that is to say 23.7% higher than for the previous year.

> We firmly believe that our performance indicator of investor confidence. For this

<sup>\*</sup> Fuente: FMI. Estimaciones de crecimiento 2014.

reason, we constantly strive to earn the support of our shareholders, who at the end of 2014, came to a total of 16,241, 1,815 of whom held both our ordinary and preferred shares. These included various international funds that have continued to increase the stakes held in Grupo SURA from one year to the next. At the beginning of 2014 there were 665 international funds which rose to 846 by the end of the year, for an increase of 27.2%, while the overall stake held by said funds in the Company went from 14.3% to 17.4%

On the other hand, amid the more important projects that were carried out as part of the Company's financial strategy, and with a view to extend its debt profile, Grupo SURA placed a local issue of ordinary bonds worth COP 650.000 million (USD 272 million) for which bids totaling COP 2 billion (USD 841 million) were received. representing a bid-to-cover ratio of 3.35. Thus, the market continues to respond favorably to the different debt and equity securities that the Company has historically issued.

It is important to remember that since June 2014. Grupo SURA's ordinary shares began to circulate in a dematerialized format. This provides shareholders with greater security and peace of mind by minimizing the risk involved with handling share certificates in paper form, including the possibility of these being used for fraudulent purposes on the part of third parties.

### **FINANCIAL PERFORMANCE**

Now we would like to discuss in greater detail Grupo SURA's financial results for 2014. We continued to see the same positive growth with our business operations, although, on a comparative basis with the previous vear, these were affected mainly by non-recurring items as well as factors such as exchange differences, as mentioned below:

Los ingresos operacionales alcanzaron COP 827,337 Operating revenues came to COP 827,337 mi-lli-on (USD 345.8 million), including COP 322,066 million (USD 134.6 million) in dividends, showing a decline of 16.4%. As we explained at the time, upon eliminating the effect of these non-recurring dividends, as recorded by Grupo SURA for 2013. the Company's dividends would have risen by 12.7%. based only on those received from Grupo Nutresa, Grupo Argos and Bancolombia. Also earnings recorded via the eguity method reached COP 468,215 million (USD 195.7 million), for a YoY growth of 7.0%, with Suramericana contributing COP 362,227 million (USD 151.4 million) of this figure and SURA Asset Management COP 195,476 million (USD 81.7 million). It is worthwhile noting that

665 **FONDOS** 

27.2% MÁS

and another 67.1% stake in SURA Asset Management.

Operating expense, on the other hand, came to COP 45.957 million (USD 19.2 million) showing a drop of 0.06%. Nevertheless, payroll expense rose due to Grupo SURA having strengthened its organizational structure, so as to extend the Company's ability to meet the challenges inherent to its corporate role; along with other personnel-related expense incurred in complying with that stipulated by international accounting standards

As for non-operating expense, interest and banking expense increased by 15.2%, given the issue of bonds that was placed last year the purpose of which, as mentioned at the beginning of this report, was to enhance the Company's debt profile.

Consequently net earnings came to COP 671.900 million (USD 280.8 million), for a YoY drop of 14.1%, mainly due to the three non recurring items and events the previous year, that is to say:

- SURA held in Protección, which in 2013 represented a profit of COP 99.436 million (USD 41.6 million).
- Additional dividends paid in 2013 by rate of 11.2%. Likewise, Shareholders' COP 52.717 million (USD 22.0 million).
- Finally the extra dividend paid by Inversiones y Construcciones Estratégicas in the amount of COP 31.664 million (USD 13.2 million)

Upon eliminating these non-recurring items, as well as income from the sale of investments in 2014, the Company's net earnings would have risen by 6.8%.

With regard to the balance sheet figures, total assets came to USD 23.8 billion (USD 9,952 million) at year-end, showing an increase of 13.1%, due to a good level of performance of our listed shares; while current assets reached COP 213.022

we hold an 81.1% stake in Suramericana of 39.5% versus the previous year, mainly due to lower cash and banks, thanks to our more efficient cash management

> Total liabilities increased by 45.1% to end the year at USD 1.1 billion (USD 462.7 million), this due to higher debt, which rose from COP 563,005 million (USD 235.3 million) to COP 907.798 million (USD 379.4 million), and which was used , along with the Company's own funds, to acquire shares recently issued by Bancolombia. Grupo SURA's debt ratio at year-end 2014 came to 3.8%, which is considered low given the Company's capacity and financial strength.

> It is important pointing out Grupo SURA's investment in Bancolombia's new issue of preferred shares during the first quarter of the year and its positive effect on its balance sheet figures, with these rising by 18.3% from their initial subscription price of COP 24,200 (USD 10.1) and their year-end market price.

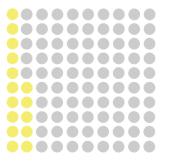
At year end 2014, Grupo SURA's portfolio reached a market value of COP 26.3 billion (USD 11.0 billion), that is to say • The sale of a 7.5% stake that Grupo 15.0% higher than for the previous year. Here it is worthwhile pointing out that the value of the Group's portfolio over the last 5 years has grown at an annual average SURA Asset Management amounting to Equity came to COP 22.7 billion (USD 9.489 million), for an increase of 11.9%. mainly due to higher prices of the listed stock making up Grupo SURA's portfolio.

### **STRATEGY**

Hemos insistido en que la tarea de ser As we have mentioned on numerous occasions, being the parent company of Grupo Empresarial SURA involves taking on a corporate role of adding value to the companies that make up our portfolio, especially our strategic investments that make up our core business. Indeed, we dedicated much effort in 2014 to giving a concrete form to this role with a view to the long term; this by means of various initiatives such million (USD 89.0 million), for a decline as creating the required structures in

VALUE OF GRUPO SURA'S PORTFOLIO CAME TO

INCREASE YOY.



order to interact with our subsidiaries and work towards a common purpose. Consequently our new Strategy, Finance, Branding and Legal Committees were created and these have allowed us to strengthen, regularize and continue liaisoning and interacting with our companies with regard to the following strategic areas:

- •Expansion:
- Creating value;
- Developing human talent;
- Corporate philosophy and culture;
- •Assessment and monitoring.

So it has been within these same areas, and based on our strategic focus that we have been able to leverage Grupo SURA in terms of driving innovation, developing new businesses, creating synergies as well as expanding and developing our markets.

So it was in 2014 that we were able to clarify our own approach and structure our innovation management model, governing everything that we do to create value and remain relevant in today's marketplace, while providing new responses to the challenges and opportunities posed. Thus, we are preparing to build pathways to organic growth that allow us to remain sustainable while continuing at the forefront of our different businesses.

With regard to building and harnessing synergies, we have put into place a new work dynamic amongst our companies for the purpose of identifying and driving business opportunities and furthering our efficiency so as to be able to create added value for our different stakeholders.

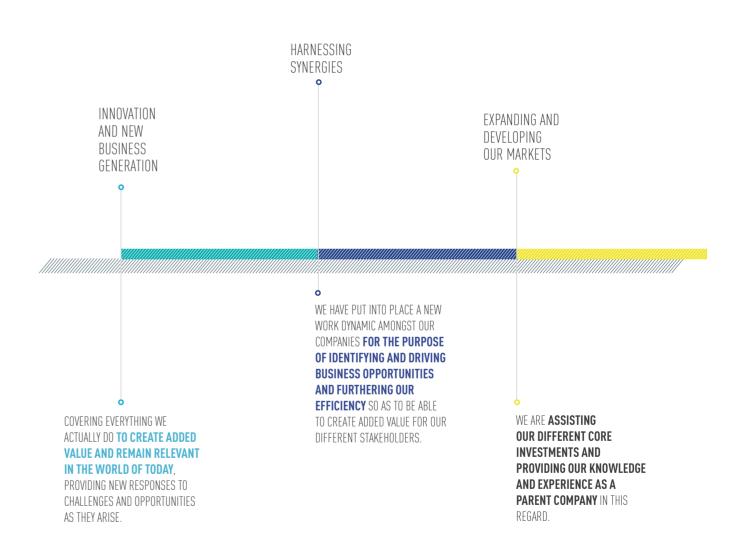
As for expanding and developing our markets, we are assisting our different core investments and providing our knowledge and experience as a parent company in this regard, so as to ensure a more comprehensive business vision throughout Latin America. Equally important are the follow-ups we have been conducting on the progress made with consolidating our existing businesses as well as creating and driving new opportunities so as to be able to reach different markets and segments of the population.

These three approaches are not only key to our ongoing growth but form a firm basis for (i) being able to constantly introduce best practices in terms of our corporate governance; (ii) deploying a reputation and brand management model so as to ensure consistency and adherence to a common strategy; (iii) ensuring our financial strength through the proactive handling of our investment portfolio; and (iv) consolidating our human talent development as an internal process that is being continually strengthened .

### **ONGOING INITIATIVES**

Siguiendo con el desarrollo de nuestra estrategia, compartimos los prospects of some of the more relevant projects that have been deploying and which will largely be the focus of our attention in 2015:





The first concerns adopting international standards for the reporting of Grupo an interdisciplinary team from Grupo SURA's accounting and financial information, namely the International Financial Reporting Standards (IFRS).

opening balance sheet under IFRS, after successfully issuing a transitional balance sheet for 2014. Here, there are significant changes in reading Grupo SURA's information, for which we have staged various initiatives to help the market We are fully aware that global

The implementation and standardization of best practices is for us an ongoing in order to make the right investment objective. Two important initiatives in this decisions. So, this policy is designed to regard are adapting to the new Country provide a proper analysis, that is both Code requirements as well as embracing Sarbanes-Oxley (SOX) standards. Our Corporate Governance System has been so as to best decide on our investments, strengthened in both cases and our commitment to transparency has been part of our corporate mission. So our reinforced, thus providing the market with task in 2015 shall be to fully incorporate added value and greater confidence. In these guidelines at subsidiary level and the case of the SOX standards. in 2014 we carried out a thorough diagnosis in tool for our ongoing sustainability. order to identify gaps in Grupo SURA and our subsidiary Suramericana. For 2015 Another achievement that formed one we have allocated the required funds and of the highlights of our performance in resources in order to begin reviewing and adjusting the different processes and controls in place, so as to be able to fully comply with the SOX standards.

Another important project for us, led by SURA in 2014, was the actual drawing up of our Responsible Investment Policy, which has now been put in place and is now being disseminated within the In February 2015 we presented our Group. For usit was of prime importance to have a crystal clear focus on how to apply environmental, social and good governance criteria in evaluating our current and future investments.

understand this new reporting framework. development entails a number of risks and opportunities that require us to apply increasingly rigorous practices comprehensive and broad in scope, going beyond the purely financial implications, especially since these form an essential monitor their implementation as a vital

> 2014, was having drawn up our Master Brand Management and Communication Plan with a view to 2020. This governs all the companies that use our SURA brand

within the region and through which we shall be able to work in a more coordinated and synergistic fashion towards positioning the SURA brand in each of the countries where we are present, as an organization wishing to get closer to our Latin American clients by providing them with optimum assistance in terms of our comprehensive financial and insurance services focusing on risk management and savings.

This task also included reviewing and reinforcing the entire brand structure as well as brand governance policies, while evaluating and verifying our strengths and the challenges posed in this regard, both on a parent as well as subsidiary level.

### SUBSIDIARIES AND STRATEGIC **INVESTMENTS**

### Suramericana

Upon celebrating its 70th anniversary and consolidating its position as a benchmark within its sector, our insurance and social security subsidiary Suramericana S.A., performed outstandingly well last year. Consolidated subsidiary revenues rose by 15% to COP 7.0 billion (USD 2.9 billion), with net earnings reaching COP 454,019 million (USD 189.8 million), for a YoY increase of 73%.

Equally positive was the Company's efficiency indicator (the ratio between administrative expense and total premiums in Colombia) which now stands at 11.2%; this being one of the most important objectives for its senior management this year.

### SIGNIFICANT PROJECTS

Deploying the new International Financial Reporting Standards.

Adapting to the new Country Code requirements as well as embracing the new Sarbanes-Oxley (SOX) standards

### RESPONSIBLE

**INVESTING POLICY** 

Providing a crystal clear focus on how to apply environmental, social and good governance criteria in evaluating our current and future investments.

**O BRANDING PLANV** 

Allowing for more coordinated and synergistic efforts in **positioning** the SURA brand within the region

SURAMERICANA SUBSIDIARIES CONSOLIDATED REVENUES 7 BILLION (USD 2.9 billion)

FOR A YEAR-ON-YEAR GROWTH OF 15%

In an increasingly demanding market and in spite of the presence of major international players, Suramericana continues with its sound leading position in Colombia, in the form of a 24% share of the market. Overall, we have 10 million clients in Colombia, Panama, Dominican Republic and El Salvador, for whom the Company strives to provide a greater quality of life and a leading competitive edge, by means of a comprehensive risk management model which has increasingly become the cornerstone of Suramericana's strategy.

The new solutions launched in 2014, such as Motos SURA (a motorcycle servicing facility), and the strengthening of its channels, such as SURA On-Line, are the Company's response to new market needs and realities, forming part of is ever-increasing efforts to incorporate new dynamics in driving growth and innovation and ensuring that its different lines of business remain relevant in the long term.

Indeed, as part of this regional growth and consolidation progress, Suramericana recently signed an agreement to purchase Banistmo Seguros S.A. in Panama, which, once the necessary authorizations are obtained, shall be joining forces with Seguros SURA Panama, the Company's insurance subsidiary in this part of world, so as to reinforce the SURA presence in Central America. With this acquisition SURA's share of the market shall be increased to almost 8.3%, making it the fourth largest insurer in Panama. Also SURA's service portfolio shall be enhanced by the bancassurance channel which is one of the main strengths of this soon-to-be acquired company. With the acquisition of Seguros Banistmo on the part of GRUPO SURA's specialized insurance subsidiary, the Group's portfolio structure shall be particularly strengthened. It shall also provide for the possibility of further leveraging the value of this acquisition thanks to the knowledge and experience that Suramericana has built up over the last 70 years in the insurance sector.

From a financial standpoint, we would like to make special mention of the fact that Suramericana's subsidiaries, Seguros de Vida Suramericana (life insurance), Seguros Generales Suramericana (property and casualty) and Seguros de Riesgos Laborales Suramericana (workers compensation) were issued with an international financial strength rating of BBB along with a stable outlook by Standard & Poor's, thereby adding to the upgrade given by Moody's Investors Service, which increased its rating from Baa3 to Baa2 in the case of both the life insurance and the property and casualty insurance subsidiaries.

We are also proud of the fact that for the second year running Suramericana was chosen out of a group of more than 800 insurance companies as the "Best Insurance Company in Colombia and Latin America," by the British magazine Reactions, published by the EuroMoney Group

### **SURA Asset Management**

The results obtained for 2014 by our pension, savings and investment subsidiary, SURA Asset Management, were positive from an operating standpoint, although on a financial level, these were affected by certain external factors, such as a negative exchange rate effect.

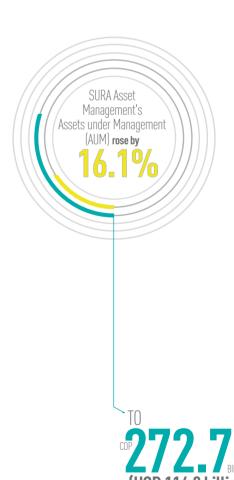
Assets Under Management in local currency rose by 16.1%, to COP 272.7 billion (USD 114.0 billion), these belonging to a total of 17 million clients in 6 countries throughout the region. Consequently, it remains the leader of the Latin American pension market with a share of 23.3%, this based on the countries where present.

As for its consolidated IFRS figures, operating revenues came to COP 4.7 billion (USD 1,978.3 million), for a YoY growth of 15.3%, while operating expense stood at USD 3.7 billion (USD 1,538.8 million) for a YoY increase of 11.0%. Consequently, operating earnings came to COP 1.1 billion (USD 439.5 million), for an increase of 33.2%.

Net earnings, after minority interest, at year-end 2014 came to COP 480,636 million (USD 200.9 million) showing a drop of 13.8%, mainly due to the following three factors:

- Financial expense rose by COP 39,049 million (USD 16.3 million), given a greater amount of debt incurred.
- Taxes increased by COP 120,606 million (USD 50.4 million), mainly due to the amount of deferred tax generated by the recent tax reform in Chile, which came to COP 64.1 thousand million (USD 26.8 million).
- The difference in the exchange rate, as a result of higher dollar-denominated debt, mainly in Colombia, had a negative effect on the country's results, in the amount of COP 164.4 thousand million (USD 68.7 million).

On the other hand, consolidated EBITDA from the various countries totaled USD 505.2 million for a YoY growth of 17.5%.



Among the projects carried out by SURA Asset Management in 2014, we have the creation of a new SURA Investment Management team, made up of officers from the areas of investment and risk of thee voluntary asset management business in Mexico, Peru, Uruguay and Chile. In this way the Company is working towards its objective of becoming a one-stop asset manager by structuring a comprehensive, yet well-differentiated range of value added solutions, taking full advantage of the extensive knowledge and experience that its investment teams bring to the table.

In terms of the financial projects that SURA Asset focused on in 2014, we saw the successful placement of an issue of international bonds worth USD 500 million at a fixed rate of 4.87% for a term of 10 years, for which a bid-to-cover ratio of 8.6 was obtained. The purpose of this issue was to be able to restructure the Company's debt profile at that time, by taking advantage of low international rates.

For this issue, the Company obtained an international investment grade, in the form of a BBB + rating from Fitch Ratings as well as a Baa2 rating from Moody's Investors Service, which in August of that same year was upgraded to a Baa1. Both ratings are one notch higher than that obtained by the Colombian Government and is the highest rating ever given to a Colombian issuer.

### Grupo Bancolombia

Bancolombia remains the most significant investment in Grupo SURA's portfolio, representing 26.8% of its total market value. In fact, during the first quarter of 2014, and as previously mentioned, we purchased 26.8% of the Bank's recent issue of preferred shares.

As far as Bancolombia's financial performance is concerned, consolidated assets totaled COP 148.7 billion (USD 62.2 billion), for a YoY growth of 13.7%, whereas Shareholders' Equity increased by 34.6% to COP 16.8 billion (USD 7.0 million). Operating revenues amounted to COP 8.1 billion with net profits ending up at COP 1.9 billion, that is to say 24.0% higher than for 2013. Bancolombia's stock market performance was also good, with its market capitalization coming to COP 27.2 billion (USD 11.4 billion) at year-end.

Grupo Bancolombia's portfolio has a combined share of 24.4.X% of the Colombian market, thereby consolidating its leading position on a local level. In El Salvador it leads with a 27.5% share of the market.

We would also like to make special mention of the recent



BANCOLOMBIA POSTED

(USD 62.2 BILLION)
IN CONSOLIDATED ASSETS FOR A YEAR-ON-YEA

GROWTH OF

137%

alliance between the Bank and the Protección Pension Fund Management firm, thanks to the combination of strategic capabilities of both companies. With this new synergy, for which a network usage agreement was signed and duly approved by the Colombian Superintendency of Finance, Bancolombia is expanding its distribution network whereas Protection for its part is extending its value proposal by providing more Colombians with ready access to housing, education and responsible consumption. Coverage is limited to the major cites of Medellín, Bogotá, Cali and Barranquilla at the present time, but shall be extended to the intermediate cities during the second half of 2015

The products that Protección shall be distributing through almost 800 consultants, managers and client service personnel attending mid to high income and large-scale clients, are housing solutions (loans and leasing arrangements), student loans and unrestricted loans guaranteed by the lender's voluntary pension fund. A total of COP 1.5 billion (USD 627 million) is expected to be paid out in the form of 40,000 loans during the first five years of this alliance.

Another highlight that we would like to mention is the fact that Grupo Bancolombia was listed for the third year running with the Dow Jones Sustainability World Index, thanks to its sustainable practices.

To conclude, Bancolombia was named the "Best Private Bank in Colombia" by the International Finance Magazine and Euromoney both specialized British publications. This award was based on the added value the bank provides its clients as well as its amount of innovation incorporated in its financial solutions.

### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company's risk management model covers four separate exposure categories, namely Strategic, Financial, Legal and Operating Risk. Each of these addresses the issues that are relevant to us, and which are based on the findings of our materiality analysis, this with regard to the sustainability of our different lines of business and the sectors where we are present.

It is important to mention that strategic risks include those that could limit or prevent us from achieving our corporate strategy, that is to say situations or events that could divert us from our core purpose of **creating value and trust,** which would jeopardize the growth of our investments and the consolidation of our existing business.

We are also exposed to our results and performance being impacted by risks relating to our investments, which is why we ensure that such risks are adequately handled at individual company level.

Grupo SURA's corporate governance system becomes stronger with every year that passes, providing security and transparency, in regulating the relationship between the Company's governing bodies. senior executives, shareholders, suppliers and other stakeholder groups, this based on our corporate principles.

As part of the process of tailoring the Company's organizational structure in keeping with its corporate role, in 2014 the Auditing Department was restructured and has begun to function guite independently from the Company's subsidiaries while working on joint projects with them, for the purpose of boosting the Group's entire internal controls, which are vital for achieving the objectives of the entire Organization.

Here, we have continued to disseminate a culture of self-regulation in all our subsidiaries, within the framework of our good corporate governance which guides our employees in everything they do as well as our corporate principles, as mentioned above. The Auditing Department also began to adapt the Company's controls and processes to the COSO 2013 and COBIT 5 requirements, in keeping with that provided by the Sarbanes Oxley Act.

Senior Management also deployed a program for migrating to IFRS and as part of this process, policies and controls were put into place to ensure full compliance with these standards, all of which were examined by our internal auditing staff.

Grupo SURA identifies, analyzes, evaluates, and handles all manner of risks and establishes the conditions under which these should be handled. Consequently we have performed rigorous tests and analyses on the security and reliability of our IT systems, following the recommendations that are consequently made as well as the improvements suggested so ensure the proper working order of all our operations. Communications with stakeholders are fluid and are monitored by an interdisciplinary team of internal auditing staff, in compliance with international auditing standards, and whose independence and objectivity were certified by the Global Institute of Internal Auditors in 2013.

Our Internal Auditing Department presents its annual plan as well as the progress made with the work carried out and the internal control reports presented to the Company's Senior Management as well as the Auditing Committee which discusses and approves these before sending their periodic reports to the Board of Directors.

Sufficient information is available for decision-making purposes when conducting and recording transactions. Here, Senior Management conducts permanent follow-ups on key business indicators and process and keeps the Board informed of the progress made with investments, both at home and abroad.

### STRATEGIC RISK

SITUATIONS OR EVENTS THAT **COULD DIVERT US FROM OUR CORE PURPOSE OF CREATING VALUE AND TRUST** 

The controls deployed by the Company Furthermore, and in keeping with that have been checked along with the systems used for financial reporting and control purposes, all of which have been found to be in proper working order.

The Board of Directors oversaw the **RECOGNITIONS AND AWARDS** activities of the Audit. Risk and Finance Company as well as with its subsidiaries relating to reviewing the Company's Internal Control System and evaluating its financial statements

Grupo SURA hereby certifies that it has complied with all applicable intellectual property and copyright legislation. Also products such as the software the Company uses for its normal dayto-day running, are in keeping with all be included for the fourth year running applicable intellectual property and in the Dow Jones World Sustainability copyright legislation and its brands Index, forming part of a select group of have been duly registered before the corresponding authorities. The Company possesses sufficient evidence with which to make these statements in the form Grupo Sura's own sector, that is to say of satisfactory findings from internal Diversified Financial Services, out of a systems audits, software development and licensing agreements, purchasing or transferring copyright royalties as well as resolutions issued by the Colombian in this particular industry to be included Superintendency for Industry and Commerce confirming our trade mark 81 points out of a maximum of 100, which registrations, amongst others.

stipulated in Law 1676 of 2013, the Company hereby states that it did not obstruct the free flow of invoices issued by sellers or suppliers.

In today's business world, one of the most Committees and was duly informed of important distinctions an organization all important events occurring within the can aspire to, is to be included in the Dow Jones World Sustainability Index. and affiliates. It faithfully carried out its Being included in this index implies functions and duties, especially those being ranked against the highest global standards in terms of business practices and overall performance, thus evidencing a company's ability to remain relevant into the long term.

> For this reason, but most of all because it allows us to be able to evaluate and continually improve upon our overall performance, we are very proud to have 319 companies throughout the world . 6 of which are Colombian, who uphold best practices in their respective industries. In total of 89 companies that were evaluated only 11 were selected, with Grupo SURA being the only Latin American company in the World Index for 2014, having scored

2014

THE AUDITING DEPARTMENT WAS RESTRUCTURED AND HAS **BEGUN TO FUNCTION QUITE INDEPENDENTLY FROM THE** Company's subsidiaries while working on joint projects with them

### GRUPO SURA'S INTERNATIONAL INVESTMENT GRADES

Standard & Poor's

Fitch Ratings

was the second highest score in this particular sector. The Company also obtained the Gold Class distinction from RobecoSAM, the firm responsible for evaluating candidates for the Dow Jones Sustainability Indices, and was included in The Sustainability Yearbook, one of the world's most comprehensive publications on corporate sustainability.

In the same vein, in 2014, and as we have been doing since 2010, we reaffirmed our commitment to the United Nations' Global Compact, embracing its universally accepted principles in terms of human rights, labor standards, environment and transparency in our performance. Equally important was the international investment grade given to Grupo SURA by Standard & Poor's (BBB) and Fitch Ratings (BBB-), both firms highlighting the sound credit profile of the companies belonging to Grupo SURA's investment portfolio; well-diversified sources of dividends and a track record of stability for such; adequate debt-service coverage ratio with historically low leverage ratios together with adequate liquidity and the capacity to access alternate sources of financing

On the other hand, we would like to mention that in 2014 we were named the "Best Financial Multi-Latina" by the prestigious magazine America Economía, as part of its Multi-Latina Awards for 2014. Also, our Legal Department, was recognized as one of "Best Legal Departments" in Latin America, by the French editorial group, Leaders League, representing some of the most important publications in the fields of finance and law in Europe.



2014

GOLD CLASS **AWARD** 

from RobecoSAM
THE SUSTAINABILITY
ASSET MANAGEMENT
EVALUATION FIRM



COP 13,000 million (USD 5.4 million) IN DONATIONS TO THE

THE SURA FOUNDATION INVESTED

COP 17,482 million

(USD 7.3 million)

IN SOCIAL, EDUCATIONAL AND CULTURAL PROGRAMS.

### SOCIAL OUTREACH PROJECTS

Antes de concluir, hacemos referencia a la Before concluding this report we would like to mention the different social outreach initiatives that the Company has engaged in, thereby reaffirming its commitment to not only to profitability but to creating more favorable conditions for all stakeholders. This is why, through our SURA Foundation, we carry out social development projects aimed at enhancing the quality of life for the more vulnerable segments of the population.

Indeed in 2014, Grupo SURA and its subsidiaries gave COP 13,000 million (USD 5.4 million) to the SURA Foundation, which in turn invested a total of COP 17,482 million (USD 7.3 million) in projects relating to training initiatives to build competitiveness, sexual health education, cultural events and comprehensive community management. Here we would like to make special mention of the volunteer work done by our employees and their families, who dedicated more than 41,000 hours of community service to improving educational infrastructure and providing psychosocial support as

well as environment and entrepreneurship training, amongst other activities. The Foundation is currently involved in projects being carried out in Colombia, the Dominican Republic, El Salvador and Panama, and coordinates efforts with more than 90 social outreach organizations.

In 2014, 70 families benefited from the Foundation's Housing Fund, an initiative that helps employees of both the Company and its suppliers or service providers to purchase or renovate their own homes, providing they earn two minimum basic wages or less. Since 2011, we have helped 277 families in seven departments in Colombia to get their own homes.

So to conclude our management report for 2014, we would like to express our utmost gratitude, as we do every year, for the support we have received from our shareholders, suppliers, service providers, employees, clients of our subsidiaries, and other stakeholders, all of which has strengthened our relationships allowing us to advance with a firm footing towards the goals we have set in terms of the

growth of our Organization and our ability to remain relevant over time. Apart from your support, your constant questioning encourages us to continue working every day so as to constantly improve upon our practices and performance.

Indeed we are convinced that companies can only survive the test of time, and remain at the heart of consumer preferences if they are able to deliver products or services that genuinely provide added value for the public. That is to say, they allow people to solve their problems, improve their quality of life and fulfill their dreams.

With this premise in mind, we shall continue, as the parent company of Grupo Empresarial SURA, to work with our strategic investments, around common purposes that shall allow us to drive our expansion and develop our business operations, while allowing us to identify risks and opportunities, expand our business universe and enhance the range of services and solutions we offer so as to help people and organizations to thrive and prosper.

Trust, grow and remain sustainable over time. These are all objectives that we share with millions of Latin Americans and which shall encourage us in 2015 to keep looking for new answers to a question that lies at the heart of our strategy:

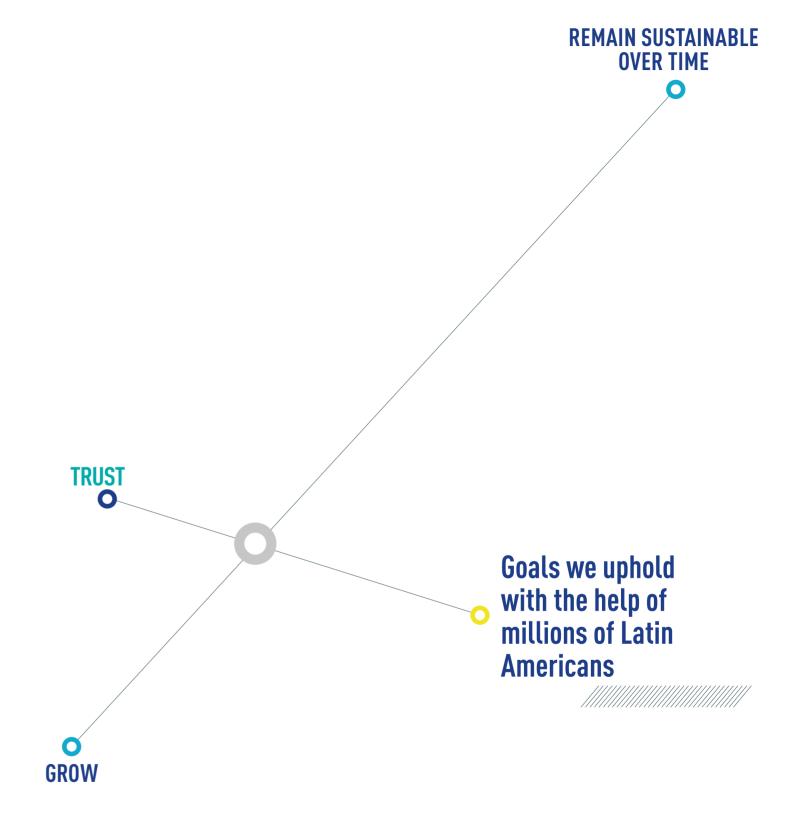
### How to find new ways of creating added value and trust?

Armando Montenegro Trujillo Chairman of the Board of Directors

Hernando Yepes Arcila Vice Chairman of the Board of Directors

Jaime Bermúdez Merizalde Carlos Antonio Espinosa Soto José Alberto Vélez Cadavid Carlos Ignacio Gallego Palacio Juan Guillermo Londoño Posada

David Bojanini García CEO of Grupo SURA



CHAPTER 5
STAKEHOLDER GROUPS



General information about Grupo SURA's stakeholders' map, and details about the activities carried out in the area of relations with some of the most important audience: INVESTORS, EMPLOYEES, SUPPLIERS AND THE STATE. Includes an explanation about the organization's reputation and brand management activities.

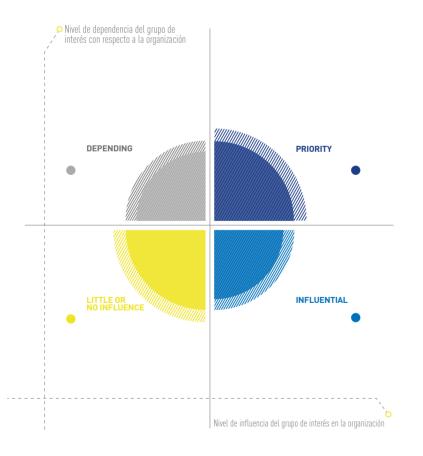
### STAKEHOLDER GROUPS

### G4.25

Grupo SURA has been implementing a Stakeholder Engagement Policy for almost five years now. However in 2014, as yet another step towards continuous improvement and the adoption of best practices, we decided to review our stakeholder relations model and strategies. For this purpose, we implemented the AA 1000 Stakeholder Engagement Assurance Standard, whose methodology is based on the Stakeholder Engagement Manual, Volume 2, as published by the United Nations' Environmental Program (UNEP), Accountability and Stakeholder Research Associates.

### PRIORIZACIÓN PARA EL RELACIONAMIENTO CON LOS GRUPOS DE INTERÉS

De acuerdo con los objetivos de relacionamiento que hemos establecido con cada grupo de interés, estos se clasifican a partir de su capacidad de influencia en Grupo SURA y su dependencia de la Compañía, así:



Mindful of the challenges posed by a company-wide engagement initiative, we implemented the evaluation methodology proposed by the AA 1000 Standard which allowed us to identify, evaluate and strengthen the strategies and initiatives that we had already deployed in this area. Thus, we were able to align our stakeholder engagement goals with the Organization's strategy, identifying their impact on risk management, defining the indicators to be used to track performance in this regard and detecting any need for improvement with our stakeholder communications.

This model allowed us to draw up a map of our key stakeholders and define the goals and methods of engaging with these, amongst other aspects. This has undoubtedly become a good reference tool for all those areas and business units that handle our relationships with various stakeholder groups, allowing us to identify strengths and room for improvement so as to be able to advance upon our corporate goals, particularly with **creating added value and inspiring greater trust** which is Grupo SURA's overarching strategic purpose.

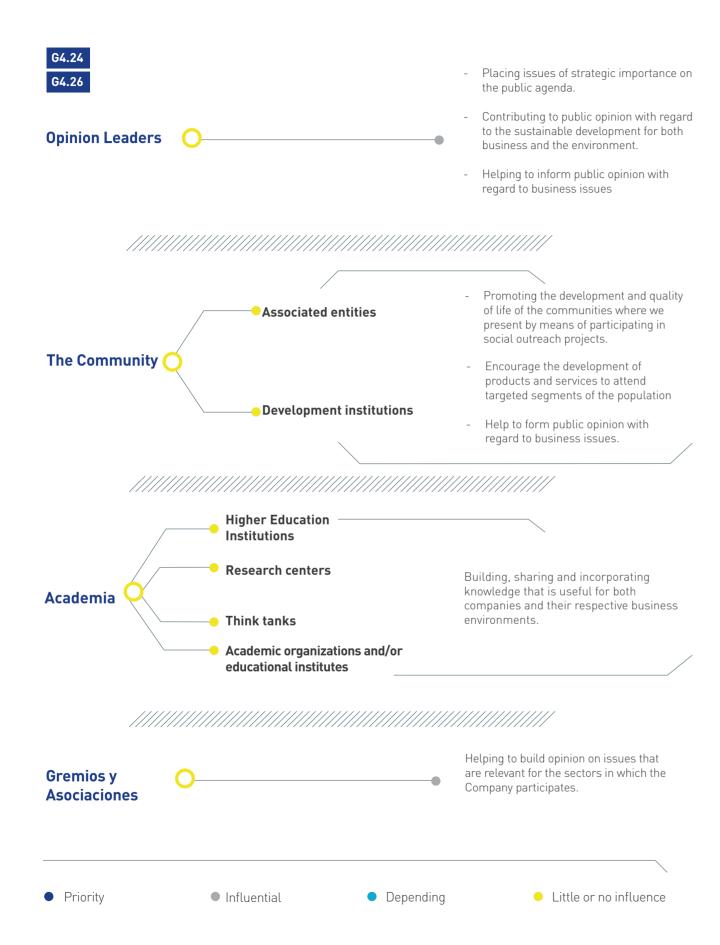
Priority

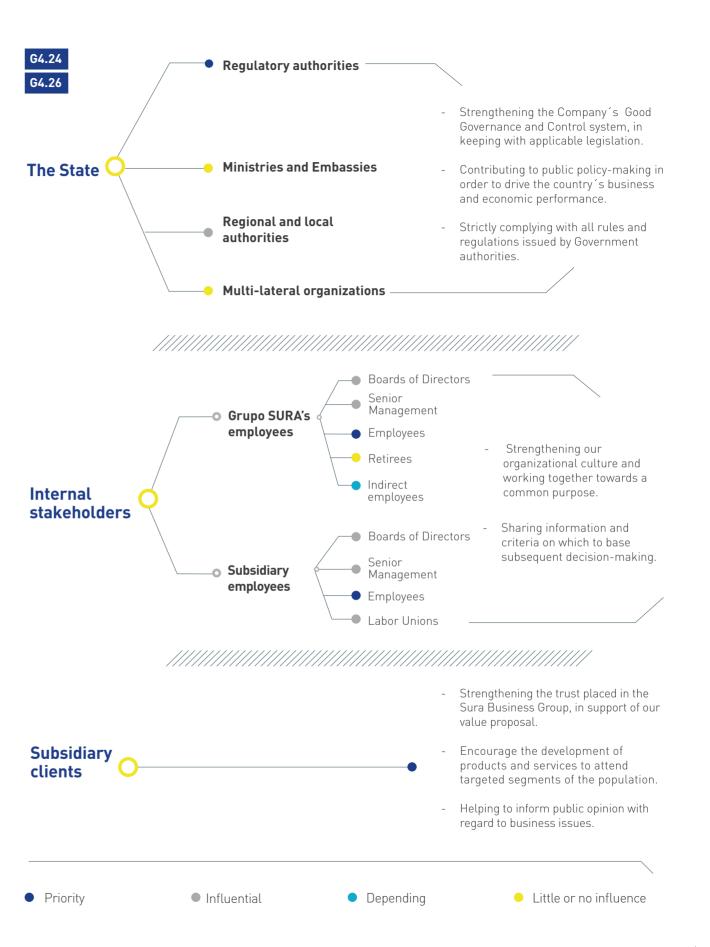
Influential

### **GRUPO SURA'S STAKEHOLDER RELATIONS MATRIX** G4.24 G4.26 Current (domestic and foreign Institutional investors Potential (domestic and foreign) Boosting stakeholder confidence, **Shareholders** based on transparency and the Minority and Investors opportune reporting of clear and shareholders complete information. Brokerage firms Brokers Analysts and market research departments Stock Exchanges Large-scale companies "Strengthen the capacity of our **Suppliers** Small and mediumstrategic partners in attaining their sized companies corporate objectives. Contractors Nacional Contributing to public opinion with regard to the sustainable development for both business and The Media International the environment. Disclosing information regarding the Specialized Company's performance. media

Depending

Little or no influence







OR FOLLOWING THE BEST PRACTICES IN REPORTING INFORMATION TO THE MARKET

#### **OUR INVESTOR RELATIONS**

Grupo SURA aims to build relations of genuine trust, for which we constantly look for ways of strengthening our communication channels with various stakeholder groups, thereby ensuring the transparency of the information required by shareholders, investors and market analysts for monitoring the Company's performance. The following are just some of the initiatives we have set in motion for this purpose:

#### **GRUPO SURA'S INVESTORS' DAY**

Last year, Grupo SURA held its second annual Investors' Day where we were able to showcase the advances made with the consolidation of the Organization as a business group; besides explaining in detail subsidiary performance and strategy as well as the overall progress made in all nine countries where the Group is present.

This event included conferences given by David Bojanini, Chief Executive Officer of Grupo SURA; Gonzalo Alberto Pérez, Chief Executive Officer of Suramericana; Andrés Castro, Chief Executive Officer of SURA Asset Management; and Juan Pablo Córdoba, President of the Colombian Stock Exchange (Bolsa de Valores de Colombia). These talks gave rise to discussions centering on the role that financial institutions currently play in forging a greater degree of comprehensive development in each individual country. Some of the topics raised by our own senior executives in these discussions included the context of the Latin American Pension Systems, current interest rates, the future of the insurance industry and the efforts made to strengthen the stock market, just to name a few. For more information, including video downloads of these conferences, please click on the following link: www.gruposuraday.com.

#### **INVESTOR CONFERENCES**

As in 2013, last year we took part in 15 conferences where we had the opportunity to talk with more than 300 investors and analysts from the US, Europe, Latin America and Asia, allowing us to increase our exposure to the international markets.

#### **QUARTERLY CONFERENCES**

These conferences, which are held four times a year, allow the Company's Senior Management to provide regular updates on our financial performance, the progress made with our strategies, as well as current trends and the projects on which the Company is currently working.

#### **OTHER ITEMS OF INTEREST**

TIt is also worthwhile mentioning the increased relevance that Grupo SURA now has with regard to important local and global indices like the COLCAP, COLEQTY, Colir, MSCI, FTSE, DJSI among others.

The role of our Investor Relations Department has become much more prominent, given more than 800 international funds that have invested in the Company so far. These foreign-based funds now own a 17.4% stake in the Company, thereby enhancing pricing as well as stock liquidity.

Furthermore, in 2014 the Colombian Stock Exchange presented the Company with its IR (Investor Relations) award for its best reporting practices, which continue to further the Company's corporate governance and transparency.

#### **PLANS FOR 2015**

The Company is planning to continue enhancing its reporting and disclosure mechanisms. Here it is worthwhile noting that the Company is scheduling a series of pedagogical programs that shall explain in detail the Company's financial statements under IFRS, so as to help investors and analysts to understand and correctly interpret the new changes made to how the Company's financial information is reported. Grupo SURA's third annual Investors' Day is also high on the agenda this year, this for the purpose of different market players becoming more acquainted with the Sura Business Group.

#### OTHER TOOLS

We also have different communication tools so as to keep in permanent contact with both the market and other stakeholder groups, this in addition to the information published as part of the reporting requirements issued by the Colombian Superintendency of Finance which can also be found on our website:

- Website www.gruposura.com: here complete up-to-date information can be found regarding our Company and its portfolio of investments, in both Spanish and English. Visitors may also track on-line GRUPO SURA's Ordinary and Preferred shares, obtain customized shareholder information as well as consult a calendar of scheduled events and activities for the year.
- Social Networks: our followers on Twitter, Facebook and YouTube obtain information of interest concerning the Organization and its business environment.
- **Sura APP:** our own SURA app for tablets or smart phones providing permanent access to all the latest updates regarding our share performance as well as corporate news and information.
- Shareholder Help Line 018000 521555: This is a toll-free service provided from Monday to Friday between 7.30 a.m and 5.00 p.m. through which we clear up any general queries regarding the Company.
- Investor Help Line 574 4355729: Here institutional investors and brokerage firms can channel their specific queries concerning the more significant items of information reported by the Company.
- **Shareholders Office (574) 4355302:** This area is responsible for attending shareholder gueries regarding dividend payments, share certificates etc.
- Fiduciaria Bancolombia (574) 4042371:The Company's shareholders may also channel their queries through the network of branch offices belonging to Fiduciaria Bancolombia, the firm responsible for handling the Company's shares and securities.
- **E-newsletters:** Visitors to our website may subscribe to these newsletters containing periodic information regarding the Organization's results and performance during the year.

**INVESTOR RELATIONS** 

COMUNICATION AND INFORMATION

TRANSPARENCY

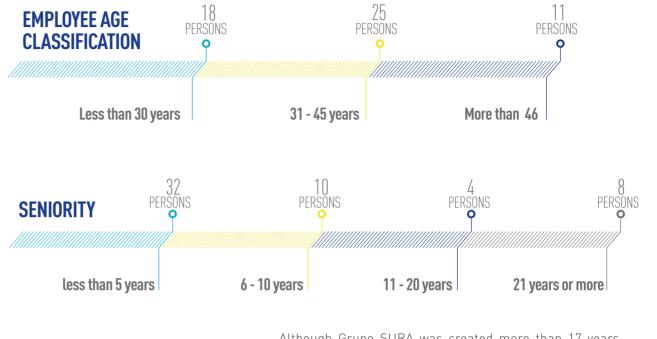
#### **OUR EMPLOYEES**

G4.LA1

We can only achieve the goals set with a staff who have all the personal and professional skills needed to assume long-term commitments from the standpoint of different business visions and perspectives and, above all, who are capable of understanding the true sense of our corporate focus, namely creating added value, inspiring trust and enhancing people's quality of life.

The following information corresponds to the employees of Grupo SURA, the parent company, and not its subsidiary personnel:

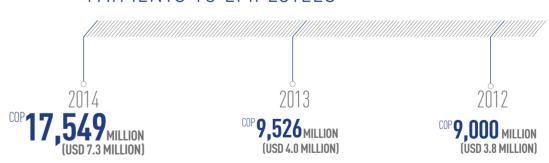




Although Grupo SURA was created more than 17 years ago, many of its employees come from its subsidiaries and hence their seniority status is preserved.

**4%** staff turnover, mainly due to staff voluntarily leaving the Company.

#### PAYMENTS TO EMPLOYEES



## ONE OF OUR MAIN CHALLENGES IN THIS AREA IS TO BE ABLE TO ATTRACT

## AND RETAIN HUMAN TALENT which we address via the following approaches:

#### **SKILLS**

Our skills model covers Knowing, Being, Wanting and Doing and allows us to identify individual contributions on the part of our work teams so as to be able to achieve greater degree of inter-connectedness and complementarity.

#### **PERFORMANCE**

We evaluate the performance of employees and how they contribute to achieving the goals set by the Company.

#### COMMITMENT

We strive to enhance our employees' emotional commitment as a key factor for retaining our human talent and furthering our performance, both on an individual and organizational level.

#### HIGH POTENTIAL EMPLOYEES AND SUCCESSION PLANS

We identify, develop and train all those employees that offer the skills, commitment and willingness to aspire to a position of greater responsibility.

#### **DEVELOPMENT**

We understand employee development as a way of strengthening their skills and knowledge and helping them to gain experience.

#### LIFE/WORK BALANCE

We address this issue from the standpoint of providing flexible working hours, employee support and advice, family services and fringe benefits.

#### **HUMAN TALENT PLANNING**

This goes hand in hand with the Organization's strategy in identifying needs in this regard, based on the capacity and forecast growth of our different business units.

\_ The Company has arranged various channels through which employees may report their concerns. These are the Ethics Help Line and the Peaceful Workplace Committee. There were no complaints or concerns reported through these channels in 2014.

2014

G4.LA 9

**3,232 HOURS OF ACADEMIC AND OTHER TRAINING** covering the Organization's entire workforce as well as scholarships, formal and informal education.

2013 **MILLION** 

NVESTED IN EMPLOYEE **INVESTED IN EMPLOYEE** 

G4.LA 6

**DUE TO ILLNESS** 

**ACCIDENTS AND DISEASE** 

In October 2014, new members were appointed to the Company's Occupational Health and Safety Joint Committee for the period 2014 to 2016 //////

- 81% of our employees belong to the SURA Employee Fund. The Company contributed COP 28,463,534 as part of a savings drive.
- 39% of our employees belong to Coopemsura (Suramericana's Employee Cooperative) which offers savings accounts and loans, amongst other benefits.
- A total of **COP 478.3 million** was allocated to employee loans and the financing of Insurance policies, benefitting 100% of the total headcount. These loans were used for car, life and household insurance policies as well as for housing, student and car loans, amongst others.

G4.HR4

• Grupo SURA does not have a labor union, but nevertheless respects its employees' right to free association.

#### SUPPLIER MANAGEMENT

## **GRUPO SURA'S**

SUPPLIER CHAIN

consists of the individuals and corporations that offer goods and provide services to meet the Corporation's objectives.

## OUR SUPPLIER MANAGEMENT **FUNCTION IS AIMED AT:**

BUILDING TRANSPARENT RELATIONSHIPS WITH OUR SUPPLIERS AND SERVICE PROVIDERS WHILE GETTING TO KNOW THEM THAT MUCH BETTER

MORE EFFECTIVE AND EFFICIENT PROCUREMENT/HIRING PROCESSES

A BETTER HANDLING OF INFORMATION FOR DECISION-MAKING PURPOSES

DETECTING RISKS AND OPPORTUNITIES **ALONG THE SUPPLY CHAIN** 

Our Comprehensive Supplier Management is based on **Grupo SURA's** corporate philosophy, regulatory compliance and an ongoing interest in adopting best practices.

Key information regarding Grupo SURA's suppliers and service, as parent company, (excluding its subsidiaries) is as follows:



COP 35,547 MILLION PAID IN 2014
(USD 14.0 MILLION)
OUT ON EXTERNALLY SOURCED
GOODS AND SERVICES



#### SURA'S COMPREHENSIVE SUPPLIER MANAGEMENT

#### **FUNCTION IS COMPRISED OF THE FOLLOWING STEPS:**

#### **SELECTION**

Registration Categorization Evaluation Procurement/hiring

#### PARTICIPATIVE MANAGEMENT

two-way engagement mechanisms that ensure compliance with the Organization's principles

#### **EVALUATION**

the process of checking satisfaction levels and the implementation of best practices

## DEVELOPMENT AND PARTICIPATION

Initiatives that allow us to evaluate performance on the part of both suppliers and Grupo SURA

Progress here includes having completed the first stage of a program relating to Grupo SURA's Supplier Relations Management (SRM) function which allows the supplier or service provider to self-manage the commercial relationship, covering all applicable information, documents and processes, etc. With this program we reduced our overall operating burden, centralized our supplier processes and records, recorded all supplier information in one single system that is to say all our supplier management, registration, negotiation and hiring processes are run on one single framework.

The second stage of this project shall include the supplier's ethical, social, environmental and corporate governance practices, among others, within their individual performance evaluations so as to be able to define the measures required in terms of boosting our mutual growth and development.

THIS INITIATIVE WAS MADE POSSIBLE THANKS TO THE AMOUNTS APPROVED BY BY GRUPO SURA'S GENERAL ASSEMBLY OF SHAREHOLDERS

FOR THIS PURPOSE. BACK IN 2012 AND HAS NOW BEEN EXTENDED TO COVER SURAMERICANA AND ITS SUBSIDIARIES.

#### INDEPENDENT SUPPLIERS

Pursuant to that stipulated in Decree 723 of 2013 which regulates membership to the General System of Occupational Risk on the part of independent suppliers as well as the joint responsibility held by suppliers and contractors alike, we have provided the technology required for verifying membership to the occupational health system, along with payments and incidents...

Participatory management requires communication channels that facilitate interaction between the parties concerned. In 2014, we set up our new supplier management site www.proveedor.sura.com providing access to the SRM platform as well as corporate information that may be of interest to suppliers, service providers as well as the SURA negotiating teams. This website also allows potential suppliers and service providers to offer their products or services.

Suppliers also have their own dedicated Help Line (in Medellin Tel: 4355105 and the rest of the country Tel:01800 521121).

#### SURA'S SUPPLIER SELECTION AND CATEGORIZATION CRITERIA



RISK MANAGEMENT COVERS > Exposure to Legal / Fraud / Corruption / Stoppages > REPUTATIONAL RISK OUR SUPPLY CHAIN'S RISK MANAGEMENT COVERS

#### THE STATE AND THE PUBLIC ARENA

We are convinced of the ability of companies to influence and contribute to local government institutions and the transformation of their respective countries, not only by complying with current applicable legislation, but above all by actively and genuinely participating in matters of public interest, while joining forces and providing their resources and knowledge.

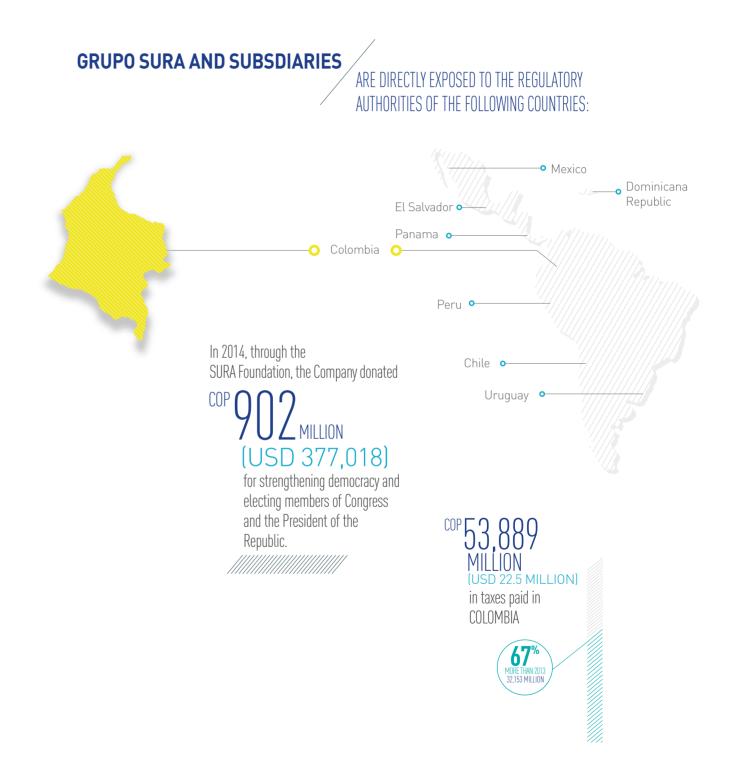
#### **Public-Private Partnerships**

Through the SURA Foundation we participated in the following entities and intersectorial partnerships:

- Corporación Excelencia en la Justicia (Excellence in Justice Corporation)
- Fundación Dividendo por Colombia (Dividend for Colombia Institution)
- Corporación Antioquia Presente (Antioquia Present! Corporation)
- Fundación Amigos del Parque Explora (Friends of the Explora Park Foundation
- Museo de Arte Moderno de Bucaramanga (Bucaramanga's Museum of Modern Art)
- Centro de Ciencia y Tecnología deAntioquia CTA (Antioquenian Center for Science and Technology)
- Transparencia por Colombia (Transparency for Colombia)
- Fundación para el Progreso de Antioquia Proantioquia (Foundation for Progress in Antioquia)
- Fundación Empresarios por la Educación (Businessmen for Education Foundation)

Furthermore, Grupo SURA's directors and senior management actively participate on various councils and committees including FEDESARROLLO, the Private Council for Competitiveness, the Colombian Stock Exchange (BVC), the National Association of Industrialists (ANDI), the Business Committee for the Pacific Alliance and the Family Welfare Institute (COMFAMA), among others.

## FURTHERING LATIN AMERICAN INSTITUTIONS AND REGIONAL TRANSFORMATION BY JOINING FORCES and providing our resources and knowledge.



#### **RESULTS OF THE SURA TOTAL BRAND RECALL SURVEY - 2014**

#### REPUTATION AND BRAND MANAGEMENT

SURA's reputation and brand are doubtlessly the cornerstone for creating added value and inspiring greater trust. these being Grupo SURA's main strategic goals. For this purpose, the Company has led a joint task force made up of staff from the Departments of Communications, Advertising and Marketing at subsidiary level, so as to ensure the consistency and prioritization of these important strategic concerns while taking full advantage of all inherent synergies.

As a result, in 2014 we drew up the Master Branding Plan for 2020, which includes the following three major focuses of how we handle what after all is a highly important asset for our business.

- 1. Brand use and licensing model: defining obligations on the part of subsidiaries in using the brand as well as defending the SURA brand, in all those countries where present.
- **2. Brand governance:** including a review of the policies, guidelines and criteria for using SURA brand, as well as the roles and responsibilities of the decision-making bodies
- 3. Brand Management Plan 2020: defines a common "across the board" positioning for all those businesses using the SURA brand as well as the main strategies, goals and indicators to be monitored over a five-year period.

#### **POSITIONING**

All efforts relating to the positioning of the SURA brand on a regional level. shall now be aligned around a common purpose, that is to say the Organization's focus on getting closer to its Latin American clients by providing them with comprehensive financial services, insurance and savings products and the best possible customer care.

The SURA brand has historically enjoyed a high degree of brand recognition on the Colombian market being associated with key attributes of leadership, familiarity, support and confidence. Thanks to a proven track record going back over 70 years, SURA is a much preferred brand with a Top of Heart rating of 40% in Colombia for 2014 \*.

Since 2011 when we began to extend our SURA brand to our pension, savings and investment businesses in other countries in the region, we have been gaining a greater share of the hearts and minds of the Latin American people. The different advertising, marketing and communication strategies we have been carrying out both on a business as well as corporate level, have allowed us to thoroughly disseminate our SURA brand throughout the region, thereby gaining an important positioning. Brand maturity in each individual country however continues to pose challenges.

Similarly, one of the more frequent questions we try to answer through our brand management initiatives is to what extent does this create added value and inspire greater trust with regard to our different stakeholder groups, particularly our clients. In this regard, in 2014 we carried out a study to determine the degree to which SURA brand contributes to our business operations and its strength in the main Latin American countries where we are present.

We worked to consolidate and disseminate throughout the Organization, general guidelines in terms of reputation and communications management, including criteria and policies governing stakeholder relations, information and media management, the handling of digital media, among other aspects.

Generally speaking, and in terms of the Group's corporate role, we have defined the following work fronts for Grupo SURA and its subsidiaries throughout the region, these based on a common positioning:

- Strengthening our reputation and branding governance.
- O Developing synergies around regional proiects
- Sharing knowledge and best practices
- OImplementing a regional system of brand, media and reputation performance indicators



Source: Study of total regional brand positioning indicators - 2014. GFK

<sup>\*</sup>Source: "Regional brand positioning indicators" 2014. GFK.

# CHAPTER 6 ° ENVIRONMENTAL MANAGEMENT



Reporte sobre la **GESTIÓN Y LOS RESULTADOS OBTENIDOS POR LA COMPAÑÍA** en el marco de su compromiso con el medio ambiente.

#### **ENVIRONMENT**

As part of our commitment to the environment, Grupo SURA is fully aware of the importance of joining forces to help care for the environment and designing strategies to mitigate the effects of climate change as a fundamental condition for its ongoing sustainability.

From the standpoint of our role as investors, we have a responsibility to ensure that our business activities do not harm the environment, upholding a long-term view that meets the expectations of our different stakeholder groups.

- Medición de la huella de carbono corporativa y adicionalmente, compensación de la huella de carbono asociada a la realización de su Asamblea de Accionistas.
- Estrategias de reducción y eficiencia de los viajes corporativos
- Continuidad con el reporte anual al CDP
- Mantenimiento en el seguimiento de los procesos de mejoras en el consumo energético, la reducción del consumo de recursos, la disminución de los residuos y el fomento del reciclaje.

The following figures show Grupo SURA's use of natural resources in carrying out its administrative activities in Colombia.



#### **CARBON FOOTPRINT**

Every year in Colombia, Grupo SURA measures its carbon footprint in terms of its direct fuel consumption (Scope G4.EN16 1), purchased electricity from the local power transmission grid (Scope 2) and, on a partial level, emissions on G4.EN17 the part of suppliers, clients and other related players (Scope 3). We calculate our carbon footprint bearing in mind the emission factors published by the Colombian Planning Department for Energy and Mining (UPME<sup>1</sup> in Spanish), using the methodology contained in the Greenhouse Gas Protocol<sup>2</sup>.

#### SCOPE 1

SOURCE / EMISSIONS	2013 (tons of CO <sub>2e</sub> )	2014 (tons of CO <sub>2e</sub> )	% CHANGE	REASON FOR CHANGE
Corporate aircraft	193.27	169.76	-13.85%	Flight hours have been reduced by 16.5%
Company vehicles	54.92	67.72	+23.32%	Increase in company vehicle use
Total Emissions - Scope 1	248.19	237.48	-4.31%	

#### SCOPE 2

SOURCE / EMISSIONS	2013 (tons of CO <sub>2e</sub> )	2014 (tons of CO <sub>2e</sub> )	% CHANGE	REASON FOR CHANGE
Electricity	37.65	41.35	+9.8%	Emission factor rose by 5.8% due to increase in thermally-generated electricity on the national power grid combined with the drop in the production of hydroelectric power.
Scope (% employees directly involved)	100%	100%		

#### SCOPE 3

SOURCE / EMISSIONS	2013 (tons of CO <sub>2e</sub> )	2014 (tons of CO <sub>2e</sub> )	% CHANGE	REASON FOR CHANGE
Paper consumption	0.21	0.19	- 9.5%	<ul><li>Double-sided printing</li><li>The use of digital media at Board meetings</li></ul>
Employee business trips	54.77	63.55	+16.04%	Increase in employees attending local and international meetings as well as follow-ups performed at subsidiary level.
Total Scope 3	54.98	63.59	+15.66%	

Special Technical Administrative Unit, attached to the Colombian Ministry for Mining and Energy, governed by Law 143 of 1994 as well as Decree 1258 issued June 17, 2013, whose purpose is to comprehensively plan the country's mining and energy activities, provide policy-making support and coordinate information regarding the different sectors with the corresponding market players and interested parties. Taken from: http://www1.upme.gov.co/quienes-somos. The Greenhouse Gas (GHG) Protocol is a tool used for understanding, quantifying and handling greenhouse gas. Taken from: http://www.ghgprotocol.org/about-ghgp.

#### **FCOFFFICIENCY**

#### **ENERGY CONSUMPTION**

The energy used by Grupo SURA is sourced directly from fossil fuels, as well as indirectly by purchasing energy from the national power grid. Directly produced energy, as used in Colombia, mainly corresponds to the following fuel consumptions:

- Senior management cars
- Corporate aircraft

#### G4.EN3

#### **DIRECT ENERGY CONSUMPTION (MJ)**

ITEM	2013	2014	% CHANGE	REASON FOR Change
Direct energy consumption - Corporate aircraft	2,703,508.24	2,374,577.4	-12.17%	Flight hours were reduced by 16.5%
Direct energy consumption - Company cars	735,552.46	907,204.49	+8.19%	Increase in vehicle use

INDIRECT ENERGY CONSUMPTION(MD) Indirect energy is used for lighting and refrigeration purposes as well as for powering equipment used by the Company.

CONSUMO DE ENERGÍA	2013	2014	VARIACIÓN
Indirect energy	702,386.53	728,788.10	+3.76%
Scope (% employees directly involved)	100%	100%	

#### **G4.EN8**

Source	2013 (m³)	2014 (m³)	% Change
City mains	905.52	837.1	-4.36%
Scope of Water Consumption (% employees directly involved)	100%	100%	

#### PAPER CONSUMPTION

The paper we consume comes from two main sources:

- FSC- certified (Forest Stewardship Council TM) tree plantations
- Sugar cane, that is to say the residual material left over from agro-industrial activities.

In order to optimize our paper consumption our printers are configured for double-sided printing. In 2014, our paper consumption came to 233 kg, that is to say 6.36% less than for 2013, producing savings of COP 41 million in purchases of paper.

#### **LEED CERTIFICATION**

In March 2014, Grupo SURA's Headquarters in Medellín received its LEED (Leadership in Energy & Environmental Design) GOLD Certificate in the category of New Constructions Version 3.

This distinction, awarded by the *US Green Building Council* recognizes best practices in building environmentally responsible constructions that are specially designed to efficiently use natural resources.

#### CDP

For the second year running, Grupo SURA responded to the Carbon Disclosure Project's climate change questionnaire designed to evaluate the performance of organizations in quantifying and reducing atmospheric emissions produced by their economic activities, measures taken to reduce their environmental impact as well as integrating climate change management with their business strategies.

This questionnaire measures two fundamental aspects:

- 1. Transparent disclosures: availability and accuracy of the information provided in each category evaluated
- 2. Performance: the effectiveness of the strategies deployed by the Organization in handling climate change.

#### **RESULTS**

	2013	2014
Grupo SURA	62	73
Average for the Financial Sector	68	71
Average for the Diversified Financial Service Sector	55	56
Leaders in Latin America	89	92

The highlights of these results are as follows:

- The measuring of Grupo SURA's and Suramericana's carbon footprint.
- Public disclosure of information relating to the environmental performance of both the Company and its subsidiaries.
- Identifying risks and opportunities relating to climate change.

Also the main challenges faced in terms of managing climate change are as follows:

- Identifying opportunities for creating new products and services
- Categorizing emissions so as to decide on their offsetting.
- Strengthen climate change governance policies and incentives

CHAPTER 7

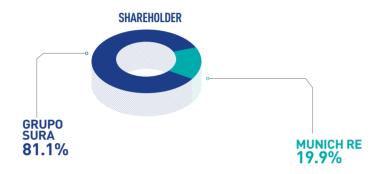
OPERATING
PERFORMANCE



DETAILED INFORMATION ABOUT THE MANAGEMENT AND RESULTS OBTAINED FROM STRATEGIC INVESTMENTS MADE BY GRUPO SURA: Suramericana, SURA Asset Management and Bancolombia

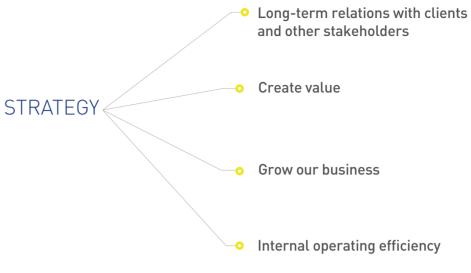
### SURAMERICANA

With 70 years experience, Suramericana S.A. is today one of the major insurance groups in Latin America. This company, an affiliate of Grupo SURA which also has participation from the German reinsurers Munich RE, includes multiple companies in Colombia, Panama, Dominican Republic and Salvador, to provide Social Security and insurance solutions. Suramericana differs because of the integral assistance for risk management, innovation, and added value it offers its clients to ensure that they are protected.









#### **BUSINESS APPROACH**

## INTEGRAL RISK MANAGEMENT



## 

to managing risk for individuals and companies. This way we broaden the scope of our raison d'être. The idea is not only to protect the risks that can be transferred but also to contribute, through integral management, to the development of practices that lead to competitiveness and quality of life and, therefore, contribute to their sustainability".

**Gonzalo Alberto Pérez R.** Chief Executive Officer of Suramericana



#### GONZALO ALBERTO PÉREZ R. Chief Executive Officer - Suramericana

## How well did Suramericana and its different insurance and social security subsidiaries perform in 2014? What are the most important aspects of the results obtained?

The results we obtained for 2014 were truly outstanding from the financial and overall business standpoints. With more than 10 million clients in all four Latin American countries where present, subsidiary revenues came to more than COP 7 billion, thus consolidating our leading position with a 24% share of the Colombian insurance market. Indeed, our performance surpassed the market average, with our insurance business, for example, recording a 12.8% growth, compared to a market average of 9.0%.

However much more important than this are the benefits we bring to companies, private individuals and the country itself through a comprehensive handling of risk exposure which is our way of providing our clients with a more competitive edge. This focus clearly sets SURA apart from the rest of the market, drawing on an extensive track record going back 70 years in the insurance sector.

## How does the Company's comprehensive risk management function affect its future and how does it impact its clients?

We firmly believe that the future and sustainability of the insurance industry depends on the capacity of its players to provide their clients with a distinct competitive edge, while at the same time ensure a level of preventive management that avoids risks from materializing in the

first place. Besides the more traditional kinds of risk, we must also attend emerging risk produced by the changing conditions in which we live, these being opportunities for us to create greater innovation, provide new solutions and set up new distribution channels. Conversely other risks are becoming less prevalent, either because the population is changing its habits or because new technologies are being developed to prevent these from occurring in the first place.

Consequently with some risks becoming less frequent and new risks coming to the fore, the central message for the insurance industry revolves around the need to adapt to change so as to be able to remain relevant. This is Suramericana's strategic focus, one which sets us apart and gives us the fortitude to remain relevant over the long term.

The task at hand is to move beyond simply paying out indemnities and even preventing risk in the first place, since we must now begin to tread a path towards ensuring that people and companies are sound and healthy - not just less prone to accidents and disasters – and moreover really competitive given their ability to handle risk.

## How is Suramericana creating added value and inspiring greater trust amongst its different stakeholder groups?

An optimal level of reserves, zero debt on the part of our subsidiaries, the growth achieved in 2014 and the good level of performance in general, not only demonstrates our financial strength but provides firm support for our stakeholder relations. All this of course has been achieved against the backdrop of our sound ethical principles.

We create value and inspire greater confidence as an intrinsic part of our long-term relationships. We wish to grow hand in hand with our shareholders by building our financial strength, with our employees in encouraging their personal and professional development, as well as contributing to the growth and sustainability of our suppliers while offering our clients ways of handling risk so as to provide them with greater peace of mind and a competitive edge. not to mention the community with our commitment to education, culture and other areas that have a positive effect on overall development.

#### How is the strategy of becoming a multisolution, multi-channel, multi-regional company coming along?

We continue to make progress with our expansion plans in Bogotá and Medellín, so as to be able to provide the lower-income segments of the population with a comprehensive offering, creating new channels and designing new solutions. We are also working on delivering added value to our clients.

In 2014, we inaugurated a new SURA Health Care Center in Chipichape, equipped with leading edge technology and an infrastructure large enough to attend our clients in Cali. We also opened our new SURA Motorcycle Service Center in Medellin, as well as a new SURA Car Service Center in Pereira

Also special mention must be made of our new SURA on-line platform. Technology is vital for the insurance industry in offering and selling policies, so we have invested in and developed a digital strategy that allows us to conduct sales on-line.

On the other hand, this year Suramericana signed an agreement to purchase the insurance firm, Seguros Bansitmo in Panama, in keeping with our aim of becoming a truly multi-regional company.

#### THE MAJOR CHALLENGE TO OUR ON GOING SUSTAINABILITY IS BEING ABLE



With this new acquisition, to be later merged with Seguros SURA Panama, we are set to gain greater market share, taking us from the seventh to the fourth largest insurance company in this part of the world. Besides strengthening our overall portfolio, we shall be gaining the bancassurance channel that is one of Banistmo's main strengths.

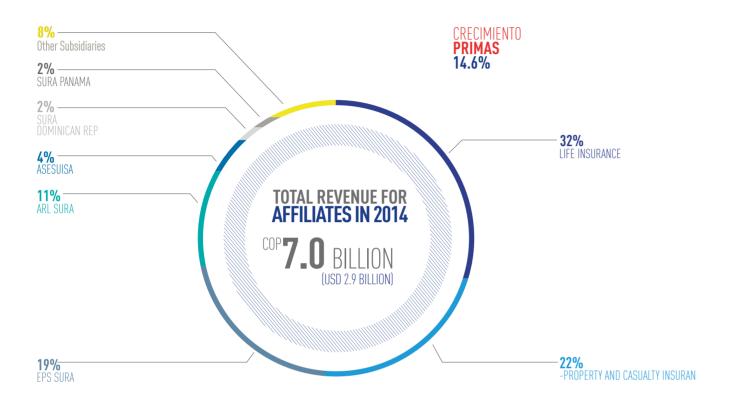
#### What is the greatest challenge you have in terms of human talent?

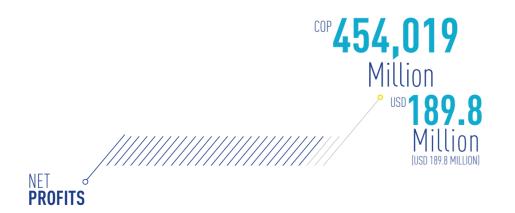
The challenge to our ongoing sustainability is being able to constantly innovate and that obviously depends on the quality of our human talent. This we have come to appreciate through our own leadership style that is inclusive, participatory and inspiring, so as to give our employees a chance to express themselves and consider the Organization as a vehicle for realizing their own personal and professional aspirations.

So with our own characteristic style of leadership we are able to encourage innovation, which allows us to challenge the status quo and permanently create new ideas. This gives us the possibility of extending our knowledge to how our younger employees see, feel and think and combine this with the experience and expertise of the longer-standing members of our Organization.

Another challenge we have to the ongoing competitiveness of our Company is being able to retain human talent and this is precisely what is allowing these young people to express themselves and drive the Company over the long term, this based on our culture and philosophy, which is one of the great strengths we have in SURA.

#### FINANCIAL DATA





#### WKEY INDICATORS PER SUBSIDIARY AT YEAR – END 2014

	Property and casualty insurance	Life insurance	ARL	EPS
Premiums	COP 1.5	COP 2.3	COP 781,856	COP 1.3
	billones	billones	millones	billones
Premiums	USD 641.0	USD 953.3	USD 326.8	USD 551.3
	millones	millones	millones	millones
Net profits	COP 47,267	COP 330,308	COP 177,762	COP 16,259
	millones	millones	millones	millones
Net profits	USD 19.8	USD 138.1	USD 74.3	USD 6.8
	millones	millones	millones	millones
Retained incurred claims	52.7%	56.8%	52.1%	93%
Combined ration	102.5%			

	Panama	Dominican Republic	El Salvador
Premiums	59,790	67,617	109,917
Net profits	-242	-1,192	2,876
Cifras en USD miles			

#### ///// MARKET SHARE - COLOMBIA



#### HUMAN TALENT

NUMBER OF EMPLOYEES **10,491** 

INVESTMENT IN TRAINING
4 PAÍSES 88

COP 5,932
[USD 2.5 MILLION]

EMPLOYEES SALARIES PAID COP479,006

(USD 200.2 MILLION)

PERCENTAGE OF WOMEN

**65**%

JOBS CREATED 1,229

NUMBER OF CONSULTANTS

DEPENDENT

1,523

INDEPENDIENT

3,273

#### **TRADE UNIONS**

ASES Asociación de Empleados de Suramericana 102 members (2013: 90). ASOAS Asociación de Asesores Independientes 713 members (2013: 498). International affiliates do not have trade unions, Suramericana adhered to the United Nations Global Compact in 2010.

#### //////// SOCIAL MANAGEMENT

#### **INVESTMENT IN SOCIAL MANAGEMENT**

Suramericana and its affiliates channel their investments through Fundación SURA..

IT CONTRIBUTED

4,500 MILLION (USD 1.9 MILLION)

(2013: **COP 3,200 MILLION**) (USD 1.3 MILLION)

VOLUNTEER WORK

**1,365** PEOPLE (2013: **1,376** PEOPLE)

**21,642** HOURS (2013: **14,765** HOURS

#### **SUPPLIERS**

TOTAL PAYMENTS TO SUPPLIERS

COP **2.1 BILLION** (USD 917.1 MILLION)

TOTAL PAYMENTS TO SUPPLIERS

19,945

ENVIRONMENT

CARBON FOOTPRINT COLOMBIA

7,160.21

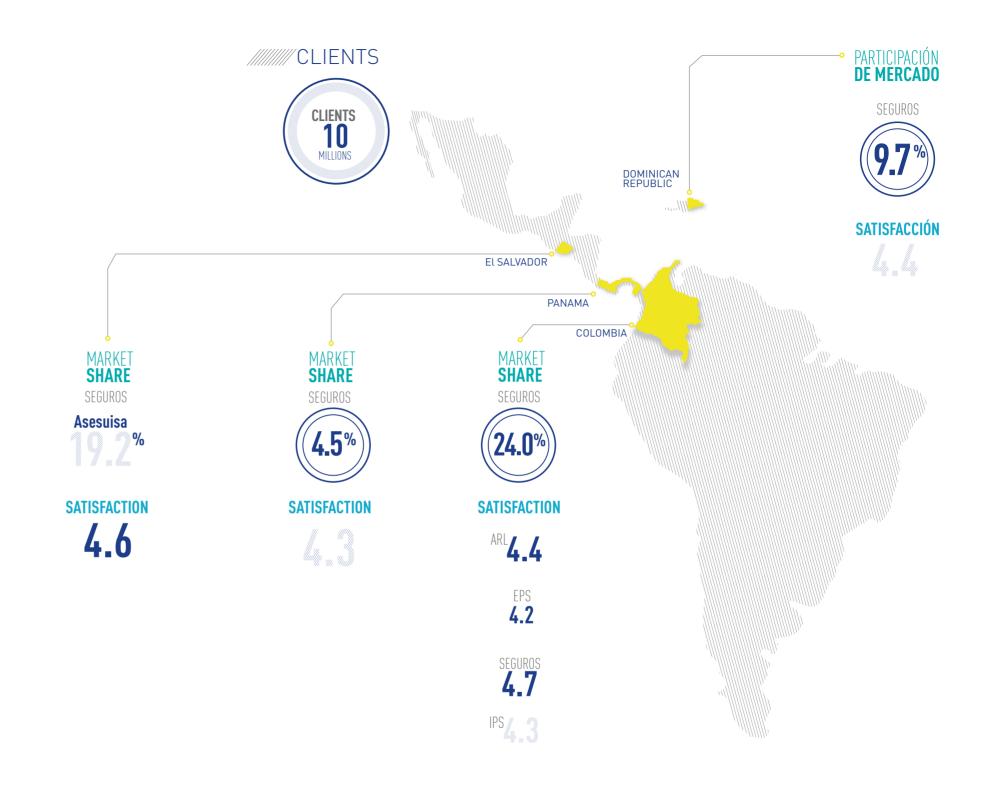
ton CO<sub>2</sub>e

**TAXES** 

TOTAL TAXES PAID IN THE FOUR COUNTRIES

<sup>COP</sup>484,818

(USD 202.6 MILLION)



#### **SURA ASSET MANAGEMENT**

SURA Asset Management is Grupo SURA's affiliate that specializes in pensions, savings, and investment. It has operations in Mexico, Peru, Chile, Uruguay, Colombia, and El Salvador. At the end of 2014, it was the number one company in pensions in Latin America after adding the assets administered (COP 273 billon or USD 114 billon) owned by 17 million clients. This provides the company an average 23.3% share in the mandatory pensions business in the countries where it operates.





**PERU** 

**AFPIntegra** 

Seguros SURA

sura

Hipotecaria SURA

sura 🦠 Fondos SURA

sura 🎐

Una empresa SUCO





100%

69.3%

70%

100%



MEXICO	
Afore SUCO	100%
Seguros de Vida SURA SUCO	100%
Pensiones SURA [Rentas Vitalicias]	100%
SURA Investment Management	100%
Promotora SURA AM	1000/

sura

100%



/////// BUSINESS

solutions.

shareholders.

STRATEGY

To provide a comprehensive range of financial services in each of the markets where we are present, with special emphasis on wealth management and new investment

Take advantage of the regional scale of its operations in order to harness synergies for greater efficiency as well

as to share best practices for the benefit of our clients and



100%

100%



**COLOMBIA** 

Protección 49.4%

AFVICO		FLCALVAR	NOD.	UDUCHAV
MEXICO		El Salvad	JUR	URUGUAY
Afore SUCO	100%	AFP Crecer	49.4%*	AFAP   SUCO
SURA SUCO	100%	Suam Corredora de seguros	100%	Afisa SURA SUCC
Pensiones SURA (Rentas Vitalicias)	100%	* AFP Protección es propiet	ario de 100% de AFP Crecer	
SURA Investment				

## **SURA ASSET MANAGEMENT** IS GRUPO SURA'S AFFILIATE THAT SPECIALIZES IN **PENSIONS SAVINGS** INVESTMENT

CHILE

**AFP** Capital

Seguros de Vida SURA

sura 🎐

Corredores de Bolsa SURA

sura 🦩

sura

Una empresa SUCA 100%

100%

100%

100%



#### ANDRÉS CASTRO G.

Chief Executive Officer of SURA Asset Management

subsidiaries do in 2014?

We continued to advance with our overarching purpose to gain No. 1 position

overarching purpose to gain No. 1 position on the Latin American savings market. Assets under Management at subsidiary level came to USD 114 billion, these belonging to our 17 million clients. As for market share, we are now a major player in the savings sector, and are currently ranked in third place (with 8.3% share of the market), this while remaining the undisputed leader of the region 's pension industry with a market share of more than 23% which is twice that of our closest competitor.

How did SURA Asset Management and

its pension, savings and investment

An important issue for us are returns on investment. While the year was characterized by a high degree of volatility on the financial markets producing a mixed performance for rates of return, thanks to the having diversified our investments in 2014 our funds ended with up with healthy returns, averaging out between 7.18% and 14.04% (nominal annual rates) for the main countries where we operate. These rates of return in real terms varied between 3.84% and 8.92%, which represented an important added value for our fund members.

Generally speaking, our financial and business figures clearly reflect the robust position achieved after just three years of operations, as we continue to search for new ways of creating value for all our stakeholders.

How is SUAM Asset Management creating added value and inspiring greater trust amongst its different stakeholder groups?

Para nosotros, gestionar la relación con For SURA Asset Management, managing stakeholder relationships in each of the six countries where present, has been a goal as well as a challenge for us as a recently formed company, albeit supported by the outstanding track records of our subsidiaries.

It is crucial to be able to build up trust and a good reputation for ourselves in the pension business and this can only be done by networking with different seaments of the population, so as to be able to take part in public and private discussions of the changes to be made to our industry. these being the key to its future. From this standpoint, in 2014 we undertook two major projects that exemplify how we are working to create added value for both our clients and the industry itself, so as to be able to work together to ensure a sustainable development in the long term. Between August and November of last year we conducted various research studies with top academics from different countries on the experience, trends and lessons to be learned with our Latin American pension systems. In this regard, we intend to document this knowledge in the form of a book, thereby contributing to the ongoing debate on how to achieve greater degree of inter-connectedness and complementarity between the different contributory and non-contributory building blocks of the pension system. We believe that to in order to improve replacement rates and, ultimately, provide a brighter future for the Latin American people, we need to encourage public-private partnerships, thereby providing the experience and knowledge gained and transmitting this in a technical and sustained manner, while respecting the institutions of each country.

## How are the development plans coming along with regard to the voluntary pension and savings business?

Our strategy is to assist our clients throughout their entire life cycles, with

an extended range of value-added savings, insurance and investment products as well as readily accessible distribution channels this while ensuring the best possible customer care based on individual needs in terms of savings.

In 2014 we made significant progress as can be seen with the increase in the number of clients in our voluntary lines of pension, savings and investment business, that is to say more than 23% (23.4%), along with almost a 22% growth in assets under management as part of these products (upon eliminating the effect of fluctuating exchange rates).

This level of performance has been made possible thanks to our efforts to increase our multiproduct sales force as we extend the range of voluntary pension, savings and investment products in the different countries where present. In Uruguay, we specifically introduced a line of mutual funds in the early part of 2013, and then went on to form a commercial alliance with a local banking network, RedPagos. In countries such as Mexico, Chile and Peru we have also good progress with our newly launched mutual funds.

On the other hand, we have reinforced our client relations, thereby increasing levels of client satisfaction and loyalty. Our aim now is to consolidate an outstanding professional sales force by helping them to interact more effectively with our clients so as to be able to address all of their needs, this by means of the SURA Hallmark of Excellence and our sales management methodology.

#### What are the challenges and opportunities for developing the pension, savings and investment business?

Our goal is to become the No. 1 player in the regional savings sector by 2020, by offering attractive investment alternatives, taking full advantage of the knowledge we have built up in Latin America as well as our expertise in savings products. We wish to become a world-class growth driver for the Latin American investment sectors and we are in the process of moving towards that goal.

We believe that this industry has much potential to offer given Latin America's inherent characteristics. Unlike the other continents, we are seeing a more dynamic rate of growth with the economically active population as opposed to the dependent population, which is making the region a very attractive place in terms of savings. 40% of the population pyramid in Latin America corresponds to the 20 to 45 age group, with life expectancy continuing to rise and now standing at 78 years. This entails the need to provide truly sustainable savings for a younger population who are now looking forward to more years of retirement. Parallel to all of this, we are fully aware that longevity is one of

the factors that is putting world-wide pension systems to the test. In our view, there is a need to make adjustments and become more innovative so as to encourage greater savings rates through a more adequate range of products. So we shall continue to focus on providing comprehensive solutions in this regard, which shall allow us to take on a more important role in the future in our Latin American asset management business, for which we have created a specialized area called SURA Investment Management, whose prime purpose is to create products that provide greater access to different voluntary savings options.

#### What is the largest challenge faced in terms of the Organization's human talent?

Our challenge is to attract, retain, develop and empower our human talent, improving their quality of life and inculcating a greater sense of belonging to the company. We do this through initiatives aimed at the all-round professional development of our staff, such as encouraging them to take up internships abroad thus promoting the transfer and acquisition of new knowledge, ensuring a level of maturity with regard to designing individual development plans and strengthening the skills and abilities of our employees. All this against the backdrop of an actively-involved human resource management team in maintaining and improving the working environment, putting into place strategies that guarantee an adequate life work balance and enhancing the quality of life of our staff in the various countries where we are present.

In 2014, we worked hard with regard to our corporate culture, through the SURA Asset Management Essence Project, the first phase of which led to a diagnosis of our current Organizational culture, thereby confirming the culture we would like and identifying the gaps to be addressed in 2015. Our overarching goal here is to base our performance on a unique and vigorous corporate culture, aligned with the needs of our business, so that we are able to maximize our human capital and really take advantage of the rich Multi-Latin tapestry formed by our entire regional workforce.

#### **GOAL FOR**



NO. 1 ON THE SAVINGS MARKET, able to offer attractive investment options and capitalizing on the knowledge gained in Latin America..

Including AFP Protección and AFP Crecer which are not wholly controlled by Sura Asset Management

<sup>1</sup> For the purposes of this report a billion dollars is equal to USD 1,000,000,000

<sup>2</sup>At September 2014 Based on public information obtained from the various Superintendencies (Finance, Securities, Insurance, Banking, and Pensions), Associations and Central Banks in each country.

106 / Grupo SURA Informe Anual 2014



CLIENTS 17.0 million

EQUITY
USD 3.7 billion
(COP 8.9 billion)

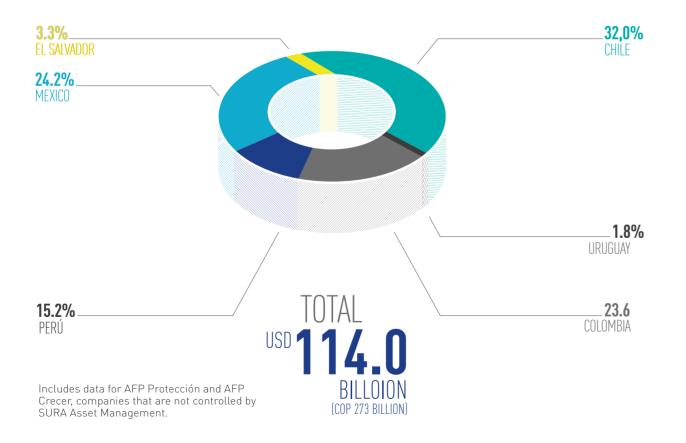
ASSETS
USD **5** billion
(COP 20.4 billion)

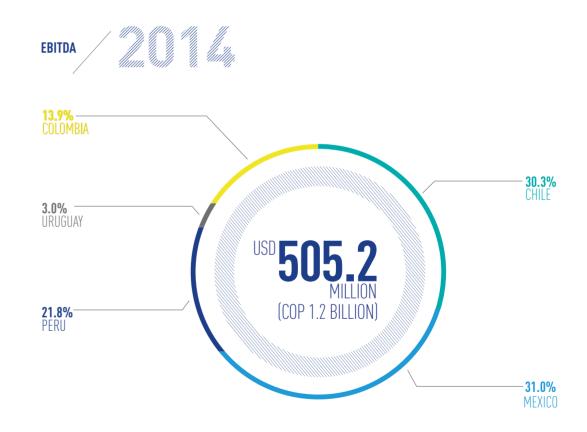
OPERATING REVENUE

USD 2.0 billion
(COP 4.7 billion)



ASSETS UNDER MANAGEMENTS

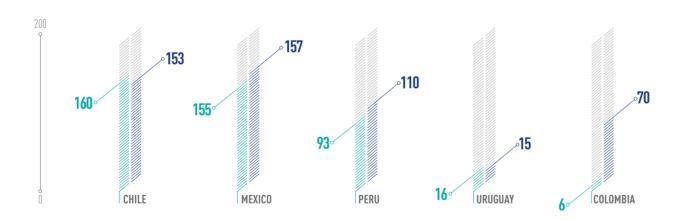




## OPERATING REVENUE (USD MILLION) 2013 2014







Figures according to IFRS. Operating revenue and expenses only exclude financial revenue and expenses.

#### Figures in millions of dollars

The figures for Proteccion are considered only to the new use of the participation and dividends method.

#### **STOP HUMAN TALENT**





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Decempes angular daniphan adiadrahayabkanal Padan di kasalaka, salimanak salah kelida, Salas, Mandalami Jamas

Acres 1987

#### SDCIAL NA NAGENIENT

14-

1,148

11,772

10125 1011 100 EUS 1128 1206. 1 Heren

#### SUPPLIERS

771\_



#### ENTRONMENT

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#### /////// CLIENTES







NEGOCIO MANDATORIO

NEGOCIO VOLUNTARIO





#### GRUPO BANCOLOMBIA

financial group in search of efficiency, supports people's dreams and seeks to establish long-lasting relationships based on trust, closeness, respect, inclusion and warmth.

It has a 140 year history; it is present in five countries, and offers financial services to over 10 million active clients. The group provides business and consumer banking services, stock brokerage services, investment banking, financial leasing, factoring, fiduciary services, asset management, and private banking, among others.

#### STRATEGY

## THIS IS HOW BANCOLOMBIA DEFINES ITS STRATEGY TO ACHIEVE THE HIGHEST RECOMMENDATIONS,

BY BEING A MORE HUMAN BANK

- O Innovation in our customers' experience with close, deep relationships, how, when, and where the client needs us, making banking easy and efficient.
- Protect trust as the most valuable asset, through a proactive position, balancing the risks of the business, and with a reputation based on a more human bank. All of this achieved through a team of committed people who reinvent the business.
- O Crecer sosteniblemente en el ámbito local e internacional como resultado de tener más y mejores relaciones con nuestros grupos de interés.



MAIN Financial Data

ASSETS
COP 148.7 BILLION
(USD 62.2 BILLION)

EQUITY
COP 16.8 BILLION
(USD 7.0 BILLION)

OPERATING REVENUE

COP 8.1
BILLION

(USD 3.4 BILLION)

NETPROFITS
COP 1 O BILLION
(USD 785.3 Million)



CARLOS RAÚL YEPES J. Chief Executive Officer Grupo SURA.

How well did Bancolombia and its different lines of business perform in 2014? What are the more important aspects of the results obtained?

Grupo Bancolombia's consolidated balance sheet showed total assets of COP 149 billion, for a year-on-year increase of 13.7% thanks to the efforts of our sales staff in placing different types of loans, in both local and foreign currency, thus producing a year-on-year increase of 20.2% in our gross lending figure as well as sustainable growth rates for our other productive assets.

The amount of trust that clients have placed in Bancolombia and its different lines of business has given rise to a growth in deposits of COP 8.5 billion pesos, which in conjunction with the bonds issues on the part of Leasing Bancolombia, Renting Colombia and Bancolombia, has strengthened our financial structure and encouraged greater market support for the Group.

With the issue of non-voting preferred shares in March as well as the profits obtained for the period, we were able to improve upon our basic and total solvency ratios as a result of our shareholders' equity having risen by 34.6% or COP 4.3 billion pesos.

The Group's net earnings increased by 24.0% at year-end, reaching COP 1.9 billion pesos, which created added value with rates of return running above the cost

of capital, largely as a result of the annual growth in our net interest margin, which ended up at 5.8% as a result of higher interest income on our loans, investments and liquidity operations.

## How is Bancolombia creating added value and inspiring greater trust amongst its different stakeholder groups?

The Bancolombia Group has continued to strengthen its bonds of trust with the public as part of our More Humane Banking approach and look for ways to enhance the service we provide together with our responsible selling initiatives. thereby guaranteeing greater transaction security and more innovative products, such as the "Handy Savings" program and the "Bancolombia App", which also serve as part of our financial inclusion and education drive. This level of trust and credibility that the Group has inspired has led to other economic achievements. such as the COP 6.1 billion paid out to (i) suppliers in exchange for their goods and services; (ii) employees in the form of wages, salaries, benefits and bonuses; (iii) shareholders through their dividend payments; and (iv) the community through our Institutional Planning Model through which we support cultural programs, the social outreach projects sponsored by our Bancolombia Foundation, environmental issues, peaceful coexistence initiatives, together with donations, taxes, community welfare initiatives, including the social contributions we make as part of our More Humane Banking focus aimed at building a better country.

#### It was one year ago that you purchased Banistmo in Panama, how is this Subsidiary doing?

Banistmo continued with its efforts to integrate itself within the Organization, strengthening its financial position and becoming the foreign subsidiary that has contributed the most to Grupo Bancolombia's results, not just in terms of sales results but also as a result of the devaluation of the Colombian peso.

Consequently total assets rose by 28.6% for the year, ending up at COP 19.8 billion. This represented 13.3% of Grupo Bancolombia's total assets.

As for liabilities, the year-on-year increase recorded included a 34.2% rise in deposits for a total of COP 3.6 billion, current checking accounts being the prime driver of both growth and market share. On the other hand, shareholders' equity showed a dynamic pace of growth, ending the year at COP 1.8 billion for a year-on-year growth of 41.4%.

### How did Bancolombia's efficiency margin perform in 2014?

Operating income increased at a higher annual rate compared to operating expenses (21.7% versus 12.3%), which drove our financial efficiency ratio up to 52.4%, for a remarkable increase of 441 bp for the year. Operating expenses were significantly reduced without any impairment to labor expense, these being largely confined to overheads, that is to say traveling and transport expense, office remodeling and installation costs, leases, contributions, membership fees, maintenance and repairs as well as other items which showed a decrease in their year-on-year growth rates.

## What challenges and opportunities do you see for Bancolombia in its current business environment?

Faced with a difficult macroeconomic scenario for 2015, where we expect GDP growth to drop, given the situation with falling oil prices, the global financial markets, interest rates and the exchange rate, one of the main challenges facing the Colombian banking sector is to be able to contribute to overall growth through the loans it grants to different economic sectors, in funding various infrastructure projects and providing support for various government schemes for driving the construction sector. We are targeting an annual increase of around 12.8% for our total gross lending figure while maintaining a similar level of investment as for 2014

Among the challenges this year are reducing the impact of the recent tax reform along with migrating towards new accounting standards; maintaining adequate solvency, quality and coverage ratios as well as handling our interest margins given the uncertainty with interest rate forecasts for the second half of the year, all of this amid an increasingly competitive market.

Our main focuses this year are to be able to consolidate our business in all those countries where we are present, extending Banistmo's positioning in the Panamanian banking center and strengthening our operations in El Salvador.

**HUMAN TALENT** 

NUMBER OF EMPLOYEES

46,519\*

\*Incluyendo todas las empresas del Grupo y empleados indirectos

HORAS DE FORMACIÓN **1,222,265** 

SALARIES PAID COP 1.9 BILLION

PERCENTAGE OF WOMEN 63%

JOBS CREATED 2,376

TRADE UNIONS /

6,731 **EMPLOYEES IN TRADE UNIONS**  MARKET SHARE IN COLOMBIA\*

\* Cartera bruta



SOCIAL MANAGEMENT

INVESTMENT IN SOCIAL MANAGEMENT

En total se invirtieron de manera directa COP 14,974 millones (USD 6.3 millones) en proyectos de impacto a la comunidad.

**VOLUNTEER WORK** 

10,328

HOURS OF VOLUNTEER WORK

46,636

MEDIO AMBIENTE

CARBON FOOTPRINT

24,850

TONS OF CO<sub>2</sub>

**TAXES** 

TOTAL TAXES PAID

COP 1.1 BILLION

**ENVIRONMENT** 

TOTAL PAYMENTS TO SUPPLIERS COP 2.1 BILLION

TOTAL TO SUPPLIERS

18,073

(Colombia, El Salvador y Panama)

## **GRUPO**

Reinforces trust and relations with society by creating a more human bank

## CAPÍTULO 8 SOCIAL MANAGEMENT

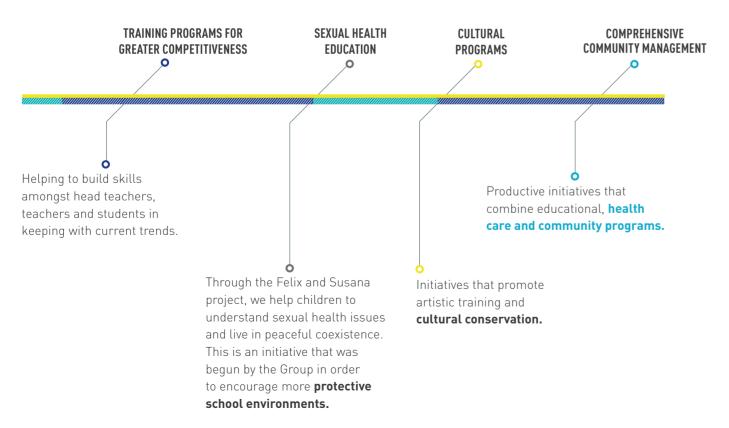


A SOCIAL MANAGEMENT REPORT THAT INCLUDES INFORMATION ABOUT FUNDACIÓN SURA, and the initiatives led by Grupo SURA and its affiliates as part of its institutional projection and commitment.

#### THE SURA FOUNDATION

Grupo SURA and its subsidiaries channel their donations and overall contributions to social development programs through the SURA Foundation, which began back in 1971 and since then has been using the Group's social investments and the work of its volunteer corps to enhance the quality of life of the more vulnerable segments of the population.

#### **WORK FRONTS**









BENEFICIARIES
32,103
DIRECT
566,470
INDIRECT

REPÚBLICA DOMINICANA



#### PROGRAMS AND PROJECTS

#### FELIX Y SUSANA®

#### (PROGRAM)

The focus of this sexual health care and peaceful coexistence program is to enhance the quality of life of both children and adolescents and foster more protective school environments. This program is staged right at the beginning of a child's education, that is to say in the early years of primary school. Here, we provide the corresponding teaching materials, training and support to teachers, stage parent-teacher workshops, indicate how to obtain assistance in the event of domestic violence and involve the community in fighting against these issues.

#### **ALLIANCE PARTNER**

Corporación Juntos Construyendo Futuro

**BENEFICIARIES** 

TEACHERS

PERSONS ATTENDING PARENT-TEACHER WORKSHOPS **CHILDREN** 

"You have to own the issue and make them feel as if they own the issue, speaking to them with confidence and great affection while inviting questions and openly responding to these".

#### **OLGA ANAYA MEDINA**

Teacher, San José de Clemencia School. Clemencia, Bolivar

**BILINGUALISM FOR GREATER COMPETITIVENESS** 

This institutional program is aimed at teacher training colleges specifically with regard to teaching a second language. The aim is to improve reading and comprehension levels, allowing students to become more fluent as well as helping educators to develop the necessary skills so as to be able to enhance the way they teach.

#### **ALLIANCE PARTNERS:**

Universidad del Norte, Universidad del Valle and the Chamber of Commerce of Bucaramanga.



STUDENTS AND TEACHERS

DEPARTMENTS / MUNICIPALITIES /



46 MUNICIPALITIES

> 220 schools

"I no longer shy away from speaking English. I make mistakes like everyone else, but I'm not afraid any more"



**CAROLINA DORRONSORO** 

Student, Teacher Training College. Santiago de Cali, Valle



"Being a teacher means serving the community, being a member of a highly rewarding profession, where the benefits far outweigh the disappointments"

..."This program has helped me develop my skills as a head teacher and build up my confidence".

#### **ISABEL CRISTINA REYES RAMOS**

Head teacher Técnica de Comercio Simón Rodríguez Cali. Valle.

#### **HEAD TEACHERS AS LEADERS OF TRANSFORMATION**

This program is aimed at enhancing the skills of the head teachers of state schools as a springboard for improving the education of children and youngsters. This is based on the understanding that if a head teacher is able to project him or herself as an excellent human being and a leader of transformation, then this shall help to enhance the quality of education of his or her students in the mid- to long term. With this program, head teachers work on their personal growth in terms of being and doing, while strengthening their skills as educational, administrative and community leaders.

#### **ALLIANCE PARTNER:**

Businessmen for Education Foundation



### MEMORY AND CREATIVITY: INDIGENOUS ENTERPRISES

This program is focused on encouraging creativity and skills amongst Colombia's indigenous populations from a gender perspective, appreciating their creative expressions, rating their social and business practices and supporting the conservation of Colombia's cultural heritage.

#### ALLIANCE PARTNER:

Etnollano Foundation

"We make nice little gifts to give to people as a sign of the giver's affection; but there are people who do not appreciate our work ".

#### FLOR MARÍA YAGARÍ

A member of the Karmata Rúa Jardín, Antioquia



INDIRECT BENEFICIARIES



FOR MORE INFORMATION ON THE SURA FOUNDATION PLEASE VISIT WWW.FUNDACIONSURA.COM

#### **VOLUNTARY WORK**

This is a way of involving people with the community, encouraging stronger relationships and channeling the spirit of solidarity of our employees and their families. Our volunteer program has three different areas:

- The One- Day Program
- The Ongoing Program
- Solidarity Fund

## OUR VOLUNTEER CORPS IS PRESENT IN



COP 800 MILLION

invested in volunteer initiatives in Colombia

"Confidence is so very difficult to build and so very easy to eradicate ... trust is earned through transparency and professional, ethical conduct".

#### MARÍA CLARA MESA ZULETA

Volunteer from Seguros SURA in Cartagena

## SOCIAL OUTREACH INITIATIVES



Fotografía: David Estrada Larrañet.

- SOY CAPAZ campaign in favor of Colombia's peace process: this initiative involved more than 120 companies from the private sector who lent their support for Colombia's current peace and reconciliation process The song Braveheart was released as symbol of this movement, and can be downloaded using a mobile device. The proceeds from each download, shall be added to the donations made to the SURA Foundation so as to support reintegration and reconciliation programs in different parts of the country.
- An idea for changing history: the aim of this competition is to reward Latin American innovators and all those who work to build a legacy that draws on history to produce a significant social impact for the benefit of current and future generations. This initiative was carried out in partnership with the Latin American History Channel.
- 2nd Gabriel García Márquez Awards for Journalism: these awards encourage excellence, innovation, ethical coherence and are inspired in the ideals and work of this well-known Colombian author. These awards were presented in partnership with the Medellin Mayor's Office, Bancolombia and the New Iberoamerican Foundation for Journalism.
- **WUF 7 Healthy Cities:** We sponsored the Seventh Annual World Urban Forum- 2014, which focused this year on urban equitable development as a factor for fostering healthier life-essential cities.

GRUPO SURA INVESTED

COP 2,050

MILLION

#### IN CARRYING OUT THESE INITIATIVES

#### PARTICIPATING IN THE BOARDS OF TRUSTEES OF VARIOUS SOCIAL DEVELOPMENT INSTITUTIONS

Fundación Empresarios por la Educación • Fundación Dividendo por Colombia • Corporación Antioquia Presente • Museo de Arte Moderno de Medellín

• Fundación Amigos del Parque Explora • Centro de Ciencia y Tecnología de Antioquia • Corporación Excelencia en la Justicia • Corporación Fomento de la Música • Corporación Colombia Internacional • Proantioquia • Red del Pacto Global en Colombia



#### SUPPORT FOR CULTURE

he Group's Cultural Committee was set up over 30 years ago for the purpose of sponsoring initiatives that encourage different artistic expressions, while promoting new talent and recognizing the creative memory of the regions where Grupo SURA is present.

Grupo SURA, invested COP 598.3 million (USD 248.0 thousand ) in sponsoring cultural activities recommended by its Cultural Committee including the following:

- Indigenous Ancestral Wisdom: This educational project came about as a result of a book called "The Creative Language of the Indigenous People of Colombia (2012)" and the research carried out beforehand. Here we produced 24 digital applications that were distributed free of charge along with 24 printed booklets that help children recognize their roots, ethnicity and the languages and creative dynamics of Colombia's ancestral cultures.
- Mexican-Colombian Rendezvous" art exhibition featuring the SURA collection: This exhibition showcased the works of well-known Mexican and Colombian artists who have become icons of visual arts in both countries. It first was presented in the Dolores Olmedo Museum and Tijuana Cultural Center in Mexico, and then was brought over to the Museum of Antioquia, in Colombia.
- **Expoartesanos:** This handicraft fair proved to be a valuable cultural event where people from different parts of Colombia were able to show off their skills and sell the traditional crafts for which they are well-known.

#### CHALLENGES

- Social investment in the different countries: In 2014, we analyzed our social development priorities in the different countries where we are present, as well as the different options that the SURA Foundation has in extending its scale to these parts of the world. In 2015, we shall be defining a proposal for Grupo SURA and its subsidiaries to jointly invest in its social development initiatives.
- Social investment performance metrics: taking into account the priorities set by Grupo SURA in terms of its Corporate Responsibility, in 2014 we analyzed and reviewed the corresponding performance indicators, and shall continue to identify mechanisms and tools for monitoring issues of interest in terms of our community engagement as well as all those business initiatives that have a substantial social impact.
- Knowledge management for community projects: here we shall be enhancing the documentation and systematization process with regard to the experiences gained with initiatives sponsored by the SURA Foundation. In 2015, we shall be consolidating the knowledge management model of the Felix and Susana Program, led by the SURA Foundation, enabling it to be easily transferred to other situations.
- Participating in regional policy-making arenas: we shall
  be reinforcing our active participation in regional and national
  advocacy initiatives aimed at policy-making and other issues
  relating to the development of all those countries where we are
  present as well as strengthening their institutions.

# AMOUNT CONTRIBUTED TO COMMUNITY PROJECTS AND INITIATIVES

COP 33,505.5 MILLION

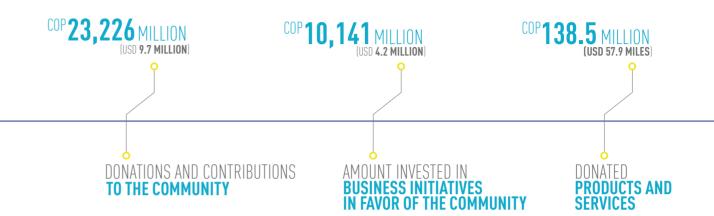
We participate in these initiatives through our SURA Foundation and the different business units in the countries where we are present.

NUMBER OF ORGANIZATIONS

NUMBER OF INITIATIVES SPONSORED 186

BENEFICIARIES 70,660

INDIRECT BENEFICIARIES 566,470





3,397

NUMBER OF NON-EMPLOYEE VOLUNTEERS

1,870

NUMBER OF **VOLUNTEER HOURS** (EMPLOYEES)

35,542

NUMBER OF **VOLUNTEER HOURS** (NON EMPLOYEES)

22,188

NUMBER OF COUNTRIES

Information ABOUT MAJOR AWARDS, RECOGNITIONS AND CERTIFICATIONS obtained by Grupo SURA and its affiliates in Latin America during the past year.

CAPÍTULO 9
PRIZES, AWARDS AND CERTIFICATIONS



## PRIZES, AWARDS AND CERTIFICATIONS

GRUPO SURA

#### **GRUPO SURA'S INTERNATIONAL RATINGS WERE RATIFIED IN 2014**

In 2014, the rating agencies, Standard and Poor's and Fitch Ratings reaffirmed Grupo SURA's credit ratings at BBB and BBB respectively, for which they highlighted the Organization's stable flows of dividends, sound creditworthiness, debt-service coverage and adequate liquidity, amongst other aspects.

#### **GRUPO SURA'S BONDS RECEIVE AN AAA RATING**

Fitch Ratings awarded an AAA rating to Grupo SURA's bonds. In the corresponding report, Fitch Ratings highlighted the sound credit profile of all those companies from which the Group obtains a steady stream of dividends as well as an adequate debt debt-service coverage ratio, historically low leverage ratios together with adequate liquidity and the capacity to access alternate sources of financing.

#### BEST MANAGED COMPANY IN COLOMBIA FOR 2013 - EUROMONEY

Grupo SURA won Euromoney's "Best Managed Company in Colombia" award for 2013 It was also ranked as the second top Latin American company in the Financial and Banking Services Category. This recognition came as a result of the Company's "compelling and coherent strategy and ability to identify opportunities for growth and expansion in Colombia's growing economy".

#### GRUPO SURA'S LEGAL DEPARTMENT VOTED ONE OF THE BEST IN LATIN AMERICA

As part of the *International General Counsels Awards* ceremony held in New York, the French editorial group, Leaders League, representing some of the most important publications in the fields of finance and law, named Grupo SURA's Legal Department, as one of the best in Latin America earning an award and a special mention in the Silver Category.

#### AWARD FOR THE BEST FINANCIAL MULTILATINA 2014 - AMÉRICAECONOMÍA

As part of the IV Annual Multilatina Forum that took place in Mexico City, the Editorial Group AméricaEconomía presented its award for "Best Financial Multilatina" to Grupo Sura as part of its Multilatina Awards for 2014 This award was presented for the first time ever for the purpose of honoring Latin American executives and companies that are expanding and gaining greater international scale in various countries in the region as well as on a global scale.

Suramericana reconocida nuevamente como la **MEJOR COMPAÑÍA ASEGURADORA DE AMÉRICA LATINA** por la revista *Reactions* 

#### SURAMERICANA

#### STANDARD AND POOR'S AWARDED INTERNATIONAL INVESTMENT GRADES TO THREE SUBSIDIARIES BELONGING TO SURAMERICANA SA

The subsidiaries, Seguros de Vida Suramericana, Seguros Generales Suramericana and Seguros de Riesgos Laborales Suramericana, received BBB international investment grades from *Standard & Poor's Rating Services*, along with stable outlooks. Furthermore the three companies obtained issuer credit ratings of BBB .

#### SURAMERICANA'S WEBSITE (WWW .SURA.COM) WAS VOTED THE BEST INSURANCE WEBSITE IN COLOMBIA BY FASECOLDA

As part of the Fasecolda Journalism Awards, Suramericana's website www.sura.com, was named the best in Colombia in the insurance category. The Spanish company, Exponet, which was responsible for evaluating the candidates for these awards, highlighted the on-line information that the Company provides regarding its network of agencies and offices and private customer area, web applications, general information, online sales and social networks.

#### MOODY'S UPGRADED ITS RATINGS FOR SEGUROS DE VIDA SURAMERICANA AND SEGUROS GENERALES SURAMERICANA

La calificadora de riesgos Moody's, que realiza la investigación The risk ratings firm, Moody's, who performs international financial investigations and analyses on both public and private entities, upgraded its ratings for Seguros Generales Suramericana and Seguros de Vida Suramericana from Baa3 to Baa2, for which it provided stable outlooks. It also highlighted the strong financial performance, continued growth in sales, profitability, capital adequacy, brand strength and market position of these companies.

#### SURAMERICANA WAS AGAIN NAMED THE BEST INSURANCE COMPANY IN LATIN AMERICA

For the second year running, Suramericana, was chosen by the British magazine Reactions, published by the Euromoney Group, as the best insurance company in two main categories: "The Best Insurance Company in Latin America" and "The Best Insurance Company in Colombia". This award ratifies SURA as one of the most important organizations in the insurance sector within the region.

#### CBI REFICAR ENTREGÓ PREMIO A ARL SURA POR SU CBI REFICAR HONORED ARL SURA FOR ITS CONTRIBUTION WITH THE EXPANSION OF THE CARTAGENA OIL REFINERY

CBI Reficar Colombia gave ARL SURA its Diamond Award for his contribution to handling occupational risks and promoting workplace health and safety with the expansion of the Cartagena Oil Refinery. This is the only award that CBI gives for different projects around the world.

#### WORLD FINANCE NAMED



THE BEST
PENSION
MANAGEMENT
FIRM
IN CHILE

#### SURA ASSET MANAGEMENT

#### CHILE

WORLDFINANCE NAMED AFP CAPITAL AS THE BEST PENSION FUND MANAGEMENT FIRM IN ITS CUSTOMER SERVICE CATEGORY.

World Finance, the leading international journal, presented this award for the second year running to AFP Capital as the Best Pension Management Firm in Chile for its customer service...

## SURA WON A SALMÓN AWARD AS A RUNNER UP IN THE DOMESTIC UF- LINKED DEBT SECURITIES FUND > 365 DAYS

The Salmón awards are given to the funds with the best risk-adjusted returns. This year's candidates included 290 funds and 19 fund managers. SURA took second place in the "Domestic UF- linked Debt Securities Fund > 365 days" category and third place in the Chilean Equity Fund category

#### SURA RANKED IN FIRST PLACE BY THE SUPERINTENDENCY OF PENSIONS

En el cuatrimestre mayo - agosto de 2014, a través del SURA obtained first place in the ICSA ranking, which measured the quality of assistance given to pension fund members compared to other pension funds belonging to the pension system, This included 75 performance indicators grouped into the following 3 areas: pension procedures, relationship with fund members and account management.

#### **MEXICO**

#### SURA MEXICO WAS NAMED AS ONE OF THE TOP 50 MOST TECHNOLOGICALLY INNOVATIVE COMPANIES IN MEXICO

SURA Mexico obtained this honor based on its "Identity Management" project making it one of the most innovative companies in Mexico. This creative project based on technologies used to improve products, services and business processes, allows the user to access different applications based on their point of service code, thereby simplifying access control since it automatically grants the necessary privileges to newly recruited personnel, and adjusts these when the incumbent changes jobs, or removes all privileges when the employee leaves the company.

#### GLOBAL BANKING & FINANCE REVIEW NAMES SURA INVESTMENT MANAGEMENT MÉXICO AS THE BEST ASSET MANAGEMENT FIRM AND BEST PENSION FUND

SURA México was given the *Best Asset Management and Best Pension Fund* awards which recognize different sizes of companies in specific areas for their experience and excellence in the world of finance.

#### SURA INVESTMENT MANAGEMENT MÉXICO WON THE BEST MULTI-ASSET FUND MANAGEMENT FIRM AWARD IN MEXICO

The Morningstar awards recognize the best investment and fund management firms in the United States, Canada, Europe, Asia, Africa and Latin America. This is the second time that these awards have included Mexico's own local investment and fund management firms. This year's prize-winners were assessed by this well-recognized investment research firm so as to be able to help investors identify the best investment and fund management firms based on sound risk-adjusted returns both for 2013 as well as the last three years.

# INTEGRA WAS NAMED AS HE TOP PRIVATE

HE TOP PRIVATE
COMPANIES
SPONSORING
EDUCATION
DEL PERU

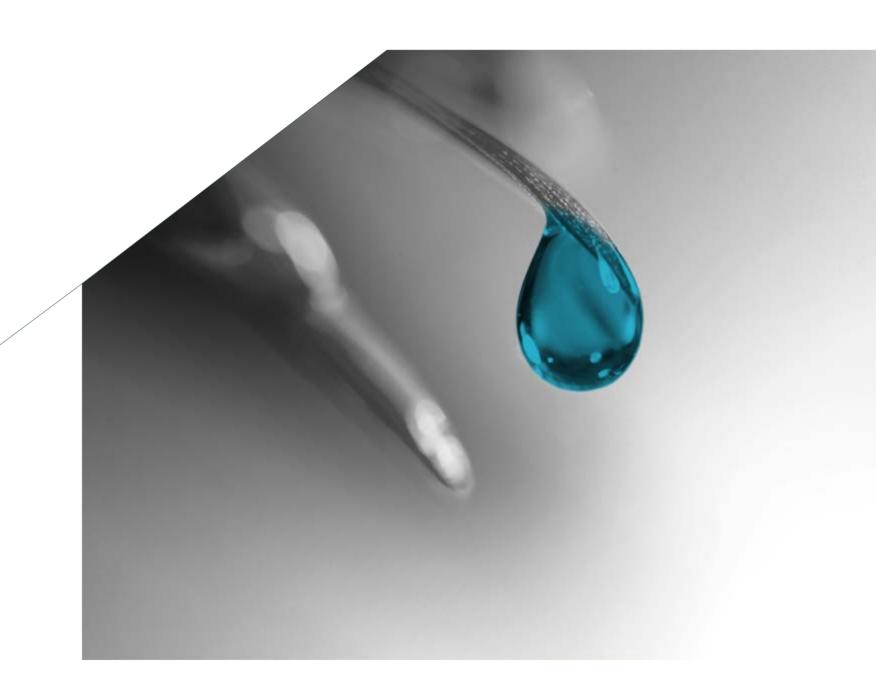
#### PERU

## AFP INTEGRA WAS NAMED AS ONE OF THE TOP PRIVATE COMPANIES SPONSORING EDUCATION IN PERU

AFP Integra and its Corporate Responsibility Department received from the Peruvian Ministry of Education recognition for its efforts in enhancing education in this part of the world.

## THE PENSION FUND MANAGEMENT FIRM WITH THE BEST CORPORATE REPUTATION

For the third year running, AFP Integra was named as the Pension Fund Management Firm with the best corporate reputation in Peru, occupying 20th place in the overall ranking and 41st place with regard to social responsibility and corporate governance. Merco (the Corporate Reputation Monitor) was responsible for evaluating the candidates for which a panel of financial analysts, NGO representatives and opinion leaders analyzed issues such as track record, attractiveness to investors as well as global reputation.



CHAPTER 10 CORPORATE GOVERNANCE

### ANNUAL CORPORATE **GOVERNANCE REPORT**

**G4.56** Building trust-based relations with stakeholders is a major challenge business organizations are facing today, and for this task, there is no doubt that a surewaytomoveforwardistoconsolidate corporate governance systems.

> GrupoSURAhasbeennotonlyoneofLatin America's pioneers in implementing this system but has been constantly seeking to reinforce its practices in this area. to follow the highest standards, in the understanding that this is a path for the direction and government of any organization truly respond to superior interests and not to individual benefits.

> With this idea in mind, during 2014 the corporate principles of transparency, respect, responsibility and equality continued to guide the company's actions. Respect for commitments made and the firm determination to help with the development of the environment are reflected in our everyday work and in the way the company builds trust-based relations with its stakeholders.

To comply with its legal and statutory duties, the Board of Directors kept abreast of the most relevant events that took place inside the company, confirmed the accuracy of the financial G4.49 information and the proper performance of the accounting, internal control, risks, and auditing systems. In this respect, the audit committee was informed of

the activities involved in preventing and mitigating the different risks that are latent in the Corporation, and supervised the activities of the control bodies such as the fiscal controllership and internal audit, by regular follow-up and review of their work plans.

Some of the most significant events that took place during 2014 as part of the company's activities are highlighted below, according to the legal and institutional guidelines established for matters of corporate governance:

- Answering the Best Corporate Practices 2013 Survey, intended to indicate and describe in general terms information relating to the Corporate Governance practices adopted by the Corporation.
- Separating the Code of Good Governance from the Code of Ethics, trying to promote a culture based on ethical commitment that makes it possible to develop a more competitive organization and to achieve positive results in terms of social **G4.42** development, quality, profitability, and lona-term arowth.

 Analysis and diagnostics of the Company's areas and processes using the standards required by the Sarbanes-Oxley Act, whose adoption for some parts of the corporate

governance and control systems we believe to be a good practice because it helps reinforce the Company's internal control system, respect and investor protection, and strengthen the Company's international presence.

- Participation, through the Colombian Stock Exchange Issuers Committee (Comité de Emisores de la Bolsa de Valores de Colombial in the work groups that helped build the new Code of Best Corporate Practices in Colombia -- Country Code issued by the Colombian Financial Superintendence (Superintendencia Financiera de Colombia
- Dematerialization of common shares that were still represented in physical certificates, thus providing shareholder, security, peace of mind, reliability and timeliness. This is because dematerialization makes the security easier to trade and minimizes the risk of its being forged or used fraudulently.
- Implementation of training campaigns aimed at the members of the boards of directors of the company's affiliate and subsidiary companies. The topics discussed included sustainability. responsible investment, importance of risk management, and the Organization's Corporate the standards of the new Country Code. Governance model.

- Implementation of the second version of Investor's Day, intended to inform investors, market analysts, and professional audiences about the Consolidation of Grupo Empresarial SURA and its business in the region, in addition to the evolution, the strategy and performance of the companies in the nine countries where they operate.
- Development of intellectual property system for Grupo Empresarial SURA, as a tool to support strategic knowledge management, in addition to the competitive and innovation strategiesthatenablethemanagement, protection, use, defense and transfer of the intellectual property assets produced by the Companies in their business and social activities.
- The members of the Board did their yearly self-evaluation and the G4.44 results were satisfactory. An external evaluation will be performed in 2015.

As in the two previous years, in 2014 there were no cases of corruption and no complaints were received or processed through the Ethics Hotline or the Corporation's Ethics Committee.

During 2015 we will continue working to adapt the Corporation's corporate governance processes and systems to

G4.43

#### OWNERSHIP STRUCTURE OF THE CORPORATION

UNDERSIGNED COP 1 07, 882, 291, 813 divided into 575,372,223 shares

PAID-IN COP 107,082,291,813 divided into **575,372,223** shares

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#### HOLDERS OF SIGNIFICANT SHARES IN THE CORPORATION AT THE FND OF 2014

SHAREHOLDERS	SHARES	% Part.
GRUPO ARGOS S.A.	140,018,149	24.34%
GRUPO NUTRESA S.A.	59,387,803	10.32%
FONDO DE PENSIONES OBLIGATORIAS PORVENIR MODERADO	58,230,450	10.12%
FONDO DE PENSIONES OBLIGATORIAS PROTECCION MODERADO	46,481,461	8.08%
CEMENTOS ARGOS S.A.	28,183,262	4.90%
FONDO DE PENSIONES OBLIGATORIAS COLFONDOS MODERADO	17,710,846	3.08%
OPPENHEIMER DEVELOPING MARKETS FUND	14,733,486	2.56%
FONDO BURSATIL ISHARES COLCAP	9,466,074	1.65%
COLOMBIANA DE COMERCIO S.A CORBETA AND/OR ALKOSTO S.A.	9,178,289	1.60%
CELSIA S.A. E.S.P.	8,341,163	1.45%
VANGUARD EMERGING MARKETS STOCK INDEX FUND	6,285,153	1.09%
FONDO DE PENSIONES OBLIGATORIAS SKANDIA	6,282,822	1.09%
OTHER SHAREHOLDERS WITH LESS THAN 1% SHARE	171,073,265	29.73%
TOTAL	575,372,223	100.00%

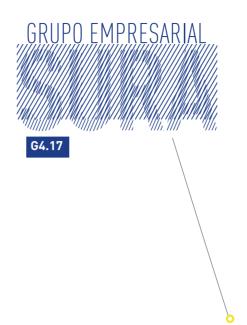


#### ETHICS HOTLINE

Ethical behavior is an integral part of doing business for Grupo SURA. This is why the company tries to promote a culture based on a system of ethical principles that ensure the development of more productive and competitive companies that produce attractive results in terms of social development, quality, profitability, and long-term growth.

In addition to having a Code of Ethics, Grupo SURA has set up an Ethics Committee and a new process and an electronic address for the ethics hotline that makes it easier to receive information about complaints or situations that might compromise the Company's ethical principles.

lineaetica@gruposura.com.co



On December 31, 2014, Grupo de Inversiones Suramericana, had declared Grupo Empresarial SURA, which consists of the following companies:

- Suramericana S.A. (Colombia)
- Sura Asset Management S.A. (Colombia)
- Integradora de Servicios Tercerizados S.A.S. (Colombia)
- Inversiones
   y Construcciones Estratégicas S.A.S. (Colombia)
- Grupo de Inversiones Suramericana Panama S.A. (Panama)
- Gruposura Finance (Cayman Islands)

- Compuredes S.A. (Colombia)
- Enlace Operativo S.A. (Colombia)
- Operaciones Generales Suramericana S.A.S. (Colombia)
- Seguros Generales Suramericana S.A. (Colombia)
- Seguros de Vida Suramericana S.A. (Colombia)
- EPS y Medicina Prepagada Suramericana S.A. (Colombia)
  Diagnostico y Asistencia Médica S.A. IPS Dinámica (Colombia)
- Seguros de Riesgos Laborales Suramericana S.A. (Colombia)
- Servicios de Salud IPS Suramericana S.A. (Colombia)
- Servicios Generales Suramericana S.A.S. (Colombia)
- Consultoría en Gestión de Riesgos Suramericana S.A.S. (Colombia)
- Activos Estratégicos Sura A.M. Colombia S.A.S. (Colombia)
- Seguros Suramericana S.A. (Panama)
- Inversura Panama Internacional S.A. (Panama)
- Sura Asset Management Spain, S.L. (Spain)
- Grupo Sura Netherlands B.V. (Netherlands)
- Grupo de Inversiones Suramericana Holanda B.V. (Netherlands)
- Sura Art Corporation, S.A. de C.V. (Mexico)
- AFP Integra S.A. (Peru)
- Wealth Management Sura S.A. (Peru)
- Fondos Sura ŠAF S.A.C. (Peru)
- Pensiones Sura Peru S.A. (Peru)
- Servicios Sura S.A.C. (Peru)
- Afore Sura, S.A de C.V (Mexico)
- Pensiones Sura S.A. de C.V. (Mexico)
- Asesores Sura, S.A. de C.V. (Mexico)
- Inverconsa, S.A. de C.V. (Mexico)
- Sura Investment Management Mexico, S.A. de C.V. (Mexico)
- AFAP Sura S.A. (Uruguay)
- Sura Asset Management Mexico B.V. (Netherlands)
- Grupo Sura Latin American Holdings B.V. (Netherlands)
- Grupo Sura Chile Holdings I. B.V. (Netherlands)
- Grupo Sura Chile Holdings II, B.V. (Netherlands)
- Sura S.A. (Chile)
- Sura Chile S.A. (Chile)
- Sura Data Chile S.A. (Chile)
- Corredores de Bolsa Sura S.A. (Chile)
- Administradora General de Fondos Sura S.A. (Chile)
- Seguros de Vida Sura S.A. (Chile)
- AFP Capital S.A. (Chile)
- Santa Maria Internacional S.A. (Chile)
- Compañía de Inversiones y Servicios Sura Ltda. (Chile)
- AFISA SURA S.A. (Uruguay)
- Servicios Generales Suramericana S.A. [Panama]
- Seguros Sura S.A. (Peru)
- Hipotecaria Sura Empresa Administradora Hipotecaria S.A. (Peru)
- Planeco Panama S.A. (Panama)
- Seguros Sura S.A. (Dominican Republic)
- Aseguradora Suiza Salvadoreña S.A. Asesuisa (El Salvador)
- Asesuisa Vida, S.A. Seguros de Personas (El Salvador)
- Hábitat Adulto Mayor Š.A. (Colombia)
- Sura Asset Management Mexico, S.A. de C.V. (Mexico)
- SUAM Corredora de Seguros S.A. de C.V. [El Salvador]
- Mexamlux S.A. (Luxembourg)
- Dinámica IPS Zonas Francas S.A.S. (Colombia)
- Sura Asset Management Uruguay Sociedad de Inversión S.A. (Uruguay)
- Negocios Financieros S.A. (Peru)
- Promotora Sura AM, S.A. de C.V. (Mexico)
- Seguros de Vida Sura Mexico S.A. de C V. (Mexico)
- Sura Asset Management Peru S.A. (Peru)
- SUAM Finance B.V. (Curacao)
- Disgely S.A. (Uruguay)
- Jobely S.A. (Uruguay)
- Siefore SURA AV 1, S.A. DE C.V.
- Siefore SURA AV 2, S.A. DE C.V.
- Siefore SURA AV 3, S.A. DE C.V.
- Siefore SURA Básica 1, S.A. DE C.V
- Siefore SURA Básica 2, S.A. DE C.V.
- Siefore SURA Básica 3, S.A. DE C.V.
- Siefore SURA Básica 4, S.A. DE C.V.
- Siefore SURA Básica 5, S.A. DE C.V.

#### INISTRATIVE STRUCTURE OF THE CORPORATION

#### 1. BOARD OF DIRECTORS

During 2014, the Board of Directors consisted of seven (7) principal members. Four (4) are independent members, including the Chairman and Vice-chairman of the Board.

#### 2. MEMBERS OF THE BOARD OF DIRECTORS

G4.34

Member of the board of directors	Date of first appointment	Date of latest appointment
ARMANDO MONTENEGRO TRUJILLO (*)	March 25, 2010	March 27, 2014
HERNANDO YEPES ARCILA (*)	March 29, 2007	March 27, 2014
JOSÉ ALBERTO VÉLEZ CADAVID	March 25, 2004	March 27, 2014
CARLOS IGNACIO GALLEGO PALACIO	March 27, 2014	March 27, 2014
JUAN GUILLERMO LONDOÑO POSADA	March 30, 2006	March 27, 2014
CARLOS ANTONIO ESPINOSA SOTO (*)	March 21, 2013	March 27, 2014
JAIME BERMÚDEZ MERIZALDE (*)	March 29, 2011	March 27, 2014

<sup>\*</sup> Independent member

#### 3. CORPORATE DIRECTORS

No Director is part of the Board of Directors President of the Corporation: David Bojanini García Vice-president of Corporate Finance: Ignacio Calle Cuartas Vice-president of Corporate Affairs and Secretary General: Fernando Oialvo Prieto



#### 4. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

According to Article 23, item e) of the Corporate By-laws, the General Shareholders Assembly must define the emoluments 64.53 for the members of the Board of Directors, the Controller, and their respective alternates. With respect to the remuneration for the members of the Board of Directors, the Assembly takes into consideration the structure, responsibility, personal and professional characteristics of the Directors as well as their experience and the time they have to dedicate to their activities. For 2014, the General Shareholders Assembly approved fees of COP 5.500.000 per month for each member of the Board.

#### 5. MEMBERS OF THE BOARD OF DIRECTORS WHO ARE MEMBERS OF THE BOARD OR DIRECTORS IN CORPORATIONS THAT HOLD SIGNIFICANT SHARES IN THIS CORPORATION

Name
José Alberto Vélez Cadavid
José Alberto Vélez Cadavid
José Alberto Vélez Cadavid
Carlos Ignacio Gallego Palacio
Carlos Ignacio Gallego Palacio
Juan Guillermo Londoño Posada

#### Position

Legal Representative Member of the Board Member of the Board Legal Representative Member of the Board Legal Representative

#### Company

Grupo Argos S.A. Celsia S.A. E.S.P. Cementos Argos S.A. Grupo Nutresa S.A. Grupo Argos S.A. Celsia S.A. E.S.P.

#### 6. RSTATUTORY REFORMS DURING THE PERIOD

During the period of 2014 there was a reform to the Corporate Bylaws in Articles 7, 9, 10, 31, 33 and 36 to adapt them to the proposal about dematerialization of shares and 9. NUMBER OF MEETINGS OF THE GA.47 to homologate their contents with the provisions of the Code of Good Governance

#### 7. APPOINTMENT, REELECTION, AND Directors was as follows: REMOVAL OF THE MEMBERS OF THE **BOARD OF DIRECTORS**

The members of the Board of Directors are elected by the General Shareholders Assembly for periods of two (2) years. They may be reelected, or removed at any time by the Assembly. According to the Corporation's Good Governance policy, four (4) of the members of the Board of Directors are independent, more than the minimum 25% required by Law.

For this type of decision, the corporate bylaws do not establish a specific quorum and, thus, the general rules are applied which dictate that the Assembly shall meet with a plural number of individuals who represent, at least, the absolute majority of the underwritten shares, and decisions will be adopted by the majority of the votes present.

The election of the members of the Board must ensure that their profile fits the needs of the company. In this respect, it has been defined that all Directors must have analytical and management skills, strategic business vision, objectivity, and the ability to present their points of view and to evaluate higher management charts. They also must have knowledge of the industry in terms of finance, risks, legal issues, international experiences, and crisis management.

#### **8.DECISION-MAKING BY THE BOARD OF DIRECTORS**

Por regla general, las decisiones en As a rule, the decisions of the Board of Directors are made with the majority of of the Board of Directors had the following the votes of the Directors present during the meeting, except when the Corporation needs to guarantee obligations of its related companies. In that case, the unanimous vote of the members of the Board of Directors is required.

## **BOARD OF DIRECTORS**

During 2014 the Board of Directors met in person twelve (12) times. The percentage of attendance by the

Armando Montenegro Trujillo	100%
Hernando Yepes Arcila	92%
José Alberto Vélez Cadavid	92%
Carlos Ignacio Gallego Palacio	100%
Juan Guillermo Londoño Posada	92%
Carlos Antonio Espinosa Soto	83%
Jaime Bermúdez Merizalde	92%

Total average attendance for the Directors was 92%.

#### 10. PRIOR EVALUATION OF THE **FINANCIAL STATEMENTS**

The financial statements submitted annually for regular publication and for approval by the General Shareholders Assembly are previously reviewed and approved by the Auditing Committee and by the Board of Directors, as provided in Article 31, item E of the corporate by-laws.

#### 11. PUBLICATION OF INFORMATION TO THE STOCK EXCHANGES

Al of the Company's relevant information is provided to the market through the appropriate information mechanism of the Colombian Financial Superintendence (Superintendencia Financiera de Colombia) and is published simultaneously on the Company's web www.gruposura.com-, This ensures that the information is known in a timely manner by all investors, authorities and the market at large.

#### 12. MEMBERS OF THE COMMITTEES OF G4.34 THE BOARD OF DIRECTORS

On December 31, 2014, the Committees



#### **Governance Committee**

Armando Montenegro Trujillo, Independent Member y Chairman of the Board Carlos Antonio Espinosa Soto, Independent Member of the Board Juan Guillermo Londoño Posada, Member of the Board

#### **Investments Committee**

Armando Montenegro Trujillo, Independent Member and Chairman of the Board Jose Alberto Vélez Cadavid, Member of the Board Carlos Ignacio Gallego Palacio, Member of the Board David Bojanini García, Permanent guest, CEO Fernando Ojalvo Prieto, Permanent guest, Secretary General for the Company

#### Comité de Compensación y desarrollo

Jose Alberto Vélez Cadavid, Miembro de la Junta Carlos Ignacio Gallego Palacio, Miembro de la Junta Hernando Yepes Arcila, Miembro Independiente Fernando Ojalvo Prieto, invitado permanente, Secretario General de la Compañía

#### G4.46 Compensation and Development Committee

Armando Montenegro Trujillo, Independent Member y Chairman of the Board Hernando Yepes Arcila, Independent Member of the Board Jaime Bermúdez Merizalde, Independent Member of the Board Fernando Ojalvo Prieto, Permanent guest, Secretary General for the Company This committee is also attended, by invitation, by the Company's President and Vice-president of Corporate Finance, the person responsible for the areas of Finance, Auditing, Risks and Fiscal Controllership 13.

## G4.56 13. ACCESS TO THE CODES OF ETHICS AND CORPORATE GOVERNANCE THROUGH THE WEB PAGE

The Company's Code of Good Governance and Code of Ethics are published on the web page web www.gruposura.com, under the ling "Corporate Responsibility"; the information provided therein is of interest for anyone planning on participating or investing in the Company, and also for current shareholders.

These codes are physically deposited with the Secretary General of the Corporation located at Calle 49 #63-146, piso 8, Medellin, Colombia.

#### 14. INVESTOR RELATIONS

The company has set up an office for investor relations, located at Calle 49 #63-146, piso 9, in Medellin, which can be contacted through the following e-mail addresses: gruposura@gruposura.com.co; ir@gruposura.com.co, or through the national toll-free line 018000521555.

In addition, the web page www.gruposura.com contains a calendar of events prepared to provide timely information to shareholders, investors and the securities market in general, about the times when the Corporation provide relevant information about its activities and financial results.

The calendar shows the most relevant dates with respect to:

- General Shareholders Assembly.
- Period for payment of dividends.
- Publication of the results with the Financial Superintendence of Colombia (Superintendencia Financiera de Colombia).

• Meetings or activities to present quarterly results to the market.

The Colombian Centralized Securities Deposit (Depósito Centralizado de Valores de Colombia –DECEVAL) is the entity in charge of administering the Corporation's shares for the purposes of registering shareholders, transfers and payments.

#### 15.SANCTIONS

On November 27, 2014 the Company was notified of Resolution N° 230-005278 issued by the Superintendence of Corporation (Superintendencia de Sociedades) through which a fine of COP 886,425,189, was imposed for the extemporaneous filing of Substitution of Colombian Investments Overseas, as a result of the reorganization activities carried out during 2011. The Corporation appealed and the appeal is still pending.

#### **16. DIVIDEND PAYMENTS**

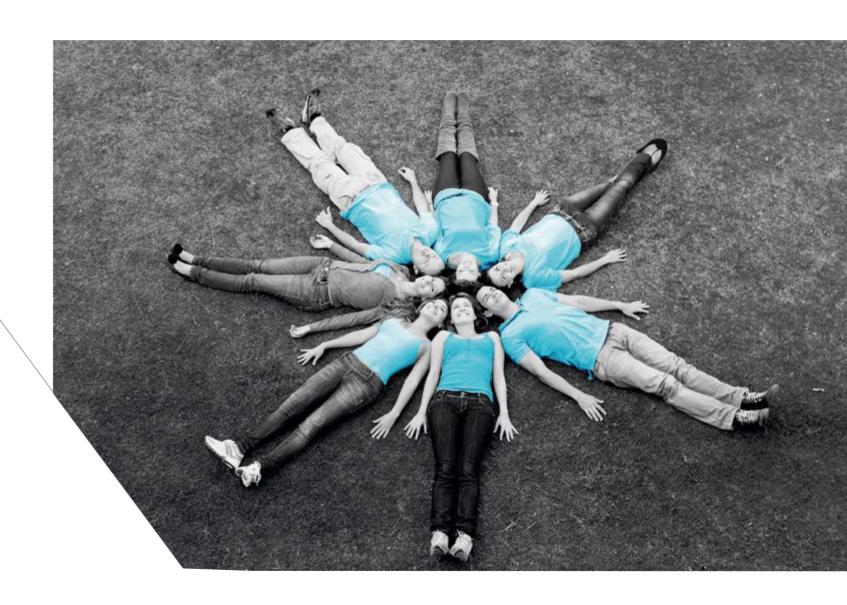
Dividends can be withdrawn through the stock booker firm through which the shares were purchased or through Bancolombia's network of branches, as detailed below:

CÓDIGO	NOMBRE	CIUDAD	DIRECCIÓN SUCURSAL	TELÉFONO
811	CENTRO DE PAGOS	APARTADÓ	CALLE 96 N° 99A - 04	94 8286868 94 8286869
899	CENTRO DE PAGOS ITAGUI	ITAGÜÍ	CARRERA 50 N° 52 - 27	94 3701610
2	CENTRO COLTEJER	MEDELLÍN	CARRERA 49 N° 52 - 08	94 4446924
4	LAURELES	MEDELLÍN	CARRERA 76 N° 33 - 14	94 4446928
5	AVENIDA EL POBLADO	MEDELLÍN	CARRERA 43A N° 11A - 40	94 4446930
8	LA PLAYA	MEDELLÍN	CALLE 51 N° 43 - 95	94 4446934
16	AEROPUERTO OLAYA	MEDELLÍN	CALLE 14 N° 52A - 25	94 4446945
29	OVIEDO	MEDELLÍN	CARRERA 43A N° 6 SUR - 15	94 4446956
272	CARRERA 70	MEDELLÍN	CARRERA 70 N° C5-4	94 4446998
313	AVENIDA COLOMBIA	MEDELLÍN	CALLE 50 N° 55 - 37	94 4449296
316	CAMINO REAL	MEDELLÍN	CARRERA 46 N° 52 - 81	94 4449298
319	SURAMERICANA	MEDELLÍN	CALLE 49B N° 64B - 25	94 4449301
360	ESTADIO	MEDELLÍN	CARRERA 74 N° 49B - 35	94 4449324
362	AVENIDA NUTIBARA	MEDELLÍN	TRANSVERSAL 39B N° 73 - 47	94 4449325
551	UNICENTRO	MEDELLÍN	CARRERA 66B N° 34A - 76	94 4449362
611	SAN FERNANDO PLAZA	MEDELLÍN	CARRERA 43A N° 1 - 70	94 4449371
614	BELÉN	MEDELLÍN	CALLE 31 N° 76 - 22	94 4449373
245	PUERTA DEL RÍO	MEDELLÍN	CARRERA 48 N° 26 - 85	94 4489048
274	AVENIDA BOLIVARIANA	MEDELLÍN	CALLE 34 B N° 66A - 96	94 4447013
123	CENTRO DE PAGOS	RIONEGRO	CARRERA 51 N° 51 - 42	94 5618040
80	BARRANQUILLA	BARRANQUILLA	CARRERA 44 N° 37- 19	95 3850476
474	MURILLO	BARRANQUILLA	CALLE 45 N° 44 - 136	95 3850496
487	COUNTRY PLAZA	BARRANQUILLA	CARRERA 53 N° 78 - 24	95 3850767
770	PASEO BOLÍVAR	BARRANQUILLA	CARRERA 44 N° 34 - 02	95 3850965
85	CARTAGENA	CARTAGENA	CALLE 32 N° 26 - 35	95 6641401
86	BOCAGRANDE	CARTAGENA	CALLE 5 N° 2 - 44	95 6595001
495	EL BOSQUE	CARTAGENA	DIAGONAL 21 N° 53 - 66	95 6694006
788	SANTA LUCÍA	CARTAGENA	CARRERA 30 C N° 71 - 108	95 6635513
70	MANIZALES	MANIZALES	CARRERA 22 N° 20 - 55	965 8783660

CÓDIGO	NOMBRE	CIUDAD	DIRECCIÓN SUCURSAL	TELÉFONO
859	CARRERA 23	MANIZALES	CARRERA 23 N° 20 - 08	96 8841011
937	CENTRO DE PAGOS	POPAYÁN	CALLE 2 # 7-74	92 8209186
209	CENTRO DE PAGOS	VALLEDUPAR	CALLE 16 N° 10 - 17	95 5848645 95 5848701
536	QUIBDÓ	QUIBDÓ	CARRERA 2 N° 24 - 32	94 6707070
887	CENTRO DE PAGOS MONTERÍA	MONTERÍA	CARERRA 2 N° 31A - 49	94 7823141
13	QUINTA CAMACHO	BOGOTÁ	CALLE 67 N° 7 - 35	917435423
31	CENTRO INTERNACIONAL	BOGOTÁ	CARRERA 7 N° 30A - 28	91 3536737 91 4886081
48	AVENIDA CHILE	BOGOTÁ	CALLE 72 N° 8 - 20	91 3463774
67	CENTRO DE PAGOS CALLE 72	BOGOTÁ	CALLE 72 N° 8 - 56	91 3262820
191	AVENIDA 19	BOGOTÁ	AVENIDA 19 N° 108A - 65	91 6374018
419	CENTRO DE PAGOS UNICENTRO	BOGOTÁ	AVENIDA 15 N° 123 - 30	91 2755220
76	NEIVA	NEIVA	CALLE 8 N° 4 - 71	98 8713086
455	EDIFICIO COLONIAL	NEIVA	CALLE 21 N° 5BIS - 121	98 8754449
482	CIÉNAGA	CIENAGA	CALLE 17 N° 11 - 43	95 4240453
516	SANTA MARTA	SANTA MARTA	CARRERA 3 N° 14 - 10	95 4210185
517	EL RODADERO	SANTA MARTA	CALLE 6 N° 1 - 27	95 4220221
57	VILLAVICENCIO	VILLAVICENCIO	CALLE 38 N° 32 - 37	98 6622725
841	CATEDRAL	VILLAVICENCIO	CARRERA 32 N° 38 - 64	98 6621547

CÓDIGO	NOMBRE	CIUDAD	DIRECCIÓN SUCURSAL	TELÉFONO
888	IPIALES	IPIALES	CALLE 14 N° 5 - 32	92 7732305
74	PAST0	PAST0	CALLE 19 N° 24 - 52	92 7227456
51	CENTRO DE PAGOS	CÚCUTA	AVENIDA CERO N° 14 - 50	97 5717566
88	CÚCUTA	CÚCUTA	AVENIDA 5 N° 9 - 80	97 5717554
115	CIRCUNVALAR PEREIRA	PEREIRA	AVENIDA CIRCUNVALAR N° 4 - 48	96 3165690
721	EL LAGO	PEREIRA	CARRERA 7 N° 25 - 36	96 3338012
853	30 DE AGOSTO	PEREIRA	CARRERA 13 N° 39 - 58	96 3360676
20	BUCARAMANGA	BUCARAMANGA	CARRERA 18 N° 35 - 02	97 6527410
89	CABECERA	BUCARAMANGA	CARRERA 34 N° 51 - 17	97 6438990
793	PROFESIONALES	BUCARAMANGA	CARRERA 34 N° 42 - 106	97 6435151
814	CABECERA DEL LLANO	BUCARAMANGA	CARRERA 35A N° 51 - 41	6434800
111	COROZAL	COROZAL	CARRERA 25 N° 28 - 37	95 2857771
68	IBAGUÉ	IBAGUÉ	CARRERA 3 N° 14A - 18	98 2709920
435	PLAZA DE BOLIVAR	IBAGUÉ	CALLE 10 N° 3 - 34	98 2620728
869	PARQUE MURILLO TORO	IBAGUÉ	CARRERA 3 N° 11 - 02	98 2611108
157	CENTRO DE PAGOS	BUENAVENTURA	CARRERA 2 N° 1 - 33	92 2411290
741	CALIMA	CALI	CARRERA 1 N° 70 - 00	92 4850551
752	PLAZA CAYCEDO	CALI	CARRERA 5 N° 10 - 79	92 4850557
803	CALLE CATORCE	CALI	CALLE 14 N° 8 - 79	92 4850561
836	ACOPI CALI	CALI	AVENIDA 3 NORTE N° 56N - 25	92 4850571
637	CENTRO DE PAGOS	CARTAGO	CARRERA 4 N° 10 - 65	92 2110840
66	PALMIRA	PALMIRA	CALLE 30 N° 28 - 63	92 2755736

# CHAPTER 11 ° CORPORATE GROUP REPORT



## SPECIAL REPORT ON THE SURA BUSINESS GROUP

Medellín, March 26, 2015

#### Señores,

GENERAL ASSEMBLY OF SHAREHOLDERS GRUPO DE INVERSIONES SURAMERICANA S.A. Medellín

Ref: Special Report on the SURA Business Group

Ladies and Gentlemen,

Pursuant to that stipulated in Articles 28, 29 and 30 of Law 222 of 1995, governing economic relations between controlling and controlled companies and which form the basis on which our Business Group has been set up, we hereby present you with the Sura Business Group's Special Report, containing the contractual ties and the more important transactions entered into between the controlling company and its subsidiaries, affiliates and related companies, at year-end 2014:

#### SPECIAL REPORT SURA BUSINESS GROUP

\*stated in COP millions

#### **ASSETS**

Description	From	То	Amount
Business checking	Grupo Sura Finance S.A.	Grupo de Inversiones Suramericana Panamá S.A.	670,993
accounts:	Grupo de Inversiones Suramericana Panamá S.A.	Planeco S.A.	4,519
Deposits for future capitalizations:	Grupo de Inversiones Suramericana S.A.	Inversiones y Construcciones Estratégicas S.A.S.	25,000
	Grupo de Inversiones Suramericana S.A.	Grupo de Inversiones Suramericana Panamá S.A.	20,456
Investments	Grupo de Inversiones Suramericana Panamá S.A.	Sura Asset Management S.A.	676,590
	Grupo de Inversiones Suramericana Panamá S.A.	Planeco S.A.	3,472
	Operaciones Generales Suramericana S.A.S.	Servicios Generales Suramericana S.A.S.	63,972

	Grupo de Inversiones Suramericana S.A.	Seguros de Vida S.A.	8,700
	Servicios Generales Suramericana S.A.S.	Suramericana S.A.	3,605
	Seguros de Riesgos Laborales Suramericana S.A.	Suramericana S.A.	9,866
Property, plant	Suramericana S.A.	Seguros de Riesgos Laborales Suramericana S.A.	10,767
and equipment	Suramericana S.A.	Seguros de Vida Suramericana S.A.	8,307
	Suramericana S.A.	Servicios Generales Suramericana S.A.S.	4,154
	Seguros de Vida Suramericana S.A.	Suramericana S.A.	7,715
	Seguros de Vida Suramericana S.A.	Grupo de Inversiones Suramericana S.A.	7,535
	Sura Asset Management S.A.	Sura Asset Management España S.L.	297,610
	Sura Asset Management S.A.	SURA S.A.	4,183
	Sura Asset Management S.A.	Sura Asset Management España S.L.	297,610
	Sura Asset Management S.A.	SURA S.A.	4,183
	Compañía de Inversiones y Servicios Sura Ltda.	Sura S.A.	66,364
	Sura Asset Management México S.A. De C.V.	Seguros de Vida Sura México, S.A. De C.V.	4,854
	Servicios Generales Suramericana S.A.S.	Operaciones Generales Suramericana S.A.S.	77,832
	Servicios Generales Suramericana S.A.S.	Suramericana S.A.	4,209
Accounts	Servicios Generales Suramericana S.A.S.	Seguros Generales Suramericana S.A.	2,741
receivable	Operaciones Generales Suramericana S.A.S.	Seguros Generales Suramericana S.A.	4,611
	Seguros de Riesgos Laborales Suramericana S.A.	Suramericana S.A.	10,767
	Consultoría en Gestión de Riesgos Suramericana S.A.S.	Seguros de Riesgos Laborales Suramericana S.A.	5,820
	Seguros Generales Suramericana S.A.	Seguros Suramericana S.A Panamá	13,431
	Seguros Generales Suramericana S.A.	Seguros de Vida Suramericana S.A.	13,489
	Seguros Generales Suramericana S.A.	Servicios Generales Suramericana S.A.S.	3,000
	Seguros de Vida Suramericana S.A.	Suramericana S.A.	8,308
	Servicios de Salud IPS Suramericana S.A.	EPS y Medicina Prepagada Suramericana S.A.	8,236
Interest	Grupo Sura Finance S.A.	Grupo de Inversiones Suramericana Panamá S.A.	20,597

<sup>\*\*</sup>Transactions worth more than COP 2,392,460,000, which is the equivalent of USD 1 million (based on the market exchange rate at December 31, 2014, that is to say COP 2,392.46 per US dollar)

#### LIABILITIES

Interest	Grupo de Inversiones Suramericana Panamá S.A.	Grupo Sura Finance S.A.	20,597
Business checking accounts:	Planeco S.A.	Grupo de Inversiones Suramericana Panamá S.A.	4,519
	Sura Asset Management España S.L	Sura Asset Management S.A.	298,076
	Servicios Generales Suramericana S.A.S	Seguros Generales Suramericana S.A.	3,000
	Operaciones Generales Suramericana S.A.S.	Servicios Generales Suramericana S.A.S.	77,814
	Seguros de Riesgos Laborales Suramericana S.A.	Consultoría en Gestión de Riesgos Suramericana S.A.S.	5,755
	Suramericana S.A.	Seguros de Riesgos Laborales Suramericana S.A.	10,767
Accounts payable	Suramericana S.A.	Seguros de Vida Suramericana S.A.	8,308
	Suramericana S.A.	Servicios Generales Suramericana S.A.S.	4,209
	Seguros Generales Suramericana S.A.	Operaciones Generales Suramericana S.A.S.	4,511
	Seguros Generales Suramericana S.A.	Servicios Generales Suramericana S.A.S.	2,716
	Seguros de Vida Suramericana S.A.	Seguros Generales Suramericana S.A.	13,489
	EPS y Medicina Prepagada Suramericana S.A.	Servicios de Salud IPS Suramericana S.A.	8,038
Other financial obligations	Grupo de Inversiones Suramericana Panamá S.A.	Grupo Sura Finance S.A.	670,993
Other liabilities	Inversiones y Construcciones Estratégicas S.A.S.	Grupo de Inversiones Suramericana S.A.	25,000
Future capitalizations	Grupo de Inversiones Suramericana Panamá S.A.	Grupo de Inversiones Suramericana S.A.	20,456
	INC	OME	
		Grupo de Inversiones	00.411
Interest	Grupo Sura Finance S.A.	Suramericana Panamá S.A.	39,114
	Servicios Generales Suramericana S.A.S.	Operaciones Generales Suramericana S.A.S.	3,445
	Servicios Generales Suramericana S.A.S.	Operaciones Generales Suramericana S.A.S.	64,011
	Comining Congreles	Coguros Coporalos	

Interest	Grupo Sura Finance S.A.	Grupo de Inversiones Suramericana Panamá S.A.	39,114
	Servicios Generales Suramericana S.A.S.	Operaciones Generales Suramericana S.A.S.	3,445
Operating revenue	Servicios Generales Suramericana S.A.S.	Operaciones Generales Suramericana S.A.S.	64,011
	Servicios Generales Suramericana S.A.S.	Seguros Generales Suramericana S.A.	13,961
	Consultoría en Gestión de Riesgos Suramericana S.A.S.	Seguros de Riesgos Laborales Suramericana S.A.	44,560
	Seguros Generales Suramericana S.A.	Seguros Suramericana S.A Panamá	11,946
	Seguros de Vida Suramericana S.A.	ASESUISA Vida S.A., Seguros de personas - El Salvador	6,709

	Seguros de Vida Suramericana S.A.	Seguros Generales Suramericana S.A.	3,104
	Operaciones Generales Suramericana S.A.S.	Seguros Generales Suramericana S.A.	13,802
	Diagnóstico y Asistencia Médica S.A. DINAMICA IPS	EPS y Medicina Prepagada Suramericana S.A.	29,548
	Diagnóstico y Asistencia Médica S.A. DINAMICA IPS	Servicios de Salud IPS Suramericana S.A.	25,140
	Diagnóstico y Asistencia Médica S.A. DINAMICA IPS	Seguros de Vida Suramericana S.A.	11,230
	Servicios de Salud IPS Suramericana S.A	EPS y Medicina Prepagada Suramericana S.A.	178,222
	Servicios de Salud IPS Suramericana S.A	Seguros de Vida Suramericana S.A.	25,318
	Servicios de Salud IPS Suramericana S.A	Seguros de Riesgos Laborales Suramericana S.A.	24,964
Non-operating revenue	Seguros de Vida Suramericana S.A.	Grupo de Inversiones Suramericana S.A.	8,700
	Seguros Generales Suramericana S.A.	Seguros de Vida Suramericana S.A.	7,468

#### **COSTS AND EXPENSE**

Grupo de Inversiones Suramericana Panamá S.A.	Grupo Sura Finance S.A.	39,114
Sura Asset Management S.A.	Sura Chile S.A.	5,066
Sura Asset Management S.A.	SUAM Finance B.V.	9,827
AFP Integra S.A.	Sura Chile S.A.	2,584
AFP Capital S.A.	Seguros de Vida Sura S.A.	2,564
AFP Capital S.A.	Data Sura Chile S.A.	5,879
AFP Capital S.A.	Sura Chile S.A.	17,355
Administradora General de Fondos Sura S.A.	Corredores de Bolsa Sura S.A.	7,418
Seguros de Vida Sura S.A.	Data Sura Chile S.A.	3,263
Afore Sura S.A. de C.V.	Sura Chile S.A.	5,382
Afore Sura S.A. de C.V.	Sura Investment Management S.A. de C.V.	4,141
Sura Investment Management S.A. de C.V.	Afore Sura S.A. de C.V.	7,552
Afore Sura S.A. de C.V.	Promotora Sura AM S.A. de C.V.	3,909
Pensiones Sura S.A. de C.V.	Asesores Sura S.A. de C.V.	2,425
Sura Investment Management S.A. de C.V.	Asesores Sura S.A. de C.V.	9,417
Sura Investment Management S.A. de C.V.	Promotora Sura AM S.A. de C.V.	13,675
Seguros de Riesgos Laborales Suramericana S.A.	Consultoría en Gestión de Riesgos Suramericana S.A.S.	44,508
Seguros de Riesgos Laborales Suramericana S.A.	Servicios de Salud IPS Suramericana S.A.	24,950

Operating expense

	Seguros de Riesgos Laborales Suramericana S.A.	Enlace Operativo S.A.	5,248
	Seguros Generales Suramericana S.A.	Servicios Generales Suramericana S.A.S.	13,877
	Seguros Generales Suramericana S.A.	Operaciones Generales Suramericana S.A.S.	13,802
	Seguros Generales Suramericana S.A.	Compuredes S.A.	6,303
	Seguros Generales Suramericana S.A.	Seguros de Vida Suramericana S.A.	3,104
	Seguros de Vida Suramericana S.A.	Servicios de Salud IPS Suramericana S.A.	25,532
Operating	Seguros de Vida Suramericana S.A.	Diagnóstico y Asistencia Médica S.A. IPS	11,167
expense	Seguros de Vida Suramericana S.A.	Seguros Generales Suramericana S.A.	7,468
	Seguros de Vida Suramericana S.A.	ASESUISA Vida S.A., Seguros de personas - El Salvador	5,527
	Servicios de Salud IPS Suramericana S.A.	Diagnóstico y Asistencia Médica S.A. IPS	25,001
	EPS y Medicina Prepagada Suramericana S.A.	Servicios de Salud IPS Suramericana S.A.	177,970
	EPS y Medicina Prepagada Suramericana S.A.	Diagnóstico y Asistencia Médica S.A. IPS	29,489
	EPS y Medicina Prepagada Suramericana S.A.	Compuredes S.A.	6,480
	EPS y Medicina Prepagada Suramericana S.A.	Enlace Operativo S.A.	3,018
Bond hedges	Sura Asset Management S.A.	SUAM Finance B.V.	6,686
Losses on sales of shares	Sura Asset Management S.A.	SUAM Finance B.V.	118,073
Others	Operaciones Generales Suramericana S.A.S.	Servicios Generales Suramericana S.A.S.	3,445

All transactions between related parties were performed according to all applicable legislation and are duly reflected in our financial statements.

There were no other major decisions that our subsidiaries or affiliated companies have taken or failed to take swayed by or in the interest of the controlling company, or decisions that the controlling company has taken or failed to take in the interest of its controlled companies.

Yours sincerely,

#### David Bojanini García

Chief Executive Officer - Grupo SURA.

Armando Montenegro Trujillo
Hernando Yepes Arcila
Juan Guillermo Londoño Posada
José Alberto Vélez Cadavid
Carlos Ignacio Gallego Palacio
Jaime Bermúdez Merizalde
Carlos Antonio Espinosa Soto
Board of Directors - Grupo Sura 2014

CHAPTER 12 °
ESTADOS
FINANCIEROS



## STATUTORY AUDITOR'S REPORT

FEBRUARY 16, 2015

## **To the Stockholders**Grupo de Inversiones Suramericana S.A.:

I have audited the financial statements of Grupo de Inversiones Suramericana S.A. (The Company), which comprise the balance sheets at December 31, 2014 and 2013 and the related statements of income, changes in equity, changes in financial position and cash flows, for the years then ended and the related notes that include the summary of the significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audits. I obtained the necessary information and carried out my examinations in accordance with auditing standards generally accepted in Colombia. Such standards require the compliance with ethical

requirements and that I plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement in the financial statements. In making this risk assessment, the statutory auditor considers the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates performed by management as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my audit opinion expressed below.

In my opinion, the above mentioned financial statements, taken accurately from books and attached to this report, present fairly, in all significant respects, the financial position of the Company at December 31, 2014 and 2013, the results of its operations, the changes in

its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Colombia, applied on a consistent basis.

believe:

- a) The Company's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.
- **b)** The operations recorded in the books and management performance are in conformity with the bylaws and decisions of the General Stockholders' Meeting.
- c) The correspondence, the vouchers of accounts and the books of minutes and record of shares have been properly maintained.
- d) The Company has adopted adequate measures of internal control, of money

laundering and terrorism activities control and maintenance and custody of its and third parties' assets in its possession.

- Based on the results of my examinations, I e) The management report prepared by management agrees with the accompanying financial statements, which includes the record by the administration on the free movement of invoices issued by sellers or suppliers.
  - f) The information contained in the contribution returns submitted to the social security system, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Company is up to date in payment of contributions to the social security system.

Gonzalo Alonso Ochoa Ruiz Statutory Auditor of Grupo de Inversiones Suramericana S.A. T.P. 43668 - T Member of KPMG Ltda.

## **To the Shareholders of**Grupo de Inversiones Suramericana S.A. City

The undersigned Legal Representative and Public Accountant for Grupo de Inversiones Suramericana S.A., hereby certify that the Company's financial statements on December 31, 2014 have been accurately taken from the books, and that before they were made available to you and to third parties we have verified the following assertions contained therein:

- a) All assets and liabilities included in the Company's financial statements as of December 31, 2014 actually exist and all the transactions included in the Statements have been carried out during the period that ended on that date.
- **b)** All economic acts carried out by the Company during the period ending on December 31, 2014 have been recognized in the financial statements.
- c) Assets represent future economic benefits and liabilities represent future economic obligations against the Company at December 31, 2014.

- d) All items have been recognized for their correct values according to accounting principles that are generally accepted in Colombia for entities under the control of the Colombian Financial Superintendence (Superintendencia Financiera de Colombia).
- e) All economic acts that affect the Company have been properly classified, described and disclosed in the financial statements.
- f) The financial statements do not contain defects, inaccuracies or errors that prevent the actual situation of the Company's equity or operations.

DAVID BOJANINI GARCIA President LUIS FERNANDO SOTO Accountant - License. 16951-T

#### **BALANCE SHEET**

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN THOUSANDS OF COLOMBIAN PESOS)

#### 2014 2013 Assets **Current assets:** Cash and banks (Note 4) COP 3.806.331 201.344.429 2.700.202 10.133.717 Negotiable investments (Note 5) Accounts receivable (Notes 6 and 21) 206.515.907 140,647,939 213,022,440 352,126,085 Total current assets Long-term assets: Permanent investments (Notes 5 and 9) 11,565,863,586 9,927,551,450 Property, plant and equipment (Note 7) 17.534.767 1.224.737 Intangibles (Note 8) 1,913,865 1,989,210 Other assets 174.486 174.486 Valorizaciones (Notas 5 y 9) 12,010,962,550 10,767,234,425 Total long-term assets 23,596,449,254 20,698,174,308 COP Total assets 23,809,471,694 21,050,300,393 **Current Liabilities** Financial obligations (Note 10) 6.800.000 292,996,259 Other financial obligations (Notes 11 and 21) 997.541 20,008,780 Accounts payable (Notes 13 and 21) 76,894,348 102,801,389 2,150,169 Taxes Labor liabilities (Note 14) 597,573 457.510 Other liabilities (Note 15) 31,867,320 29,437,782 Estimated liabilities and provisions (Note 16) 89,922,609 64,930,256 Total current liabilities 207,079,391 512,782,145 Ordinary bonds (Note 12) 900.000.000 250.000.000 Total liabilities 1,107,079,391 762,782,145 Shareholders' equity Subscribed and paid-in capital (Note 107,882,292 107,882,292 3,769,548,269 3,769,548,269 Share premium Legal reserve (Note 18) 138,795,051 138,795,051 Occasional reserves (Note 19) 4,039,070,898 3,517,275,136 Equity Revaluation 947,329,930 947,329,930 Surplus - equity method 1.016.903.385 257,659,240 10.767,234,425 Valuations (Notes 5 and 9 ) 12,010,962,550 Results for the period 781,793,905 671,899,928 22,702,392,303 20,287,518,248 Total equity COP Total liabilities and shareholders 'equity 23,809,471,694 21,050,300,393 Memorandum Accounts (Note 20)

COP

Please refer to the notes that accompany these financial statements

ORIGINAL FIRMADO:
David Bojanini García · Legal Representative

ORIGINAL FIRMADO:
Luis Fernando Soto Salazar · Chief Accountant Lic. 16951-T

ORIGINAL FIRMADO: Gonzalo Alonso Ochoa Ruiz - Statutory Auditor Lic. No. 43668 - T Member of KPMG Ltda. (Please refer to my Statutory Auditor 's issued February 2015)

3.386.338.938

14,154,095,216

3.039.801.647

13.593.153.794

#### **BALANCE SHEET**

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN THOUSANDS OF COLOMBIAN PESOS)

		2014	2013
erating revenues (Note 21):			
Dividends	COP	322,065,790	385,133,589
Interest		3,698,894	1,355,797
Earnings via equity method, net (Note 5)		468,215,193	437,432,610
Earnings from sales of investments, net		33,300,343	99,439,092
Gains based on market prices, net		56,941	1,149,777
		827,337,161	924,510,865
ministrative and operating expense:			
Provision for investments (Note 5)		225,842	5,667
Personnel expense		17,549,288	9,525,621
Fees		5,272,609	8,859,594
Administrative expense		22,691,552	27,305,132
Depreciation		317,568	290,188
		46,056,859	45,986,202
Ope <u>rating earnings</u>		781,280,302	878,524,663
n-operating expense (income) (Note 21):			
Adjustments for exchange differences		(3,947,748)	(1,828,405)
Interest		55,408,437	36,602,169
Banking expense - commissions			30,002,107
		(100,000)	-
Extraordinary expense - taxes paid		1,066,158	- 12,434,577
Extraordinary expense - taxes paid Miscellaneous		1,066,158 74,497	- 12,434,577 136,744
		1,066,158	- 12,434,577
Miscellaneous		1,066,158 74,497	- 12,434,577 136,744
Miscellaneous Diversos		1,066,158 74,497 (233,874) <b>52,267,470</b>	- 12,434,577 136,744 (1,235,727) <b>46,109,358</b>
Miscellaneous		1,066,158 74,497 (233,874)	- 12,434,577 136,744 (1,235,727) <b>46,109,358</b>
Miscellaneous Diversos  Earnings before income tax  ome tax (Note 22)		1,066,158 74,497 (233,874) <b>52,267,470</b> <b>729,012,832</b> 57,112,904	12,434,577 136,744 (1,235,727) 46,109,358 832,415,305
Miscellaneous Diversos  Earnings before income tax		1,066,158 74,497 (233,874) <b>52,267,470</b> <b>729,012,832</b>	- 12,434,577 136,744 (1,235,727)

Please refer to the notes that accompany these financial statements

ORIGINAL FIRMADO: David Bojanini García · Legal Representative

ORIGINAL FIRMADO: Luis Fernando Soto Salazar · Chief Accountant Lic. 16951-T ORIGINAL FIRMADO: Gonzalo Alonso Ochoa Ruiz - Statutory Auditor Lic. No. 43668 - T Member of KPMG Ltda. [Please refer to my Statutory Auditor's issued February 2015]

Debit

Credit

### STATEMENT OF **CHANGES TO SHAREHOLDERS' EQUITY**

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (Stated in thousands of Colombian Pesos)

	Subscribed and Paid-in Capital	Share Premium	Statutory Reserve	Occasional Reserve	Revaluation of Shareholders Equity	Surplus via Equity Method	Valuation Surpluses	Income for the Period	Total Shareholders Equity
Balance at December 31, 2012	107,882,292	3,769,548,269	138,795,051	3,237,855,852	947,329,930	[328,458,022]	12,372,807,056	546,099,505	20,791,859,933
Distribution of profits corresponding to 2012, based on Minutes No. 18 of Annual Shareholders Meeting held on March 21, 2013:									
Donations for the Suramericana Foundation	-	-	-	-	-	-	-	[4,000,000]	(4,000,000)
Reserve for the protection of investments	-	-	-	279,419,284	-	-	-	[279,419,284]	-
Dividends paid out on a total of 469,037,260 shares at a rate of COP 339 each	-	-	-	-	-	-	-	(159,003,632)	[159,003,632]
Dividends paid out on a total of 106,334,963shares at a rate of COP 975 each	-	-	-	=	=	-	=	[103,676,589]	[103,676,589]
Equity Method	-	-	-	-	-	586,117,262	-	-	586,117,262
Valuations	-		-	-			(1,605,572,631)		[1,605,572,631]
Results for the period	-		-	-	-			781,793,905	781,793,905
Balance at December 31, 2013	107,882,292	3,769,548,269	138,795,051	3,517,275,136	947,329,930	257,659,240	10,767,234,425	781,793,905	20,287,518,248
Distribution of profits corresponding to 2013, based on Minutes No. 19 of Annual Shareholders Meeting held on Thursday, March 27, 2014:									
Donations for social outreach projects.		-	-	-	-	-	-	(4,500,000)	[4,500,000]
Reserve for the protection of investments	-	-	-	521,795,762	-	-	-	[521,795,761]	-
Dividends paid out on a total of 469,037,260 shares at a rate of COP 390 each	-	-	-	-	-	-	-	[182,924,532]	[182,924,532]
Dividends paid out on a total of 106,334,963 shares at a rate of COP 682.50 each	-	-		-	-	-	-	[72,573,612]	[72,573,612]
Equity Method		-	-			759,244,145		-	759,244,145
Valuations				-	-	-	1,243,728,125		1,243,728,125
Results for the period		-		-	-	-	-	671,899,928	671,899,928
Balance at December 31, 2014 \$	107,882,292	3,769,548,269	138,795,051	4,039,070,898	947,329,930	1,016,903,385	12,010,962,550	671,899,928	22,702,392,303

Please refer to the notes that accompany these financial statements

#### STATEMENT OF CHANGES TO FINANCIAL POSITION

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN THOUSANDS OF COLOMBIAN PESOS)

		2014	2013
urces of working capital:	COP		701 700 00
Results for the period	CUP	671,899,928	781,793,90
Items that do not use (provide) working capital:			F //
Provision for investments		225,842	5,66
Earnings from sales of investments, net		(33,300,343)	(99,439,092
Earnings via equity method, net		(468,215,193)	(437,432,610
Depreciation		317,568	290,18
Working capital sourced from operating activities		170,927,802	245,218,05
Proceeds from sales of investments		200,910,632	155,016,33
Intangibles		75,345	75,34
Dividends received from controlling companies		339,653,312	175,574,13
		650,000,000	1/0,0/4,10
Increase in financial obligations		1,361,567,091	575,883,87
olications of working capital:			
Increase in investments		918,342,241	32,612,75
Dividends declared		255,498,144	262,680,22
Donations		4,500,000	4,000,00
Property, plant and equipment		16,627,598	892,69
Other assets		-	92,20
Increase in working capital	\$\$	166,599,108	275,606,00
nges in components of working capital			
Increase (decrease) in current assets:			
Cash and banks		(197,538,098)	200,826,44
Negotiable investments:		(7,433,515)	(77,899,35
Accounts receivable		65,867,968	27,143,10
		(139,103,645)	150,070,20
Increase (decrease) in current liabilities:			
Financial obligations		(286,196,259)	(157,629,85
Other financial obligations		(19,011,239)	(1,234,48
Taxes		(2,150,169)	(2,150,17
Accounts payable		(25,907,041)	1,744,36
Labor liabilities		140,063	66,93
Prepaid income		2,429,538	2,531,35
Estimated liabilities and provisions		24,992,353	31,136,05
		(305,702,754)	(125,535,79
Increase in working capital	\$	166,599,108	275,606,00

Please refer to the notes that accompany these financial statements.

### STATEMENT OF CASH FLOWS

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN THOUSANDS OF COLOMBIAN PESOS)

		2014	2013
Cash flows from operating activities:			
Results for the period		671,899,928	781,793,905
Reconciliation between income for the period and net cash			
sourced from (used for) operating activities:			
Earnings from sales of investments, net		(33,300,343)	[99,439,092]
Earnings via equity method, net		[468,215,193]	[437,432,610]
Gains based on market prices, net		(56,941)	[1,149,777]
Amortized deferred charges			11,809,614
Dep <u>reciation</u>		317,568	290,188
Changes in assets and liabilities:			
Accounts receivable		(65,867,968)	(27,143,104)
Pre-paid expense			(11,809,614)
Intangibles		75,345	75,346
Other assets			[92,200]
Accounts payable		(714,451)	(2,058,457)
Labor liabilities		140,063	66,938
Taxes		(2,150,169)	(2,150,170)
Prepaid income		2,429,538	2,531,356
Estimated liabilities and provisions		24,992,353	31,136,052
Proceeds from sales of investments		200,910,632	155,016,332
Increase in investments, net		(918,285,299)	[31,462,979]
Dividends from controlling companies		339,653,312	175,574,139
Net cash sourced from operating activities		(247,945,783)	545,561,534
Cash flows sourced from investing activities:			
Acquisitions of property, plant and equipment		[16,627,598]	[892,698]
Net cash used for investing activities		(16,627,598)	[892,698]
Net cash sourced from financing activities			
Increase (decrease) in bank loans and other financial obligations		344,792,502	[158,864,340]
Donations and sustainability project		[4,500,000]	[4,000,000]
Dividends paid		[280,690,734]	[258,877,398]
Net cash sourced f <u>rom (used for) financing activities</u>		59,601,768	[421,741,738]
Net increase (net decrease) in cash and cash equivalents		[204,971,613]	122,927,098
Cash and cash equivalents at the beginning of the year		211,478,146	88,551,048
Cash and cash equivalents at the end of the year	COP	6,506,533	211,478,146

Please refer to the notes that accompany these financial statements.

ORIGINAL FIRMADO: Luis Fernando Soto Salazar · Chief Accountant Lic. 16951-T

ORIGINAL FIRMADO:
Gonzalo Alonso Ochoa Ruiz - Statutory Auditor Lic. No. 43668 - T
Member of KPMG Ltda. [Please refer to my Statutory Auditor's issued February 2015]

## ATTACHMENT TO THE BALANCE SHEET AT DECEMBER 31, 2014 ARTICLE 446 OF THE CODE OF COMMERCE (EXPRESSED IN THOUSANDS OF PESOS)

1. Disbursements in favor of directors

Fees for members of the Board of Directors	561,575
Salaries and benefits for directors	7,024,54
Travel expenses, representation expenses, bonuses, transportation and othe remuneration for Directors.	
There are no direct payments for these items. The company pays the necessary expenses directly for thse items during the performance of their duties	
Notes	
<ol> <li>For trips made by executives to various offices in the performance of their dutites, the company pays hotel, transportation and other neccesary expenses.</li> </ol>	
2. For invitations extended to domestic and foreign visitors, the Company reimburses de amount of the respective bills.	
2. Fees for professional and technical consulting	4,361,338
3. Fees for controllership and external auditors	349,69
4. Assets and obligations outside the country	
Available USD 824	1,971,55
Investments in other domestic and foreign companies	
Investments in other domestic and foreign companies  See details in the Notes to the Financial Statements	11,691,171,020
See details in the Notes to the Financial Statements	
·	
See details in the Notes to the Financial Statements	4,500,000
See details in the Notes to the Financial Statements  5. Transfers of meney and other assets at no charge	4,500,00

### NOTES TO THE FINANCIAL STATEMENTS

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (Stated in thousands of Colombian pesos)

## NOTE 1

#### **ECONOMIC ENTITY**

Grupo de Inversiones Suramericana S.A. was incorporated as a result of being spun off from Compañía Suramericana de Seguros S.A., by means of Public Deed No. 2295 drawn up December 24, 1997 before the Notary Public No. 14 of the Circuit of Medellin, with all the corresponding accounting formalities duly completed by January 1, 1998. Its main registered place of business is in Medellin, but it is entitled to set up branches, agencies, offices and representations in other parts of the country as well as abroad, should its Board of Directors so decide. The Company is legally authorized to carry on its business purpose until 2097

Its business purpose is to invest in personal and real estate property, and may do so in the form of shares, stakes or holdings in companies, entities, organizations, funds and any other legally-permitted mechanism that allows for the investment of funds. Likewise, it may invest in securities or instruments yielding either a fixed or a variable income, regardless of whether these are listed on a public stock exchange. In any case, the corresponding issuers and/or investees may belong to either the public or private sectors, both at home or abroad.

The Company's reporting period shall follow that of the normal calendar year, ending on December 31.

The Company comes under the exclusive oversight of the Colombian Superintendency of Finance ("Superintendencia Financiera de Colombia"), since it is listed as an issuer of securities with the Colombian National Registry of Securities (Registro Nacional de Valores). At December 31, 2014, the Company had a total of 51 employees all based at its Corporate Headquarters.

#### CORPORATE PROFILE

Grupo de Inversiones Suramericana S.A. (hereinafter referred to as «Grupo SURA» is a Latin American («multi-Latina») company listed on the Colombian Stock Exchange and registered with the ADR- Level 1 program in the United States. . It is also the only Latin American company from the Diversified Financial Service Sector to be admitted to the Dow Jones Sustainability Index (DJSI), which tracks companies who have become global benchmarks thanks to the best practices they have adopted from the economic, environmental and social standpoints. In 2014, the DJSI awarded Grupo SURA its «Gold Class» distinction as the company upholding the second highest sustainability standards, in its respective sector, on a worldwide level.

Group Sura's investments are classified in two categories: strategic or core – those pertaining to the financial, insurance, pension, savings and investment sectors; and portfolio – those found mainly in the processed food, cement, energy, port services and real estate sectors.

The companies in which Grupo SURA invests (Suramericana S.A., Sura AMS.A., Bancolombia S.A., Nutresa S.A. and Inversiones Argos S.A.) have continued to strengthen their presence in different parts of Latin America, the United States and to a lesser degree in Asia.

The Group's interests in the Financial Services sector includes a 45.94% stake in the voting shares of Bancolombia (which is equal to 26.67% of its capital stock), this being the largest bank in Colombia, where the Group is the largest shareholder, plus a 81.13% stake in Suramericana, the Group's insurance holding company. The remaining 18.87% stake in Suramericana is owned by the German MünchenerRückversicherungs-Gesellschaft Munich, more commonly known as "Munich Re." Grupo SURA also directly holds a 59.95% stake in SURA Asset Management Colombia S.A.'s share capital as well as another 7.11% stake through its subsidiary, Grupo de Inversiones Suramericana Panamá S.A. Both companies overseeing investments in the Latin American pension, savings and investment sectors. The remaining 32.94% stake in Sura Asset Management S.A.'s share capital belongs to other local and international shareholders.

The Group's investments in the processed food segment of the local industrial sector include a 35.17% stake in Grupo Nutresa S.A., the largest processed foods conglomerate in Colombia where Grupo Sura is also the largest shareholder

Grupo Sura's interests in the cement, concrete, energy, port services, coal-mining and real estate sectors include a 35.68% stake in the voting shares of Grupo Argos S.A. (equal to 29.04% of its share capital) where again GRUPO SURA is the majority shareholder. Grupo Argos is in turn the controlling shareholder of Cementos Argos, S.A. and Celsia S.A. E.S.P.

Some of the above-mentioned companies also have cross holdings within the Group, which at December 31, 2014 consisted of the following:

Bancolombia holds a 20.58% stake in Protección; Grupo Nutresa S.A. holds 10.32% of the total shares outstanding belonging to Grupo Sura and 12.66% of its voting shares along with 10.06% of the total shares outstanding belonging to Grupo Argos, accounting for 12.37% of the voting shares. Grupo Argos S.A. and subsidiaries, for their part, hold 30.68% of the total shares outstanding belonging to Grupo Sura and 37.10% of its voting shares along with stakes of 3.45% in Bancolombia S.A. and 9.83% in Grupo Nutresa.S.A.

Cash dividends received by Grupo Sura from the companies belonging to the Group's portfolio investments in both 2014 and 2013 are set forth in the following table: For years ended December 31

	2014	2013
Bancolombia S.A.	197,632,804	171,304,964
Grupo Nutresa S.A.	68,444,427	62,554,546
Suramericana S.A.	87,619,121	81,018,270
Grupo Argos S.A.	55,988,559	51,974,137
Protección S.A.	-	14,916,362
Celsia S.A. E.S.P	-	1,950
Compuredes S.A.	-	29,081
Sura Asset Management S.A.	225,318,300	118,937,499
GIS Panamá S.A. (usufructo)	26,715,891	
Inversiones y Construcciones Estratégicas S.A.S	-	60,000,000
Total	661,719,102	560,736,809

Out of the entire amount of cash dividends received in 2014, 29.87% were paid by Bancolombia S.A., 10.34% by Grupo Nutresa S.A., 13.24% by Suramericana S.A., 8.46% Grupo Argos S.A., 34.05% Sura Asset Management S.A. and 4.04% Grupo de Inversiones Sura Panamá S.A.

#### **OUR STRENGTHS**

1) GRUPO SURA holds equity interests in several companies who in turn own leading companies in Colombia, Mexico, El Salvador, the Dominican Republic, Panama, Peru, Chile Guatemala and Uruguay. Grupo Sura has invested in well established companies mainly in the financial service, insurance, health care, occupational risk, pension fund and complementary service sectors, and to

- a lesser extent in several industrial sectors, including food processing, cement and readymix concrete, energy, port services, coalmining and real estate.
- 2) Robust stream of sound cash flows diversified across different countries and sectors. Grupo Sura derives most of its cash flows from dividends received from a diversified group of companies operating across various industries and countries within Latin America. In recent years, these companies have consistently paid dividends, which have been increasing by at least the rate of inflation as measured by the IPC.
- 3) Strong balance sheet that supports the growth of our business. At December 31,

2014, Grupo Sura's shareholders' equity came to COP 22,702,392 million with a total debt-to-asset ratio of just 3.8%. Grupo Sura has historically financed its expansion primarily with operating cash flows and the proceeds from sales of non-strategic assets. Here it is important to add that at the end of last year, the Company's indebtedness was substantially low given the size of its portfolio of investments.

- 4) Multi-product, multi-segment and multichannel business model. Grupo Sura has increased its market share in the Latin American financial services sector by developing an integrated business model, allowing us to take full advantage of the synergies existing between our different banking, insurance and pension fund businesses while accessing a wider customer base, creating greater customer loyalty while at the same time strictly complying with all applicable regulations in each country and abiding by all legal restrictions. Our integrated business model represents a true competitive advantage for our different companies while creating a significant entry barrier that protects us from the competition.
- 5) Commitment to best practices, corporate governance and sustainable development. Our Corporate Governance Code was first introduced in 2002 and we have been publishing annual corporate governance reports since 2005. The guiding principle behind our corporate governance policies is to champion a business policy governed by principles of fairness, respect, responsibility and transparency while remaining firmly committed to both the region and its people. Our Corporate Governance

- Code follows international standards regarding relationships with regulatory entities, independent board members. the role of the boards of directors, board committees as well as controlling and disclosing information. Also, and as part of our commitment to sustainability and in deploying our corporate responsibility model, Grupo SURA and its subsidiaries participate in social development projects in the form of institutional donations and the work of its corporate volunteer corps, through its foundation, the Fundación Suramericana. These initiatives help to improve the quality of life of the more vulnerable segments of the population by helping them to develop their skills.
- 6) Great human talent. The people who work for Grupo SURA are both knowledgeable and widely experienced and its Senior Management team has an excellent track record. The Company places a lot of importance on the human element with particular emphasis on integrity and the corporate values which form part of our organizational culture. With regard to the Company's Senior Management, the majority of its members have held senior positions in various industries both in Colombia as well as the rest of Latin America, and at the same time have worked for Grupo SURA or its related companies for all of their working lives.

#### **OUR CORPORATE STRATEGY**

In 2014, Grupo Sura made great efforts in strengthening its corporate role, as defined in its strategic road map, the purpose of which is to guide its relations with its core investments.

Clearly as we are able to achieve a greater level of coordination, identifying and harnessing existing synergies and working together in the spirit of our mutual interests, we shall be able to further the growth of our business, creating added value for our core investments and guaranteeing our sustainability over the long term.

Here, Grupo Sura's strategic focus, as defined for the next few years, centers on providing added value and building trust. Growth shall consequently be driven by innovation, creating greater synergies as well as expanding and developing the different markets. The Group's human talent, financial strength, sound corporate reputation and brand image as well as a management model, firmly based on our Corporate Governance principles, form the basis for this growth. Also, all these different facets of our performance must be enshrined in a corporate culture and philosophy shared by all, as well as a firm commitment to enhancing our business sustainability

## PROGRESS MADE WITH OUR DIFFERENT BUSINESSES

a) Our core investments. The main companies that make up the Group's investment portfolio are all leaders on their respective markets We plan to maintain our leadership in these markets by employing highly skilled individuals with specialized knowledge,

- offering superior products and solutions to our clients, investing in research and development for greater innovation, fostering customer loyalty by providing a combination of personalized service and high-quality products and services at competitive prices and ensuring that our companies continue to uphold our guiding principles of fairness, respect, responsibility and transparency.
- b) Expanding into selected international markets and driving the growth of all those companies that form part of our portfolio of strategic investments in the financial services, insurance, social security, pension fund and complementary services sectors. In driving our sustainable growth and expanding our business, the Company has continued to adopt international practices and standards with regard to responsible investing. We are well aware that developing a business on a global level poses a series of risks and opportunities that require us to uphold responsible practices when it comes to investing. Today, we have put into a place a Group-wide general policy governing responsible investing on the part of our companies, who must apply all applicable environmental, social and good governance criteria when analyzing present and future investments.
- c) Maintaining and enhancing a strong, diversified and increasing stream of cash flows. By expanding our presence within the region, we seek to maintain and enhance the financial strength of our companies while diversifying our sources of revenues. In so doing, we aim to ensure that our dividend flows continue to be well diversified across various industries and countries, rising at

similar or faster rates than in recent years. Also, and to ensure that our growth shall not hamper our strong credit position, we intend to continue with our long-term policy of maintaining conservative leverage levels.

#### **BOARD OF DIRECTORS**

Our Board of Directors, in keeping with our by-laws, consists of seven directors who are appointed at annual ordinary shareholders' meetinas.

The current members of the Board of Directors were appointed by the shareholders in the ordinary shareholder's meeting held on March 27, 2014. Members of the Board of Directors serve for terms of two years. The term of each of the current board members expires in March 2016. Directors may be appointed for additional terms without limitation.

The following table sets forth certain information regarding the current members of our Board of Directors:

Principal member

#### NAME TITLE Armando Montenegro Trujillo (1) Chairman Hernando Yepes Arcila (1) Vice-Chairman José Alberto Vélez Cadavid Principal member Carlos Ignacio Gallego Palacio Principal member Juan Guillermo Londoño Posada Principal member Carlos Antonio Espinosa Soto (1) Principal member

Jaime Bermúdez Merizalde (1)

#### **SENIOR MANAGEMENT**

Our current executive officers are as follows:

NAME	TITLE
David Bojanini García	Chief Executive Officer
Fabián Fernando Barona Cajiao	Corporate Auditor
Ignacio Calle Cuartas	Chief Corporate Finance Officer:
Fernando Ojalvo Prieto	Chief Corporate Affairs Officer

#### **BOARD COMMITTEES**

#### **Corporate Governance Committee**

Made up of three members of the Board of Directors, one of whom must be the Board's Chairman. The Group's Chief Executive Officer attends these meetings by invitation. This Committee is responsible for issues regarding the Board of Directors, Senior Management, the Company's Good Corporate Governance and its sustainability performance.

#### **Investment Committee**

The Investment Committee consists of four members, three of whom must be members of the Board of Directors, one being its Chairman, who shall preside over committee meetings, together with Grupo Sura's Chief Executive Officer. This Committee is responsible for the Group's investments and as such must define the corresponding investment policies and criteria, study new business opportunities and the possibility of new strategic investments,

periodically evaluate the Group's current investments and decide on whether these are to continue as part of the Group's portfolio. It is also responsible for advising the Group's subsidiaries as to their own investments, as well as seeking and evaluating possible strategic partners and analyzing portfolio risk..

#### Finance, Risk and Audit Committee

his Committee is responsible for promoting a culture of control within the Company, following up on the application of its Code of Ethics, and evaluating all aspects of the Company's finances and accounting, including contingency planning and internal risk identification and management processes ensuring that the Company's Internal Control System is firmly implemented, as well as any other functions that may fall under their responsibility pursuant to applicable legislation. This Committee is responsible for reviewing

<sup>(1)</sup> Independent Member, in accordance with Colombian law.

the Company's annual and interim financial statements. It is also in charge of drawing up and approving the Company's risk policy and ensuring strict compliance with such. The Committee is comprised of three directors, all of whom must be independent.

#### Compensation and Development Committee

The Compensation and Development Committee is made up of three appointed members from the Board of Directors and is responsible for the strategic handling of the Company's human talent, ensuring the availability of critical human talent in being able to attract and retain such. as well as drawing up succession plans. It is with minimum stakes of 1%.

also in charge of formally evaluating Senior Management performance, making any recommendations required with regard to their performance-based remuneration, which shall be approved by the Company's Board of Directors and these shall strictly relate to the performance of each individual and the Company as a whole, while ensuring full compliance with Senior Management's remuneration policy.

#### **PRINCIPAL SHAREHOLDERS**

The following table contains certain information regarding the ownership of our ordinary shares at December 31, 2014 listing all those shareholders

29.73%

100.00%

SHAREHOLDER NUMBER OF ORDI-NARY SHARES HELD **SHAREHOLDER** % STAKE 24.34% Grupo Argos S.A. 140,018,149 10.32% Grupo Nutresa S.A. 59,387,803 58,230,450 10.12% Fondo de Pensiones Obligatorias Porvenir Moderado Fondo de Pensiones Obligatorias Protección Moderado 46,481,461 8.08% Cementos Argos S.A. 28,183,262 4.90% Fondo de Pensiones Obligatorias Colfondos Moderado 17,710,846 3.08% 14,733,486 2.56% Oppenheimer Developing Markets Fund Fondo Bursátil Shares Colcap 9,466,074 1.65% 9,178,289 Colombiana de Comercio S.A. Corbeta y/o Alkosto S.A. 1.60% Celsia S.A. E.S.P. 8,341,163 1.45% Vanguard Emerging Markets Stock Index Fund 6,285,153 1.09% Fondo de Pensiones Obligatorias Skandia 6,282,822 1.09%

171,073,265

575,372,223

Our ordinary shares are traded on the Colombian Stock Exchange (BVC) under the ticker symbol "GRUPOSURA", and our Level 1 American Depositary Receipts ("ADRs") are traded on the Over-the-Counter-Market ("OTC Market") in the United States under the symbol "GIVSY." Our preferred shares, on the other hand, trade on both the Colombian Stock Exchange (BVC) under the ticker symbol "PFGRUPSURA") as well as on the OTC market in the United States in the form of ADRs Level 1 under the symbol "GIVPY".

#### IMPLEMENTING INTERNATIONAL **FINANCIAL REPORTING STANDARDS - IFRS**

In accordance with that stipulated in Law 1314 of 2009 as well as the subsequent Regulatory Decrees Nos. 3022 and 3023 issued in December 2012, Grupo de Inversiones Suramericana S.A. is obliged to migrate from Generally Accepted Accounting Principles in Colombia (COLGAAP) to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board - IASB

The Technical Board of Public Accounting in Colombia (the authority responsible for the technical normalization of accounting financial reporting and information assurance standards), divided these up into three groups in order to proceed with this transition. Grupo de Inversiones Suramericana S.A., belongs to Group 1 whose obligatory transition period shall begin on January 1, 2014 so that IFRS-based comparative financial statements can begin to be issued as of December 31, 2015.

In 2014, the Company submitted to the Colombian Superintendency of Finance, pursuant to that stipulated in External Circulars 038 issued in

December 2013 and June 14, 2014, its Opening Statement of Financial Position at January 01. 2014, as well as a summary of the main accounting policies used to draw up said opening statement, together with the exemptions and exceptions applicable with regard to the corresponding technical and legal framework.

For all legal purposes, the financial statements at December 31, 2014 and December 31, 2013, will be the last financial statements to be drawn up in accordance with that stipulated in Decrees 2649 and 2650 of 1993 and the regulations in force on said dates in Colombia

[1] Including 16,229 shareholders, who individually hold less than 1.0% of Grupo SURA's ordinary and preferred stock

Otros accionistas con participación menor al 1.0%(1)

## NOTE 2

## SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

## (a) Basis for Preparing and Presenting the Financial Statements

The Company's financial statements are prepared and presented pursuant to generally-accepted accounting principles in Colombia as well as instructions given by the Colombian Superintendency of Finance to issuers. These accounting principles may well differ from International Accounting Standards.

#### (b) Materiality (or relative importance

All economic events are recognized and presented according to their relative importance. Upon preparing the financial statements, materiality was determined based on total current assets and liabilities, total assets and liabilities, working capital, shareholders' equity and results for the year, as appropriate

As a general rule, we applied a materiality threshold of 5% of the total value of assets and operating revenues.

#### (c) Transactions and Balances in Foreign Currency

Transactions conducted in foreign currencies are posted by applying the exchange rate applicable on the date of the transaction.

The balances of our assets and liabilities in foreign currency, at December 31, 2014 and December 31, 2013 were converted to Colombian pesos using the respective yearend market exchange rates of COP 2.392,46 and COP 1.926,83 per US dollar. Exchange differences resulting from adjustments to assets are posted on the income accounts, those relating to liabilities are applied to the assets in question until the asset is ready to be either used or sold and thereafter posted on the income accounts.

Pursuant to Decree No. 4918 issued December 26, 2007 by the Colombian Ministry for Commerce, Industry and Tourism, exchange differences resulting from equity investments in foreign subsidiaries must be posted as a higher or lower value of the Company's equity; and when the investment in question is sold off, this value is posted on the income accounts for the corresponding fiscal year.

#### (d) Use of Estimates

The preparation of financial statements according to generally-accepted accounting principles in Colombia requires that Company Management records estimates and provisions affecting the reported values

of the Company's assets and liabilities, and for all contingent assets and liabilities to be disclosed on the date on which the financial statements are drawn up. Therefore, the real results recorded could differ from the figures thus estimated.

#### (e) Cash equivalents.

For the purposes of its Statement of Cash Flows, the Company considers fiduciary rights on ordinary mutual funds as well as negotiable shares and certificates of deposit as cash equivalents.

#### (f) Investments

For valuation purposes, investments are classified according to the following criteria:

- Their intent and purpose: that is to say whether they are negotiable or permanent.
- Their corresponding yield: fixed, variable or a combination thereof
- Control held over the issuer: controlling or non-controlling stakes.
- The reason behind the investment: voluntary or mandatory
- The rights granted by the security: participating and non-participating

Investments are appraised and posted as follows:

- Negotiable investments: at their market value, and all variations with regard to their latest book values are recorded in the income accounts alongside each investment.
- Controlling investments: these are companies in which more than a 50% stake is held and which appear in the Colombian Trade Registry as under the Company's control

As part of the accounting process, the value of these is either increased or decreased in books depending on any changes in the subsidiary's equity subsequent to its acquisition, this based on the percentage stake held, and any adjustments made thereto are recorded in the income accounts as well as the capital surplus account

The equity method is used, pursuant to that laid out in Joint Circular No. 11 issued August 18, 2005 by both the Colombian Superintendency of Companies and the

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The difference between the book value of these investments and their intrinsic value is posted as a gain or a provision as the case may be (which is then charged to the income accounts).

Pursuant to Decree No. 4918 issued December 26, 2007 equity investments in foreign subsidiaries must be restated in the functional currency using the applicable exchange rate, as certified by the Colombian Superintendency of Finance, or any other authority that should replace said Superintendency, posting the difference between the book value of said assets and their restated value as an increase or decrease in the value of the Company's equity, in the account where equity variances are recorded. When the investment in question is sold off, any adjustments in the exchange difference recorded in the equity accounts shall affect the results for the corresponding period.

Permanent (non-controlling) investments: should the value of the investments sold be higher than their book cost, the difference represents a gain for the period and this is posted in the valuation offset accounts (as a valuation against valuation surplus). Should the value of the investments sold be lower than their book cost, the difference is charged first to the valuation account and then to the valuation surplus account, up to the amount contained in said accounts with any amounts left over constituting a loss in the value of the investment which is then charged to the aforementioned accounts as a lower value of these same, regardless of the contrary nature of their net balances.

The Company implements an investment provision policy which is similar to that of used by companies coming under the oversight of the Colombian Superintendency of Finance. Investments rated lower than an investment grade (BBB) are posted at values which should not exceed the following percentages:

**LONG TERM** MAXIMUM VALUE % SHORT TERM MAXIMUM VALUE % BB+, BB, BB-3 80 60 50 B+, B, B-4 40 5 y 6 0 CCC DD, EE  $\cap$ 

Investments which are not rated by outside rating agencies, are internally rated according to their inherent risk and are posted as a percentage of their commercial value, as shown below:

A:	Normal Risk:	100%
B:	Acceptable Risk:	80%
C:	Appreciable Risk:	60%
D:	Significant Risk:	40%
E:	Uncollectible:	0%

#### (g) Related Parties

Grupo Sura's related parties are companies that come under its direct or indirect control, as well as members of its Board of Directors and Senior Management.

Colombian legislation sets forth certain restrictions and limitations on transactions carried out with related parties, such as the directors and senior management of a company, as well as its subsidiaries.

Restricted or prohibited transactions are duly stipulated in the Colombian Code of Commerce, as amended by Law 222 of 1995. This law establishes, among other things, the following: all subsidiaries must carry out their activities independently and with sufficient administrative autonomy; (ii) transactions between the parent company and its subsidiaries or affiliates must be of a real nature and may not differ considerably from standard market conditions, nor be to the detriment of the Colombian government, stockholders or third parties and (iii) subsidiaries may not acquire any shares issued by their parent company.

Furthermore, our Corporate Governance Code stipulates that all transactions carried out between Grupo Sura and its shareholders, directors and senior executives must be carried out on an arm's length basis and with the utmost transparency, fairness and impartiality.

Grupo Sura has engaged in a variety of transactions with related parties in the ordinary course of business, such as credit facilities and other financial services from subsidiaries belonging to Bancolombia and Suramericana. The prices, interest rates and the terms and conditions set forth in the corresponding agreements are comparable to those that would be obtained through armslength negotiations with unrelated parties.

During the last two fiscal years, Grupo Sura has not been involved in any transaction with any related party that could have had a material effect either on us or any of our related parties or was performed outside Grupo Sura's ordinary course of business.

#### (h) Deferred Charges

Los diferidos están representados por seguros, los cuales se amortizan durante la vigencia de la póliza.

#### (i) Property, Plant and Equipment

Equipment is posted at its purchase cost (which included the effect of inflation up to December 31, 2006). Depreciation is calculated by applying the straight-line method (to its inflation-adjusted cost) during the estimated useful life of the asset in question. The annual depreciation rates used are as follows:

Buildings 5%
Office equipment, furniture and fixtures 10%
Computer equipment 20%
Vehicles 20%

#### (j) Intangibles

Intangible items consist of acquired goodwill, trademarks, non-competition agreements and contractual relations with clients.

#### Acquired goodwill

As part of an overarching standard, and in keeping with that laid out in Article 11 of Decree No. 2649 of 1993 with regard to essence over form, goodwill resulting from the acquisition of Compuredes S.A. was posted in books according to the International Financial Reporting Standard (IFRS) 3, using the acquisition accounting method on the date on which control of this company was effectively transferred. This goodwill corresponded to the purchase price paid on the date Compuredes was acquired, less the reasonable value of the corresponding net assets acquired, including intangible items (trademarks, non-competition

agreements and contractual relations with clients) valued on the date of said acquisition.

Goodwill posted in this manner is not amortized but is subjected to impairment tests on an annual basis.

#### Trademarks, Non-Competition Agreements and Contractual Relations with Clients

This includes the reasonable value of all those rights obtained upon acquiring Compuredes S.A. on the corresponding acquisition date, the exercise or use of which may produce economic benefits over various determinable periods.

For the purpose of recognizing the extent to which the assets in question contribute to the Company's income, these are systematically amortized during their useful life, using the straight-line method as follows:

the methodology used for business combinations and contractual relations with clients, the Colombian Superintendency of Finance considers it reasonable to post these in books pursuant to that provided in Official Notice 2012072089-003-000 issued on December 26, 2012.

With regard to the application of

#### (k) Financial Derivatives

These represent the value of all those financial arrangements that are set up for the purpose of managing liability risk, and consist of purchasing or selling assets such as foreign currencies, shares or futures to hedge exchange and interest rates, stock indexes or any other underlying asset that may be agreed upon, which are then settled at a future date accorded between the parties.

The Company enters into hedging arrangements in order to protect itself from fluctuations with the exchange rate, that is to say it does not in any way use this type of arrangement for speculative purposes. Hedging arrangements are conducted with banks and other counterparts.

#### (I) Valuation Gains and Losses

In the case of permanent, non-controlling investments, the difference between their cost and intrinsic value or stock market price and book cost is recorded in the valuation accounts crediting the valuation surplus account Should their intrinsic value be less than their book cost the difference is deducted from the valuation and valuation surplus accounts, and should there remain any amount left over this is considered as a

loss affecting the aforementioned accounts as a lower value of these, regardless of the contrary nature of their net balances.

#### (m) Bonds and Commercial Paper

These are amounts received by the economic entity as a result of issuing and selling bonds and commercial paper classified as credit securities issued for the purpose of financing working capital.

## (n) Income Tax and Equality Income Tax (CREE in Spanish)

Income tax expense, including income equality tax, is determined based on taxable income, this being either taxable net income or presumptive income depending on whichever value is the highest. The effect of temporary differences that imply calculating higher or lower taxes to be paid for the current year, based on current tax rates, is posted as a deferred tax asset or liability, as applicable, providing said differences are reasonably expected to be reversed

#### (o) Memorandum Accounts

These accounts contain events, circumstances, agreements and contracts that may entail certain rights or obligations that could affect the Company's financial structure. These include control accounts used for assets, liabilities, equity and management information or for controlling future financial situations and differences between accounting records and tax returns

## (p) Recognition of Revenues, Costs and Expense

Operating revenues, costs and expense are recognized on an accrual basis.

#### INTANGIBLE ASSET USEFUL LIFE (YEARS)

Trademarks	1.0
Non-Competition Agreements	5.0
Contractual relations with clients	5.5

#### (q) Earnings Per Share

Earnings per share for the years 2014 and 2013 were calculated based on 575,372,223 shares outstanding.

## NOTE 3

#### **BALANCES IN FOREIGN CURRENCY**

The following is a breakdown of the balances in foreign currency held at December 31:

	2014	2013
	USD	USD
Cash and banks	822	74
Investments	85,588	74,383
Deposits	8,550	-
Net excess asset position	94,960	74,457
		=

## NOTE 4

#### **CASH AND BANKS**

The following is a breakdown of the Cash and Banks account at December 31:

		2014	2013
Cash and due from banks	COP	600	300
Petty cash – foreign currency		4,849	3,080
Banks:			
Domestic		391,785	365,595
Foreign		1,966,702	140,343
Savings accounts (1)	COP	1,442,395	200,835,111
		3,806,331	201,344,429

[1] The balance of the savings accounts held at year-end 2014 includes liquidity used to pay off financial obligations as well as operating and investment expense, whereas the amount corresponding to year-end 2013 corresponds to short-term funds used to pay off financial obligations.

The cash and due from banks account is free from any constraint or encumbrance.

## NOTE 5

#### **INVESTMENTS**

The following is a breakdown of investments held at December 31:

		2014	2013
Negotiable (1)	COP	2,700,202	10,133,717
Permanent (2)			
Non-controlling		4,184,784,779	3,459,548,785
Controlling		7,510,514,040	6,523,940,633
		11,695,298,819	9,983,489,418
Provision for permanent investments		[129,435,233]	(55,937,968)
	СОР	11,565,863,586	9,927,551,450

(1) The following is a breakdown of investments held at December 31:

#### 2014

COMPANY	ECONOMIC ACTIVITY		BOOK BALANCE
Serfinco S.A. Comisionista de Bolsa	Finance	COP	92,178
Corredores Asociados S.A.	Finance		69,925
Valores Bancolombia S.A - Renta liquidez	Finance		2,301,502
Fonval Credicorp	Finance		45,771
BTG Pactual S.A. Fondo Liquidez	Finance		190,826
		COP	2,700,202

#### 2013

COMPANY	ECONOMIC ACTIVITY		BOOK BALANCE
Serfinco S.A. Comisionista de Bolsa	Finance	COP	89,652
Corredores Asociados S.A.	Finance		5,027
Valores Bancolombia S.A - Renta liquidez	Finance		5,126,361
Bonos convertibles en acciones	Finance		4,879,033
BTG Pactual S.A. Fondo Liquidez	Finance		33,644
		COP	10,133,717

(2) The following is a breakdown of permanent investments held at December 31 2014 and December 31, 2013:

#### Non-controlling:

#### 2014

COMPANY	NO. SHARES	ECONOMIC ACTIVITY		BOOK BALANCE	% STAKE	NO. SHARES PLEDGED AS COLLATERAL
Fogansa S.A.	176,000	Livestock	COP	352,000	0.29	-
Enka de Colombia S.A.	1,973,612,701	Manufacturing		24,050,142	16.76	-
Grupo Nutresa S.A.	161,807,155	Finance		741,337,170	35.17	-
Grupo Argos S.A.	229,469,152	Finance		1,474,161,497	28.93	-
Bancolombia S.A. Preferencial	22,412,588	Finance		542,384,630	2.33	
Bancolombia S.A.	231,812,571	Finance		1,398,371,541	24.10	-
Valores Bancolombia S.A. Escala Capital	-	Finance		2,853,461	-	-
Fiduciaria Bancolombia S.A. Fondo de Capital Privado Progresa Capital		Finance		1,160,322	-	-
Valores Bancolombia S.A. Renta Capital	-	Financiera		88,440	-	-
Clubes Sociales	-			25,576	-	-
			\$	4,184,784,779		

**NO. SHARES** 

#### 2013

COMPANY	NO. SHARES	ECONOMIC ACTIVITY		BOOK BALANCE	% STAKE	NO. SHARES PLEDGED AS COLLATERAL
Fogansa S.A.	176,000	Livestock	COP	352,000	0.29	
Enka de Colombia S.A.	1,973,612,701	Manufacturing		24,050,142	16.76	
Grupo Nutresa S.A.	161,807,155	Finance		741,337,170	35.17	1,092,757
Grupo Argos S.A.	230,501,123	Finance		1,478,365,721	29.14	904,661
Bancolombia S.A.	227,194,912	Finance		1,211,115,855	26.67	8,770,581
Valores Bancolombia S.A. Escala Capital	-	Finance		3,129,467	-	-
Fiduciaria Bancolombia S.A. Fondo de Capital Privado Progresa Capital		Finance		1,074,590	-	-
Valores Bancolombia S.A. Renta	_	Finance		98.266	-	-
Capital						
Clubes Sociales				25,576	-	
			COP	3,459,548,785		

#### **Controlling Investments:**

#### 2014

COMPANY	NO. SHARES	ECONOMIC ACTIVITY		BOOK BALANCE	% STAKE	PROFIT (LOSS) EQUITY METHOD
Inversiones y Construcciones Estratégicas S.A.S	1,325,696	Construction	COP	100,626,893	100.00	3,468,794
Sura Asset Management S.A.	1,568,632	Finance		5,300,684,132	59.95	174,755,286
Suramericana S.A.	55,530	Finance		1,993,081,123	81.13	362,227,007
Enlace Operativo S.A.	1,612	Services		213,694	5.74	55,943
Grupo Sura Finance S.A.	10,000	Finance		23,924	100.00	(7,473,276)
Compuredes S.A.	75,337	Services		956,416	5.43	82,146
Integradora de Servicios Tercerizados S.A.S	144,500	Technology		44,357,969	96.33	897,440
Grupo de Inversiones Suramericana Panamá S.A.	78,107,768	Finance		70,569,889	100.00	[65,798,147]
			СОР	7,510,514,040		468,215,193

#### 2013

COMPANY	NO. SHARES	ECONOMIC ACTIVITY		BOOK BALANCE	% STAKE	PROFIT (LOSS) EQUITY METHOD
Inversiones y Construcciones Estratégicas S.A.S	1,325,696	Construction	COP	80,030,077	100.00	8,471,836
Sura Asset Management S.A.	1,568,632	Finance		4,676,791,191	59.95	250,239,376
Suramericana S.A.	55,530	Finance		1,721,289,381	81.13	213,295,218
Enlace Operativo S.A.	1,612	Services		157,751	5.74	(51,300)
Grupo Sura Finance S.A.	10,000	Finance		48,876	100.00	[1,356,234]
Compuredes S.A.	75,337	Services		874,268	5.43	71,016
Integradora de Servicios Tercerizados S.A.S	94,500	Technology		38,664,426	94.50	[1,002,261]
Grupo de Inversiones Suramericana Panamá S.A.	74,372,893	Finance		6,084,662	100.00	(32,235,041)
			СОР	6,523,940,633		437,432,610

#### **PROVISION FOR INVESTMENTS**

Movements in the provision for investment accounts corresponding to the years ended December 31, 2014 and December 31, 2013 are broken down as follows.

		2014	2013
Opening balance	\$	55,937,968	22,341,026
Provision expense	<u> </u>	225,842	5,667
Movements – Equity Method (1)		73,271,423	33,591,275
Closing balance	\$	129,435,233	55,937,968

<sup>(1)</sup> Corresponding to having recognized the loss sustained by the subsidiary Grupo Sura Finance and Grupo de Inversiones Suramericana Panamá, over and above the corresponding cost.

The following is a breakdown of investments posted in books using the Equity Method:

#### 2014

COMPANY		ASSETS	LIABILITIES	EQUITY	PROFIT OR LOSS
Grupo Sura Finance S.A.	COP	691,598,480	722,624,600	[31,026,120]	(1,508,553)
Inversiones y Construcciones Estratégicas S.A.S		127,100,290	26,473,396	100,626,894	3,468,794
Suramericana S.A.		2,583,045,587	126,347,881	2,456,697,706	454,020,718
Enlace Operativo S.A.		8,357,789	4,634,504	3,723,285	974,718
Compuredes S.A.		51,994,584	34,446,479	17,548,105	1,440,681
Sura Asset Management S.A.		9,706,289,620	864,989,068	8,841,300,552	173,410,563
Integradora de Servicios Tercerizados S.A.S		46,126,062	127,991	45,998,071	883,335
Grupo Inversiones Suramericana Panamá S.A.		713,023,294	751,526,146	[38,502,852]	[33,884,404]
	COP	13,927,535,706	2,531,170,065	11,396,365,6412	598,805,852
Effect on the income accounts via the equity method, in terms of net earnings					468,215,193
Effect on assets					986,573,407
Effect on the surplus account via the equity method					719,098,580
Adjustments for exchange differences					40,145,565
Net effect on the surplus account via the equity method					759,244,145

COMPANY		ASSETS	LIABILITIES	EQUITY	PROFIT OR LOSS
Grupo Sura Finance S.A.	COP	558,456,993	581,985,514	(23,528,521)	(1,404,659)
Inversiones y Construcciones Estratégicas S.A.S		145,786,135	65,756,058	80,030,077	8,471,836
Suramericana S.A.		2,188,942,089	67,258,418	2,121,683,671	262,910,459
Enlace Operativo S.A.		7,725,471	4,976,905	2,748,566	[893,820]
Compuredes S.A.		45,683,806	29,576,382	16,107,424	1,308,397
Sura Asset Management S.A.		8,958,375,283	1,157,699,784	7,800,675,499	417,387,925
Integradora de Servicios Tercerizados S.A.S		45,091,981	4,177,245	40,914,736	(1,060,594)
Grupo Inversiones Suramericana Panamá S.A.		608,842,626	598,594,833	10,247,793	[23,398,831]
	COP	12,558,904,384	2,510,025,139	10,048,879,245	663,320,713
Effect on the income accounts via the equity method, in terms of net earnings					437,432,610
Effect on assets					1,032,291,940
Effect on the surplus account via the equity method					502,323,216
Adjustments for exchange differences					83,794,046
Net effect on the surplus account via the equity method					586,117,262

The following is a breakdown of the equity structure of all those controlling companies that are recorded in books using the equity method:

#### 2014

COMPANY		CAPITAL	RESERVES	SURPLUS	PROFIT OR LOSS FROM PRIOR YEAR	PROFIT OR LOSS FOR CURRENT YEAR	TOTAL EQUITY
Grupo Sura Finance S.A.	COP	19,427	-	(5,947,961)	(23,589,034)	(1,508,553)	(31,026,120)
Inversiones y Construcciones Estratégicas S.A.S		2,359,739	31,810,110	62,988,251		3,468,794	100,626,894
Suramericana S.A.		34,223	1,222,775,096	779,867,669		454,020,718	2,456,697,706
Enlace Operativo S.A.		2,810,400	13,041	10,949,360	[11,024,234]	974,718	3,723,285
Compuredes S.A.		1,388,000	3,563,242	11,156,182		1,440,681	17,548,105
Sura Asset Management S.A.		2,616,407	59,070,879	8,606,202,703		173,410,563	8,841,300,552
Integradora de Servicios Tercerizados S.A.S		150,000		47,669,643	[2,704,907]	883,335	45,998,071
Grupo Inversiones Suramericana Panamá S.A.		151,429,047		9,859,534	[165,907,029]	[33,884,404]	(38,502,852)

#### 2013

COMPANY		CAPITAL	RESERVES	SURPLUS	PROFIT OR LOSS FROM PRIOR YEAR	PROFIT OR LOSS FOR CURRENT YEAR	TOTAL EQUITY
Grupo Sura Finance S.A.	COP	19,427	_	41,717	(22,232,803)	(1,356,234)	(23,527,893)
Inversiones y Construcciones Estratégicas S.A.S		2,359,739	23,338,273	45,860,230		8,471,836	80,030,077
Suramericana S.A.		34,223	1,067,865,104	790,873,884	-	262,910,459	2,121,683,671
Enlace Operativo S.A.		2,810,400	13,041	10,949,360	(10,130,414)	(893,820)	2,748,566
Compuredes S.A.		1,388,000	2,254,846	11,156,181	-	1,308,397	16,107,424
Sura Asset Management S.A.		2,616,407	21,503,655	7,359,167,512	-	417,387,925	7,800,675,499
Integradora de Servicios Tercerizados S.A.S	_	100,000		43,519,643	[1,644,313]	(1,060,594)	40,914,736
Grupo Inversiones Suramericana Panamá S.A.		144,330,394	_	31,824,478	(142,508,248)	[23,398,831]	10,247,793

## NOTE 6

#### **ACCOUNTS RECEIVABLE**

The following is a breakdown of Accounts Receivable at December 31:

		2014	2013
Advance payments	COP	-	57,033
Promissory bills of sale (See Note 21)		18,846	90,096
Dividends receivable (1)		-	16,155,626
Interest receivable (See Note 21)		81,021,941	72,098,964
Deposits on share subscriptions (See Note 21)		-	447
Prepaid tax (2)		45,455,533	-
Other accounts receivable		76,413,251	50,023,594
Stock brokerage firms		21,562	-
Swaps (3)		91,966	6
Contratos Swap [3]		3,492,808	2,222,173
	СОР	206,515,907	140,647,939

## (1) The following is a breakdown of the Dividends Receivable account at December 31:

		2014	2013
Bancolombia S.A	COP	44,971,639	42,826,241
Bancolombia S.A Preferencial		4,348,042	-
Grupo Nutresa S.A.		17,475,173	16,018,908
Grupo Argos S.A.		14,227,087	13,253,815
	СОР	81,021,941	72,098,964

(2)The following is a breakdown of the Pre-Paid Tax account at December 31:

		2014	2013
Income Tax	COP	-	7,248,595
Industry and Commerce Tax		6,100,738	4,869,892
Withholding tax		55,516,129	37,895,147
Surpluses pending settlement		14,786,425	-
Withheld sales tax		9,959	9,959
	СОР	76,413,251	50,023,594

(3) The year-end nominal value of the Company's swaps is broken down as follows:

#### 2014

TYPE		NOMINAL VALUE	MATURITY DATE
Swap Rights - Citibank	COP	16,283,167	Mayo 2021
Swap Rights – JP Morgan		10,227,767	Mayo 2021
Swap Obligations – JP Morgan		( 9,011,250)	Mayo 2021
Swap Obligations – Citibank		[14,006,876]	Mayo 2021
	СОР	3,492,808	

TYPE		<b>NOMINAL VALUE</b>	MATURITY DATE
Swap Obligations – Citibank	COP	6,122,682	 Mayo 2021
Obligación Swaps- Citibank		(3,900,509)	Mayo 2021
	СОР	2,222,173	

## NOTE 7

PROPERTY, PLANT AND EQUIPMENT

The following is a breakdown of the Property,
Plant and Equipment account at December 31:

	2014	2013
COP	2,696,633	-
	13,538,366	-
	600,493	481,121
	151,994	96,098
	186,835	194,854
	1,573,347	1,351,873
	(1,212,901)	(899,210)
СОР	17,534,767	1,224,737
		COP 2,696,633 13,538,366 600,493 151,994 186,835 1,573,347 (1,212,901)

## NOTE 8

#### **INTANGIBLES**

The following is a breakdown of the Intangibles Account at December 31:

	2014	2013
COP	1,766,713	1,766,713
	-	17,695
	147,152	204,802
СОР	1,913,865	1,989,210
		COP 1,766,713 - 147,152

e following is a breakdown of Contractual Relations with Clients at December 31:

INTANGIBLE ASSET	INTANGIBLE VALUE	ESTIMATED LIFE IN YEARS	INSTALLMENTS PENDING AMORTIZATION	AMOUNTS AMORTIZED IN 2014		BOOK VALUE
Acuerdos de no competencia	17,695	5.0	18	7,078	COP	10,618
Relaciones contractuales con clientes	204,802	5.5	24	68,268		136,534
					СОР	147,152

#### 2013

INTANGIBLE ASSET	INTANGIBLE VALUE	ESTIMATED LIFE IN YEARS	INSTALLMENTS PENDING AMORTIZATION	AMOUNTS AMORTIZED IN 2014		BOOK VALUE
Non-competition agreements	24,769	5.0	30	7,078	COP	17,695
Contractual relations with clients	273,074	5.5	36	68,268		204,802
					СОР	222,497

NOTE 9

VALUATIONS
The following is a breakdown of the Valuations account at December 31:

		2014	2013
Permanent equity investments:	COP	12,010,962,550	10,767,234,425

The companies recording valuation gains (losses ) at December 31 were as follows:

#### 2014

	ADJUSTED COST	MARKET VALUE	GAIN
СР	24,050,142	24,137,283	87,141
	542,384,630	634,628,118	92,243,488
	1,398,371,541	6,358,908,588	4,960,537,047
	741,337,170	4,536,088,839	3,794,751,670
	1,474,161,497	4,636,534,361	3,162,372,864
		970,340	970,340
СОР	4,180,304,981	16,191,267,530	12,010,962,550
	    	COST  CP 24,050,142  542,384,630  1,398,371,541  741,337,170  1,474,161,497  -	CP         24,050,142         24,137,283           542,384,630         634,628,118           1,398,371,541         6,358,908,588           741,337,170         4,536,088,839           1,474,161,497         4,636,534,361           -         970,340

COMPANY		ADJUSTED COST	MARKET VALUE	GAIN	LOSS
Enka de Colombia S.A.	COP	24,050,143	15,571,804	-	(8,478,338)
Bancolombia S.A.		1,211,115,855	5,384,046,849	4,172,930,994	-
Grupo Nutresa S.A.		741,337,170	4,287,391,241	3,546,054,072	-
Grupo Argos S.A.		1,478,365,721	4,534,111,525	3,055,745,804	-
PA Reacol S.A.		-	981,893	981,893	-
	COP	3.454.868.889	14,222,103,312	10,775,712,763	(8,478,338)

## NOTE 10

#### **FINANCIAL OBLIGATIONS**

The following is a breakdown of the Financial Obligations account at December 31:

#### 2014

	RATE	TERM (DAYS)		VALUE	COLLAT- ERAL	ACCRUED INTEREST
Banco de Bogotá S.A.	5.91%	180	COP	6,800,000	Acciones	13,414
			COP	6,800,000		13,414

#### 2013

	RATE	TERM (DAYS)		VALUE	COLLAT- ERAL	ACCRUED INTEREST
Bancolombia S.A.	IBR +1,8 mthly arrears	33	COP	10,000,000	Promisso- _rv note	38,609
Banco de Bogotá S.A.	IBR +1,75	108		90,000,000	Prómisso-	898,279
Banco AV Villas S.A.	DTF+1,4 EAR	357		17,000,000	ry note Promisso- rv note	20,141
Banco BBVA S.A.	4,91% EAR	106		42,863,799	Prómisso-	396,390
Banco Popular S.A.	DTF+1,45 annum	360		68,000,000	ry note Promisso- ry note	50,889
Repos - Correval S,A, [*]	4,85% EAR	22		8,230,685		14,984
Repos - Valores Bancolombia S,A (*)	5,01% EAR	18		33,902,986	Shares	179,001
Repos - Corredores Asociados (*)	4,92% EAR	26		9,784,236		40,356
Repos - BTG Pactual S,A (formerly Bolsa y Renta S.A.)[*]	5.01%	63		13,214,553	Shares	48,068
			COP	292,996,259		1,686,717

<sup>(\*)</sup> Transactions carried out with Correval S,A, Valores Bancolombia S,A, Corredores Asociados S,A,, and BTG Pactual S.A. consisted of equity repos and buy/sell backs on fixed-income securities

## NOTE **11**

Inversiones y Construcciones Estratégicas S.A.

#### **HER FINANCIAL OBLIGATIONS**

The following is a breakdown of the Other Financial Obligations account at December 31:

#### 2014

COMPANY	RATE	TERM (DAYS)	COLLATER- AL		BOOK VALUE	
Inversiones y Construcciones Estratégicas S.A.	Presuntiva	Cuenta Corriente	Pagaré	COP	997,541	
2013						
		TERM	COLLATER-		воок	
COMPANY	RATE	(DAYS)	AL		VALUE	

Presuntiva

Cuenta

Corriente

Pagaré

20,008,780

## NOTE **12**

#### **ORDINARY BONDS**

EOn May 7, 2014, Grupo de Inversiones On November 25, 2009, Grupo de Inversiones Suramericana S.A. issued on the local bond Suramericana S.A. issued on the local bond markets a total of COP 650,000,000 in senior market a total of COP 250,000,000 in senior notes divided up into four tranches, the first notes divided up into three tranches all three earning CPI-indexed coupon rate payable earning CPI-indexed coupon rates payable every quarter and the fourth earning an IBR- on a quarterly basis: (i) a 10-year tranche for indexed coupon rate payable on a monthly a total value of COP 54,500,000 bearing an basis. (i) a 5 year-tranche for a total value interest rate of the CPI+ 4.40%; (ii) a 20-year of COP 103,278,000 bearing an interest rate tranche totaling COP 98,000,000 bearing an equal to the CPI+ 3.24%; (ii) a 9-year tranche interest rate of the CPI + 5.90%; and (iii) a 40totaling COP 223,361,000 bearing an interest year tranche in the amount of COP 97,500,000 rate of the CPI + 3.80%; (iii) a 16-year tranche carrying an interest rate of the CPI + 6.98%. in the amount of COP 100,000,000 carrying an interest rate of the CPI + 4.15% and (iv) a 2-year tranche for a total value of COP 223,361,000 earning an IBR-indexed interest rate + 1.20.

## **NOTE 13**

#### **ACCOUNTS PAYABLE**

The following is a breakdown of the Accounts Payable account at December 31:

		2014	2013
Suppliers	COP	442,979	1,049,884
Costs and expense (1)		7,577,338	4,139,996
Dividends (2)		67,623,589	92,816,179
Withholding tax		327,438	331,272
Withheld sales tax		18,206	28,112
Withheld ICA tax in Bogotá		2,056	2,076
Withholdings and payroll contributions		375,358	400,318
Miscellaneous payables (3)		527,385	4,033,552
	СОР	76,894,348	102,801,389

## (1) The following is a breakdown of Costs and Expense at December 31:

		2014	2013
Banco de Bogotá S.A.	COP	13,413	898,279
Bancolombia S.A.		-	38,609
Repos - Valores Bancolombia S,A,		-	179,001
Banco BBVA S.A		-	396,390
Banco Popular S.A.		-	50,889
Banco AV Villas S.A.		-	20,141
Repos - Correval S,A,		-	14,984
Repos - Corredores Asociados S,A,		-	40,356
Repos - BTG Pactual S,A (formerly Bolsa y Renta S.A.)		-	48,068
Obligation 04 - 10-Year Bonds		409,610	332,196
Obligation 05 - 20-Year Bonds		876,670	737,505
Obligation 06 - 40-Year Bonds		972,232	832,786
Obligation 60 - 5-Year Bonds		1,025,790	-
Obligation 61 - 9-Year Bonds		2,396,836	-
Obligation 62 - 16-Year Bonds		1,122,448	-
Obligation 63 - 2-Year Bonds		757,566	-
Inversiones y Construcciones Estratégicas S.A.S		2,773	550,792
	СОР	7,577,338	4,139,996

<sup>(3)</sup> The following is a breakdown of the Miscellaneous Payables account at December 31:

	2014	2013
COP	6,178	14,983
	-	3,827
	8,258	7,412
	500,089	2,178,015
	-	(8,237,198)
	-	9,178,867
	-	(8,237,198)
		9,111,375
	12,860	13,469
СОР	527,385	4,033,552
		COP 6,178  - 8,258  500,089

- a) Non-delivery swap taken out with Citibank based on the following terms and conditions: USD 150,000, at a 5.70% fixed rate of interest with the principal of the obligation totaling \$267,000,000, at a rate of 6.8% payable on a half-yearly in arrears basis maturing in May 2021.
- b) Non-delivery swap taken out with JP Morgan based on the following terms and conditions: USD 150,000, at a 5.70% fixed rate of interest with the principal of the obligation totaling \$267,000,000, at a rate of 6.75% payable on a half-yearly in arrears basis maturing in May 2021.

<sup>(2)</sup> The balance of the dividends payable account consists of COP 46.888.271 in dividends on the Company's ordinary shares and COP 20.735.318 on its preferred shares.

## **NOTE 14**

#### LABOR LIABILITIES

The following is a breakdown of the Company's labor liabilities at December 31:

		2014	2013
Consolidated severance payments	COP	73,498	82,892
Interest on severance payments		8,300	9,663
Consolidated vacation payments		308,190	196,228
Extralegal bonuses		207,585	168,727
	СОР	597,573	457,510

## **NOTE 15**

#### **OTHER LIABILITIES**

The following is a breakdown of the Other Liabilities account at December 31:

		2014	2013
Grupo Nutresa S.A. (1)	COP	17,475,173	16,018,908
Inversiones Argos S.A. (1)		14,227,087	13,253,814
Deferred tax		165,060	165,060
	СОР	31,867,320	29,437,782

## NOTE 16

#### **ESTIMATED LIABILITIES AND PROVISIONS**

The following is a breakdown of the Company's Estimated Liabilities and Provisions at December 31:

		2014	2013
Income Tax	COP	77,291,090	57,987,095
Industry and Commerce tax		8,751,788	6,843,161
Labor liabilities		3,879,731	-
Contingencies		-	100,000
	СОР	89,922,609	64,930,256

The following is a breakdown of the Income Tax balance at December 31:

		2014	2013
Opening balance of estimated tax liabilities	COP	57,987,095	26,606,931
Income tax return		(37,800,608)	(19,241,236)
Value posted in books		57,104,603	50,621,400
Provision for income and complementary tax	СОР	77,291,090	57,987,095

The following is a breakdown of the provision for Industry and Commerce Tax at December 31:

		2014	2013
Opening Provision	COP	6,843,161	7,060,002
Plus amounts charged during the year		8,009,376	5,405,465
Prepaid amounts		-	(752,414)
Tax return		(6,100,749)	[4,869,892]
Closing provision for Industry and Commerce Tax	СОР	8,751,788	6,843,161

## NOTE **17**

#### **SUBSCRIBED AND PAID-IN CAPITAL**

The Company's authorized capital consists of 600,000,000 shares each with a nominal value 31, 2013 consisted of 575,372,223 shares.

of 187.50 Colombian pesos. Its subscribed and paid-capital at December 31, 2014 and December

## **NOTE 18**

#### STATUTORY RESERVE

According to that provided by law, the Company capital, providing it is used to wipe out losses

must set up a statutory reserve, appropriating that exceed the amount of undistributed profits. 10% of each year's net profits until 50% of the This reserve may not be used to either pay value of the Company's subscribed capital is dividends or cover expense or losses incurred reached. This reserve may be reduced to less during the entire time the Company remains in than 50% of the total value of its subscribed possession of undistributed profits.

## **NOTE 19**

#### OCCASIONAL RESERVES

Should the Company's Shareholders so decide at their Annual General Meeting, this reserve may be increased beyond fifty per cent (50%)

of the Company's subscribed capital, in which case this may be used for any purpose that the Company's shareholders should so determine.

		2014	2013
Decree No. 2336 of 1995 (unrealized gains on increased value of investments)	COP	332,247,870	332,247,870
For the protection of investments		3,706,830,391	3,185,027,266
	СОР	4,039,070,898	3,517,275,136

# NOTE 20

## **MEMORANDUM ACCOUNTS**

El siguiente es un detalle de las cuentas de The following is a breakdown of the Memorandum Accounts at December 31:

		2014	2013
Debit:	COP		
Tax		998,272,865	2,302,368,427
Securities pledged as collateral		1,791,225,350	832,643,510
Adjustments for inflation on assets		249,725,820	250,749,388
Written-off assets		577,613	577,613
		3,039,801,647	3,386,338,938
Credit:			
Adjustments for inflation on equity		1,100,394,018	1,100,394,018
Tax credit accounts		2,492,759,776	13,053,701,198
	COP 1	3,593,153,794	14,154,095,216

# **NOTE 21**

## **RELATED PARTIES**

#### a) Related companies:

Seguros Generales Suramericana S.A. Seguros de Vida Suramericana S.A. Inversiones y Construcciones Estratégicas S.A.S. Operaciones Generales Suramericana S.A. EPS y Medicina Prepagada Suramericana S.A. Consultoría en Gestión de Riesgos Suramericana S.A.S. Servicios de Salud IPS Suramericana S.A. Seguros de Riesgos Laborales Suramericana S.A. Diagnóstico y Asistencia Médica S.A. Dinámica IPS Zona Franca S.A.S. Sura Asset Management España S.L Enlace Operativo S.A. Grupo de Inversiones Suramericana Panamá S.A. Inversura Internacional Panamá S.A. Compuredes S.A. Seguros Suramericana S.A. (Panamá) Suramericana S.A. Integradora de Servicios Tercerizados S.A.S. Servicios Generales Suramericana S.A.S. Grupo Sura Finance S.A. Habitat Adulto Mayor S.A. Planeco Panamá S.A.

Sura Asset Management S.A.

#### (b) Members of the Board of Directors

José Alberto Vélez Cadavid Carlos Ignacio Gallego Palacio Juan Guillermo Londoño Posada Jorge Mario Velásquez Jaramillo Hernando Yepes Arcila Armando Montenegro Trujillo Hernando José Gómez Restrepo

## (c) Legal Representatives:

David Bojanini García Ignacio Calle Cuartas Fernando Ojalvo Prieto

The following is a breakdown of the balances held and transactions performed with related parties at December 31:

	INTEREST RATE	TERM	COLLATERAL	2014	2013
Asset					
Business checking account:					
Sura Asset Management S.A.	7.5% EA	6 month	Promissory note	COP -	57,033
Promissory bills of sale:(1)	_				
Seguros de Vida S.A.	NA	NA	Promissory agreement	COP -	16,155,626
Interest:	_				
Sura Asset Management S.A.				-	447
Deposits for future capitalizations:					
Inversiones Construcciones Estratégicas S.A.S (2)	NA NA	NA	NA	25,000,000	-
Grupo de Inv. Suramericana Panamá S.A. (2)				20,455,533	-
Property, Plant And Equipmen					
Seguros de Vida S.A.(1)	NA	NA	NA	8,700,000	
				54,155,533	16,213,106
Liabilities					
Other financial obligations:					
Inversiones y Construcciones Estratégicas SAS	Presumptive	Cta. cte.	Promissory note	997,541	20,008,780
Suppliers:					
Seguros de Vida Suramericana S.A.				79,374	-
Interest:					
Inversiones y Construcciones Estratégicas S.A.S.	Presumptive	Cta. cte.	Promissory note	2,773	550,792
Miscellaneous creditors:					
Servicios Generales Suramericana S.A.	Payroll de- ductions	1 month	NA	6,178	14,983
Seguros de Vida Suramericana S.A.				8,258	7,412
Seguros Generales Suramericana S.A.					3,827
				1,094,124	20,585,794

	INTEREST RATE	TERM	COLLATERAL	2014	2013
Operating Revenue	_				
Interest:					
Sura Asset Management S.A.				-	12,609
Grupo de Inversiones Suramericana Panamá S.A.				-	18,152
				-	30,761
Operating expense					
Inversiones y Construcciones Estratégicas SAS				345,224	936,767
Grupo de Inversiones Sura Panamá				-	38,088
Servicios de Salud IPS				2,636	2,129
Servicios Generales S.A.				80,588	64,915
Seguros de Vida Suramericana S.A.				103,290	48,926
Seguros Generales Suramericana S.A.				191,894	36,307
Seguros Generales Suramericana S.A Fees				406,771	1,808,588
				1,130,404	2,935,720

(1) Corresponding to a bill of sale between Seguros de Vida Suramericana S,A, and Grupo de Inversiones Suramericana S,A regarding the purchase of the 8th and 9th floors of the Grupo Sura Tower building. In 2014 the corresponding deeds were signed, with this property representing profits on the sale of property and equipment for COP 8,700.00

(2) Corresponding to two deposits for the future capitalization of Inversiones Construcciones Estratégicas S.A.S., on the one hand and Grupo de Inversiones Suramericana Panamá S.A., on the other, amounting to COP 25.000.000 and COP 20.455.533 respectively.

Transactions with related parties were carried out on an "arms-length" basis, that is to say, based on normal market terms and conditions A breakdown of the fees paid to members of the Board of Directors is attached to the Balance Sheet, pursuant to Article 446 of the Code of Commerce.

At December 31, 2014 and December 31, 2013, the Company had not posted any transactions with legal representatives, senior management and shareholders who are real beneficiaries of 10% or more of the total amount of shares outstanding

# NOTE **22**

# INCOME TAX AND EQUALITY INCOME TAX (CREE IN SPANISH)

The following is the reconciliation between book profits and taxable income estimated for the years ending December 31

# 2014

		INCOME TAX	EQUALITY INCOME TAX
Profits before income tax	COP	729,012,832	729,012,832
Plus items that increase taxable earnings:		504,873,601	504,873,601
Non-deductible provisions constituting temporary differences		8,009,376	8,009,376
Profits on sales of taxable investments			
Other tax income		42,017,020	42,017,020
Non-deductible vehicle tax		21,634	21,634
Dividends from permanent controlling investments		339,653,312	339,653,312
Financial transaction tax		530,081	530,081
Other non-deductible tax		3,884,943	3,884,943
Losses incurred through equity method		73,271,423	73,271,423
Provision for investments		225,842	225,842
Miscellaneous expense		37,259,970	37,259,970
Less items that reduce taxable earnings:		[1,233,886,434]	[1,233,886,434]
Industry and commerce tax		(7,331,586)	(7,331,586)
Profits from sales of investments		(33,300,343)	(33,300,343)
Profits – equity method		(541,486,616)	(541,486,616)
Reversed provision for investment tax		(100,000)	(100,000)
Reversed provision for income tax			
Non-taxable dividends and stakes		(395,506,166)	(395,506,166)
Amortized losses and surplus presumptive income		(256,161,723)	-
Income from equity gains		-	-
Total net taxable income (tax losses)	COP		(256,161,723)

# 2013

		INCOME TAX	EQUALITY INCOME TAX
Profits before income tax	COP	832,415,305	832,415,305
Plus items that increase taxable earnings:		272,685,722	272,685,722
Non-deductible provisions constituting temporary differences		5,405,465	5,405,465
Profits on sales of taxable investments		-	-
Other taxable income		55,338,442	55,338,442
Non-deductible vehicle tax		18,166	18,166
Dividends from permanent controlling investments		175,603,220	175,603,220
Financial transaction tax		607,288	607,288
Other non-deductible tax		874,538	874,538
Losses - equity method		34,644,836	34,644,836
Provision for investments		5,667	5,667
Miscellaneous expense		188,100	188,100
Less items that reduce taxable earnings:		(957,276,882)	[953,276,882]
Industry and commerce tax		(6,160,713)	(6,160,713)
Profits from sales of investments		(99,439,092)	[99,439,092]
Profits - equity method		[472,077,446]	(472,077,446)
Donations		(4,000,000)	
Non-taxable dividends and stakes		(375,599,631)	(375,599,631)
Total net taxable income	СОР	147,824,145	151,824,145

		2014	2013
Income Tax:	COP		
Taxable net income		136,233,397	147,824,145
Provision for income tax at a nominal rate of 25% for 2014 and 25% for 2013,			
		34,058,349	36,956,036
Occasional Gains Tax:		-	1,191
Equality Income Tax		256,161,723	151,824,145
Taxable net income			
Nominal tax rate: 9% for 2014 and 2013			
		23,054,555	13,664,173
Total provision for Income, Occasional Gains and Equality Income Tax	СОР	57,112,904	50,621,400

The Company does not have any tax returns that remain subject to review on the part of the (a) Book equity at December 31 differs from tax respective tax authorities.

equity due to the following items :

The following is a breakdown of the tax memorandum accounts:

		2014	2013
Book equity	COP	22,702,392,303	20,287,518,248
Plus items that increase equity for tax purposes:			
Non-deductible provision constituting a temporary difference		8,751,788	6,843,161
Prepaid dividend income		31,702,260	72,098,964
Non-deductible provisions that constitute permanent differences		129,435,233	55,937,968
Income tax provision		20,178,186	7,365,695
Tax cost of equity investments		9,783,067,637	8,721,401,585
Book cost of equity investments		(11,691,171,021)	(9,979,161,520)
Valuations		(12,010,965,976)	[10,767,234,425]
Less non-callable dividends		(31,702,260)	[72,098,964]
Tax equity	СОР	8,941,688,150	8,332,670,712

(b) The following is a breakdown of tax losses and surplus presumptive income adjusted for inflation at December 31:

		2014	2013
Tax losses	COP		
Sustained in			
2006		24,975,003	24,282,981
2008		460,371	447,615
2009		322,929	313,981
2010		65,065,624	63,262,746
2011		517,251,909	502,919,584
Total		608,075,836	591,226,584
Surplus Presumptive Income			
2008		-	11,908,376
2009		-	17,877,002
2010		25,409,585	24,705,521
2011		45,088,672	43,839,328
2012		53,952,682	52,457,729
2013		50,078,855	
Total		174,529,794	150,787,956
Total Losses and Surplus Presumptive Income		782,605,630	742,014,863

The Company's income tax returns for the years 2014 and 2013 are considered settled within a term of two years as a general rule

Current legislation, as applicable to the Company, provides for the following:

Surplus presumptive income versus ordinary income, duly readjusted for tax purposes, can be offset using the ordinary income obtained within a subsequent period of five years.

100% of the total amounts paid in the form of Industry and Commerce, including supplementary signage and billboard taxes, as well as land taxes may be deducted; whereas in the case of financial transaction tax only a 50% deduction is permitted.

Presumptive income is calculated based on 3% of net equity for the immediately preceding year.

Law 1370 passed December 30, 2009 stipulated an equity tax for the fiscal year of 2011, payable in the form of eight equal installments between 2011 and 2014.

The amount of equity tax paid by the Company in 2014 came to COP 2,150,169.

The Colombian Congress enacted Law 1739 on December 23, 2014 which introduced important reforms to the Colombian tax code, mainly the following:

#### 1. Wealth Tax

- An extraordinary wealth tax was created at rates of between 0.20% and 1.15% for 2015, 0,15% and 1% for 2016 and 0,05% and 0,40% for 2017.
- This new tax shall be paid by corporations, private individuals and other income taxpayers.
- This tax is levied on wealth equal to or higher than COP 1000 million at January 01, 2015 The basis for calculating this tax is formed by deducting liabilities from assets.

- It shall be paid in two half-yearly installments.
- This tax may be paid out of the equity reserves without affecting the Company's yearly profits.

# 2. Equality Income Tax (known as CREE in Spanish):

Т

- The rate for this tax is set at 9%.
  - An equality income surtax was created at a rate of 5% for 2015, 6% for 2016, 8% for 2017 and 9% for 2018.
  - This equality income surtax shall be paid in two half-yearly installments.
  - Rules and regulations regarding pricing and sub-capitalization shall also apply to the Equality Income Tax.

#### 3. Other provisions:

- •• Sanctions, interest and failures to update information are to be pardoned, that is to say an amnesty has been declared for all those persons with outstanding obligations with the customs, tax and exchange authorities.
- An obligation has been created for everyone to declare the assets they hold abroad
- Financial Transaction Tax shall continue over the coming years, and shall only be gradually wound down as of 2019 going from the present 4 x 1000 to 3 x 1000 and then 2 x 1000 by 2020 and finally 1 x 1000 2021.

# NOTE 23

#### CONTINGENCIEST

We are involved in a lawsuit brought by Mr. Jhonny Alejandro Betancur, seeking compensation for alleged damages for not having been opportunely registered as a shareholder. A ruling in the first instance was given in October 2013 in the Company's favor, which the plaintiff then proceeded to appeal.

It is unlikely that this legal proceeding shall have any adverse effect on the operations or financial position of Grupo de Inversiones Suramericana S.A.

# NOTE 24

#### SUBSEQUENT EVENTS

Between the year-end cut-off date and the date on which these financial statements were drawn up, no information or event was brought to the Company's attention that could affect the figures or information herein contained or in the attached notes.

# **COMPARATIVE INDICATOR ANALYSIS**

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN THOUSANDS OF COLOMBIAN PESOS)

#### INDICATOR 2014 2013 INTERPRETATION 213,022,440 Each peso (COP 1,00) that the Current assets 352,126,085 Company owes in the short = 1.03 = 0.69 Current ratio Current term is equal to COP 1,03 in 512,782,145 207,079,391 2014 and COP 0,69 in 2013, to liabilities guarantee this obligation Current assets Each peso (COP 1,00) that the 6,506,533 211,478,146 Acid test on less receivables Company owesin the short term 0.03 = 0.41 accounts can be paid off with COP 0,03 Current receivable 207,079,391 512,782,145 in 2014 and COP 0.41 in 2013. liabilities in quick current assets without having to resort to collecting receivables LIQUIDITY Current assets Working 5,943,049 -160,656,060 95.9 less current capital liabilities Total liabilities 1,107,079,391 762,782,145 Creditors own 4.65% in Financial = 4.65% <del>- = 3.62%</del> 2014 and 3,62% in 2013 with position Total Assets 23,809,471,694 21,050,300,393 shareholders owning the 3,62% in 2013 with shareholders owning the rest: 95,35% in 2014 and 96,38% in 2013. rest: 95,35% in 2014 and 96,38% in 2013.

# **COMPARATIVE INDICATOR ANALYSIS**

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN THOUSANDS OF COLOMBIAN PESOS)

	INDICATOR			2014		2013			INTERPRETATION
	T		Total liabilities	1,107,079,391	/ / 50/	762,782,145		0.7007	For each peso that the Company
	Total	=	Total assets	23,809,471,694	= 4.65%	21,050,300,393	=	3.62%	has invested in assets 4,65% in 2014 and 3,62% in 2013 was financed by creditors.
	Short term		Current liabilities	207,079,391	= 18.71%	512,782,145		67.23%	Out of the Company's total obli-
	Short term	=	Total liabilities		= 10.7170	762,782,145	_	07.2370	gations, 18.71% mature in the short-term (2014) and 67.23% for 2013.
			Operating earnings =	781,280,302	1/10.0/0/	878,524,663		2/00/200/	The Company's operating result is equal to 1410,22% in 2014
ENDEUDAMIENTO	Interest coverage	rage =	Financial expense		= 1410.04%	36,602,169	=	2400.20%	and 2400,20% in 2013 out of the Interest paid.
DAM	Leverage								
NDEU	Total		Total third-partyliabilities			762,782,145	- 274%	Out of each peso (COP 1,00) belonging to Company	
ш	Total		Equity	22,702,392,303	- 4.0070	20,287,518,248			shareholders 4,88% was owed in 2014 versus 3,76% in 2013.
	Short term		Current liabilities =	207,079,391	_ 0.91%	512,782,145	_	2 53%	Out of each peso (COP 1,00) belonging to Company
	Shortterm		Equity =	22,702,392,303		20,287,518,248	_	2.55 //	shareholders 0.91% corresponded to short-term obligations in 2014 versus 2,53% en 2013.
	Total fin.		Total obligations with fin.	6,800,000	0.030/	292,996,259		1 //0/	Por cada peso de patrimonio, For each peso of Shareholders´
	obligations		Institutions = Equity	22,702,392,303	= 0.0370	20,287,518,248	_		Equity 0,03% corresponded to fin. obligations in 2014 and 1,44% in 2013.

	INDICATOR	2014		2013		INTERPRETATION
	Operating revenue, net	827,337,161		924,510,865		Asset turnover 0.07 times in 2014 versus 0.09 time 2013.
ACTIVITY	Rotación de activos operacionales (veces) = Gross operating assets = receivables + deferred items	11,775,079,695	= 0.07	10,078,333,106	= 0.09	
AC	Rotación de los activos totales (veces) Operating Revenue, net  Gross total assets	827,337,161 23,809,471,694	= 0.03	924,510,865	0.04	Total asset turnover 0.03 times in 2014 and 0.04 times in 2013.

# COMPARATIVE INDICATOR ANALYSIS FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN THOUSANDS OF COLOMBIAN PESOS)

	INDICATOR		2014			2013			INTERPRETATION
	Operating margin =	Operating earnings =	781,280,302	. =	94.43%	878,524,663 924,510,865	=	95.03%	Operating revenues accounted for 94.45% of total revenues in 2014, 95.03% in 2013.
BILITY	Net profit margin =	Net profits  Net revenues	671,899,928	- =	81.21% 781,793,905 924,510,865		=	84.56%	Net revenues account for 81.21% of operating revenues for 2014, 84.56% for 2013.
PROFITABILITY	Return on = Equity =	Net Profits = Equity - profits	671,899,928	. =	3.05%	781,793,905	=	4.01%	Net revenues account for 3.05% of shareholders equity for 2014 and 4.01% for 2013.
	Return on total = assets =	Net earnings Total Assets	671,899,928	• =	2.82%	781,793,905 21,050,300,393	=	3.71%	Return on total assets come to 2.82% for 2014 and 3.71% for 2013.
Σ	2014	Net earnings Total Assets	671,899,928	- =	2.82%	671,899,928	Χ	827.337.161 23.809.471.694	- = 2.82%
DUPONT SYSTEM	2013	Rentabilidad (  Net earnings  Total Assets	781,793,905 21,050,300,393		0.028219859	781,793,905 924,510,865	X	924.510.865	= 2.82% - = 3.71%
		Rentabilidad (	del activo total	=	0.037139323	0,8456	Χ	0.0439	= 3.71%



# STATUTORY AUDITOR'S REPORT

FEBRUARY 16, 2015

# **To the Stockholders**Grupo de Inversiones Suramericana S.A.:

I have audited the consolidated financial statements of Grupo de Inversiones Suramericana S.A. and its Subsidiaries (The Group), which comprise the consolidated balance sheets at December 31, 2014 and 2013 and the related consolidated statements of income, changes in equity, changes in financial position and cash flows, for the years then ended and the related notes that include the summary of the significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining the internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

My responsibility is to express an opinion on the consolidated financial statements based on my audits. I obtained the necessary information and carried out my examinations in accordance with auditing standards generally accepted in Colombia. Such standards require the compliance with ethical requirements and that I plan and perform the audit to obtain a reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements. In making this risk assessment, the statutory auditor considers the internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates performed by management as well as evaluating the overall presentation of the consolidated financial statements. I believe that my audit provides a reasonable basis for my audit opinion expressed below.

Group at December 31, 2014 and 2013, consistent basis. the consolidated results of its operations,

In my opinion, the above mentioned the consolidated changes in its financial consolidated financial statements, position and its consolidated cash flows attached to this report, present for the years then ended, in conformity fairly, in all significant respects, the with accounting principles generally consolidated financial position of the accepted in Colombia, applied on a

> Gonzalo Alonso Ochoa Ruiz Statutory Auditor of Grupo de Inversiones Suramericana S.A. T.P. 43668 - T Member of KPMG Ltda.

# CONSOLIDATED BALANCE SHEET

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN COP MILLIONS)

# CONSOLIDATED INCOME STATEMENT

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN COP MILLIONS)

Accept		2014	2013
Assets			
Current assets:	COP	1,105,684	1,114,872
Cash and banks (Note 3) Temporary investments (Notes 4 and 10)		3.240.278	2.135.431
Trade receivables (Note 5)	·	1,882,412	1,755,915
Accounts receivable, net (Note 6)		1.040.920	918,524
Inventories		26,472	26,201
Realizable assets and assets received as payment		923	746
Prepaid expense and deferred charges (Note 7)		50,005	60,123
Total current assets		7,346,694	6,011,812
Non-current assets:			
Inversiones permanentes (Nota 4 y Nota 10)		17,825,793	15,288,541
Deudores, neto (Nota 6)		50,476	5,756
Propiedades y equipo, neto (Nota 8 y 10)		1,109,472	848,782
Intangibles (Nota 9)		7,459,802	6,195,944
Cargos diferidos (Nota 7)		783,078	481,712
Otros activos		144,542	140,018
Valorizaciones (Nota 10)		12,776,885	10,956,494
Total non-current assets		40,150,048	33,917,247
Total assets	COP	47,496,742	39,929,059
Liabilities, Minority Interest and Shareholders' Equity			
Current liabilities:		//0 /00	/00.071
Financial obligations (Note 11)		448,680	688,971
Trade payables (Note 12)		615,713	523,757
Suppliers Accounts a supplier (New 12)		98,753	99,718 426.362
Accounts payable (Note 13) Taxes, duties and rates (Note 14)		480,950 1,594,512	1,055,527
Labor liabilities		161,951	104.277
Retirement pensions (Note 15)		1.757	1,596
Technical insurance reserves (Note 16)		13,775,398	10,810,008
Estimated liabilities and provisions (Note 17)		668,165	760,622
D. ( L:		95,541	88,094
Other liabilities		36.027	30,382
Total current liabilities		17,977,447	14,589,314
Financial obligations (Note 11)		563,220	1,203,913
Bonds and commercial paper (Note 18)		2,820,666	828,049
Retirement pensions (Note 15)		13,737	14,131
Total liabilities		21,375,070	16,635,407
IMinority interest		3,505,849	3,086,575
Total liabilities and minority interest		24,880,919	19,721,982
Shareholders' Equity			
Subscribed and paid-in capital (Note 19)		107,882	107,882
Capital surplus (Note 20)		3,768,326	3,769,548
Reserves (Note 21)		4,217,634	3,704,969
Equity revaluation (Note 22)		947,330	947,330
Translation difference		373,119	(1,915) (29,104)
Losses from prior periods		(42,671)	[29,104]
Results for the period		650,173	782,666
Valuation surpluses Shareholders´ Equity, net		12,594,030 <b>22,615,823</b>	10,925,701 <b>20,207,077</b>
Total Liabilities, Minority Interest and Shareholders' Equity	COP	47,496,742	39,929,059
		71,770,1742	57,727,037
Memorandum Accounts (Note 23)		100 /0/ 0/7	
<u>Debit</u>	COP	103,406,947 799,461,998	54,759,910 631,541,102
Credit	· =	/77,401,778	0J1,041,1UZ

Please refer to the notes that accompany these financial st	statements
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ORIGINAL FIRMADO: Luis Fernando Soto Salazar · Chief Accountant Lic. 16951-T	ORIGINAL FIRMADO: Gonzalo Alonso Ochoa Ruiz · Statutory Auditor Lic. No. 43668 - T Member of KPMG Ltda. (Please refer to my Statutory Auditor's issued February 2015)
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ORIGINAL FIRMADO: David Bojanini García · Legal Representative

ORIGINAL FIRMADO: Luis Fernando Soto Salazar · Chief Accountant Lic. 16951-T

2014

5.917.083

(732,874)

5.184.209

(1,340,538)

3.843.671

[2.824.065]

(18,309)

(797,932)

(325,442)

[442.091]

401,539

49.228

488,277

81.009

455,885

781.856

(375,790)

[118.917]

(64,607)

[46,457]

[41,456]

110.368

10,289

255,286

1,822,669

(18,989)

29.237

169,477

160,476

[37,690]

(65,240)

1,409,601

17.150

121.137

[136,914]

(12,979)

COP

22,845

(4,996)

915

1,334,904

[1 663 439]

COP

2013

5,253,750

(745,907) 4.507.843

(961,769)

3.546.074

(10,516)

(660,068)

[309.306]

[423,708]

258,519

89.884

330,190

44.793

283,796

698,276

[364,311]

(84,818)

(51,908)

[55.429]

(33,607)

61.222

9,678

179,104

1,476,116

(18,126)

15.440

123,189

71,841

1,288,372

[62,214]

(33,901)

1,300,710

100 485

[123,929]

(13,074)

30,413

(5,992)

112

36.612

(1,350,241)

(2.582.067)

ORIGINAL FIRMADO: David Bojanini García · Legal Representative

Insurance

Issued premiums

Ceded premiums

Other income and/or expense, net

Gains based on market prices, net

Other income and/or expense, net

Gains based on market prices, net

Total - occupational risk segment

Total - health care service segment

Total - pension fund segment

**Total Business Process Outsourcing Expense** 

Total - insurance segment

Technical and mathematical reserves

Retained premiums

Earned premiums

Personnel expense

Commission expense

Investment properties

Other financial earnings

Administrative expense Personnel expense

Commission expense

Total premiums Total claims

Selling expense

Financial earnings

Investment margin

Financial earnings

BPO -IR, Back Office Income BPO -IR, Back Office Expense

Other financial earnings

Commissions Selling expense

Amortized DAC

Selling expense

Commissions

**Business Process Outsourcing** 

Other financial earnings

Earned premiums

Administrative expense

Claims

Interest

Claims

Occupational risk

Health care services

Pension funds

# ESTADOS CONSOLIDADOS DE RESULTADOS

AÑOS QUE TERMINARON EL 31 DE DICIEMBRE DE 2014 Y 2013 (Expresados en millones de pesos)

		2014	2013
<u>Inversiones</u>		376,227	426,246
Dividendos y participaciones Intereses	<u> </u>	42,576	42,220
Comisiones		85,268	62,603
Utilidad en venta de inversiones y otros activos  Otros rendimientos financieros		42,352 4,712	111,612 16,557
Total segmento inversiones			
Total resultado técnico		492,325	626,229 2,507,035
Gastos Operacionales		2,777,578	2,507,035
Intereses, corrección monetaria descuento amortizado		(100,958)	(77,282)
		(66,492)	(58,556)
Impuestos Cambios			
Honorarios		(46,304) (86,700)	74,818 (65,869)
Gasto de Personal			(437,804)
Arrendamiento		(434,978)	
		(42,520) (39,311)	(32,403) (26,003)
Mantenimiento y reparaciones Servicios temporales, públicos y otros		(31,277)	(23,674)
Publicidad y propaganda		(50,291)	(32,019)
Otras comisiones		(132,002)	(68,124)
Otros gastos administrativos		(245,784)	(235,618)
Total gastos operacionales		(1,276,618)	(982,535)
Resultado operacional antes de provisiones, depreciaciones y amotizaciones		1,500,960	1,524,500
Provisiones			
Carta de credito		(1,043)	(35,530)
Cuentas por cobrar		(3,712)	(2,879)
Total provisiones		(4,754)	(38,408)
Depreciaciones		(23,386)	(19,401)
Amortizaciones		[146,699]	(144,839)
Resultado operacional neto		1,326,121	1,321,852
Otros ingr <u>esos y egresos netos</u>			
Ingresos		88,554	111,013
Egresos		(81,686)	(117,944)
Utilidad antes de Impuesto de renta e interés minoritario		1,332,989	1,314,921
Impuesto de renta		(503,318)	(336,837)
Utilidad antes de interés minoritario		829,672	978,085
Interés minoritario		(179,499)	(195,419)
Resultado del ejercicio		650,173	782,666
Resultado neto por acción, en pesos		1,130,00	1,360,28

	Otras comisiones		(132,002)	(68,12
	Otros gastos administrativos		(245,784)	(235,61
	Total gastos operacionales		(1,276,618)	(982,53
les	ultado operacional antes de provisiones, depreciaciones y amotizaciones	<b>;</b>	1,500,960	1,524,50
rov	visiones			
	Carta de credito		(1,043)	(35,53
	Cuentas por cobrar		(3,712)	(2,87
	Total provisiones		(4,754)	(38,40
	Depreciaciones		(23,386)	(19,40
	Amortizaciones		(146,699)	(144,83
	Resultado operacional neto		1,326,121	1,321,85
tro	os ingresos y egresos netos			
	Ingresos		88,554	111,0
	Egresos		(81,686)	(117,94
Itili	idad antes de Impuesto de renta e interés minoritario		1,332,989	1,314,92
mp	puesto de renta		(503,318)	(336,83
	Utilidad antes de interés minoritario		829,672	978,08
Int	erés minoritario		(179,499)	(195,41
	Resultado del ejercicio	\$	650,173	782,66
	Resultado neto por acción, en pesos		1,130,00	1,360,

**CONSOLIDATED STATEMENT OF CHANGES TO** SHAREHOLDERS' EQUITY

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (STATED IN COP MILLIONS)

	Subscribed and Paid-in Capital	Share Premium	Statutory Reserve	Occasional Reserve	Revaluation of Shareholders Equity	Surplus via Equity Method	Valuation Surpluses	Income for the Period	Total Shareholders Equity
Balance at December 31, 2012	107,882	3,053,542	3,582,450	983,950	48,942		691,288	12,521,191	20,856,552
Distribution of profits corresponding to 2012, based on Minutes No. 18 of Annual Shareholders Meeting held on March 21, 2013:									
Donation for the Suramericana Foundation	-	-	-	-	-	-	(4,000)	-	(4,000)
Reserve for the protection of investments	=	-	279,419	-	-	-	(279,419)	-	-
Dividends paid out on a total of 469,037,260 shares at COP 308 each	-	-	-	-	-	-	(159,004)	-	(159,004)
Dividends paid out on a total of 106,334,963 shares at COP 975 each	-	-	-	-	-	-	(103,677)	-	(103,677)
Valuations	-	-	-	-	-	-	-	(1,595,490)	(1,595,490)
Results for the period	-	-	-	-	-	_	782,666	-	782,666
Net consolidation movement	-	716,006	[156,900]	[36,620]	(50,857)	103,589	[145,188]	-	430,030
Balance at December 31, 2013	107,882	3,769,548	3,704,969	947,330	(1,915)	(29,104)	782,666	10,925,701	20,207,077
Distribution of profits corresponding to 2013, based on Minutes No. 19 of Annual Shareholders Meeting held on March 27, 2014:									
Donations for social outreach projects.	-		_	-	-	-	(4,500)	-	(4,500)
Reserve for the protection of investments	=	-	521,796	-	-	-	(521,796)	-	-
Dividends paid out on a total of 469,037,260 shares at COP 308 each	-	-	-	-	-	-	(182,925)	-	(182,925)
Dividends paid out on a total of 106,334,963 shares at COP 975 each	-	-	-	-	-	-	(72,574)	-	(72,574)
Valuations	-	-	-	-	-	-	=	1,243,728	1,243,728
Results for the period						-	671,900	-	671,900
Net consolidation movement	-	[1,222]	[9,131]	-	375,034	[13,567]	(22,598)	424,601	753,117
Balance at December 31, 2014	107,882	3,768,326	4,217,634	947,330	373,119	[42,671]	650,173	12,594,030	22,615,823

Please refer to the notes that accompany these financial statements

Véanse las notas que acompañan a los estados financieros.

ORIGINAL FIRMADO: David Bojanini García · Legal Representative

# CONSOLIDATED STATEMENT OF CHANGES TO FINANCIAL POSITION

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (Stated in COP millions)

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013 (Stated in COP millions)

		2014	2013
ces of working capital:		/50.4F0	F00 /
Results for the period		650,173	782,6
Items that do not use (provide) working capital:			
Depreciation		44,484	36,8
Amortizations		229,645	198,2
Provisions		92,021	71,4
Reversed provisions		(39,403)	(69,98
Earnings from sales of investments		[98,278]	[149,22
Minority interest		179,499	195,4
Working capital sourced from operating activities		1,058,142	1,065,42
Proceeds from sales of assets		1,530,470	1,299,7
Decrease in long-term receivables			64,6
Decrease in other assets		22,513	61,5
Increase in financial obligations		-	741,0
Increase in bonds and commercial paper		1,992,617	47,5
Minority interest		239,775	53,2
		3,785,375	2,267,7
cations of working capital:			
Purchases of permanent investments		3,684,851	3,867,1
		59,746	3,007,14
Increase in long-term receivables			196,0
Acquisitions of property, plant and equipment		318,811 531,011	524,3
Increase in prepaid expense and deferred charges			
Increase in intangibles		1,263,858	748,31
Decrease in retirement pensions, including current portion		394	14
Excess of cost on reciprocal investments		216	59,4
Decrease in financial obligations		640,693	
Declared cash dividends		397,187	350,3
Decrease in working capital	<u>COP</u>	(2,053,251)	(2,412,69
ges in components of working capital			
Increase (decrease) in current assets:			
Cash and banks		(9,188)	580,8
Temporary investments		1,104,847	[1,233,41
Trade receivables		126,497	633
Accounts receivable		122,396	532,5
Inventories		271	40
Realizable assets and assets received as payment		177	(93
Prepaid expense and deferred charges		(10,118) 1,334,882	(193,60 ( <b>250,67</b> 3
Increase (decrease) in current liabilities:		1,334,002	(230,073
Financial obligations		[240,291]	124,7
Trade payables		91,956	254,14
Suppliers		[965]	(215,07
Accounts payable		54,588	68,5
Taxes		538,985	108,1
Labor liabilities		57,674	(23,37
			(23,37
Current portion of retirement pensions		161	
Technical insurance reserves:		2,965,390	1,336,5
Estimated liabilities and provisions		(92,457)	535,7
Deferred income		7,447	14,2
Other liabilities		5,645	(41,50
Please refer to the notes that accompany these financial statements	COP	3,388,133 (2,053,251)	2,162,02

Véanse las notas que acompañan a los estados financieros.

ORIGINAL FIRMADO: David Bojanini García · Legal Representative ORIGINAL FIRMADO: Luis Fernando Soto Salazar · Chief Accountant T.P. 16951-T ORIGINAL FIRMADO: Gonzalo Alonso Ochoa Ruiz - Statutory AuditorTP No. 43668 - T Member of KPMG Ltda. (Please refer to Statutory Auditor's Report issued February 16, 2015)

		2014	2013
h flows from operating activities		/50 150	700 /
Results for the period		650,173	782,6
Reconciliation between earnings for the period and net cash			
sourced from (used for) operating activities			
Depreciation		44,484	36,8
Amortizations		229,645	198,2
Provisions		92,021	71,4
Reversed provisions		(40,742)	(71,4
Technical insurance reserves:		2,965,390	1,336,5
Earnings from sales of assets		(98,381)	(149,0
Investment valuations, net		[863,362]	(394,1
Minority interest		179,499	195,4
Changes to operating items			
Accounts receivable		(122,396)	(597,2
Trade receivables		(126,497)	(63,3
Other assets		22,513	61,5
Intangibles		(1,263,858)	(748,3
Realizable assets and assets received as payment		(177)	
Prepaid expense and deferred charges		(520,893)	(330,7
Inventories		(271)	(4
Retirement Pensions		(233)	(2
Accounts payable		81,119	66,
Estimated liabilities and provisions		(93,992)	526,
Suppliers		(965)	(215,0
Other liabilities		5,645	(41,5
Taxes		538,985	108,
Deferred income		7,447	14,3
Labor liabilities		57,674	(23,3
Minority interest		239,775	53,3
Proceeds from sales of assets		1,530,574	1,299,
Investment purchases		(4,635,751)	(2,682,3
Excess of cost on reciprocal investments, net		216	59,4
Trade payables		91,956	254,
Net cash used for operating activities		(1,030,402)	(251,8
h flows sourced from investing activities:			
Sales of property, plant and equipment		318,811	196,0
h flows from financing activities:			
Financial obligations		(880,984)	865,
Bonds and commercial paper		1,992,617	47,
Dividends paid		(422,379)	(346,5
Net cash sourced from financing activities		689,254	566,
increase (net decrease) in cash and cash equivalents		(22,337)	510,
h and cash equivalents at the beginning of the year		1,136,052	625,
h and cash equivalents at the end of the year	COP	1,113,715	1,136,0

Please refer to the notes that accompany these financial statements

ORIGINAL FIRMADO: David Bojanini García · Legal Representative ORIGINAL FIRMADO: Luis Fernando Soto Salazar · Chief Accountant T.P. 16951-T ORIGINAL FIRMADO: Gonzalo Alonso Ochoa Ruiz · Statutory AuditorTP No. 43668 - T Member of KPMG Ltda. (Please refer to Statutory Auditor's Report issued February 16, 2015)

# NOTES TO THE CONSOLIDATED FINANCIL STATEMENTS

FOR YEARS ENDED DECEMBER 31, 2014 AND 2013 (Statedin COP millions)

# NOTE 1

#### **ECONOMIC ENTITY**

Grupo de Inversiones Suramericana S.A. was incorporated as a result of being spun off from Compañía Suramericana de Seguros S.A., by means of Public Deed No. 2295 drawn up December 24, 1997 before the Notary Public No. 14 of the Circuit of Medellin, with all the corresponding accounting formalities duly completed by January 1, 1998. Its main registered place of business is in Medellin, but it is entitled to set up branches, agencies, offices and representations in other parts of the country as well as abroad, should its Board of Directors so decide. The Company is legally authorized to carry on its business purpose until 2097.

Its business purpose is to invest in personal and real estate property, and may do so in the form of shares, stakes or holdings in companies, entities, organizations, funds and any other legally-permitted mechanism that allows for the investment of funds. Likewise, it may invest in securities or instruments yielding either a fixed or a variable income, regardless of whether these are listed on a public stock exchange. In any case, the corresponding issuers and/or investees may belong to either the public or private sectors, both at home or abroad.

The Company's reporting period shall follow that of the normal calendar year, ending on December 31.

The Company comes under the exclusive oversight of the Colombian Superintendency of Finance ("Superintendencia Financiera de Colombia"), since it is listed as an issuer of securities with the Colombian National Registry of Securities (Registro Nacional de Valores).

#### **CORPORATE PROFILE:**

Grupo de Inversiones Suramericana S.A. (hereinafter referred to as «Grupo SURA») is a Latin American company listed on the Colombian Stock Exchange and registered with the ADR- Level 1 program in the United States.. It is also the only Latin American company from the Diversified Financial Service Sector to be admitted to the Dow Jones Sustainability Index (DJSI), which tracks companies who have become global benchmarks thanks to the best practices they have adopted from the economic, environmental and social standpoints. In 2014, the DJSI awarded Grupo SURA its «Gold

Class» distinction as the company upholding the second highest sustainability standards, in its respective sector, on a worldwide level. Group Sura's investments are classified in two categories: strategic or core – those pertaining to the financial, insurance, pension, savings and investment sectors; and portfolio – those found mainly in the processed food, cement, energy, port services and real estate sectors. The companies in which Grupo SURA invests have continued to strengthen their presence in different parts of Latin America, the United States and to a lesser degree in Asia.

The Group's interests in the Financial Services sector includes a 45.94% stake in the voting shares of Bancolombia (which is equal to 26.67% of its capital stock), this being the largest bank in Colombia, where the Group is the largest shareholder, plus a 81.13% stake in Suramericana, the Group's insurance holding company. The remaining 18.87% of Suramericana is owned by the German insurer Münchener Rückversicherungs-Gesellschaft Munich Re, commonly known as "Munich Re." Grupo SURA also directly holds a 59.95% stake in SURA Asset Management Colombia S.A.'s share capital as well as another 7.11% stake through its subsidiary, Grupo de Inversiones Suramericana Panamá S.A. Both companies overseeing investments in the Latin American pension, savings and investment sectors. The remaining 32.94% stake in Sura Asset Management S.A.'s share capital belongs to other local and international shareholders.

The Group's investments in the processed food segment of the local industrial sector include a 35.17% stake in Grupo Nutresa S.A., the largest processed foods conglomerate in Colombia where Grupo SURA is also the largest shareholder.

Grupo SURA's interests in the cement, concrete, energy, port services, coal-mining and real estate sectors include a 35.68% stake in the voting shares of Grupo Argos S.A. (equal to 29.04% of its share capital) where again Grupo SURA is the majority shareholder. Grupo Argos is in turn the controlling shareholder of Cementos Argos, S.A. and Celsia S.A. E.S.P.

Some of the above-mentioned companies also have cross holdings within the Group, which at December 31, 2014 consisted of the following: Bancolombia held a 20.58% stake in Protección; Grupo Nutresa S.A. held 10.32% of the total shares outstanding belonging to Grupo SURA and 12.66% of its voting shares along with 10.06% of the total shares outstanding belonging to Grupo Argos, accounting for 12.37% of the voting shares. Grupo Argos S.A. and subsidiaries, for their part, held 30.68% of the total shares outstanding belonging to Grupo SURA and 37.10% of its voting shares along with stakes of 3.45% in Bancolombia S.A. and 9.83% in Grupo Nutresa.S.A.

#### **OUR STRENGTHS**

1. GRUPO SURA holds equity interests in several companies who in turn own leading companies in Colombia, Mexico, El Salvador, the Dominican Republic, Panama, Peru, Chile Guatemala and Uruguay. Grupo SURA has invested in well-established companies mainly in the financial service, insurance, health care, occupational risk, pension fund and complementary service sectors, and to a lesser extent in several industrial sectors, including food processing, cement and readymix concrete, energy, port services, coal mining and real estate.

- 2. Robust stream of sound cash flows diversified across different countries and sectors. Grupo SURA derives most of its cash flows from dividends received from a diversified group of companies operating across various industries and countries within Latin America. In recent years, these companies have consistently paid dividends, which have been increasing by at least the rate of inflation as measured by the IPC.
- 3. Strong balance sheet that supports the growth of our business. At December 31, 2014, Grupo SURA's shareholders' equity came to COP 22,702,392 million with a total debt-to-asset ratio of just 3.8%. Grupo SURA has historically financed its expansion primarily with operating cash flows and the proceeds from sales of non-strategic assets. Here it is important to add that at the end of last year, the Company's indebtedness was substantially low given the size of its portfolio of investments.
- 4. Multi-product, multi-segment and multichannel business model. Grupo SURA has increased its market share in the Latin American financial services sector by developing an integrated business model, allowing us to take full advantage of the synergies existing between our different banking, insurance and pension fund businesses while accessing a wider customer base, creating greater customer loyalty while at the same time strictly complying with all applicable regulations in each country and abiding by all legal restrictions. Our integrated business model represents a true competitive advantage for our different companies while creating a significant entry barrier that protects us from the competition
- 5. Commitment to best practices, corporate governance and sustainable development. Our Corporate Governance Code was first introduced in 2002 and we have been publishing annual corporate governance reports since 2005. The guiding principle behind our corporate governance policies is to champion a business policy governed by principles of fairness, respect, responsibility and transparency while remaining firmly committed to both the region and its people. Our Corporate Governance Code follows international standards regarding relationships with regulatory entities. independent board members, the role of the boards of directors, board committees as well as controlling and disclosing information. Also, and as part of our commitment to sustainability and in deploying our corporate responsibility model, Grupo SURA and its subsidiaries participate in social development projects in the form of institutional donations and the work of its corporate volunteer corps, through its foundation, the Fundación Suramericana. These initiatives help to improve the quality of life of the more vulnerable segments of the population by helping them to develop their skills.
- 6. Great human talent. The people who work for Grupo SURA are both knowledgeable and widely experienced and its Senior Management team has an excellent track record. The Company places a lot of importance on the human element with particular emphasis on integrity and the corporate values that form part of our organizational culture. With regard to the Company's Senior Management, the majority of its members have held senior positions in various industries both in Colombia as well as the rest of Latin America, and at the same time have worked for Grupo SURA

#### ESTRATEGIA EMOUR CORPORATE STRATEGY:

In 2014, Grupo SURA made great efforts in strengthening its corporate role, as defined in its strategic road map, the purpose of which is to guide its relations with its core investments.

Clearly as we are able to achieve a greater level of coordination, identifying and harnessing existing synergies and working together in the spirit of our mutual interests, we shall be able to further the growth of our business, creating added value for our core investments and guaranteeing our sustainability over the long term.

Here, Grupo SURA's strategic focus, as defined for the next few years, centers on providing added value and building trust. Growth shall consequently be driven by innovation, creating greater synergies as well as expanding and developing the different markets. The Group's human talent, financial strength, sound corporate reputation and brand image as well as a management model, firmly based on our Corporate Governance principles, form the basis for this growth. Also, all these different facets of our performance must be enshrined in a corporate culture and philosophy shared by all, as well as a firm commitment to enhancing our business sustainability

# PROGRESS MADE WITH OUR DIFFERENT BUSINESSES

a) a) OUR CORE INVESTMENTS The main companies that make up the Group's investment portfolio are all leaders on their respective markets We plan to maintain our leadership in these markets by employing highly skilled individuals with specialized knowledge, offering superior products and solutions to our clients, investing in research and development for greater innovation, fostering customer loyalty by providing a combination of personalized service and high-quality products and services at competitive prices and ensuring that our companies continue to uphold our guiding principles of fairness, respect, responsibility and transparency.

- b) Expanding into selected international markets and driving the growth of all those companies that form part of our portfolio of strategic investments in the financial services, insurance, social security, pension fund and complementary services sectors. In driving our sustainable growth and expanding our business, the Company has continued to adopt international practices and standards with regard to responsible investing. We are well aware that developing a business on a global level poses a series of risks and opportunities that require us to uphold responsible practices when it comes to investing. Today, we have put into a place a Group-wide general policy governing responsible investing on the part of our companies, who must apply all applicable environmental, social and good governance criteria when analyzing present and future investments.
- c) Maintaining and enhancing a strong, diversified and increasing stream of cash flows. By expanding our presence within the region, we seek to maintain and enhance the financial strength of our companies while diversifying our sources of revenues. In so doing, we aim to ensure that our dividend flows continue to be well diversified across various industries and countries, rising at similar or faster rates than in recent years.

Also, and to ensure that our growth shall not hamper our strong credit position, we intend to continue with our long-term policy of maintaining conservative leverage levels

#### SENIOR MANAGEMENT

Our Board of Directors, in keeping with our by-laws, consists of seven directors who are appointed at annual ordinary shareholders' meetings. The current members of the Board of Directors were appointed by the shareholders in the ordinary shareholder's meeting held on March 27, 2014. Members of the Board of Directors serve for terms of two years. The term of each of the current board members expires in March 2016. Directors may be appointed for additional terms without limitation.

The following table sets forth certain information regarding the current members of our Board of Directors:

NAME

Armando Montenegro Trujillo (1)	Chairman
Hernando Yepes Arcila (1)	Vice-Chairman
José Alberto Vélez Cadavid	Principal member
Carlos Ignacio Gallego Palacio	Principal member
Juan Guillermo Londoño Posada	Principal member
Carlos Antonio Espinosa Soto (1)	Principal member
Jaime Bermúdez Merizalde (1)	Principal member

<sup>(1)</sup> Independent Member, in accordance with Colombian law.

#### **SENIOR MANAGEMENT**

Our current executive officers are as follows: T

NAME

David Bojanini García	Title
Fabián Fernando Barona Cajiao	Chief Executive Officer
Ignacio Calle Cuartas	Corporate Auditor
Fernando Ojalvo Prieto	Chief Corporate Finance Officer:
	Chief Corporate Affairs Officer

#### **BOARD COMMITTEES**

#### **Corporate Governance Committee**

Made up of three members of the Board of Directors, one of whom must be the Board's Chairman. The Group's Chief Executive Officer attends these meetings by invitation. This Committee is responsible for issues regarding the Board of Directors, Senior Management, the Company's Good Corporate Governance and its sustainability performance.

#### **Investment Committee**

The Investment Committee consists of four members, three of whom must be members of the Board of Directors, one being its Chairman, is made up of three appointed members from who shall preside over committee meetings, together with Grupo SURA's Chief Executive the strategic handling of the Company's human Officer. This Committee is responsible for the Group's investments and as such must define the corresponding investment policies and criteria, study new business opportunities and the possibility of new strategic investments. periodically evaluate the Group's current investments and decide on whether these are to continue as part of the Group's portfolio. It is also responsible for advising the Group's subsidiaries as to their own investments, as well as seeking and evaluating possible strategic partners and analyzing portfolio risk.

#### Finance, Risk and Audit Committee

This Committee is responsible for promoting a culture of control within the Company, following up on the application of its Code of Ethics, and evaluating all aspects of the Company's finances and accounting, including contingency planning and internal risk identification and management processes ensuring that the Company's Internal

Control System is firmly implemented, as well as any other functions that may fall under their responsibility pursuant to applicable legislation. This Committee is responsible for reviewing the Company's annual and interim financial statements. It is also in charge of drawing up and approving the Company's risk policy and ensuring strict compliance with such. The Committee is comprised of three directors, all of whom must be independent.

#### Compensation and Development Committee

The Compensation and Development Committee the Board of Directors and is responsible for talent, ensuring the availability of critical human talent in being able to attract and retain such, as well as drawing up succession plans. It is also in charge of formally evaluating Senior Management performance, making any recommendations required with regard to their performance-based remuneration, which shall be approved by the Company's Board of Directors and these shall strictly relate to the performance of each individual and the Company as a whole, while ensuring full compliance with Senior Management's remuneration policy.

#### PRINCIPAL SHAREHOLDERS

The following table contains certain information regarding the ownership of our ordinary shares at December 31, 2014 listing all those shareholders with minimum stakes of 1%.

SHAREHOLDER	NUMBER OF ORDI- NARY SHARES HELD	% STAKE
Grupo Argos S.A.	140,018,149	24.34%
Grupo Nutresa S.A.	59,387,803	10.32%
Fondo de Pensiones Obligatorias Colfondos Moderado	58,230,450	10.12%
Fondo de Pensiones Obligatorias Colfondos Moderado	46,481,461	8.08%
Cementos Argos S.A.	28,183,262	4.90%
Fondo de Pensiones Obligatorias Colfondos Moderado	17,710,846	3.08%
Oppenheimer Developing Markets Fund	14,733,486	2.56%
Fondo Bursátil Shares Colcap	9,466,074	1.65%
Colombiana de Comercio S.A. Corbeta and/or Alkosto S.A	9,178,289	1.60%
Celsia S.A. E.S.P.	8,341,163	1.45%
Vanguard Emerging Markets Stock Index Fund	6,285,153	1.09%
Fondo de Pensiones Obligatorias Skandia	6,282,822	1.09%
Other shareholders with stakes of less than 1.0% [1]	171,073,265	29.73%
	575,372,223	100.00%

<sup>1)</sup> Including 16,229 shareholders, who individually hold less than 1.0% of Grupo SU

Our ordinary shares are traded on the Colombian Stock Exchange (BVC) under the ticker symbol "GRUPOSURA", and our Level 1 American Depositary Receipts ("ADRs") are traded on the Over-the-Counter-Market ("OTC Market") in the United States under the symbol "GIVSY."

Our preferred shares, on the other hand, trade on both the Colombian Stock Exchange (BVC) under the ticker symbol "PFGRUPSURA") as well as on the OTC market in the United States in the form of ADRs Level 1 under the symbol "GIVPY".

# IMPLEMENTING INTERNATIONAL FINANCIAL REPORTING STANDARDS - IFRS

In accordance with that stipulated in Law 1314 of 2009 as well as the subsequent Regulatory Decrees Nos. 3022 and 3023 issued in December 2012, Grupo de Inversiones Suramericana S.A, is obliged to migrate from Generally Accepted Accounting Principles in Colombia (COLGAAP) to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board – IASB

The Technical Board of Public Accounting in Colombia (the authority responsible for the technical normalization of accounting financial reporting and information assurance standards), divided these up into three groups in order to proceed with this transition. Grupo de Inversiones Suramericana S.A., belongs to Group 1 whose obligatory transition period shall begin on January 1, 2014 so that IFRS- based comparative financial statements can begin to be issued as of December 31, 2015.

In 2014, the Company submitted to the Colombian Superintendency of Finance, pursuant to that stipulated in External Circulars 038 issued in December 2013 and June 14, 2014, its Opening Statement of Financial Position at January 01, 2014, as well as a summary of the main accounting policies used to draw up said opening statement, together with the exemptions and exceptions applicable with regard to the corresponding technical and legal framework.

For all legal purposes, the financial statements at December 31, 2014 and December 31, 2013, will be the last financial statements to be drawn up in accordance with that stipulated in Decrees 2649 and 2650 of 1993 and the regulations in force on said dates in Colombia

#### **FINANCIAL RISK MANAGEMENT**

The Company's risk management model covers four separate exposure categories, namely Strategic, Financial, Legal and Operating Risk. Each of these addresses the issues that are relevant to us, with regard to the sustainability of our different lines of business and the sectors where we are present.

We understand strategic risks as being those that could limit or prevent us from achieving our corporate strategy, that is to say situations or events that could divert us from our core purpose of creating value and trust, which would jeopardize the growth of our investments and the consolidation of our existing business.

We are also exposed to our results and performance being impacted by risks relating to our investments, which is why we ensure that such risks are adequately handled at individual company level.

# INTERNAL CONTROL AND CORPORATE GOVERNANCE

Grupo Sura's Corporate Governance continues to be a key driver for investor confidence since it contains clearly-defined rules and regulations governing the relationships existing between its Board of Directors, Senior Management, shareholders, suppliers, service providers and other stakeholders. This frame of reference is also based on the Company's corporate principles (transparency, respect, responsibility and fairness), as contained in our Code of Good

Governance and which take precedence over any particular interest that our Organization or its Board of Directors or Senior Management may have.

In 2014, we continued to enhance our corporate governance system, in keeping with the DJSI, OCDE, SOX and Country Code international standards. The implementation and standardization of best practices is for us an ongoing objective.

Two important initiatives in this regard were adapting to the new Country Code requirements as well as embracing the new Sarbanes-Oxley or SOX standards. Our Corporate Governance system has been strengthened in both cases and our commitment to transparency has been reinforced, thus providing the market with added value and greater confidence. In the case of the SOX standards, in 2014 we carried out a thorough diagnosis in order to identify gaps between Grupo SURA and our subsidiary Suramericana. For 2015, we have allocated the required funds and resources in order to begin reviewing and adjusting the different processes and controls in place, so as to be able to fully comply with the SOX standards

It is important to note that during 2014 Group SURA staged certain training programs for members of the Boards of Directors of its subsidiaries, with the aim of strengthening the skills required to adequately perform their role as directors and acquire a more global perspective of the SURA Business Group.

From the corporate ethics standpoint, we separated our Code of Ethics from our Code of Good Governance, in order to make our ethical commitments more relevant and more visible for our employees, directors and other persons

involved in the Company's performance and business operations.

Internal control is considered a prerequisite for achieving the Company's goals and objectives. Therefore, as part of our overarching Organizational culture, we intend for these same components to be adopted by all those companies over which we exercise control. Here, we have continued to disseminate a culture of self-regulation in all our subsidiaries, within the framework of our good corporate governance which guides our employees in everything they do, as well as our corporate principles, as mentioned above.

The Company identifies, analyzes, evaluates, and handles all manner of risks and establishes the conditions under which these should be handled. Our IT systems are under permanent control and have been designed to ensure the proper working order of all our operations. Communications with stakeholders are fluid and internal auditing carries out independent monitoring through an interdisciplinary staff. Their findings are evaluated by the Auditing Committee, which periodically reports to the Board of Directors.

There are appropriate control policies in place, including the segregation of functions that govern the carrying out and recording of all operations. Also sufficient information is made available for decision-making purposes. Here, Senior Management conducts permanent follow-ups on key business indicators and process and keeps the Board informed of the progress made with investments, both at home and abroad. Furthermore, and in keeping with that stipulated in Law 1676 of 2013, the Company hereby states that it did not obstruct the free flow of invoices issued by sellers or suppliers,

## **OUR CONSOLIDATED COMPANIES**

The following is a breakdown of the companies included in this consolidation, including their name, nationality, country, registered place of business, the date on which they were incorporated and the corresponding stakes held:

## **SURAMERICANA S.A. AND SUBSIDIARIES**

## Suramericana S.A.

Activity:	Investing		2014	2013
% Stake:	81.13%	Assets	2,583,046	2,188,942
Registered Place of Business:	Medellin	Liabilities	126,348	67,258
Country:	Colombia	Equity	2,456,698	2,121,684
Date of Incorporation:	May 25, 1999	Profits	454,021	262,910

## Operaciones Generales Suramericana S.A.S.

Activity:	Investing in personal and real estate property,		2014	2013
% Stake:	81.13%	Assets	121,074	8,232
Registered Place of Business:	Medellin	Liabilities	83,551	217
Country:	Colombia	Equity	37,524	8,015
Date of Incorporation:	July 24, 1964	Profits	24,990	[274]

## Seguros Generales Suramericana S.A.

Activity:	Property And Casualty Insurance		2014	2013
% Stake:	81.13%	Assets	1,931,819	1,768,037
Registered Place of Business:	Medellin	Liabilities	1,393,098	1,261,910
Country:	Colombia	Equity	538,721	506,127
Date of Incorporation:	December 12, 1944	Profits	47,267	39,548

## Seguros de Vida Suramericana S.A.

Activity:	Personal Insurance		2014	2013
% Stake:	81.13%	Assets	5,508,701	4,770,426
Registered Place of Business:	Medellin	Liabilities	4,252,345	3,767,157
Country:	Colombia	Equity	1,256,356	1,003,268
Date of Incorporation:	August 04, 1947	Profits	330,308	172,812

## Seguros de Riesgos Laborales Suramericana S.A.

Activity:	Occupational Risk		2014	2013
% Stake:	81.13%	Assets	1,632,156	1,354,196
Registered Place of Business:	Medellin	Liabilities	1,243,385	1,061,647
Country:	Colombia	Equity	388,772	292,550
Date of Incorporation:	November 09, 1995	Profits	177,762	105,506

# EPS y Medicina Prepagada Suramericana S.A.

Activity:	Organizing, guaranteeing and providing health care services		2014	2013
% Stake:	81.13%	Assets	444,747	362,061
Registered Place of Business:	Medellin	Liabilities	328,606	262,832
Country:	Colombia	Equity	116,140	99,230
Date of Incorporation:	January 31, 1990	Profits	16,259	15,625

## Servicios de Salud IPS Suramericana S.A.

Activity:	Providing medical, paramedical and dental services		2014	2013
% Stake:	81.13%	Assets	53,267	47,324
Registered Place of Business:	Medellin	Liabilities	43,325	37,399
Country:	Colombia	Equity	9,943	9,925
Date of Incorporation:	December 19, 1996	Profits	[237]	1,280

## Diagnóstico y Asistencia Médica S.A.

Activity:	Providing health care services through diagnostic aids		2014	2013
% Stake:	81.13%	Assets	60,884	53,114
Registered Place of Business:	Medellin	Liabilities	45,838	42,239
Country:	Colombia	Equity	15,046	10,875
Date of Incorporation:	February 24, 1994	Profits	4,115	3,311

## Dinámica IPS Zonas Francas S.A.S.

Providing health care services through diagnostic aids		2014	2013
81.13%	Assets	2,383	2,299
Apartadó	Liabilities	1,474	1,331
Colombia	Equity	908	968
September 02, 2013	Profits	(860)	(32)
	diagnostic aids  81.13%  Apartadó  Colombia	diagnostic aids  81.13% Assets  Apartadó Liabilities  Colombia Equity	diagnostic aids  81.13% Assets 2,383  Apartadó Liabilities 1,474  Colombia Equity 908

#### Servicios Generales Suramericana S.A.

Activity:	Investing in personal property especially shares, quotas or holdings		2014	2013
% Stake:	81.13%	Assets	361,123	340,566
Registered Place of Business:	Medellin	Liabilities	76,185	58,745
Country:	Colombia	Equity	284,938	281,821
Date of Incorporation:	December 06, 2002	Profits	69,062	9,393

## Consultoría en Gestión de Riesgos Suramericana S.A.S.

Activity:	Providing its advisory services with regard to comprehensive risk management		2014	2013
% Stake:	81.13%	Assets	9,596	7,095
Registered Place of Business:	Medellin	Liabilities	8,535	6,088
Country:	Colombia	Equity	1,061	1,006
Date of Incorporation:	April 15, 1996	Profits	53	23

#### Inversura Panamá Internacional S.A.

Activity:	Investing		2014	2013
% Stake:	81.13%	Assets	280,234	226,363
Registered Place of Business:	Panama	Liabilities		0
Country:	Panama	Equity	280,234	226,363
Date of Incorporation:	December 23, 2002	Profits	728	26

## Seguros Sura S.A.

Activity:	Insurance		2014	2013
% Stake:	81.12%	Assets	187,283	141,826
Registered Place of Business:	Santo Domingo	Liabilities	135,064	122,782
Country:	Dominican Republic	Equity	52,219	19,044
Date of Incorporation:	July 17, 1986	Profits	6,039	[8,283]

## Seguros Suramericana S.A.

Activity:	Insurance		2014	2013
% Stake:	81.13%	Assets	354,455	270,409
Registered Place of Business:	Panama	Liabilities	166,355	279,591
Country:	Panama	Equity	188,100	[9,182]
Date of Incorporation:	July 11, 1972	Profits	(10,038)	[20,423]

## Servicios Generales Suramericana S.A.

Activity:	Inspecting, repairing, purchasing and selling all types of vehicles and their corresponding spare parts		2014	2013
% Stake:	81.13%	Assets	230	189
Registered Place of Business:	Panama	Liabilities	217	165
Country:	Panama	Equity	14	24
Date of Incorporation:	August 02, 2012	Profits	[14]	8

## Aseguradora Suiza Salvadoreña S.A. Asesuisa

Activity:	Property And Casualty Insurance		2014	2013
% Stake:	78.79%	Assets	143,186	107,211
Registered Place of Business:	San Salvador	Liabilities	54,900	47,666
Country:	El Salvador	Equity	88,286	59,545
Date of Incorporation:	November 14, 1969	Profits	9,712	5,193

# Asesuisa Vida, S.A. Seguros de Personas

Activity:	Personal Insurance		2014	2013
% Stake:	78.78%	Assets	191,255	117,263
Registered Place of Business:	San Salvador	Liabilities	171,405	83,179
Country:	El Salvador	Equity	19,850	34,083
Date of Incorporation:	December 05, 2001	Profits	(23,320)	5,809

# SURA ASSET MANAGEMENT S.A. AND SUBSIDIARIES

## Sura Asset Management S.A.

Activity:	Inversión en bienes muebles e inmuebles		2014	2013
% Stake:	67.06%	Assets	9,706,289	8,958,375
Registered Place of Business:	Medellín	Liabilities	864,989	1,157,699
Country:	Colombia	Equity	8,841,300	7,800,675
Date of Incorporation:	15 de septiembre de 2011	Profits	173,411	417,388

#### Sura S.A.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	2,119,980	1,767,702
Registered Place of Business:	Santiago	Liabilities	232,128	16,132
Country:	Chile	Equity	1,887,852	1,751,570
Date of Incorporation:	August 01, 2002	Profits	159,961	137,353

## Sura Chile S.A.

Providing business consultancy and advisory services.		2014	2013
67.06%	Assets	33,467	17,366
Santiago	Liabilities	27,611	15,195
Chile	Equity	5,856	2,172
August 01, 2002	Profits	3,195	2,475
	services. 67.06% Santiago Chile	services.  67.06% Assets  Santiago Liabilities  Chile Equity	services.  67.06% Assets 33,467 Santiago Liabilities 27,611 Chile Equity 5,856

## Asesuisa Vida, S.A. Seguros de Personas

Activity:	Providing data processing services and leasing computer equipment.		2014	2013
% Stake:	67.06%	Assets	5,991	4,934
Registered Place of Business:	Santiago	Liabilities	2,431	2,088
Country:	Chile	Equity	3,559	2,846
Date of Incorporation:	August 01, 2002	Profits	483	564

## Corredores de Bolsa Sura S.A.

Activity:	Providing brokerage services		2014	2013
% Stake:	67.06%	Assets	75,718	48,372
Registered Place of Business:	Santiago	Liabilities	38,578	26,627
Country:	Chile	Equity	37,139	21,746
Date of Incorporation:	February 04, 2008	Profits	5,594	(23,200)

## Administradora General de Fondos Sura S.A.

Activity:	Managing investment and mutual funds.		2014	2013
% Stake:	67.06%	Assets	25,870	21,550
Registered Place of Business:	Santiago	Liabilities	14,197	12,230
Country:	Chile	Equity	11,673	9,320
Date of Incorporation:	July 09, 2008	Profits	(2,071)	242

# Seguros de Vida Sura S.A.

Activity: Providing life insurance and life annuities			2014	2013
% Stake:	67.06%	- Assets	3,987,090	2,833,559
Registered Place of Business:	Santiago	Liabilities	3,457,592	2,357,567
Country:	Chile	Equity	529,498	475,992
Date of Incorporation:	January 12, 1989	Profits	3,539	58,847

# AFP Capital S.A.

Activity:	Managing pension funds.		2014	2013
% Stake:	66.83%	Assets	2,253,515	2,016,456
Registered Place of Business:	Santiago	Liabilities	406,246	306,652
Country:	Chile	Equity	1,847,268	1,709,804
Date of Incorporation:	January 16, 1981	Profits	227,957	257,583

## Santa María Internacional S.A.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	34,593	35,265
Registered Place of Business:	Santiago	Liabilities	76	2,676
Country:	Chile	Equity	34,518	32,588
Date of Incorporation:	October 17, 1994	Profits	(87)	9,523

# Compañía de Inversión y Servicios Sura LTDA.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	1,087,608	988,948
Registered Place of Business:	Santiago	Liabilities	1,225	1,103
Country:	Chile	Equity	1,086,383	987,845
Date of Incorporation:	October 20, 1986	Profits	132,537	122,884

# Activos Estratégicos Sura A.M. Colombia S.A.S.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	120	117
Registered Place of Business:	Medellin	Liabilities	2	_
Country:	Colombia	Equity	117	117
Date of Incorporation:	April 25, 2013	Profits	_	_

## SUAM Corredora de Seguros S.A. de C.V.

Activity:	Providing its insurance and reinsurance brokerage services		2014	2013
% Stake:	67.06%	Assets	174	89
Registered Place of Business:	San Salvador	Liabilities	27	0
Country:	El Salvador	Equity	147	88
Date of Incorporation:	May 07, 2013	Profits	34	(8)

## Sura Asset Managment España, S.L.

Activity:	Holding Company		2014	2013
Activity:	67.06%	Assets	4,505,760	7,050,401
% Stake:	Madrid	Liabilities	298,466	280,701
Registered Place of Business:	Spain Spain	Equity	4,207,294	6,769,701
Country:	September 28, 2011	Profits	[77,062]	34,154

# Date of Incorporation:

Grupo Sura Holanda B.V.(\*)

Activity:	Holding Company		2014	2013
% Stake:	0.00%	Assets	_	2,622,173
Registered Place of Business:	Amsterdam	Liabilities	_	176
Country:	Holland	Equity	_	2,621,997
Date of Incorporation:	October 12, 2011	Profits	_	[1,242]

<sup>(\*)</sup>This Company was merged with Grupo de Inversiones Suramericana Holanda B.V. in 2014

## Grupo de Inversiones Suramericana Holanda B.V.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	4,166,408	4,060,981
Registered Place of Business:	Amsterdam	Liabilities	74	48
Country:	Holland	Equity	4,166,334	4,060,933
Date of Incorporation:	October 12, 2011	Profits	(57,669)	10,401

# Sura Asset Management México B.V.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	1,051,626	825,288
Registered Place of Business:	Amsterdam	Liabilities	62	44
Country:	Holland	Equity	1,051,564	825,245
Date of Incorporation:	March 02, 1977	Profits	83,153	-306

# Grupo Sura Latín American Holdings B.V.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	330,305	623,820
Registered Place of Business:	Amsterdam	Liabilities	(33)	154
Country:	Holland	Equity	330,338	623,666
Date of Incorporation:	July 07, 1993	Profits	63,128	32,286

# Grupo Sura Chile Holdings I, B.V.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	1,781,821	1,388,460
Registered Place of Business:	Netherlands	Liabilities	366	197
Country:	Holland	Equity	1,781,455	1,388,263
Date of Incorporation:	September 28, 1983	Profits	(138)	[147]

# Grupo Sura Chile Holdings II, B.V.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	-	0
Registered Place of Business:	Netherlands	Liabilities	319	179
Country:	Holland	Equity	(319)	(179)
Date of Incorporation:	January 01, 1984	Profits	(112)	(147)

#### Mexamlux S.A.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	43	65
Registered Place of Business:	Luxembourg	Liabilities	56	32
Country:	Luxembourg	Equity	(14)	34
Date of Incorporation:	August 16, 2013	Profits	[169]	[71]

# Sura Art Corporation S.A.

Activity:	Collecting Mexican works of art.		2014	2013
% Stake:	67.06%	Assets	45,302	41,246
Registered Place of Business:	Mexico D.F.	Liabilities	74	6
Country:	Mexico	Equity	45,228	41,240
Date of Incorporation:	December 20, 2011	Profits	13	11

## Afore Sura, S.A. de C.V.

Activity:	Managing investment firms specializing in retirement savings funds		2014	2013
% Stake:	67.06%	Assets	1,690,216	1,323,445
Registered Place of Business:	Mexico D.F.	Liabilities	268,381	169,685
Country:	Mexico	Equity	1,421,835	1,153,760
Date of Incorporation:	December 17, 1996	Profits	245,304	181,846

## Pensiones Sura S.A. de C.V.

Activity:	Pension insurance		2014	2013
% Stake:	67.06%	Assets	1,230,345	970,797
Registered Place of Business:	Mexico D.F.	Liabilities	1,150,662	844,726
Country:	Mexico	Equity	79,683	126,071
Date of Incorporation:	May 12, 1997	Profits	7,682	10,673

## Asesores Sura, S.A. de C.V.

Activity:	Providing financial services and products		2014	2013
% Stake:	67.06%	Assets	6,932	2,907
Registered Place of Business:	Mexico D.F.	Liabilities	6,412	2,860
Country:	Mexico	Equity	520	47
Date of Incorporation:	October 17, 2000	Profits	318	(692)

## Inverconsa, S.A. de C.V.

Activity:	Special vehicle currently being wound up		2014	2013
% Stake:	67.06%	Assets	7	11
Registered Place of Business:	Mexico D.F.	Liabilities	8	4
Country:	Mexico	Equity	[1]	7
Date of Incorporation:	11 de septiembre de 2003	Profits	(5)	157

# Sura Investment Management México, S.A. de C.V.

Activity:	Managing investment fund management firms.		2014	2013
% Stake:	67.06%	Assets	43,817	46,922
Registered Place of Business:	Mexico D.F.	Liabilities	13,890	13,208
Country:	Mexico	Equity	29,927	33,714
Date of Incorporation:	February 13, 1998	Profits	(6,912)	(1,958)

# Sura Asset Management México, S.A. de C.V.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	33,885	26,338
Registered Place of Business:	Mexico	Liabilities	37	13
Country:	Mexico	Equity	33,849	26,325
Date of Incorporation:	April 17, 2013	Profits	(8)	(5)

## Promotora SUAM AM, S.A. de C.V.

Activity:	Providing advertising and marketing services for any type of product		2014	2013
% Stake:	67.06%	Activo	3,404	65
Registered Place of Business:	Mexico	Pasivo	3,102	58
Country:	Mexico	Patrimonio	303	7
Date of Incorporation:	October 23, 2013	Utilidad	274	_

# Seguros de Vida SURA México S.A. de C.V. (antes Primero Seguros de Vida S.A. de C.V.)

Activity:	Life Insurance		2014	2013
% Stake:	67.06%	Assets	84,175	
Registered Place of Business:	Mexico	Liabilities	69,941	_
Country:	Mexico	Equity	14,234	_
Date of Incorporation:	December 01, 2014	Profits	[36]	_

## **SUAM Finance B.V**

Activity:	Holding company for 144A/Reg S bonds issued in April 2014		2014	2013
% Stake:	67.06%	Assets	1,162,644	-
Registered Place of Business:	Curaçao	Liabilities	1,195,765	_
Country:	Curaçao	Equity	(33,121)	_
Date of Incorporation:	December 01, 2014	Profits	(27,692)	_

# AFP Integra S.A.

Activity:	Providing its pension fund management services		2014	2013
% Stake:	67.06%	Assets	1,234,562	1,047,531
Registered Place of Business:	Lima	Liabilities	263,877	268,527
Country:	Peru	Equity	970,685	779,004
Date of Incorporation:	May 19, 1993	Profits	149,426	92,841

## Wealth Management Sura S.A.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	16,521	10,038
Registered Place of Business:	Lima	Liabilities	280	2,128
Country:	Peru	Equity	16,242	7,911
Date of Incorporation:	May 04, 2004	Profits	(150)	3,452

## Fondos Sura SAF S.A.C.

Activity:	Managing investment and mutual funds.		2014	2013
% Stake:	67.06%	Assets	6,970	5,297
Registered Place of Business:	Lima	Liabilities	1,575	1,337
Country:	Peru	Equity	5,395	3,960
Date of Incorporation:	December 07, 2004	Profits	(3,773)	(2,556)

## Pensiones Sura Perú S.A.

Activity: Holding company currently being wound up		2014	2013	
% Stake:	67.06%	Assets	9,264	56,221
Registered Place of Business:	Lima	Liabilities	4	104
Country:	Peru	Equity	9,260	56,116
Date of Incorporation:	March 26, 1993	Profits	4	15,007

## Internacional Sura Perú S.A.

Activity:	Wound up in 2014		2014	2013
% Stake:	0.00%	Assets	-	450
Registered Place of Business:	 Lima	Liabilities		56
Country:	Peru	Equity		394
Date of Incorporation:	March 11, 1994	Profits		(105)

## Servicios Sura S.A.C.

Activity:	Providing its business consultancy and advisory services.		2014	2013
% Stake:	67.06%	Assets	6	5
Registered Place of Business:	Lima	Liabilities	1	1
Country:	Peru	Equity	4	4
Date of Incorporation:	September 09, 2008	Profits		(1)

# Seguros Sura S.A. (Antes Invita)

Activity:	Providing life insurance and reinsurance		2014	2013
% Stake:	46.47%	Assets	3,222,515	2,596,799
Registered Place of Business:	Lima	Liabilities	2,895,177	2,256,689
Country:	Peru	Equity	327,339	340,111
Date of Incorporation:	March 01, 2000	Profits	34,533	19,907

# Hipotecaria Sura Empresa Administradora Hipotecaria S.A.

Activity:	Providing mortgage loans and other financial services		2014	2013
% Stake:	46.94%	Assets	19,274	59,065
Registered Place of Business:	Lima	Liabilities	4,386	43,123
Country:	Peru	Equity	14,888	15,942
Date of Incorporation:	May 14, 2008	Profits	(3,513)	[413]

# Negocios Financieros S.A.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	16,876	14,357
Registered Place of Business:	Peru	Liabilities	2,268	1,957
Country:	Peru	Equity	14,608	12,401
Date of Incorporation:	October 14, 2006	Profits	135	662

# Sura Asset Managment Perú S.A.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	116,298	39,590
Registered Place of Business:	Lima	Liabilities	17	25
Country:	Peru	Equity	116,280	39,565
Date of Incorporation:	July 04, 2013	Profits	47,509	[26]

## AFAP Sura S.A.

Activity:	Managing retirement savings funds.		2014	2013
% Stake:	67.06%	Assets	79,448	59,025
Registered Place of Business:	Montevideo	Liabilities	13,795	9,640
Country:	Uruguay	Equity	65,653	49,384
Date of Incorporation:	March 27, 1995	Profits	31,611	24,772

# Disgely S.A.

Activity:	Selling merchandise and leasing goods, properties and services.		2014	2013
% Stake:	67.06%	Assets	986	-
Registered Place of Business:	Montevideo	Liabilities	1,042	_
Country:	Uruguay	Equity	(56)	-
Date of Incorporation:	December 01, 2014	Profits	(53)	-

# Jobely S.A.

Activity:	Providing its brokerage services		2014	2013
% Stake:	67.06%	Assets	3	-
Registered Place of Business:	Montevideo	Liabilities	3	_
Country:	Uruguay	Equity	_	-
Date of Incorporation:	December 01, 2014	Profits	(3)	-

# Ahorro Inversión Sura Administradora de Fondos de Inversión S.A.

Activity:	Managing investments funds.		2014	2013
% Stake:	67.06%	Assets	6,455	4,805
Registered Place of Business:	Montevideo	Liabilities	1,968	452
Country:	Uruguay	Equity	4,488	4,353
Date of Incorporation:	January 19, 2011	Profits	[6,152]	(3,348)

# Tublyr S.A.

Activity:	Holding Company		2014	2013
% Stake:	67.06%	Assets	185,025	2
Registered Place of Business:	Uruguay	Liabilities	10	
Country:	Uruguay	Equity	185,014	2
Date of Incorporation:	July 02, 2013	Profits	19,484	_

# INTEGRADORA DE SERVICIOS TERCERIZADOS S.A.S. AND SUBSIDIARIES.

# Integradora de Servicios Tercerizados S.A.S.

Activity:	Investing in personal and real estate property,	personal and real estate		2013	
% Stake:	100.00%	Assets	46,126	45,092	
Registered Place of Business:	Medellin	Liabilities	128	4,177	
Country:	Colombia	Equity	45,998	40,915	
Date of Incorporation:	July 11, 2012	Profits	883	(1,061)	

## Compuredes S.A.

Activity:	Providing IT products and telecommunications services			2013
% Stake:	100.00%	Assets	49,859	45,684
Registered Place of Business:	Medellin	Liabilities	32,311	29,576
Country:	Colombia	Equity	17,548	16,107
Date of Incorporation:	August 16, 1988	Profits	1,441	1,308

## Enlace Operativo S.A.

2014	2013
8,358	7,725
4,635	4,977
3,723	2,749
975	(894)
	4,635

# **OTHER INVESTMENTS**

# Inversiones y Construcciones Estratégicas S.A.S.

Activity:	Investing		2014	2013
% Stake:	100.00%	Assets	127,100	145,786
Registered Place of Business:	Medellin	Liabilities	26,473	65,756
Country:	Colombia	Equity	100,627	80,030
Date of Incorporation:	August 30, 2007	Profits	3,469	8,472

# Grupo de Inversiones Suramericana Panamá S.A.

Activity:	Investing in negotiable securities		2014	2013	
% Stake:	100.00%	Assets	713,023	608,843	
Registered Place of Business:	Panama	Liabilities	751,526	598,595	
Country:	Panama	Equity	(38,503)	10,248	
Date of Incorporation:	April 29, 1998	Profits	[33,884]	[23,399]	

#### Planeco Panamá S.A.

Activity:	Buying and selling personal property and real estate	sonal property and		2013
% Stake:	95.28%	Assets	6,403	2,215
Registered Place of Business:	Panama	Liabilities	4,519	0
Country:	Panama	Equity	1,885	2,215
Date of Incorporation:	December 12, 2012	Profits	(709)	[1,438]

#### **Grupo Sura Finance S.A.**

Activity:	Any lawful activity in the Cayman Islands		2014	2013
% Stake:	100.00%	Assets	691,598	558,457
Registered Place of Business:	Cayman Islands	Liabilities	722,625	581,985
Country:	Cayman Islands	Equity	(31,026)	(23,528)
Date of Incorporation:	March 18, 2011	Profits	(1,509)	(1,356)

#### Habitat Adulto Mayor S.A.

Activity: Providing health care services for the elderly		2014	2013	
% Stake:	71.29%	Assets	20,446	18,266
Registered Place of Business:	La Estrella	Liabilities	5,133	3,026
Country:	Colombia	Equity	15,312	15,240
Date of Incorporation:	July 24, 2007	Profits	73	(102)

#### Acquisitions in 2014

In 2014 through our subsidiary, Inversiones y Construcciones Estratégicas we acquired 3.192.433 shares in Hábitat Adulto Mayor S.A., corresponding to a 2,68% stake. This increased our overall stake to 71.29% in this Company, in the form of 84.634.633 shares.

#### Acquisitions in 2013

In 2013, our subsidiary Sura Asset Management purchased a 50% stake in AFP Horizonte through its Peruvian subsidiary AFP Integra that led to its subsequent take-over. In this same year, Compañía Promotora S.A. merged with SURA S.A., and other companies were

purchased and/or incorporated namely Tublyr in Uruguay, Negocios Financieros in Peru, SURA Asset Management de Mexico and SURA Asset Management Corredora de Seguros both in Mexico, Mexamlux in Luxembourg and Promotora SURA AM S.A. in Mexico.

Also our subsidiary Suramericana S.A. set up Compañía Dinámica IPS Zonas Francas S.A.S. dedicated to providing diagnostic health care services, such as lab and pathology tests, endoscopies, ultrasounds, imaging and mammographies, among others, in the Free Trade Zone of Uraba.

Also in 2013, Inversiones y Construcciones Estratégicas purchased 80,817,201 shares in Hábitat Adulto Mayor S.A., which specializes in caring for the elderly, bringing the total number of shares held to 81,442,200, that is a 68,61% stake in its share capital.

#### Share swaps performed in 2013

In June, 2013, Sura Asset Management purchased 49.000 shares in the firm, Sura Asset Management España, corresponding to a 49% stake in its share capital. With this Sura Asset Management now holds a 100% stake in this same company.

This was performed by means of payments-in-kind consisting of the shares held by Grupo de Inversiones Suramericana S.A., General Atlantic España S.L, International Finance Corporation, Sociedades Bolívar S.A., Compañía de Seguros Bolívar S.A., Banagricola S.A., Blue Rapids Invest S.L and JP Morgan SIG Holdings in the Spanish firm in exchange for shares in Sura Asset Management S.A.; this based on the terms and conditions of the offer made to each of the aforementioned shareholders.

# BREAKDOWN OF THE CONSOLIDATION EFFECT ON THE FINANCIAL STATEMENTS

The consolidation effect between the parent company's financial statements and its consolidated statements at December 31, 2014 is broken down as follows:

	PARENT COMPANY STATEMENTS	CONSOLIDATED STATEMENTS	CONSOLIDATION EFFECT
Assets	23,809,472	47,496,742	23,687,270
Liabilities	1,107,079	24,880,918	23,773,839
Minority interest	-	3,505,849	3,505,849
Equity	22,702,392	22,615,824	[86,569]
Results for the period	671,900	650,173	[21,727]

The consolidation effect between the parent company's financial statements and its consolidated statements at December 31, 2013 is broken down as follows:

	PARENT COMPANY STATEMENTS	CONSOLIDATED STATEMENTS	CONSOLIDATION EFFECT
Assets	21,050,300	39,929,059	18,878,759
Liabilities	762,782	16,635,407	15,872,625
Minority interest	-	3,086,575	3,086,575
Equity	20,287,518	20,207,077	[80,441]
Resultados del ejercicio	781,794	782,666	872

The following is a reconciliation of the parent company's net profits with its consolidated net profits at year-end:

	2014	2013
Parent company's net profits	COP 671,900	781,794
Net subsidiary earnings	685,536	659,153
	1,357,436	1,440,947
Eliminations that affected consolidated results:		
Equity method	(468,215)	[437,892]
Minority interest	[179.499]	(195,419)
Balance net of eliminations, income and expense	(59,549)	[24,971]
Consolidated net profits:	650,173	782,666

The following is a breakdown of the balances held and transactions performed with related parties at year-end::

		2014	2013
Assets		3,336	171,304,964
Intercompany funds- assets		3,064	62,554,546
Loan portfolio		721,838	81,018,270
Trade receivables		143,640	51,974,137
Accounts receivable and derivative operations		10,743	
Property and equipment		45,456	
Other assets	СОР	928,076	
Liabilities		3,336	
Borrowings - money market and related operations		28,031	
Trade payables		750,039	
Bank loans and other financial obligations		85,856	
Accounts payable		50,209	
Other liabilities	СОР	917,471	14,916,362
			1,950
Income		469,256	29,081
Operating		24,824	118,937,499
Non-operating	СОР	494,081	
Costs and expense			
Operating		248,396	
Non-operating		1,185	
Service costs		233,762	60,000,000
	COP	483,344	560,736,809

**Note:** All the aforementioned transactions were carried out on an "arms-length" basis based on normal market terms and conditions

The following is a breakdown of the consolidated headcount at year-end:

Grupo Sura S.A. has not performed any transactions either with its shareholders or with members of its Board of Directors

		2014	2013
Número total de empleados			
Suramericana S.A. and Subsidiaries		10,228	9,491
Integradora de Servicios Tercerizados S.A.S and Subsidiaries		2,455	2,397
Sura Asset Management Colombia S.A. and Subsidiaries		7,146	7,610
Grupo de Inversiones Suramericana S.A. and other Subsidiaries		150	128
Management personnel		19,979	19,626
Personnel Expense			
Management personnel	COP	773,356	758,993

# NOTE 2

# SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

#### (a) Consolidation Principles

The consolidated financial statements include the statements for subsidiary companies (where the parent company holds more than a 50% of their respective share capital or over which it has full control), applying the global integration method which consists of incorporating subsidiary assets, liabilities, shareholders' equity and results into the parent company's financial statements, after eliminating any existing reciprocal investments, shareholders' equity, transactions and balances. All significant reciprocal balances and transactions between the subsidiary companies were eliminated during the consolidation.

#### (b) Business combinations

accordance with IFRS 3 - Business Combinations. The consideration transferred on the acquisition of a subsidiary is equal to the fair value of all those assets transferred, the liabilities incurred and the equity interests issued by the Company. This consideration includes the fair value of any asset or liability that may arise from any contingent payment agreement. The identifiable assets acquired together with the liabilities and contingent liabilities assumed as a result of a business.

combination are initially measured at fair value on the date of the acquisition. All costs relating to acquisitions are charged to the income accounts as and when these are incurred

The Company recognizes non-controlling interest in the acquired entity based on the proportion of non-controlling interest in the net identifiable assets of the acquired entity. Costs related to the acquisition are expensed as incurred.

Goodwill is initially measured as the difference between the value of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets and liabilities acquired. If the consideration thus transferred is lower than the fair value of the net assets belonging to the acquired subsidiary, in the case of a bargain purchase, the difference is directly recognized in the consolidated statement of income.

Goodwill is not amortized but is subject to impairment testing whenever there are indications of such. Also there is a regulatory term of 12 months to make any adjustments to the purchase accounting associated with acquiring control over a subsidiary..

The methodology applied in the case of business combinations was reviewed by the Colombian Superintendency of Finance, which considers it reasonable to post these in books pursuant to that provided in Official Notice 2012072089-003-000 issued on December 26, 2012.

#### (c) Converting the Financial Statements

The financial statements of all those entities belonging to the Company were drawn up in the functional currency of their respective jurisdiction. The consolidated financial statements were reported in Colombian pesos, this being the currency in which the Company prepares and presents its financial statements.

The financial situation and results of all those entities whose functional currency is different from the Company's reporting currency and whose economies are not classified as hyperinflationary are converted as follows:

- Assets and liabilities are converted using the exchange rate applicable for the period..
- Shareholders' Equity is converted using the exchange rate applicable on each of the dates on which the corresponding transactions were carried out
- Income and expense were converted using the average exchange rate.
- The exchange differences resulting from this conversion are posted in a separate Financial Statement Translation account.

# (d) Basis for Preparing and Presenting the Financial Statements

The consolidated financial statements have been drawn up and presented pursuant to Article 122 of Decree 2641 issued in 1994 as well as the consolidation rules and regulations contained in External Circular No. 002 of 1998 issued by the Colombian Superintendency of Finance, plus the effect of the business combination as described in (b) of the Summary of Principal Accounting Policies.

## (e) Functional currency

The consolidated financial statements are presented in Colombian pesos, which is the reporting currency of Grupo SURA..

#### (f) Cash equivalents.

rights on ordinary mutual funds, as well as bank overdrafts, tradable shares and certificates of deposit were considered as cash equivalents.

#### (g) Investments

Security-issuing entities:

For valuation purposes, investments are classified according to the following criteria:

- Their intent and purpose: that is to say whether they are negotiable or permanent.
- Their corresponding yield: fixed, variable or a combination thereof
- The control held over the issuer: controlling or non-controlling stakes.
- The reason behind the investment: voluntary or mandatory
- The rights granted by the security: participating and non-participating

Investments are appraised and posted as follows:

**Negotiable investments: at t**heir market value, and all variations with regard to their latest book values are recorded in the income accounts alongside each investment.

#### Permanent (non-controlling) investments:

should the value of the investments sold be higher than their book cost, the difference represents a gain for the period and this is posted in the valuation offset accounts (as a valuation against valuation surplus). Should the value of the investments sold be lower than their book cost, the difference is charged first to the valuation account and then to the valuation surplus account, up to the amount contained in said accounts with any amounts left over constituting a loss in the value of the investment which is then charged to the aforementioned accounts as a lower value of these same, regardless of the contrary nature of their net balances.

## Valuation procedure for entities coming under the oversight of the Colombian Superintendency of Finance.

La valoración de las inversiones se realiza methodologies stipulated in Chapter 1 of the Basic Accounting and Finance Circular issued by the Colombian Superintendency of Finance.

Based on the corresponding purposes and strategies of the investment in question, securities may be classified as negotiable investments, investments held-to-maturity or investments held for sale

Any security or instrument and, generally-speaking any investment in general that has been purchased for the prime purpose of obtaining gains on short-term price fluctuations is classified as negotiable investments. Held-to-maturity investments consist of those purchased with the intention of maintaining these until they mature. Investments held for sale are those made for the purpose of keeping for at least one (1) year as of the date on which they were duly classified in this category, after which they are either reclassified as negotiable or held-to-maturity or continue as investments held for sale.

Investments are appraised according to the following provisions:

#### **Debt securities**

SThese are securities that grant creditor status to their holders with regard to the issuer in question. These investments are appraised on a daily basis bearing in mind that these are classified as negotiable, held-to-maturity or held-for-sale.

Negotiable investments or those held for sale are posted according to a price, reference rate or margin which is calculated based on representative market transactions.

In the absence of a price, the corresponding market value is estimated by calculating the sum of the present value of future flows of yields and principal, using a Discount Factor (DF) consisting of a reference rate and a margin that is published daily by INFOVAL or any other agent that the Colombian

Superintendency of Finance should authorize for this purpose.

**DF** =  $[(1+BR)*(1+M)] ^ (n/365)$ 

Where:

**DF:** Discount Factor

**BR:** Annual benchmark rate as calculated on the valuation date.

**M:** Margin for the respective category of security as calculated on the valuation date.

**N:** Number of days between the valuation date and the due date for the flow in question, this calculated on a basis of a 365-day year.

Should neither a price nor a margin be available on the valuation date, the corresponding margin must be calculated based on valuations of similar securities. All those securities that cannot be appraised based on their price, reference rate or margin, must be valued exponentially based on their internal rate of return.

In the case of securities classified as heldto-maturity investments, these are appraised exponentially based on their internal rate of return calculated on the date of purchase.

## **Equity securities**

These are securities according the corresponding holder with the status of coowner of the issuer in question.

Equity securities that are registered with the Colombian Registry of Securities and Issuers and listed with the Colombian Stock Exchange are appraised based on the prices published by the agents authorized by the Colombian Superintendency of Finance for this purpose, this in keeping with information sourced from the different regional exchanges where

these are traded. In the event of there being no trades setting a price on the secondary market, as of their date of issue, these must be appraised considering the subsequent changes to the issuer's equity, this based on the purchase price or the price published by an agent authorized for this purpose by the Colombian Superintendency of Finance.

nterests in collective portfolios as well as securities issued as part of securitizations are appraised based on the unit value calculated by the firm managing such on the date immediately preceding the valuation date even when these are listed on the Colombian stock exchange.

Equity securities listed on foreign stock exchanges are appraised based on the closing prices made available on the stock exchange in question on the valuation date, or failing that, the most recent closing price reported by said exchange over the previous five (5) trading days, including the date on which this valuation is performed. Should no closing price be available for the period in question, these must be appraised based on the simple average of closing prices reported during the previous thirty (3) trading days, including the valuation date.

Equity securities that are issued and traded in Colombia but not listed on the Colombian stock exchange.

These investments must be appraised using any one of the following procedures:

 Increasing or reducing their purchase price according to the investor's percentage of any subsequent changes to the issuer's equity, For this purpose, changes to the issuer's equity are calculated based on duly certified financial statements, at June 30 and December 31 of each year. However, in the event of more recent certified financial statements being made available, these should be used for appraising the corresponding investment. Entities are given a maximum term of three (3) months, subsequent to the cut-off date of their financial statements, to update this information:

- Using the price determined by an agent specialized in appraising movable assets.
- Using a method that adequately reflects the economic value of the investment in question, which must be previously authorized by the Colombian Superintendency of Finance.

Securities in foreign currency, pegged to units of real value (UVR in Spanish) or other units, the present or market value of the security or instrument in question is calculated in its respective currency or unit of measure. The value thus obtained must be multiplied by the local exchange rate applicable on the date the security is appraised, as duly certified by the Colombian Superintendency of Finance on said date, or by the value officially recorded for the unit on this same day, as applicable.

#### Derivados

## Investments in currency forwards,

Foreign exchange forwards are appraised on a daily basis, according to that stipulated in Chapter XVIII of the Basic Accounting and Finance Circular, as measured at fair exchange prices following the guidelines and criteria that must be used by all those entities coming under the oversight of the Colombian Superintendency of Finance.

Peso-dollar forward transactions are appraised using the forward points (PIPS) recorded at the daily closing of the forward market, as published by authorized agents.

In order to calculate the gains or losses obtained on this type of contract, the difference between the forward rate agreed upon and the forward rate applicable on the valuation date is calculated, which must correspond to the remaining term of the derivative in question, and this is converted to its present value using the zero coupon interest rate. For this the following formula is used:

#### Nusp \* [FER - (MMRspot + PIPSK)] 1+(rk \* k/360)

Where:

**NUSD:** Nominal value of the contract stated in US dollars

**FER:** Peso-US dollar exchange rate stipulated in the contract and stated in pesos per dollar **k:** Number of days between the valuation date and the stipulated delivery date.

**PIPSk:** Mid-forward points on the peso-US dollar forward market on the valuation date for a term of k days. This is stated in pesos per US dollar.

**MRRspot:** Market representative rate on the date of the appraisal stated in pesos per US dollar

**rk: Z**ero coupon interest rate for a term of k days, according to the guidelines governing discount rates as set out in sub-sections a), b) and c) of Section 7.2. of the aforementioned Chapter

# General policies governing derivative operations

The derivatives held by the Company correspond mainly to hedging operations performed to protect its portfolios, and to a lesser extent to speculative transactions conducted within a time frame of up to one (1) year. Structured Products are not limited to this same time horizon and must consist of wholly-protected (100%) capital.

Based on the derivative and structured products permitted both by law and the Company's Investment and Risk Committee, the Company is considered to have a MEDIUM risk profile, and therefore its risk tolerance level is set at MEDIUM

Any transactions involving new structured products, derivatives or operations performed on new underlyings must be authorized by the Investment and Risk Committee after the Investment Department has presented its strategy and this has been duly analyzed by the Risk Department.

Hedging arrangements were conducted in 2012, for the purpose of mitigating the amount of volatility affecting the Companies' financial statements in the short term as well as to fulfill the targeted goals.

#### Charges, constraints and encumbrances

Operations with derivatives reported to date are free of any encumbrance as well as legal and financial constraints.

#### (h) Related Parties

Related parties are companies under Grupo SURA's direct or indirect control, as well as

members of their Boards of Directors and Senior Management.

Colombian legislation sets forth certain restrictions and limitations on transactions carried out with related parties, such as the directors and senior management of a company, as well as its subsidiaries.

Restricted or prohibited transactions are duly stipulated in the Colombian Code of Commerce, as amended by Law 222 of 1995. This law establishes, among other things, the following: all subsidiaries must carry out their activities independently and with sufficient administrative autonomy; (ii) transactions between the parent company and its subsidiaries or affiliates must be of a real nature and may not differ considerably from standard market conditions, nor be to the detriment of the Colombian government, stockholders or third parties and (iii) subsidiaries may not acquire any shares issued by their parent company.

Furthermore, all transactions between companies and their shareholders, directors and senior executives must be carried out on an arm's length basis and with the utmost transparency, fairness and impartiality.

#### (i) Accounts receivable

The provision for this account is based on the estimated collectability of the balances outstanding, according to their particular nature, the following being the most relevant:

Provisions for loan portfolios and outstanding amounts to be collected, in the case of all those subsidiaries pertaining to the finance sector, are set up based on that stipulated by

the Colombian Superintendency of Finance.

Accounts receivable, that are more than 6 months past due, in the specific case of our insurance subsidiaries, require that a provision for 100% of the value of these is set up and charged to the income accounts.

Provisions are charged against the income accounts should there be any doubt concerning the collection of the amounts outstanding. The Colombian Superintendency of Health, by means of Resolution 1424 of 2008, requires a provision to be set up covering eventual losses on revenues due from pre-paid health care services and/or complementary health care plans that have remained outstanding for more than 90 days, this equivalent to 100% of the value of the payments owing. As for amounts outstanding corresponding to injunctions and CTC orders, maternity leaves, private individuals, and workers' compensation, the Company sets up a provision for 5% of the amounts that have remained between 90 and 180 days outstanding, 10% for between 181 and 360

# % DE PROVISIÓN

5	
10	
15	

days outstanding, and 100% for amounts more than 360 days outstanding.

The general provision set up on accounts receivable, based on the amount of days outstanding, is broken down as follows:

# (j) Transactions and balances in foreign currencies

Las transacciones en moneda extranjera iTransactions in foreign currency included in the consolidation are converted to Colombian pesos using the market representative rate as certified by the Colombian Superintendency of Finance on the date these are conducted. Balances in foreign currency are adjusted using the market dollar rate applicable on the last day of the month, which at December 31, 2014 and December 31, 2013 came to COP 2,392.46 and COP 1,926.83 respectively. Exchange differences are posted in the income accounts.

Pursuant to Decree No. 4918 issued December 26, 2007 by the Colombian Ministry for Commerce, Industry and Tourism, exchange differences resulting from equity

#### DAYS OUTSTANDING

Between 90 and 180 days		
Between 181 and 360 days		
More than 360 days		

investments in foreign subsidiaries must be posted as a higher or lower value of the Company's equity; and when the investment in question is sold off, this value is posted on the income accounts for the corresponding fiscal year.

#### (k( Inventories

appraised using the average inventory method and their depletion is recognized by charging the respective cost account for the service provided.

Inventories of real estate held for sale and plots of land for subsequent development, whether wholly or partly owned (both land and construction in progress together with buildings), are recorded at cost, which shall not exceed their corresponding market value.

# (I) Realizable assets and assets received as payment

Assets received in the form of payment are posted at the value paid in kind, this based on technical appraisals.

Based on that stipulated in External Circular 043 issued in 2011, technical appraisals may not date back more than three years from the date on which the books are closed for the period for which said appraisals are used.

Should there be a difference in favor of the debtor between the value for which the asset is received and the value of the obligation to be paid, this is posted as an account payable. Should the value of the asset not be enough to cover the amount owing on unpaid obligations, a provision is set up on the difference.

For the purpose of setting up individual provisions on all kinds of assets received in the form of payment, the instructions set out in Chapter III of the Basic Accounting and Finance Circular are duly followed.

All realizable assets are posted at their purchase or production cost, which includes all direct and indirect costs and expense that are incurred until they are ready to be used or sold.

Interest, monetary correction, foreign exchange adjustments, as well as any other financial expense incurred in acquiring, building or assembling assets constitute a higher value of the asset in question, until these are started up or ready to be used or sold. From then onwards these are considered as an expense.

# (m)Prepaid Expense and Deferred Charges

These mainly consist of insurance and, non proportional contract costs, which are amortized during the life of the policy, together with interest, commissions paid to brokers on pending premiums and deferred charges relating to remodeling work, computer programs, office stationery and supplies, improvements to leased assets, organization and pre-operating expense, advertising and publicity, contributions and membership fees.

Prepaid expense is amortized during the period in which the corresponding benefit is obtained.

Deferred charges are amortized as follows:

- Software programs up to a maximum of 3 years
- Office stationery and suppliers, as these are depleted.
- Organization and pre-operating expense for a maximum period of 5 years.
- Projects, during the time it takes for their completion.

Deferred acquisition costs (DAC) represent an asset consisting of acquisition costs of insurance contracts which are deferred and amortized over time. Deferred costs, which vary as new contracts arise or existing contracts are renewed, consist mainly of commissions, certain expense incurred with underwriting and issuing contracts and certain brokerage or agency expense.

In the case of traditional and flexible life insurance together with non-life insurance contracts, DAC are amortized during the period the premiums are paid in proportion to the income to be received on recognized premiums.

For other types of traditional life insurance, DAC are amortized during the life of the policies with respect to the materialization of estimated gross profits. In the case of DAC corresponding to flexible insurance contracts, a lineal amortization approach is used during the estimated term of the policy in question. Once a year, in conjunction with the adequacy tests performed on reserves, an implicit adequacy test is carried out on DAC (to verify that net reserves of DAC are sufficient).

Premiums for more than one year are amortized based on the term of the policy

Those corresponding to leased assets are amortized over whichever is the shortest period between the term of the respective contract and their probable useful life.

Advertising, publicity, contributions, membership fees, organizational and preoperating expense are amortized over a 12-month period.

#### (n) Property and Equipment

Property, plant and equipment are recorded at their adjusted cost, including costs and expenses accruing up to the moment the asset is ready for use.

Any extensions, improvements and extraordinary repairs that significantly increase the useful life of the asset in question are recorded as a higher cost, and maintenance and repair costs are charged to expenses as these accrue.

With regard to performing maintenance on furniture and fixtures, there exists a maintenance program and a team of subcontractors in charge of carrying out repairs and attending incidents as these arise. Visits are scheduled on a regional level each year, and a general check is performed on all our premises.

In the case of both operating and nonoperating property on a nationwide level, when these are occupied, maintenance and repairs are performed upon request, and once the initial evaluation is completed and depending on the extent of the damage or malfunction, the corresponding repair or maintenance work must be completed within four days of having been reported. In the case of unoccupied property a person has been assigned (not for this exclusive purpose) in every city in order to conduct periodic inspections and resolve all issues regarding such property.

Both real estate and personal property are duly insured against fire, low voltage and theft, as applicable. Real estate is insured against earthquake and fire for its commercial value. Works of art are insured for their appraised commercial value however, it is the Company's policy not to move furniture or fixtures (including works of art) outside its premises without having obtained the corresponding coverage.

At December 31, 2014, all the Company's real estate property remained free of any encumbrance, mortgage or pledge.

Depreciation is recorded using the straightline method based on the asset's estimated useful life in years. The annual depreciation rates for each type of asset are as follows:

#### (o) Intangibles

Intangible items consist of acquired goodwill, trademarks, non-competition agreements, contractual relations with clients, goodwill, goods received as part of leasing arrangements, software, trusts and licenses.

#### Acquired goodwill

According to that stipulated IFRS 3, the acquiring company shall recognize goodwill separately from the intangible assets acquired in a business combination. An intangible asset is identifiable if it meets the legal contractual or separability criterion.

Given the International Accounting Standard (IAS) No. 38 governing Intangible Assets, an intangible asset must be recognized separately from goodwill if it meets the recognition criteria therein prescribed.

#### **ANNUAL % RATE**

	Buildings	2 al 5
	Equipment, furniture and office fixtures	10
	Computer equipment	20
	Vehicles	20
	Medical and dental equipment	10
_		

# Contractual relations with clients and trademarks

Se trata de aquellas relaciones que that invest money in the different types of mutual funds offered. There are three types of clients, those entitled to tax benefits, those who are not entitled to tax benefits and institutional clients. Clients entitled to tax benefits are natural persons or private individuals (dependent or independent) who pay a single, second-category tax and/or complementary global tax (persons who are liable for tax) and who are members of mutual funds covered by that stipulated by Article 57 bis of Chile's Income Tax Law.

Intangible assets, contractual client relations and trademarks were purchased as part of a business combination. The estimated useful life of contractual client relations is between 4 and 22 years, whereas trademarks have an indefinite duration.

#### Valuation Methodology

Grupo de Inversiones Suramericana S.A., used the Multi-Period Excess Earnings Method (MEEM) to determine the fair value of all those intangible assets relating to contractual relations with clients. This methodology forms part of the income approach pursuant to IFRS 13 – Fair Value Measurement and is based on the principle that the value of a specific asset may be obtained as the present value of future cash flow surpluses, after the amount of tax attributable to said asset during the rest of its useful life.

Cash flow surpluses are estimated as the difference between:

- Operating cash flows after the amount of tax attributable to the asset in question;
- The cost of capital invested relating to other net operating assets (both tangible and intangible other than those pertaining to the asset in question) that are required to provide the cash flows attributable to the asset itself

It is important to note that in order to apply this methodology, all those assets that make up the cost of capital invested should have been adequately identified and appraised prior to estimating the asset's market value. Finally the cash flow surpluses attributable to the asset in question, are discounted at an appropriate rate, according to their respective risk profiles, so as to be able to estimate the present value of said flows.

#### Leasing

Rights and obligations relating to leased assets are posted in keeping with the nature of the respective lease contract or agreement, as described below:

#### i) Financial leasing arrangements

The present value of lease rentals and the purchase option is calculated on the date the corresponding contract is signed, this being the cost of the asset which is recognized as a fixed asset. This is then credited to a financial obligation. During the term of the lease contract, the portion of the lease rentals corresponding to payments of principal on the asset in question is applied as a lower value of the respective liability and the portion

corresponding to interest is posted as a financial expense on the income accounts.

Depreciation is calculated by applying the straight-line method during the asset's useful life and this is posted as an amortization on the income accounts.

#### ii) Operating leasing arrangements

With this type of contract, no asset or liability is recognized on the assets received. The total value of lease rentals is posted on the income statements as leasing expense.

The terms, conditions and requirements for operating leasing contracts to be recognized as such are found in subsection 1 of paragraph 3 of Article 127-1 of the Colombian Tax Code (the only persons entitled to this form of treatment are lessees reporting total assets for up to the maximum limit for a medium-sized company as stipulated in Article 2 of Law 905 of 2004, which is equivalent to 610.000 Units of Tax Value).

#### (p) Taxes, Levies and Charges

# Income Tax and Equality Income Tax (CREE in Spanish)

Income tax expense, including income equality tax, is determined based on taxable income, this being either taxable net income or presumptive income depending on whichever value is the highest. The effect of temporary differences that imply calculating higher or lower taxes to be paid for the current year, based on current tax rates, is posted as a deferred tax asset or liability, as applicable, providing said differences are reasonably expected to be reversed

#### (q) Trust rights

Real estate and administrative trusts received as part of liquidation and merger proceedings are recorded based on their liquidation cost multiplied by the percentage stake held.

#### (r) Valorizaciones

The accounting policies applicable to recognizing gains and losses are presented as follows:

#### **Property and Equipment**

These are recorded by comparing their technical appraisals with their corresponding net book values. When their technically appraised value is greater than their book value the difference is posted as a gain on the balance sheet accounts, otherwise it is posted as a loss, initially charging the valuation accounts until their value is depleted and then any amount left over is charged to the income accounts.

Appraisals are performed at least every three years. In the meantime, these are updated based on either official indicators or on the CPI as applicable to the middle-income brackets, which is published by the Colombian Statistics Bureau (DANE), whichever is applicable.

# Investments in non-controlling companies

Valuations of permanent investments in non-controlling companies correspond to the higher value obtained from comparing their intrinsic value with their book cost which is then recorded as a valuation crediting the valuation surplus account. Should their intrinsic value be less than their book cost the difference is posted firstly in the

valuation account and any amounts left over are then recorded in the valuation surplus account. If their intrinsic value is higher this represents a loss which is then charged to the aforementioned valuation accounts, regardless of the contrary nature of their net balances

#### Trusts

Trust valuations are posted according to the difference between the value appearing on the corresponding statement and their book cost.

#### (s) Deferred income

This consists of deferred and prepaid income which is amortized during the period it accrues or when the services are provided.

#### (t) Estimated Liabilities and Provisions

The preparation of financial statements according to generally-accepted accounting principles in Colombia requires that Company Management records estimates and provisions affecting the reported values of the Company's assets and liabilities, and for all contingent assets and liabilities to be disclosed on the date on which the financial statements are drawn up. Therefore, the real results recorded could differ from the figures thus estimated

#### (u) Retirement Pensions

Retirement pension liabilities are calculated based on actuarial studies, which are drawn up as required by law. Retirement pensions are amortized according to the percentages stipulated by law. The current portion is calculated on the estimated payments to be made during the following year.

For years ended December 31, 2014 and December 31, 2013, the Company amortized the total value of its retirement pensions. The payments made to retired personnel were charged to the provision set up for such.

#### (v) Memorandum Accounts

These accounts contain events, circumstances, agreements and contracts that may entail certain rights or obligations that could affect the Company's financial structure. These also include control accounts used for assets, liabilities, equity and management information or for controlling future financial situations and differences between accounting records and tax returns

#### (w) Insurance business

#### Provision for premiums pending collection

The Companies set up a provision for premiums pending collection on earned premiums and policy-issuing expense that have remained outstanding for more than 75 calendar days beginning on the date on which the technical term of the policy, together with the certificates and annexes issued in connection with such, begin. For this the policy-to-policy method is used as required by the Colombian Superintendency of Finance, except in the case of premiums to be collected from the State or Central Bank, providing there is a duly executed agreement with the State, a certificate of budgetary availability has been obtained or the respective budget record has been made to proceed with its corresponding payment.

As for accounts receivable in the case of the insurance sector, as well as other related

assets in the case of accounts receivable corresponding to the insurance business that are more than 6 months past due, a provision for 100% of the value of these is set up and charged to the income accounts.

Provisions for premiums receivable are set up in accordance with that stipulated by the Colombian Superintendency of Finance in External Circulars Nos. 100 of 1995 and 036 of 2004, and charged to the income accounts.

The Workers' Compensation Companies must set up a provision equivalent to one hundred per cent (100%) of the amounts due and payable as of the first month in which the employer defaults on payment, charging this to the income accounts.

The Group's Worker's Compensation subsidiary, ARP Sura S.A. sets up the corresponding provisions for its accounts receivable that have remained outstanding up to a term of one year, this based on applicable legal and regulatory case law. It is worthwhile noting that Article 96 of Decree 1295 of 1994, subsequently amended by Article 18 of Law 776 of 2002, stipulates a statute of limitations of one year for all those benefits established by the Occupational Risk Management System, which is why it is not appropriate to set up a provision for said accounts for a longer period of time, since the right to claim such benefits expire within a maximum term of one year, beginning on the date the employer defaults on the payment of these installments.

# **Recognition of revenues, costs and expense**Revenues, costs and expense are recorded

Revenues, costs and expense are record on the income accounts as they accrue.

Revenues on premiums issued are recognized when the respective policies are issued. These revenues are then distributed throughout the period using the technical reserve. Revenues on premiums issued are reduced when the policies are either canceled and/or revoked. In the case of the former, the value recorded corresponds to the total value of the premium earned up to the moment it is canceled due to its payment term having expired.

The value corresponding to the savings component of life insurance policies is recorded both as a revenue as well as an expense against the reserve. The difference between the corresponding revenue and expense plus returns is posted on the income accounts.

In the case of each employer, the Workers' Compensation Company must estimate the value of all mandatory contributions bearing in mind the number of workers that were affiliated during all or part of the period (incoming and outgoing), the wages on which contributions are calculated and the type of risk, as reported on the last payment settlement or affiliation form. Should the employer not report any incident, the estimated value of the corresponding contributions cannot be lower than that contained on the last payment settlement form.

#### Breakdown of contributions received

Contingency and other coverages.
 Ninety-four per cent (94%) of the contributions received are assigned to cover workers' compensation contingencies or to pay the corresponding

economic or health benefits, develop and provide occupational risk and comprehensive rehabilitation programs as well as to manage the system itself.

- Fund for Research and Prevention Programs – work-related accidents and occupational disease Five per cent (5%) of the contributions received are assigned to developing programs, campaigns, educational initiatives and conducting research into work-related accidents and occupational disease, pursuant to Article 19 of Decree 1295 of 1994.
- Worker's Compensation risk fund
   This fund is allotted one per cent (1%) of
   the contributions received, pursuant to
   Article 19 of Decree 1295 of 1994. This
   sum is transferred on a monthly basis
   to the Fiduciaria la Previsora.

In the case of Compañía Seguros Sura S.A., premium income and commissions received on insurance contracts, as well as reinsurance and co-insurance transactions, claims and commission expense are posted using the accrual method, while at the same time taking into account that stipulated in Law 146-02 governing insurance and sureties. Deferred premium subscription costs are initially presented as pre-paid expense on the statement of financial position and these are amortized using the straight-line method during the term of the respective contracts

### Technical insurance reserves:

### Method used for ongoing risk

Pursuant to Law 45 of 1990, and Decree No. 839 of 1991, subsidiaries must calculate their respective technical reserve for ongoing risks

based on 80% of the premiums retained during the year, according to the "eighths" method, except for the following types of insurance:

BRANCH OF INSURANCE	% RETAINED	RESERVE	FREQUENCY
Aviation, shipping, mining and oil production	100	10	Yearly
Global banking, fidelity and Financial risk	100	20	Yearly
Transport	100	50	Quarterly

In the case of insurance for terms of less than one year, the technical reserve is calculated proportionately to the life of the insurance.

As of January 2007, Seguros de Vida Suramericana S.A., has calculated its technical reserve for ongoing risk using the policy-to-policy method, as authorized by the Colombian Superintendency of Finance, taking 80% as a basis for its calculation for the first year, 90% for the second and 100% from the third year onwards. At the Company's request, the Colombian Superintendency of Finance, by means of Filing N° 2007 000886-001-00 dated February 08, 2007, authorized the Company to continue using 80% as the basis for this calculation.

As of January 2005, the Company had calculated its technical reserve for ongoing risk using the policy-to-policy method on 100% of the premiums retained. Subsequently the Colombian Superintendency of Finance,

by means of Filing N° 2007 000886-001-00 dated February 08, 2007, authorized the Company to continue using 80% as the basis for this calculation.

At the request of Seguros Generales Suramericana S.A., the Colombian Superintendency of Finance by means of Filing No. 2007073701- 001-000 dated December 31, 2007, authorized the setting up of this reserve using as a basis for its calculation 80% of all those policies entering into full force and effect as of December 1, 2007, except in the case of transport insurance which is governed by a special system regulated by Decree 839 of 1991.

Seguros de Vida Suramericana S.A., pursuant to that stipulated in Article 3 of Resolution 1555 dated July 30, 2010 with regard to calculating pension products belonging to the General Pension System (including pension commutations), the General Occupational

Risk System as well as for other products, for which mortality tables for policy holders are used and the corresponding reserves were set up at September 30, 2010, entities may perform gradual adjustments to said reserve for a period of up to 20 years.

In the case of Compañía Seguros Sura S.A., current risk reserves on property and casualty insurance are calculated based on specific percentages of retained premiums, net of cancellations and discharges, depending on the branch of insurance in question. These percentages are stipulated in Article 141 of Law No. 146-02, as follows:

- 15% in the case of cargo transport insurance
- 40% for all other types of insurance and sureties

Reserves for catastrophic risk are set up between a minimum of 0.50% and a maximum of 5% of net retained premiums on the coverages provided by the branch of insurance in question, including Fire and Allied Lines exposed to catastrophic losses. These reserves are considered as being cumulative liability reserves to be used exclusively to pay for any catastrophic losses sustained.

The current risk reserve for collective life, personal accident and health care insurance, provided the corresponding premiums are collected on a monthly basis, are calculated based on 5% of the subscribed premiums.

In the case of policies with terms of one or more years, the twenty-fourths method

is used. In the case of policies with terms of less than one year, these are calculated proportionally on a policy-by-policy basis. As for carrier-certificated transport insurance, the corresponding reserve corresponds to fifty percent of the premiums outstanding on the date this is calculated.

#### Technical reserve for EPS Sura

As of 2007 and pursuant to Decree N° 574 of 2007, subsequently amended by Decrees Nos. 1698 of 2007 and 2353 of 2008 the Colombian Superintendency of Health required that technical reserves be calculated, set up and maintained for service authorizations, technical reserves for services charged and reserves for contingencies.

Technical reserves for service authorizations are equal to 100% of all authorized health services pending collection, up to a maximum term of 12 months or until. a minimum of four months have elapsed since authorization was given without the service having been provided. Once this term has elapsed, without the corresponding invoice having been received, the reserve is duly freed up. This reserve is set up based on the entire amount of components that make up the authorized health care service, taking into account the historic average for the previous year of the total amount paid for the service(s) included in the authorization issued. In the case of capitalization agreements, a reserve must be set up within the first five days of each month for an amount equal to a month of the term of the contract. Payments are made charging the reserve thus set up.

### In the case of deposits retained from overseas reinsurers

The reserve for deposits for ceded premiums as part of overseas reinsurance arrangements is determined based on the following percentages: aviation, shipping, and mining and oil production - 10%; global banking, fidelity and financial risk - 10%; and transport and other types of insurance - 20%. It is possible to set up, for the Company's own account, retained deposits that would otherwise be for the account of the reinsurer with regard to aviation, navigation, mining, and oil production, as well as global banking insurance, in the case of the parties agreeing not to do so, or using a lower percentage.

In the case of Compañía Seguros Sura S.A., premium income and commissions received on insurance contracts, together with reinsurance and co-insurance transactions, claims and commission expense are posted using the accrual method, while at the same time taking into account that stipulated in Law 146-02 governing insurance and sureties. Deferred premium underwriting costs are initially presented as pre-paid expense on the statement of financial position (on a regulated basis) and these are amortized using the straight-line method during the term of the respective contracts

### In the case of reported claims pending settlement

The reserve for reported claims pending settlement is set up and charged to the income accounts for the estimated amount of individual reported claims, both for those retained by the Company and for accepted reinsurance arrangements.

For reported survivor and disability claims, the estimated amount of the settlement to be paid by the Company is recorded for each reported claim pending settlement.

Reserves for reported claims on disability and survival policies in the case of Seguros Sura S.A., are calculated using an actuarial formula consisting of the current value of future payments at a technical interest rate of 5%, plus discounts based on the life expectations of the annuitants themselves, using the switched mortality tables for both the active and disabled as issued by the Specialized Technical Governing Body for the Superintendency for Pensions (SIPEN in Spanish) attached to the Dominican Pension System.

### In the case of unreported claims incurred (IBNR)

A reserve is set up for claims incurred and not reported, for the sum resulting from the average amount paid out on unreported claims over the previous three-year period and the retained portion, in real terms, based on the CPI corresponding to the previous year.

In the case of workers' compensation insurance, the reserve for non reported claims is set up on a quarterly basis based on the difference between 94% of the 50% of the payments accruing (net retained premiums) during this same period, and the total amount of claims paid out, increases in the mathematical reserve and reported claims pending settlement recorded during that quarter.

In any event, this reserve cannot be less than 5% of the payments accruing during the quarter, nor greater than 25% of the payments accruing over the previous 12-month period.

The balance of the reserve set up until November 1998 may not be reduced nor freed up. Pursuant to Decree 4310 issued December 21, 2004 by the Colombian Ministry of Finance and Public Credit, which amended Decree 231 of 2002: "beginning on January 1, 2010, the IBNR reserve (for claims incurred but not reported) with regard to occupational risk insurance shall be subject to the general framework stipulated in Article 7, Decree, 839 of 1991, or any other regulatory decree that should amend, extend or replace such".

The reserve for pending unreported claims from previous periods with respect to disability and survivor insurance is adjusted on a quarterly basis and calculated for each policy on the earned portion of the risk, as stipulated in Decree 2345 of 1995.

Seguros Sura S.A., records, in the form of specific reserves, all those amounts that are pending settlement or payment at the end of the reporting period, as well as a provision for claims incurred and reported after December 31 and before the date of the independent auditor report.

For all those companies that do not qualify for the treatment contained in the aforementioned decrees, reserves for claims are calculated on a case-by-case basis, or using approximations based on experience. Provisions may be set up on IBNR claims or on handling expense for future claims. These

provisions are checked each year using standard actuarial methods. Furthermore, the costs of losses sustained and so far unreported are recognized in the reserves for IBNR claims.

### For deviations with the claims rate

This reserve is set up on 40% of the net retained premiums in the case of earthquake risk which may accrue until reaching twice the maximum probable loss from the cumulative amount retained by the Company within the seismic area with the greatest exposure.

The reserve for deviations with the claims rate in the case of workers' compensation insurance is cumulative and is increased on a quarterly basis in an amount equal to 4% of the premiums earned during that period, on the retained portion of the risk without the accumulated balance of the reserve exceeding 25% of the payments received over the last 12 months, less one-half of the insured amount in excess of the catastrophic losses that cover these risks.

Pursuant to Decree 2347 of 1995, the reserve may be used to pay claims that, due to their amount or nature, can reasonably be considered as being catastrophic.

### Mathematical reserve

### Individual life insurance:

This is the difference between the present value of future risk for the account of the insurance companies and the value of the net premiums payable on the account of the policy-holder.

For this purpose, the Company sets up a mathematical reserve on a policy-to-policy basis this according to actuarial calculations that are adjusted based on the technical note submitted to the Colombian Superintendency of Finance, using the same technical interest and mortality table for calculating the premiums for each type of insurance.

### Savings Accounts:

In the case of the mathematical reserve corresponding to the Savings Fund, this is calculated based on the net balance available per client, and includes the amounts of savings deposited and/or withdrawn on the part of each fund member, in addition to the interest payable to each.

The value of the Savings Fund unit is calculated on a daily basis, this serving as a daily adjustment for the savings fund.

### Mathematical reserve

Law 100 pensions
Pensions subject to the Pension
Changeover
Voluntary pensions
Pension annuities
Education annuities

The mathematical reserve corresponds to the present actuarial value of the obligation acquired by the insurance company, calculated based on the real technical interest stipulated in Article 2.31.4.1.6 of Decree 2555 of 2010 pursuant to Section II, Heading IV,

Chapter II of External Circular 029 issued in 2014 by the Colombian Superintendency of Finance (Basic Legal Circular).

The purpose of this mathematical reserve is to ensure compliance with the long-term obligations assumed and corresponds to amounts that the Company must hold in reserve so as to pay each client their guaranteed life-time pensions. This reserve varies in each case, based on gender, age, target group, validity and values of the payments to be made.

This mathematical reserve is calculated individually according to the technical note filed with and / or approved, as applicable, by the Colombian Superintendency of Finance.

In the case of workers' compensation insurance, an individual reserve must be set up on beginning on the date on which the obligation to recognize disability or survivor pensions is determined. The total amount of this reserve is the expected current value of the monthly outlays on the part of the workers' compensation firm.

This reserve is calculated using the system of fractional annuities in arrears, pursuant to Resolutions 585 and 610 of 1994 issued by the Colombian Superintendency of Finance, or any new rules and regulations that should supersede these.

The Colombian Superintendency of Finance, by means of Resolution 1555 of 2010, established new mortality tables for annuitants. For the purpose of calculating pension products covered by the general pension (including pension commutations),

and the general occupational risk systems together with other products calculated on the basis of annuitant mortality tables, with respect to which the corresponding reserves were set up prior to September 30, 2010, entities may gradually adjust these reserve during a maximum term of 20 years.

In the case of pension insurance policies a reserve is set up for claims incurred but not reported (IBNR) pursuant to that stipulated in Decree 2555 of 2010

### Special reserves - Workers' Compensation

Finance stipulates a gradual framework for setting up an occupational illness reserve, which can only be used to cover the sums transferred by the Company to other workers' compensation management firms claiming economic benefits for occupational sickness.

This reserve is cumulative and represents two per cent (2%) of the monthly payments earned.

### (x) Materiality

All economic events are recognized and presented according to their relative importance. Upon preparing the financial statements, materiality was determined based on total current assets and liabilities, total assets and liabilities, working capital, shareholders' equity and results for the year, as appropriate

As a general rule, we applied a materiality threshold of 5% of the total value of assets and operating revenues.

### (y) Bonds and Commercial Paper

These are securities received by the economic entity as a result of issuing and selling bonds and commercial paper in the form of credit securities issued for the purpose of financing working capital.

### (z) Net earnings per share in pesos

Earnings per share for the years 2014 and 2013 were calculated based on 575,372,223 shares outstanding.

# NOTE 3

### **CASH AND BANKS**

The following is a breakdown of the Cash and Banks account at December 31:

		2014	2013
Cash and due from banks	COP	1,655	32,748
Banks and other financial institutions		1,104,028	1,082,124
Remittances in transit		1	-
	СОР	1,105,684	1,114,872

For 2014 the cash and due from banks account was free from any constraint or encumbrance except for an embargo affecting seven bank accounts belonging to Seguros Generales Suramericana S.A., seven bank accounts belonging to Seguros de Vida Suramericana S.A. (subsidiaries of Suramericana S.A.) and a bank account belonging to Seguros Sura Perú S.A. (a subsidiary of Sura Asset Management S.A.)

For 2013, the cash and due from banks account was free from any constraint or encumbrance, except for an embargo affecting five bank accounts belonging to Seguros Generales Suramericana S.A., one belonging to Seguros de Vida Suramericana S.A. (both subsidiaries of Suramericana S.A) and one belonging to Seguros Sura Perú and Afore Sura S.A. (subsidiaries of Sura Asset Management S.A.)

INVESTMENTS
The following is a breakdown of investments held at December 31:

		2014	2013
Negotiable investments in the form of debt securities:			
Public debt securities issued or guaranteed by the Colombian Government		678,787	590,597
Other public debt securities		14,412	14,434
Securities issued by the Colombian Central Bank		3,589	1,927
Credit securities - securitization, mortgage-backed		5,552	5,666
Securities issued and backed by Fin. Inst. Subj. to Oversight (including mandatory bonds)		352,107	258,318
Securities issued and backed by Fin. Inst. NOT Subj. to Oversight [including mandatory bonds]		188,659	140,553
Securities issued, backed or guaranteed by foreign governments		-	328
Securities issued, backed, guaranteed or accepted by foreign banks		272,633	271,747
Securities issued, backed or guaranteed by multilateral credit institutions		32,801	29,042
Other negotiable securities		127,882	97,748
Total negotiable debt securities T	СОР	1,676,422	\$ 1,410,360

		2014	2013
Negotiable investments in equity securities			
Shares with high liquidity		178,562	243,955
Shares with medium degree of liquidity		33,845	39,514
Equity securities originating in securitization operations		27,946	20,846
Mixed securities obtained from securitizations		3,950	3,831
Participations in international mutual funds, excl. RF		28,734	12,956
Participations in international mutual funds, excl. RF		543,979	85,199
Participations in severance and pension funds		77,132	35,858
Participations in investment funds		482,249	162,295
Participations in ordinary mutual funds # 2		94,227	78,616
Other securities		44,510	180
Certificates of Deposit		38,291	11,596
Convertible bonds		-	4,879
Investment trusts in local currency		10,431	25,302
Shares		-	103
Provision for negotiable investments in debt securities		-	(60)
Total negotiable equity investments	COP	1,563,855	725,070
Total temporary investments		3,240,278	2,135,431

		2014	2013
Investments held-to-maturity in the form of debt securities:			
Public debt securities issued or guaranteed by the Colombian Government		1,850,398	3,293,878
External public debt securities issued or guaranteed by the Colombian Government		23,861	19,257
Other public debt securities		91,929	67,832
Securities issued by the Colombian Central Bank		2,544,102	_
Mortgage securities		18,825	26,443
Credit securities - securitization, mortgage-backed		52,195	52,049
Securities Issued and Guaranteed by Fin. Inst. Subj. to Oversight (including mandatory bonds		1,805,483	1,775,948
Securities Issued and Guaranteed by Fin. Inst. NOT Subj. to Oversight (including mandatory bonds)		1,504,106	1,278,059
Securities issued, backed or guaranteed by foreign banks		513,264	334,936
Securities issued, backed and guaranteed by multilateral credit		20,909	31,056
organizations Other securities		1,619,998	2,260,611
		.,,,,,,,,	
Total investments held-to-maturity in the form of debt securities	СОР	10,045,070	9,140,069
	СОР	2014	9,140,069
	COP		
Total investments held-to-maturity in the form of debt securities  Other investments:	COP		
Total investments held-to-maturity in the form of debt securities	COP	2014	2013
Other investments: Shares with low or minimum liquidity	COP	2014	<b>2013</b> 1,838  322,642
Other investments: Shares with low or minimum liquidity Other securities	<u>COP</u>	2014	<b>2013</b>
Other investments: Shares with low or minimum liquidity Other securities Equity securities held for sale	<u>COP</u>	2014 1,839	2013 1,838 322,642 30,167 4,108,075
Other investments:  Shares with low or minimum liquidity Other securities  Equity securities held for sale Equity investments	<u>COP</u>	1,839 - - 4,744,811	2013 1,838 322,642 30,167 4,108,075 93
Other investments: Shares with low or minimum liquidity Other securities  Equity securities held for sale Equity investments Other investments Other investments	<u>COP</u>	1,839 - - 4,744,811 93	2013 1,838 322,642 30,167 4,108,075 93 103,842
Other investments: Shares with low or minimum liquidity Other securities Equity securities held for sale Equity investments Other investments Mandatory investments - technical reserves	<u>COP</u>	1,839 - - 4,744,811 93 1,510,078	2013 1,838 322,642 30,167
Other investments: Shares with low or minimum liquidity Other securities Equity securities held for sale Equity investments Other investments Mandatory investments - technical reserves Financial assets at fair value through profit or loss	COP	1,839 4,744,811 93 1,510,078 1,624,315	2013 1,838 322,642 30,167 4,108,075 93 103,842 1,624,227 (42,412)
Other investments: Shares with low or minimum liquidity Other securities Equity securities held for sale Equity investments Other investments Other investments Mandatory investments - technical reserves Financial assets at fair value through profit or loss Provisions		1,839 4,744,811 - 93 1,510,078 1,624,315 [100,413]	2013 1,838 322,642 30,167 4,108,075 93 103,842 1,624,227

### **PROVISION FOR INVESTMENTS**

Movements in the provision for investments corresponding to the years ended December 31, 2014 and December 31, 2013 are broken down as follows

		2014	2013
Opening balance		42,472	12,497
Provision charged to expenses		58,810	33,010
Reversed provisions		(1,823)	(3,035)
Provisions	СОР	100,413	42,472

The following is a breakdown of the Company's equity investments at December 31:

2014 2013 **NUMBER OF** NUMBER OF INVESTING % STAKE % STAKE SHARES SHARES Finance Bancolombia 257,347,855 26.8% 227,920,258 Pensions and Severance Administradora de Fondos de Cesantía S.A. 62,401 22.6% 62,401

26.8%

22.6%

41.4%

20.4%

13.8%

1.1%

4.9%

7.7%

10.0%

DCV Vida S.A 1,356 10.0% 1,356 10.0% Fondos Cesantías Chile II 167,580 112,543 19.7% 29.4% Inversiones DCV S.A. 3,431 34.8% 3,431 34.8% Servicios de Administración Previsional S.A. 168,807 168,806 22.6% 22.6% Protección - AFP 12,541,088 49.4% 12,541,088 49.4% Food Grupo Nutresa 162,980,860 35.4% 161,807,155 35.2% Cement 230,395,027 230,501,123 Grupo Argos 29.1% 29.1% Insurance and Social Security ARS Palic Salud 247,665 30.0% 247,665 30.0% La Positiva - Peru 12,216,412 4.9% 12,216,412 4.9% Services Brinks 3,377,445 18.6% 3,377,445 18.6% 182,682 182,682 Cesvicolombia 3.1% 3.1% 25,110 4.4% 25,110 Inverfas 4.4% 5,769,024 45.5% 3,409,024 Promotora de Proyectos 45.5% Promotora Nacional de Zonas Francas 85,447,040 22.5% 85,447,040 22.5% Sodexo 1,604,015 35.0% 1,604,015 35.0% Sodexo Soluciones de Motivación S.A. 261,342 49.0% 261,342 49.0% Subocol 3,663 45.0% 3,663 45.0%

18,216,104

3,276,378

1,650,000

699,310,857

663,704

7,732

2,402,709,374

41.4%

20.4%

13.8%

1.1%

2.4%

7.7%

10.0%

18,216,104

3,276,378

1,650,000

699,310,857

7,732

663,704

2,402,709,374

# NOTE 5

### **TRADE RECEIVABLES**

The following is a breakdown of the Trade Receivables account at December 31:

		2014	2013
Domestic ceding companies - balance		45	21,144
Foreign ceding companies - balance		6,859	284
Accepting co-insurers - balance		14,762	10,266
Ceding co-insurers - balance		2,204	2,912
Domestic reinsurers - balance		44,647	49,551
Foreign reinsurers - balance		27,251	38,245
Claims pending the reinsurers' portion		255,354	276,204
Reserve deposits corresponding to foreign reinsurers:		656	506
Insurance brokers		1,822	6,177
Premiums pending collection		1,084,273	901,278
General worker compensation risk system		74,431	64,429
Receivables from the general health care system		147,614	147,283
Domestic clients invoiced to the National Institute of Health (IPS)		27,440	24,100
Loans to private individuals		237,422	208,272
Accounts receivable due from senior management		316	5
Miscellaneous		10,960	1,325
Accounts receivable - PAS		3,633	6,348
Loan portfolio		41,216	94,619
General provision		(853)	(763)
Other provisions - loan portfolio			(2,001)
Provision for trade receivables		(97,640)	(94,269)
	COP	1,882,412	1,755,915

Tipiel

Textiles

Others

Fogansa

Pizano

Enka de Colombia S.A.

Altos Mesa de Yeguas

Holding Concorde

Inverseguros

### **ACCOUNTS RECEIVABLE**

The following is a breakdown of Accounts Receivable at December 31:

		2014	2013
Interest		4,878	5,063
Dividends and shares		81,395	72,308
Lease rentals		437	404
Committed sellers		9,959	4,196
Advanced payments - contracts and suppliers		3,212	8,382
Fees and services		65,345	38,111
Advanced payments made to employees		5,424	3,962
Forward hedging agreements		1,756	13,614
Brokerage services		11,115	8,282
Cash shortfalls		24,150	19,483
Claims made to insurance companies		245	-
Credit cards		1,526	236
Sales of property, plant and equipment		121	-
Deposits		11,557	8,323
Prepaid taxes		399,808	260,538
Miscellaneous receivables		502,110	504,600
Employees			228
Favorable Experience Dividends (FED)		40	2,252
Provision for other accounts receivable		[31,682]	(25,474)
Total account	СОР	1,091,396	924,280
Less: long-term portion		50,476	5,756
Short term receivables	СОР	1,040,920	918,524

# PROVISION FOR ACCOUNTS AND TRADE RECEIVABLES

Movements in the provision for accounts receivable at December 31 are broken down as follows:

2014	2013
122,507	85,322
24,952	38,409
(228)	[1,224]
130,175	122,507
	[228]

# PREPAID EXPENSE AND DEFERRED CHARGES

The following is a breakdown of the Prepaid Expense and Deferred Charges Account at December 31:

		2014	2013
Interest			3,969
Insurance		2,472	1,575
Lease rentals		1,147	1,269
Equipment maintenance		96	
Non proportional contract costs		19,188	15,416
Others		9,175	12,545
Organizational and pre-operating expense		18,031	19,341
Software		11	20
Office supplies and stationery		174	157
Improvements to leased properties		1,857	5,204
Deferred debit income tax on temporary differences		135.680	32,627
Advertising and publicity		92	456
Brokerage commissions - DAC		645,060	449,084
Seguros y fianzas		81	85
Others		19	87
		833,083	541,835
Less: Non-current portion		783,078	481,712
Current portion	COP	50,005	60,123

# NOTE 8

### PROPERTY, PLANT AND EQUIPMENT

The following is a breakdown of the Property, Plant and Equipment account at December 31:T

		2014	2013
Land, buildings and construction in progress		1,075,490	820,734
Equipment, furniture and office fixtures		101,123	80,569
Computer equipment		213,042	183,238
Vehicles		18,107	14,978
Machinery and medical equipment		18,228	11,138
Depreciation		(312,914)	(261,181)
Provision for property and equipment		(3,604)	(694)
	СОР	1,109,472	848,782

# NOTE 9

### **INTANGIBLES**

The following is a breakdown of the Intangibles account at December 31:

		2014	2013
Acquired goodwill		4,387,975	3,577,194
Contractual relations with clients		2,901,368	2,478,865
Non-competition agreements		-	18
Trademarks		123,258	100,518
Software and licenses		32,707	24,310
Others		14,494	15,039
	COP	7,459,802	6,195,944

Movements for the Intangible Asset Account are shown in the table below:

	TRADE- MARKS	RELATIONS WITH CLIENTS	NON- COMPETITION AGREEMENTS	SOFTWARE AND LICENSES	GOODWILL	OTHERS	TOTAL
Opening balance at December 31, 2013	100,518	2,478,865	18	24,310	3,577,194	15,039	6,195,944
Entries	-	-	-	51,035	16,948	1,304	69,287
Disposals			-	(20,805)	(71)	(4,735)	(25,611)
Amortizations	(1,392)	(157,585)	(18)	[12,569]	(6,757)	(2,319)	[180,640]
Amortized disposals			-	(12,651)		4,385	[8,266]
Translation effect	24,132	580,088	-	3,387	800,661	820	1,409,088
Opening balance at December 31, 2014	123,258	2,901,368	-	32,707	4,387,975	14,494	7,459,802

# **NOTE 10**

VALUATIONS
The following is a breakdown of the Valuation account at December 31:

		2014	2013
Pertaining to investments		12,617,860	10,829,189
Property and Equipment		148,187	117,810
Pertaining to other assets		10,838	9,495
	СОР	12,776,885	10,956,494

# **NOTE 11**

### **FINANCIAL OBLIGATIONS**

The following is a breakdown of the Financial Obligations account at December 31:

		2014	2013
Checking account overdrafts		2,178	291
Loans from banks and financial institutions (1)		409,233	1,099,669
Foreign banks (2)		486,896	655,156
Leasing obligations		32,815	15,562
Hedging		78,108	10,479
Repos		-	65,132
Other entities		2,670	46,595
	СОР	1,011,900	1,892,884
Less: non-current portion		563,220	1,203,913
Current portion	COP	448,680	688,971

(1) The following is a breakdown of Loans from Banks and Financial Institutions at December 31:

2014 Loans from banks and financial institutions

RATE	MATURITY		CURRENT PORTION	NON-CURRENT PORTION	TOTAL OBLIGATION
DTF + 1.4%	Less than one year		56,634	-	56,634
DTF + 1.87%	Less than one year		17,599	-	17,599
5.15% E.A.R.	Less than one year		5,000	-	5,000
5.62% E.A.R.	Less than one year		35,879	-	35,879
7.45% E.A.R.	Less than one year		1,300		1,300
6.80% E.A.R.	More than one year		6,137	2,000	8,137
6.6% E.A.R.	More than one year		1,500	1,000	2,500
5.91% E.A.R.	Less than one year		6,800	-	6,800
IBR + 4.4	More than one year		128	4,272	4,400
5.88% E.A.R.	Less than one year		11,000	-	11,000
5.50% E.A.R.	Less than one year		15,327	-	15,327
5.88% E.A.R.	Z		23,000	-	23,000
7.7%	More than one year		-	221,657	221,657
		СОР	180,304	228,929	409,233
	DTF + 1.4%  DTF + 1.87%  5.15% E.A.R.  5.62% E.A.R.  7.45% E.A.R.  6.80% E.A.R.  6.6% E.A.R.  IBR + 4.4  5.88% E.A.R.  5.50% E.A.R.  5.88% E.A.R.	DTF + 1.4% Less than one year  DTF + 1.87% Less than one year  5.15% E.A.R. Less than one year  5.62% E.A.R. Less than one year  7.45% E.A.R. Less than one year  6.80% E.A.R. More than one year  6.6% E.A.R. Less than one year  BR + 4.4 More than one year  IBR + 4.4 More than one year  5.88% E.A.R. Less than one year  Less than one year  5.88% E.A.R. Less than one year  5.88% E.A.R. Less than one year	DTF + 1.4% Less than one year  DTF + 1.87% Less than one year  5.15% E.A.R. Less than one year  7.45% E.A.R. Less than one year  6.80% E.A.R. More than one year  6.6% E.A.R. More than one year  1BR + 4.4 More than one year  5.88% E.A.R. Less than one year  5.88% E.A.R. Less than one year  5.88% E.A.R. Less than one year  5.70% E.A.R. Less than one year  7.70% More than one year	MATORITY         PORTION           DTF + 1.4%         Less than one year         56,634           DTF + 1.87%         Less than one year         17,599           5.15% E.A.R.         Less than one year         5,000           5.62% E.A.R.         Less than one year         35,879           7.45% E.A.R.         Less than one year         1,300           6.80% E.A.R.         More than one year         6,137           6.6% E.A.R.         More than one year         1,500           5.91% E.A.R.         Less than one year         6,800           IBR + 4.4         More than one year         128           5.88% E.A.R.         Less than one year         11,000           5.50% E.A.R.         Less than one year         15,327           5.88% E.A.R.         Z         23,000           7.7%         More than one year         -	RATE         MATORITY         PORTION         PORTION           DTF + 1.4%         Less than one year         56,634         -           DTF + 1.87%         Less than one year         17,599         -           5.15% E.A.R.         Less than one year         5,000         -           5.62% E.A.R.         Less than one year         1,300           6.80% E.A.R.         Less than one year         6,137         2,000           6.6% E.A.R.         More than one year         1,500         1,000           5.91% E.A.R.         Less than one year         6,800         -           IBR + 4.4         More than one year         11,000         -           5.88% E.A.R.         Less than one year         15,327         -           5.88% E.A.R.         Z         23,000         -           7.7%         More than one year         -         221,657

### 2013 Loans from banks and financial institutions

LENDER	RATE	MATURITY		CURRENT PORTION	NON-CURRENT PORTION	TOTAL OBLIGATION
Factoring Bancolom- bia		Less than one year		196	-	196
Bancolombia S.A.	4.88%	More than one year	_	-	1,000	1,000
Bancolombia S.A.	6.54%	More than one year		-	1,000	1,000
Coltefinanciera S.A.	LIBOR + 2,60%	Less than one year		1,094	-	1,094
Bancolombia S.A.	8.21%	More than one year		_	1,166	1,166
BBVA Colombia S.A.	5.57%	More than one year		_	2,444	2,444
Banco de Bogotá	5.34% E.A.R.	More than one year		-	2,500	2,500
Bancolombia	IBR + 4,4%	More than one year		-	2,550	2,550
Bancolombia S.A.	6.59%	More than one year		_	3,049	3,049
Bancolombia	LIBOR +2.65%	More than one year		-	3,083	3,083
Banco de Bogotá	DTF +1.8%	Less than one year		4,000	-	4,000
Bancos nacionales	7.57%	More than one year		2,500	1,667	4,167
Banco de Bogotá	DTF +1.8%	Less than one year		10,000	-	10,000
Bancolombia S.A.	IBR +1,8 MTHLY AR- REARS	Less than one year		10,000	-	10,000
Banco AV. Villas S.A.	5.32% E.A.R.	More than one year		_	11,000	11,000
Banco de Bogotá	DTF +2.4	More than one year		_	13,000	13,000
Banco AV Villas S.A.	DTF+1,4 E.A.R.	Less than one year		17,000	-	17,000
Banco de Bogotá S.A.	5.34% E.A.R.	Less than one year		18,327	-	18,327
Banco Av. Villas	5.18% E.A.R.	More than one year		-	24,000	24,000
Helm Bank	6 MTH LIBOR + 2	More than one year		-	26,976	26,976
Bancolombia	DTF +1.73%	Less than one year		30,000	-	30,000
Davivienda	LIBOR + 2,00	Less than one year		35,646	-	35,646
Banco de Bogotá S.A.	5.34% E.A.R.	More than one year		-	35,879	35,879
Banco BBVA S.A.	4,91% E.A.R.	Less than one year		42,864	-	42,864
Banco de Bogotá	DTF + 1.7%	Less than one year		58,000	-	58,000
Banco Popular S.A.	DTF + 1,45 QTRLY IN ADVANCE	Less than one year		68,000	-	68,000
Helm Bank	6 MTH LIBOR + 2	More than one year		-	79,000	79,000
Banco de Bogotá S.A.	IBR +1,75	Less than one year		90,000	_	90,000
Banco de Bogotá	6 MTH LIBOR + 2,65	More than one year		-	96,341	96,341
Banco de Bogotá	6 MTH LIBOR + 2,15	Less than one year	_	112,810	-	112,810
Davivienda	LIBOR+2,5	More than one year		-	120,426	120,426
BBVA	7,7	More than one year		-	174,151	174,151
			\$	500,437	599,232	1,099,669

(2) The following is a breakdown of Foreign Bank Loans at December 31:

### 2014

### Foreign banks

LENDER	RATE	MATURITY		CURRENT PORTION	NON- CURRENT PORTION	TOTAL OBLIGATION
Bancolombia Panamá	Libor + 1,68%	Less than one year			143,548	143,548
Banco de Bogotá Miami	Libor + 1,90%	More than one year		_	143,548	143,548
Davivienda Miami	Libor + 1,75%	More than one year		_	23,924	23,924
Davivienda Miami	Libor + 0,8%	Less than one year		23,924	-	23,924
Banco de Bogotá NY	Libor + 1,3%	Less than one year		100,483		100,483
Banco Agrícola	Libor + 2,60%	Less than one year		11,993	-	11,993
Bancolombia Panamá	Libor + 0,8%	Less than one year		39,476	_	39,476
			COP	175,876	311,020	486,896

### 2013

### **FOREIGN BANKS**

LENDER	RATE	MATURITY		CURRENT PORTION	NON- CURRENT PORTION	TOTAL OBLIGATION
Banco Agrícola	4.5% EA	Less than one year		9,085		9,085
Banco de Bogotá Miami	Libor6M + 2.15	Less than one year		48,171		48,171
Banco de Bogotá NY	Libor6M + 2.15	Less than one year		48,171	_	48,171
Banco de Bogotá Miami	Libor6M + 2.65	More than one year		_	96,342	96,342
Banco de Bogotá NY	Libor6M + 2.65	More than one year		-	96,342	96,342
Davivienda Miami	Libor +2.5	More than one year			43,353	43,353
Bancolombia	Libor + 2.5%	More than one year			5,395	5,395
Bancolombia	Libor + 2.5%	More than one year		-	269,756	269,756
Bancolombia Panamá	Libor + 1.6	More than one year			38,541	38,541
			COP	105,427	\$ 549,729	655,156

# NOTE **12**

### TRADE PAYABLES

The following is a breakdown of Trade Payables at December 31:

		2014	2013
Domestic ceding companies - balance	COP	-	287
Foreign ceding companies - balance		173	-
Accepting co-insurers - balance		352	1,064
Ceding co-insurers - balance		5,184	4,119
Obligations in favor of life insurance policy-holders		19,152	26,373
Policy issuing deposits		4,916	3,750
Domestic reinsurers - balance		3,178	641
Deposits retained from domestic reinsurers		135	4,168
Foreign reinsurers - balance		202,974	176,757
Settled claims pending payment		266,699	209,830
General worker compensation risk system		27,309	23,134
Brokerage obligations		30,069	31,057
Accounts payable - FOSYGA		32,183	25,365
Miscellaneous		23,389	17,212
	COP	615,713	523,757

### **ACCOUNTS PAYABLE**

The following is a breakdown of Accounts Payable at December 31:

	2014	2013
	14,740	13,830
	797	1,609
	67,996	93,562
	37,500	35,745
	2,000	88
	36,934	30,411
	27,408	30,508
	293,575	220,609
COP	480,950	426,362
		14,740 797 67,996 37,500 2,000 36,934 27,408 293,575

## NOTE 14

### **TAXES, DUTIES AND LEVIES**

The following is a breakdown of the Taxes, Duties and Levies account at December 31:

		2014	2013
Income and complementary taxes		257,647	42,918
Deferred income tax		1,304,648	944,583
Withholding tax		28,015	45,824
Surtaxes and others		2,854	21,538
Sales tax payable		208	500
Industry and commerce tax		1,140	164
	СОР	1,594,512	1,055,527

# **NOTE 15**

### **RETIREMENT PENSIONS**

The following is a breakdown of the accumulated value of the retirement pension account at December 31:

		2014	2013
Actuarial calculations		15,494	15,727
Current portion		1,757	1, 596
	COP	13,737	14,131

No. persons covered 106

Actuarial liabilities corresponding to retirement pensions were drawn up according to the parameters contained in Article 2 of Decree 02984 dated August 12, 2009, with the new mortality tables for annuitants as approved by the Superintendency of Finance by means of Resolution 1555 issued July 30, 2010 providing the technical basis for such.

### Bases:

 Legal - those applicable on the date the corresponding evaluation is performed. The methodology applied included the additional monthly payments payable in June and December of each year, as well as the actuarial value of the funeral subsidy due on all those former

- employees who were directly pensioned off by the Company, according to Section b) of Article 2 of Decree 1517 dated August 4, 1998.
- **2.** Technical the technical bases used for this study included:
- a) Mortality tables: corresponding to male and female policy-holders for 2005-2008 as approved by the Colombian Superintendency of Finance according to Resolution N° 1555 issued July 30, 2010. In the case of all those groups that included invalids, the tables stipulated in Resolution 0585 issued on April 11,1994 were used.

- b) Pension Adjustment Rate: 2.41% A pension adjustment rate of 3.53% corresponding to the average weighted inflation rate for the years 2011, 2012 and 2013. This included the following weightings: 3 points for 2013, 2 points for 2012 and 1 point for 2011, pursuant to Article 2 of Decree 02984 dated August 12, 2009 as well as Section 1 of Article 1 of Decree 2783 dated December 20 2001.
  - adjustment rate of 3.53% corresponding to the average weighted inflation rate for the years 2011, 2012 and 2013. This included the following weightings: 3 points

    c) Technical interest rate: 4.80%. Based on Article 1 of Decree 02984 dated August 12, 2009 as well as Section 2 of Article 1 of Decree 2783 dated December 20 2001.

### **TECHNICAL INSURANCE RESERVES:**

The following is a breakdown of the Technical Insurance Reserves held at December 31:

		2014	2013
Ongoing risk		839,832	776,146
Mathematical reserve		8,565,686	6,417,704
Life insurance savings plan w/participation		128,607	121,151
Reserve deposits corresponding to foreign reinsurers:		101,544	87,696
Reserve for deviations with the claims rate	·	187,757	177,126
Reserve for reported claims		1,175,575	905,207
Reserve for non-reported claims	·	804,488	630,605
Reserve for the reinsurers' portion of pending claims	·	226,337	276,204
Special reserves		1,745,572	1,418,169
	COP	13,775,398	10,810,008
-			

# NOTE **17**

### **ESTIMATED LIABILITIES AND PROVISIONS**

The following is a breakdown of the Estimated Liabilities and Provisions account at December 31:

56,876	51,361
210,996	278,363
72	86
154,029	132,315
246.192	298,497
668,165	760,622
	210,996 72 154,029 246.192

### **BONDS AND COMMERCIAL PAPER**

AThe following table contains information of COP 100,000,000 carrying an interest rate of regarding all those companies who, at December the CPI + 4.15% and (iv) a 2-year tranche for a 31, 2014 and December 31, 2013, had issued total value of COP 223,361,000 earning an IBRbonds and commercial paper that remain indexed interest rate + 1.20. outstanding.

through its subsidiary, Sura Asset Management markets an issue of ordinary bonds worth USD Finance B.V., placed an issue of bonds worth 300 million, or COP 578,049, for a term of ten (10) USD 500 million at a fixed, 10-year rate of 4.875% (T+230 bp) obtaining bids for 8.6 times by Grupo de Inversiones Suramericana S.A, in the amount offered.

Suramericana S.A. issued on the local bond Suramericana S.A. issued on the local bond markets a total of COP 650,000,000 in ordinary market a total of COP 250,000,000 in ordinary notes divided up into four tranches, the first notes divided up into three tranches all earning three earning CPI-indexed coupon rate payable CPI-indexed coupon rates payable on a quarterly every quarter and the fourth earning an IBR- basis: (i) a 10-year tranche for a total value of indexed coupon rate payable on a monthly basis. COP 54,500,000 bearing an interest rate of the (i) a 5 year-tranche for a total value of COP CPI+ 4.40%; (ii) a 20-year tranche totaling COP 103,278,000 bearing an interest rate equal to the 98,000,000 bearing an interest rate of the CPI + CPI+ 3.24%; (ii) a 9-year tranche totaling COP 5.90%; and (iii) a 40-year tranche in the amount 223,361,000 bearing an interest rate of the CPI of COP 97,500,000 carrying an interest rate of + 3.80%; (iii) a 16-year tranche in the amount the CPI + 6.98%.

On May 11, 2011, our subsidiary, Grupo SURA In April 2014, SURA Asset Management, Finance placed on the international capital years. This issue was quaranteed in its entirety its capacity as Parent Company.

On May 7, 2014, Grupo de Inversiones On November 25, 2009, Grupo de Inversiones

### **NOTE 19**

### **SUBSCRIBED AND PAID-IN CAPITAL**

The Company's authorized capital consists of and paid-capital at December 31, 2014 and 600,000,000 shares each with a nominal value of 187.50 Colombian pesos. Its subscribed

December 31, 2013 consisted of 575,372,223 shares.

## **NOTE 20**

### **CAPITAL SURPLUS**

The following is a breakdown of the Capital Surplus account at December 31:

		2014	2013
Share premium		3,769,545	3,769,548
Accumulated unrealized gains or losses		(1,219)	-
	СОР	3,768,326	3,769,548

### **NOTE 21**

The following is a breakdown of the Capital Surplus account at December 31:

	2014	2013
Statutory Reserve	 178,562	154,511
Occasional reserves	 4,039,072	3,550,458
	\$ 4,217,634	3,704,969

### **EQUITY REVALUATION**

could be capitalized on a tax-exempt basis. However, pursuant to Law 1111 of 2006, the book value of this account as of January 1, 2007 is no results for the period. longer subject to the aforementioned tax benefit given the elimination of inflation adjustments for tax purposes.

The Equity Revaluation account cannot be As stipulated in the paragraph contained in Article distributed in the form of profits and in the past 25 Chapter II of Law 1111 passed December 27, 2006, taxpayers may offset equity tax against the equity revaluation account without affecting the

# **NOTE 23**

### **MEMORANDUM ACCOUNTS**

The following is a breakdown of the Memorandum Accounts at December 31:

		2014	2013
Debit			
Contingent rights		76,633,294	2,573,874
Tax receivable		9,619,192	8,103,648
Debit control accounts		17,154,461	44,082,387
	СОР	103,406,947	54,759,910
Credit			
Contingent liabilities		778,232,874	582,024,442
Tax payable		2,313,531	1,795,015
Credit control account		18,915,593	47,721,646
	COP	799,461,998	631,541,102

## NOTE 24

#### **INCOME TAX**

Income tax expense, totaling COP 503,318 and COP 336,837 for the years 2014 and 2013, respectively correspond to the calculations made individually by each company included in the consolidation.

The Colombian Congress enacted Law 1739 on December 23, 2014 which introduced important reforms to the Colombian tax code, mainly the following:

### **WEALTH TAX**

- An extraordinary wealth tax was created at rates of between 0.20% and 1.15% for 2015. 0.15% and 1% for 2016 and 0.05% and 0,40% for 2017.
- This new tax shall be paid by corporations, private individuals and other income taxpayers.
- This tax is levied on wealth equal to or higher than COP 1000 million at January 01, 2015 The basis for calculating this tax is formed by deducting liabilities from assets
- It shall be paid in two half-yearly installments
- This tax may be paid out of the equity reserves without affecting the Company's yearly profits

### **EQUALITY INCOME TAX (KNOWN AS CREE** IN SPANISH):

- The rate for this tax is set at 9%.
- An equality income surtax was created at a rate of 5% for 2015, 6% for 2016, 8% for 2017 and 9% for 2018.
- This equality income surtax shall be paid in two half-yearly installments
- Rules and regulations regarding pricing and sub-capitalization shall also apply to the Equality Income Tax

### **OTHER PROVISIONS:**

- Sanctions, interest and failures to update information are to be pardoned, that is to say an amnesty has been declared for all those persons with outstanding obligations with the customs, tax and exchange authorities.
- An obligation has been created for everyone to declare the assets they hold abroad.
- Financial Transaction Tax shall continue over the coming years, and shall only be gradually wound down as of 2019 going from the present  $4 \times 1000$  to  $3 \times 1000$  and then 2 x 1000 by 2020 and finally 1 x 1000 2021.

### **NOTF 25**

### CONTINGENCIES

contingencies existing

### GRUPO DE INVERSIONES SURAMERICANA S.A.

On November 27, 2014 the Company was notified of Resolution No. 230-005278 issued by the Colombian Superintendency of Companies, imposing a fine for the late filing of a Colombian Replacement Investment Abroad, this as part of the restructuring which took place in 2011. The Company immediately filed an appeal against this decision, which continues pending.

#### SERVICIOS DE SALUD IPS SURAMERICANA S.A.

This Company is currently defending 41 lawsuits (medical and labor liabilities) for which the amounts being claimed come to COP 9,482 million. However these have been objectively appraised by the Company in the hypothetical case of losing these lawsuits, and all such claims would come to COP 5,476 million. The city with the most lawsuits is Medellin with a total of 31. followed by Barranguilla with 5. Cali with 4 and Bogotá with 1. Comparing these with the previous year when we were defending a total of 47 lawsuits, this represents a reduction of 6 lawsuits or -12%. 66% of these proceedings are labor suits and the remaining 34% are medical liabilities on the grounds of misdiagnosis. The Company has a civil liability insurance policy which covers these risks, as required from all Health care Service Provider Institutions along

The following are the most representative with their respective professionals as well as other employees.

> In 2014 rulings were given on 10 lawsuits where claims came to COP 2.952 million however, the total amount actually paid out by the Company came to just COP 623 million: 6 of these being labor lawsuits.

### **EPS Y MEDICINA PREPAGADA SURAMERICANA S.A.**

La Compañía actualmente soporta en su A total of 240 contractual and extra-contractual civil liability lawsuits have been filed against the Company nationwide, notably in Medellin with 154 lawsuits. followed by Bogotá with 41, Cali with 19, Barranguilla with 19 and lastly the central coffee-growing region with 7. Compared with the 230 lawsuits defended in 2013 this shows an increase of 10

The amounts being claimed come to COP 119,711. However these have been objectively appraised by the Company in the hypothetical case of losing all 230 lawsuits, and all such claims would come to COP 13.777 million. 66% of the alleged grounds giving rise to these suits are civil liability-related such as misdiagnosis, late diagnosis and/or treatment and medical negligence. The Company has a civil liability insurance policy which covers these risks, as required from all Health care Service Provider Institutions along with their respective professionals as well as other employees. In 2014 rulings were given on 65 lawsuits where claims came to COP 12.908 however, the total amount paid out by the Company came to just COP 294.

In 2014, the Company continued with legal proceedings seeking compensation for damages caused by unlawful conduct on the part of the State with regard to recovering the benefits stipulated by injunctions and the Scientific Technical Committees as well as invalidity and reinstatement proceedings against Agreements and Resolutions and appeals against the unconstitutionality of articles contained in Law 1122 of 2007. Also lawsuits were brought against the State and the Colombian Ministry of Health and Social Protection seeking payment of services, medicine and supplies not covered by the Colombian Obligatory Health Care Plan (POS in Spanish) as itemized by the FOSYGA (Echocardiograms, Re-synchronizers, ABA Therapy and Plastic Surgery) as well administrative legal claims for default interest accruing on late reimbursements from the government, whose audit findings approved the payment in the first place.

#### SERVICIOS GENERALES SURAMERICANA S.A.S.

This Company is defending 3 law suits claiming a total of COP 2.192. The probability of losing such cases is unlikely but nevertheless the suggested amount provisioned for such comes to COP 459.

### INVERSIONES Y CONSTRUCCIONES ESTRATÉGICAS S.A.S

This Company is defending a lawsuit, brought before the Court of First Instance, by Mr. Jesús Germán Piedrahita Coronado, who is claiming the division of a pro indiviso property in the residential district in El Poblado in Medellin which Inversiones y Construcciones Estratégicas S.A.S forms part of the community.

This suit is unlikely to have any adverse material effect on the Company's operations or financial position

### **SURA ASSET MANAGEMENT S.A. COLOMBIA**

As stated in Minutes No. 14, the Board of Directors at a meeting held on July 3, 2013, approved the setting up of a bank guarantee was set up for a total of COP 62,143 along with a provision in books for this same value, both in favor of Protección S.A. for the purpose of covering possible liabilities that said Company could incur.

The aforementioned bank guarantee covers the possible liabilities that Protección S.A. could incur over the ING Colombia assets. This latter company was acquired in 2011 by Sura Asset Management and given over as a payment-inkind to Protección S.A. which took over this company in 2012. The purpose of this guarantee is to provide compensation to its members should Colombia's Comptroller General find ING fiscally or administratively responsible for its actions with Interbolsa S.A., a firm that was seized by the Colombian Superintendency of Finance at the end of 2012.

The provision thus set up is underpinned by bank guarantee No.10090000195 taken out with Bancolombia. Colombia's Comptroller General had yet to officially pronounce on the issue and therefore the bank quarantee continues to stand.

### **PRESENTATION**

For presentation and comparative purposes, some figures contained in the financial statements for the previous year were reclassified.

# NOTE **27**

### **SUBSEQUENT EVENTS**

On February 05, 2015, Grupo de Inversiones Suramericana S.A. announced that Mr. Armando Montenegro Trujillo had tendered his resignation as member of the Company's Board of Directors, given new professional responsibilities which prevent him from continuing in his present position. Mr. Montenegro effectively withdrew from the Board on February 03, 2015 and his replacement shall be appointed by the General Assembly of Shareholders at their Annual Meeting to be held on March 26, 2015.

### **INDICADORES GENERALES GRI**



INDEX	OVERVIEW	PAGE / RESPONSE	OMITTED	EXTERNAL AUDITORS
	Strateg	y and analysis		
G4.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	Page.9	No aplica	yes
G4.2	Description of key impacts, risks, and opportunities.	Page.38-41	No aplica	yes
	Organiz	rational Profile		
G4.3	Report the name of the organization.	Page.14	No aplica	yes
G4.4	Report the primary brands, products, and services.	Page.15	No aplica	yes
G4.5	Report the location of the organization's headquarters.	Calle 49 # 63- 146	No aplica	yes
G4.6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Page.22 - The Company is present in a total of nine countries: Mexico, Chile, Peru, Uruguay, El Salvador, Colombia, the Dominican Republic, Panama and Guatemala	No aplica	yes
G4.7	Nature of ownership and legal form.	Page.14	No aplica	yes
G4.8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Page. 102, 104 y 105	No aplica	yes
G4.9	Report the scale of the organization, including:  Number of Employees  Total number of operations  Net sales or revenues  Quantity of products or services provided	Page. 26 y 27	No aplica	yes
G4.10	RReport the following labor information:  Report the total number of employees by employment contract and gender  Reporte el número total de empleados por región y género.	Page. 76	No aplica	yes
G4.11	Report the percentage of total employees covered by Collective bargaining agreements.	"None of Grupo SURA's employees are covered by collective bargaining agreements	No aplica	yes
G4.12	Describe the organization's supply chain.		No se reporta el alcance en la clasificación de los proveedores.	yes
G4.13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	No hubo cambios significativos	No aplica	yes
G4.14	Describe how the Organization has adopted a precautionary approach or principle.	Pág. 38-41	No aplica	yes
G4.15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Pág. 120-133	No aplica	yes
G4.16	Memberships of associations (such as industry associations) and/or national or international advocacy organizations in which the organization:	Pág. 84	No aplica	yes
	Identified Materia	l Aspects and Boundaries		
G4.17	List all entities included in the organization's consolidated financial statements and report whether any of these entities has not been covered by this sustainability report.	Page. 145	No aplica	yes, pg17
G4.18	Explain the process for defining the report content and the Aspect Boundaries.	Page 42	No aplica	yes, pg17
G4.19	List all the material Aspects identified in the process for defining report content	Page 43	No aplica	yes, pg17

INDEX	OVERVIEW	PAGE / RESPONSE	OMITTED	EXTERNAL AUDITORS
G4.20	For each material Aspect, report whether this aspect is material for the entire organization. If this is not the case, indicate which aspect is not material for some of the entities that form part	The material aspects applicable within the Organization are:Corporate Governance, Risk Management and Auditing, Transparency with regard to regulatory issues, , Ethics, integrity and the fight against corruption, Investments and holdings, Financial Performance, Gas emissions and climate change, Managing, developing and retaining human talent, Social investment and market development, Human rights, Branding and Communication Management. (Our stakeholders within our organization are SURA Asset Management and Suramericana)	Not applicable	yes, pg171
G4.21	For each material Aspect, report whether this aspect is material outside of the organization.	The material aspects applicable within the Organization are:Corporate Governance, Risk Management and Auditing, Transparency with regard to regulatory issues, Ethics, integrity and the fight against corruption, Investments and holdings, Financial Performance, Gas emissions and climate change, Managing, developing and retaining human talent, Social investment and market development, Human rights, Branding and Communication Management. (Our stakeholders within our organization are SURA Asset Management and Suramericana)	Not applicable	yes, pg171
G4.22	Describe the effect of any restatements of information provided in previous reports and the reasons for such restatements.	No information from previous reports has been restated in this report	Not applicable	yes, pg171
G4.23	Significant changes from previous reporting periods in the scope and coverage or the evaluation methods applied to this report.	There was no significant change with regard to the scope of the indicators stated in previous reports	Not applicable	yes, pg171
	Stakehol	der Engagement		
G4.24	Provide a list of stakeholder groups engaged by the organization.	Page.69-71	Not applicable	yes, pg171
G4.25	RReport the basis for identification and selection of stakeholders with whom to engage.	Page.68	Not applicable	yes, pg171
G4.26	The organization's approach to stakeholder engagement, including frequency of engagement by type of stakeholder group, and indicate whether any of these engagements were undertaken specifically as part of the report	Page.69-71	Not applicable	yes, pg171
G4.27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics in its reporting. Report the stakeholder groups and the topics they consider relevant	Page. 42 Our stakeholder engagement allows us to obtain more information regarding the relationships with have with different stakeholder groups	Not applicable	yes, pg171
	Rep	oort Profile		
G4.28	Reporting period for information provided.	January 1 to December 31, 2014	Not applicable	yes
G4.29	Date of most recent previous report	2013	Not applicable	yes
G4.30	Reporting cycle (annual, biennial).	Page.9	Not applicable	yes
G4.31	Contact point for questions regarding the report or its contents.	Tabla GRI - Luz Marina Velázquez correo: lvelasquezv@gruposura.com.co	Not applicable	yes

INDEX	OVERVIEW	PAGE / RESPONSE	OMITTED	EXTERNAL AUDITORS
G4.32	Report the 'in accordance' option the organization has chosen (Core-Comprehensive). Report the GRI Content Index	This report was drawn up based on GRI G4 guidelines, for which the core option was chosen.  Existe verificación externa del reporte por parte de Delloite y se puede ver en la página 171.	Not applicable	yes
G4.33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	Page.10-11	Not applicable	yes
	G	overnance		
G4.34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for overseeing economic, environmental and social impacts.	Pages. 18, 146 y 147	Not applicable	yes
G4.35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Authority for handling sustainability issues has been delegated to our Chief Corporate Affairs Officer		yes
G4.36	Report whether the Organization has selected an executive officer or officers responsible for economic, environmental and social topics and whether such officer(s) report to senior management.	Authority for handling sustainability issues has been delegated to our Chief Corporate Affairs Officer		yes
G4.37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom this is delegated and any feedback processes to the highest governance body.	Stakeholder consultation is coordinated between our Corporate Responsibility, Corporate Communications and Investor Relations Departments, and the results of this are presented by these to Senior Management		yes
G4.38	Report the composition of the highest governance body and its committees by:- Executive or non-executive  Independence Tenure on the governance body Gender Membership of under-represented social groups Competences relating to economic, environmental and social	Page. 18, 20, 21, 146, 147 y 148		yes
G4.39	IIndicate whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Page. 20		yes
G4.40	Report the nomination and selection processes for the highest governance body and its committees, bearing in mind  Whether and how diversity is considered  Whether and how independence is considered  Whether and how expertise and experience relating to economic, environmental and social topics are considered  Whether and how stakeholders (including shareholders) are involve	Page.18		yes
G4.41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	"This is duly regulated in our Code of Good Governancehttp:// www.gruposura.com/ Paginas/ Responsabilidad/CODIGO_ DE_BUEN_ GOBIERNO_GRUPO_ SURA.pdf		yes
G4.42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social	Our Code of Good Governance stipulates the role of our Board of Directors		yes

INDEX	OVERVIEW	PAGE / RESPONSE	OMITTED	EXTERNAL AUDI- TORS
G4.43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Training is carried out with regard to:  Corporate governance.  The Holding Company's corporate role  The Company's strategic planning  Operating and investment risk		yes
G4.44	Processes for evaluating of the highest governance body's performance with respect to governance of economic, environmental and social topics. Indicate whether such evaluation is independent or not, and its frequency.	Annual and biannual self-evaluations are performed as well as an external performance evaluation This year the external performance was carried out by Prospecta.		yes
G4.45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	The Board's Auditing, Risk and Finance Committees are responsible for reviewing topics such as handling impacts, risks and economic opportunities. The Board's Corporate Governance Committee is responsible for reviewing the handling of impacts, risks and economic and social opportunities. This management report is presented by the Board of Directors		yes
G4.46	Report the highest governance body's role in reviewing the effectiveness of the risk management system for economic, environmental and social topics.	There is an Auditing and Risk Committees responsible for reviewing topics such as handling impacts, risks and economic opportunities. There is a Corporate Governance Committee responsible for reviewing topics such as handling impacts, risks and economic opportunities.		yes
G4.47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Conduced on an annual basis or upon request in accordance with the prevailing needs.		yes
G4.48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	The Company's Chief Executive Officer is responsible for reviewing this report.		yes
G4.49	Report the process for communicating critical concerns to the highest governance body.	Page.142		yes
G4.50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address and resolve them.	The Board of Directors addresses topics such as:  • Strategy and the main action plans • Risk management and control systems - Corporate Governance • Succession plans • Accounting, financial and management reports, including those of our independent auditing firm. • Compliance with all applicable legislation and relevant standards • Financial information		yes
G4.51	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:  Fixed or variable performance-based pay  Fixed or variable equity-based pay  Fixed or variable bond-based pay  Termination payments  Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	Page. 18 -19		yes

INDEX	OVERVIEW	PAGE / RESPONSE	OMITTED	EXTERNAL AUDITORS
G4.52	Report the process for determining remuneration. Indicate whether remuneration consultants are involved in determining	The General Assembly of Shareholders are responsible for setting the corresponding remuneration. There are no external consultancy firms in charge of determining such.		yes
G4.53	If applicable, report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals.	The General Assembly of Shareholders are responsible for setting the fees paid to our Board of Directors		yes
G4.54	Report the ratio between the annual total compensation for the organization's highest-paid individual and the median annual total compensation for all employees.	Not reported	This is not reported since it is considered confidential	yes
G4.55	Report the ratio between the percentage increase in the annual total compensation for the organization's highest-paid individual and the median percentage increase in annual total compensation for all employees.	Not reported	This is not reported since it is considered confidential	yes
	Ethics	and Integrity		
G4.56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Page.142	Not applicable	yes
G4.57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as help lines or advice lines.	Page.144		yes
G4.58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior through line management, whistleblowing mechanisms or hotlines	Page.144		yes

### INDICADORES ESPECIFICOS GRI

Material Aspects	GRI Aspect	Indicators (GRI, DJSI, Own Corporate)	Response	Omitted	External Assurance
	Management Approach	G4-DMA	Page 38		
Risk Management and Auditing	No GRI aspect relating to this topic was identified	1.5.3 Periodic evaluations of the risk strategy against current exposure, based on the results of periodic reviews of risk dash boards	Risk strategy matrix.		yes
	Management Approach	G4-DMA	Page 140		
Compliance	EN29. Cost of significant fines and number of non-monetary sanctions for failure to comply with environmental regulations.	No sanctions were imposed			
	S08. Monetary value of significant sanctions and fines and total number of non-monetary sanctions for failure to comply with applicable legislation and regulations.	No sanctions were imposed			
	PR9. Cost of significant fines for failure to comply with applicable legislation and regulations governing concerning the provision and use of the Organization's products and services.	No sanctions were imposed			
	Management Approach	G4-DMA	Page 140		
	Public complaint mechanisms	<b>S011.</b> Number of complaints regarding social impacts reported, reviewed and resolved through formal complaint mechanisms.	No complaints were received regarding these issues via our Ethics Help Line.		yes
	Human rights complaint mechanisms	HR12. Number of complaints regarding human rights issues reported, reviewed and resolved through formal complaint mechanisms.	o complaints were received regarding these issues via our Ethics Help Line.		yes
Ética, integridad y lucha contra la corrupción		<b>S03</b> . Percentage and total number of business units evaluated in terms of corruption-related risk.	Grupo SURA is committed to its transparency policies, and initiatives were taken in 2015 to formalize these efforts.	Not reported - Not applicable	
	Anti-Corruption	<b>S04.</b> Communication and training in anti-corruption policies and procedures.	In 2015, anti-fraud mechanisms and transparency policies were duly disseminated throughout the Organization for which training was also provided.	Not reported - Not applicable	
		<b>S05</b> . Confirmed cases of corruption and the measures taken.	No se presentaron incidentes de corrupción.		yes
	Management Approach	G4-DMA	Pág. 27		

Material Aspects	GRI Aspect	Indicators (GRI, DJSI, Own Corporate)	Response	Omitted	External Assurance
Economic performance	Economic performance	EC1. Direct economic value generated and distributed. Economic value generated from revenues and value distributed amongst operating costs, salaries and employee benefits, payments to providers of capital, payments to governments and community investments. The retained value is the difference between the values generated and distributed.	Employees: COP 17.549 million Suppliers: COP 35.547 million Government: COP 53.880 million Community: COP 7,350 million		
		<b>EC4.</b> Financial assistance received from government.	No financial support is received from the government.		yes
	Management Approach	G4-DMA	Page 140		_
Investment and active ownership	Activism through shareholding	FS10. Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	We have interacted with 100% of these companies		
	Agement Approach	G4-DMA	Page 72		
Investor Relations Management	No tiNo GRI aspect relating to this topic was identified	Own indicator. We have made available to our investors a helpdesk or a point of contact that serves as a communication channel between these and the Company's highest governing body.	We have an Investor Relations Department responsible for helping and responding to our investors.		si
		Own indicator We informs our shareholders of the procedures made available that can effectively protect their rights.	We have an Investor Relations Department responsible for helping and responding to our investors		
	nagement Approach	G4-DMA	Page 92		_
Efficient use of water	Energy	<b>EN3</b> . Energy consumption within the organization	Page 92		si
and energy	Water	<b>EN8</b> . Total water consumption by source.	Pages 93		si
	Management Approach	G4-DMA	Page 91		
		<b>EN15.</b> Direct Greenhouse Gas (GHG) Emissions (Scope 1).	Page 91		si
Emissions and climate change.	Emissions	EN16. Energy Indirect Greenhouse Gas (GHG) Emissions (Scope 2)	Page 91		si
		<b>EN17</b> . Other Indirect Greenhouse Gas (GHG) Emissions (Scope 3).	Page 91		si
	Management Approach	G4-DMA	Pág. 76-79		

Material Aspects	GRI Aspect	Indicators (GRI, DJSI, Own Corporate)	Response	Omitted	External Assurance
	Employment	<b>LA1.</b> Total number and rates of new employee hires and employee turnover by age group, gender and region	Our Employees- Talent and Commitment	Omitted: This information is not broken down by age, gender and region	yes
		<b>LA3</b> . Return to work and retention rates after parental leave, by gender	No parental leaves were taken		
		<b>LA9.</b> Average hours of training per year per employee, broken down by gender and by employee category.	Our partners - Talent and commitment Page 76 -79	Omitted: Report average and by gender and employee category	yes
Managing, Training and Retaining Human Talent	Training and education	LA10. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Languages, personal and leadership skills and specialized business training, amongst other programs		
		<b>LA11.</b> Percentage of employees receiving regular performance and career development reviews, by gender.	Covering 100% of our employees		
-	Market Presence	<b>EC5.</b> Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Nuestros empleados - Talento y compromiso Pag. 76	The difference in starting salary is not reported by gender	
	Labor grievance reporting mechanisms	LA16. Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	The Coexistence Committee and Ethical Help Line did not receive any labor grievances.		yes
	Management Approach	G4-DMA	Page 120		
Social Investment and Market Development:	Local communities	<b>S01.</b> Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social development projects exist with 100% of operations		yes
	No GRI aspect relating to this topic was identified	Own indicator Grupo Sura's Social Investment	The SURA Foundation channeled social investments to 4 countries in 2014		yes
	Management Approach	G4-DMA			

Human Rights	Non-discrimination	<b>HR3.</b> Total number of incidents of discrimination and corrective actions taken.	The Coexistence Committee did not receive any labor grievances.		yes
	Freedom of Association and Collective Bargaining	HR4. Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	The Organization does not have a labor union but freedom of association is respected.	No activities are reported	
	Security Practices	HR7. Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Our security and surveillance service provider trained 68 people, for a total of 12 hours in human rights.		
Communication and Brand Managementa	Management Approach	G4-DMA	Pages 86-87		
	No GRI aspect relating to this topic was identified	1.7.3 Metrics for measuring the relationship between brand management and Company performance	Chapter: Branding and Corporate Reputation Pages 86 and 87. In 2014, the firm BrandAnalytics was hired. Brand valuation project from here to 2020 The brand is registered in the name of Grupo SURA.		
		<b>1.7.6</b> The Company regularly estimates the value of its brand	Chapter: Branding and Corporate Reputation Pages 86 and 87.		
		Other Issues			
Health and Safety	Occupational health and safety	LA5. Porcentaje del total de trPercentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	100% of employees are represented on our health and safety committees.		yes
		<b>LA6.</b> Absenteeism, occupational diseases, lost days and number of fatalities related to work by region and gender.	73 days lost due to illness, no fatalities		yes



### Independent Review Report

Independent assurance statement of Grupo Sura's 2014 Annual Report.

### Scope of our work

We performed a review of the adaptation of the contents of the 2014 Annual Report to the G4 Global Reporting Initiative Annual Reporting Guidelines ("the GRI guidelines").

We also performed some verification procedures on some indicators used by Grupo Sura to answer the Dow Jones Sustainability Index Corporate Sustainability Assessment (See Appendix 1)

### Standards and verification processes.

We carried out our work in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accounts (IFAC).

Our verification work consisted in interviewing Grupo Sura's Management, as well as various Grupo Sura's areas that participated in the elaboration of the Annual Report and in the application of certain verification procedures and testing described below:

- Interviews with personnel from different areas of Grupo Sura for the principles, systems and management approaches used for the report.
- Analysis of how, based on the materiality process, contents, structure and report indicators have been defined, according to GRI G4 methodology's guidelines.
- Analysis of the processes put in place by the areas in order to collect, analyze and validate the data presented in the report.

### Confirmation that Grupo Sura's Annual Report has been prepared "in accordance" with the GRI G4 methodology

### **General Standard Disclosures**

It has been acknowledged that Grupo Sura's 2014 Annual Report includes General Standard Disclosures related to the GRI G4 version. The following indicators were reported: G4-1 to G4-34 and G4-56.

### General Specific Disclosures

We reviewed the disclosure management approach, GRI indicators and Grupo Sura's own indicators of its material issues (Appendix 2).

#### Conclusions

As a result of our review, nothing came to our attention to suggest that Grupo Sura's 2014 Annual Report data is materially misstated. Grupo Sura's 2014 Annual Report includes GRI G4 Guidelines Standard Disclosures - both General and Specific.

Deloitte & Touche Ltda. Edificio Corficolombiana Calle 16 Sur 43 A-49 Piso 9 y 10 A.A 404 Nit 860.005.813-4 Medellín Colombia

Tel: 57(4) 313 88 99 Fax: 57(4) 313 32 25 www.deloitte.com.co

Responsibilities Grupo Sura's Management Board and independent assurance provider:

- Grupo Sura is responsible for the preparation of its 2014 Annual Report and for the information and statements contained within it. They are responsible for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.
- Our responsibility is to release an independent statement based on procedures applied in our review.
- This report has been prepared solely in the interests of Grupo Sura, according to the terms of our service proposal. We do not accept or assume responsibility to anyone other than Grupo Sura for our work, for this report, or for the conclusions we have formed.
- We have conducted our work in accordance with the requirements of International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.
- The scope of a limited review is substantially less than an audit.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Partner

Maijo

Medellín, April 2015

### Recommendations

We have also presented to Grupo Sura our recommendations concerning the possibilities of improvement to consolidate processes, programs and systems related to the long term management of sustainability. The most relevant recommendations refer to:

Socialize with internal and external stakeholders, the material issues identified in order to guarantee a sustainable management of the business in the medium and the long term.

Perform a regular verification of key sustainability indicators in order to ease the consolidation process and the construction of evidences to support the indicators that are included in the annual report

### Appendix 1

Report Chapters	DJSI sustainability Indicators	
	*Green House Gas Emissions (scope 1)	
Environment / Carbon footprint	*Green House Gas Emissions (scope 2)	
	*Business trips	
	*Energy consumption	
Environment / eco-efficiency	*Water	
Our employees	*Total absenteeism	

### Appendix 2

Material Issues	GRI or Grupo Sura Indicator		
Risk management and audit	*1.5.3 Periodic evaluation of the risk strategy regarding the current exposure based on regular checks of the risk board		
Transparency towards regulatory issues	* G4-EN29; * G4-S08; * G4-PR9		
Ethics, integrity and anticorruption measures	*G4-S011; *HR12; *S05		
Financial performance	*G4-EC1; * G4-EC4		
Investment and financial ownership	*G4-FS10		
Management of the relationship with investors	*Grupo Sura 1-The company has an attention and contact point for its investors that works as a communication channel with the higher government instance		
Efficient consumption of water and energy	*G4-EN3; *G4-EN8		
Emissions and climate change	*G4-EN15; *G4-EN16; *G4-EN17		
Management, Development and retention of human talent	*G4-LA1; *G4-LA9; *G4-LA16		
Social investment and market development	*G4-SO1; *Grupo Sura 2-Social Investment Grupo Sura		
Human rights	*G4-HR3		
Brand management and communication	*1.7.3 Measures of the relationship between brand management and the company's performance		
	*1.7.6 The company regularly estimates the value of its brand		



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