GRUPO SURA


Andes Mountain Range

## INDEX

Our Purpose:
**CREATING ADDED VALUE AND INSPIRING TRUST** by adopting the best practices to provide clear, complete and timely information.

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# PRESENTATION

Drawing up a management report is all about synthesizing a great deal of information. It requires looking beyond the numbers and summarizing as much as possible all those ideas that best portray the results of the efforts of a wide-ranging team of people. In the case of Grupo SURA, this year´s efforts have been largely focused on achieving its most important corporate goals.

Consequently, our latest Annual Report contains information that we consider to be the most significant in terms of how we did in 2015, that is to say, both Grupo SURA as well as our subsidiaries and core investments. Therefore, we have attempted to give a full, while at the same time summarized account of our performance, highlighting the progress made and the challenges faced with regard to the Company's strategic goals, as well as addressing the most important matters for our stakeholders, this based on a materiality analysis carried out by our Organization.

G4-18

These matters include both the financial and non-financial aspects of our performance, thus providing a more comprehensive overview of the SURA Business Group with regard to the closing of our books for the year 2015, the main financial figures therein recorded, aspects of our corporate governance, the more relevant results of our different lines of business as well as other issues such as regulatory compliance, among others.

As in previous years, we have prepared a digital version of our Annual Report 2015 with a more detailed and extensive content, which can be freely downloaded from our website www.gruposura.com. Also, we have edited and printed a hardcopy version of this report to be distributed to various stakeholder groups with whom we permanently interact.

This material was prepared in keeping with the Global Reporting Initiative´s (GRI) G4 Sustainability Reporting Guidelines Also, as shown in this latest annual report, we renewed our commitment to United Nations´ Global Compact, and its 10 overarching principles, in our capacity as signatories of this agreement.

Finally, we would like to take advantage of this opportunity to reiterate our ongoing purpose of creating added value and trust, based on adopting best practices for reporting clear, complete and timely information regarding the performance of our Organization, so that our stakeholders can make informed decisions.

**DAVID BOJANINI GARCÍA**

G4-16

## STANDARDS AND COMMITMENTS

We recognize the importance of being able to measure 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:

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

ROBECOSAM
Sustainability Award
Silver Class 2016

Emisor BVC
COMPROMETIDO IR

CDP
DRIVING SUSTAINABLE ECONOMIES

THE GLOBAL COMPACT
APOYAMOS
EL PACTO GLOBAL



All financial information concerning Grupo SURA, as contained in this report, has been published under International Financial Reporting Standards - IFRS. 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.

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 3,149.47 per US dollar.

# CORPORATE INFORMATION

Bogotá D.C.

# OUR COMPANY

G4-3
G4-7
G4-8

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.

G4-4

Group Sura classifies its investments into the following two **strategic** categories: the first being its core investments in the financial service, insurance, social security, pension, savings and investment sectors; and its i**ndustrial** interests in the processed food, cement, energy and infrastructure sectors.

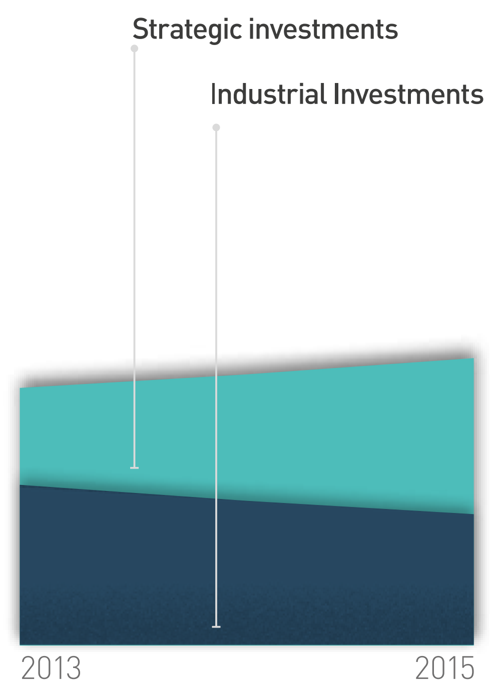
The Organization first came into being 1944 years ago when Compañía Suramericana de Seguros Generales (now known as Seguros SURA) was first founded. With the forming of new companies and the stakes acquired in companies belonging to the finance, insurance and other industrial sectors, the Organization 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 SURA Business Group, it has been focusing on its core investments in the insurance and financial service sectors. The Group has two main subsidiaries: Suramericana, dedicated to the insurance and risk/trend management sectors and SURA Asset Management catering to the pension, savings and investment sectors. Grupo Bancolombia, in which Grupo SURA holds a non-controlling stake, is another important investment.

Over the last few years, Grupo SURA has strengthened its corporate role as parent company, fostering greater interaction with its subsidiaries and strategic investments in 10 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 business reputation And this is precisely how **we create added value and trust.**

MAIN INVESTMENTS GRUPO SURA



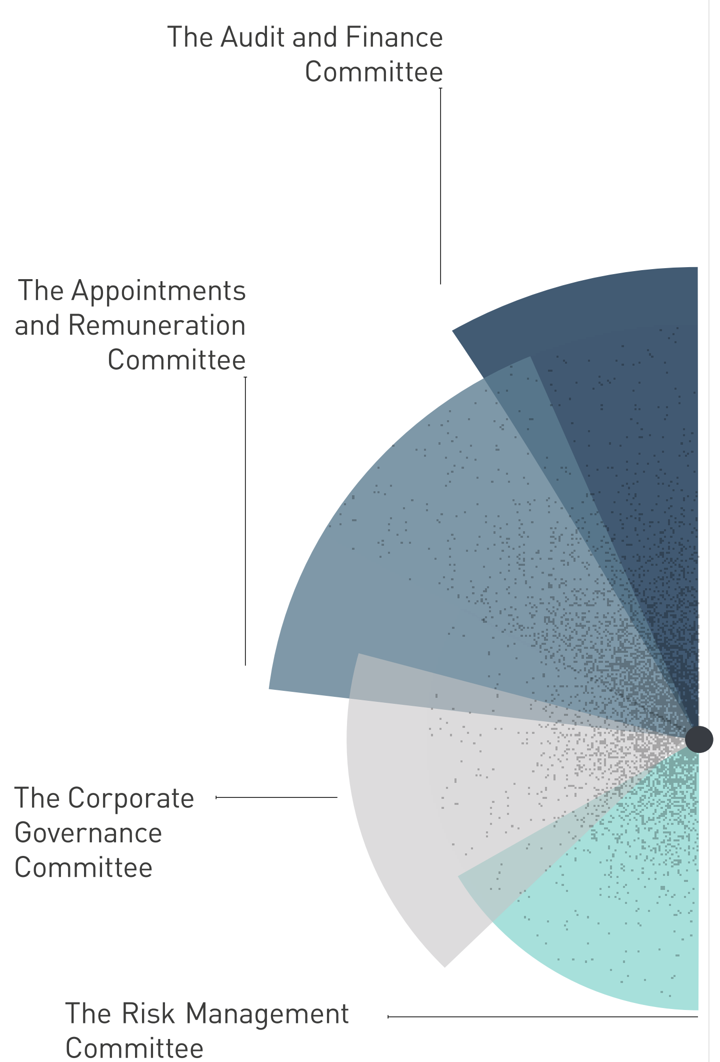

## BOARD OF DIRECTORS G4-34

Grupo SURA's Board of Directors consists of seven principal members, four of whom enjoy an independent status, including the Chairman and Vice-Chairman. These Directors were appointed for a two-year period by the General Assembly of Shareholders at their Annual Ordinary Meeting held on March 26, 2015.

From left to right:
**Carlos Ignacio Gallego,** miembro patrimonial
**Carlos Antonio Espinosa**, independent member
**Jorge Mario Vélasquez,** equity partner member of the Board of Directors
**Sergio Michelsen,** independent member
**José Alberto Vélez,** equity partner member of the Board of Directors
**Jaime Bermúdez,** Vice-Chairman of the Board of Directors - Independent Member
**Luis Fernando Alarcón,** chairman of the Board of Directors - independent member

## BOARD OF DIRECTORS

**GRUPO SURA'S BOARD OF DIRECTORS**
**has four board committees:**




The measures adopted to ensure the independent nature of the members of the Board of Directors, in accordance with the provisions of Article 44 of Law 964 of 2005, are set out in Article 25 of the Company's By-Laws.

The individual profiles offered by the members of the Board meet the needs of Grupo SURA. These all have the required analytical and managerial skills, a global and strategic vision of our business, an ability to present their views objectively and evaluate senior management information. They also possess a working knowledge of our industry particularly in terms of finance, risk management, legal affairs, international experiences and crisis management. The members of our Board of Directors are able to understand and question financial information and business proposals.

The Board met on 15 occasions in 2015, for which an attendance rate of 96% was obtained. The fees paid to each member of the Board, as authorized for 2015 by the General Assembly of Shareholders came to COP 6,000,000 per month. This same fees apply for each committee meeting attended. G4-51

Further information regarding our corporate governance can be found herein on page 106 as well as Grupo SURA's website: www.gruposura.com.co

## GRATITUDE AND APPRECIATION

**José Alberto Vélez Cadavid,** member of the Grupo SURA`S Board of Directors, 2004-2016

The results we obtain year after year are the product of how we have evolved as an Organization and more particularly, how much each and every one of our employees and senior management staff contributes to Grupo SURA, its Subsidiaries and our other investments. So talent and leadership have always been the most important factor in the way our companies have gradually become what they are today, and there are people who have distinguished themselves by going beyond all conventions and expectations and leaving their own unique mark on the Organization. One of these people is Mr. Jose Alberto Velez Cadavid, who upon reaching retirement age in March 2016 left his position as Chief Executive Officer of Grupo Argos, where he led the Group´s transformation and consolidation as an exemplary business model in Latin America, particularly in the cement, energy and infrastructure industries.

Mr. Vélez spent most of his professional career at Suramericana, which he regarded as his home, rising through the ranks until becoming its Chief Executive Officer (when Grupo SURA was known as Inversura), a position held from 1999 to 2003. He also played an essential role in leading and expanding the SURA Business Group, especially as a member of the Board of Directors of its parent company, Grupo SURA, where he served since 2004. Upon resigning from Grupo Argos, he also resigned his seat on our Board of Directors.

As we have done on a number of occasions in the past, we would like to express our immense gratitude and appreciation for his commitment, visionary spirit and dedication, as well as his sound advice and unique personal character and professional attributes that have helped our companies to accomplish so much.

**LUIS FERNANDO ALARCÓN MANTILLA**
Chairman of the Board of Directors
Independent Member
G4-39

Holding a degree in Civil Engineering from the Universidad de los Andes, Mr. Alarcón went on to obtain a Master of Science degree in Civil Engineering from the Massachusetts Institute of Technology (MIT). He also attended the Advanced Senior Management program at Oxford University (Great Britain). He served as the General Manager of ISA between January 2007 and April 2015. Prior to this, he was the Chief Executive Officer of Asofondos de Colombia, the Chief Executive Officer of Flota Mercante Grancolombiana, Finance Minister and Deputy Finance Minister during the Barco Administration

He has also been a member of the Boards of Directors of Avianca, Banco de Bogotá, ACES, Bolsa de Valores de Colombia (Colombian Stock Exchange) ,ISA, Bavaria, Caracol S.A., Internexa, Cafesalud, XM, Caracol Televisión and Hospital Universitario San Ignacio and has served as Chairman of the Boards of Directors of the ISA subsidiaries in Brazil, Peru and Chile.

He is currently the Chairman of the Boards of Directors of both Grupo Sura and Almacenes Éxito, and is a member of the Board of Directors of Riopaila Castilla. He also serves on the Superior Council and Steering Committee of the Universidad de los Andes.

**SERGIO MICHELSEN JARAMILLO**
Independent Member

Holding a degree in Law from the Universidad de los Andes, Mr. Michelsen obtained his Master´s Degree in Commercial Law from the University of Paris and pursued studies in the American Legal System and Comparative Law at the University of Texas, as a Fulbright scholar. He has also attended various courses at the Universidad de Los Andes, the Euromoney Institute in New York and Harvard University in Boston. He is currently a partner of the law firm, Brigard & Urrutia Abogados, and is in charge of Mergers and Acquisitions. Prior to this, he was a member of Hughes Hubbard & Reed LLP, serving as a Visiting Partner for the firm´s Miami office, He also worked for different companies in Colombia belonging to Shell as well as the Bogotá Stock Exchange, Baker & Botts, Cavelier Abogados and the Superintendency for Foreign Exchange Controls.

He has also served on the Boards of Trustees of the Roberto Michelsen and the Compartamos con Colombia Foundations.



**JAIME BERMÚDEZ MERIZALDE**
Vice-Chairman of the Board of Directors
Independent Member

Mr. Bermúdez holds a degree in law from the Universidad de los Andes and a Ph.D. in Political Science from Oxford University (Great Britain) majoring in Public Opinion. He also served as an advisor to the President of Colombia (1991-1993) as well as to the Colombian Minister of Foreign Relations (1993-1994). He was also an observer for the United Nations at the presidential elections that took place in South Africa in 1994. In 1996, he served as Executive Director of the Consorcio Iberoamericano de Investigadores de Mercados y Asesoramiento (CIMA), as well as a private consultant in a strategic communications, public matters and crisis management for multinational companies and government institutions. He worked as a communications consultant for Alvaro Uribe Velez´ presidential campaign in 2002, and continued in such a capacity during the first term of the Uribe Administration.

He was a member of the Board of Directors of Proexport between 2003 and 2006. He was also appointed the Colombian Ambassador in Argentina between 2006 and 2008, and from 2008 to 2010 served as Minister of Foreign Affairs He is currently the Chief Executive Officer of Banca de Inversión MBA - Lazard in Colombia. He also chairs the Board of Trustees of the Génesis para la Niñez Foundation and is a member of the Superior Council of the Universidad de los Andes. In 2010, he published a book titled, the Audacity of Power.

**CARLOS ANTONIO ESPINOSA SOTO**
Independent Member

Mr. Espinosa holds a degree in Economics from the University of Louisiana and attended the Senior Management program at INALDE Business School 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 Grupo Espinosa. He also serves on the Board of Directors of Teamfoods Colombia S.A. and is a member of the Board of Trustees of Fedesarrollo and the Cardio Infantil Foundation.

He was a member of the Boards of Directors of Seguros Colmena, Progreso Corporación Financiera and Leonisa amongst others.

**JOSÉ ALBERTO VÉLEZ CADAVID**
Equity Partner Member of the Board of Directors

Mr. Velez holds a B.Sc. degree in Administrative Engineering from the Universidad Nacional and a M.Sc. in Engineering from the University of California (UCLA) in the United States. He has attended specialized courses at Harvard University, Northwestern University, Massachusetts Institute of Technology (MIT) and the Sorbonne. Mr. Velez also received a Honor´s degree in Engineering from the Ecole Nationale d'Ingénieurs de Metz in France. He has been a professor at the Facultad de Minas attached to the Universidad Nacional de Colombia and has served as councilor for the city of Medellin and Assistant to the Governor of Antioquia. He also worked for Suramericana de Seguros for 19 years where he rose through the ranks to become its Chief Executive Officer, a position he held for four years. Between 2003 and 2012, he served as Chief Executive Officer of Cementos Argos He is currently the Chief Executive Officer of Grupo Argos,

Mr. Velez is also a principal member of the Boards of Directors of Grupo Sura, Bancolombia, Celsia, Cementos Argos, Situm and Arcos Dorados the latter being a McDonald´s franchise in Latin America . He also sits on the Boards of Trustees of Proantioquia, Codesarrollo, Fundación Suramericana, Fundación Fraternidad Medellín and the Universidad EAFIT. He is also Chairman of the Private Competitiveness Council in Colombia, the World Business Council for Sustainable Development, and the Americas Society for the Council of the Americas, based in New York.

**CARLOS IGNACIO GALLEGO PALACIO**
Equity partner member of the Board of Directors

Holding a degree in Civil Engineering as well as a Master´s degree in Business Administration from the Universidad Eafit, Mr. Gallego first joined Compañía Nacional de Chocolates S.A. in 1991, and scaled various positions until he was appointed Chief Industrial Officer. He has served as Chief Exeuctive Officer of Servicios Nutresa S.A.S, General Manager of Fundación Nutresa, Chief Executive Officer of Grupo Nutresa's Chocolate Division as well as Chief Executive Officer of the Southern Strategic Region. He was appointed Chief Executive Officer of Grupo Nutresa S.A. on April 1, 2014.

**JORGE MARIO VELÁSQUEZ JARAMILLO**
Equity Partner member of the Board of Directors

Holding a degree in Civil Engineering from the Escuela de Ingeniería de Antioquia, Mr. Velasquez received a specialization in Industrial Training, majoring in the cement industry in Great Britain. He also attended the CEO´s Management program at the Kellogg School of Management and obtained his Supply Chain Strategist qualifications from Stanford University. He has also attended various specialization programs at the Escuela de Alto Gobierno attached to the Universidad de los Andes. He is now Chief Executive Officer of Cementos Argos S.A..

Mr. Velásquez is a principal member of the Boards of Directors of Grupo Sura, Compas, la Cámara Colombiana de Infraestructura, la Fundación Dividendo por Colombia and the Consejo de Dirección de la Escuela de Ingeniería de Antioquia. In the past, he has served on the National Board of Directors of the Andi (Colombian Association of Business Executives) Camacol and other private organizations.

## DIRECTORS

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 the Pension and Severance Fund 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.

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.

En mayo de 2016, Ignacio Calle asumirá como Presidente Ejecutivo de SURA Asset Management, por lo cual deja su actual cargo como Vicepresidente de Finanzas Corporativas de Grupo SURA, donde nos acompañó desde enero de 2012, destacandose por su excelente gestión en cada uno de los proyectos estrátegicos que emprendió la Compañía durante este período.

FERNANDO OJALVO PRIETO
Chief Corporate Affairs Officer and Company Secretary

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.

## GRATITUDE AND APPRECIATION

**CARLOS RAÚL YEPES**
President of Grupo Bancolombia
since 2011

The Bancolombia Group is one of Grupo SURA's most important core investments, not just because of its size and what the Bank means for the business community, but for what it represents from the standpoint of our own company strategy, ensuring our ongoing expansion and consolidating a comprehensive range of financial services in Latin America.

So now that Carlos Raúl Yepes has announced that he is leaving the Bancolombia Organization which he has led for 5 years as its Chief Executive Officer, we would like to thank him for the excellent work carried out during his tenure. The results Bancolombia obtained under his leadership confirm its financial strength and excellent reputation both in Colombia and Central America as it has continued to extend its regional presence and, among many other achievements, made significant progress in terms of the Bank´s efficiency and a new innovation drive, which today form the mainstay of Grupo Bancolombia's sustainability.

Now that he has decided to leave the Bank, for strictly personal reasons, we would like to express our gratitude for his dedication and commitment to Bancolombia and his efforts to transform the bank into an agent of social change, which has been the hallmark of his accomplishments as well as a decisive factor in becoming a standard bearer for the banking industry.

**ANDRÉS CASTRO**
Chief Executive Officer of
SURA Asset Management
since 2012

In 2012, following Grupo SURA´s acquisition of the ING´S pension, insurance and investment fund firms in Latin America, SURA Asset Management was created as a subsidiary responsible for these newly acquired operations, as part of the Group´s ongoing expansion strategy.

Andres Castro was appointed Chief Executive Officer of SURA Asset Management, thereby taking on the challenge of positioning the Organization as leader of the Latin American pension management industry while becoming a major player in the region´s savings and asset management sectors.

After spending little more than 4 years in office, and as he had initially projected as part of his personal and professional plans, in February 2016 he confirmed his wish to leave the Company and begin a new stage of his life.

So we would like to make special mention of the excellent work carried out by Andres Castro, helping SURA Asset Management to far exceed initial expectations and successfully overcome the challenges posed as we made our debut on the Latin American markets and continued to grow within the Latin American finance industry.

Andres provided the Company with a positive leadership role model and helped to put together a first-class senior management team. We therefore would like to extend our gratitude and appreciation for his contribution to the Organization.

# OUR INVESTMENT PORTFOLIO

## STRATEGIC INVESTMENTS

G4-8

81.1%

71.4%

46.4%

### SURA ASEGURAMIENTO, TENDENCIAS Y RIESGOS

**SURAMERICANA S.A. SEGUROS, TENDENCIAS Y RIESGOS**

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

### SURA ASSET MANAGEMENT

**PENSIONS, SAVINGS AND INVESTMENT**

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

### Grupo Bancolombia

**BANCA UNIVERSAL**

- Commercial banking
- Retail banking
- Bancasssurance
- Government banking
- Asset management
- Cash management products
- Investment banking
- *Offshore* banking
- Private banking
- Other complementary financial services

## INDUSTRIAL INVESTMENTS

35.3%

35.8%

### Grupo nutresa

**FOOD PROCESSING**

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

### GRUPO ARGOS

**CEMENT, ENERGY, REAL STATE AND PORT SERVICES**

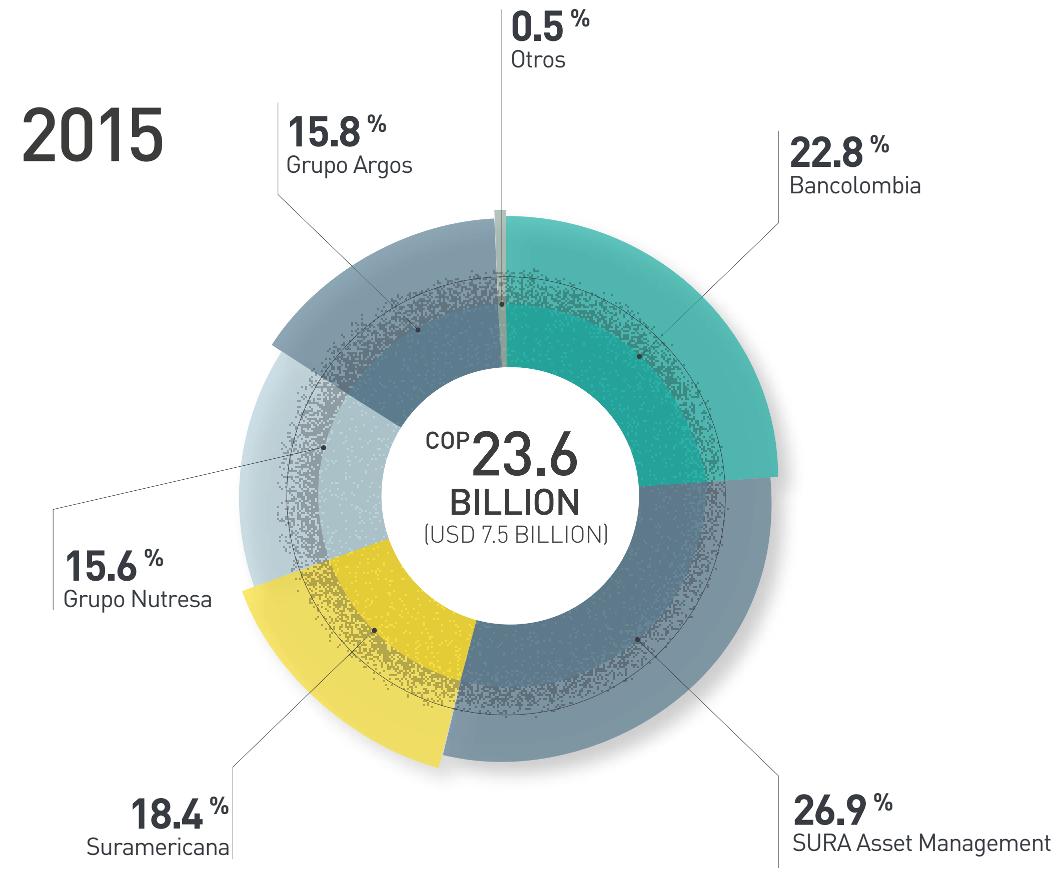
- Cement
- Concrete
- Aggregate
- Power generation
- Power distribution
- Port services
- Real estate
- Lines of business support
- Logistics
- Transport

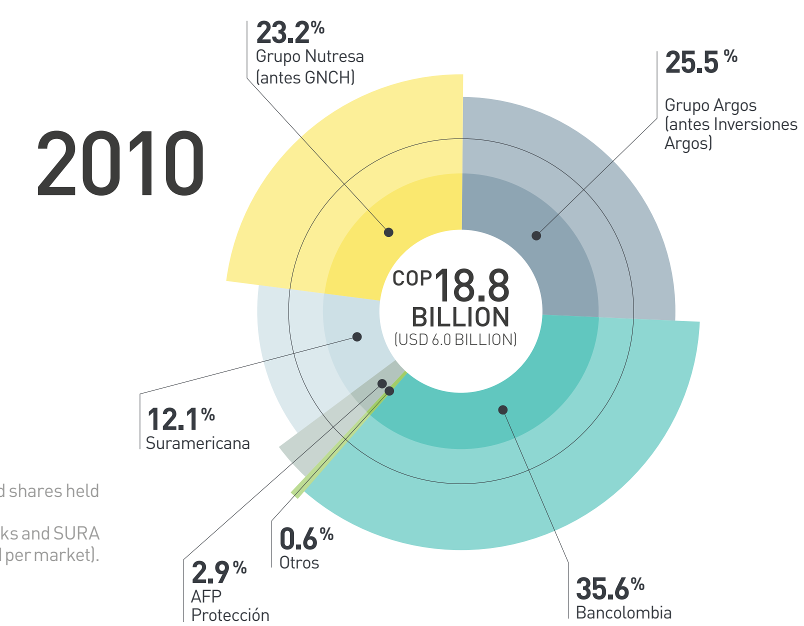
## OTHER INVESTMENTS

Integradora · Hábitat · sodexo · Tipiel · Promotora · enka

The percentages shown correspond to the voting stakes held by Grupo SURA in each of the aforementioned companies.
Shareholding percentage in Sura Asset Management expanded to 78.7% in March 2016.

## COMPOSITION AND DEVELOPMENT OF THE INVESTMENT PORTFOLIO'S COMMERCIAL VALUE



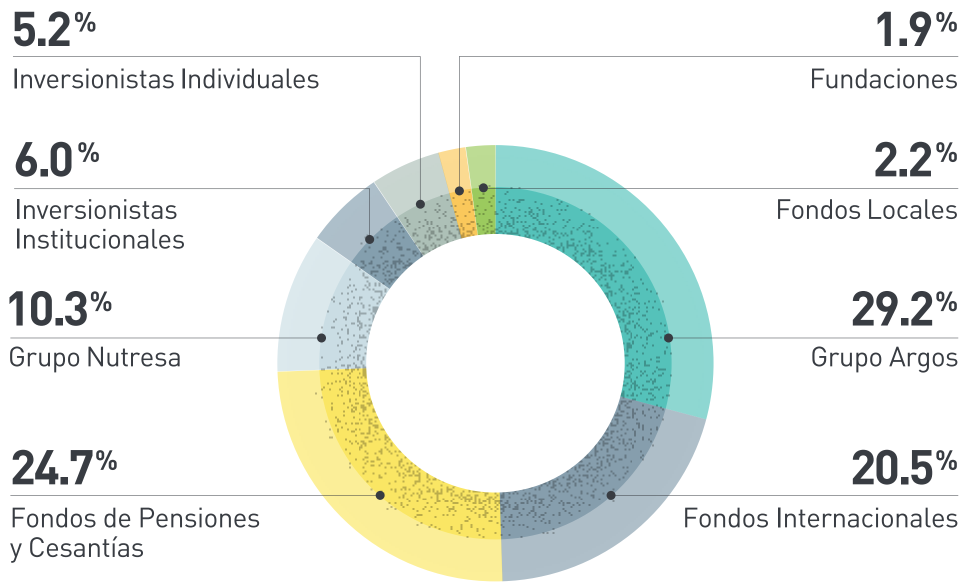




1 Includes the commercial value based on accounting standards and shares held of companies.

2 Commercial value estimate with Suramericana x2 the value of books and SURA Asset Management at book value (the multiple should be calculated per market). Companies listed at the market value.

# OUR SHAREHOLDERS

G4-7

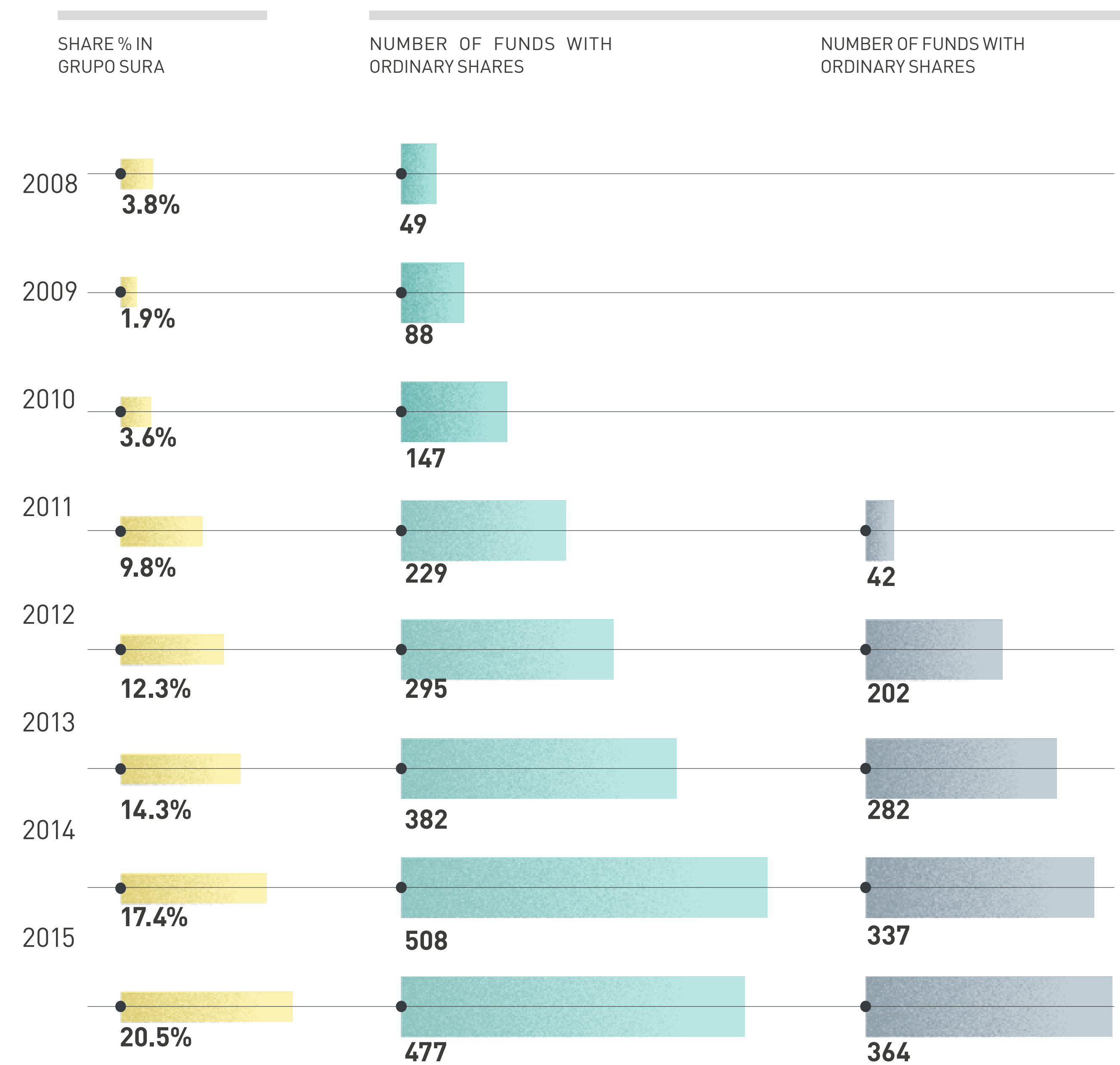



Grupo SURA is listed in the stock market and has an extensive shareholder base. In addition to a significant number of non-institutional shareholders - large and small - we highlight the share of pension funds of Colombia and hence, of millions of registered affiliates. Equally important is the increasing share which international funds have today..

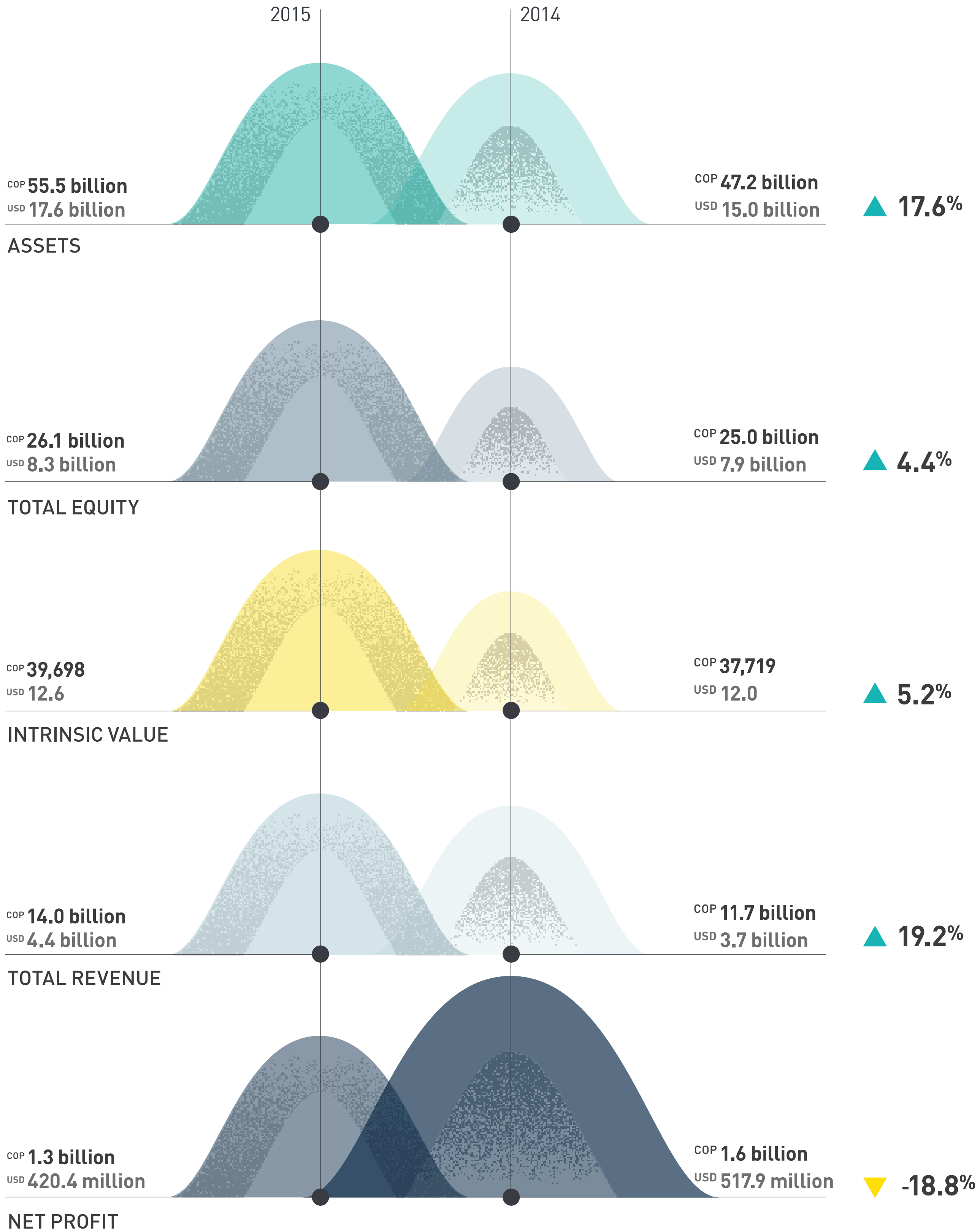
| GROUPS | SHARES | SHARE (%) |
|---|---|---|
| Grupo Argos | 167.994.565 | **29,20%** |
| Fondos Internacionales | 118.075.141 | **20,52%** |
| Fondos de Pensiones y Cesantías | 142.319.801 | **24,74%** |
| Grupo Nutresa | 59.387.803 | **10,32%** |
| Inversionistas Institucionales | 34.521.546 | **6,00%** |
| Inversionistas Individuales | 30.047.159 | **5,22%** |
| Fundaciones | 10.648.963 | **1,85%** |
| Fondos Locales | 12.377.245 | **2,15%** |
| **TOTAL** | **575.372.223** | **100,00%** |

SOURCE: Book of Shareholders of Grupo SURA - December 31, 2015

# INTERNATIONAL FUNDS



# MAIN FIGURES
## FINANCIAL




# MAIN FIGURES
## NON-FINANCIAL

PRESENT IN G4-6

**10**

COUNTRIES THROUGHOUT LATIN AMERICA[1]

**39.2**

MILLION CUSTOMERS SERVED BY OUR AFFILIATES OF STRATEGIC INVESTMENTS[1]

MORE THAN

**56,000**

EMPLOYEES[1]

COP

**17,675**

MILLION

(USD 5.6 MILLION)

MOUNT INVESTED BY FUNDACIÓN SURA IN SOCIAL DEVELOPMENT PROJECTS WITH CONTRIBUTIONS MADE BY COMPANIES OF GRUPO EMPRESARIAL SURA.

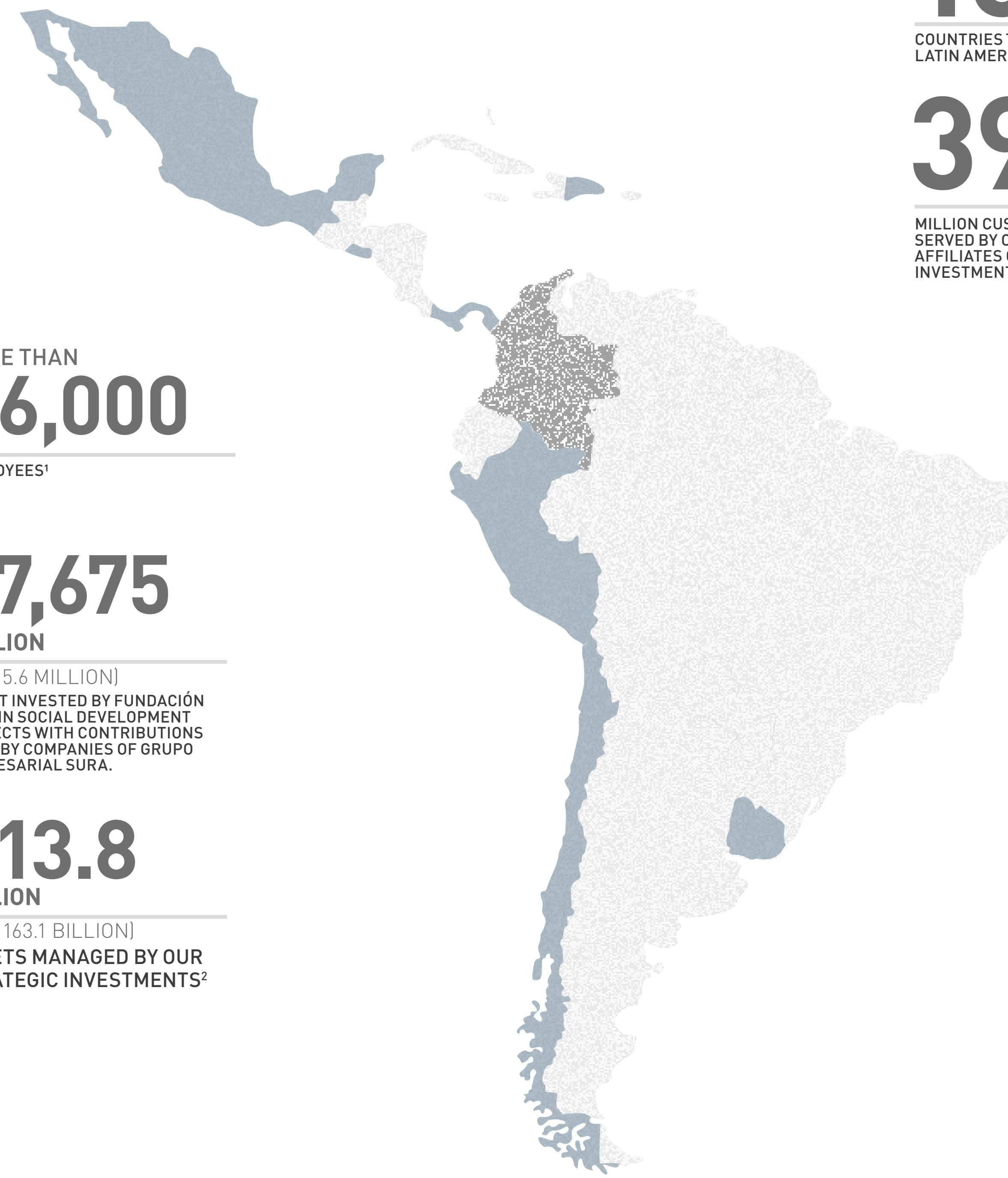
COP

**513.8**

BILLION

(USD 163.1 BILLION)

ASSETS MANAGED BY OUR STRATEGIC INVESTMENTS[2]

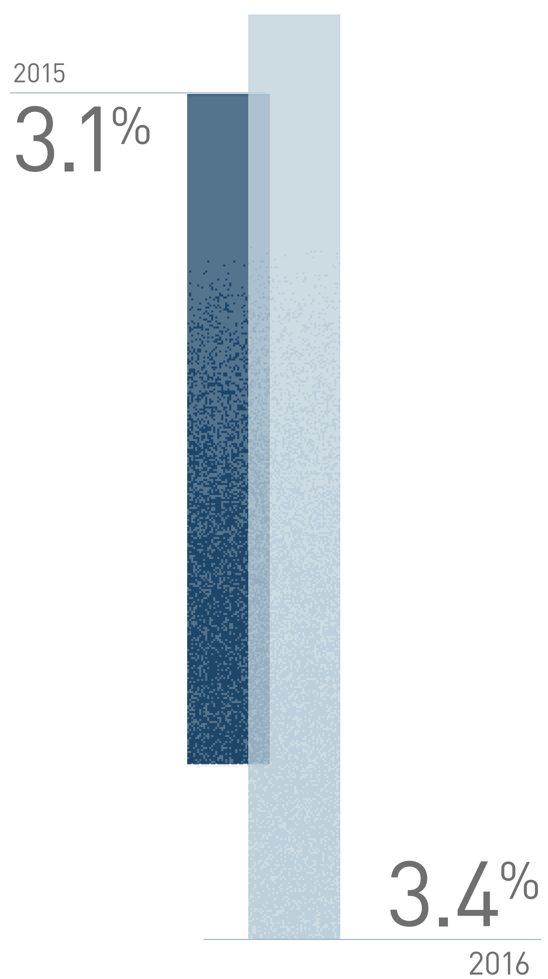


[1] Figures take into account data from affiliates and strategic investments of Grupo SURA, including the acquisition of the RSA operation in Brazil incorporated to the portfolio of Suramericana S.A. in March 2016. All other acquisition processes underway are excluded.

[2] Las cifras incluyen datos de Grupo SURA, Suramericana, SURA Asset Management y Bancolombia. No incluye ninguna de las operaciones adquiridas a RSA.

# Management Report

GLOBAL GDP GROWTH [1]



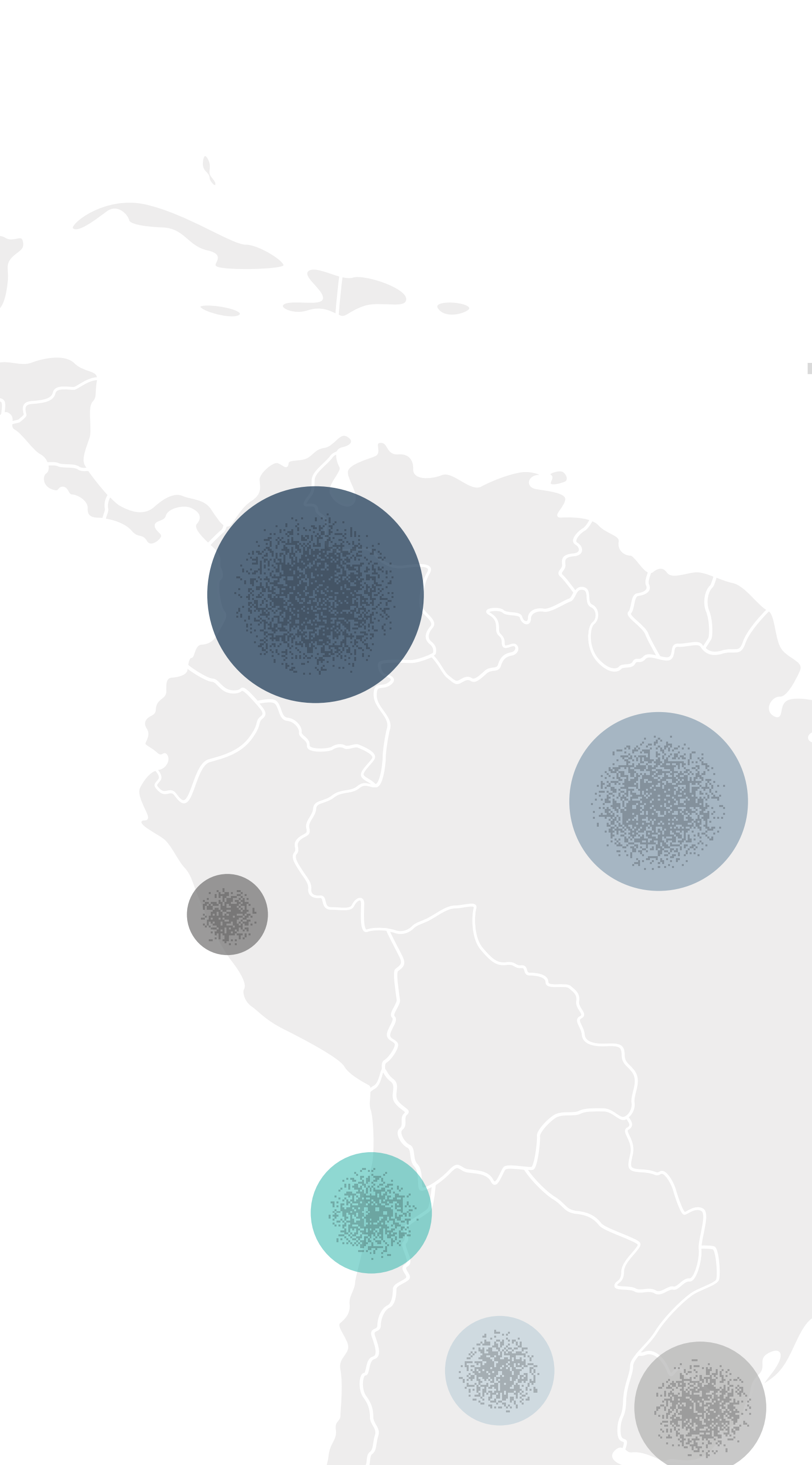

## DEAR SHAREHOLDERS,

A strong, strategic road map, a robust operating performance and an ongoing international expansion, thereby extending its investment portfolio, are just some of the highlights that Grupo SURA reported at year-end 2015. In spite of this, however, it was also a year in which substantial volatility on the financial markets affected our results and the complex economic and political situation posed greater challenges as we continued to advance with our overarching purpose to create added value and confidence.

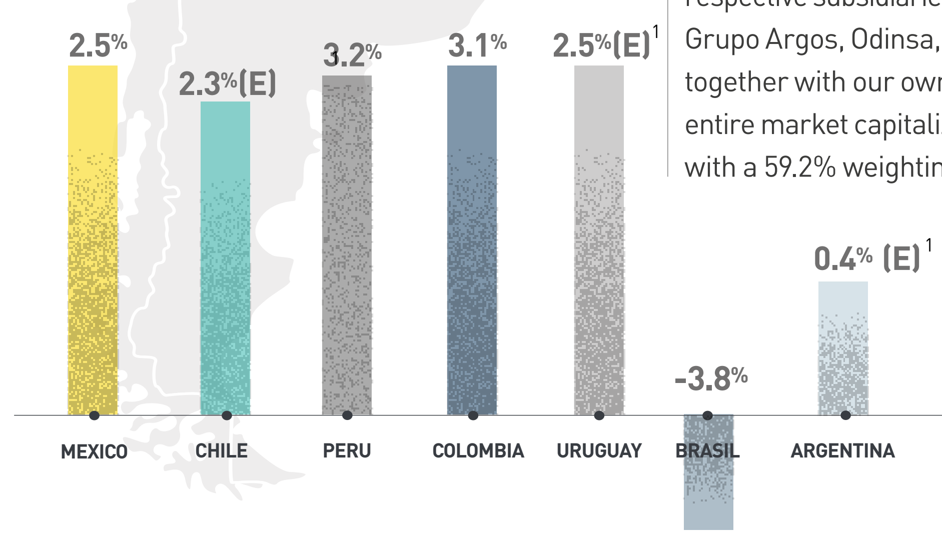
Latin America, in particular, has been hard hit by factors such as falling oil prices, a lower world-wide demand for commodities as well as the escalating US dollar. International organizations such as the IMF are currently estimating, for the entire region, a negative GDP growth of -0.3% for 2015,, with this expected to continue in 2016, while the Global GDP is set to rise by 3.1% in 2015 and 3.4% for 2016[1].

Amid these turbulent conditions, the member countries of the Pacific Alliance, where Grupo SURA is present with several of its major core investments, grew at between 2.3% and 3.2%, with Colombia doing particularly well with a growth of 3.1%. This was largely due to its financial service and construction sectors as well as rising domestic consumption. For 2016 similar or slightly higher growth rates are expected for this group of countries.

[1] IMF Global Economy Outlook Report, January 2016



GDP 2015




## CAPITAL MARKETS

In spite of lower economic incentives for foreign investment in both Colombia and most Latin American countries, we, in Grupo SURA, were gratified to see how international funds continued to increase their total stake in the Company, going from 17.5% in 2014 to 20.5% in 2015. At year-end, we had a total of 17.255 shareholders, 1,823 of whom hold both preferred and ordinary shares and 841 being the aforementioned international funds.**

Given the aforementioned situation and the atmosphere of uncertainty that dominated the majority of the global markets, 2015 was a year in which the worldwide stock markets performed poorly, especially in Latin America. In fact, in Colombia we saw how the COLCAP index fell by 23.7%. Grupo SURA's ordinary share ended the year at COP 35,700 (USD 11.33) dropping by 10.8% compared to 2014, while its preferred share ended up at COP 34,800 (USD 11.05), again down by 11.9%. Nevertheless, both shares outstripped the market index.

As for trades, the daily average volume for both our shares in 2015 came to COP 16.388 million (USD 5.2 million) thus maintaining an adequate level of liquidity. Similarly, Grupo SURA's market capitalization came to COP 20.4 billion (USD 6.5 billion), representing 7.3% of the total market capitalization of the entire Colombian stock market. If we were to include all the other companies that form part of our investment portfolio and their respective subsidiaries (Protección, Bancolombia, Grupo Nutresa, Grupo Argos, Odinsa, Celsia, Cementos Argos and EPSA), these, together with our own Company, would account for 30.6% of the entire market capitalization of the Colombian stock market along with a 59.2% weighting of the local COLCAP index.

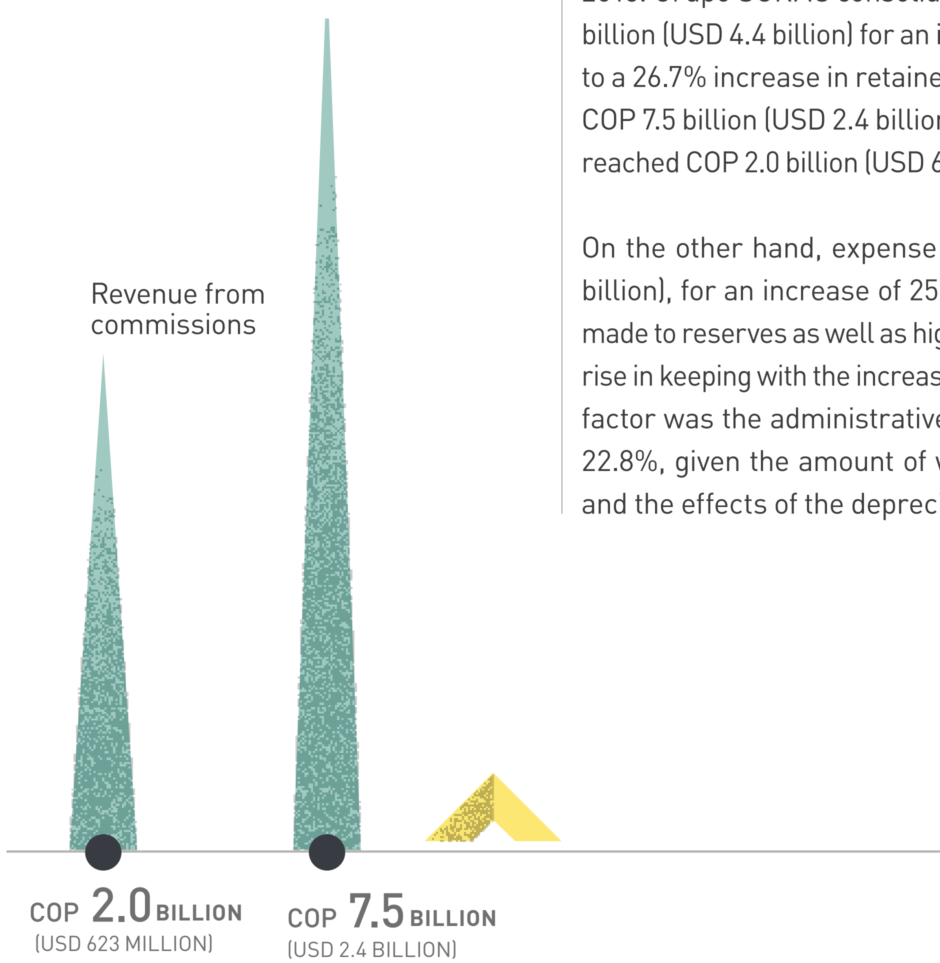
CONSOLIDATED REVENUES IN 2015

COP 14.0 BILLION

(USD 4.4 BILLION)


Retained Premiums

Revenue from commissions




INCREASED OPERATING PERFORMANCE

## FINANCIAL RESULTS

2015 marked the introduction of new accounting practices for companies registered in Colombia in presenting their financial statements under International Financial Reporting Standards - IFRS, which is why Grupo SURA created changes to certain figures reported at year-end. There were also throughout the year, such as wealth tax applicable to corporate taxpayers in Colombia as well as exchange rate increases that produced the consequent devaluation of the Colombian peso against the currencies of all those countries where we operate.

All those companies that form part of our core investment portfolio continued to produce positive operating results in 2015. Grupo SURA's consolidated revenues came to COP 13.9 billion (USD 4.4 billion) for an increase of 18.9%, this mainly due to a 26.7% increase in retained premiums, which amounted to COP 7.5 billion (USD 2.4 billion) and commission income which reached COP 2.0 billion (USD 623 million), for a growth of 28.2%.

On the other hand, expense totaled COP 12 billion (USD 3.8 billion), for an increase of 25.4%, this due to the adjustments made to reserves as well as higher retained claims, which tend to rise in keeping with the increase in premiums. Another important factor was the administrative expense account increasing by 22.8%, given the amount of wealth tax accruing in Colombia and the effects of the depreciation of the Colombian peso.

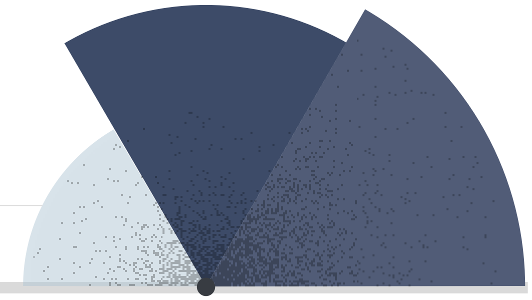


CONSOLIDATED **ASSETS**

COP 55.5 BILLION

(USD 17,6 BILLION)

increase 17.6%



Grupo SURA's net income ended the year at COP 1.3 billion (USD 420 million), for a decline of 18.8%. The main reasons for this, in addition to the aforementioned wealth tax, were lower revenues from related companies, as recorded via the equity method, as well as a slightly lower financial performance on the part of our subsidiaries.

However, on its separate financial statements, Grupo SURA recorded a net income of COP 726.023 million (USD 231 million), for a decline of 16.1%, this due to an increase of 30.8% in administrative expense which also included adjustments for taxes and the new wealth tax. Also, higher interest expense was recorded given the amount of interest paid out on the entire 12 month period for the Group´s local issue of bonds versus just 7 months in 2014. The tax provision increased significantly because the Group was able to reverse its deferred tax in 2014, which did not apply in 2015. It is on this net income figure, as appearing in Grupo SURA´s separate financial statements, that the proposed dividend distribution for this year was based.

Grupo SURA's consolidated liabilities rose by 32.5%. Besides the impact of the devaluation of the Colombian peso against the dollar, this figure was also affected by the USD 227 million in debt that the Company took out to extend its ownership stake in its core subsidiary SURA Asset Management from 67.1% to 71.4%.

This transaction, together with the acquisition of the insurance company Banistmo in Panama, through its local subsidiary Seguros Sura, helped to strengthen the Group's investment portfolio, which has grown both organically and inorganically.

Finally, Grupo SURA at year-end 2015 reported consolidated assets of COP 55.5 billion (USD 17.6 billion), showing an increase of 17.6%, while total shareholders´ equity reached COP 22.8 billion (USD 7.3 billion) for a growth of 5.2%.

## A COMPREHENSIVE PERFORMANCE EVALUATION

When it comes to assessing the overall performance of an Organization so as to decide whether to invest or not, besides the more obvious financial results, we have seen how analysts are turning to the Dow Jones Sustainability Index as an important benchmark tool, since companies that are listed with this Index have sustainable business strategies, that is to say, they are capable of remaining relevant over the long term, thanks to the continuous improvement practices they have put into place, compared to the highest standards being implemented by their respective industries, while preparing to face the challenges and take advantage of the opportunities that come along.

So, in 2015, we were pleased to be included for the fifth year running in the Dow Jones Sustainability Index, an honor bestowed on just 317 companies throughout the world, after evaluating more than 1,800 contenders. Grupo SURA, in fact, is the only Latin American company from the Diversified Financial Services and Capital Markets sector, to be included in the DJSI. It should be noted that the score received this year (81 out of a total of 100 points) allowed us to be again included in the Sustainability Year Book, having obtained the Silver Class award, for having achieved one of the highest performances in our industry.

Furthermore, the Organization, CDP - Driving Sustainable Economies, recognized Grupo SURA as a leader in best environmental sustainability practices. Our Company was also given a special mention for its transparent reporting of corporate management information in terms of climate change, having made significant progress compared to prior years and achieved one of the best scores among more than 200 companies who were invited to participate from Latin America.

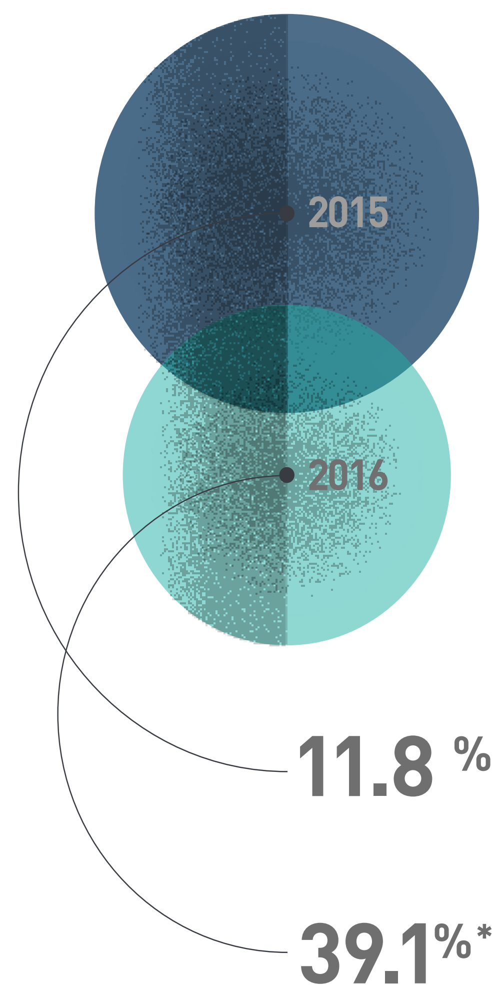
## STRATEGY DEVELOPMENT

Road Map to 2020 is the name we gave to the Company's strategic planning covering the next five years. A review of the planning carried out in 2015, in which our Board of Directors actively participated, also allowed us to set a sound course for the path we have been following up to now, identifying the key projects that are required in order to advance with the goals set by the Organization, of which creating added value and trust is an essential part.

We continue to strengthen the role played by Grupo SURA, in its capacity as parent company and principal shareholder, a task in which the opportunities given to our subsidiaries and core investments to meet and interact form a key factor. Our Strategic Committee is precisely the main governing body that is responsible for constructing, implementing and enhancing our strategy, besides allowing for new opportunities and synergies to be explored so as to achieve a greater degree of coordination between our different companies.

**BRAND POSITIONING:**
TOTAL TOP OF MIND


**REVENUES OF SURAMERICANA S.A. FROM ITS INTERNATIONAL AFFILIATES**




* Company estimate

G4-13

Also in 2015, Grupo SURA drew up its own business footprint in Latin America, a valuable exercise that invigorated our interaction with our subsidiaries and core investments, since it allowed us to better identify common ground, potential synergies and joint projects.

Innovation also occupied an important place in last year´s agenda for both the Group and its investments. Our main approaches, here, have been to monitor the business environment, search for new financial technologies with which to attend our clients, as well as identifying means for sounding out new business ventures. Also from the branding standpoint, we have continued to extend the positioning of our SURA brand in Latin America, in support of our business. Besides Colombia, where SURA now enjoys a 95% brand recognition after 71 years of market experience, after only just four years in Chile and Mexico, our total brand recognition in these individual countries now stands at 59% and 44.4% , respectively .

In terms of strategy, and as part of our Road Map to 2020, geographic expansion and developing a comprehensive range of financial services were just some of the areas where we made significant strides. This transformation, that began back in 2011 with the acquisition of new businesses and making our debut in new countries, recorded another milestone of historical significance for the Group in 2015, this time with Suramericana, our specialized insurance and trend/risk management company.

In September 2015, Suramericana announced that it had signed an agreement to purchase the Latin American operations of Royal & Sun Alliance for approximately GBP 403 million (USD 614 million). This purchase included the insurance companies belonging to this British Insurance Firm in Chile, Argentina, Brazil, Uruguay, Colombia and Mexico. For SURA´s own insurance and risk management business, this has been another important strategic step that creates added value by diversifying our geographical risk, extending our capacity to attend our clients on a pan-regional basis and enter new markets with significant growth potential in Latin America, besides enriching our synergies and knowledge.

[2] Market study conducted by GFK: SURA Brand knowledge and positioning in Latin America in 2015

GRUPO SURA BE PRESENT IN

**11** COUNTRIES

AFTER THE COMPLETION OF THE RSA ACQUISITION

**44**

MILLION CLIENTS

G4-13

Until 2015, 88% of Suramericana's total revenues came from Colombia, with another 11.8% from abroad. This is set to change with this new acquisition to approximately 60.9% sourced domestically and 39.1% from abroad.

The hand-over began following this announcement, which included complying with all applicable legal requirements in each of the aforementioned countries and obtaining the corresponding regulatory authorizations. Also the different teams, processes and other necessary factors were made ready to begin operations precisely when said authorizations are obtained and the corresponding payments are made. This has already happened in Brazil where Suramericana took over local operations early in March 2016. Once these processes are competed and the new companies begin operating, this expected during the first half of 2016, Suramericana shall be present in a total of 9 countries in Latin America, with almost 15.6 million clients, more than 13 thousand employees and 16 thousand client care personnel.

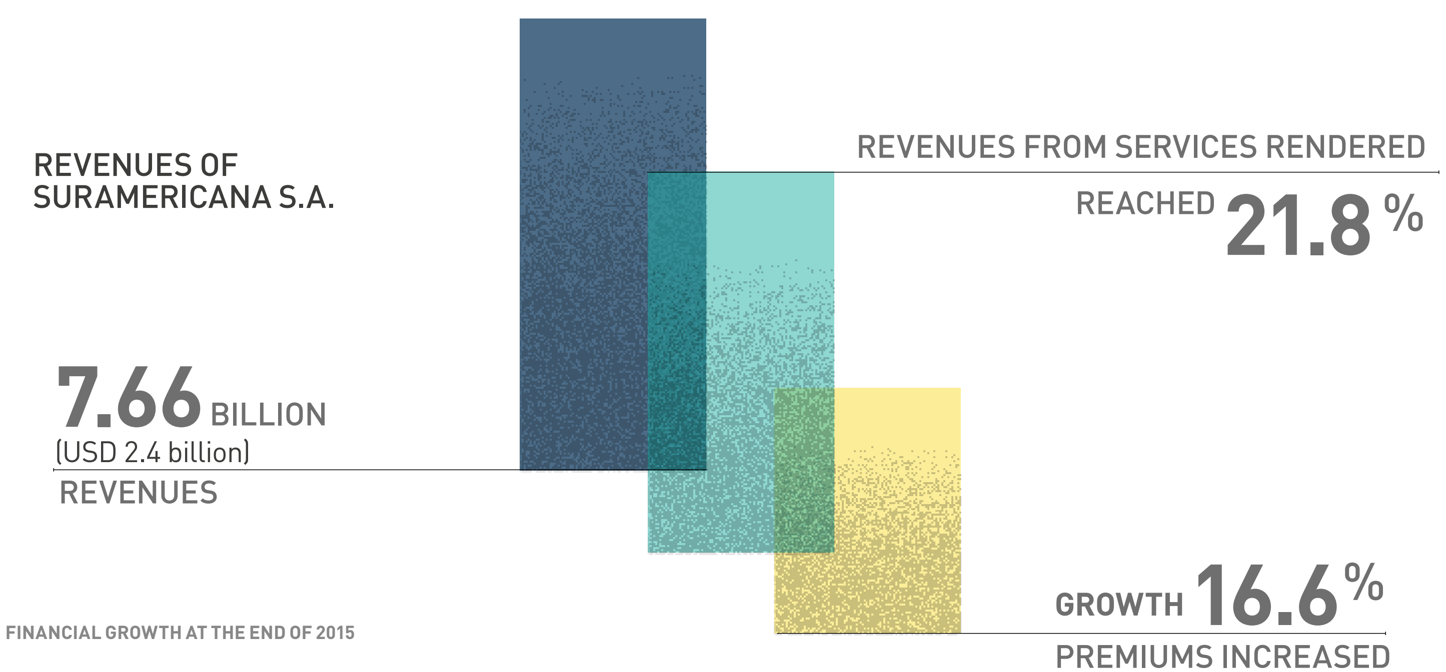
With this transaction, 70% of which was financed by Grupo SURA and Munich Re as shareholders of Suramericana, we shall be adding to our core investments within the region, which prior to this included SURA Asset Management and Bancolombia. We shall then be present in a total of 11 countries, attending 44 million clients with a more comprehensive range of financial services and insurance solutions, in keeping with the different life cycles of the Latin American people.

Also, as part of this expansion and growth strategy, in September 2015 we announced the signing of a purchase agreement for the stake held by JP Morgan in our subsidiary SURA Asset Management, representing 4.34% of this Company's total shares outstanding, for a total of USD 267 million. Also, at the beginning of March 2016, Grupo SURA exercised a call option to acquire another stake in this subsidiary, thereby extending its overall share to 78.7%, and extending its position in this strategic asset, which generates healthy cash flows, especially since approximately 90% of its EBTIDA is sourced from countries with higher sovereign ratings that that of Colombia.

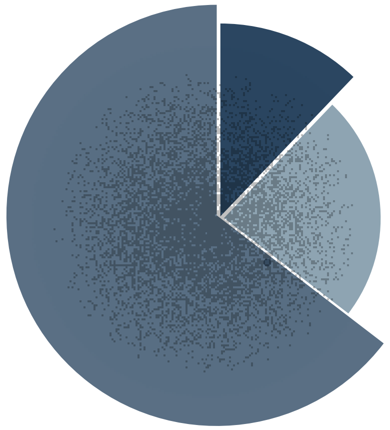
## BUSINESS PERFORMANCE

Clearly Suramericana S.A. and its insurance and trend/risk management business made a great historic leap forward with its own transformation process. With the aforementioned acquisition of the RSA´s Latin American insurance platform, it effectively extended its presence from four to nine countries (for a total market of 434 million inhabitants, that is to say, 71% of the Latin American population) thereby obtaining 5.6 million new clients, along with another 2,304 employees and 6,505 insurance agents to bolster its human capital.

Another highlight of our ongoing expansion was having purchased and taken over the insurance company, Banistmo, in Panama, for USD 96.4 million, with which the Company is reaffirming its presence in the Panamanian market, where it is now attending 150 thousand customers having obtained a total market share of almost 7.93% in terms of consolidated premiums.




FINANCIAL GROWTH AT THE END OF 2015



TOTAL INSURANCE MARKET SHARE IN COLOMBIA
23.8 %

To meet the new challenges brought about by its recent growth, Suramericana S.A. has restructured its operating model, with the aim of establishing an efficient regional management platform and facilitating the necessary coordination between the various businesses while maintaining the autonomy required to operate in each individual country. This involved changes such as setting up new Corporate Headquarters to attend "across the board" issues for all its insurance and risk management subsidiaries in Latin America, under the direction of Suramericana S.A.'s current Chief Executive Officer, Gonzalo Alberto Pérez. Parallel to all of this, the corporate structure in each individual country was decided upon, with local Chief Executive Officers reporting to Suramericana´s Chief Executive Officer. In the case of Colombia, Juan David Escobar, the former Deputy Chief Executive Officer, was appointed the new local Chief Executive Officer of Seguros SURA.

As for its financial performance, at year-end 2015 Suramericana posted total revenues of COP 7.66 billion (USD 2.4 billion), for a year-on-year growth of 16%. Written premiums increased by 16.6%, while commission income rose by 33.4% and revenues from services rendered reached 21.8%. Nevertheless, the prevailing volatility on the financial markets caused a 1.7% drop in investment income, mainly due to investments classified as negotiable instruments , which went from COP 166.051 million (USD 52.7 million) in 2014 to COP 65.727 million (USD 20.9 million) in 2015.

While retained claims grew at a slower pace than retained premiums, reserves rose much higher given a growth of 110.2% in the non-life insurance segment. Also the costs of services rendered increased to 27.6% due to a higher usage frequency and new disability reserves being set up pursuant to new legislation.

The Company is one of the most efficient insurance companies in the country, having obtained an efficiency ratio of 11.3% (administrative expense / premiums); this despite non-recurring expense amounting to COP 18,000 million (USD 5.7 million) incurred with the RSA and Seguros Banistmo acquisitions. Expenditure was also affected to

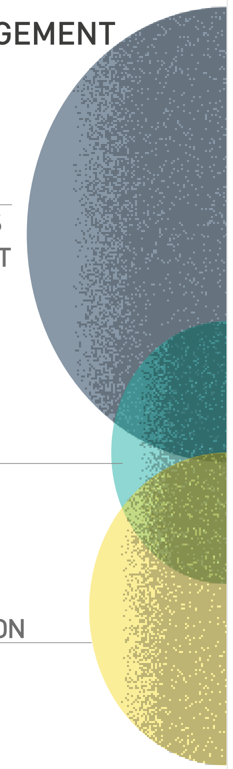


## SURA ASSET MANAGEMENT

22.8 %
LATIN AMERICA´S PENSION MARKET

9,194
EMPLOYEES

17.3 MILLION
CLIENTS



a significant degree by wealth tax totaling COP 32.514 million (USD 10.3 million). All this produced a bottom line for Suramericana S.A. of COP 343.283 million (USD 109.0 million), showing a year-on-year decrease of 9.3%.

SURA continues to lead the Colombian property, casualty, life insurance and workers´ compensation market. Its share of the total insurance market, also including social security, came to 23.8%.

Finally, it is worth noting that after announcing its acquisition of RSA´s operations in Latin America, Standard & Poor's (S & P) maintained Suramericana S.A.'s credit rating at 'BBB' for which it issued a stable outlook. According to this rating agency *"Suramericana S.A.'s business profile is set to grow stronger in the light of the stable outlook of its main subsidiaries and after taking over RSA's Latin American operations".*

Nowadays in Latin America, comprehensive trend and risk management shall continue to provide the cornerstone of our Company's strategy, this with the aim of enhancing the quality of life and competitiveness of our clients.

**SURA Asset Management, Grupo SURA's specialized pension, savings and investment subsidiary,** continues in No. 1 position in Latin America´s pension market, with a share of 22.8% in all 6 of the countries in which it is present and where its 9,253 employees attend a total of 17.3 million clients.

Its business purpose is to help the Latin American people to achieve their financial goals throughout the different stages of their lives. With this aim in mind, the Company has been consolidating a cross- selling strategy of voluntary saving and pension solutions, thus expanding its client base and increasing is assets under management to COP 23.3 billion (USD 7.4 billion). In local currency, this represents a growth of 12.7%, while in dollars it produces a drop of 4.9% given the depreciation of the Latin American currencies.

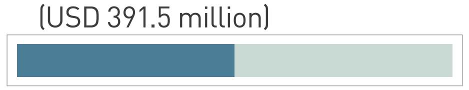
From a performance standpoint, the Company obtained total revenues of COP 5.2 billion (USD 1.7 billion), for a year-on-year growth of 33.9%. Here it is worth noting that retained premiums rose to COP 2.5 billion (USD 804.0 million) for an increase of 54.3%, trailed by commission income which rose by 27.7% to COP 1.8 billion (USD 574.7 million).

Fitch Ratings affirmed its **BBB+** rating along with a stable outlook for **SURA Asset Management**

# 2015

## EBITDA
SURA ASSET MANAGEMENT

COP **1.2** BILLION
(USD 391.5 million)



As for the different business segments, revenues rose by 13.2% in terms of mandatory pensions, 32.3% voluntary pensions and 47% life insurance. It should be noted that the basic wage in all those countries where SURA Asset Management operates, rose by 6.1%, this being one of the main sources of income for the Company.

On the other hand, investments appraised at market prices earned lower rates of return due to the amount of volatility affecting the capital markets. Return on investment rose by 32.9% to COP 535.210 million (USD 169.9 million), while gains at fair value, including the Company's reserve requirement and the portion of the portfolios held by the insurance companies that are classified as negotiable instruments, fell by 78.9% in 2015, to COP 33.309 million (USD 10.6 million), compared to COP 158.145 million (USD 50.2 million) for 2014.

Operating expense at year-end came to COP 4.4 billion (USD1.4 billion), for an increase of 40.2%, this due to reserves rising by 52.0% as a result of a growth of 45.3% in retained premiums.

As for administrative expense, these came to COP 329.522 million (USD 104.6 million) for a growth of 58.8%, given the amount of investment made by the Company in recent years in building an entire regional platform with a special emphasis on voluntary savings. This included client-centered training programs for our sales personnel for our multiproduct offering, as well as starting up new, more efficient technological distribution channels, allowing us to provide our services to much larger number of people. Furthermore, several projects have been undertaken to bring the Company more in line with international standards, with the deployment of certain risk management and efficiency processes, especially with regard to the mandatory pension business.

EBITDA from the different countries came to COP 1.2 billion (USD 391.5 million), while at year-end the Company's net income reached COP 502.572 million (USD 159.6 million), for an increase of 22.7%, thus showing substantial operating strength in the light of the many great opportunities existing with regard to the further development of the individual financial markets, given the low market penetration seen in most countries.

On the other hand, in early 2015, Fitch Ratings affirmed its BBB + rating along with a stable outlook for SURA Asset Management, while Moody's also issued the Company with a Baa1 international investment grade. These credit ratings reflect the Company's ongoing sound position both from a financial standpoint as well as in terms of its business strategy.

Among its other achievements in 2015, it is worth noting that SURA Asset Management actively participated in government policy-making at institutional level, in helping to enhance the individual pension systems in individual countries. The Company also presented its latest research study on "How to Strengthen Latin American Pension Systems" covering all the latest experiences, lessons and proposals on the part of well-known experts in the Latin American pension sector.

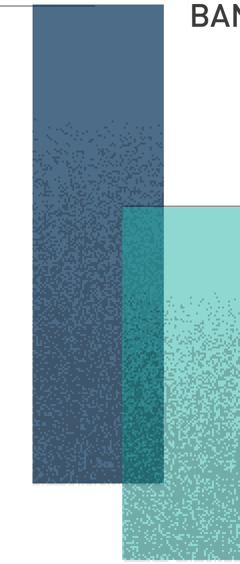
**Grupo Bancolombia** ended the year with a gratifying level of financial performance, having obtained COP 9.1 billion (USD 2.9 billion) in consolidated net income for an increase of 11.1%. Likewise, consolidated assets came to COP 193 billion (USD 61.3 billion), for a growth of 29%. Shareholders´ equity ended up at COP 19.3 billion (USD 6.1 billion), which was 14.27% more than the previous year. With regard to the Bank's own net income, this reached COP 2.5 billion (USD 800 million), showing a year-on-year increase of 5.5%, due to higher interest income , a good momentum driving other operating income, together with an improved efficiency ratio for the entire Group which ended up at 54.6%.

Grupo Bancolombia has established itself as the leading franchise in Colombia and Central America, where today it has more than 10.8 million clients. In Colombia it enjoys a 22.9% share of the lending and financial leasing market. Its market capitalization has risen to COP 20.5 billion (USD 6.5 billion).

## BANCOLOMBIA

NET INCOME

COP **2.5** BILLION
(USD 800 million)



**10.9** MILLION CLIENTS

The purpose of the Organization is to **BUILD VALUE AND TRUST** in all of its activities with a proper control setting

Other achievements in 2015 include its innovative banking correspondent network in Colombia which has spent the last decade providing banking services to people who previously had no access to such. With a 7% share of a total network of 92.304 banking correspondents, Bancolombia represents 46% of the total transactions carried out and 64% of the cash changing hands through this channel.

The Bank has strengthened its digital strategy and its strategic alliance model in response to the many changes arising in today´s more competitive business environment, these being other important highlights of what the Bank is doing to create innovative proposals with the aim of creating added value for different stakeholder communities.

Finally, several awards were obtained in 2015, these being an important source of encouragement for continuing along the path chosen up till now. One of the most important of these was having been included in the Dow Jones Sustainability Index for the fourth year running. Similarly, Bancolombia was deserved a special mention in the Sustainability Year Book having earned the bronze medal in its own particular category, thus ranking as the fifth most sustainable bank in the world and the first on the American Continent.

## CONTROL ARCHITECTURE

One of the key components of Grupo SURA´s Corporate Governance model is its control architecture. This enables policies to be drawn up in order to strengthen the principles, values and philosophy of the Business Group as a whole, while providing reasonable assurance with regard to attaining its strategic objectives, disclosing both financial and non-financial information in a reliable and timely manner, ensuring that risks are properly handled in safeguarding the Company's assets and shareholders' equity, as well as the efficiency and effectiveness with which transactions are carried out, all this amid strict compliance with all applicable rules and regulations. It also facilitates a greater degree of cohesion and unity of purpose among all those companies belonging to the Group.

Grupo SURA, upon adopting the recommendations of the Colombian Superintendency of Finance in its Code of Best Corporate Practices, as issued in 2014, has decided to base the design of its control architecture on the treatment proposed on an international level by the Committee of Sponsoring Organizations of the Treadway Commission, namely in its COSO 2013 model.

In 2015, the Company worked hard to bolster its internal control system. This self-regulation effort, allowed for several framework policies to be drawn up and adopted, mostly for the entire Business Group, thereby showing the Organization's overarching purpose of building trust based on everything it does while ensuring an adequate control environment.

The Risk Management Policy, as approved for the entire Business Group, defined the framework on which guidelines and mechanisms were based in order to coordinate risk management within the Organization and ensure that its strategic goals are attained. As part of the scope of this risk management model, both strategic risk as well as those relating to fraud and corruption were properly identified and assessed as intercoordinated functions.

In order to manage the risks thus detected and establish the corresponding control activities, the Company applied the principles of self-management and self-control, since one of the key features of this system is the ability that each employee is given to assess and control his or her work, detect any possible departures from the normal course of his or her activities, and make the required corrections in exercising and performing his or her functions, as well as enhancing tasks and responsibilities.

Also, the Company continued to align itself with the Sarbanes-Oxley Act, constructing and defining risk matrices and controls for all those processes that have an impact on financial reporting under IFRS.

The Company has made available sufficient communication and information channels for its Senior Management to make the decisions required and to conduct permanent follow ups on the main performance indicators of its different lines of business, maintaining the Board of Directors as well as other stakeholders fully and opportunely informed of all the more important aspects affecting the Organization.

Based on the Group´s "Three Lines of Defense" model, all those officers who are responsible for the processes belonging to the first line of defense in terms of the Company's internal controls, together with other related support areas (the second line of defense) were able to properly monitor the Group´s key processes. Processes and projects were overseen by means of performance indicators, metrics, committee meetings and independent evaluations, among others.

**3 RISK MANAGEMENT DEFENSE** lines of Grupo SURA

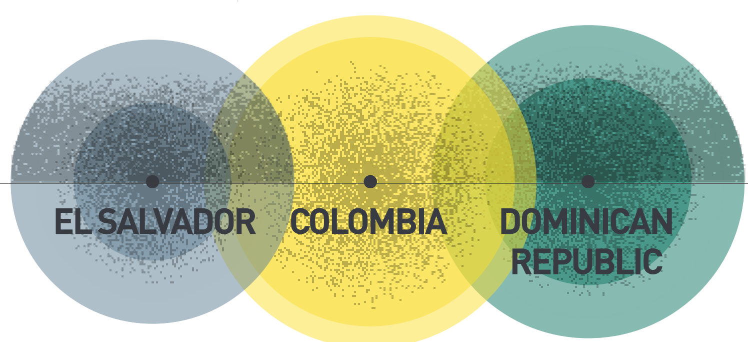
Also, the Audit Committee with the support of the Statutory Auditing Firm and the Internal Auditing staff (the third line of defense), along with an interdisciplinary team of staff, conducted independent monitorings of the Group´s internal control system and periodically reported its activities and finding to the Board of Directors.

At year end, neither Grupo SURA's Senior Management nor its internal or external oversight bodies detected any material deficiencies with regard to its internal control system that could have jeopardized its overall effectiveness. Neither were there any ethical violations reported on the part of Company officers or member of its Senior Management.

Notwithstanding the foregoing, recommendations were made as a result of the findings obtained by the Statutory Auditing firm and the Internal Auditing staff, which have been adequately addressed by Senior Management with the aim of continuing to improve the Group´s Internal control system.

With regard to Legal Issues, Grupo SURA hereby states that it has faithfully complied with all applicable intellectual property and copyright legislation. Likewise, the use of products such as software employed in the normal running of the Company complied with all intellectual property and copyright laws that are currently in force, and its trademarks have been duly registered before the corresponding authorities. The Company has sufficient evidence on which to base these claims, which in turn is supported by the findings of internal audits performed on its systems, as well as having signed licensing and software development agreements, copyright purchase or assignment contracts as well as obtaining confirmation from the Colombian Superintendency of Industry and Commerce attesting to the ownership of their registered trademarks, among others.

In addition to the above, and pursuant to that provided in Law 1676 of 2013, the Company hereby states that did not obstruct the free circulation of invoices issued by its vendors or suppliers.




INVESTMENT OF FUNDACIÓN SURA IN SOCIAL DEVELOPMENT PROJECTS

COP **17,675** MILLION
(USD 5.6 million)

## SOCIAL WORK

Another of the Organization´s work fronts has to do with its social outreach programs, which are mainly carried out through the SURA Foundation which sponsors social development initiatives geared to enhancing the quality of life of the underprivileged segments of society, along with other training programs aimed at enhancing business competitiveness, sexual education and peaceful coexistence, culture, comprehensive community management and institution building.

In 2015, Grupo SURA and its subsidiaries contributed COP 12,950 million (USD 4.1 million) to the Foundation, whose total investment amounted to COP 17.675 million (USD 5.6 million) in 91 initiatives undertaken in partnership with 95 organizations in Colombia, El Salvador and the Dominican Republic.

The Foundation also participated in initiatives to help improve the quality of education in Colombia such as the "Leading Transformation" program under the auspices of the Executives´ Foundation for Education; the "Bilingualism for Greater Competitiveness" program aimed at training teachers of English as a second language in three Departments in Colombia; as well as the Felix and Susana program, sponsored by the SURA Foundation, which has helped more than 2,200 teachers from a total of 221 schools to nurture peaceful coexistence directly from the classroom.

With regard to our Corporate Volunteer Work, in 2015 our employees and their families dedicated more than 50.200 hours of community service with the aim of upgrading school infrastructure, providing psychosocial support and encouraging entrepreneurship, among other activities.

We would also like to make special mention of the commitment shown by our subsidiaries in Mexico, Chile, Peru and Uruguay to their own social development programs. In 2015, these invested COP 5,760 million (USD 1.8 million) in education and entrepreneurship programs, in addition to those carried out by the SURA Foundation.

**6** winners

**OF THE NICANOR RESTREPO SANTAMARIA** SCHOLARSHIP

Settings and major global trends are increasingly challenging. **THE SO-CALLED FOURTH INDUSTRIAL REVOLUTION** alters the entire way we related to one another and consume, and hence, the economies.

On the other hand, last February, the SURA Foundation announced the six winners of the Nicanor Restrepo Santamaria Scholarship, that attracted more than 9,000 applications. This scholarship, covering both tuition and living expenses, is yet another contribution to education as a pillar of equal opportunities for all, and a significant tribute to Mr. Nicanor Restrepo who was our mentor and our leader, as well as a fine philanthropist committed to social development in Colombia.

## CONSOLIDATION

Our growth and transformation is unstoppable. This was particularly evident with the degree of expansion that took place in 2015, when Grupo SURA continued to expand its portfolio of investments and at the same time, rose to embrace new challenges. At subsidiary level, we strengthened our position in several strategic countries reaching what for us were uncharted territories, all of which translates into further growth opportunities, synergies and greater knowledge. In this way, we continue with our Road Map to 2020, knowing full well that the priorities for our Group going forward shall be to consolidate our newly acquired operations and maintain our sound financial position.

Also the changing business environment and major global trends are becoming increasingly challenging. The so-called fourth industrial revolution is changing our consumption patterns and relationships and, with this, our economies. This requires that we make better use of technology and obtain greater access to even larger volumes of information so as to become more efficient and more responsive to human needs.

In order to meet these new challenges, every year we pledge our renewed commitment to our business and look forward to the continued support of our shareholders, as we do to the knowledge and commitment of our employees in Latin America, the trust of millions of our customers and the support of all our stakeholders. Our wish is to continue working with you all as we try to get closer to the Latin American people, helping them to achieve their goals and ensuring their wellbeing and competitiveness, with a comprehensive range of financial services and insurance solutions. In this way we shall continue as an Organization to **provide added value and trust.**

**Thank you very much!**

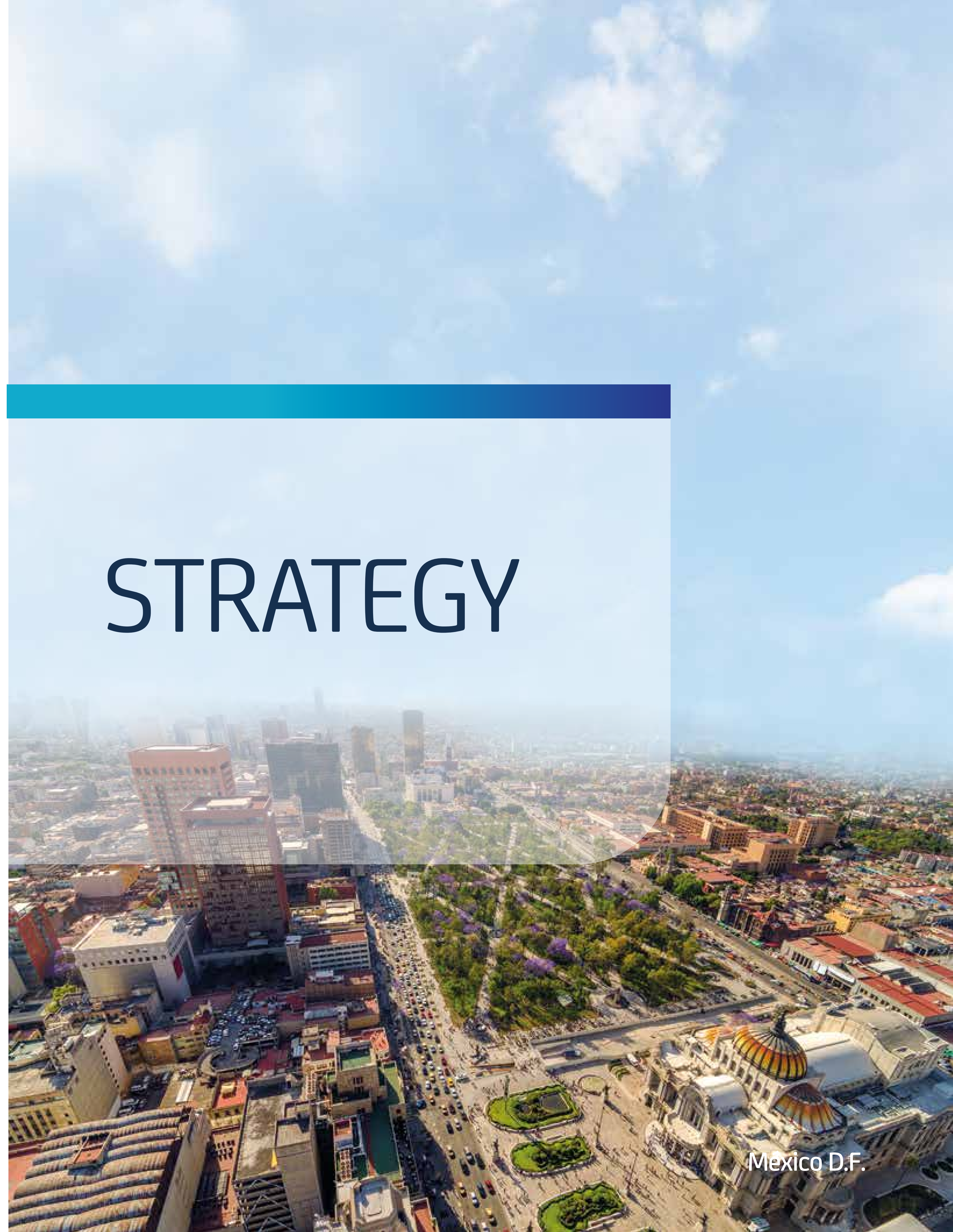
**Luis Fernando Alarcón**
Chairman of the Board of Directors

**Sergio Michelsen**
Vice-Chairman of the Board of Directors

**Jaime Bermúdez**
**Carlos Antonio Espinosa**
**José Alberto Vélez**
**Carlos Ignacio Gallego**
**Jorge Mario Velásquez**

**David Bojanini**
Grupo SURA's Chief Executive Officer.

# STRATEGY



Mexico D.F.

## CORPORATE STRATEGY

TO BUILD VALUE AND TRUST

The main core of our activities

In 2015, Grupo SURA continued to work on all those initiatives and projects that are designed to secure its strategic goals and which allow for efforts to be prioritized with regard to moving forward as a business group.

The work jointly carried out with our subsidiaries and core investments, centering on our common purposes, has allowed us to strengthen our long-term relationships with stakeholders, with the tacit understanding that creating added value and confidence is behind everything we do. For this reason, 2015 was also a crucial year for reviewing, consolidating and aligning the strategic goals set for both Grupo SURA and its Subsidiaries.

These strategic goals consist of innovation and new businesses, a comprehensive range of services and synergies, as well as geographic expansion and market development, all of which are key to the continued growth of the Sura Business Group. This is why in 2015 Grupo SURA increased its stake in SURA Asset Management and through Suramericana acquired Seguros Banistmo in Panama as well as the Latin American operations of RSA Insurance Group plc., this latter acquisition pending official authorizations being granted in some of these countries. All of the aforementioned highlights are just milestones along a path that Grupo Sura has chosen with the aim of consolidating its existing business and being able to provide a comprehensive range of financial services to its clients, as well as creating and driving new opportunities in our quest to expand into other different markets within the region.

2015

a year key to review, consolidate and align the strategic direction of Grupo SURA with its affiliates

This growth strategy is based on the following pillars (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) developing our human talent as part of an internal process that is being constantly reinforced; and (iv) ensuring our ongoing financial strength as a fundamental support for the Group as a whole.

As part of this framework, the challenges that the Company continued to work on in 2015 and those to which it continues committed in shaping each one of its strategic goals, are as follows:

# STRATEGIC GUIDELINES

## COMMITMENT TO SUSTAINABLE DEVELOPMENT

This commitment shall allow Grupo SURA to remain relevant over time, fulfilling its strategic goals while being firmly embodied in its performance criteria and the manner in which it handles its business as well as its commitment to social development and its contribution to the public arena. This implies a comprehensive handling of the risk involved so as to be able to respond opportunely to adverse situations, adopt the highest international standards and strengthen all those practices and processes that help create added value and confidence for our different stakeholder groups.

## INNOVATION AND NEW BUSINESS VENTURES

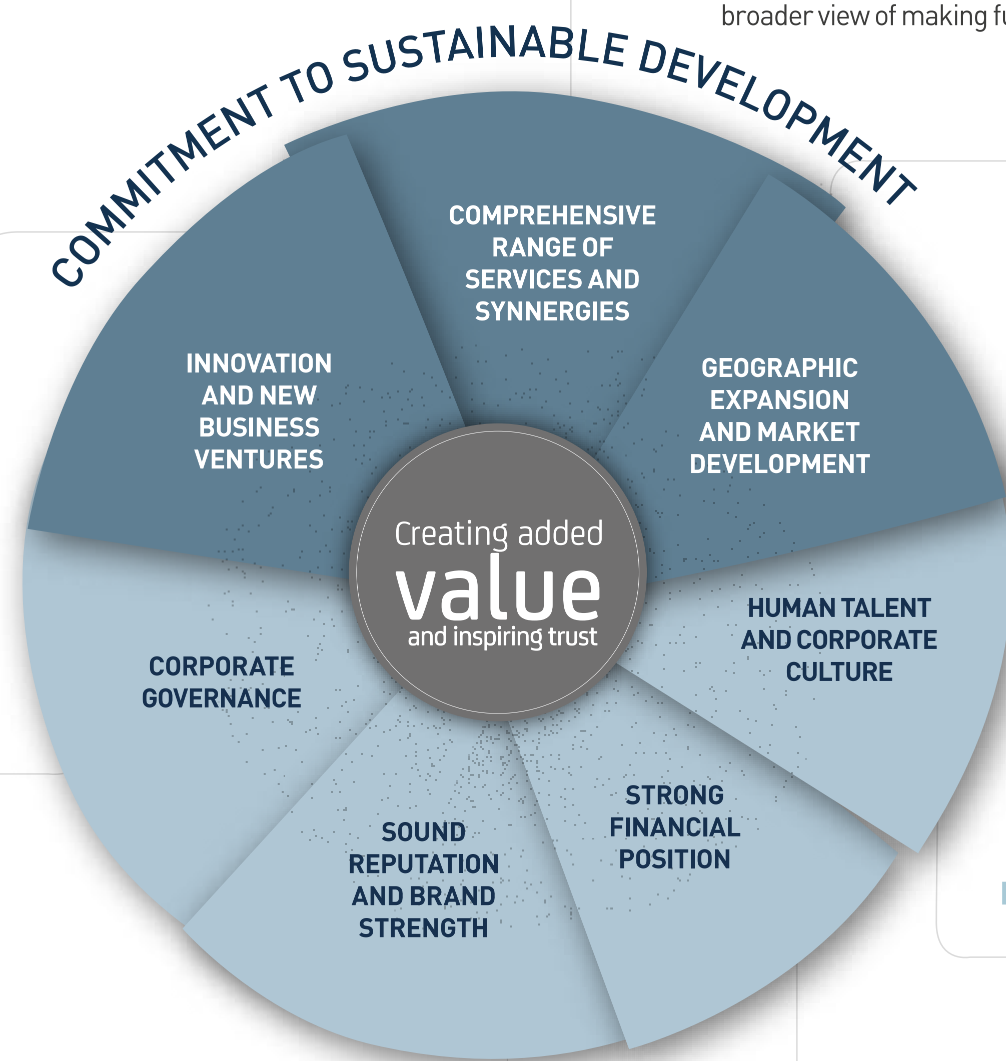
- Strengthening our capacity to generate new business and understanding new competitive environments
- Analyzing trends, identifying new technology and evaluating changes to the environment
- Constructing an ecosystem to maximize research and entrepreneurship

## CORPORATE GOVERNANCE

- Fortalecimiento del gobierno corporativo y alineación con las filiales.
  - Implementación de Código País
  - Fortalecimiento de los procesos de las juntas directivas
  - Fortalecimiento de la interacción con las compañías que integran el portafolio

## SOUND REPUTATION AND BRAND STRENGTH

- Consolidating the SURA trademark as a comprehensive brand of financial services and insurance solutions, in support of all the Group´s lines of business in all those countries where it is present.
- Increasing brand awareness and positioning.
- Extending SURA´s sound reputation throughout the region.




## COMPREHENSIVE RANGE OF SERVICES AND SYNERGIES

- New customer-focused goals
- Strengthening our group dynamics and relationships. Taking a broader view of making further inroads in uncharted territories.

## GEOGRAPHIC EXPANSION AND MARKET DEVELOPMENT

- Organic and inorganic growth based on our regional presence in both the current and target markets.
- Extending and drilling down on our current markets in line with the Group´s strategy
- Prioritizing markets and lines of business:
  - Providing services for the care and growth of individuals and organizations alike, through direct, trust-based relationships.
  - Investing in innovative businesses showing healthy growth rates.
  - Latin American continent.

## HUMAN TALENT AND CORPORATE CULTURE

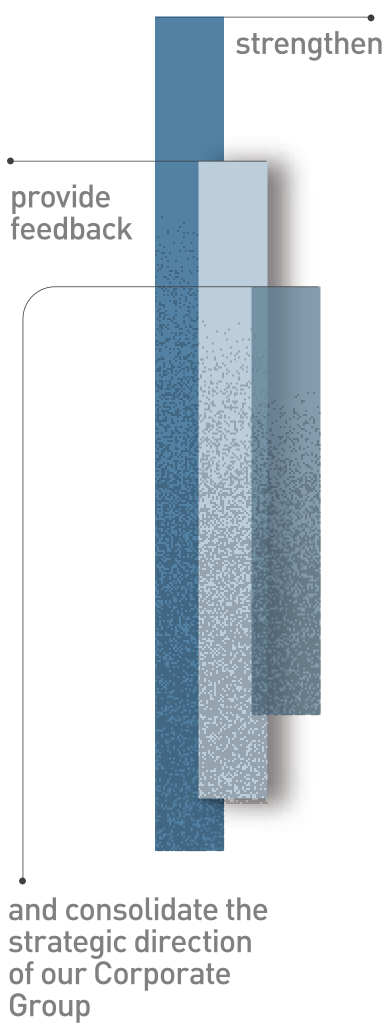
- Human talent as a key factor for service providers, ensuring the skills they need to develop their strategies both now and in the future
- Regional company promoting cultural exchanges while upholding the same values and identity that it has always had as a Group.
- Identifying and developing human talent.

## STRONG FINANCIAL POSITION

- A capital structure that ensures a sound financial structure to support the Company's sustainable growth.
- Allocating capital in keeping with its strategy.

AT GRUPO SURA, SURAMERICANA AND SURA ASSET MANAGEMENT

we share guidelines to:




## FROM THE AFFILIATES

**Suramericana S.A.**

Trend and Risk Management (GTR) is the core of its strategy to build value for customers by providing specialized advice on trends, risks and capitals, with the purpose of leveraging their competitiveness in a sustainable manner.

This strategy takes shape in:

- An efficient management of strategic risks
- The optimization of opportunities based on trends
- Resilience to implement mechanisms to finance risks

The long-term vision involved leads to advance towards strengthening and consolidating initiatives which meet the corporate guidelines listed below:

- Human talent development
- Markets, solutions and channels diversification
- Tangible solutions
- Sustainability

**SURA Asset Management S.A.**

Given the amount of progress made ever since it was first founded, this Subsidiary marked a hiatus in 2015 to examine and discuss each of its strategic approaches, in order to adapt these proactively to its current business situation and the challenges it faces today.

As a result, the Company ratified its current aspirations and adjusted its strategic guidelines, so as to establish a new framework in support of the work plans to be undertaken over the coming years:

- Client focus
- Sustainability of mandatory pension business
- Driving the voluntary pension business
- Sales management and productivity
- Excellence in investment management
- Applied innovation
- Developing a unique corporate culture and human talent



# CORPORATE ROLE

One of the main challenges that Grupo SURA faces, as the parent of the SURA Business Group, is to provide added value to its subsidiaries as well as core investments. That is why in 2015 we worked hard to build clear and effective communications with our subsidiaries, reinforcing our unity of purpose and strategic planning so as to be able to align our strategy, create added value, build a comprehensive long-term vision of our business, optimize the use of resources and enhance our risk management function.

Grupo Sura's corporate role and generally speaking the manner in which its investee companies relate to each other, is mainly felt at individual Board of Director and Board Committee levels. This has been further supplemented by having created and strengthened certain administrative functions since 2013, all of which share a common purpose:

## INTERACTION AT BOARD OF DIRECTOR LEVEL

Grupo SURA has reaffirmed its corporate role at the same time as it has strengthened its Boards of Directors. It is on this same level, as part of the Group´s own Corporate Governance, that it has structured a framework in which is Subsidiaries may act and liaise with each other. Some of the achievements obtained so far include:

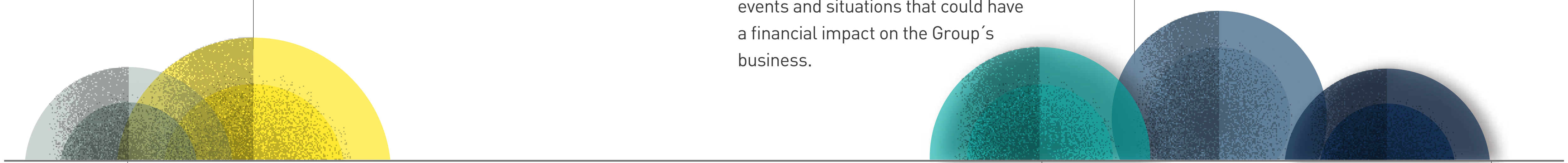
- Adopting the standards enshrined in the Country Code
- Enhancing the selection and succession mechanisms used for appointing and replacing members of a Board of Directors
- Training programs concerning strategic issues to ensure the Boards´ ongoing performance (for example, social responsibility and sustainability, the responsibility of directors and senior managers, geopolitics and corporate culture, business ethics, among others).

OUR CHALLENGE AS THE PARENT COMPANY

To ADD VALUE to affiliates and strategic investments

## INTERACTION ON AN ADMINISTRATIVE LEVEL

The Strategic, Finance, Reputation and Branding as well as Legal Committees all help to extend and formalize communication and interaction between the companies, and these have effectively become joint work fronts that continue to provide value.



### STRATEGIC COMMITTEE:

This administrative body allows Grupo SURA and its core investments to work together towards common goals that provide added value to a business. This Committee is in charge of drawing up, implementing and enriching strategies so as to be able to explore new opportunities and harness fresh synergies for a better coordination between the individual companies.

### FINANCIAL COMMITTEE:

In charge of tracking the financial performance of the Group´s core investments and establishing an operating framework for each of these Companies. This Committee is responsible for discussing all those events and situations that could have a financial impact on the Group´s business.

### LEGAL COMMITTEE

In charge of discussing relevant regulatory changes or situations along with analyzing their possible impact on the Group´s business It is also responsible for sharing best practices in terms of providing legal assistance in each specialized area.

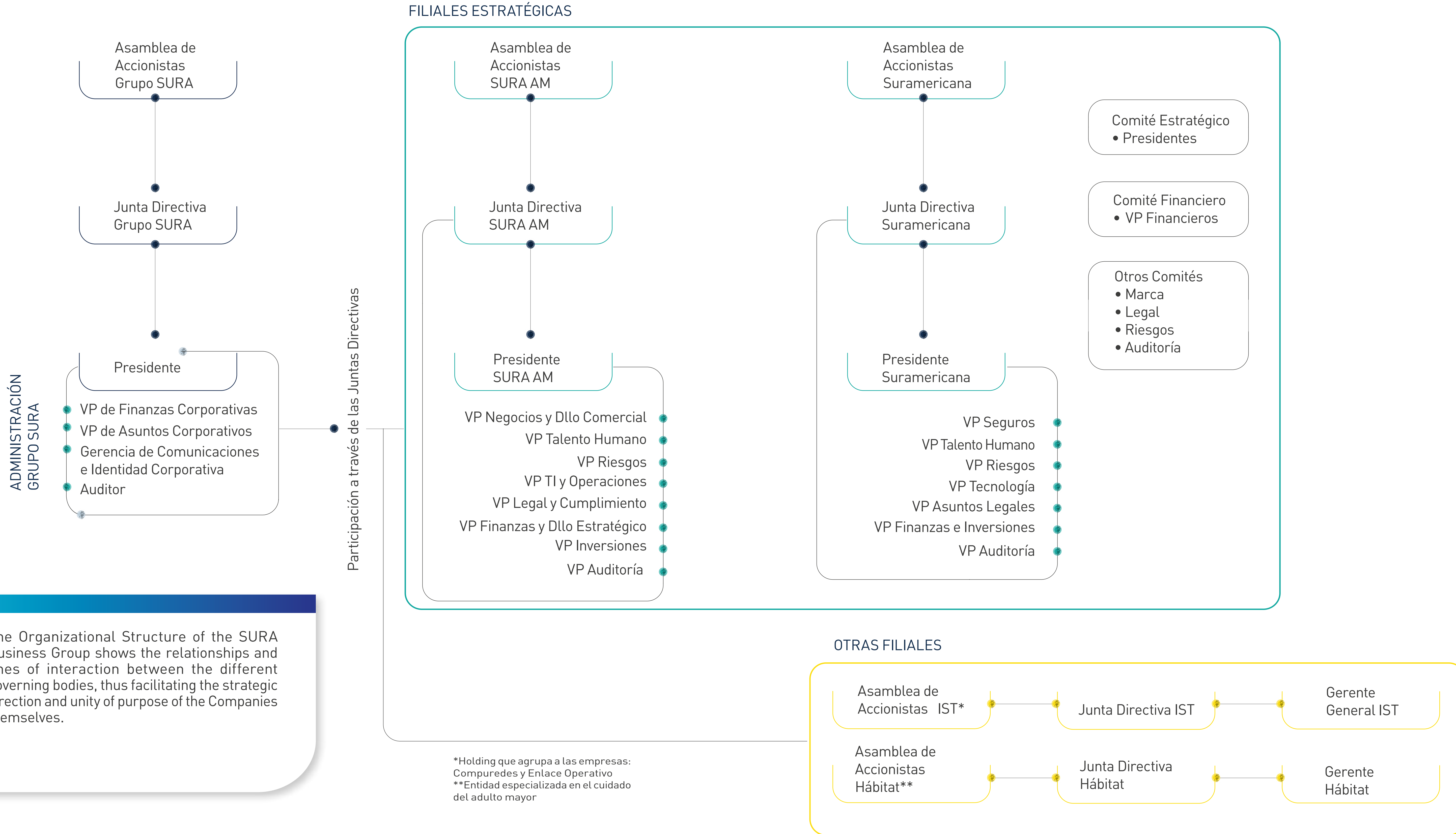
### REPUTATION AND BRANDING COMMITTEE:

Responsible for conducting follow-ups on the proper implementation of the guidelines, strategies and plans in terms of branding and reputation at individual business level, as well as coordinating the Communications, Marketing and Advertising Departments in working towards common purposes of brand positioning. This Committee is also in charge of ensuring consistency and order while harnessing synergies for the handling of these issues.

### OTHER AREAS

Here other discussions are conducted on the key issues of how companies interact, thus providing support to both the Strategic and the Finance Committees, and where best practices are shared with regard to auditing, corporate governance, risk management and human talent, among other matters.

## ORGANIZATIONAL STRUCTURE OF GRUPO EMPRESARIAL SURA




The Organizational Structure of the SURA Business Group shows the relationships and lines of interaction between the different governing bodies, thus facilitating the strategic direction and unity of purpose of the Companies themselves.

*Holding que agrupa a las empresas: Compuredes y Enlace Operativo
**Entidad especializada en el cuidado del adulto mayor

# RISK MANAGEMENT

G4-2
G4-14

## GRUPO SURA
is exposed to display results and performance indicators which are impacted in turn by its affiliates' risks

In 2015, we consolidated our corporate position as the SURA Business Group based on general guidelines governing our risk management function so that Companies belonging to the Group are able to address new challenges and opportunities in their constantly-evolving environments, while providing value through interacting and coordinating with each other.

It is important to note that Grupo SURA, in its capacity as the Group´s parent company, is exposed to the risk of its operating results and performance being impacted by the risks to which its subsidiaries are exposed, so the Group´s risk management function not only focuses on the parent´s own risks, in terms of its business model and strategy, but also those to which its subsidiaries are exposed.

In 2015, Grupo SURA's Board of Directors created its own Risk Management Board Committee which is responsible for steering and evaluating the Group´s own risk management strategies and general policies, with the aim of providing a joint, shared view of the key aspects involved. The Boards of Directors and Senior Management teams at subsidiary level are responsible for their own risk management systems, which are deployed based on the size and complexity of their lines of business and operating processes, geographic diversification and the nature of the risks to which each of these industries are exposed. They must also ensure consistency and feedback with regard to our organizational strategy.

### RISK MANAGEMENT AT SUBSIDIARY LEVEL

Both Suramericana as well as SURA Asset Management have their own Comprehensive Risk Management Systems in place. These systems, handled by their own dedicated areas, allow for strategic, administrative and operating decisions to be made in order to create added value not just by maximizing revenues within low levels of tolerable risk, but also understanding global trends and the internal dynamics of the different subsidiaries. Similarly appropriate control mechanisms are designed and put into place, thus ensuring the sustainability and continuity of the different lines of business over the long term.

Bearing in mind that each.. of its core subsidiaries has the experience and expertise required for their own specific lines of business, Grupo SURA has put into place adequate liaisoning mechanisms for tracking the Group´s risk profile and the handling of its risk exposure. This includes, among others, playing active roles on their Boards of Directors and Board Committees as well as sharing their best practices and reporting on the performance of the Group´s different investments.

**Suramericana S.A.**
This Company, as an insurance firm and a service provider for the insurance industry, places special emphasis on its ability to handle risk, since this function forms the essence of its business.

In 2015, the Company enhanced and updated its comprehensive risk management methodologies, particularly with regard to its finance, business and operating risks. This year it shall be bolstering a range of Company functions such as asset and liability management, the setting up of its reserves, handling liquidity risk and assessing business opportunities in terms of infrastructure projects.

**SURA Asset Management S.A.**
In 2015, the Company focused on furthering its Corporate Governance in terms of risk management, both on a corporate level as well as locally on an individual subsidiary basis. With regard to handling business, operating and investment risks, the Company continued to monitor all risk exposure that could affect the Organization's strategic objectives, with a special focus on aligning and standardizing performance metrics as well as the methodologies used at subsidiary level, in addition to unifying different concepts.

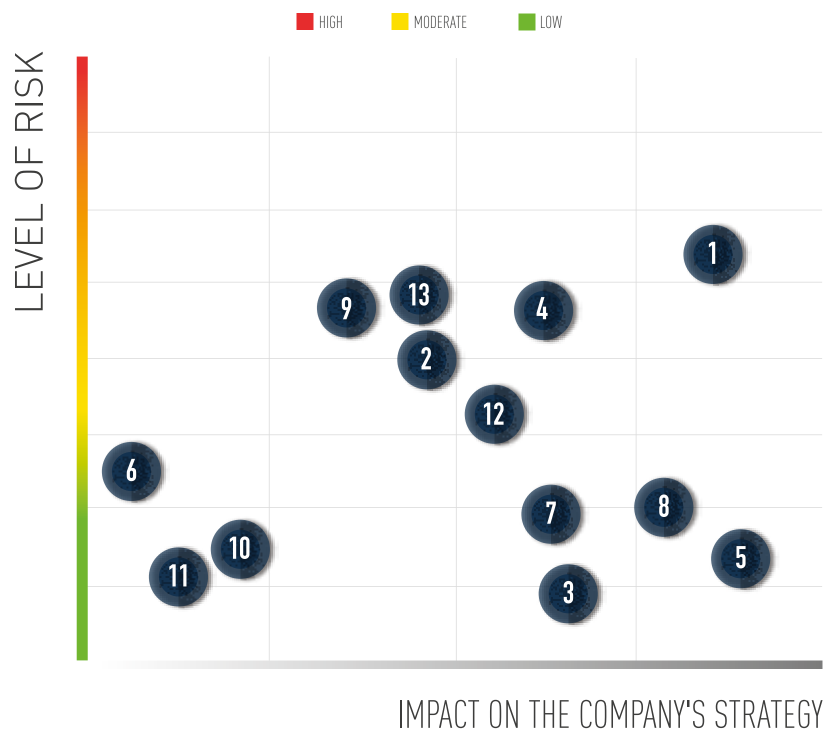
### RISK MAP

In a global environment that is becoming increasingly more demanding, the need to analyze future trends and visualize opportunities has become all the more important especially with regard to how these can help manage strategic risks, that is to say risks that warrant priority treatment given their direct impact on a Company's ability to create value.

Detecting and managing risk can also entail creating opportunities for setting up new businesses, redefining existing ones, exploring new markets and enhancing our human talent, all of which are ways of creating added value but in a different way.

In 2015 Grupo SURA made a great deal of effort in managing, examining and aligning strategic risk at subsidiary level. It was a year in which we started up a monitoring system so as to provide greater insight and analytical elements to each specific risk assessment.

## RISK MAP




**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. One of Grupo SURA's main functions as parent company of the SURA Business Group has to do with the strategic handling of opportunities and risks by strengthening its corporate role, harnessing synergies with the aim of securing greater efficiency and building a wide range of financial products and services on a regional level.

As part of the guidelines drawn up in 2015, Grupo SURA provides its subsidiaries with risk management support in all those cases that could involve a systemic or contagion risk which could jeopardize the Business Group especially in terms of developing and building means of measuring risk concentrations.

**2. New Business Risk:** Grupo SURA is convinced that innovation is a prime growth strategy that ensures that a Company remains relevant over time, bearing in mind a higher degree of market competition and the emergence of new market players. For this reason finding ways of setting ourselves apart in order to create new opportunities, optimize costs and encourage business scalability is a fundamental part of this process.

Exploring new markets and services and transforming existing business based on automated management information and access to such shall allow Grupo SURA to expand the scale of its operations based different technological models.

**3. Technological Risk:** when companies understand the need to innovate, especially when they depend largely on technology, they have to constantly seek ways of adapting its technological base to new market needs and requirements so as to stay connected with new ways of doing business.

Drawing up new business models based on technology, has attracted much attention from a whole host of traditional financial service providers, since this necessarily has to do with new ways of doing things all of which ultimately enhances the experience of our clients or allows them to take advantage of different opportunities.

**4. Corporate Governance Risks:** 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 to adopt new corporate governance standards in compliance with the guidelines recently introduced with the new Country Code. For our Companies this means incorporating new responsibilities and tasks for its governing bodies and senior management as well as other functions in terms of how these interact with each other.

**5. Reputation Risk:** Grupo SURA understands that its corporate reputation hinges on how stakeholders perceive the Organization from the way it acts and relates. This is a truly multidimensional asset, which does not necessarily have any basis in reality, but rather in terms of perceptions and combinations of different elements ranging from the Group´s public image, to its financial performance, corporate practices, social outreach programs and the added value it is able to provide, among others.

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 all those events that might affect the positioning of our companies and their public perception.

**6. Emerging Risk:** continuous assessments 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 any possible solutions or scenarios that may affect our business, so as to convert overall risk in an opportunity for growth.

**7. Human Talent Risk:** a key factor in being able to respond to the latest trends and risks posed by our business environment and remain competitive is precisely the human talent we have at subsidiary level. Our challenge here is retaining and attracting the best possible human talent, who truly understand what our corporate culture is all about as well developing the skills and knowledge we need to ensure our continued growth and the sustainability of our business.

**8. Business Environment Risk (Economic, Political and Social):** Grupo SURA, as a Latin American business group, assesses the political and macroeconomic environment of the countries in which it operates. Events such as a change in government, fluctuating exchange rates, inflationary pressure and unemployment are all factors which can have an impact on our business performance and therefore should be monitored and appropriately managed at subsidiary level.

The performance of our subsidiaries in 2015 was affected by substantial volatility prevailing over the Latin American markets as a result of widespread devaluation of their local currencies largely due to falling international commodity prices which in turn affected the government debt of all those countries that are highly dependent on their energy and mining sectors, as is the case with Colombia, Mexico, Chile, Peru and Brazil. Additionally, the performance of the capital markets, the normalization of monetary policy in the United States, the upward trend in interest rates in the region, monetary stimulus in Europe and Japan, coupled with the negative cycle of oil prices, the slowdown in China and the complex economic and political moment that crosses Brazil, were decisive factors for the region.

**9. Financial Risk:** This category refers to the sound financial position of our companies , adequate capital structuring, solvency and the need to have sufficient funds to meet our financial obligations and carry out our expansion plans.

Difficult macroeconomic conditions and substantial volatility on the finance markets affect the normal course of business of both our subsidiaries and the results they produce. This requires that our subsidiaries have adequate management systems in place so as to allow them to monitor their exposure to market, credit and liquidity risk.

Indeed, in 2015 Grupo SURA and Suramericana were affected by having changed over to the new International Financial Reporting Standards - IFRS, with their financial results being mainly affected by non-recurring items. There were also other affecting factors such as the amount of wealth tax accruing in Colombia which had a corresponding effect on the net income of our subsidiaries in this country.

**10. Regulatory Risk:** since our subsidiaries belong to sectors that are not only highly regulated but which are subject to ever-changing regulatory changes from the business, tax and accounting standpoints, amongst others, they have to be permanently on the lookout for possible changes due to the political and social climate affecting the industries to which they belong and the countries where they operate.

In 2016, the Company shall continue to be ready and prepared to deal with eventual changes with regard to legislation governing tax, pensions and the insurance sector throughout the region, which could have an impact on both our performance as well as our investments. Grupo SURA shall also be on the lookout for new regulatory and oversight requirements as a business group.

**11. Business Risk:** these are risks relating to our business model and subsidiary operations. In the case of Suramericana and SURA Asset Management, these risks are directly related to insurance and third-party fund management, these being their main business activities.

Insurance Risk The main non-financial risks that may affect these companies are related to changes to the mortality, longevity and morbidity rates of the target population, as well as adverse deviations in terms of our claims rate, the adequacy of our technical reserves and Organization´s operating efficiency in general.

Fund Management Risks: The main risks or factors that could affect the performance of SURA Asset Management's Pension Fund Management subsidies have to do with adverse departures from the normal flow of commission income and as well as changes in the behavioral patterns on the part of our fund members. Changes in management fees are linked to factors such as reduced commission rates (e.g. market competitiveness), a lower number of contributing pension fund members (unemployment, informal job market, etc.), falling wages (deflation, declining real wages, etc.) and regulatory changes. Client behavioral patterns have a consequent impact on exit rates with fund members transferring to other fund management firms. The amount of fund members transferring out has to do with the sales activities conducted on the markets in which the individual companies operate.

## CHALLENGES

- To continue aligning our Strategic Risk Management System at subsidiary level. To make further progress with ways and means of working together.
- The Company made significant progress in 2015 with regard to closing the gaps detected when we adopted the reforms managed by the Sarbanes-Oxley Act of 2002, commonly known as SOX . The bulk of the improvement obtained in this regard was also due to having strictly complied with that required by the new Country Code with regard to our corporate governance and control architecture. We shall continue to work to close these gaps and introduce improvements with regard to the internal control standards adopted by our subsidiaries.
- To continue to strengthen our organizational culture of self-control as well as the risk management functions at subsidiary level.



## MATERIALITY

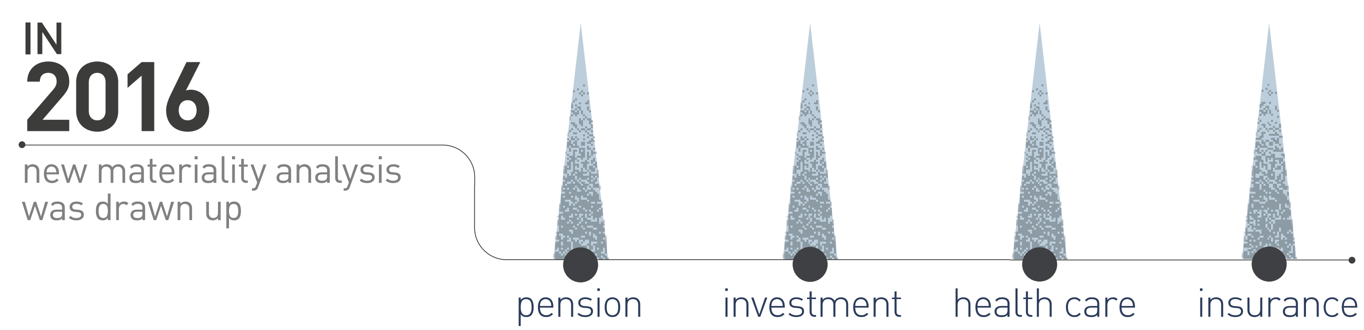
G4-18
G4-19

Grupo SURA´s Annual Report covers the more important matters concerning its performance in 2015. The contents of this report covers all those issues that are material for the Company, that is to say, those that could influence its ability to achieve its organizational goals and issues that its stakeholders bear in mind when making decisions regarding the Company.

The relevance of this information was based on the Global Reporting Initiative´s (GRI) Sustainability Reporting Guidelines, namely Version G4 which was issued in 2012 and updated in 2014 in the light of company risk assessments, corporate strategies and inputs obtained from analyzing sustainability in the different sectors in which Grupo SURA invests. The Company also took into account evaluations of sustainability issues on the part of other companies belonging to the same sector, as well as press reports and stakeholder surveys and interviews.

In drawing up its materiality analysis, the Company took into account various 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 Index and Responsible Investing Principles.

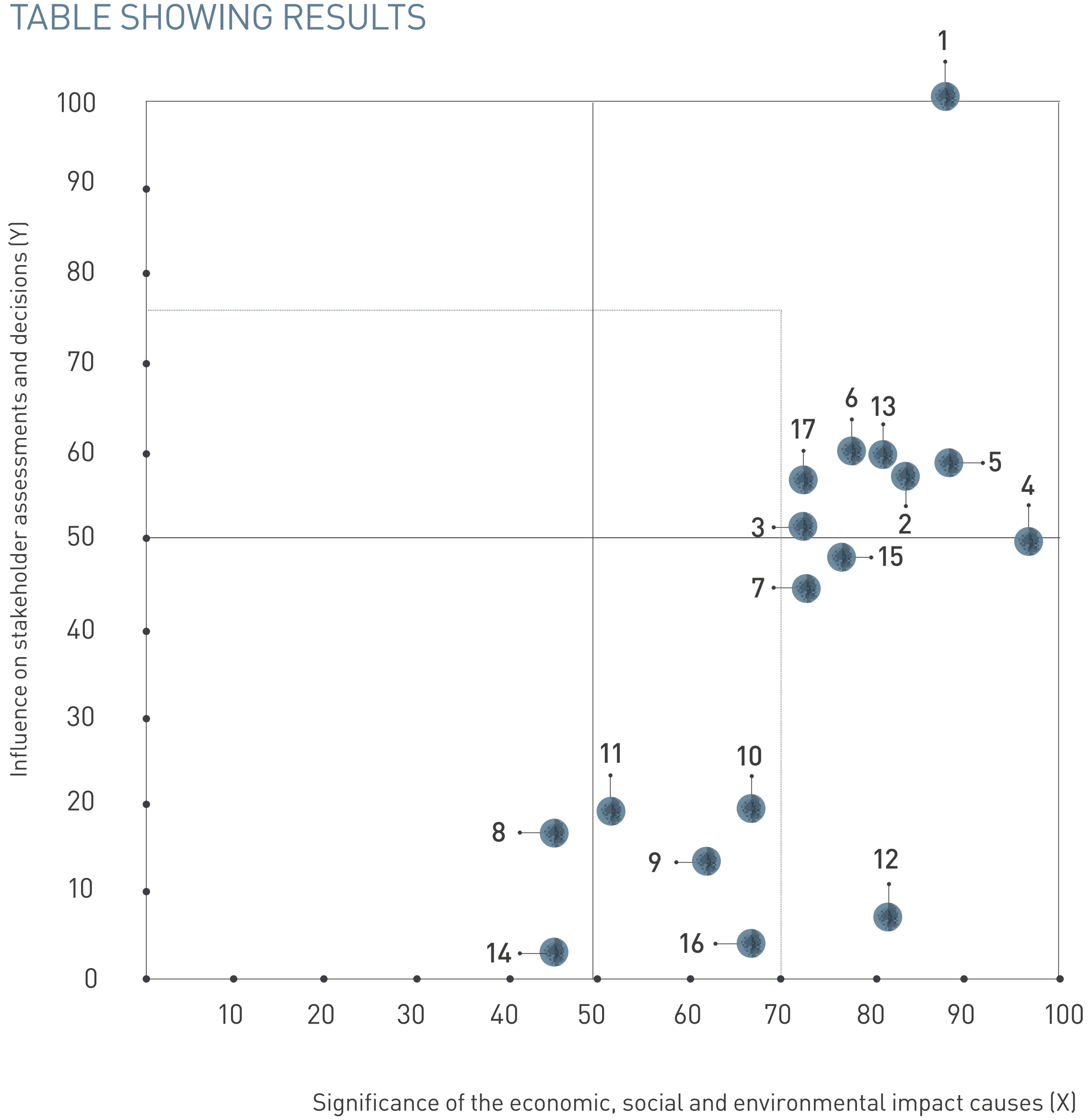
In 2015, Grupo SURA reviewed the frequency with which it should update its materiality analyses. Consequently, in 2016 a new materiality analysis was drawn up, covering the SURA Business Group´s pension, investment, health care and insurance businesses in the different countries where present.



G4-18
G4-19

The following summarizes the results of the materiality analysis that Grupo SURA performed at year-end 2015. Each item shows its location on the materiality map as well as a brief description of how it affects Grupo SURA and its different lines of business in each case, and how each of these contributes to the Company's Sustainable Development Goals, thereby reaffirming its commitment to the global development agenda.

## TABLE SHOWING RESULTS




G4-19
G4-27

1. **Corporate Governance:** implementing best practices with regard to corporate governance, transparency and the skills and proficiencies of the members of our governing bodies. (See page 106)

2. **Risk management and auditing:** assessing and mitigating the risk to which the financial service industry is exposed. (See page 66)

3. **Regulatory compliance:** tracking and monitoring regulatory requirements as issued by the competent authorities (financial, environmental and social) on the part of all the companies belonging to the Group. (See page 106)

4. **Ethics, integrity and anti-corruption:** the Organization´s conduct in keeping with our ethical principles, based on responsibility, fairness, respect and transparency (See page 106)

5. **Active ownership and investment:** : investment policies, practices and follow-ups, based on all applicable environmental, social and corporate governance factors. (See page 206)

6. **Financial performance:** the Group´s financial performance in providing sustained profitability, encouraging growth opportunities and ensuring compliance with all tax obligations. (See page 148)

7. **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. (See page 150)

8. **Supplier/service provider risk management:** procurement strategy and handling to reduce risks from suppliers and contractors while creating mutual benefits. (See page 178)

9. **Environmental management system:** clearly defined environmental management systems and guidelines at subsidiary level . (See page 180)

10. **Water and energy management:** the Organization's efforts to address the environmental impact caused by its water and energy consumption upon carrying out its business activities. (See page 184)

11. **Materials and waste disposal management:** Organization's efforts to address the environmental impact caused by its handling of materials and waste, in carrying out its business activities. (See page 191)

12. **Emissions and climate change:** the organization's responsibility to adapt to or cope with the effects of climate change and directly or indirectly mitigating these. (See page 186)

13. **Human capital management:** labor practices that promote the professional development of employees in a dignified work environment, taking into account the rights of workers. Also, carrying out initiatives to maintain employee motivation, developing their skills and attracting qualified staff. (See page 162)

14. **Health and safety:** an Organization´s efforts to ensure the safety, integrity and health of all those affected by its activities (employees, contractors, neighboring communities, clients and customers, among others). (See page 162)

15. **Social investment and market development:** promoting and improving the quality of life of the community in all those locations where the company operates. (See page 193)

16. **Human rights:** an Organization´s ability to respect the human rights of all those who may be affected by its operations (employees, contractors, neighboring communities, clients and customers, among others). (See page 172)

17. **Communication and brand management:** reputation and brand management practices for creating added value. (See page140)

## STAKEHOLDER GROUPS

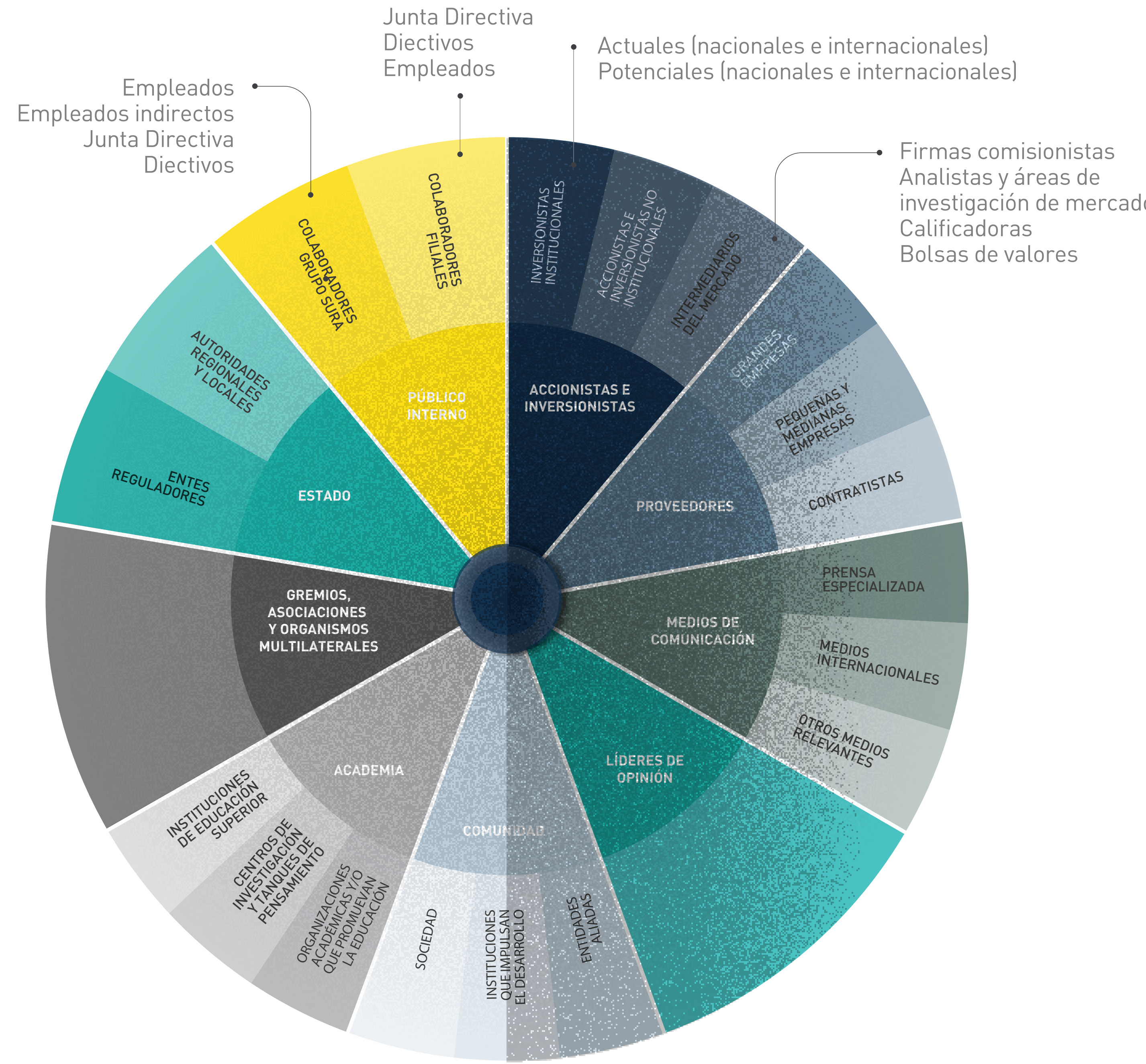
G4-25

In Grupo SURA, we are aware of the importance of being able to engage with our stakeholders on a strategic level, that is to say as part of our corporate objectives, bearing in mind the needs and expectations of the different groups all under an overarching, long-term perspective.

Being able to successfully handle the manner in which we engage with our stakeholders is essential in order to ensure the sustainable growth of our Organization as well as to remain relevant over time. Also, as a Business Group, we understand the importance of being able to consistently engage with our stakeholders at a subsidiary level. So in 2015, we were able to continue the process begun in 2014, by means of which we adjusted our stakeholder engagement model and strategies as part of the framework that was specifically set up based on the AA 1000 Standard whose methodology is based on The Stakeholder Engagement Manual , Volume 2, as published by the United Nations´ Environmental Program (UNEP), in 2006.

In 2015 a review was performed on the Group´s subsidiary SURA Asset Management with a view to closing the existing gaps. They were already moving forward on this issue, having mapped out their stakeholders and defined the corresponding strategies. At the same time, we conducted the first ever diagnosis of Suramericana S.A. with regard to this subsidiary's stakeholder engagement. Based on this same standard, this subsidiary was also able to map out its stakeholders and define its stakeholder engagement objectives.

G4-24
G4-26



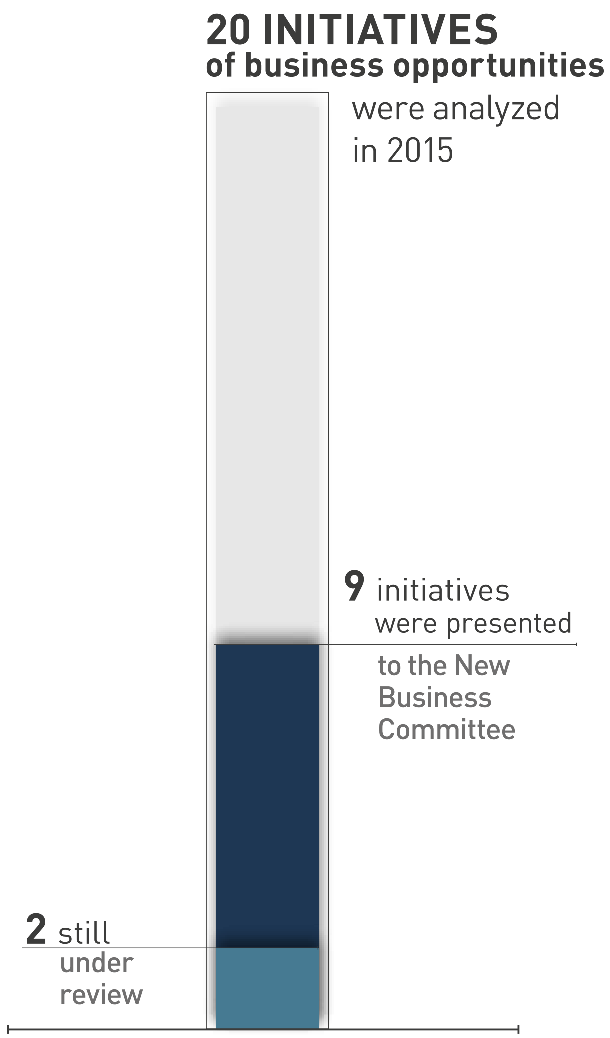

We were able to define Grupo SURA's stakeholders map and draw up an engagement matrix, a process that involved all those areas of the Company that are responsible for steering the relationships with different members of the public. This matrix included defining issues such as: the goals with each group, aligning initiatives with the Organization's own road map, tools and means of communication, issues to be addressed in each case, indicators and challenges, among other factors.

# INNOVATION AND NEW BUSINESSES

## INNOVATION

Refers to everything we actually do to create added value and remain relevant in the world of today, providing new responses to challenges and opportunities as they arise.

## INNOVATION




In 2015 Grupo SURA began to construct its own innovation model, focusing on strengthening its organizational capabilities, so as to be able understand competitive environments and generate new business.

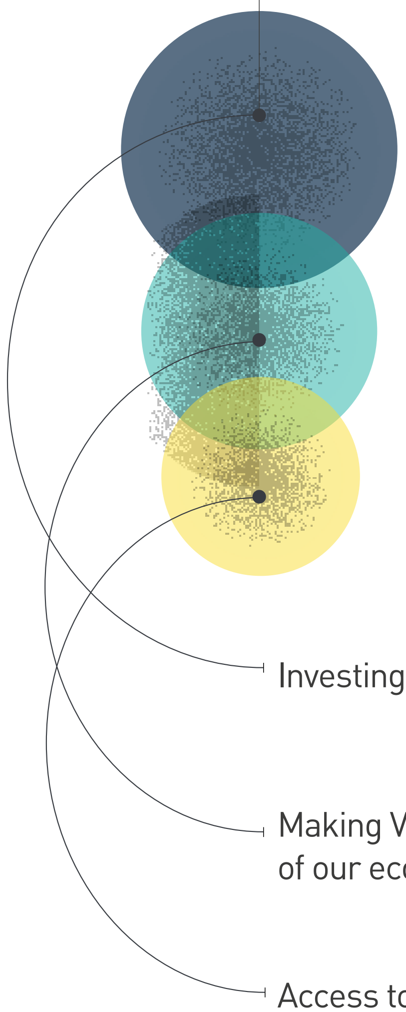
For trend and environment analysis purposes, a strategic monitoring initiative was deployed with regard to our sectors of interest, this with the support of university-sponsored projects, think tanks, expert advisory services as well as searching for external sources of innovation. The Company has expanded its geographical horizons and has conducted benchmarking studies on innovation ecosystems that are at the forefront of technology and future changes to our industry.

These monitorings and analyses have allowed us to identify key trends for setting up new projects and lines of business. Issues such as Fintech, data analytics, financial inclusion and digital transformation, are now crucial elements of our efforts to drive and transform our future business.

Trend analysis is driving the way we are exploring new business, and we significantly increased our efforts in this regard in 2015, when an interdisciplinary team of staff encompassing several areas of the Company was set up to help identify, analyze and implement new business opportunities. A total of 20 initiatives were analyzed in 2015, 9 of which were subsequently presented to the New Business Committee, with another 2 still under review.

## “ALIANZA VERNORTE” OF GRUPO SURA

To support businesses by:



Investing the capital

Making Veronorte part of our ecosystem

Access to Grupo SURA and the companies

In order to drive our search for new business opportunities, Grupo SURA has taken additional steps such as forming an alliance with Veronorte, an investment management firm, still at an early stage, who shall be helping us to identify companies with growth potential that are able to create innovation and additional synergies for the Group, while having a positive economic, social and / or environment impact in all those countries where we are present. The purpose of this alliance is to create an investment program in which both Veronorte and Grupo SURA finance and provide support to companies by:

- Investing the capital required for conducting the Company's business plan.
- Making Veronorte part of our ecosystem, and in this way allow us access to renowned mentors, advisers and specialized consultants.
- Providing high potential companies with access to Grupo SURA and the companies that form part of its portfolio of investments.

With regard to our core investments, innovation has been a recurring item on our Strategic Committee's agenda, allowing for ongoing discussions on how companies must align themselves with new ideas. In this sense, we are agreed on common minimum requirements so that each of our Companies has its own innovation strategy as well as sufficient human and financial resources to bring such strategies to fruition. As a result of these efforts, led by the Strategic Committee, a table of innovation synergies has been compiled in which the leaders of the different areas share their best practices, ascertain the progress made with their individual innovation models and channel their efforts towards common challenges.

Although it is comforting to see our innovation efforts materialize, they still represent somewhat of a challenge since the Company has begun to tread a totally new path and there are always challenges to be addressed and opportunities to be taken advantage of, so Grupo SURA is read to spot the signs and define new courses of action going forward.

In this sense, as a Latin American company, we are experiencing the effects of an unprecedented digital age that shall surely have a substantial impact on all sectors of the economy, represent a major challenge for our own financial service industry. This revolution shall transform our organizations placing technology at *the heart* of our different businesses and changing the way we have always done things.

Grupo SURA is convinced that companies must reinvent their processes, reorganizing the way they work, interacting with their employees, redefining their business models and even rethinking the industries to which they belong.

For this reason, new trends in financial technologies, the digitization of money, the internet of things, data analytics and cyber security are all thoroughly monitored as we continue to search for ways of coming up with new businesses based on innovation. The greatest challenge here shall be to be able to transform these new trends into sound future businesses.

## OUR MAJOR CHALLENGE:
TO TRANSFORM NEW TRENDS
into the businesses of the future

# COMPREHENSIVE RANGE OF SERVICES AND SYNERGIES

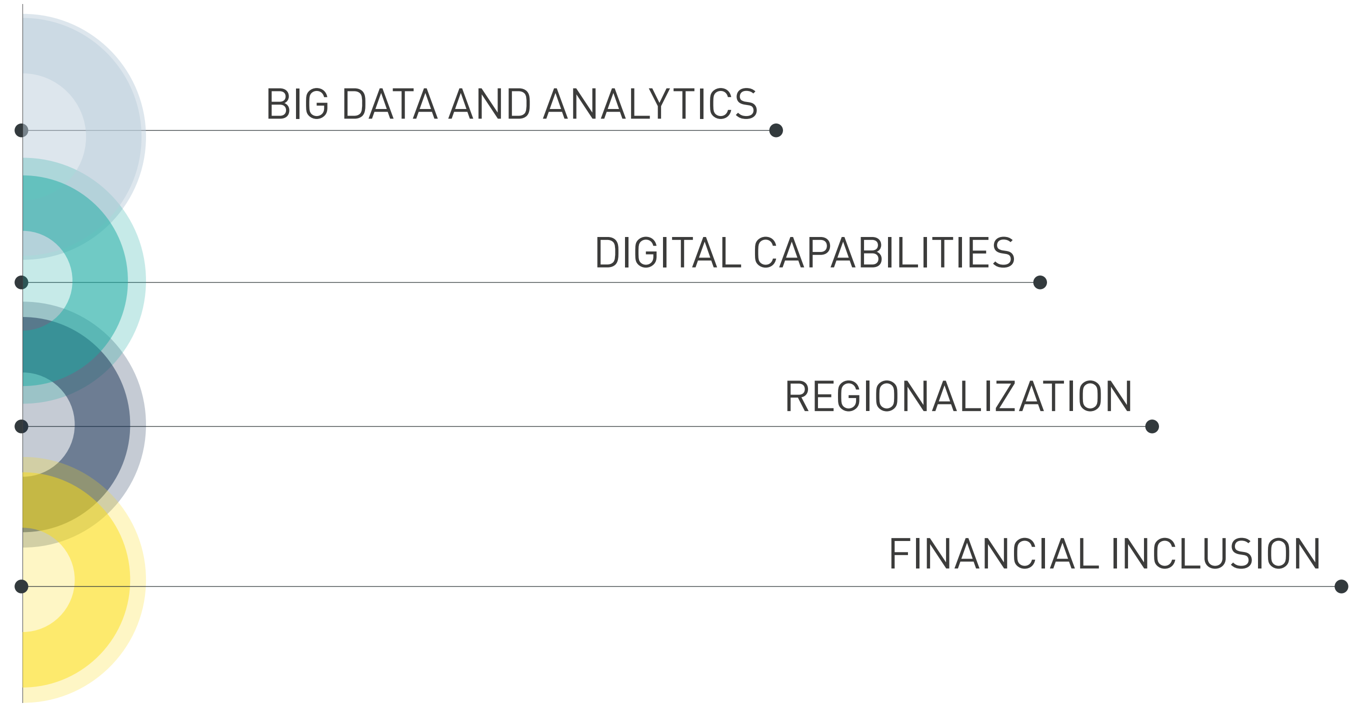
Guadalajara

## COMPREHENSIVE RANGE OF SERVICES AND SYNERGIES

Grupo SURA, in 2015, staged a variety of initiatives and events with the aim of securing comprehensive range of services for its clients as well as harnessing synergies between its subsidiaries and core investments. Grupo SURA is convinced that working together towards a common purpose of providing a meaningful offering, is the only way to build a comprehensive range of services that meets the financial needs of our clients throughout their different life cycles Focusing on the individual client, identifying his or her needs and articulating the best possible services in response to such, shall ensure Grupo SURA's ongoing leadership of the Latin American financial service sector.

With this in mind, the first Extended Strategic Committee meeting was held in 2015, which was attended not only by the CEOs of the different subsidiaries and core investments, but also by their senior management teams, responsible for steering the different lines of business in each country. This event served to confirm the fact that the more we continue to strengthen our teamwork and intercompany relations, the more likely we are to develop a more comprehensive range of products and services while at the same time driving our overall business growth.

Upon extending our vision beyond the confines of each individual business or company, we are able to reap the benefits of having a clearly-defined common purpose based on the needs of our clients. In this sense, Grupo SURA has been working on a variety of different items of interest, as shown below, as part of these synergistic work sessions attended by the senior management teams of these companies:




### ALLIANCES

Grupo SURA's subsidiaries and core investments have formed several alliances that have allowed them to share common distribution channels and sales personnel. In Colombia, where Grupo SURA has a significant presence, solutions such as Bancassurance, Sura Financia, Good Retirement and My House have been developed, whose sales forces and distribution channels are used for marketing the products and services provided by other companies within the Group. These transactions, including insurance premiums and disbursements totaled almost COP 1.2 billion (USD 381 million) in 2015.

**GRUPO SURA'S**
companies in Colombia

in Colombia have developed a number of **strategic alliances**, creating a model to be extended to other countries where the Group is present.

Although the Strategic Committee has served as the main vehicle for discussing and constructing a comprehensive range of services and synergies, other means of liaisoning are also being incorporated on an intercompany level (for example, managing financial, branding and legal issues, innovation, synergies, responsible investing, auditing, corporate governance, risk management and human talent, among other important factors). The purpose behind all of this is to work together towards a common goal, defining guidelines, deployment plans and follow-ups, sharing knowledge and best practices and creating networks and connections between all our employees.

Grupo SURA shall continue to work on furthering these liaisoning initiatives, as a fundamental tool for creating added value and trust.

## THE CHALLENGE NOW

- Now is to continue consolidating this type of alliance in all those countries where feasible and to continue to extend these models throughout the region.

# Market expansion and development

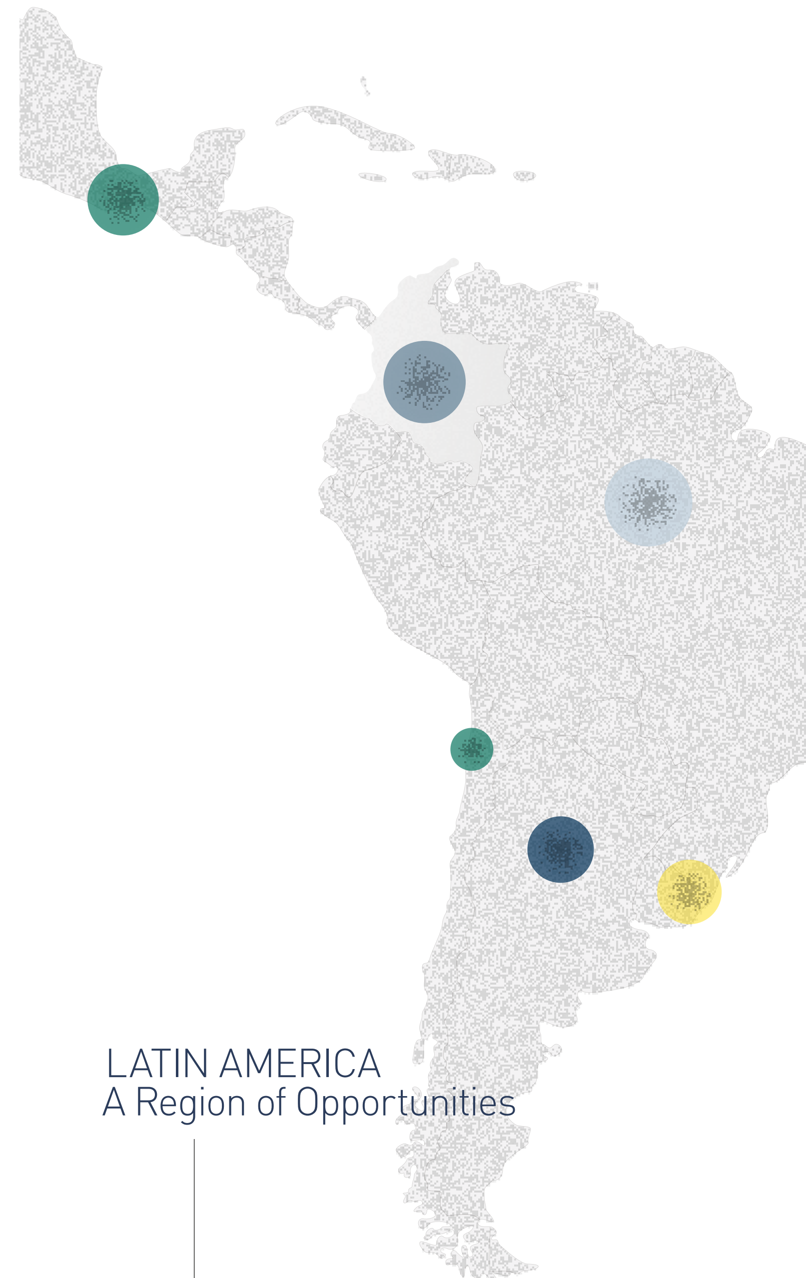
Lima

# OUR ONGOING EXPANSION

Grupo SURA laid out its international expansion road map back in 2010 and since then has been firmly focused on the Latin American financial service sector. When investing abroad, we prefer companies who have already established leading positions in their own respective markets and in countries showing high growth potentials and which enjoy a substantial degree of political, social and macroeconomic stability. Likewise, we consider it a priority to acquire controlling stakes in new companies with high corporate governance standards and sound business reputations.

Since then we have followed this road map, taking advantage of the opportunities left by major European players who have decided to leave Latin America as part of their downsizing efforts, preferring to refocus on certain specific businesses or parts of the world. Latin America is our own particular target market, since it is here where we see great opportunities for creating added value by accompanying millions of clients at various stages of their lives, while helping them to manage their risks and achieve their financial goals.

In 2011, Grupo SURA purchased ING´s pension and savings management firms in Chile, Mexico, Peru, Colombia and Uruguay, and over the past four years we have amply shown ourselves to be firmly commitment to the overall development of our home region, taking the same long term view that has always characterized us and encouraging our employees to grow and prosper while creating added value for our clients and other stakeholder groups.



LATIN AMERICA
A Region of Opportunities

In September 2015, Suramericana announced **the acquisition of RSA's insurance operations in Chile, Argentina, Brazil, Mexico, Colombia and Uruguay,** which assures it as one of the leading insurance groups in the region.

A new opportunity presented itself in 2015 which had a transformative effect on our insurance and risk/trend management subsidiary Suramericana S.A. In September, this Company announced that it had acquired RSA´s insurance operations in Chile, Argentina, Brazil, Mexico, Colombia and Uruguay, thus becoming one the leading insurance groups in Latin America, furthering its existing position as the fifth largest Latin American insurer, according to the ranking published by the Mapfre Foundation.

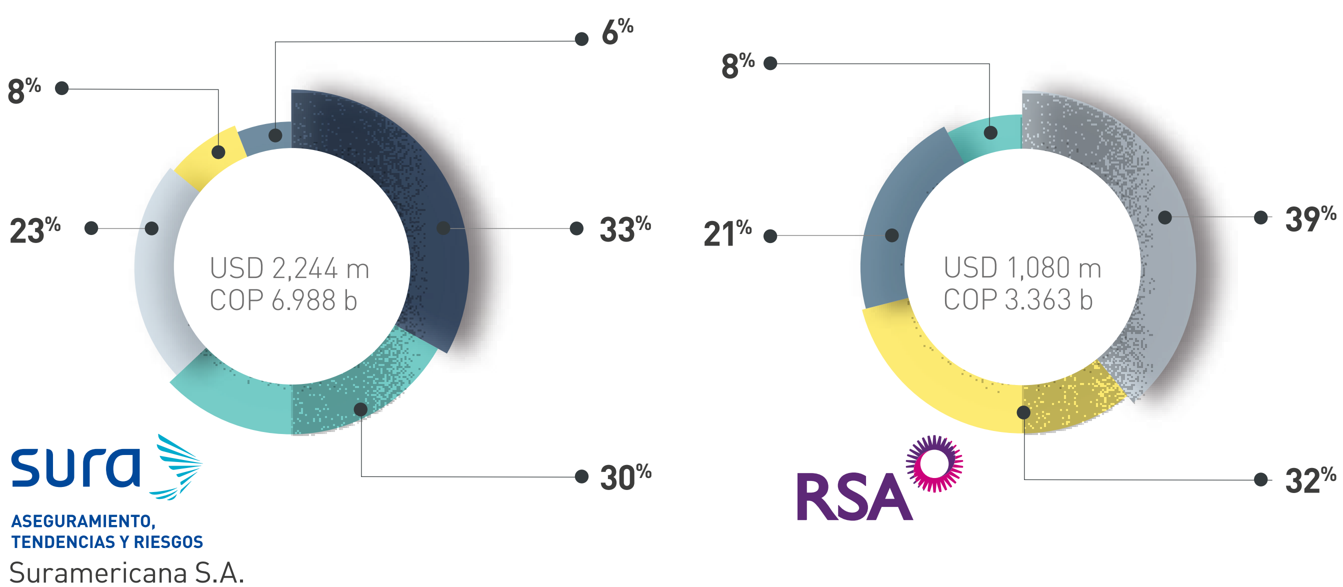
The challenge here is to turn our vision into a reality by attending our clients with a comprehensive and innovative range of financial services and insurance solutions, in each of the countries where we are present. All of this backed by the SURA multi-Latina brand, in whose development and regional positioning we have invested more than USD 100 million over the last 4 years.

**The RSA acquisition in Latin America**

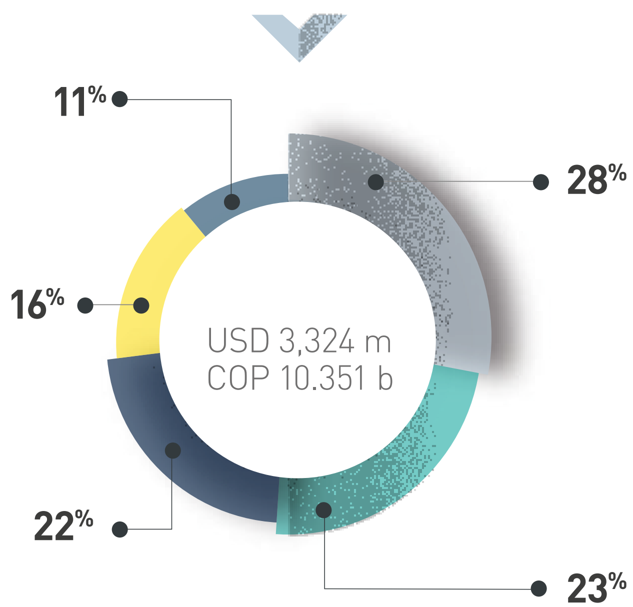
The acquisition of RSA's insurance operations in Latin America on the part of Suramericana S.A., the Group´s specialized insurance and risk and trend management subsidiary, became one of the most important milestones in its ongoing international expansion. This subsidiary has been present on the Colombian market for the last 71 years and is now making its debut in 5 new countries where it shall be attending another 5.7 million clients.

The regional support we are now able to provide our clients, along with pooling our knowledge and drilling down on market development, represent important opportunities for creating added value, this in addition to the advantage of having diversified our risk geographically, and gained new channels and solutions, all of which has made our overall business profile all the more balanced and sustainable from the Company's long-term vantage point.

## Change of distribution of premiums per solutions



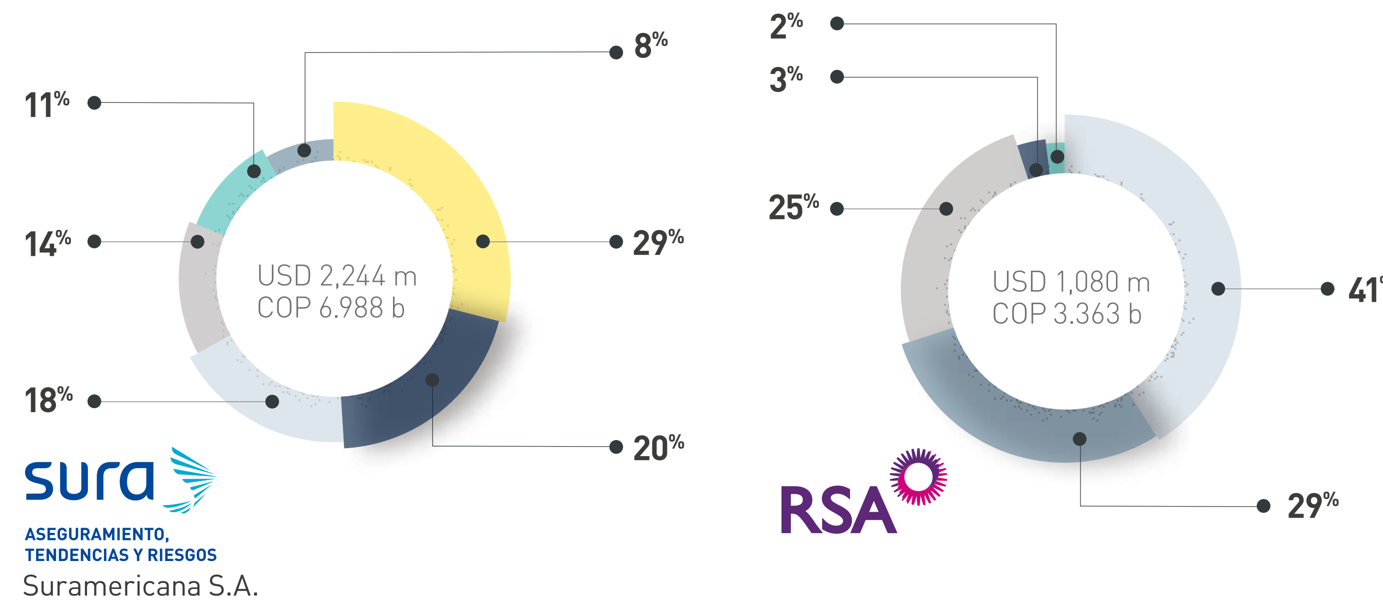

## Consolidated




Workers Compensation (ARL) and Mandatory Healthcare · Vida Salud (Life and Healthcare) · Property and equity · Automobiles · Others

Figures at December 2014 GBP to USD 1.52 · GBP to COP 4,741

## Change of distribution of per channels per solutions

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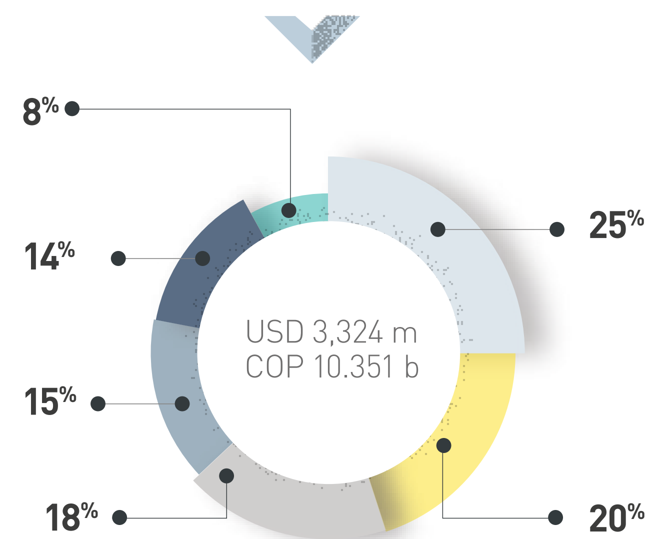
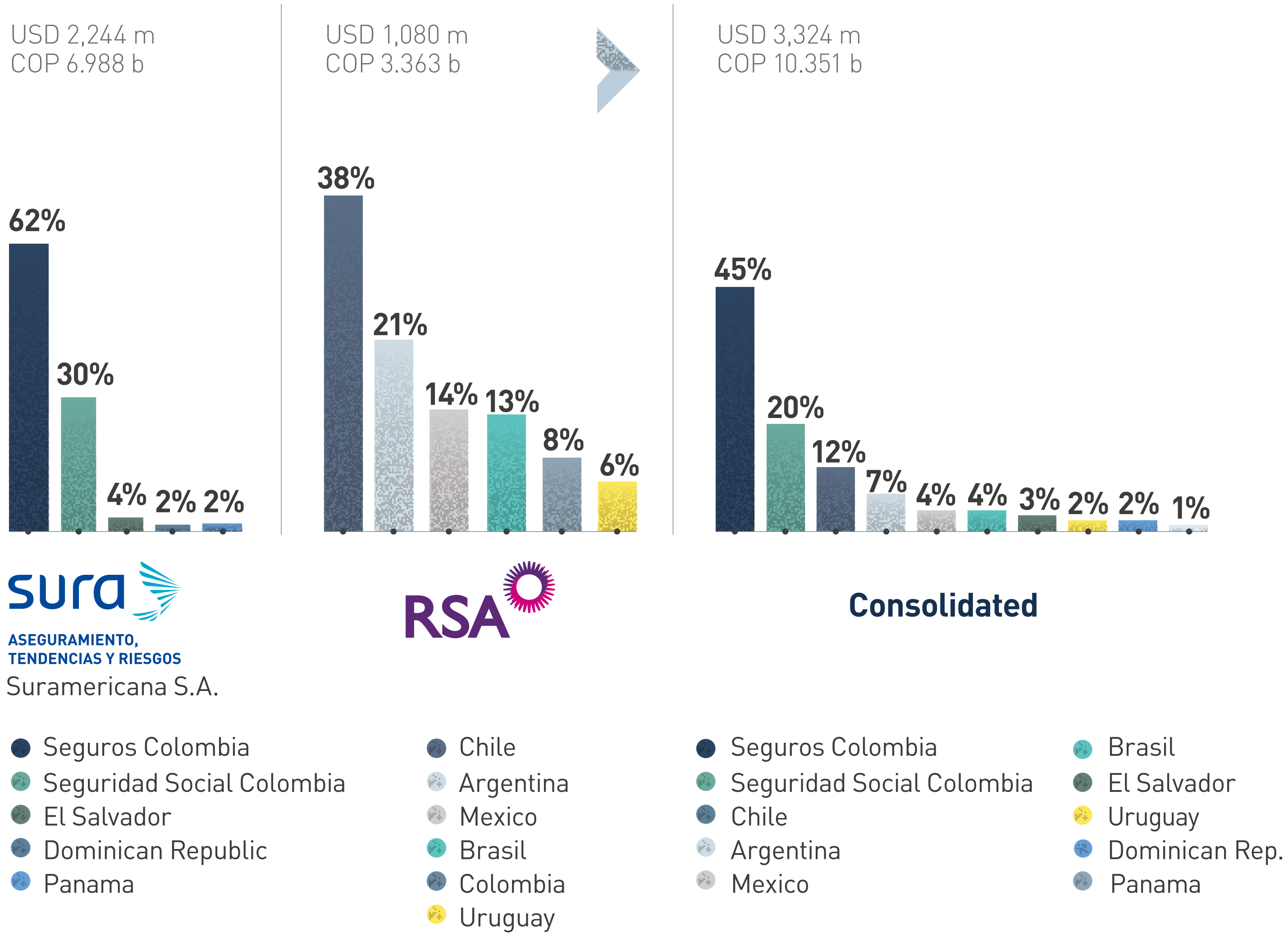



Agents · Director · Agencies · Afinity · Others · Brokers

Figures at December 2014 GBP to USD 1.52 · GBP to COP 4,741

This operation sets Suramericana S.A. in leading market positions in the insurance sector in Chile (#2), Uruguay (#2) and Argentina (#9). In Mexico and Brazil, which are the mayor markets of Latin America, Suramericana will compete in specific segments with growth potentials, while its current leadership in Colombia will consolidate even more.

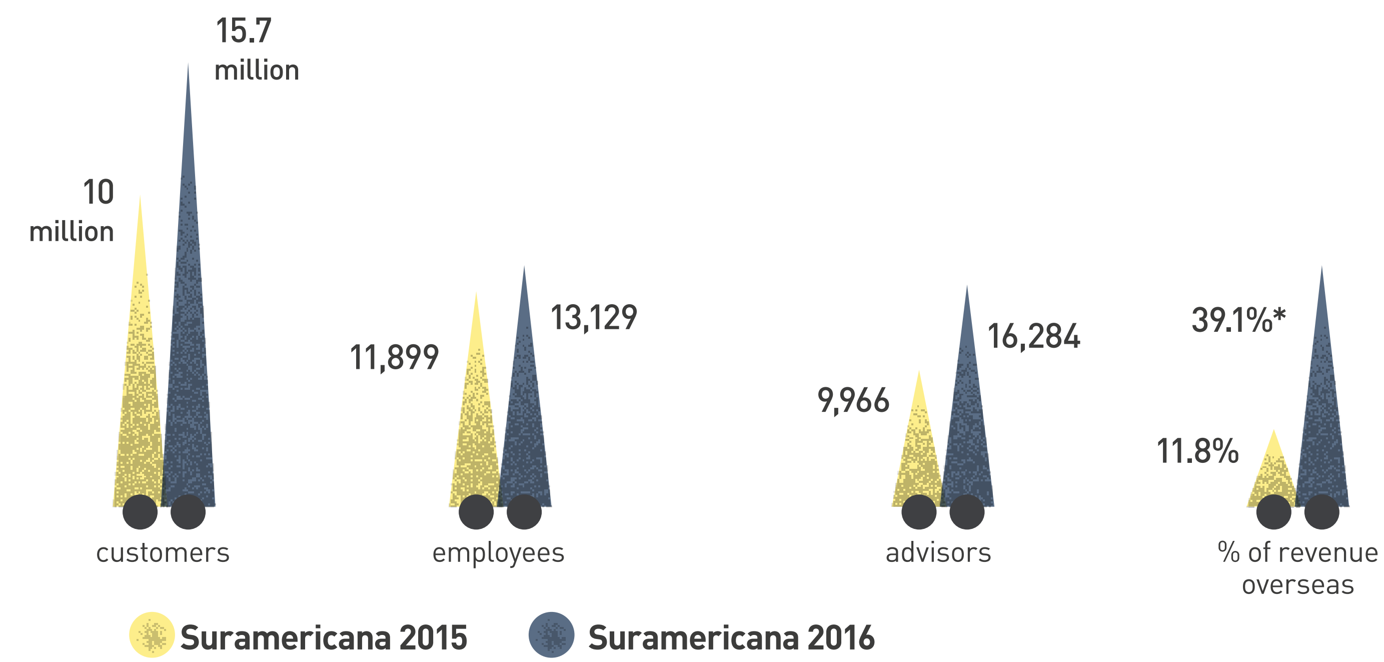
**Premium distribution per country**




Cifras a Diciembre 2014 GBP to USD 1.52 · GBP to COP 4,741

This acquisition process demanded a careful revision of aspects pertaining to sound operations, goodwill, senior management and business practices, particularly corporate governance. Hand-in-hand with the long-term vision of the Corporate Group, Suramericana S.A. intends to maintain and strengthen current operations.

**Development of Suramericana S.A. after the acquisition of RSA operations in Latin America**




*Estimate based on the 2016 budget

In the first few months of 2016, Suramericana S.A. has effectively concentrated on obtaining the regulatory approvals required in each country, as well as having incorporated and integrated the newly acquired operations within the Company's overall strategy. In fact, during Q1 2016 the Company effectively took over the Brazilian insurance firm and added one million new Brazilian clients to its Latin American client base.

In addition to the above and with regard to the new challenges posed by this acquisition, Suramericana S.A. drew up a new corporate structure for which a Regional Corporate Headquarters has now been established with the aim of leveraging our newly acquired scale and harnessing new operating synergies.

# BACKGROUND

## TRENDS AND CHALLENGES AFFECTING THE INSURANCE INDUSTRY

BY: THE INSURANCE DEPARTMENT OF SURAMERICANA S.A.

Growth on the part of the insurance industry is closely connected with that of the overall economy. In the case of Latin America, the increase in insurance premiums over recent years has been far exceeded, in real terms, by GDP growth.

So now that current forecasts are not as optimistic as before with regard to the region´s overall GDP - in large part due to hikes in inflation coupled with devaluation in some of the strongest industrial economies in Latin America, such as Brazil and Argentina, prospects for the insurance sector, as a whole, continue positive to the extent that the levels of penetration (measured as premiums as percentage of GDP) and insurance density (annual premiums per capita) is still low compared to the more developed countries. For example, in 2014, levels of both insurance penetration and density in the region was just half the world average.

This shows that the Latin American insurance industry has a long way to go in terms of spreading greater awareness and establishing a more insurance-minded culture, and this represents substantial room for growth. Being able to build up a culture based on risk management, prevention and protection represents perhaps the greatest challenge to insurance firms today.

Opportunities have become even greater now that poverty levels are coming down throughout the region thanks to the pace of economic growth, which means a more upwardly mobile middle class. According to the World Bank, Latin America as a whole has gone from having a population of 134 million living beneath the poverty line (in 1999, 26% of the region´s population earned less than USD 3.1 per day) to just 72 million in 2012 (which is the equivalent of 12% of the population). Current expectations point to poverty levels coming down even further over the coming years.

This does not make our efforts to extend our markets any the easier. Indeed the insurance industry in Latin America is becoming more and more competitive which has made our technical margins that much tighter with so many new players entering the market both due to the current expansion on the part of multi-national and multi-Latin companies as well as other market players and indirect competitors making their own debut, these mainly reinsurance brokers and insurance consultants.

**TO BUILD A CULTURE INVOLVING RISK MANAGEMENT, PREVENTION AND PROTECTION**

may represent the largest challenge insurance companies should face.

The region´s insurance sector expects to move towards a more consumer centric business culture over the coming years in understanding and addressing the different needs and expectations of their clients, especially the middle-class and the younger generations who are more engaged with digital media conducting transactions and communicating with each other, all within a context of personal consumption (which means a greater degree of individual risk, for example in health care and driving), more straightforward "down to earth" terms and conditions that can be easily understood as well as more flexible products tailored to their possibilities and means of payment.

This same consumer shall be driving the industry over the coming years to develop new ways of distributing insurance products and services, not only given the increasing popularity of digital media, but also consumers nowadays tend to search for new value-added alternatives and this shall also pose a challenge for us in making our distribution structure that much more cost effective.

The current trend towards more personalized insurance products requires an extensive capacity to process large volumes of information in a timely manner, so as to be able to get to know more about our individual clients and obtain feedback for designing new insurance solutions that are more suited to new consumer dynamics and changing expectations.

Last but not least, insurance companies worldwide, in terms of its ongoing financial sustainability, has to address great deal of sophisticated analyses of the risk-based capital, pursuant to the requirements contained in the EU´S Solvency II directive. Latin America has not remained untouched by these standards, on the contrary various countries within the region have already introduced or are preparing to introduce these to reduce the risk of insolvency. The first country to take this step was Mexico at year-end 2015.

In short, although the outlook for the Latin American insurance industry in the immediate future does not seem as buoyant as in recent years, it still looks promising as companies continue to develop their capabilities so as to address the challenge of a rapidly-evolving consumer who is learning new ways of consuming and interacting and therefore requires different ways of handling the risks to which they are now exposed in today´s ever-changing environment.

# BACKGROUND

## CHALLENGES AND OPPORTUNITIES FOR OUR PENSION INDUSTRY

BY: GUILLERMO ARTHUR, CHAIRMAN OF THE FIAP (THE INTERNATIONAL FEDERATION OF PENSION FUND MANAGEMENT FIRMS)

A structural change took place back in the 80s when the previous Pay As You Go system was replaced by an individual capitalization system, since demographic changes were making the former system completely unsustainable, with the younger generations having to finance the pensions being paid to those reaching retirement age.

This was further compounded by the fact that the number of people reaching retirement age between 2015 and 2050 is set to triple in all six countries analyzed (Chile, Peru, Colombia, Mexico, Uruguay and El Salvador), while the total population shall only increase by 20%. This means that the over 65 age group shall go from 7.2% to 18% of the total population in just 35 years. In Latin America there are 9.2 actively employed people for each person over 65 years and by 2050 this is expected to fall to just 3.5. These structural reforms of the Latin American pension systems began in Chile and have continued in other countries within the region, so as to make these all the more sustainable. This was a huge step forward in the economic development of these countries since one of the main conclusions of the study we carried out 1 was that the Individual Capitalization System had a positive impact on economic growth, that is to say, this pension reform accounted for 8.08% of the total GDP growth recorded in Chile; 12.75% in Colombia; 12.92% in Mexico; and 6.22% in Peru.

Nevertheless, although the system is that much more stable and robust, it has not been immune to certain changes that have been occurring throughout the world and that have had a consequent impact on global pension systems.

It is important to note that shortly after these structural reforms were introduced just over 30 years ago, the central objective of all pension systems began to change thanks to Estelle James´ book Averting the Old Age Crisis published in 1994 by the World Bank Group.

**THE WORLD BANK** created the theory of the 3 Pillars as the financing model of pensions.

Up till then pension systems throughout the world were mainly aimed at substituting wages and salaries once a person reached retirement age, and these pensions were financed on a pay as you go basis which in turn required a certain level or a certain density of pension contributions.

But then the whole paradigm of global pension systems changed. The previous aim of replacing salaries and wages was supplemented by another purpose that of alleviating poverty amongst old age pensioners belonging to the more vulnerable sectors of society, even if they had not made the required level of contributions or these had been insufficient. Consequently the World Bank put forward its own 3 pillared theory as a model for financing pensions.

So the challenge facing pension systems worldwide was extended to address the problem of workers who either do not contribute to a pension system or do not contribute sufficient amounts to finance their future pensions. This led to the strengthening of the first non-contributory pillar with government funds. Therefore, when we talk about the challenges facing pension systems nowadays, we must understand these as a whole, since the obligation of these systems is now to provide pensions based on the aforementioned three pillared model.

Thus, the main challenges can be classified as follows:

1. **Coverage:** unquestionably this new pension model has a substantial effect on coverage, given the informal job market. This situation, as we have mentioned on prior occasions has become far more evident as we have gradually abandoned

the Bismarck pension scheme going from wage/salary substitution to more redistributive methods for all adults reaching retirement age whether or not these have contributed to a pension system.

2. **Interest rates:** the gradual decline with interest rates is another phenomenon that has impaired the pension system. Interest rates are essential for converting savings into a pension. Real interest rates for all types of assets and instruments, taking into account the different terms, have been declining on a global level. Average rates in the 80s fell from 5.5% to 3.5%, ending up at 2% between 2001 and 2008, and 0.33% between 2008 and 2012. In Chile, interest rates have fallen from 5.2% in the 90s to 3.2% today, which represents a decline in pension value from 20% to 25%.

3. **Growth in wages and salaries:** another aspect that has also affected people's pensions has been the steady growth in wages and salaries. People expect their pensions to be equal to a percentage of their most recent wages or salaries, but if these have steadily risen and pension contributions and savings have been based on lower levels of wages or salaries, then pensions shall only reflect the amounts effectively paid in. Applying this exercise in the case of Chile, where the real growth in wages and salaries comes to 1.5%. the net wage/salary substitution rate with regard to the average wage or salary earned over the previous 10-year period comes to just 41%, whereas if the real wage/salary growth effectively doubles (going from 1.5 % to 3.0%), the net wage/salary substitution rate averaging out over the previous 10 years falls by 8 percentage points (that is to say from 41% to 33%)[2].

4. **Life expectancy at retirement age:** although with the individual capitalization system increased life expectancy does not have the same consequences as the previous PAYG system, it does have an effect on the value of the pensions that workers expect, since their savings must be able to cover a longer period of time. In Chile, between 1981 and 2013, life expectancy for men reaching retirement age rose by 45% (from 13 to 19 years), while that of women increased by 34% (from 21 to 29 years). There are studies[3] that propose financing the first stage of old age (e.g. up to 85 years) with the entire savings available and the second stage of extreme old age, that is to say from 85 to 90 years would be financed with an insurance policy that would be covered throughout a person´s working life (longevity insurance).

   There is a study that has analyzed longevity insurance for old age and extreme old age, which would help protect against longevity risk and help finance pensions for those living beyond average life expectancy, this with regard to defined contribution systems. According to this study, it makes sense to finance the extreme old age stage that is all the more likely now with the current life expectancy, but with the added advantage of providing all the benefits of an insurance policy for this advanced age group. In turn, by not expending funds on higher survivorship or inherited pensions , and reducing the cost of life annuities, it would also produce an increase in pensions in general, rather than an increase in pension contribution rates.

5. **Contribution density:** the period during which workers contribute to their pension system is increasingly that much shorter, given the fact that more people study before getting their first jobs, a greater degree of labor mobility, the informal job market or maternity leave in the case of women. Also there is the self-employed segment of the population who for practical control reasons, are not required to contribute to pension systems.

the term in which workers pay to their social security system is increasingly short; **this is explained by their late incorporation to the labor force due to their educational pursuits, larger labor mobility, informality or maternity, regarding women.**

[1] SURA study entitled, "Contribution of the private pensions system to the economic development of Latin America; experiences of Colombia, Mexico, Chile and Peru" (Nov. 2013)
[2]. Source: Undersecretary of Labor, Chile.
[3]. Study requested by FIPA (Int'l. Federation of Pension Fund Managers) entitled, "Role of a Longetivity Insurance in Latin America: Cases in Chile, Colombia, Mexico and Peru" (Dec. 2015) prepared by Solange Berstein, Marco Moralez and Alejandro Puente.

## SOCIAL SECURITY EDUCATION IS ADDRESSED

### as the most important mechanisms to boost savings among workers

The problems facing pension systems today are complex and different in nature, and can only be addressed with straightforward solutions. Upon evaluating the various challenges existing at the moment, the only solution is to increase our pension savings in order to guarantee a stream of income once we reach retirement age.

But this is much more complex than it sounds since the mechanisms for increasing the savings required in order to improve our pensions, and as a result of the aforementioned situation, are not responding to the expectations of our old age pensioners. The measures to increase pension savings are very different in nature, as shown below:

1. **Increasing pension contribution rates:** in spite of the changes to life expectancy, as previously discussed, no country has actually modified mandatory pension contributions, which speaks of poor policy making. Consequently not only do pension contribution rates need to be adjusted to accommodate the new life expectancy figures, but also these need to be automatically index-linked so as to be able to incorporate changes in the future.

2. **Retirement age:** comments made concerning pension contribution rates are valid with regard to raising the retirement age based on the new life expectancy data obtained over recent years, and this should also be automatically index-linked.

3. **Voluntary pension savings:** in addition to the above, there is an undeniable need to supplement what we do to comply with all legal requirements and introduce tax and other incentives to encourage positive savings habits on the part of both employees as well as employers.

   International experience shows the importance of voluntary pension systems involving employers, with initiatives such as automatic enrollment through which workers are obliged to pay into a pension system except when they express their wishes to the contrary.

4. **Improving the first pillar of the pension model:** since pension systems have been extended to cover the needs of pensioners, even in the absence of pension contributions, it is vital to strengthen the first pillar with regard to the public sector. There is evidence that this first pillar usually discourages savings on the part of workers, which is why it is advisable that such subsidies are paid in before the fact so as to encourage positive savings patterns.

5. **Pension awareness programs:** the importance of these has been discussed ad nauseum as an important means of encouraging positive savings habits amongst workers. However if the worker is not firmly convinced of the need to save, he or she will not save and may well take refuge in evasive tactics that would end up affecting mandatory pension systems. The problem lies in the fact that so far pension awareness programs have not produced the expected results, since no one wants to be made aware of something that they are not interested in. So, perhaps the most important task we now have is to involve more employees and savers in the work carried out by the pension management firms, creating groups of opinion leaders to analyze the main aspects of the pension system and thus create the level of confidence we need.

In this respect, the pension management firms play a crucial role and must extend their ability to advise their fund members with regard to the decision-making process.

# Corporate Governance

Montevideo

# ANNUAL CORPORATE GOVERNANCE REPORT 2015

For Grupo SURA, corporate governance has become an ideal tool for achieving its goals and building long-term relationships. Respect for stakeholders, transparent information, and efficient control systems have all been constant features of everything the Company does, and this is precisely what has allowed us to continue with our expansion plans in a responsible and sustainable manner.

Undoubtedly 2015 was a challenging year both for the parent company as well as its subsidiaries, Suramericana S.A. and Sura Asset Management, given our pledge to implement the recommendations provided by the Colombian Superintendency of Finance through its new Country Code and our eagerness to continue raising our standards of good governance and maintaining our leadership in this regard.

As part of this commitment, Grupo SURA and its subsidiaries have been working on building an optimal corporate governance system, which in addition to containing rules and regulations binding on all companies and their officers, in terms of ethical conduct and corporate governance matters, also stipulates the proper means for ensure that these standards are effectively introduced and maintained.

**2015**

**YEAR OF CHALLENGES**
by implementing the
**Country Code**

G4-56

## I. HIGHLIGHTS

Upon complying with all legal and institutional guidelines in terms of our corporate governance, the following are just some of the more significant events that occurred in 2015 as part of the Company's activities in this regard:

- The Best Corporate Practices Survey for the year 2014 was carried out, the purpose of which was to collate information and provide general descriptions of all those corporate governance practices that have been adopted by the Company.
- The SURA Business Group´s Code of Good Governance constitutes a set of rules and regulations that carries on from and complements that contained in our by-laws, since these provide general guidelines that we must rigorously follow in building relationships based on trust with our different stakeholders.
- A new version of our Code of Conduct was also introduced for all those companies belonging to our Business Group, which also reflects our commitment to ethical conduct, as a guide for our decision-making process, providing our employees with an idea of the conduct that is expected from them as well as helping them to identify situations that could jeopardize our business ethics.
- As part of our efforts in adopting the recommendations contained in the Sarbanes-Oxley Act, we also performed an analysis of our Internal Control System in light of the COSO 2013 framework. We were consequently able to identify the gaps existing with our system with respect to these new standards and are currently drawing up and deploying action plans to address these deficiencies.
- We are also a member of the Colombian Stock Exchange's Issuers Committee and have played an active role in the different work groups that form part of such.

A new version of the
**Code of Good Governance**
of Grupo Empresarial SURA was approved.

G4-43

- Training initiatives were staged for members of the Boards of Directors of the Companies that form part of the SURA Business Group, at which issues such as Social Responsibility and Sustainability, the Responsibility of Directors and Senior Management, Geopolitics and Corporate Culture, Business Ethics were amply discussed, among other relevant matters.

- We also held our third Annual Investor's Day where we were able to meet with our investors, market analysts and government officials to discuss the progress made by the SURA Business Group, together with its recent acquisitions and business performance on a regional level. Also on the agenda was the region´s macroeconomic situation, the Group´s strategy and the key events scheduled in 2015 for all our companies in all nine countries where we are currently present.

- We continued to work on drawing up an intellectual property system as a tool for our strategic knowledge management, which shall ensure that the Company's intellectual property is properly managed, protected, used and transferred.

## II. ETHICS HOT LINE

Ethical conduct is an integral part of how we do business in Grupo SURA. For this reason the Company has based its corporate culture on a system of ethical principles to ensure productive and competitive subsidiaries that are capable of producing attractive results in terms of social development, quality, profitability and long-term growth.

In addition to having a Code of Conduct, which was recently approved for all companies belonging to the SURA Business Group, the Company has also set up an Ethics Committee in charge of monitoring compliance with all that stipulated in said Code and is empowered to determine whether any violations of the Group´s corporate ethics have taken place.



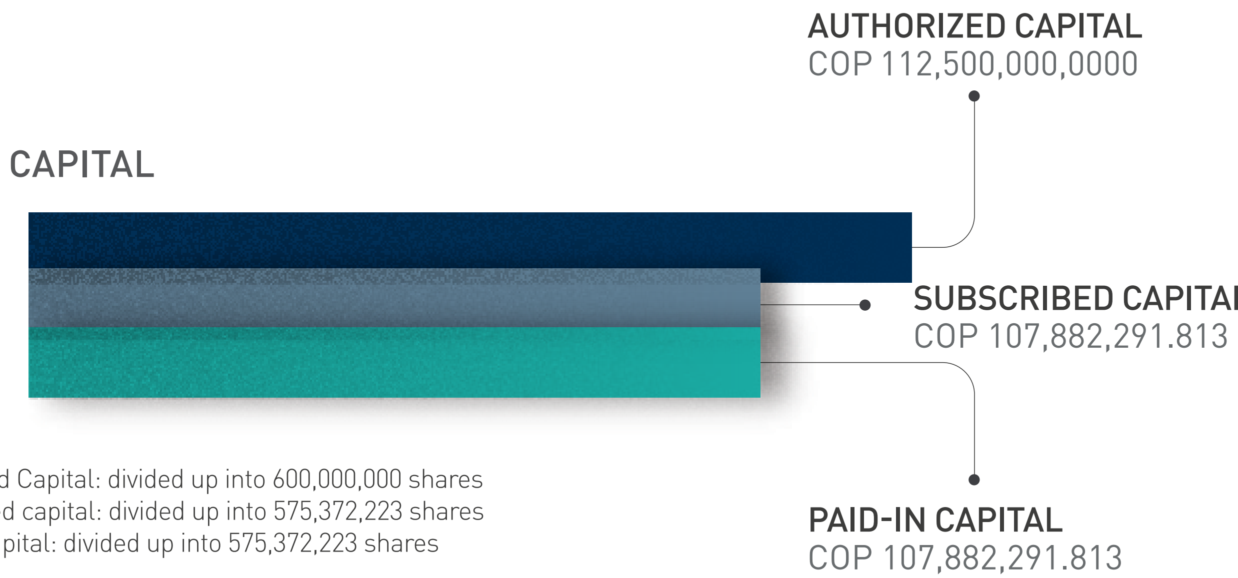
Likewise, Grupo SURA has also set up an Ethics Hot Line through which any irregularities that violate the Organization´s ethical principles can be safely and anonymously reported. lineaetica@gruposura.com.co.

In 2015, no cases of corruption were reported, neither were any complaints of possible ethical violations made via the Company's Ethics Hot Line or received by its Ethics Committee.

## III. ESTRUCTURA DE LA PROPIEDAD DE LA SOCIEDAD

**1. Capital y estructura de la propiedad de la Sociedad:**

SHARE CAPITAL




Authorized Capital: divided up into 600,000,000 shares
Subscribed capital: divided up into 575,372,223 shares
Paid-in capital: divided up into 575,372,223 shares

2. Holders of significant stakes in the Company´s share capital at year-end 2015:

| SHAREHOLDER | % STAKE | % PART. |
|---|---|---|
| GRUPO ARGOS S.A. | 137,014,853 | 23.81 |
| GRUPO NUTRESA S.A. | 59,387,803 | 10.32 |
| FONDO DE PENSIONES OBLIGATORIAS PORVENIR MODERADO | 53,227,316 | 9.25 |
| FONDO DE PENSIONES OBLIGATORIAS PROTECCIÓN MODERADO | 46,833,308 | 8.14 |
| CEMENTOS ARGOS S.A. | 28,183,262 | 4.90 |
| OPPENHEIMER DEVELOPING MARKETS FUND | 17,689,539 | 3.07 |
| FONDO DE PENSIONES OBLIGATORIAS COLFONDOS MODERADO | 16,376,238 | 2.85 |
| HARBOR INTERNATIONAL FUND | 16,186,666 | 2.81 |
| COLOMBIANA DE COMERCIO S.A CORBETA Y/O ALKOSTO S.A. | 9,178,289 | 1.60 |
| OLD MUTUAL FONDO DE PENSIONES OBLIGATORIAS – MODERADO | 6,822,853 | 1.19 |
| FONDO BURSÁTIL ISHARES COLCAP | 6,401,500 | 1.11 |
| VANGUARD EMERGING MARKERTS STOCK INDEX FUND | 5,752,182 | 1.00 |
| OTROS ACCIONISTAS CON PARTICIPACIÓN MENOR A 1% | 172,318,414 | 29.95 |
| TOTAL | 575,372,223 | 100.00 |



At year-end
**2015**
At year-end 2015, none of the members of Grupo SURA's Board of Directors held more than a 0.003% stake in the Company's share capital

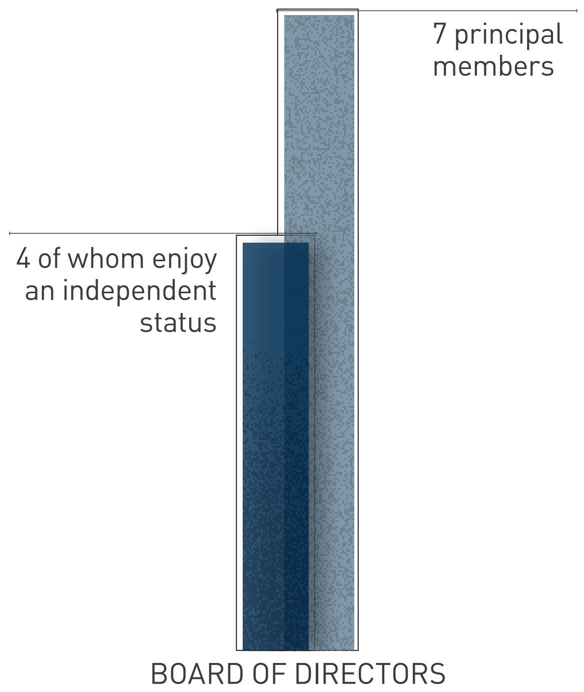
**3.Shares owned by members of the Board of Directors and the voting rights these represent:**
At year-end 2015, none of the members of Grupo SURA's Board of Directors held more than a 0.003% stake in the Company's share capital.

**4. Significant family, commercial, contractual or corporate relationships among the Company´s significant shareholders or between the significant shareholders and the Company:**
The Company and its subsidiaries maintain business relationships with some significant shareholders such as Grupo Nutresa, Grupo Argos and Cementos Argos. All transactions with the aforementioned Companies were carried out on an arm´s length basis and according to objective criteria.

**5. Trades conducted by members of the Board of Directors, Senior Management and other executives with regard to stocks and other securities issued by the Company:**
No trades were conducted in 2015 with regard to the Company's shares either on or off the stock exchange by the members of the Board of Directors or Senior Management.

**6. Summary of shareholder agreements, as made known to the Company:**
At year-end 2015, the Company had no knowledge of any agreements being made between its shareholders.

**7. The Company's own shares :**
The Company does not hold its own shares.




## IV. THE COMPANY´S MANAGEMENT STRUCTURE

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**1. The Board of Directors, its Board Committees and corresponding members:**
In 2015 the Board consisted of seven (7) principal members, four (4) of whom enjoy an independent status, including the Chairman and Vice Chairman.

| NAME | DATE OF FIRST APPOINTMENT | DATE OF FIRST APPOINTMENT | DATE OF LAST APPOINTMENT |
|---|---|---|---|
| Luis Fernando Alarcón mantilla | Independent member and Chairman of the Board | March 26, 2015 | March 26, 2015 |
| Jaime Bermúdez Merizalde | Independent Member and Vice Chairman of the Board | March 29, 2011 | March 26, 2015 |
| José Alberto Vélez Cadavid | Equity partner member | March 25, 2004 | March 26, 2015 |
| Carlos Ignacio Gallego Palacio | Equity partner member | March 27, 2014 | March 26, 2015 |
| Jorge Mario Velásquez Jaramillo | Equity partner member | March 26, 2015 | March 26, 2015 |
| Carlos Antonio Espinosa Soto | Independent member | March 21, 2013 | March 26, 2015 |
| Sergio Michelsen Jaramillo | Independent member | March 26, 2015 | March 26, 2015 |



## BOARD COMMITTEE MEMBERS:

At year-end 2015, the Board Committees were made up of the following members:

**Finance and Audit Committee**
- Jaime Bermúdez Merizalde, Independent member and Committee Chairman
- Luis Fernando Alarcón Mantilla, Independent member
- Carlos Antonio Espinosa Soto, Independent member

The Company's Chief Executive Officer, Chief Corporate Finance Officer, the Internal Auditor and the Statutory Auditing firm also attend at the invitation of this Committee.
The Company Secretary acts as Secretary to this Committee.

**Corporate Governance Committee**
- Sergio Michelsen Jaramillo, Independent member and Committee Chairman
- Jorge Mario Velásquez Jaramillo, Equity partner member
- José Alberto Vélez Cadavid, Equity partner member

The Company's Chief Executive Officer also attends at the invitation of this Committee.
The Company Secretary acts as Secretary to this Committee.

**Risk Committee**
- Sergio Michelsen Jaramillo, Independent member and Committee Chairman
- José Alberto Vélez Cadavid, Equity partner member
- Carlos Ignacio Gallego Palacio, Equity partner member

The Company's Chief Executive Officer also attends at the invitation of this Committee.
The Company Secretary acts as Secretary to this Committee.

**Appointments and Remuneration Committee**
- Luis Fernando Alarcón Mantilla, Independent member and Committee Chairman
- Carlos Antonio Espinosa Soto, Independent member
- José Alberto Vélez Cadavid, Equity partner member
- Carlos Ignacio Gallego Palacio,
- Equity partner member

The Company's Chief Executive Officer also attends at the invitation of this Committee.
The Company Secretary acts as Secretary to this Committee.

**2. Board Member Résumés:**
The resumes of the members of the Board of Directors have been made available on our website, www.gruposura.com and are included at the beginning of this report.

**3.Changes made to the Board of Directors during the year:**
Members of the Board of Directors are appointed by the General Assembly of Shareholders for periods of two (2) years. They may be re-elected or dismissed at any time by the Shareholders Pursuant to the Company's Corporate Governance polices four (4) members of its Board of Directors enjoy an independent status, thereby exceeding the minimum legal requirement by at least 25%.

At its meeting held on March 26, 2015, the General Assembly of Shareholders approved the appointment of Messrs. Luis Fernando Alarcon Mantilla, Sergio Michelsen Jaramillo and Jorge Mario Velasquez Jaramillo as new members of the Board of Directors of the Company.

**4. Members of Grupo SURA´s Board of Directors who are also members of the Boards of Directors or the Senior Management teams of its subsidiaries:**
At year-end 2015, none of the members of Grupo SURA's Board of Directors were members of the Boards of its subsidiaries or held managerial positions in these same.

**5. Policies approved by the Board of Directors:**
Upon adopting the new requirements introduced in Colombia by means of the New Country Code, and in order to provide adequate guidelines for both the Company and the Business Group as a whole, the Board of Directors approved the following policies in 2015:

- Finance and Investment Policy Framework
- Policy Framework governing Related Party Transactions
- Risk Management Policy Framework
- Corporate Governance Policy Framework
- Policy Framework for Appointing the Statutory Auditor
- Intellectual Property Policy Framework
- Reputation Management Policy Framework Stakeholder Engagement and Brand Management Policy Framework
- Comprehensive Supplier and Procurement Management Policy Framework
- Remuneration Policy.
- Policy governing the Detection, Management and Resolution of Conflicts of Interest.
- Senior Management Succession Policy

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**6. Board of Directors' remuneration policy:**
The General Assembly of Shareholders, at its Annual Ordinary Meeting held in March 2015, approved the policy governing Board of Director Appointments, Remuneration and Succession Plans, thus ensuring that the persons serving in such a capacity are suitable and adequately remunerated compared to other similar companies both at home and abroad. This policy has been reviewed by the Board, who considered it to be effective in meeting the Company's needs, so no changes have been proposed for 2016.

**7. Board of Director and Senior Management Remuneration:**
Based on that stipulated in Article 23 Section E of the Company's by-laws, , the General Assembly of Shareholders is responsible for setting the fees to be paid to the members of the Board of Directors, the Statutory Auditing firm and their respective alternates. Upon setting these fees, the Shareholders take into account the Board´s structure, functions and responsibilities, as well as the personal and professional skills and expertise offered by its members and the amount of time dedicated to their activities.

## IN 2015
THE BOARD OF DIRECTORS MET 15 TIMES

12 times physically,
the attendance average was 96%.

For 2015, the Shareholders, at their Annual General Meeting, approved a monthly fee of COP 6.000.000 for each member. The total amount of fees paid to the Board came to COP 1.106 million, which includes their monthly fees for serving on the Board and its Committees, as well as travel and accommodation expense and the cost of their training programs and performance evaluations.

Also, pursuant to that stipulated in Article 446 of the Code of Commerce, the attachments included with the Company's Annual Financial Statements contain the salaries paid to the Company's Senior Management team.

**8. Board Meeting Quorum:**
As a general rule, the Board may discuss and validly decide on matters brought before it with the presence and the votes of the majority of its members, except in the event of the Company choosing to guarantee the obligations of its related companies, in which case the unanimous vote of all its members is required.

**9. Board and Committee Meeting Attendance:**
In 2015, the Board of Directors held fifteen (15) meetings, twelve (12) of which were attended in person. The individual attendance rates for each member of the Board were as follows:

| | |
|---|---|
| Luis Fernando Alarcón Mantilla: | 100% |
| Jaime Bermúdez Merizalde: | 100% |
| Carlos Ignacio Gallego: | 100% |
| Carlos Antonio Espinosa Soto: | 100% |
| Sergio Michelsen Jaramillo: | 100% |
| José Alberto Vélez Cadavid: | 80% |
| Jorge Mario Velásquez Jaramillo: | 93% |

For an average attendance rate of 96%.



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**10. Functions and duties on the part of the Chairman of the Board:**
In compliance with his legal and statutory duties, Mr. Luis Fernando Alarcon, as Independent Member and Chairman of the Board, was apprised of the most important events occurring within the Company. He also oversaw the Board's normal working order and ensured that its members received accurate, complete and timely information. In 2015, the Board analyzed certain key issues both for the Company and the SURA Business Group, based on the annual work plan drawn up for last year, these including monitoring the Company's strategic road map, reviewing its investments, High Potential Talent and Succession Plans as well as adopting the requirements of the new Country Code, among other relevant matters.

**11. Functions and duties on the part of the Secretary to the Board:**
Fernando Ojala Prieto, as Secretary of the Board, was responsible for contacting and interacting with shareholders, maintaining the minutes books, and ensuring the legality of the actions taken by the Board and that governance rules, regulations and procedures were duly abided by. Also, in conjunction with the Chairman of the Board and the Company's Chief Executive Officer, he prepared an annual work schedule which afforded the proper organization of the meetings held.

**12. Relationships between the Board and the Statutory Auditor, financial analysts, investment banks and rating agencies:**
A representative from the Statutory Auditing firm attended meetings of the Company's Finance and Audit Committee, at the latter´s invitation and the corresponding reports were submitted to the Board after being considered by this Committee.

Also the Board was informed at its respective meetings of the coverage given by international analysts regarding the Group´s shares.

**13. External consultancy services contracted by the Board:**
In 2015, the Board did not hire any outside consultancy services in carrying out its functions.

**14. Handling Board Information:**
The Chairman of the Board and the Company Secretary are responsible for the Board of Directors receiving timely, adequate, accurate and reliable information so that everything they need for making the corresponding decision is placed at their disposal. This information, which is of great strategic importance to both the Company and the Business Group, is managed based on strict privacy standards so that business secrets and projects are adequately protected.

All information that must be disclosed based on current legal requirements is provided to the market on a timely basis as relevant information, which is published simultaneously on the Company's website, -www.gruposura.com-, as well as that of the Colombian Superintendency of Finance.

**15. Board Committee Activities:**
Each Board Committee has its own rules and regulations which set out its respective functions, so at each meeting the matters for which it is responsible are duly addressed. In 2015, the Chairman of each Board Committee presented to the members of the Board of Directors a report on the matters discussed at each Committee meeting along with the recommendations presented for the Board´s approval, all of which were properly included in the minutes of the meetings of both the Board and the Board Committees.

The matters discussed by the Board Committees included financial statements, internal control audits and reports on asset laundering and the financing of terrorism, follow-ups on the implementation of the recommendations made in the New Country Code, the Statutory Auditing firm´s work plan, the Company's risk management model, performance indicators, action plans and strategic road map, among others.

More information regarding the Board and the structure of each Board Committee can be found at the end of this chapter together with the frequency with which meetings are held and the main activities carried out in 2015.

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**16. Board of Director and Senior Management Performance Evaluations:**
Last year, the members of the Company's Board of Directors conducted self-evaluations of their performance for which satisfactory results were obtained. Furthermore, the outside consulting firm Prospecta Ltda. conducted an independent evaluation of the Board´s performance, and concluded that Grupo SURA stands out given its sound management as well as its compliance with the highest standards of corporate governance. Both the self evaluations and the independent evaluation of the Board´s performance have been made available on our Company's website.

With regard to Senior Management evaluations, the Company has a performance-based remuneration system in place, that contains the guidelines used for evaluating and remunerating senior management in keeping with the Company's goals.

Performance indicators are defined and measured based on the Company's annual planning and the activities that form part of the Company´s strategic roadmap. Based on this system, Senior Management's performance indicators are presented and approved by the Board´s Appointments and Remuneration Committee.

**PROSPECTA, the external consultancy firm conducted an assessment of the members of the Board of Directors**

highlighting the sound management and compliance with the most stringent standards related to corporate governance.

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## V. RELATED PARTY TRANSACTIONS

**1. Board of Director attributions with regard to third-party transactions and conflicts of interest:**
The Company's Board of Directors gave its approval to the Related Party Transaction Policy Framework, as relating to the SURA Business Group, governing the interaction between our companies, and with the aim of this type of transaction being conducted with the utmost transparency, fairness and impartiality, thereby avoiding possible conflicts of interest.

Grupo SURA's Board of Directors is the highest governing body responsible for discussing and dictating both general and strategic guidelines with regard to transactions between related parties.

**2. Main transactions carried out with related parties:**
Through the Business Group´s Special Report and its financial statements, the Company discloses the main contractual agreements and the more important transactions carried out with its affiliates and subsidiaries at year end.

**3. Conflicts of interest and how they were dealt with by the members of the Board:**
A conflict of interest is defined as being a situation in which members of the Company's Board of Directors or its senior management, or any other employee, are faced with a dilemma between their family or private interests and those of the Company, and which prove to be incompatible with their legal or contractual obligations as members of these governing bodies.

In compliance with the guidelines established in the Company's Code of Good Governance and its policy governing the Detection, Management and Resolution of Conflicts of Interest. The Board handled certain conflicts of interest, ensuring that the Company's interests were adequately protected and that all applicable law and institutional rules and regulations were fully complied with.



In 2015, the Board of Directors was notified of certain potential conflicts of interest and consequently Jaime Bermudez and Sergio Michelsen, both members of the Board refrained from attending the corresponding meetings or casting their votes. Similarly, Company's Chief Executive Officer drew the Board´s attention to a possible conflict of interest. All these situations were duly stated in the minutes corresponding to each of the meetings of either the Board or its Board Committees.

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**4. Mechanisms for resolving conflicts of interest between companies belonging to the SURA Business Group and how these were applied in 2015:**
Transactions between the companies belonging to the SURA Business Group are carried out pursuant to the guidelines contained in the Related Party Transaction Policy Framework. Nevertheless, should a conflict of interest arise in the normal course of business between our different companies, the conflict resolution mechanism provided for in our Code of Good Governance, which states that the parties must, in the first instance, try to resolve the situation directly and should this not be possible, present the case before the Audit Committee made up exclusively of independent members, who shall be empowered to resolve the situation. No conflicts of interest occurred in 2015 between our companies that would otherwise have required resorting to the aforementioned procedure.

## VI. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

A detailed description of our internal control and risk management systems is contained in the corresponding chapters of the Company´s Annual Report.

## VII.GENERAL ASSEMBLY OF SHAREHOLDERS.

**1. Differences between the minimum requirements defined by current legislation and those stipulated in the Company's by-laws governing the Company's General Assembly of Shareholders:**
In addition to the powers conferred by law on shareholders, Grupo SURA has laid out a series of guarantees, rights and obligations for its shareholders, as part of its commitment to protect their interests and ensure their active involvement with the Company.

Among the additional privileges that are stipulated in our Company by-laws, the Code of Good Governance and the Rules and Regulations governing Shareholder meetings we have new exclusive and non-delegable functions on the part of the General Assembly of Shareholders, these being: the right to perform specialized audits, a longer term for giving prior notice of shareholder meetings, as well as other recommendations introduced by the New Code Country and other international standards.

**2. Measures adopted during the year to encourage shareholder participation and shareholder communication channels:**
In 2015, the Company ensured that timely, accurate and sufficient information for its shareholders was made available on the website. Also notice for shareholder meetings is now set at 30 calendar days, a format of the required power of attorney was provided to shareholders to facilitate their representation at Shareholder Meetings and conference calls were staged for shareholders, analysts and the general public, at which the Company presented its quarterly results.

Similarly, Grupo SURA provided all of its shareholders with fair and equal treatment, allowing and encouraging them to exercise their rights, providing them with free access to the Company Secretary; participating in quarterly events at which the shareholders and the general public are informed of the progress made by the Organization; making recommendations with regard to the Company's corporate governance; and receiving clear, accurate and timely information regarding the Company's financial and non-financial results.

**3. Shareholder information and communications:**
Shareholders may lodge their concerns regarding the Company and receive information about their shares, dividend payment dates and share certificates, etc by contacting the Company Secretary´s Office as well as Fiduciaria Bancolombia's Shareholder Office Also an Investor Relations Office has been set up at the following address: Calle 49 # 63-146, Step 9, in Medellin, which can be contacted via the following email addresses: gruposura@gruposura.com.co; ir@gruposura.com.co, or via the Group´s national toll-free line 018000521555.

A schedule of corporate events has been made available on Grupo SURA's website www.gruposura.com, this for the purpose of informing shareholders, investors and the market in general of when we shall be providing information regarding the Group´s performance and its financial results.

This schedule contains the more important dates with regard to:
- The Annual Shareholder´s Meeting.
- Dividend payment periods.
- Results published on the website of Colombian Superintendency of Finance.
- Market presentations of the Group´s quarterly results.

**4. Number of requests for information received by the Company from its shareholders:**
In 2015, the following requests were made:

| TYPE OF REQUEST | TOTAL |
|---|---|
| Change of direct depost | 27 |
| Research | 0 |
| Certification for Embassy | 0 |
| General Certificates | 8 |
| Transfer off-exchange trade | 2 |
| novelties of payment of dividends | 8 |
| precautionary measure | 1 |
| Novelty of data update | 1 |
| **TOTAL REQUESTS** | **47** |

| REQUEST | QUANTITY |
|---|---|
| Visits to Service Office | 11 |
| phone calls | 100 |
| TOTAL SHAREHOLDERS SERVED | **111** |

**5. Shareholders Meeting Attendance:**
The quorum obtained for the Annual Shareholders Meeting held on March 26, 2015, came to 92.01% given the 431,516,036 shares therein represented.

**6. Main decisions taken by the Shareholders:**
The proposals voted on by the General Assembly of Shareholders along with the most important decisions taken by these at their meetings are simultaneously published as relevant information on the website of the Colombian Superintendency of Finance as well as on the Company's own website.

**7. Dividend payments:**
Dividends may be collected either through the brokerage firm through which our shares were purchased or through Bancolombia´s nationwide network of branch offices.

## VIII. FINANCIAL STATEMENTS, THE BUSINESS GROUP AND AMENDMENTS TO THE COMPANY'S BY-LAWS

**1. Amendments made to the Company's by-laws**:
During the fiscal year of 2015 amendments were made to Articles 9, 15, 23, 24, 25, 31, 32, 33 and 49 of the Company's by-laws, in order to adapt these to the recommendations contained in External Circular 028 issued by the Colombian Superintendency of Finance in 2014 governing the Code of Best Corporate Practices based on the new Country Code.

**2. Prior evaluation of the financial statements**
The annual financial statements that are presented to the General Assembly of Shareholders for their respective approval are examined and approved by the Audit Committee and the Board of Directors beforehand, in accordance with that stipulated in Article 31, Section D of Grupo SURA´s by-laws.

**3. SURA Business Group:**
At December 31, 2015, Grupo de Inversiones Suramericana had declared the SURA Business Group, made up of the following companies:

**Direct control:**
- 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 Panamá S.A. (Panama)
- Gruposura Finance (Cayman Islands)

**Indirect control:**
- 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)
- Diagnóstico 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 Panamá Internacional S.A. (Panama)
- Sura Asset Management España S.L. (Spain)
- Grupo de Inversiones Suramericana Holanda B.V. (Holland)
- Sura Art Corporation S.A. de C.V. (Mexico)
- AFP Integra S.A. (Peru)
- Fondos Sura SAF 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)
- Sura Investment Management México, S.A. de C.V. (Mexico)
- AFAP Sura S.A. (Uruguay)
- Grupo Sura Latin American Holdings B.V. (Holland)
- Grupo Sura Chile Holdings I, B.V. (Holland)
- Grupo Sura Chile Holdings II, B.V. (Holland)
- 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)
- AFISA SURA (Uruguay)
- Servicios Generales Suramericana S.A. (Panamá)
- Seguros Sura S.A. (Peru)
- Hipotecaria Sura Empresa Administradora Hipotecaria S.A. (Peru)
- Planeco Panamá 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 S.A. (Colombia)
- Sura Investment Management Mexico S.A. de C.V. (Mexico)
- SUAM Corredora de Seguros S.A. de C.V. (El Salvador)
- Dinámica IPS Zona Franca S,A,S, (Colombia)
- Sura Asset Management Uruguay Sociedad de Inversión S.A. (Uruguay)
- Promotora Sura AM, S.A. de C.V. (Mexico)
- Seguros de Vida Sura México S.A. de C V. (Mexico)
- Sura Asset Management Perú S.A. (Peru)
- SUAM Finance B.V. (Curacao)
- Disgely S.A. (Uruguay)
- Agente de Valores SURA S.A.(Uruguay)
- SURA Investment Management Colombia S.A.S. (Colombia)
- Cautiva SURA LTDA. (Bermuda)
- Inversiones SURA Brasil S.A.S. (Colombia)
- Agente de Bolsa SURA S.A. (Peru
- 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.

# BOARD COMMITTEE REPORTS

## REPORT FROM THE AUDIT AND FINANCE COMMITTEE TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

**Grupo de Inversiones Suramericana S.A.**

**Board committee report 2015**

The Board of Directors of Grupo SURA hereby presents the shareholders with the following report on how the Audit and Finance Committee is structured, the frequency of its meetings and the main activities carried out in 2015:

1. Committee Members:
Jaime Bermúdez Merizalde, miembro independiente y Presidente del Comité
Luis Fernando Alarcón Mantilla
Carlos Antonio Espinosa Soto

2. Permanent invitees
David Bojanini García, the Company's Chief Executive Officer
Fabián Barona Cajiao, Internal Auditor
Ignacio Calle Cuartas, Chief Corporate Finance Officer; and representatives of the Statutory Auditing firm.

3. Number of meetings held in 2015: 4

4. Committee Performance Summary: 100%

5. Committee Performance Summary: The Audit and Finance Committee continued to provide the Board with its support in evaluating the Company's accounting procedures, the relationship with the Statutory Auditing firm and, generally speaking, reviewing the overall control architecture. The following aspects were analyzed by the Committee and subsequently presented to the Board of Directors for their final decisión:

5.1. A review of the Company´s Audit Plan since when it was first adopted, together with all subsequent developments.

5.2 . Analyses of the quarterly financial statements, along with its recommendations to the Board of Directors before being released to the market.

5.3. A review of all periodic reports such as the Asset Laundering and Financing of Terrorism report, the Ethics Hot Line, internal control reports at subsidiary level, as well as any investigations carried out with regard to reported instances of fraud and other special cases.

5.4. A follow-up of the work plan and other reports presented by the Statutory Auditing Firm.

JAIME BERMÚDEZ MERIZALDE
Chairman
The Audit and Finance Committee

FERNANDO OJALVO PRIETO
Company Secretary

## REPORT FROM THE CORPORATE GOVERNANCE COMMITTEE TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

**Grupo de Inversiones Suramericana S.A.**

**Board committee report 2015**

The Board of Directors of Grupo SURA hereby presents the shareholders with the following report on how the Corporate Governance Committee is structured, the frequency of its meetings and the main activities carried out in 2015:

1. Committee Members:
Sergio Michelsen Jaramillo - Independent Member and Chairman of the Committee
José Alberto Vélez Cadavid
Carlos Ignacio Gallego Palacio

2. Permanent Invitee: David Bojanini G., the Company's Chief Executive Officer.

3. Number of meetings held in 2015: 3

4. Meeting attendance rate: 89%

5. Committee Performance Summary: In 2015, the Corporate Governance Committee fulfilled its prime role of providing its support and assistance for all decisions to be made in terms of corporate governance. It also worked on defining strategies, and oversaw the implementation of best practices within the Company. The most important issues discussed by the Committee and subsequently presented for the Board´s final decision were as follows:

5.1. A review of the by-laws, codes, policies, rules, regulations, manuals and processes introduced in keeping with the new requirements contained in the New Country Code, all of which were discussed at all meetings held in 2015 with the aim of this Committee formulating its recommendations to the Board of Directors.

5.2. A periodic monitoring of all relevant information published by the Company, the cases reported to the Ethics Committee, conflicts of interest arising during the year as well as Company contributions to democracy.

5.3. An analysis of major legislation to be presented to Congress that could have an impact on the Company or its investments, such as the amendments made to the legal structure of a corporation and new regulations governing financial groups.

**SERGIO MICHELSEN JARAMILLO**
Chairman
Corporate Governance Committee

**FERNANDO OJALVO PRIETO**
Company Secretary



G4-40
G4-52

## REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

**Grupo de Inversiones Suramericana S.A.**

**Board committee report 2015**

The Board of Directors of Grupo SURA hereby presents the shareholders with the following report on how the Appointments and Remuneration Committee is structured, the frequency of its meetings and the main activities carried out in 2015:

1. Committee Members:
Luis Fernando Alarcon Mantilla - Independent Member and Chairman of the Committee
Carlos Antonio Espinosa Soto
José Alberto Vélez Cadavid
Carlos Ignacio Gallego Palacio

2. Permanent Invitee: David Bojanini García, the Company's Chief Executive Officer.

3. Number of meetings held in 2015: 2

4. Meeting attendance rate: 100%

5. Committee Performance Summary: The Appointments and Remuneration Committee assisted the Board of Directors in adopting best practices and policies with regard to human resource management and retaining human talent. Likewise, this Committee analyzed different issues prior to submitting these to the Board of Directors for their final decision, which included the following:

5.1. A review of the terms and conditions of the performance-based remuneration corresponding to 2014.

5.2. Analysis of the performance indicators applicable to executive positions.

5.3. A study of all those regulations and performance-based indicators for 2015.

5.4. A review of the salary increase set for 2015.

5.5. Extending the Retirement Policy to Grupo SURA's subsidiaries.

5.6. A review of the Committee´s rules and regulations for the Board´s subsequent approval.

5.7. Ratification of the Senior Management Succession Plans and Compensation Policies.

5.8. Checking the action plans to be carried out by the Committee as part of its Strategic Road Map.

**LUIS FERNANDO ALARCÓN MANTILLA**
Chairman
Appointments and Remuneration Committee

**FERNANDO OJALVO PRIETO**
Company Secretary

## REPORT FROM THE RISK COMMITTEE TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

**Grupo de Inversiones Suramericana S.A.**

**Board committee report 2015**

The Board of Directors of Grupo SURA hereby presents the shareholders with the following report on how the Risk Committee is structured, the frequency of its meetings and the main activities carried out in 2015:

6. Committee Members:
Sergio Michelsen Jaramillo - Independent Member and Chairman of the Committee
José Alberto Vélez Cadavid
Carlos Ignacio Gallego Palacio

7. Permanent Invitee: David Bojanini García, the Company's Chief Executive Officer

8. Number of meetings held in 2015: 1

9. Meeting attendance rate: 100%

10. Committee Performance Summary: In 2015, the setting up of a new independent Risk Committee provided added support to the Board of Directors with regard to overseeing the Company's internal control and risk management system. This Committee was kept permanently up to date with the Company's risk strategy and general policies, analyzing different aspects prior to submitting these for the final decision of the Board of Directors, including the following:

10.1. Approving the Rules and Regulations governing the Risk Committee with regard to its structure, the fees payable to its members and their duties and responsibilities.

10.2. A review of the risk management model both on a corporate as well as individual subsidiary level, and drawing up a work plan for its implementation.

10.3. An analysis of the action plan corresponding to the Strategic Road Map which comes under the responsibility of this Committee.

10.4. Approval of Grupo SURA's Risk Policy, which allows for the strategic articulation of our risk management function.

10.5. Monitoring the performance of the Company and its subsidiaries from the environmental, social, economic and reputation standpoints, as well as the accounts rendered in terms of non-financial information.

| | |
|---|---|
| **SERGIO MICHELSEN JARAMILLO**<br>Chairman<br>Risk Committee | **FERNANDO OJALVO PRIETO**<br>Company Secretary |



# CONTROL ARCHITECTURE

One of the main components of Grupo SURA corporate governance model is our control architecture, which is used to draw up policies in support of the Business Group´s principles and philosophy, while providing reasonable assurance with regard to: achieving the Group´s strategic objectives, disclosing financial and non-financial information in a reliable and timely manner, adequately managing risk so as to safeguard the Company's assets and shareholders' equity along with the efficiency and effectiveness of all transactions carried out as well as regulatory compliance with all applicable legislation, rules and regulations. It also facilitates cohesion and unity among the different companies belonging to the Group.

Grupo SURA, upon adopting the recommendations of the Colombian Superintendency of Finance in its Code of Best Corporate Practices, as issued in 2014, has decided to base the design of its control architecture on the approach proposed on an international level by the *Committee of Sponsoring Organizations of the Treadway Commission*, namely in its COSO 2013 model.

The main activities carried out in 2015 by the Company with regard to each of the components of this model are as follows:

**1. Control Environment**
Since the Board of Directors and Senior Management have set the tone for the Company's Internal Control System by adopting ethical principles and codes of conduct on a corporate level as stipulated in the Company's Code of Ethical Conduct and its Code of Good Governance.

In 2015, we moved forward with strengthening our internal controls as part of a self-regulatory mechanism that allowed us to adopt several framework policies, the bulk of which govern the entire Business Group, thereby showing our firm commitment to creating added trust with everything we do. The main policies approved by the Board of Directors and the various Board committees include:

Responsible investment policy
Compensation policy
Board of Director Appointments, Remuneration and Succession Policy
Policy governing Detecting, Managing and Resolving Conflicts of Interest
Senior Management Succession Policy
Risk Management Policy Framework
Policy Framework for Appointing the Statutory Auditing Firm
Comprehensive Supplier and Procurement Management Policy
Policy Framework governing Related Party Transactions
Corporate Governance Policy Framework
Intellectual Property Policy Framework
Reputation Management Policy Framework Stakeholder Engagement and Brand Management Policy Framework

G4-57
G4-58

The Company also ensured the correct working order of its Ethics Hot Line (lineaetica@grupsura.com.co) as a dedicated channel for reporting any conduct that goes against our corporate principles. In 2015, no breaches of ethical conduct were reported via this channel.

The Company's goals and strategic planning were drawn up and disseminated amongst all our employees and presented to the senior management staff of each of the subsidiaries through meetings held with the Company's Chief Executive Officer.

The Company's remuneration plans were periodically reviewed by the Appointments and Remuneration Board Committee, so as to ensure that these remain perfectly aligned with the Company's overall goals.

## 2. Risk Management

With the introduction of its Risk Management policy as applicable to the entire Business Group, Grupo SURA set up the framework through which it established the guidelines and mechanisms required to coordinate our risk management function within the Organization and ensure that our strategic goals are attained.

The Boards of Directors and Senior Management staff of our companies are responsible for handling their own risk management systems, the scope of which depends on the size of the Company itself, the complexity of its business and operating processes, its geographic diversification and the nature of the risks to which it is exposed, in keeping with our organizational strategy and providing feedback on such. Also, each company must ensure the existence of adequate reporting mechanisms with the parent company.

In terms of our defined risk management model, in 2015, the Company identified and evaluated the strategic risks faced by members of the Board of Directors as well as Senior Management staff, including regulatory changes and the current business climate.

Similarly, the process of structuring our anti-fraud system, in conjunction with the Auditing and Planning Departments with the support of the firm PWC. This included drawing up a map of the risks relating to fraud, corruption, asset laundering and the financing of terrorism to which Grupo SURA and its subsidiaries are exposed. In addition, a project development methodology was drawn up (including the framework for such, scale of impact, frequency scale), to address the risks faced by Grupo SURA´s strategic investments as well as the corresponding risk maps.

Upon continuing to align ourselves with that stipulated in the Sarbanes-Oxley (SOX) Act we were able to draw up and define risk matrices and control processes with regard to possible impacts that Grupo SURA could sustain upon reporting its financial information under IFRS.

IN
**2015**
no cases of ethical breaches were registered through the Ethics Hotline, at: **lineaetica@grupsura.com.co**

### 3. Control Activities

In order to manage the risks thus detected, the Company applied the principles of self-management, self-regulation and self-monitoring, since one of the key features of this system is the ability that each employee is given to assess and control his or her work, detect any possible departures from the normal course of his or her activities, and make the required corrections in exercising and performing his or her functions, as well as enhancing tasks and responsibilities.

Both the Chief Executive Officer and the Chief Corporate Finance Officer are responsible for reviewing, analyzing and monitoring our operating results in order to detect potential problems or errors in our financial reporting and / or fraudulent activities, so as to be able to deploy the necessary corrective measures. Similarly, these reports are evaluated by the Board of Directors and the Audit and Finance Committee, taking into account their knowledge of the business and the different control situations reported by the Internal Auditing and the Statutory Auditing staff that could affect the reported figures.

The Company, mainly through its Legal Department, constantly monitors changes in current legislation, rules and regulations that could have an impact on the Organization; this in order to deploy the corresponding policies and / or controls to ensure strict regulatory compliance.

Finally, in terms of IT control governance, management and support, the Company has embraced COBIT 5 standards so as to be able to align these with the situation, complexity, nature and scope of our current operations, and be able to reach a level of maturity and an IT capacity as required by the Company in its current context.

### 4. Information and Communication

The Company duly reported, in a timely and accurate manner, all relevant information to both the market and the oversight authorities.

It also maintained adequate internal communications through quarterly results meetings held with all employees, led by the Company's Chief Executive Officer and with the support of its different Departments. These activities are supplemented by regular meetings held by each of the Organization's primary groups, as well as educational and information campaigns and the use of the social network, Yammer, among other electronic tools that help us to strengthen our communication capabilities.

Communication channels were also set up between our subsidiaries and parent company to handle the two-way flow of information from and to different areas. One of the more important highlights in this sense was having drawn up interaction agreements.

The Company´s information systems are equipped with reliable controls that are independently inspected by our internal auditing staff that provide reasonable assurance with regard to the proper processing and reporting of all our financial information, as contained in both our separate and consolidated financial statements.

### 5. Monitoring

Based on the Group´s "Three Lines of Defense" model, all those officers who are responsible for the processes belonging to the first line of defense in terms of the Company's internal controls, together with other related support areas (the second line of defense) were able to properly monitor the Group´s key processes. Processes and projects were overseen by means of performance indicators, metrics, committee meetings and independent evaluations, among others.

Grupo SURA continued to strengthen its corporate governance from the third line of defense through having structured the Group´s Auditing Department, that since 2014 has been working independently in conjunction with our subsidiaries with regard to the holding´s internal control system and at the same time, coordinates with the auditing staff at subsidiary level cross-cutting activities as part of the monitoring conducted on our Business Group. This also gave rise, in 2015 to the creation of a Corporate Audit Committee made up of auditors from our different companies, which is responsible for monitoring and planning the auditing work to be carried out and which focuses on harnessing the existing synergies between the different work teams. One of the accomplishments of the new Corporate Audit Committee was to have staged our Governance, Risk and Control Congress which was attended by all the Group´s auditing staff as well as members of our senior management, all of whom contributed to the discussions that took place, this being an ideal opportunity for setting a baseline for standardizing exactly what the Organization requires from its auditing staff, both now and in the future.

Our Internal Auditing staff, in compliance with the International Standards for the Professional Practice of Internal Auditing, presented to the Board of Directors and the Audit Committee, their annual work plan and provided a breakdown of their accomplishments during the prior year. The findings of the audits performed on the different areas or processes were amply discussed prior to implementing the respective action plans.

In addition to the independent audits performed throughout the year, a survey was randomly conducted in conjunction with the firm, Deloite, in order to gauge how the Business Group perceives its Control Architecture, considering the many locations of our companies as well as the wide range of responsibilities that exist within the Organization. This survey helped us to pin point how well our internal control culture is being assimilated by our employees and has formed the basis for defining the activities scheduled for 2016 as part of our continuous improvement efforts.

**Conclusions regarding our Control Architecture:**
At year end, neither Grupo SURA nor its internal or external governing bodies detected any material deficiencies with regard to its internal control system that could jeopardize the Organization's effectiveness.

In spite of the above, however, our Statutory Auditing firm together with our Internal Auditing staff made certain recommendations, which were adequately adopted by Senior Management in order to further strengthen our internal control system. These recommendations were monitored by the Audit and Finance Committee so as to be able to implement the respective action plans.

The Audit and Finance Committee kept the Board of Directors permanently informed of its activities.

# REPUTATION AND BRAND MANAGEMENT

Arequipa

"Reputation is certainly one of the most valuable multidimensional assets for the companies belonging to the SURA Business Group, and this is plainly evident with the amount of trust we inspire when doing business. For us, our reputation is primarily the result of delivering our value proposal, doing things right, according to our ethical principles, and establishing long-term relationships with customers, clients, shareholders, employees, suppliers and other stakeholders.

When an organization is able to act in a consistent and coherent fashion this helps to strengthen its reputation. Consequently, the communications and brand management functions take on a fundamental role of articulating the strategy and discourse with which companies project themselves through the relationships they maintain as well as through different moments, media, settings and spokespeople."

**Excerpt from the introduction to Grupo SURA's Reputation Management Policy: stakeholder engagement and brand management**

# WE ADVANCE IN PROJECTS

## to build positioning

The Organization's reputation and the handling of its SURA brand, represent one of the core components of Grupo SURA's Road Map to 2020, these being understood as essential building blocks for generating added value and trust.

The parent company of the SURA Business Group provides the guidelines for handling its reputation and branding and conducts follow-ups on how these are being implemented. These guidelines have in turn been based on criteria furnished by our subsidiaries in keeping with their individual business needs. Here, we have set up various governing bodies or committees in which the positioning strategies for the SURA brand have been adequately discussed and adopted.

In 2015, our Executive Reputation and Branding Committee continued to consolidate our Road Map to 2020, which includes aspects of our stakeholder engagement, corporate discourse, institutional projection and brand management.

Our Master Reputation and Branding Plan required disseminating awareness of such at subsidiary level, so as to forge common positioning tactics within the entire region. Similarly, the corresponding decision-making bodies were strengthened, from the governance standpoint, with a view to securing a greater degree of coherence and consistency with our external and internal communications in all those countries where we are present.

Likewise, we are making a great deal of progress with high-impact projects for positioning our brand, tracking the corresponding performance indicators and renewing our brand architecture, the latter following the acquisition of the RSA's Latin American operations on the part of Suramericana S.A.

The main projects carried out in 2015, the impact of which is scheduled to be fully felt by 2020, include:

**Updating our brand architecture**

Suramericana´s acquisition of the RSA operations in Latin America and the consequent coexistence of both subsidiaries (Suramericana and SURA Asset Management) in several markets, required a fresh review and adjustments to be made to our brand architecture model to ensure consistency and, same time, differentiate between the business specialties of each subsidiary; This as part of an overarching purpose of positioning SURA as a comprehensive regional brand while providing adequate support to our operations in each country.




# BRAND POSITIONING:

the purpose of gaining a regional, comprehensive and comparable vision of the brand´s status

**• Revamped brand visuals**

Once this new architecture was put into place and based on a previous diagnosis of the SURA brand communications, its brand visuals were revamped, bearing in mind the fact that all brands are dynamic and require periodic reviews and updates.

Our new brand visuals, as stipulated in our current **Brand Book** encompass our strategic standpoint as well as other issues such as form,, color, images and typography, thus ensuring the utmost consistency while at the same time greater flexibility, dynamism and versatility.

**• Brand Governance**

The aim of this project, currently underway, is to enhance the design of the branding and communication structure and governance required so that they can be property coordinated between Suramericana and SURA Asset Management, especially in markets where both shall be present as of 2016, harnessing synergies and providing more clarity with the common strategies of each business.

***• Brand tracking***

For the second year running, we gauged the key performance indicators for the SURA brand in all 8 countries where present, in order to obtain a regional, comprehensive and comparable overview of the brand´s actual condition and status.

***• Brand Strength and Brand Equity***

Brand strength and brand equity are important indicators for understanding the role played by SURA as a regional brand in terms of purchase decisions and customer loyalty.

These performance indicators were measured, for the second year running, in Colombia, Mexico, Chile and Peru. Both brand strength and brand equity offer a panoramic overview of the different lines of business in each country, allowing work plans to be set up as required by current operating needs.

- **Corporate Reputation Monitor**

The methodology used by Merco (the Corporate Reputation Business Monitor) measures the brand perception that certain stakeholder groups have of the main subsidiaries operating in each country, especially opinion leaders. Merco is currently conducting surveys in Colombia, Chile and Peru, the findings of which are summarized as follows:

**COLOMBIA:**

- No. 8 in the general ranking of companies with the best corporate reputation
- No. 1 in the ranking of companies with the best corporate reputation from the insurance sector
- No. 1 in the general ranking of companies who are more successful in attracting and retaining human talent.
- No. 9 in the general ranking of the most responsible companies with the best corporate governance practices.
- No. 1 in the ranking of health-care providers with the best reputation

**CHILE:**

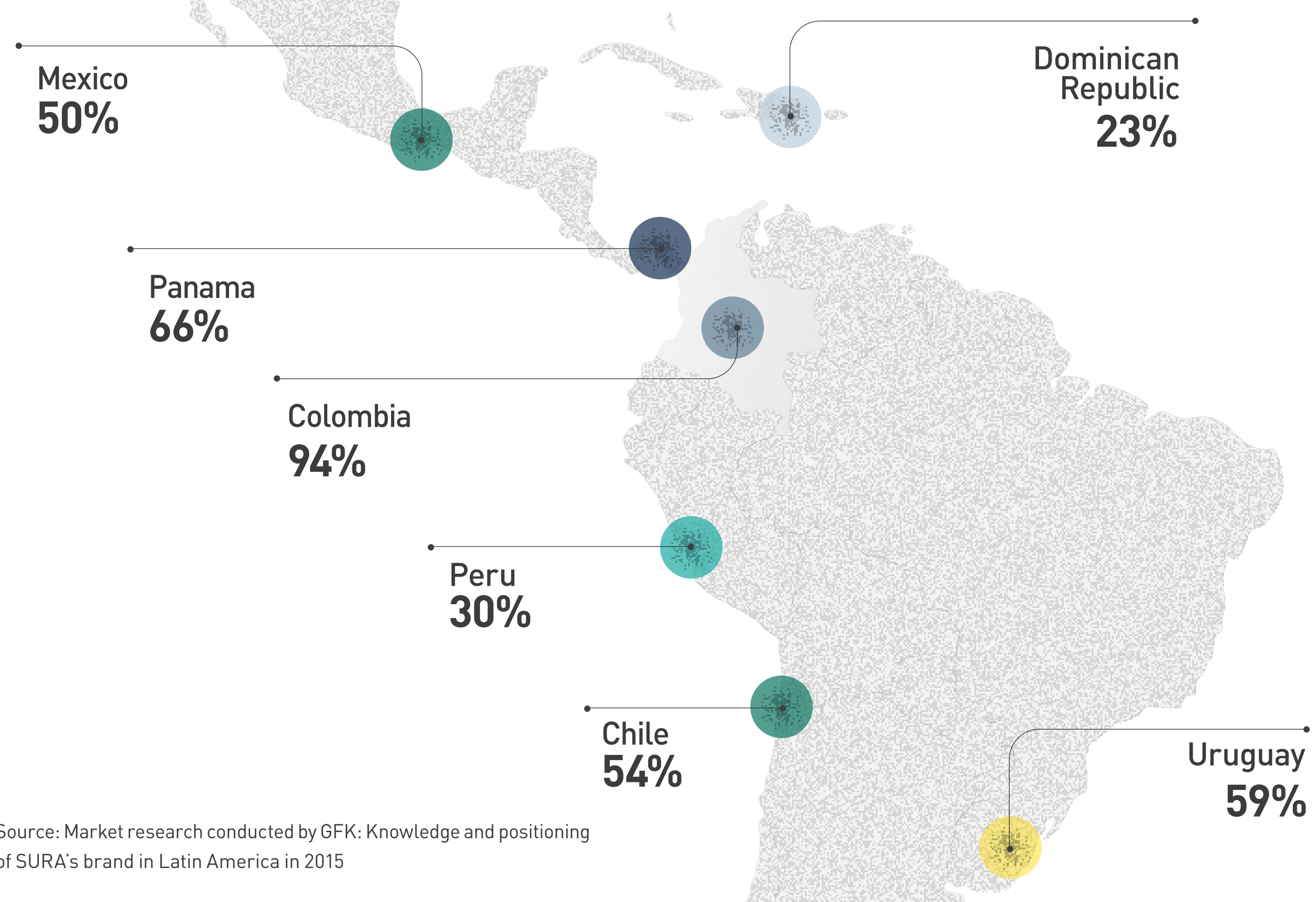
- No. 79 in the general ranking of companies with the best corporate reputation
- No. 74 in the general ranking of the most responsible companies with the best corporate governance practices.
- No. 1 in the ranking of companies with the best corporate reputation from the insurance sector

**PERU:**

- No. 17 in the general ranking of companies with the best corporate reputation
- No. 8 in the general ranking of the most responsible companies with the best corporate governance practices.



**FULL KNOWLEDGE OF THE BRAND**




Source: Market research conducted by GFK: Knowledge and positioning of SURA's brand in Latin America in 2015

## CHALLENGES

- Continuing to make progress in 2016 with setting the road map goals for 2020 in terms of brand positioning and reputation in support of our business.
- Reaffirming our reputation and brand governance as we continue to expand our business as well as SURA´s regional presence.
- Driving our training and auditing initiatives, with regard to our common strategy and the new SURA brand visuals for the successful handling of our reputation and brand.
- Building on our brand and reputation performance model by standardizing the corresponding indicators on a regional level.

The efforts of each of the teams in charge of handling our corporate reputation, including the communications and branding functions, are largely focused on building SURA as a "multilatina" brand offering comprehensive financial services in the fields of insurance, pensions, savings and investment. This is indeed our current challenge.

# STRENGTHENING OUR FINANCIAL POSITION

## STRENGTHENING OUR FINANCIAL POSITION

Interacting with our subsidiaries and other strategic investments allows us to achieve a profitable and sustainable level of growth, which is one of our strategic objectives. We therefore continued to work on developing and extending our corporate role in 2015, this with the aim of defining the issues pertaining to managing our subsidiaries and strategic investments while creating the appropriate vehicles for addressing these issues.

One of such vehicles is the Finance Committee, which meets every quarter on a general basis and stages individual meetings with Suramericana, SURA Asset Management and Bancolombia (in the latter case respecting the fact that it is a listed company and not wholly controlled by Grupo SURA). This Committee discusses issues such as levels of indebtedness, inorganic growth plans, hedging structures (derivatives), accounting and operating matters, in addition to the market's view of our strategy. In the case of Bancolombia, the Committee closely monitored its results and held in-depth discussions regarding expectations of its performance going forward.

This interaction allowed us to evaluate two important projects for the Organization: the first was the geographic expansion of our subsidiary Suramericana, which now making its debut on 5 new countries with the acquisition of the insurance operations that previously belonged to RSA in Latin America; and the second was having purchased the stake held by JP Morgan in our subsidiary SURA Asset Management, an initiative that emerged as a result of detailed knowledge of this Company as part of our strategy as a Group.

With these projects carried out in 2015, we continued to strengthen our portfolio. Today, we can safely say that our international expansion plans, first drawn up back in 2008, have become a gratifying reality, having extended our presence to a total of 11 countries in Latin America, mainly in the member countries of the Pacific Alliance.



## PRACTICES USED TO ENSURE OUR ONGOING FINANCIAL POSITION:

### Finance and Investment Policy Framework

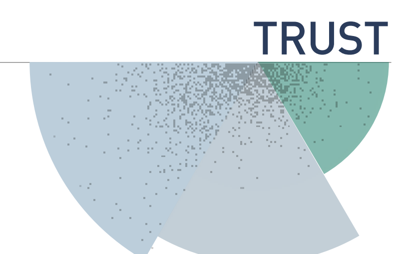
One of the highlights last year, in this regard, was the approval given at subsidiary board level for our Finance and Investment Policy, thus formalizing the channels and mechanisms used by our work teams to interact with each other.

The goal of our Finance and Investment Policy is to align and coordinate the efforts of Grupo SURA and its subsidiaries with regard to issues such as investment management, cash management, accounting and tax matters as well as handling our investor relations.

The guidelines contained in this document are based on Grupo SURA´s strategic plan and its business management function, thus providing an overview of the principles to be followed by all employees involved in handling the finances and investments of all those companies that make up the SURA Business Group.

By implementing this policy, we aim to maximize the value we provide to our stakeholders as well as ensure adequate rates of return for the financial resources of our companies and their investment portfolios, all this through a comprehensive handling of our risk exposure thus ensuring the sustainability of all our lines of business.

The financial and investment policy seeks to honor the trust of our shareholders, customers and other stakeholders, which have entrusted the management and custody of their resources to the companies



In **2015**

we advanced towards

the organization's expansion process

### Investment monitoring

In keeping with our corporate role, there are processes and protocols in place for monitoring the operating performance of our companies, for which business performance indicators have been deployed to measure operating factors, profitability, risk exposure and liquidity all of which are aimed at creating added value for our shareholders and other stakeholders.

## OUR INVESTOR RELATIONS

Grupo SURA continues with its goal of building long-term relations with the investment community, creating added confidence based on the transparent and timely information we provide the market. For the Company, two-way communications and opportunities to engage with investors have become important sources of feedback and knowledge which have strengthened our bonds with this particular group of stakeholders.

2015 was a year of substantial progress in terms of the Organization's ongoing expansion, making our debut in countries and regions that were completely new to us and this shall undoubtedly be a challenge for our Investor Relations Department in the coming years. Similarly, it was a year of change in how our company reports its financial results. Having adopted International Financial Reporting Standards (IFRS) we are now able to provide more detailed data on how the different segments of our business are performing, thus allowing for a better understanding of the Company's overall scale.

Today, Grupo SURA has put into place the following points of engagement which we take full advantage of to provide clear, timely and consistent information on different levels of the Organization:

### Grupo SURA Investor's Day

As part of our strategy to continue strengthening our long-term relations with investors and analysts alike, we held our third Annual Investor's 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 on a regional level as well as the overall progress made in all those countries where the Group is now 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 Mauricio Reina, Research Associate for a local think tank Fedesarrollo. These talks gave rise to discussions centering on Grupo SURA's corporate role and what we are doing to create added value and confidence We also presented the strategies pertaining to both Suramericana as well as SURA Asset Management and how they are performing and aligning themselves with Grupo SURA's overall strategy, which included a detailed overview of Suramericana´s acquisition of RSA´s insurance companies in Latin America  Finally, we discussed the prospects going forward for the Latin American economies especially the challenges facing the region today and how the individual economies are expected to fare. Information regarding this event can be found at www. gruposuraday.com where transcripts of all these talks can be downloaded.

### Investor Conferences

In 2015, Grupo SURA took part in a total of 14 conferences where it had the opportunity to meet with more than 300 investors and analysts mainly from the US, Europe, Latin America and Asia, thus allowing us to increase our overall exposure to the international markets. It is also important to note the importance of Grupo SURA's listings with local and global indices such as the COLCAP, COLEQTY, Colir, MSCI, FTSE and DJSI, among others.

The Investor Relations Department has strengthened its role and increased its exposure. thanks to more than 800 international funds that have currently invested in the Company today. It is also worth while noting that these funds now own a 20.5% stake in the Company's share capital, which has made for better pricing and greater share liquidity.

Finally, in 2015 the Colombian Stock Exchange gave its IR Recognition Award to Grupo SURA for the third year running for its best practices in terms of providing the market with timely information, as we continue to build upon our corporate governance and transparent reporting capabilities.

### Quarterly conferences

Senior Management issued its quarterly results on four separate occasions in 2015. Besides presenting its actual financial results, the Company takes advantage of this opportunity to discuss how its strategy is evolving, the latest trends and the current projects on which we are presently working.

### Plans for 2016

In 2015, Grupo SURA made efforts to improve its information disclosure mechanisms, drawing up a new reporting structure that allows analysts and investors to extend their knowledge of the Company. This is set to continue as one of the Company's main purposes for 2016.

We also expect to hold our fourth Annual Investor's Day this year so as to provide different market players with the chance to get to know more about the Company and its strategic investments.

IN 2015

THE BVC (COLOMBIAN STOCK EXCHANGE) granted the IR acknowledgement to Grupo SURA for the third year in a row

*The Issuers acknowledgement - IR - granted by the Colombian Stock Exchange is not a certificate for the sound securities listed or the issuers solvency

Grupo SURA has different communication tools in place to ensure that it remains in permanent contact with the market and other stakeholder groups; all this in addition to the information that is legally required to be published on the Colombian Superintendency of Finance's website:

- **Website - www.gruposura.com:** here the latest information can be found regarding our Company and its performance in both Spanish and English. It is also possible to permanently monitor on-line the performance of Grupo SURA's ordinary and preferred shares as well as consult personalized shareholder information and find out about the most important events and activities that are scheduled throughout the year.

  This website was recently updated and is now much more responsive and user friendly, all this based on the latest consumer trends and practices in terms of digital content.

- **Social Networks:** our followers can find on Twitter, Facebook and YouTube all the latest news and other items of interest regarding the Organization and its business environment.

- **The GRUPO SURA "app":** through the application that we have specially designed for tablets or smart phones, our shareholder groups can stay connected and receive the latest information regarding our share performance as well as other company 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.

Ethical behavior is an integral part of how we do business in Grupo SURA. For this purpose, we encourage an organizational culture based on ethical conduct so as to ensure the development of more productive and competitive companies producing attractive results in terms of social development, quality, profitability and long-term growth.

In addition to having a code of ethics, which forms an integral part of the Groups Code of Corporate Governance, and which was widely disseminated as part of our training initiatives in 2015, Grupo SURA has established an Ethics Committee with its own dedicated Ethics Help Line and email address, so that any complaints or situations that could compromise the Company's ethical principles can be duly reported.

Ethics Help Line:
lineaetica@gruposura.com.co

No complaint or report was lodged through this channel in 2015.

- **Investor Relations Office – (574) 4355729:** here institutional investors and other market players are able to clear up their specific concerns regarding the latest news and information regarding the Company.

- **Shareholders Office – (574) 4355302:** here shareholders may resolve any queries they may have 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 periodic newsletters containing information regarding the Organization´s results and performance during the year.

## CHALLENGES

- A period of consolidation and deleveraging began in 2016, the prime focus of which shall be to gain greater efficiency, harness existing synergies and achieve the potential detected via our subsidiaries in all those markets where we are present.

- We shall also be undertaking a whole range of initiatives aimed at helping us to achieve our goals, these including distribution agreements, alliances, joint technological deployments, developing new channels and drawing up a comprehensive digital strategy.

## INTERNATIONAL RATINGS

FITCH RATINGS

BBB international rating with stable outlook

BBB international rating with negative outlook (in accordance with the outlook of the country)

STANDARD AND POOR`S

# BACKGROUND

## BETWEEN UNCERTAINTY AND RECOVERY

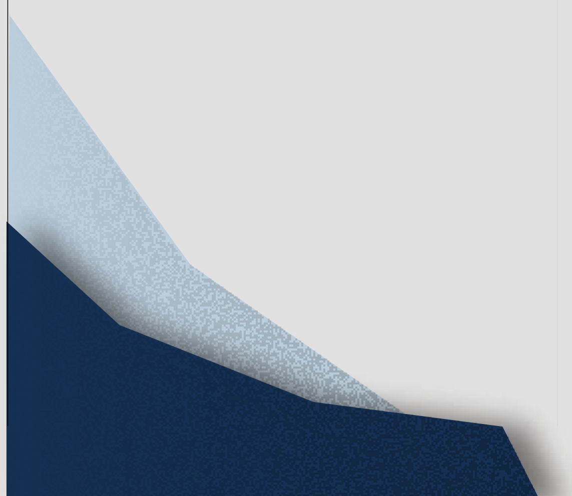
MAURICIO REINA

RESEARCH ASSOCIATE FOR THE THINK TANK, FEDESARROLLO

(The comments made below are the sole responsibility of the author and not of the Organization)

**IN 2016**

the economies of the Pacific Alliance will grow about 2% and 3%.



2016 debería ser el año en que termine el ajuste y se inicie la 2016 is set to be a year when the most robust of the Latin American economies shall finish making the adjustments required so as to begin to tread a path to recovery. Nevertheless, the feasibility of such a transition is dependent on the amount of uncertainty prevailing on the international markets. The year began with several global concerns, among which there are two that are especially relevant for the region itself, namely growing concerns regarding the Chinese economy and the steady decline with oil prices.

This uncertain outlook has extended a hereto weak period for the Latin American economies beyond that initially expected. According to the International Monetary Fund, the Latin American economy in 2016 shall fall by almost 0.3%, similar to that recorded last year. However, there is more to this than meets the eye. While South American countries continue to adjust their economic activities in keeping with external and fiscal constraints left in the wake of falling international commodity prices , several Central American and Caribbean economies who are net importers of oil, enjoy greater room for growth. Meanwhile, Mexico is still tied to the shirt-tails of the US economic recovery.

As discussed below, amid this scenario the member countries of the Pacific Alliance (Chile, Peru, Colombia and Mexico) have stood out from the rest with growth rates forecast at between 2 and 3 percent in 2016, in sharp contrast with a certain degree of regional stagnation.

**Global concerns**

The main source of uncertainty in 2016 shall be how the Chinese economy is set to evolve. Doubts have been raised over recent years as to China´s capacity to continue growing at more than 6.5% per year amid growing macroeconomic difficulties. The challenge for the Chinese authorities now is to ensure that its forces of growth move from the export and investment side, a focus that dominated its economy until a relatively short time ago, to encouraging its own domestic consumption. Ensuring this crossover shall not be easy, since Chinese households show a substantial preference for saving and its financial sector has been made vulnerable by the hike in lending seen over recent years. All of these dilemmas have given rise to monetary instability, since many investors have decided to withdraw their capital from China, giving rise to a downtrend with the Yuan that the authorities were already doing their best to control.

The second factor of global instability seen early in 2016 was the steady decline with oil prices. This has been the result of a growing accumulation of worldwide stocks of crude oil, this due to the supply exceeding the demand over the past year by between 1 and 2 million barrels per day. This does not mean that this situation shall continue indefinitely as it appears to do today, because the oil wells that are still running are no longer profitable, given the current level of international oil prices. In fact, since the middle of 2015 oil production in the US began to drop, and most importantly, new oil rigs have drastically reduced their output. The same is happening with investing in new oil drilling projects all over the world, which means sooner or later the global supply shall come down and oil prices shall react accordingly. The question now is when this is likely to happen, and the truth of the matter is that nobody knows.

But the effects of global uncertainty do not stop here. The prevailing turbulence on the global finance markets has cast doubt on a decision that until quite recently was taken for granted and that has affected Latin America as a whole, and that is the Federal Reserve´s announcement to gradually raise the benchmark interest rate during the first half of 2016. While the US economy continues with a solid pace of growth, with falling unemployment and persistently high consumer confidence, there are concerns about global growth and the effect of falling oil prices on some banks.

So it is not as yet clear whether interest rates shall rise at the same pace as forecast, which would be a relief for Latin American currencies amid the present deflationary pressure caused by the prevailing volatility on the international markets.

**The Pacific Alliance**

The member countries of the Pacific Alliance are performing well compared to other more sluggish Latin American economies. The best performing country in this respect is Peru, where a GDP growth of 3.2% was obtained last year with this year´s GDP forecast at around 3%. The Peruvian economy has not had to make any major adjustments to its public and private spending, since its macroeconomic situation is far more manageable.

Peru´s fiscal deficit remains at approximately 1% of its GDP and the external imbalance amounts to just half that of Colombia. And while interest rates are expected to be raised even further to ward off inflation, monetary policy is not a threat to growth. In fact, the biggest source of uncertainty today in Peru is what is likely to happen in the upcoming presidential elections scheduled for next April.

On the other hand, the Chilean economy is in a paradoxical position since its macroeconomic factors are relatively good compared to the rest of the region but its growth is hindered by a crisis of confidence among economic agents. Despite falling copper prices, the country´s external deficit is not a threat and its tax figures remain manageable, and although inflation ended up at above 4% at year-end 2015, it should work out slightly less this year. In spite of the absence of major macroeconomic threats, investor and consumer confidence remains quite fragile, as a result of the government´s political weakness and public policy-making continuing in a limbo. Among the positive and negative factors, this year the Chilean economy is expected to grow by 2%, similar to that of last year.

As already mentioned, Mexico's performance is closely linked to that of the United States. While the US economy is showing good job market figures, its growth forecast for this year remains at 2.5% due largely to the amount of global uncertainty prevailing at the moment. So against this backdrop, the Mexican economy is expected to grow by 2.5% this year, which is slightly above the 2.2% expected for last year. This level of performance has been made possible given the absence of major macroeconomic pressures with manageable deficits on both the external and fiscal fronts, but still the Mexican oil sector has yet to respond to recent Government reforms.

THE COUNTRIES OF
**THE PACIFIC ALLIANCE**
**stand out for displaying a favorable performance amidst the Latin American standstill**

Finally, the Colombian economy faces a bittersweet quandary. On the one hand, a reduced external demand has been replaced by a certain amount of domestic growth thus ensuring a reasonable level of economic performance. This year, the Colombian civil engineering sector is set to grow at double the rate of the rest of the economy, given the 4G Highway Construction concessions. Also, Colombian industry should undergo a significant rebound in 2016, showing a similar growth to that of the civil engineering sector given the start up of the new oil refinery in Cartagena.

Meanwhile, the Colombian economy shall continue to be challenged by its fragile macroeconomic situation. The external imbalance is expected to reach more than 6% of GDP, which is set to be the highest level recorded by comparable economies within the region. Providing this deficit can be financed with foreign investment and loans bearing reasonable terms and conditions, no major upheaval is expected and the situation would correct gradually itself as a result of the slowing economy and the consequent reduction in imports. However, in order for such financing to be maintained, the Government needs to urgently introduce a structural tax reform so as to preserve confidence on the part of foreign investors and rating agencies. Consequently, the Colombian economy has room to grow at around 2.7% for 2016, providing the Government fulfills its promise to present Congress with the much needed tax reform at beginning of the second half of the year We shall have to wait and see.....

# HUMAN TALENT

Sao Paulo

# HUMAN TALENT AND CORPORATE CULTURE

Achieving a purpose means bringing together different viewpoints and capabilities in mapping out a common road map and this is precisely the challenge that our companies face: setting up diverse, creative teams who have the skills required to handle current business conditions and help us become that much more competitive.

Change is a constant for our organizational dynamics, and while technology facilitates our ability to make our processes and operations that much more efficient, it is our own staff who bring to bear their knowledge in coming up with new ideas and interacting with each other. Companies come into being and are able to thrive because of the staff responsible for designing their goods and services.

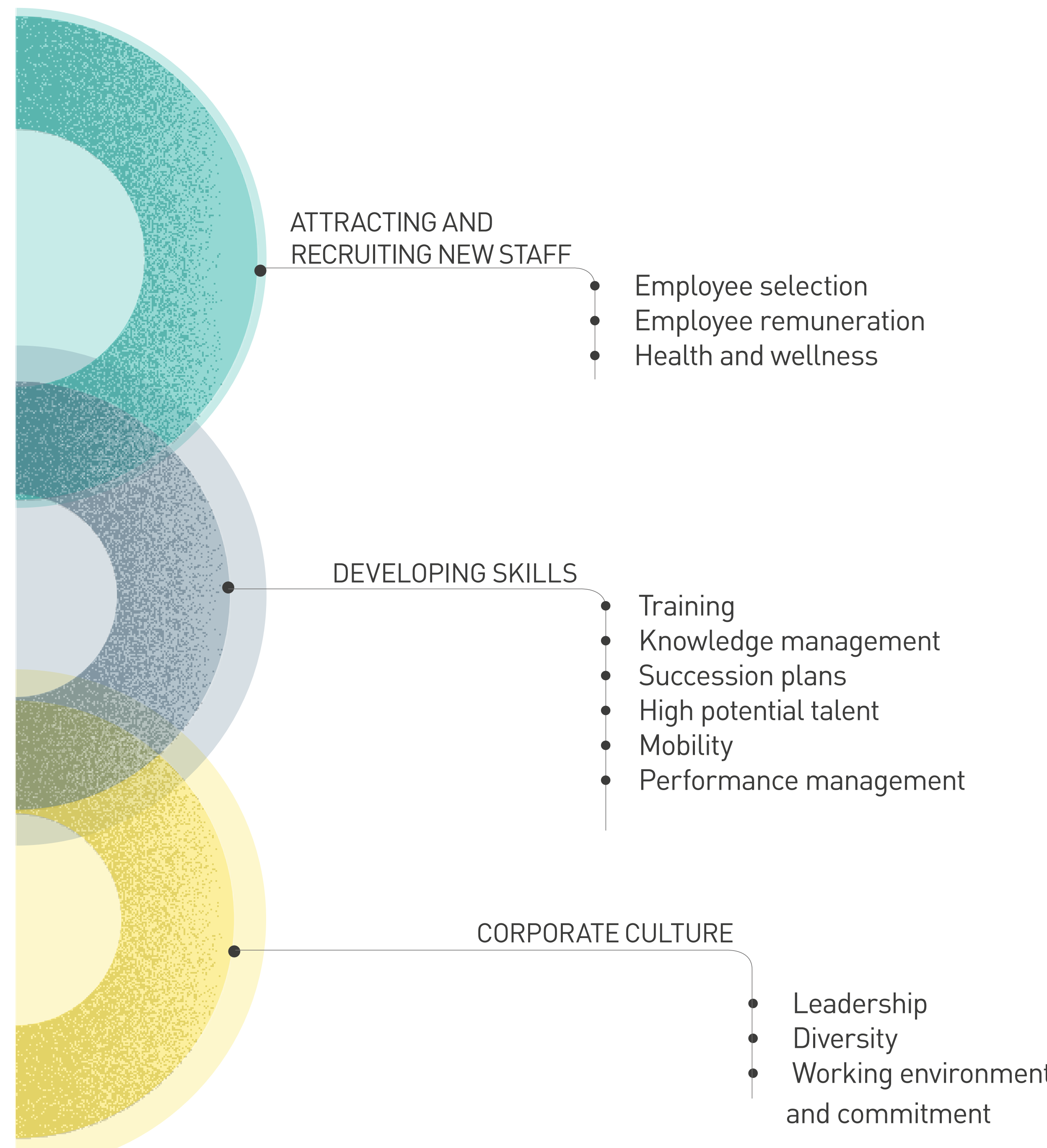
In Grupo SURA, we believe that our human talent is a determining factor for our strategic planning, namely our road map to 2020. We are therefore striving to identify best practices in this area and to extend our initiatives at subsidiary level, pursuant to the Labor Principles adopted in 2015, which form the guiding framework of our human talent strategy.

**Attracting the best possible human talent**
Recruiting people with the skills and knowledge we need on both a professional and personal level and who see in our companies a means of achieving their own goals.

**Developing skills**
Recognizing and encouraging the abilities of our staff provides us with input for our ongoing training and succession plans. Also, the collective knowledge of our own companies is based on the individual skills of our staff, and hence our ability to continue responding to an ever-changing business environment and helping to further our competitiveness.

**Sharing values**
G4-56 A culture that underscores our corporate values of respect, responsibility, fairness and transparency that form the basis of everything we do and the way in which we interact.

THE MAINSTAYS OF OUR HUMAN TALENT STRATEGY



Labor Principles adopted by Grupo SURA and its core investments

As part of our commitment to the International Labor Organization's Declaration of Fundamental Principles and Rights at Work; the Universal Declaration of Human Rights and the United Nations Global Compact, we have adopted the following Labor Principles in order to further human development and quality of life:

1. We uphold human dignity without discriminating against race, religion, gender, job function, economic, sexual or political orientation.

2. We act in strict compliance with all applicable legislation, rules and regulations while helping to build a fairer, more equitable society.

3. We condemn forced labor, child labor or any other form of work that goes against a person´s integrity and human dignity.

4. We treat other people well in upholding our corporate values of respect, responsibility, fairness and transparency in our dealings with others.

5. We encourage open dialogue, freedom of expression and the exchange of timely, clear, ample and sufficient information.

6. We respect human rights and ensure that we are never parties to any violation of our labor and trade relations.

7. We guarantee a decent wage, based on the conditions of the local industry and job market along with the results obtained by the company.

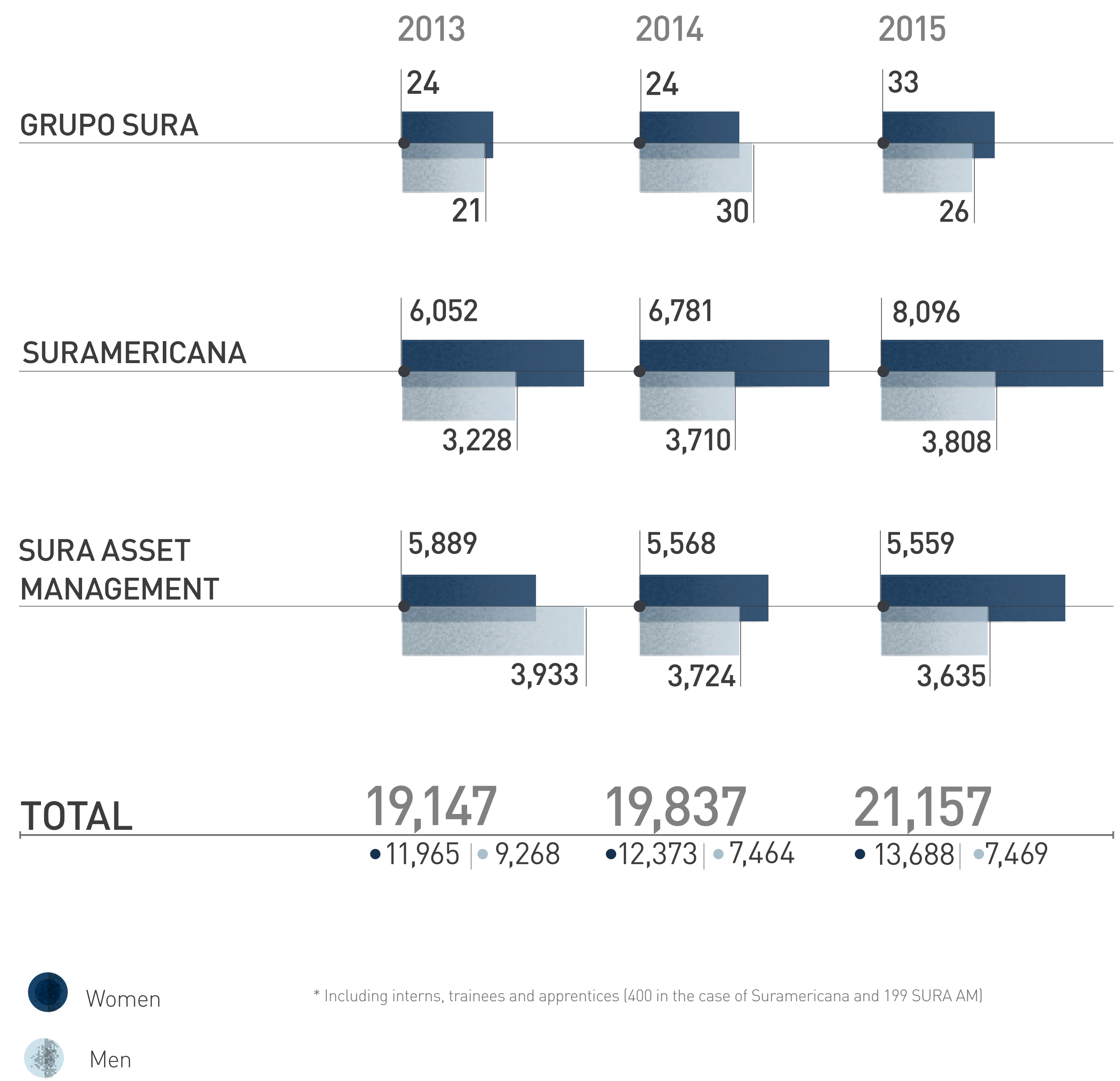
8. We strive to further the personal and professional development of our employees, this as a way of ensuring our business continuity in the long term.

9. We respect freedom of association and recognize the right to collective bargaining.

10. We uphold the highest workplace standards in terms of occupational health, safety and wellbeing.

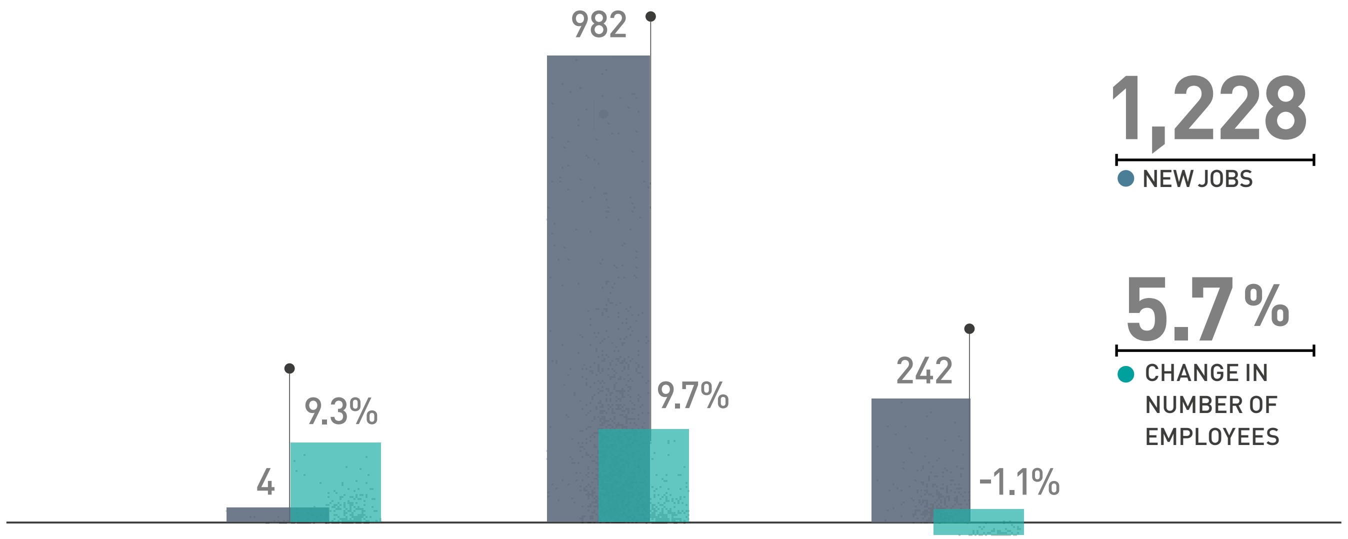
G4-10
G4-LA1

## HUMAN TALENT IN FIGURES
### Number of employees




* Including interns, trainees and apprentices (400 in the case of Suramericana and 199 SURA AM)

Job creation




1,228
NEW JOBS

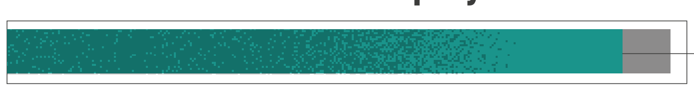
5.7%
CHANGE IN NUMBER OF EMPLOYEES

G4-10

Number of employees per type of contract

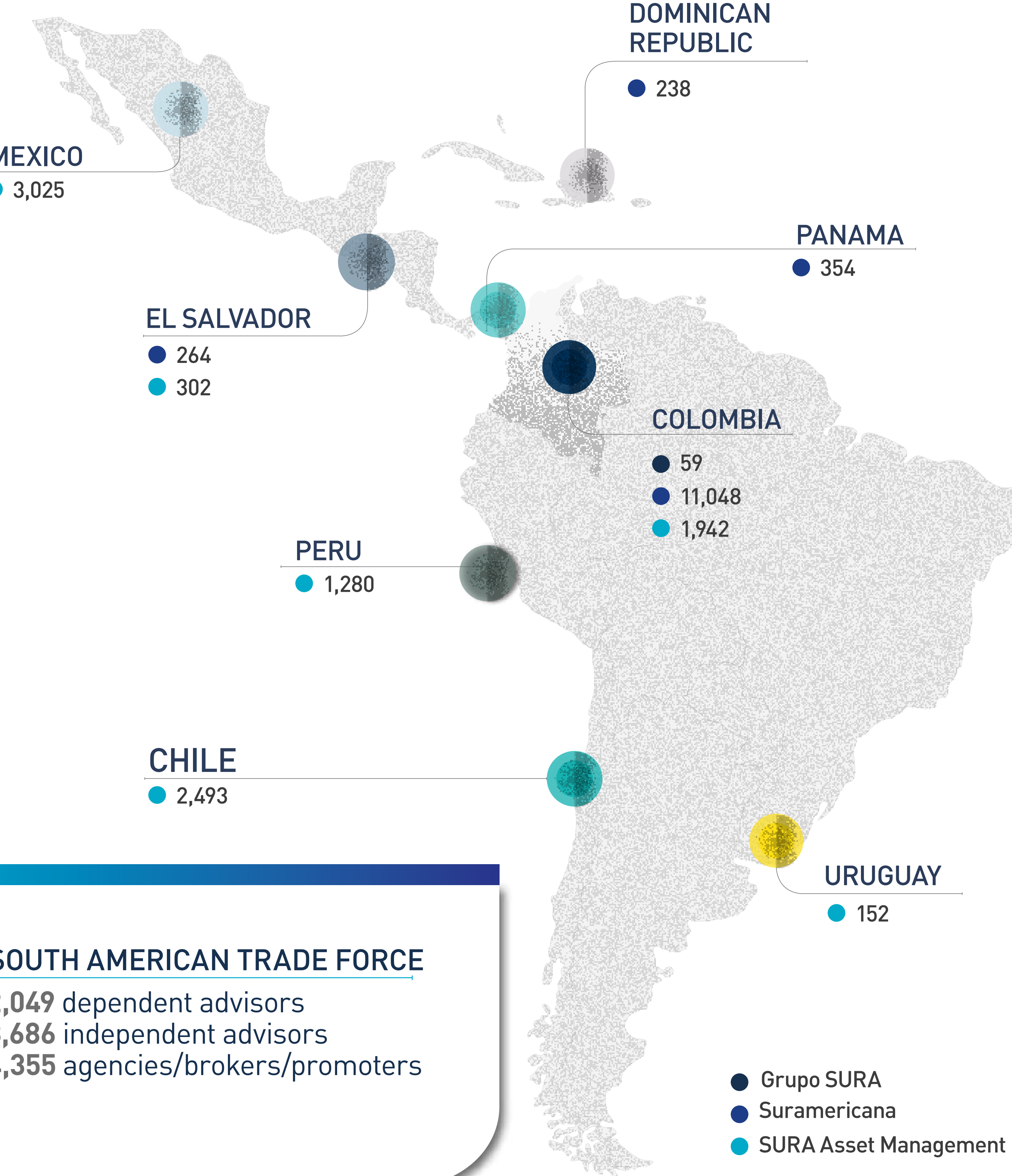
| Type of contract | Grupo SURA | Suramericana | SURA AM | Total | Percentage |
|---|---|---|---|---|---|
| Fixed duration | 3 | 460 | 817 | 1,279 | 6.0% |
| Indefinite duration | 55 | 11,044 | 8,377 | 19,476 | 91.2% |
| Trainees | 1 | 400 | 199 | 600 | 2.8% |
| Total | 59 | 11,904 | 9,393 | 21,356 | 100% |

**91.2% employees**



of the SURA Business Group
hold indefinite employment contracts.

Geographical distribution of employees




**SOUTH AMERICAN TRADE FORCE**

**2,049** dependent advisors
**3,686** independent advisors
**4,355** agencies/brokers/promoters

Number of employees per hierarchical level

| Hierarchical level | Grupo SURA | Suramericana | SURA AM | Total | Percentage |
|---|---|---|---|---|---|
| **Level 1:** Corporate CEO, Deputy CEO and Local CEOs | 3 | 9 | 15 | 27 | 0.1% |
| **Level 2:** Local Deputy CEO, Auditor | 1 | 8 | 46 | 55 | 0.3% |
| **Level 3:** Manager, Assistant Manager | 7 | 108 | 122 | 237 | 1.1% |
| **Level 4:** Assistant Manager, Office Manager, Manager, Department Head, Deputy Department Head | 6 | 611 | 289 | 906 | 4.3% |
| **Level 5:** Section Head, Specialist, Supervisor, Coordinator | 12 | 401 | 890 | 1,303 | 6.2% |
| **Level 6:** Analyst | 19 | 5,527 | 6,301 | 11,847 | 56.0% |
| **Level 7:** Assistants, apprentices and workers | 11 | 5,240 | 1,531 | 6,782 | 32.0% |
| Total | 59 | 11,904 | 9,194 | 21,157 | 100% |

Number of employees per age group

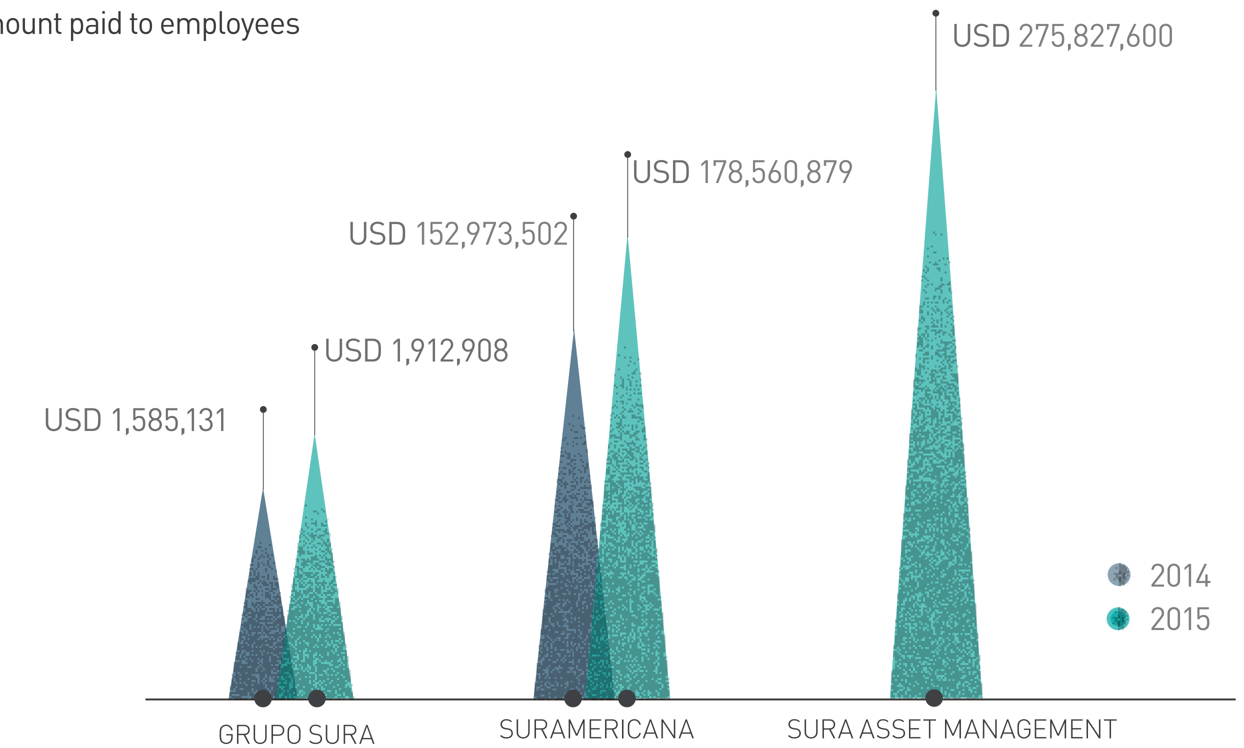
| Age group | Grupo SURA | Suramericana | SURA AM | Total | Percentage |
|---|---|---|---|---|---|
| Between 18 and 25 years of age | 5 | 1,697 | 560 | 2,262 | 11.7% |
| Between 26 and 35 years of age | 30 | 5,111 | 3,172 | 8,313 | 39.3% |
| Between 36 and 45 years of age | 12 | 3,334 | 3,095 | 6,441 | 30.4% |
| Between 46 and 55 years of age | 9 | 1,571 | 1,891 | 3,471 | 16.4% |
| Over 56 years of age | 3 | 191 | 476 | 670 | 3.2% |
| Total | 59 | 11,904 | 9,194 | 21,157 | 100% |

Number of employees per seniority group

| Years of service | Grupo SURA* | Suramericana | SURA AM | Total | Percentage |
|---|---|---|---|---|---|
| Less than 1 year | 11 | 2,546 | 1,523 | 4,080 | 19.3% |
| Between 1 and 5 years | 23 | 5,478 | 3,989 | 9,490 | 44.9% |
| Between 6 and 10 years | 14 | 2,375 | 1,668 | 4,057 | 19.2% |
| Between 11 and 20 years | 3 | 1,119 | 1,638 | 2,760 | 13.0% |
| More than 20 years of service | 8 | 386 | 376 | 770 | 3.6% |
| Subtotal | 59 | 11,904 | 9,194 | 21,157 | 100% |

*Although Grupo SURA was formed just 18 years ago, several employees previously worked for our subsidiaries, thus retaining their seniority status.

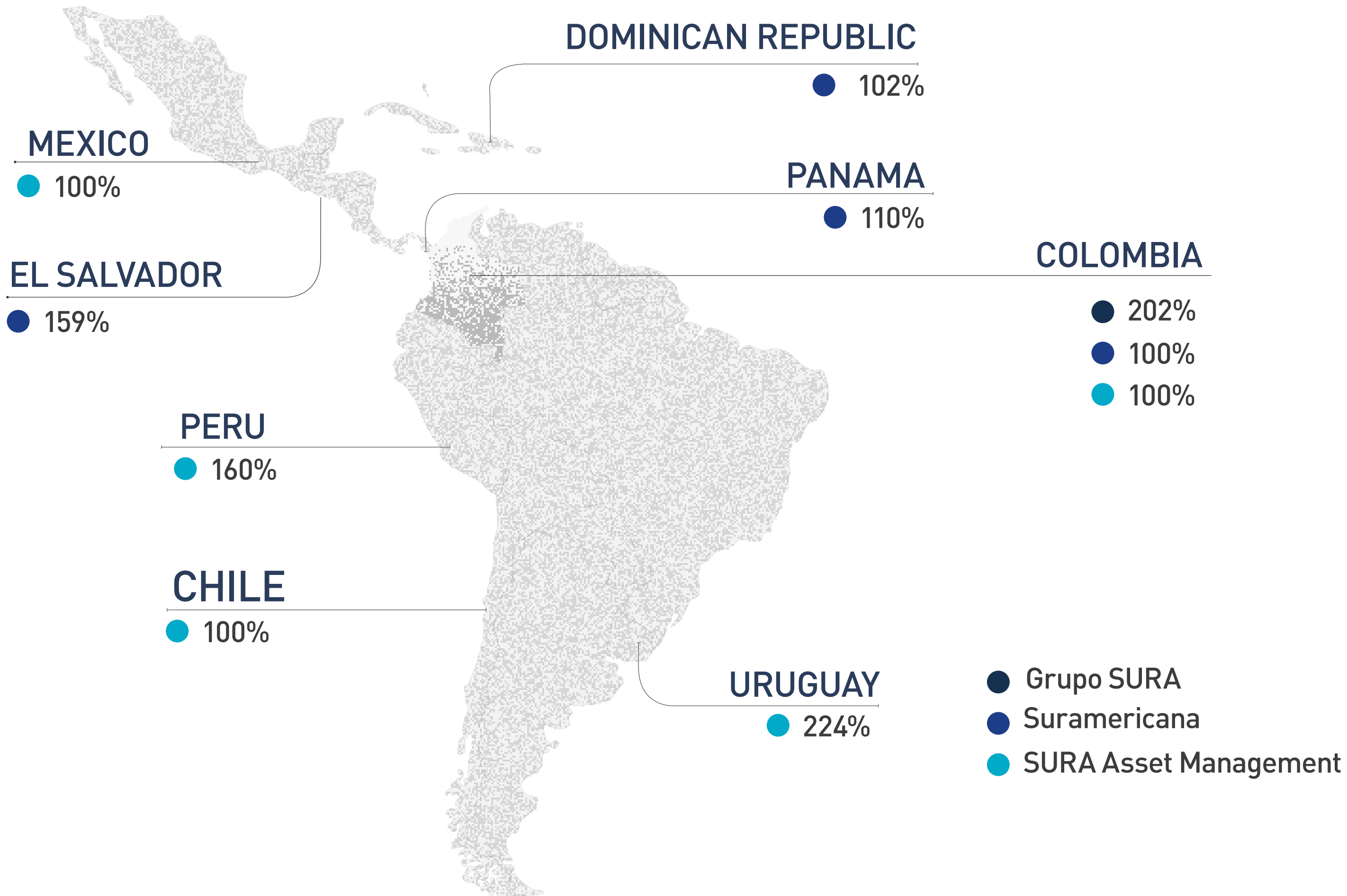
Total amount paid to employees



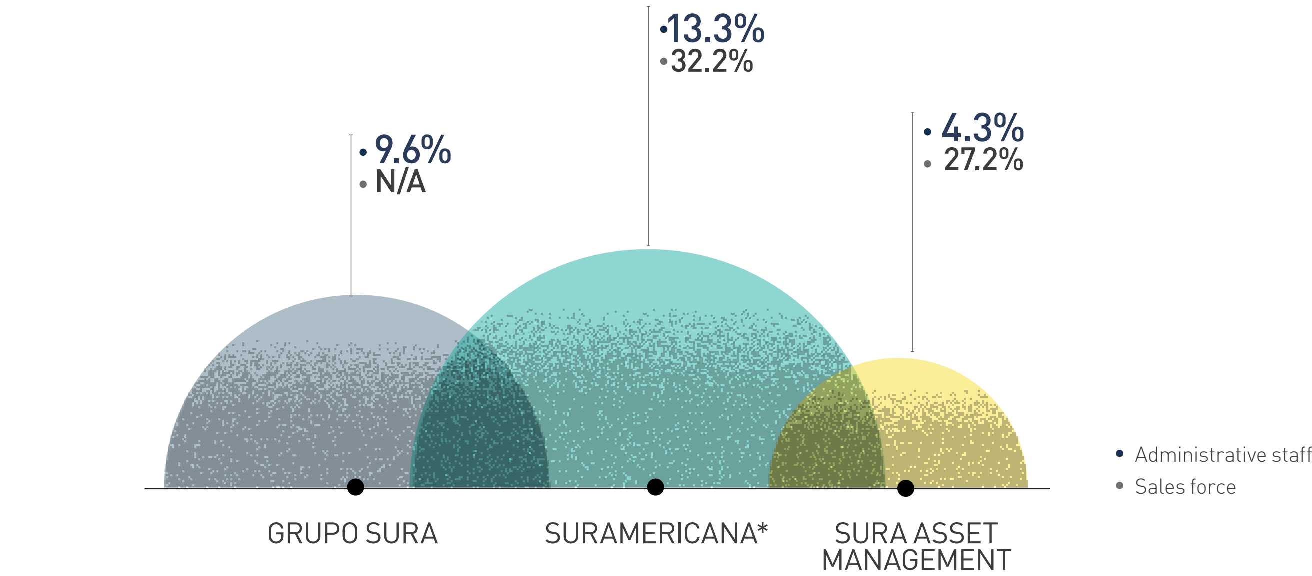

Note: Including wages, salaries, legal, extralegal and other employment benefits.

G4-EC5

The Company's minimum wage as a percentage of the Country´s minimum basic wage

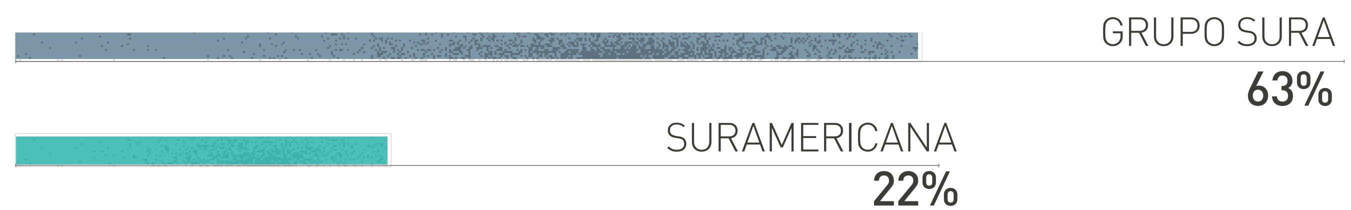



Employee turnover




*The data reported for Suramericana corresponds to its Colombian subsidiary only.

Employees with postgraduate studies




## TRAINING AND DEVELOPMENT

Employee training

| | 2014 | | | 2015 | | |
|---|---|---|---|---|---|---|
| | No. trained employees | Training hours | Amount invested (USD) | No. trained employees | Training hours | Amount invested (USD) |
| Grupo SURA | 54 | 3,232 | 64,963 | 59 | 6,677 | 309,932 |
| Suramericana | 6,808 | 231,058 | 1,553,182 | 12,313 | 305,939 | 1,801,293 |
| SURA Asset Management | ND | ND | 3,800,000 | 10,931 | 152,158 | 3,661,381 |
| Total | 6,862 | 235,546 | 5,418,145 | 23,303 | 464,774 | 5,772,606 |

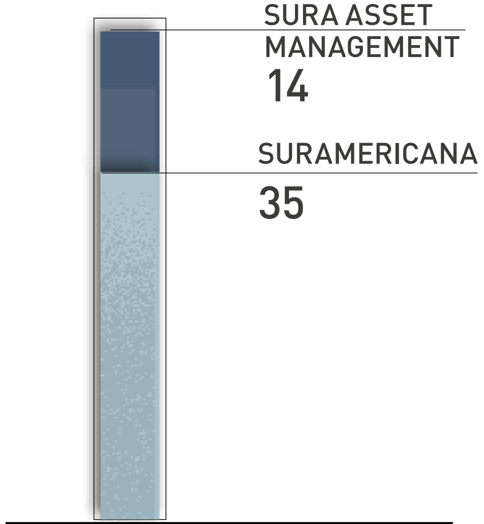
## Occupational Health and Safety

| | 2014 | | 2015 | |
|---|---|---|---|---|
| | Amount invested (USD) | Beneficiaries (employees and their family members) | Amount invested (USD) | Beneficiaries (employees and their family members) |
| Grupo SURA | 1,334 | 54 | 9,737 | 59 |
| Suramericana | 499,829 | 12,342 | 764,645 | 17,753 |
| SURA Asset Management | ND | ND | 564,710 | 18,414 |
| Total | 501,162 | 12,396 | 1,339,092 | 36,226 |

Number of maternity and paternity leaves granted to employees

| | 2014 | 2015 |
|---|---|---|
| Grupo SURA | | 2 |
| Suramericana | 383 | 381 |

SURA Asset Management provided 23.842 days of maternity leave and 325 days of paternity leave.




DISABLED EMPLOYEES

Occupational Health and Safety - Indicators

| | Work accidents | | Occupational illness | | Common illness | | Absenteeism |
|---|---|---|---|---|---|---|---|
| | Number of cases | Number of days lost | Number of cases | Number of days lost | Number of cases | Number of days lost | |
| Grupo SURA | 2 | 4 | 0 | 0 | 27 | 76 | 114 |
| Suramericana | 601 | 1,198 | 26 | 138 | 17,094 | 89,047 | 462 |
| SURA Asset Management | 148 | 4,831 | 4 | 151 | ND | 26,467 | 259 |
| Total | 751 | 6,033 | 30 | 289 | 17,121 | 115,590 | |

## FREEDOM OF ASSOCIATION

**1,615**

Personas sindicalizadasen el Grupo Empresarial SURA

### SURAMERICANA

- **ASES -** Association of Suramericana Employees;
- **ASOASS -** National Association of Insurance Agents belonging to Suramericana de Seguros

**904** UNION MEMBERS

### SURA ASSET MANAGEMENT

- AFP Capital´s National Workers Union
- AFP Capital´s National Workers Union (Santa Maria)
- AFP Capital's National Union of Sales Persons
- AFP Capital's Metropolitan Workers Uni on
- AFP Capital's Metropolitan Workers Union
- AEBU
- Collective Bargaining Agreement

**711** UNION MEMBERS

**332** EMPLEADOS CUBIERTOS CON PACTO/CONVENCIÓN G4-11

## SOME LEADING PRACTICES

**Quality of life**
Grupo SURA tries to encourage a healthy work life balance with initiatives that form part of its Healthy Living program focusing on eating habits, physical activity and mental health as part of its comprehensive approach to employee well-being.

**Knowledge management**
Companies recognize the importance of employee training and for this purpose has specific programs in place. These include:

- Forums for sharing knowledge on relevant issues from the business standpoint on both a local and international level.
- Curricula and training initiatives which are staged either on-line or on a classroom level, these based on knowledge maps, an instrument that identifies the knowledge required in each of the positions held within the Organization.
- Encouraging coaching and mentoring initiatives in order to disseminate technical knowledge and the different roles within the organization. This program consists of implementing knowledge networks with the aim of sharing experiences and important lessons as well as deploying best practices.

**GRUPO SURA**

promotes a balance between life and work

**Employment incentives and benefits**
The employees of the SURA Business Group are granted incentives as part of our wellness strategy through employment benefits, flexible working hours, financial assistance with insurance policies and other forms of compensation based on performance and the results obtained by our companies.

**Committees that ensure employee welfare**
Our companies have special committees made up of employees and managerial staff in order to ensure a safe and healthy working environment that upholds peaceful coexistence. Each country has set up their own framework for accomplishing these purposes.

**Working environment and commitment**
We measure our organizational climate every two years, this based on our employees´ perception of the support received from their superiors, interpersonal skills, resource availability and organizational support in general. This allows us to provide additional support as required as well as improvement plans.

## CHALLENGES

- Designing and implementing initiatives geared to retaining our human talent through more emotionally engaged employees.
- Managing knowledge
- Conforming skilled, high performing teams
- Building a corporate culture that responds to a shared corporate philosophy.
- Improving and maintaining our occupational health and safety indicators
- Standardizing our human resource indicators and metrics at all our subsidiaries throughout the region.

# Commitment to Sustainable development

Lima

## SUPPLIER MANAGEMENT

G4-12

A company´s results depend to a certain degree on the suppliers of the goods and services it consumes. This represents its own risks and opportunities, which is why it is so important to act responsibly. Here in the SURA Business Group we recognize the importance of our suppliers in being able to deliver the value we promise to our different stakeholders, which is why we have drawn up a comprehensive supplier management model which lays out the basis for our relationships with these permanent partners with regard to our corporate goals.

This model forms part of our risk management and internal control system, our long-term relationships, our firm commitment to sustainable development and our adoption of best practices and international standards. These guidelines are contained in our Comprehensive Supplier Management and Procurement Policy. We also have put into a place a Code of Conduct especially geared to our Suppliers, which contains the principles, rules and regulations that govern our supplier conduct as well as issues affecting our relationships in this regard.

### STAGES OF SURA´S COMPREHENSIVE SUPPLIER MANAGEMENT SYSTEM

**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.

Getting to know more about our suppliers and service providers not only allows us to handle information so much better but also promptly identify the risks to which our companies may be exposed. Hence action plans are drawn up that affect the effectiveness and efficiency of our operating and decision-making processes, as well as the transparency inherent to all our relationships. In this sense we have drawn up risk maps to help us evaluate our exposure along our entire supply chain, according to the particularity of each line of business and the nature of the respective supplier or service provider.

- RISKS

- LEGAL
- FRAUD
- CORRUPTION

- REPUTATION
- OPERATING DISRUPTIONS

**In order to select and subsequently classify our suppliers and service providers, we take into account the following:**

- The level of risk present
- The level of maturity reached with financial, labor, environmental, corporate governance and human rights practices
- The quality, price and timeliness of the goods and services provided

### Number of suppliers

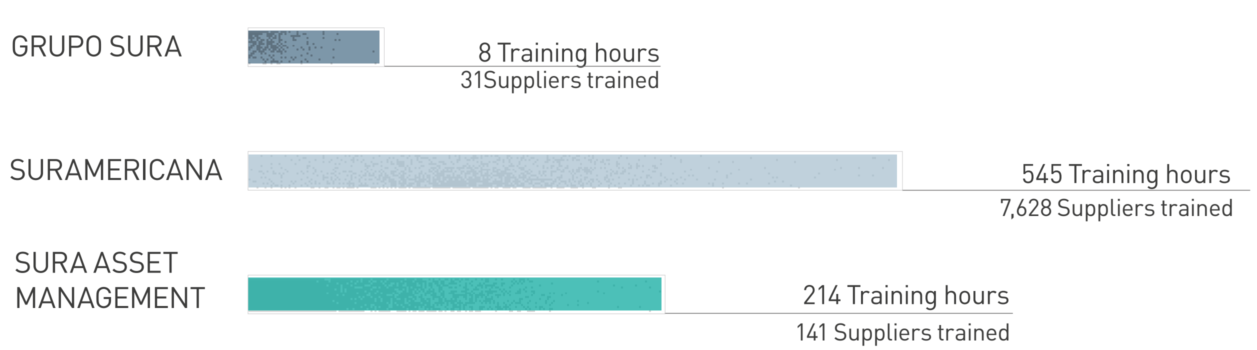
| | 2014 | 2015 | Variación % | Natural persons * | Legal persons** | Domestic suppliers/ providers**** |
|---|---|---|---|---|---|---|
| Grupo SURA | 406 | 321 | -20.94% | 15% | 85% | 99.4% |
| Suramericana | 20,845 | 22,012 | 5.60% | 53% | 47% | 98.9% |
| SURA AM | 8,701 | 5,653 | -35.03% | t | | 96.4% |
| Total | 29,952 | 27,986 | -6.56% | | | |

* Natural persons are suppliers who provide goods and services in their capacity as private individuals.
** Legal persons are entities or organizations that have been formed to undertake economic, social or commercial activities.
***This percentage change determines the impact that purchasing from domestic suppliers has on the economy in each country.

### Total amount paid

| | | | % domestic purchases |
|---|---|---|---|
| Grupo SURA | COP 11,878 million | USD 3.8 million | 99.2% |
| Suramericana | COP 2.9 billion | USD 935.8 million | 98.9% |
| SURA AM | COP 877,608 million | USD 278.6 million | 94.8% |
| Total | COP 3.8 billion | USD 1.2 billion | 98% |

### Training






**767**
**TOTAL TRAINING HOURS**
of the Grupo Empresarial SURA

**7,800**
**SUPPLIERS TRAINED**

## OUTSTANDING PRACTICES

Suramericana implemented the SURA Excellence Plan, which in partnership with the local Chambers of Commerce in all three major cities in Colombia, drew up technical and business assessment plans for a total of 116 suppliers and service providers. This initiative is aimed at encouraging continuous improvement throughout our supply chain, while ensuring compliance with all applicable legislation and reducing potential risk.

Another initiative aimed at strengthening relations with this stakeholder group was the National Forum of SURA Suppliers, sponsored by Suramericana in Colombia. This event was attended by 455 suppliers and 73 members of the Company's procurement staff . Conferences were held on ethics, culture and leadership, innovation; social security; eco-efficiency and intergenerational opportunities; a panel with four suppliers was formed who talked about their own success stories.

*The Supplier Relationship Management -SRM-* function allowed us to register a total of 1,600 suppliers and service providers who work closely with the Suramericana companies in Colombia and facilitated negotiations for medical and dental supplies as well as telecommunications services and furnishings and fixtures.

## CHALLENGES

- Helping our subsidiaries to deploy and standardize our Supplier Management model, delivering the value promised to all our stakeholder groups pursuant to our organizational principles.
- Implementing the risk methodology defined for our entire supply chain, so as to ensure our ongoing sustainability and business continuity.
- Strengthening our partnerships with the public, private and third sectors for developing our suppliers and service providers in terms of their administrative and technical knowledge and skills.

## THE ENVIRONMENT

One of the greatest challenges facing companies today is being able to adapt to new environmental conditions. Climate change is a phenomenon that requires global action, in all sectors and at all levels, given more protracted droughts, more intense rainfall, melting ice caps and rising sea levels, these being just some of the factors that have  impacted community development and business competitiveness. At the Paris Climate Conference, COP 21, held in December 2015, a total of 195 countries pledged to help prevent the global temperature from rising more than 2 ° C by gradually reducing their emissions.

All those countries where Grupo SURA is present through its affiliates and subsidiaries, made a commitment to this global challenge in the form of reducing greenhouse gas emissions by 2030, as follows:

Colombia[1]
**20%**

Mexico
**22%**

Peru
**31%**

Uruguay
**35%**

Chile
**35%**

Dominican Republic
**20%**

[1]United Nations Framework Convention on Climate Change: http://www4.unfccc.int/submissions/INDC/Submission%20Pages/submissions.aspx



Grupo SURA's environmental commitment is based on:t

- Helping the companies belonging to its Business Group to adopt practices aimed at environmental conservation, regulatory compliance and implementing the precautionary principle.
- Periodically analyzing the environmental performance of the Group´s core investments.
- Adopting environmental criteria when selecting suppliers and service providers as well as for all related activities.
- Considering environmental aspects and impacts when analyzing new investment projects and business development.
- Creating opportunities for sharing knowledge on how to care for our resources.
- Forming partnerships for researching, developing and using environmentally friendly technologies.

## THE SCOPE OF OUR ENVIRONMENTAL MANAGEMENT:

- Eco-efficiency
- Risks and opportunities
- Environmental training and awareness

# ECOEFFICIENCY

This term refers to the adequate use of resources and adopting strategies to optimize such use so as to be able to protect both the environment and our business sustainability.

G4-EN3

## Energy consumption

Grupo SURA's energy consumption is either direct, in the form of the fuel used by its own vehicles and corporate airplane or indirect, that is to say purchasing energy from the national grid.

| Direct energy consumption | 2013 (MJ) | 2014 (MJ) | 2015 (MJ) | Change | Reason for change |
|---|---|---|---|---|---|
| Corporate airplane | 2,703,508 | 2,374,577 | 3,631,649 | + 52.9% | 145% increase in flying hours. |
| Executive cars | 735,552 | 907,204 | 942,264 | + 3.8% | Increase in company vehicle use. |

| Indirect energy consumption | 2013 (MJ) [2] | 2014 (MJ) | 2015 (MJ) | Change | Reason for change |
|---|---|---|---|---|---|
| Indirect energy | 702,386 | 728,788 | 791,049 | + 4.9% | The increase in indirect energy consumption (electricity) was mainly due to the increase in overall headcount. |

G4-EN8

## Water consumption

| Water mains | 2013 ($m^3$) | 2014 ($m^3$) | 2015 ($m^3$) |
|---|---|---|---|
| Grupo SURA | 905,5 | 837,1 | 980,1 |

## Paper consumption

The paper used for most of the Grupo SURA's operations comes from two sources: responsible forest plantations that have obtained FSC (Forest Stewardship Council) certification or paper made from sugar cane which is the waste produced by the sugar refinery industry.

| | 2013 (t) | 2014 (t) | 2015 (t) |
|---|---|---|---|
| Grupo SURA | 0,24 | 0,23 | 0,37 |

## Carbon footprint

Here, in Grupo SURA, we measure the CO2 emissions produced by our own business activities and are implementing eco-efficiency projects and training initiatives for the purpose of minimizing our environmental impact. We are also extending these practices to each of our subsidiaries and affiliates. We have also made much progress with standardizing our measurements and indicators in this regard so as to be able to draw up a comparative basis between countries and companies, and set corporate targets for ongoing CO2 emission reductions.

[2] Our overall data coverage for 2013 came to 86%, this based on the number of direct employees that were working at our regional offices. This has now been increased to full coverage (100%).

These measurements and indicators have been based on the emission factors issued by the Colombian Mining and Energy Planning Department (UPME in Spanish) as well as the *Greenhouse Gas (GHG) Protocol*[4]. Using these as a baseline, we intend to draw up strategies to reduce the impact of our operations on climate change.

Our carbon footprint is measured and categorized in three broad scopes:

- **Scope 1:** emissions from direct sources of energy consumption which are owned or controlled by Suramericana and its subsidiaries in Colombia..
- **Scope 2:** indirect emissions of electricity purchased from the national grid.
- **Scope 3:** Other indirect emissions including emissions from suppliers, clients and other participants in the life cycle of the services provided by Grupo SURA.

G4-EN15
G4-EN16
G4-EN17

| | 2013 | | | 2014 | | | 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Scope 1 Emissions (CO2 tons e) | Scope2 Emissions (CO2 tons e) | Scope 3 Emissions (CO2 tons e) | Scope 1 Emissions (CO2 tons e) | Scope2 Emissions (CO2 tons e) | Scope 3 Emissions (CO2 tons e) | Scope 1 Emissions (CO2 tons e) | Scope2 Emissions (CO2 tons e) | Scope 3 Emissions (CO2 tons e) |
| Grupo SURA | 248.19 | 37.6 | 54.98 | 237.48 | 42.7 | 63.75 | 329.89 | 49.6 | 74.08 |

[3]A Colombian technical and administrative authority, attached to the Colombian Ministry of Mining and Energy, governed by Law 143 of 1994 and Decree No. 1258 issued June 17, 2013, whose mission is to thoroughly plan the development of Colombia´s mining and energy generation capacities, support government policy-making and provide market agents and interested parties with information regarding the sector. Description found at: http://www1.upme.gov.co/quienes-somos.
[4]The Greenhouse Gas Protocol (GHG Protocol) is a tool used to understand, quantify and manage greenhouse gas emissions. Description based on information published at: http://www.ghgprotocol.org/about-ghgp.



2015

Grupo SURA ranks as the second Colombian company with the best CDP score

## CDP

Grupo SURA has joined the CDP - Driving Sustainable Economies, an international non-profit organization, founded in 2000, working with a total of 822 institutional investors holding nearly USD 95 trillion in assets under management. The CDP provides a wide-ranging, comprehensive system used to disclose environmental information on climate change, water and forests, among other important aspects, having become an international benchmark for investors when making their investment decisions.

The CDP's primary source of information is an annual questionnaire that is completed by more than 5,000 companies, for which a score is given for the following two dimensions: (i) company performance in implementing strategies to minimize the impact of climate change; and (ii) transparency with stakeholders in providing them with information regarding these efforts.

The scores obtained by Grupo SURA were as follows: B for performance, thereby surpassing the previous year's result (D); and in terms of Transparency the Company obtained 97 points, 24 more than in 2014.

Our Company ranks as the second highest-scoring Colombian company, thereby demonstrating our commitment to encouraging a low-carbon economy, as well as providing the capital markets and the general public with information regarding what it is doing to mitigate the effects of climate change.

SURA Peru, a subsidiary of SURA Asset Management, obtained the following CDP scores: Performance D; Transparency 81.

## ENVIRONMENTAL TRAINING AND AWARENESS PROGRAMS

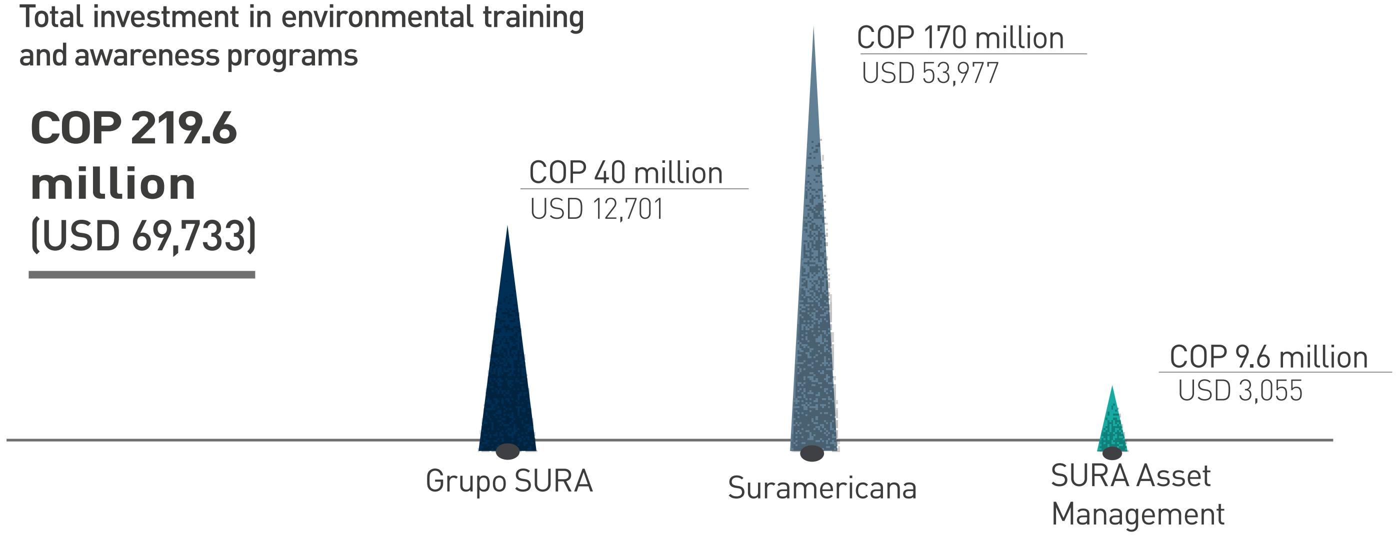
It has become increasingly important, with each day that passes to stage training initiatives in order to bring together stakeholder groups, not only in encouraging the efficient use of resources but in jointly developing practices that have a positive impact on the environment.

**In 2015, the following training activities were carried out:**

- 59 employees of Grupo SURA were taught proper waste separation techniques and responsible water and energy consumption.
- We staged our own Environmental Conservation Week dedicated to personal reflections on how to care for our resources.
- Presenting the documentary Colombia - Wild Magic, produced by the Exito Group, as part of a Symposium of Biodiversity to which the Director of the WWF in Colombia was a guest speaker.
- Bottle collection campaign to encourage eco-brick construction techniques in alliance with a rural community in Antioquia, Colombia.

**Total investment in environmental training and awareness programs**

**COP 219.6 million**
(USD 69,733)




SURA Asset Management has invested **COP 1,798 million** (USD 570,889) in ecoeficiency programs

## RISKS AND OPPORTUNITIES

The development of a business depends on its ability to adapt to its environmental conditions. In this sense, Grupo SURA has made much progress in understanding the risks and opportunities arising from environmental conditions, climate change and its manifestations, understanding how in our capacity as an investor and parent company in the Insurance and Pension sectors, we must handle trends such as the decreasing availability of natural resources, the carbon market, responsible investing, fluctuating commodity prices and other effects of environmental change as well as regulatory and market conditions.

In order to address these issues, we handle our investment portfolios bearing in mind the environmental performance of all those companies that form part of the SURA Business Group. Similarly, we evaluate possibilities of investing in projects focused on providing solutions for environmental challenges. We are also encouraging our subsidiaries to develop products and services that respond to current environmental conditions while providing added value to our clients.

## SUBSIDIARY ENVIRONMENTAL INITIATIVES

SURA Asset Management has invested COP 1,798 million (USD 570,889) in ecoeficiency programs.

**Energy consumption**

- In Colombia, Suramericana, in spite of its recent growth, managed to reduce its energy consumption by 1.7 million kWh, representing savings of COP 799.5 million (USD 253.852) per year.
- SURA Peru installed LED lighting in its administrative offices, producing savings of approximately 22% and increasing the useful life of these lamps to 20 years.

SURA Uruguay reduced its electricity consumption by 60%, thanks to the training initiatives staged at its administrative offices

**2015**

- In 2015, SURA Uruguay reduced its electricity consumption by 60%, thanks to the training initiatives staged at its administrative offices. The Company also called for bids for installing LED lighting technology at all their administrative centers.

- SURA Mexico replaced its lighting with fluorescent lamps and changed the refrigerant used for its air conditioning equipment from R22 to R410.

- SURA Chile habilitó sensores de movimiento en oficinas administrativas en el edificio corporativo, además incorporó iluminación LED en sucursales y dispuso sistemas de aire acondicionado eficientes, que usan refrigerante ecológico.

### Paper consumption

- Suramericana managed to reduce its paper consumption by 7.72% compared to 2014 which produced savings of COP 43.9 million (USD 13,938) in paper purchases. Likewise, our digitalization capabilities avoided having to purchase and print 16 million sheets of paper, representing savings of COP2,472.3 million (USD 479,763).

Water consumption

| WATER MAINS | 2013 ($m^3$) | 2014 ($m^3$) | 2015 ($m^3$) |
|---|---|---|---|
| Suramericana Colombia | 149,944 | 151,374 | 165,393 |

| WATER MAINS ($m^3$) | CHILE | COLOMBIA | PERU | EL SALVADOR |
|---|---|---|---|---|
| SURA Asset Management | 35,626 | 13,248 | 7,588 | 5,418 |

### Waste management

**SURA Recycles** is a program first developed in Peru 10 years ago for the purpose of encouraging recycling on a nationwide level. This program is deployed in conjunction with the Recycling for the Community competition, where the winning project is given financing, this as part of introducing new environmental programs in different cities that so far have benefited 57,050 people.

### Carbon footprint

- SURA Peru, for the fifth year running, has measured and neutralized 100% of its Greenhouse Gas emissions (2,102 tons of CO2) by purchasing carbon credits from the REDD+´s Altomayo Protected Forest Project located in the province of St. Martin. This is the first REDD+ project in the world located within a protected conservation area, in this case in Peru. It is being monitored against international standards such as Verified Carbon Standards –VCS– and Climate, Community & Biodiversity –CCB–.

- SURA Chile began to measure its environmental footprint for the first time ever, with the following results:

| Scope 1 Emissions (CO2 tons e) | Scope 2 Emissions (CO2 tons e) | Scope 3 Emissions (CO2 tons e) |
|---|---|---|
| 11,00 | 2,535 | 1,197 |

| | 2013 | | | 2014 | | | 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Scope 1 Emissions (CO2 tons e) | Scope2 Emissions (CO2 tons e) | Scope 3 Emissions (CO2 tons e) | Scope 1 Emissions (CO2 tons e) | Scope2 Emissions (CO2 tons e) | Scope 3 Emissions (CO2 tons e) | Scope 1 Emissions (CO2 tons e) | Scope2 Emissions (CO2 tons e) | Scope 3 Emissions (CO2 tons e) |
| Suramericana Colombia | 234.48 | 3,852.13 | 1,706.92 | 1,158.49 | 4,700.85 | 2,186.83 | 1,168.59 | 6,108.69 | 2,527.29 |

### Environmental training and awareness programs

- 4,530 employees of Suramericana were trained in proper waste separation techniques and responsible water and energy consumption, with another 250 employees attending conferences on the impact of climate change on both the Company and the environment.

- SURA Mexico has formed its own reforestation volunteer corps with a total of 37 of its employees.

- SURA Peru continued with its Car Pooling strategy, encouraging employees to share their taxis or cars when traveling to and from work, by means of an on-line system showing the routes and timetables available so that they can pool effectively. This initiative saved 5,447 kg of CO2 in 2015. SURA Mexico is also staging this same initiative.

## CHALLENGES

- Expanding and consolidating both our eco-efficiency measurements as well as environmental practices along the SURA Business Group's value chain. This shall allow us to set corporate goals and have a positive impact on that pledged by each country with regard to the objectives set by the Paris Climate Conference (COP 21).
- Encouraging other investment alternatives and creating responsible and sustainable products and services amongst our subsidiaries.
- Reaffirming our training and awareness initiatives with our groups of shareholders with regard to environmental issues and their implications.

## SOCIAL DEVELOPMENT PROGRAMS

G4-15
G4-S01

Grupo SURA and its Subsidiaries uphold a deep sense of corporate responsibility, which is why we engage in social welfare and development programs in all those countries where we are present, channeling the Organization´s contributions through the SURA Foundation or directly through the individual business unit, based on the approach defined for handling these social development programs.

### SURA FOUNDATION

Since it was first founded in 1971, the Foundation has been involved with a myriad of initiatives aimed at enhancing the quality of life of the more vulnerable segments of the population, this by means of institutional contributions and the Organization´s own volunteer work.

**Work fronts**

- Quality of education
- Cultural activities
- Institution building
- Volunteer work

The SURA Foundation channels its contributions mainly through the aforementioned work fronts; however in some cases it sponsors other social welfare initiatives and special programs in keeping with its mission.

THE FOUNDATION IN FIGURES:

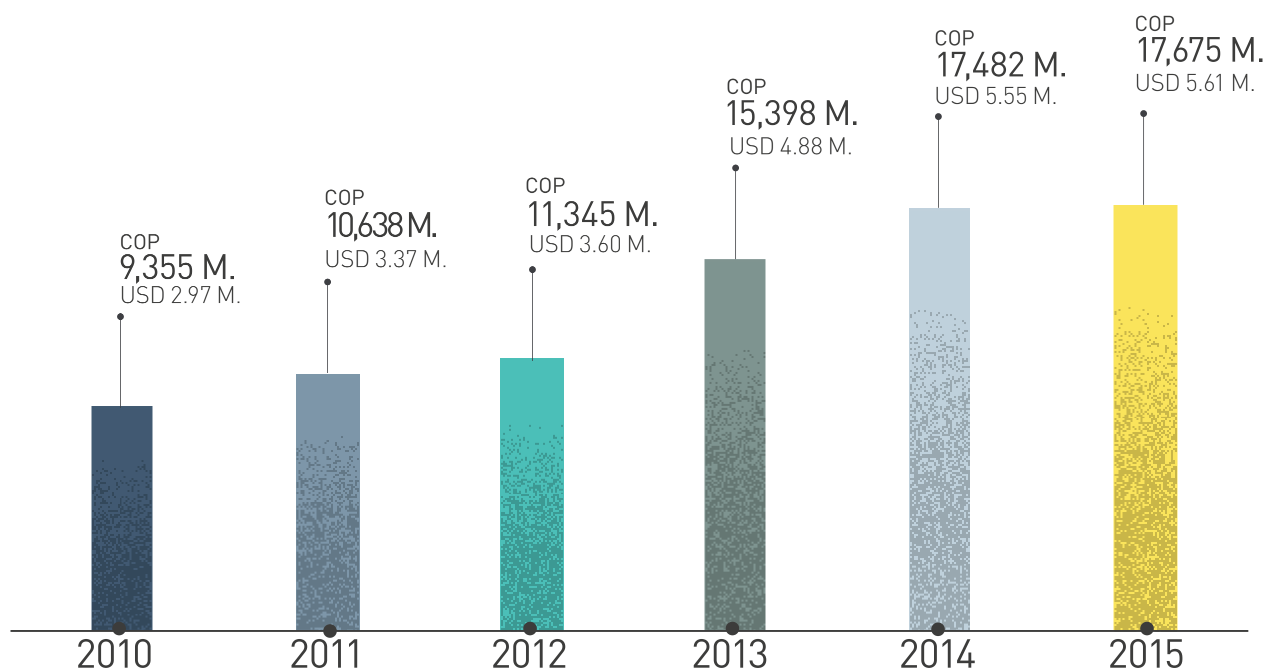
COP **17,675** MILLION
USD 5.6 million invested in 3 countries
(Colombia, El Salvador and the Dominican Republic )

PRESENT **20** IN COLOMBIA
in different departments

**95** ALLIANCES FORMED
as part of 91 social development initiatives

**98,974** PEOPLE DIRECTLY BENEFIT
from programs that the SURA Foundation supports

## ANNUAL BREAKDOWN OF TOTAL INVESTMENT FUNDACIÓN SURA




## REVENUES OF FUNDACIÓN SURA

| | | |
|---|---|---|
| Grupo SURA | COP 4,500 million | USD 1.4 million |
| Suramericana | COP 4,450 million | USD 1.4 million |
| Sura Asset Management | COP 4,000 million | USD 1.2 million |
| Interest and dividends | COP 4,126 million | USD 1.3 million |
| other revenues | COP 798 million | USD 253 thousand |
| TOTAL | COP 17,874 million | USD 5.6 million |

# GRUPO SURA
AND ITS SUBSIDIARIES CONTRIBUTED
COP 12,950 million

or social initiatives through Fundación SURA.

## SOME OF OUR SOCIAL PROGRAMS AND PROJECTS

**The Félix and Susana program**

he aim of this education program is to encourage a greater degree of peaceful coexistence by helping to strengthen relations between children, family and schools by providing teachers with the skills they need to enhance their communications and forge warm ties with their communities as facilitators of the overall training process.

- **Investment:** COP 3,266 million [USD 1.04 million]
- **Coverage:** 9 departments, 47 towns and villages and 221 schools.
- **Beneficiaries:** 2,029 teachers, 296 members of school administrative staff, more than 14,007 adults taking part in workshops and 70,688 children.

In 2015, this initiative was transferred abroad to El Salvador and the Dominican Republic, with the corresponding educational material is being approved and coordinated with the local education authorities in each of these countries.

**LEADING TRANSFORMATION**

This program sponsored by the Businessmen for Education Foundation is aimed at helping head teachers to strengthen their skills as community, administrative and educational leaders so as to be able to take on a leadership role in transforming their communities and have a positive impact on what their students are learning as well as the school´s involvement in community life.

- **Investment:** COP 2,853 millones [USD 906,000]
- **Coverage:** 15 departamentos, 233 municipios
- **Direct beneficiaries:** 1,081 directivos docentes

**Bilingualism for greater competitiveness**
required for teaching a second language, improve levels of understanding and “ownership” among students and develop professional skills on the part of educators so as to make the necessary change in teaching practices in line with modern pedagogical techniques.

Program developed in partnership with the Universidad del Norte, Universidad del Valle, the Chamber of Commerce of Bucaramanga and the Institución Universitaria UNICA.

- **Investment:** COP 1,450 million [USD 460.400]
- **Coverage:** 4 departments and almost 15 towns and villages
- **Beneficiaries:** 635 night school students at 8 high schools and 61 teachers at state-run educational institutions

## MEMORY AND CREATIVITY

COP
**783** million
(USD 248,800)
**INVESTMENT**

**12** TOWNS AND VILLAGES
12 DEPARTMENTS
coverage in Colombia

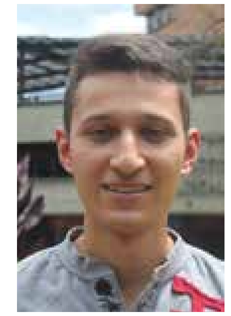
**692**
**DIRECT BENEFICIARIES**
1,110 indirect

**Memory and creativity**
This program is aimed at improving the living conditions of indigenous communities by assessing and building their creative skills with regard to making handicrafts and disseminating their knowledge of ancestral cultures, thereby helping to preserve the country´s heritage.

In 2015, the SURA Foundation helped several groups of artisans in keeping with traditional traditional forms of community organization and cultural values to enhance their design and production processes so as to identify creative languages, earn greater recognition and build upon the innovation factor this in conjunction with other ways of marketing their products. Also the Foundation sponsored the use and ownership of the Ancestral Indigenous Wisdom apps, this being educational content developed for digital media that can be downloaded on mobile devices. Three tutorials and the methodology for implementing this program at primary school level were also designed so that children could get to know more about the indigenous cultures of Colombia.



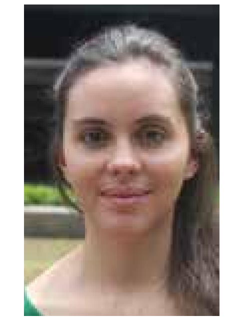
**Vanessa Zuluaica Bustamante**
18 years old
Degree in Preschool Education
Bello - Antioquia



**Juan David Pinzón**
19 years old
Degree in Business Administration
Bogotá - Cundinamarca

**Alejandra Milena Duque**
25 years old
Lic. en Lengua Castellanagree in Spanish Language
Marinilla - Antioquia

**Sergio Alejandro Toro Cifuentes**
20 years old
Degree in History
Cali - Valle del Cauca



**Manuela Barrios López**
28 years old
Master´s Degree in History
Medellín - Antioquia

**Wilmer Tibambre Heredia**
22 years old
Master's degree in Education
Tuta - Boyacá

## THE NICANOR RESTREPO SANTAMARIA SCHOLARSHIP

Nicanor Restrepo Santamaria, who was Chief Executive Officer of Suramericana between 1984 and 2004, was well known for being a model citizen. Throughout his entire life he exhibited a great sense of commitment to social development in Colombia, which is why, the best way that Grupo SURA could honor his memory was to continue with his legacy, creating opportunities for low-income students to pursue undergraduate and post graduate studies in areas that facilitate the processes required to achieve sustainable development.

This scholarship is awarded to high school graduates or university undergraduates from the socioeconomic levels 1, 2, 3, and 4 that attend state-run or private educational institutions in Colombia.

After the first call for applications, a total of 9,736 people were initially admitted to the selection process in which their socio-economic conditions and academic abilities were assessed. At the end, six students were chosen, four for undergraduate and two for postgraduate studies.

## SURA ASSET MANAGEMENT

INVESTED
COP **5,221**
MILLION
[USD 1.66 million]
in social development programs

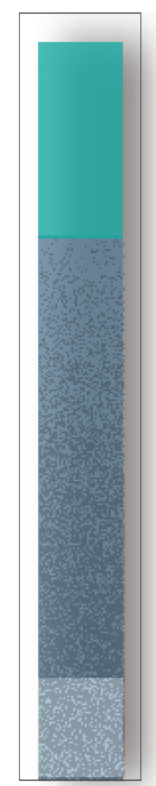
SURA Asset Management and Subsidiaries invested COP 5,521 million [USD 1.66 million] in social development programs, benefiting more than 48,000 people. These included the following:

**University entrepreneurship and innovation contest**
This contest was held for the fourth year running in partnership with the Chilean University, Pontificia Universidad Católica. This initiative is aimed at recognizing the entrepreneurship and innovation displayed by university students in Chile. In t2015, 11 initiatives were awarded this prize out of a total of 1,765 applications received.

**Self-sustainable schools program**
This program is being carried out in conjunction with the Happy Hearts Foundation, the purpose of which is to improve  the actual physical infrastructures of basic primary schools in the rural areas of Mexico and Peru. In 2015, two schools were built and their facilities improved, benefiting more than 1,500 students.

**Financial education program**
This program is being carried out through various inter-institutional alliances in Mexico, Peru and Uruguay. This program has been specifically tailored to the needs and conditions of each of these countries, so as to encourage both children and adolescents to develop the skills, attitudes and knowledge they shall need with regard to saving and investing. In 2015, a total of 7 alliances were formed in the 3 aforementioned countries, benefiting more than 37,000 children and young people.

**Entrepreneurship and income creation program**
Initiatives are being carried out in Chile and Uruguay to promote the development of skills and proficiencies in order to increase the chances of young people becoming employed and/or creating their own sources of income, as part of an overall aim of encouraging a more entrepreneurial spirit. The activities carried out in 2015, as part of this program, included forums, fairs and seminars with different partnerships in each of the aforementioned countries.



**3,116**
employees

**939**
families

**50,200**
hours

**COMMUNITY WORK IN**
Colombia, Chile, El Salvador, México y Perú

## SURA VOLUNTEER CORPS

SURA's Volunteer Corps allows our employees as well as their families and friends to share their talent and knowledge by dedicating their time to different programs and initiatives thereby helping to reinforce social structures and build the relationship between the Company and its community.

**In figures:**

- 3.116 employees and 939 family members took part in this community work dedicating more than 50.200 hours of their time  in Colombia, Chile, El Salvador, Mexico and Peru.

- The employees of Grupo SURA and Suramericana dedicated 5,733hours of their working days. This value placed on this amount of time comes to COP 181 million[USD 57,400]

- **Chile:** 46 volunteers spent 261 hours drawing up tutorials for teaching mathematics, English and speaking skills for students pursuing technical studies, as well as for evaluating initiatives nominated as part of the entrepreneurship and innovation contest.

- **El Salvador:** 83 volunteers from Asesuisa, a Suramericana subsidiary, devoted 488 hours to enhance a recreational park in San Salvador.

- **México:** 594 volunteers spent 696 hours in helping students to improve their proficiency in English as well as to improve the physical school infrastructure in the more vulnerable communities.

- **Perú:** 343 volunteers spent 4,056 hours to spreading greater awareness of the importance of road safety, as well as mentoring initiatives in the field of community entrepreneurship and vocational guidance and on-line counseling for children to improve their English skills, among others.

## CHALLENGES

- To continue transferring the Felix and Susana Program for subsequent deployment in El Salvador and the Dominican Republic.
- To set up another SURA Foundation this time in Chile, as well as analyze the possibility of setting up local foundations in other countries where the Grupo SURA is present.
- To define a set of indicators for measuring the results and performance of our social investment.
- To consolidate the documenting and handling of knowledge with regard to all those initiatives in which the Foundation is involved.
- To take part in academic and inter-institutional events on a regional level as a platform for disseminating and strengthening awareness of the importance of learning.
- To consolidate the Organization´s regional volunteer corps strategy.

## BUSINESS INITIATIVES WITH A SOCIAL PROJECTION

Initiatives are carried out, at individual subsidiary level, geared to encouraging cultural activities, promoting health and ensuring greater social welfare, as well as allowing our brand presence to have a meaningful social impact while mobilizing corporate dynamics in all those countries where SURA is present. These business initiatives include:

**A Mexican-Colombian Rendezvous, The SURA Art Collection:** the Colombian National Museum in Bogotá showcased this exhibition which included works of well-known Colombian and Mexican artists from different eras and with different styles thus highlighting the technical and conceptual progress of the arts in these countries.

**Hay Festival:** Grupo SURA was present at the conference entitled How to look at the past in order to understand the present, where the topic of discussion was the importance of indigenous cultures and their creative language in the contemporary history of Colombia.

**Expoartesano:** this artisan fair provided the backdrop for marketing traditional objects, showing the progress made with the socio-entrepreneurial training of indigenous communities, disseminating the Ancestral Indigenous Wisdom apps and participating in exchanging cultural aspects and knowledge from different regions in Colombia.

**Titanes Caracol:** here we sponsored the Culture category for this competition sponsored by Caracol Television. This category recognizes Colombians who have dedicated their efforts to providing opportunities, access and knowledge to individuals or groups of people so that they may develop their artistic potential, thus facilitating greater social inclusion and enhancing overall quality of life.

**Self-Care Culture:** Sura´s health care and worker´s compensation subsidiaries have jointly developed educational and communication strategies focused on promoting healthy lifestyles in different regions of Colombia.

**Gabriel García Márquez Prize for Journalism:** in partnership with the Mayor of Medellin's Office and Bancolombia, and under the auspices of the Foundation for New Latin American Journalism, the third annual award ceremony of this prize was staged recognizing the excellence, innovation and ethical consistency of Spanish-speaking journalism and media.

**Volume 1 A Look at Art:** this newly launched art book showcases SURA Mexico´s art collection, which includes the first series of artists such as: David Alfaro Siqueiros, Federico Cantu, Sebastian, Leonora Carrington, Jose Chavez Morado and the brothers Pedro and Rafael Coronel, among other well-known Mexican artists.

Grupo SURA invested COP 5,646 million [USD 1.67 million] in these initiatives.

**GRUPO SURA**
invested in these initiatives

COP **5,646 millones**
USD 1.67 millones

THE SENIOR MANAGEMENT
of Grupo SURA and Suramericana have a seat on

**17**
boards of directors of
**Colombian social**
corporations

## PARTICIPATING AT BOARD OF TRUSTEE LEVEL FOR VARIOUS SOCIAL INITIATIVES

1. Ballet Folclórico de Antioquia (Antioquenian Dance Company)
2. Biblioteca Pública Piloto (Piloto Public Library)
3. Corporación Antioquia Presente (Antioquia Present! Corporation)
4. Centro de Ciencia y Tecnología de Antioquia (Antioquenian Center for Science and Technology
5. Corporación Colombia Internacional (International "Colombia" Corporation)
6. Corporación Excelencia en la Justicia (Excellence in Justice Corporation)
7. Corporación Universitaria Minuto de Dios (God´s Minute University Corporation)
8. Fundación Amigos del Parque Explora (Friends of the Explora Park Foundation
9. Fundación Dividendo por Colombia (Dividend for Colombia Foundation)
10. Fundación Empresarios por la Educación (Businessmen for Education Foundation)
11. Fundación Proantioquia (Proantioquia Foundation)
12. Fundación Secretos para Contar (Telling Secrets Literacy Foundation)
13. Yamaha Musical Foundation
14. Medellin Botanical Garden
15. Medellin´s Metropolitan Institute of Technology
16. Medellin´s Museum of Modern Art
17. Medellin Philharmonic Orchestra

### Consolidated social investment figures for Grupo SURA and Subsidiaries - 2015

| Item | Total | Grupo SURA | Suramericana | SURA Asset Management |
|---|---|---|---|---|
| Contributions to the SURA Foundation | COP 12,950<br>USD 4.1 million | COP 4,500<br>USD 1.4 million | COP 4,450<br>USD 1.4 million | COP 4,000<br>USD 1.2 million |
| **(IN MILLIONS)** | | | | |
| Social development projects | COP 22,896 million<br>USD 7.26 million | COP 17,675 million<br>USD 5.6 million | | COP 5,221 million<br>USD 1.66 million |
| Número de organizaciones | 163 | 95 | | 68 |
| Número de iniciativas apoyadas | 152 | 91 | | 61 |
| Número de países | 8 | 4 | | 6 |
| Beneficiarios directos | 98,974 | 98,974 | | - |
| **BUSINESS INITIATIVES WITH A SOCIAL PROJECTION** | | | | |
| Investment in business initiatives having a social impact | COP 5,646 million<br>USD 1.77 million | COP 645 million<br>USD 205,000 | COP 4,462 millionUSD 1.4 million | COP 539 million<br>USD 171,100 |
| Donations of goods and services | COP 5,4 million<br>USD 1,710 | 0 | COP 5,4 million<br>USD 1,710 | 0 |
| **VOLUNTEER CORPS** | | | | |
| Number of employee volunteers | 3,116 | 50 | 1,303 | 1,763 |
| Number of non-employee volunteers | 939 | 939 | | 0 |
| Number of hours volunteered (employees) | 36,605 | 526 | 22,966 | 13,113 |
| Number of hours volunteered (non-employees) | 13,603 | 13,603 | | 0 |
| Monetary value of the volunteer work carried out | COP 180.2 million<br>USD 57,410 | COP 6.1 million<br>USD 1,930 | COP 174,7 million<br>USD 55,480 | - |
| TOTAL SOCIAL INVESTMENT | COP 28,728 million<br>USD 9.06 million | COP 18,326 million<br>USD 5.8 million | COP 4,641.1 million<br>USD 1.46 million | COP 5,760 million<br>USD 1.8 million |

| INDICATOR | 2012 | 2013 | 2014 | 2015 | Goal 2015 | % Achieved. | Goal 2016 |
|---|---|---|---|---|---|---|---|
| Number of countries where the SURA Foundation and Grupo SURA's subsidiaries have invested in community and social programs | 7 | 8 | 8 | 7 | 8 | 87.5% | 8 |
| Monetary value of social and community investment in all those countries where Grupo SURA is present during the last fiscal year (in COP millions) | COP 15,765 million | COP 19,678 million | COP 23,226 million | COP 22,896 million | COP 25.000 | 91.5% | COP 25,000 million |
| Number of employees belonging to Grupo SURA's volunteer corps | 1,939 | 2,563 | 3,461 | 3,116 | 3.500 | 89% | 3,500 |
| Percentage of employees of companies involved in volunteer activities | 14% | 14% | 17% | 14.7% | 17% | 86.5% | 15% |
| Number of hours volunteered | 22,036 | 25,038 | 36,825 | 50,208 | 37.000 | 135% | 50,000 |
| Total number of persons trained with regard to peaceful co-existence issues | 20,212 | 62,029 | 77,231 | 89,101 | 80.000 | 111% | 90,000 |
| Number of Boards of Trustees in which Grupo SURA participates | 10 | 14 | 11 | 17 | 14 | 121% | 20 |
| Number of schools that are involved with the Felix and Susana program. | 84 | 196 | 220 | 221 | 250 | 88% | 221 |
| Teachers trained in the Felix and Susana program methodology | 682 | 2,029 | 2,717 | 2,325 | 3.000 | 90% | 2,325 |
| Children who have completed the Felix and Susana program | 19,530 | 60,870 | 74,514 | 71,679 | 80.000 | 90% | 75,000 |
| Number of social institutions that receive financial contributions for staging social development initiatives in keeping with the Foundation's work fronts | 125 | 120 | 91 | 95 | Not applicable | 100% | Not applicable |
| Number of social development initiatives supported by the Foundation | 161 | 130 | 97 | 91 | Not applicable | 100% | Not applicable |

# RESPONSIBLE INVESTING

## BROADENING OUR PERSPECTIVE WHEN ANALYZING BUSINESS OPPORTUNITIES

Sustainable development is a cross-cutting commitment that lies at the heart of Grupo Sura's strategic planning, which is why we are encouraged to understand the conditions of our current business environment and how these affect the decisions we make as a group and at subsidiary level. By migrating and understanding the risks and opportunities at stake, we are able to take a broader view of the social, environmental and corporate governance issues when analyzing our investments.

For the companies that belong to the SURA Business Group and that are actively involved in the capital markets, the world of financial services and institutional investments in general, this represents a comprehensive, all-embracing commitment that goes beyond pure numbers, since it implies evaluating a wide range of factors, including regulatory, environmental, political, social and cultural requirements.

Today Grupo SURA, Suramericana and Sura Asset Management continue to build our knowledge in terms of environmental, social and corporate governance issues (ESG) when analyzing our investments, so as to bring together and standardize as a Group all those ideas and methodologies that breathe life into our business philosophy. Since 2014 SURA Group has been strengthening the application of the general guidelines contained in our Responsible Investment Policy, which includes applying ESG criteria when analyzing and deciding on possible investment opportunities.

## GRUPO SURA

Will continue developing and integrating models to analyze investments

**2016**

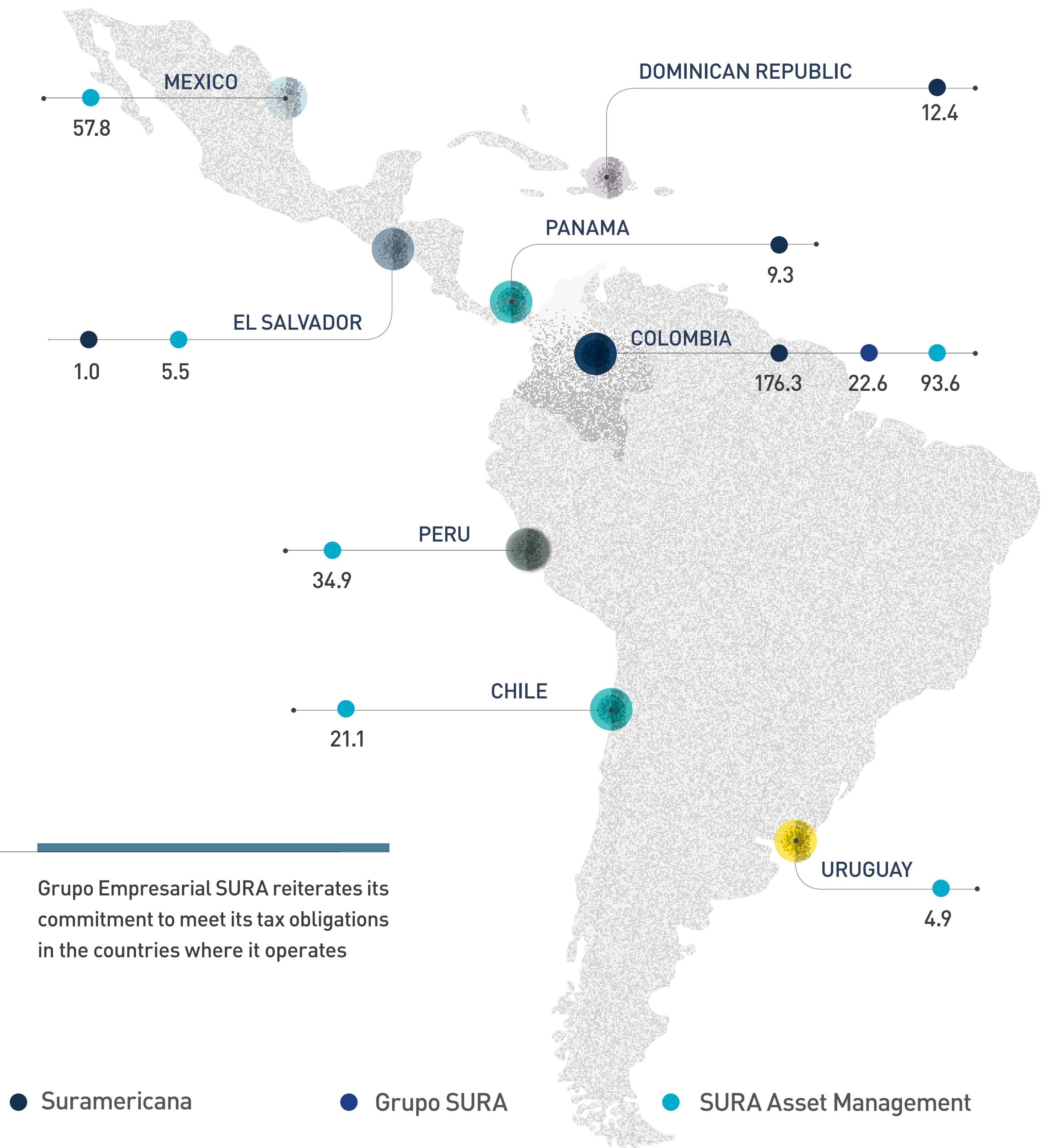
## GUIDELINES

- Incorporating ESG criteria when analyzing investment projects.
- Including ESG issues in monitoring our investments, according to the procedures defined by each company.
- Encouraging and participating in local and global initiatives aimed at adopting and building responsible investment practices for the benefit of the financial market.

The policy also contains a general framework for building tools for analyzing investments and handling disputes and controversies that companies encounter with their selection and decision-making processes, together with a governability clause for applying and managing the policy itself.

Pledged to the comprehensive handling of its business sustainability, Grupo SURA shall continue to develop and introduce its own investment analysis models and best responsible investment practices with the aim of maintaining the highest quality standards in asset management based on clearly defined ESG principles and criteria.

# TAXES PAID
FIGURES IN MILLION OF DOLLARS




Grupo Empresarial SURA reiterates its commitment to meet its tax obligations in the countries where it operates

# SUSTAINABILITY DOW JONES INDEX

Grupo SURA was readmitted to the Dow Jones Sustainability Index for the fifth year running, as a company belonging to the Diversified Financial Service and Capital Markets category. We were also given the Silver Class award by RobecoSAM in token of the Sura Business Group´s commitment to its corporate responsibility and sustainable business management. (highlight)

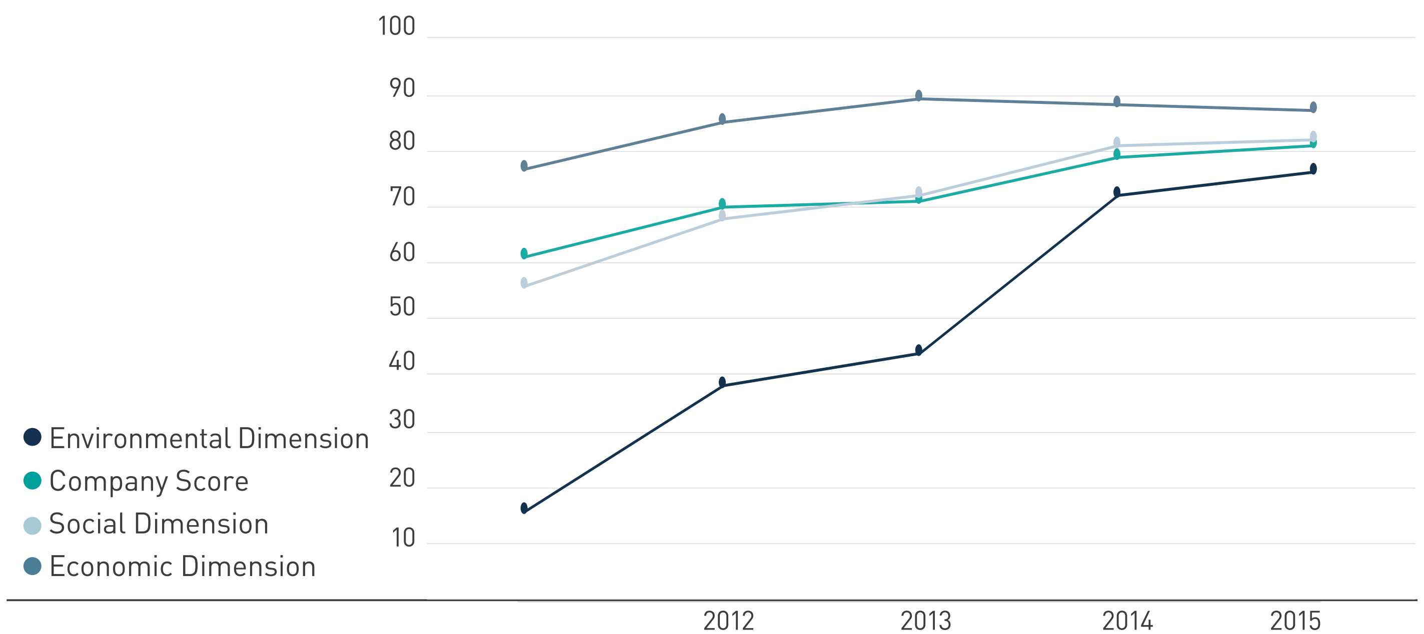
The Dow Jones Sustainabilty Index -DJSI- is a financial index that tracks the performance of the largest companies listed with S & P´s Global Broad Market Index, in terms of their sustainability. A total of 2,500 companies from 59 industries in a total of 47 countries were invited to participate in this year´s listing. As a result of the assessments carried out, only 317 companies from some 26 countries were finally admitted to the DJSI, 12 of these pertaining to the Diversified Financial Services and Capital Markets category.

This index is a worldwide benchmark that provides information on the ability of companies to handle risks and opportunities, and obtain a superior standard of performance from the following standpoints: Economic (corporate governance, code of conduct, market opportunities, stakeholder groups, crisis and risk management); Environmental (environmental analysis, environmental reporting, climate change management, respect for the environment, specific risks and opportunities within the sector) and Social (corporate citizenship and philanthropy, financial inclusion, development of human resources, labor practices and social reporting).

Grupo SURA is the only Latin American company from the Diversified Financial Services and Capital Markets sector to be admitted to the DJSI, having scored a rating of 82, and ranking in the 99 percentile compared to the other companies evaluated from this same sector[1] and only 2% away from UBS Group AG, the industry´s global leader.

[1]The percentile rank shows the percentage of companies within this same sector have obtained a lower score than the benchmark company.

GRUPO SURA'S HISTORIC
PERFORMANCE IN TERMS OF THE
DOW JONES SUSTAINABILITY INDEX




Our investments in both the finance (Bancolombia) as well as industrial sectors (Grupo Nutresa and Grupo Argos along with the latter´s subsidiary Cementos Argos) are also listed with the Dow Jones Sustainabilty Index as beloning to the banking, food processing and constructon material sectors respectively.

The companies that are initially selected for the DJSI are assessed by RobecoSAM, a firm that also publishes the so-called Sustainability Yearbook. In order to be included in this directory a company must have scored a rating within a distance of up to 15% from the leader of each of the sectors included. The Companies appearing in this publication are ranked in the following categories: gold (consisting of the industry leader with the maximum score and those just 1% behind), silver (companies between 1% and 5% away from the top scoring leader) and bronze (companies between 5% and 10% behind the leader).

* DJSI - Dow Jones Sustainability World Index



"It is a great source of pride for Grupo Sura to continue to form part of an Index that enjoys such a substantial degree of market recognition. This shows how committed we are to a responsible business management, which is why we were readmitted to an index made up of companies upholding the very best sustainability practices on a global level. This also implies a great deal responsibility on our part to continue improving upon our best practices and obviously to be considered as a company that provides added value and inspires all-round confidence.

DAVID EMILIO BOJANINI GARCÍA
Grupo SURA's Chief Executive Officer

G4-17

**GRUPO DE INVERSIONES SURAMERICANA S.A. – Parent Company-**

In compliance with the provisions contained in Article 29 of Law 222 of 1995, which governs economic relations existing between companies that form a single business group, we hereby present SURA's Special Business Group Report, describing the more important contractual arrangements and transaction recorded between the parent company and its affiliates and subsidiaries at year-end 2015:

* Major transactions are considered to be worth more than COP 3,149 million or 1 million US dollars (based on the exchange rate applicable on December 31, 2015 of COP 3149.47 31 per USD). Figures stated in millions of pesos.

| | Target company | Item | Value (COP) |
|---|---|---|---|
| AFORE SURA S.A. DE C.V. | SURA INVESTMENT MANAGEMENT S.A. DE C.V. | OPERATING INCOME | 6,875 |
| ASESORES SURA S.A. DE C.V. | AFORE SURA S.A. DE C.V. | OPERATING INCOME | 6,934 |
| ASESORES SURA S.A. DE C.V. | SURA INVESTMENT MANAGEMENT S.A. DE C.V. | OPERATING INCOME | 10,392 |
| SEGUROS GENERALES SURAMERICANA S.A. | SEGUROS DE VIDA SURAMERICANA S.A. | ACCOUNTS RECEIVABLE | 10,151 |
| SEGUROS GENERALES SURAMERICANA S.A. | SEGUROS DE VIDA SURAMERICANA S.A. | OPERATING EXPENSE | 3,330 |
| SEGUROS GENERALES SURAMERICANA S.A. | SEGUROS DE VIDA SURAMERICANA S.A. | OPERATING INCOME | 7,720 |
| SEGUROS GENERALES SURAMERICANA S.A. | COMPUREDES S.A. | OPERATING EXPENSE | 4,390 |
| SEGUROS GENERALES SURAMERICANA S.A. | OPERACIONES GENERALES SURAMERICANA S.A.S. | ACCOUNTS PAYABLE | 7,217 |
| SEGUROS GENERALES SURAMERICANA S.A. | OPERACIONES GENERALES SURAMERICANA S.A.S. | OPERATING EXPENSE | 62,059 |
| SEGUROS GENERALES SURAMERICANA S.A. | OPERACIONES GENERALES SURAMERICANA S.A.S. | SETTLED CLAIMS | 3,182 |
| SEGUROS GENERALES SURAMERICANA S.A. | SEGUROS SURAMERICANA PANAMÁ S.A. | ACCOUNTS RECEIVABLE | 26,530 |
| SEGUROS GENERALES SURAMERICANA S.A. | SEGUROS SURAMERICANA PANAMÁ S.A. | OPERATING INCOME | 25,387 |
| SEGUROS DE VIDA SURAMERICANA S.A. | SEGUROS GENERALES SURAMERICANA S.A. | ACCOUNTS PAYABLE | 10,151 |
| SEGUROS DE VIDA SURAMERICANA S.A. | SEGUROS GENERALES SURAMERICANA S.A. | OPERATING EXPENSE | 7,720 |
| SEGUROS DE VIDA SURAMERICANA S.A. | SEGUROS GENERALES SURAMERICANA S.A. | OPERATING INCOME | 3,332 |
| SEGUROS DE VIDA SURAMERICANA S.A. | SERVICIOS DE SALUD IPS SURAMERICANA S.A. | OPERATING EXPENSE | 9,685 |
| SEGUROS DE VIDA SURAMERICANA S.A. | SERVICIOS DE SALUD IPS SURAMERICANA S.A. | OPERATING EXPENSE | 21,850 |
| SEGUROS DE VIDA SURAMERICANA S.A. | DIAGNÓSTICO Y ASISTENCIA MÉDICA S.A. DINÁMICA | OPERATING EXPENSE | 14,275 |
| SEGUROS DE VIDA SURAMERICANA S.A. | ASESUISA VIDA, S.A. SEGUROS DE PERSONAS | OPERATING EXPENSE | 7,678 |
| SEGUROS DE VIDA SURAMERICANA S.A. | ASESUISA VIDA, S.A. SEGUROS DE PERSONAS | OPERATING INCOME | 7,524 |
| COMPUREDES S.A. | SEGUROS GENERALES SURAMERICANA S.A. | OPERATING INCOME | 7,298 |
| COMPUREDES S.A. | EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | OPERATING INCOME | 7,063 |
| OPERACIONES GENERALES SURAMERICANA S.A.S. | SEGUROS GENERALES SURAMERICANA S.A. | ACCOUNTS RECEIVABLE | 7,349 |
| OPERACIONES GENERALES SURAMERICANA S.A.S. | SEGUROS GENERALES SURAMERICANA S.A. | OPERATING INCOME | 63,212 |
| OPERACIONES GENERALES SURAMERICANA S.A.S. | SERVICIOS GENERALES SURAMERICANA S.A.S. | OBLIGACIONES FINANCIERAS | 70,668 |
| OPERACIONES GENERALES SURAMERICANA S.A.S. | SERVICIOS GENERALES SURAMERICANA S.A.S. | OPERATING EXPENSE | 3,162 |
| SERVICIOS GENERALES SURAMERICANA S.A.S. | SURAMERICANA S.A. | ACCOUNTS RECEIVABLE | 30,220 |
| CONSULTORÍA EN GESTIÓN DE RIESGOS SURAMERICANA S.A.S. | SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | ACCOUNTS RECEIVABLE | 3,357 |
| CONSULTORÍA EN GESTIÓN DE RIESGOS SURAMERICANA S.A.S. | SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | OPERATING INCOME | 48,639 |
| INVERSIONES Y CONSTRUCCIONES ESTRATÉGICAS S.A.S. | GRUPO DE INVERSIONES SURAMERICANA S.A. | ACCOUNTS RECEIVABLE | 26,821 |
| SERVICIOS DE SALUD IPS SURAMERICANA S.A. | SEGUROS DE VIDA SURAMERICANA S.A. | OPERATING INCOME | 31,560 |
| SERVICIOS DE SALUD IPS SURAMERICANA S.A. | SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | OPERATING INCOME | 28,506 |
| SERVICIOS DE SALUD IPS SURAMERICANA S.A. | EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | ACCOUNTS RECEIVABLE | 8,074 |
| SERVICIOS DE SALUD IPS SURAMERICANA S.A. | EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | OPERATING INCOME | 204,355 |
| SERVICIOS DE SALUD IPS SURAMERICANA S.A. | EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | OPERATING | 28,224 |
| GRUPO DE INVERSIONES SURAMERICANA S.A. | INVERSIONES Y CONSTRUCCIONES ESTRATÉGICAS S.A.S. | ACCOUNTS PAYABLE | 26,997 |
| SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | CONSULTORIA EN GESTIÓN DE RIESGOS SURAMERICANA S.A.S. | ACCOUNTS PAYABLE | 3,675 |
| SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | CONSULTORIA EN GESTIÓN DE RIESGOS SURAMERICANA S.A.S. | OPERATING EXPENSE | 30,921 |

| | | | |
|---|---|---|---|
| SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | CONSULTORIA EN GESTIÓN DE RIESGOS SURAMERICANA S.A.S. | OPERATING EXPENSE | 17,331 |
| SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | SERVICIOS DE SALUD IPS SURAMERICANA S.A. | OPERATING EXPENSE | 4,679 |
| SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | SERVICIOS DE SALUD IPS SURAMERICANA S.A. | OPERATING EXPENSE | 21,433 |
| SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | ENLACE OPERATIVO S.A. | OPERATING EXPENSE | 5,384 |
| EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | COMPUREDES S.A. | OPERATING EXPENSE | 6,980 |
| EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | SERVICIOS DE SALUD IPS SURAMERICANA S.A. | OPERATING | 203,285 |
| EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | SERVICIOS DE SALUD IPS SURAMERICANA S.A. | TECHNICAL RESERVES | 7,488 |
| EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | DIAGNÓSTICO Y ASISTENCIA MÉDICA S.A. DINÁMICA | OPERATING | 39,236 |
| ENLACE OPERATIVO S.A. | SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | OPERATING INCOME | 5,384 |
| DIAGNÓSTICO Y ASISTENCIA MÉDICA S.A. DINÁMICA | SEGUROS DE VIDA SURAMERICANA S.A. | OPERATING INCOME | 14,796 |
| DIAGNÓSTICO Y ASISTENCIA MÉDICA S.A. DINÁMICA | SEGUROS DE RIESGOS LABORALES SURAMERICANA S.A. | OPERATING INCOME | 28,229 |
| DIAGNÓSTICO Y ASISTENCIA MÉDICA S.A. DINÁMICA | EPS Y MEDICINA PREPAGADA SURAMERICANA S.A. | OPERATING INCOME | 37,286 |
| CORREDORES DE BOLSA SURA S.A. | ADMINISTRADORA GENERAL DE FONDOS SURA S.A. | OPERATING INCOME | 9,851 |
| CORREDORES DE BOLSA SURA S.A. | AFP CAPITAL S.A. | OPERATING INCOME | 3,862 |
| GRUPO SURA FINANCE | GRUPO DE INVERSIONES SURAMERICANA PANAMÁ S.A. | ACCOUNTS RECEIVABLE | 922,919 |
| GRUPO SURA FINANCE | GRUPO DE INVERSIONES SURAMERICANA PANAMÁ S.A. | OPERATING INCOME | 46,922 |
| SEGUROS SURAMERICANA PANAMÁ S.A. | SEGUROS GENERALES SURAMERICANA S.A. | ACCOUNTS PAYABLE | 26,530 |
| SEGUROS SURAMERICANA PANAMÁ S.A. | SEGUROS GENERALES SURAMERICANA S.A. | OPERATING EXPENSE | 22,701 |
| PROMOTORA SURA AM S.A. DE C.V. | AFORE SURA S.A. DE C.V. | OPERATING INCOME | 8,428 |
| PROMOTORA SURA AM S.A. DE C.V. | SURA INVESTMENT MANAGEMENT S.A. DE C.V. | OPERATING INCOME | 18,465 |

| | | | |
|---|---|---|---|
| ASESUISA S.A. SEGUROS DE PERSONAS | SEGUROS DE VIDA SURAMERICANA S.A. | OPERATING EXPENSE | 6,545 |
| ASESUISA S.A. SEGUROS DE PERSONAS | SEGUROS DE VIDA SURAMERICANA S.A. | OPERATING INCOME | 6,635 |
| SEGUROS DE VIDA SURA S.A. | ADMINISTRADORA GENERAL DE FONDOS SURA S.A. | OPERATING INCOME | 9,995 |
| SEGUROS DE VIDA SURA S.A. | ADMINISTRADORA GENERAL DE FONDOS SURA S.A. | OPERATING INCOME | 9,378 |
| SEGUROS DE VIDA SURA MÉXICO, S.A. DE C.V. | SURA ASSET MANAGEMENT MEXICO S.A. DE C.V. | ACCOUNTS PAYABLE | 25,393 |
| SURA DATA CHILE S.A. | AFP CAPITAL S.A. | OPERATING INCOME | 6,443 |
| SURA DATA CHILE S.A. | SEGUROS DE VIDA SURA S.A. | OPERATING INCOME | 3,266 |
| SURA ASSET MANAGEMENT PERÚ S.A. | AFP INTEGRA S.A. | ACCOUNTS PAYABLE | 4,767 |
| SURA CHILE S.A. | AFORE SURA S.A. de C.V. | OPERATING INCOME | 6,651 |
| SURA CHILE S.A. | AFP CAPITAL S.A. | OPERATING INCOME | 16,503 |
| SURA CHILE S.A. | SEGUROS DE VIDA SURA S.A. | OPERATING INCOME | 10,514 |

The transactions between the companies belonging to the SURA Business Group were (i) carried out pursuant to all applicable legislation; (ii) the Framework Policy governing Related Party Transactions; and (iii) are faithfully reflected in the respective financial statements.

No affiliate or subsidiary made or failed to make any other decision of greater importance, swayed by or in the interest of the controlling company; neither did the controlling company make or failed to make any other decision of greater importance, swayed by or in the interest of the controlled companies.

Medellín, March 31, 2016

David Bojanini García
Chief Executive Officer
Grupo de Inversiones Suramericana S.A.

# Financial Statements

# EXTERNAL AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
GRUPO DE INVERSIONES SURAMERICANA S.A.

FEBRUARY 29, 2016

I have audited the consolidated financial statements of Grupo de Inversiones Suramericana S.A. and Subordinates (the "Group") which comprise the consolidated financial situation statement at December 31, 2015 and the consolidated income statements, integral results, changes in equity and cash flows ended on that date and the corresponding notes, including a summary of the significant accounting policies and other explanatory information. The consolidated financial statements of 2014 were prepared in accordance with the COL GAAP in force for that year were audited by me and, in my report dated February 16, 2015, I provided my opinion of these figures without any findings; these consolidated financial statements, including the opening balances at January 1, 2014, were adjusted to match the Accounting and Financial Information Standard accepted in Colombia.

**Responsibility of Management for the administration of consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting principles generally accepted in Colombia; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements free from material misstatement, whether due to fraud or error; and the selection and application of proper accounting principles, and to establish appropriateness of accounting polies used and the reasonableness of accounting estimates made by management.

**Responsibility of the External Auditor**

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I gained the information necessary to meet my duties and conducted by audits in accordance with the auditing standards generally accepted in Colombia. These standards require to plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of misstatements.

An audit comprises, among others, performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the consolidated financial statements. In making those risk assessments, the auditor considers 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. I believe that the audit evidence I have obtained provides a reasonable base for my opinion below.

I deem that the evidence I obtained from the audits provides a reasonable base to provide the opinion I express below.

## Opinion

In my opinion, the consolidated financial statement I audited were truthfully taken from the books and attached hereto, exhibit, in all significant and reasonable manner, the consolidated financial statement of the Company at December 31, 2015, the consolidated results of their operations and their consolidated cash flows ended on that date, in accordance with the Accounting and Financial Information standards accepted in Colombia.

## Other matters

The consolidated financial statements of 2015 are the first which the Company's management prepared using the Accounting and Financial Information Standards accepted in Colombia. Note 43 on the consolidated financial statements explains the manner in which the application of the new standard affect the consolidated financial situation of the Company, the consolidated results of its operations, and its consolidated cash flows previously reported.

GONZALO ALONSO OCHOA RUIZ

External Auditor of Grupo de Inversiones Suramericana S.A.
Professional Card No. 43668 - T
Member of KPMG Ltda.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

GRUPO DE INVERSIONES SURAMERICANA S.A.
As of December 31, 2015, 2014 and January 1, 2014
(Stated in millions of Colombian pesos)

| | Notes | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | 7 | 1,433,184 | 1,293,989 | 1,343,055 |
| Investments | 8 | 21,723,891 | 16,374,659 | 12,644,786 |
| Trade and other accounts receivable | 8 | 2,952,740 | 2,496,743 | 2,193,886 |
| Accounts receivable from related parties | 8 | 89,008 | 85,823 | 73,053 |
| Technical reserves - reinsurance portion | 9 | 581,124 | 439,913 | 443,380 |
| Inventories | 10 | 12,138 | 14,640 | 9,992 |
| Current tax assets | 11 | 332,191 | 315,338 | 256,201 |
| Derivative financial instruments | 12 | 262,181 | 49,776 | 7,578 |
| Other non-financial assets | | 84,714 | 92,764 | 78,235 |
| Investment properties | 13 | 805,188 | 669,840 | 517,423 |
| Property and equipment | 14 | 918,130 | 813,853 | 685,239 |
| Intangible assets | 15 | 3,880,369 | 3,445,875 | 3,071,432 |
| Goodwill | 15 | 4,280,774 | 3,746,714 | 3,405,003 |
| Equity-accounted investees | 16 | 17,759,665 | 16,998,552 | 15,213,128 |
| Deferred tax assets | 11 | 417,809 | 369,363 | 313,889 |
| **Total assets** | | **55,533,106** | **47,207,843** | **40,256,281** |
| **Liabilities** | | | | |
| Loans and borrowings with financial institutions | 8 | 2,627,940 | 1,111,620 | 1,990,681 |
| Trade and other accounts payable | 8 | 1,312,252 | 1,133,560 | 1,145,078 |
| Accounts payable to related parties | 8 | 62,509 | 67,896 | 93,482 |
| Technical reserves | 9 | 18,865,979 | 14,294,607 | 11,083,873 |
| Current tax liabilities | 10 | 454,197 | 440,677 | 379,260 |
| Employee benefits | 21 | 335,711 | 298,610 | 224,517 |
| Other non-financial liabilities | 22 | 395,264 | 314,331 | 259,281 |
| Provisions | 23 | 78,405 | 117,765 | 110,131 |
| Issued securities | 8 | 3,637,504 | 3,022,228 | 1,126,006 |
| Deferred tax liabilities | 11 | 1,700,745 | 1,448,944 | 1,224,478 |
| **Total liabilities** | | **29,470,506** | **22,250,238** | **17,636,785** |

| | Notes | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|
| **EQUITY** | | | | |
| Issued capital | 25 | 107,882 | 107,882 | 107,882 |
| Share premium | 25 | 3,307,663 | 3,307,663 | 3,307,663 |
| Reserves | 25 | 4,602,459 | 4,177,866 | 3,656,070 |
| Accumulated earnings | 42 | 11,305,792 | 11,665,743 | 12,592,799 |
| Other comprehensive income | 27 | 2,413,441 | 1,023,290 | (386) |
| Income for the period | | 1,104,091 | 1,420,193 | - |
| **Equity attributable to controlling interest** | | **22,841,328** | **21,702,636** | **19,664,029** |
| Equity attributable to Non-controlling interest | 28 | 3,221,272 | 3,254,969 | 2,955,467 |
| **Total equity** | | **26,062,600** | **24,957,605** | **22,619,496** |
| **Total equity and liabilities** | | **55,533,106** | **47,207,843** | **40,256,281** |

The accompanying notes are an integral part of these consolidated financial statements

David Bojanini García
Legal Representative

Luis Fernando Soto Salazar
Chief Accountant
Lic: 16951-T

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Lic: 43668-T
Member of KPMG Ltda.
(Please refer to my Statutory Auditor´s Reportissued February 29, 2016)

# CONSOLIDATED INCOME STATEMENT

GRUPO DE INVERSIONES SURAMERICANA S.A.
For the year ended December 31, 2015 and 2014
(Stated in millions of Colombian pesos, except for basic earnings per share)

| | Notes | 2015 | 2014 |
|---|---|---|---|
| Written premiums | 9 | 8,470,432 | 6,754,566 |
| Ceded premiums | 9 | (937,985) | (808,816) |
| **Retained premiums (net)** | | **7,532,447** | **5,945,750** |
| Revenue from commissions | 30 | 1,963,268 | 1,531,873 |
| Services rendered | 31 | 1,953,275 | 1,609,665 |
| Dividends | 32 | 70,806 | 60,401 |
| Revenue from investments | 32 | 1,073,161 | 860,440 |
| Fair value gains | 32 | 134,580 | 408,858 |
| Share of profit in equity--accounted investees | 16 | 810,906 | 1,009,727 |
| Gains on sale of investments | 32 | 72,701 | 81,756 |
| Revenue from investment property | 13 | 78,981 | 57,204 |
| Other income | 33 | 193,161 | 109,856 |
| Exchange difference (net) | 32 | 70,122 | 29,771 |
| **Total income** | | **13,953,408** | **11,705,303** |
| Claims from customers | 9 | (3,839,509) | (3,153,327) |
| Claims to reinsurance companies | 9 | 430,407 | 307,297 |
| **Claims net** | | **(3,409,102)** | **(2,846,031)** |
| Adjustments to reserves for insurance contracts | 9 | (2,499,772) | (1,697,426) |
| Healthcare related expenses | 31 | (1,983,177) | (1,567,936) |
| Administrative expense | 34 | (1,041,107) | (818,839) |
| Overhead and benefits | 21 | (1,227,944) | (1,050,722) |
| Fees | 35 | (557,014) | (485,691) |
| Commissions | 30 | (564,279) | (457,414) |
| Amortizations | 15 | (291,416) | (216,402) |
| Depreciation | 14 | (55,801) | (44,509) |
| Other expense | 33 | (124,720) | (149,480) |
| Interest | 32 | (305,648) | (255,087) |
| **Total expense** | | **(12,059,980)** | **(9,589,537)** |
| **Earnings before tax** | | **1,893,428** | **2,115,765** |
| Income tax | 11 | (569,487) | (484,736) |
| **Net income for the period** | | **1,323,941** | **1,631,029** |
| Net income attributable to: | | | |
| Controlling interest: | | 1,104,091 | 1,420,193 |
| Non-controlling interest | | 219,850 | 210,837 |
| Earnings per share | 36 | 1,918.92 | 2,468.30 |

The accompanying notes are an integral part of these consolidated financial statements

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Legal Representative

Luis Fernando Soto Salazar
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# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

GRUPO DE INVERSIONES SURAMERICANA S.A.
For the year ended December 31, 2015 and 2014
(Stated in millions of Colombian pesos)

| | Note | 2015 | 2014 |
|---|---|---|---|
| **Net income for the period** | | **1,323,941** | **1,631,029** |
| Other comprehensive income, net of tax, related to gains (losses) on equity-accounted investees | 27 | (516) | 8,941 |
| Other comprehensive income, net of tax, related to revaluation gains in property and equipment | 27 | 6,797 | 25,335 |
| Other comprehensive income, net of tax, related to gains on remeasurements of defined employee benefit plans | 27 | 770 | 190 |
| **Total other comprehensive income that shall not be reclassified to profit or loss, net of tax** | | **7,051** | **34,467** |
| Gains on exchange differences, net of tax | 27 | 474,340 | 566,854 |
| Loss on cash flow hedges, net of tax | 27 | (2,980) | - |
| Loss on derivatives hedging net investments in foreign operations, net of tax | 12 | (11,114) | - |
| Share of other comprehensive income from associates and joint ventures recognized through equity method that shall be reclassified to profit or loss, net of tax | 16 | 922,854 | 422,355 |
| **Total other comprehensive income to be classified to profit or loss** | | **1,383,100** | **989,209** |
| **Total other comprehensive income** | | **1,390,151** | **1,023,675** |
| **Total comprehensive income** | | **2,714,092** | **2,654,704** |
| Comprehensive Income attributable to: | | | |
| Controlling interest | | 2,339,025 | 2,163,294 |
| Non-controlling interest | | 375,067 | 491,410 |

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# CONSOLIDATED STATEMENT OF CHANGES TO SHAREHOLDERS EQUITY

GRUPO DE INVERSIONES SURAMERICANA S.A.
For the year ended December 31, 2015 and 2014
With comparative figures at December 31 and January 1, 2014
(Stated in millions of Colombian pesos)

| | Issued capital | Share premium | Accumulated earnings | Other comprehensive income | Statutory reserve | Occasional reserve | Income for the period | Equity attributable to controlling interest | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2014** | **107,882** | **3,307,663** | **12,592,799** | **(386)** | **138,795** | **3,517,275** | **-** | **19,664,029** | **2,955,467** | **22,619,496** |
| Other comprehensive income | - | - | - | 1,023,675 | - | - | - | 1,023,675 | 280,573 | 1,304,249 |
| Property and equipment revaluation reserve | - | - | - | 25,335 | - | - | - | 25,335 | 8,546 | 33,881 |
| Adjustment for conversion effect on foreign operations | - | - | - | 567,857 | - | - | - | 567,857 | 272,901 | 840,759 |
| Financial instruments with changes to Other Comprehensive Income | - | - | - | 8,998 | - | - | - | 8,998 | (478) | 8,520 |
| Actuarial calculations | - | - | - | 190 | - | - | - | 190 | - | 190 |
| Equity method investments recognized in equity | - | - | - | 422,355 | - | - | - | 422,355 | - | 422,355 |
| Others | - | - | - | (1,060) | - | - | - | (1,060) | (396) | (1,456) |
| Income for the period | - | - | - | - | - | - | 1,420,193 | 1,420,193 | 210,837 | 1,631,029 |
| **Total Net Comprehensive Income for the period** | **-** | **-** | **-** | **1,023,675** | **-** | **-** | **1,420,193** | **2,443,868** | **491,410** | **2,935,278** |
| Profit distribution corresponding to 2013 based on authorization contained in the minutes of Shareholders' Meeting No. 19 held on March 27, 2014: | | | | | | | | | | |
| Dividends recognized as distributions to owners at COP 390 on each of the 469,037,260 ordinary shares outstanding as well as COP 682.50 on each of the 106,334,963 preferred shares outstanding. | - | - | (255,499) | - | - | - | - | (255,499) | - | (255,499) |
| Donations for social outreach projects | - | - | (4,500) | - | - | - | - | (4,500) | - | (4,500) |
| Reserve for the protection of investments | - | - | (521,796) | - | - | 521,796 | - | - | - | - |
| Preferred shares dividend in excess of minimum | - | - | (145,261) | - | - | - | - | (145,261) | (191,909) | (337,170) |
| **December 31, 2014** | **107,882** | **3,307,663** | **11,665,743** | **1,023,290** | **138,795** | **4,039,071** | **1,420,193** | **21,702,637** | **3,254,968** | **24,957,605** |

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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GRUPO DE INVERSIONES SURAMERICANA S.A.

For the year ended December 31, 2015 and 2014
With comparative figures at December 31 and January 1, 2015
(Stated in millions of Colombian pesos)

| | Issued capital | Share premium | Accumulated earnings | Other comprehensive income | Statutory reserve | Occasional reserve | Income for the period | Equity attributable to controlling interest | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| Other comprehensive income | - | - | - | 1,390,151 | - | - | - | 1,390,151 | 155,216 | 1,545,368 |
| Property and equipment revaluation reserve | - | - | - | 6,797 | - | - | - | 6,797 | 1,880 | 8,677 |
| Adjustments on converting net investments in foreign currency | - | - | - | 474,146 | - | - | - | 474,146 | 155,824 | 629,970 |
| Financial instruments with changes to Other Comprehensive Income | - | - | - | (511) | - | - | - | (511) | 1,119 | 608 |
| Actuarial calculations | - | - | - | 543 | - | - | - | 543 | 107 | 650 |
| Equity method investments recognized in equity | - | - | - | 922,854 | - | - | - | 922,854 | - | 922,854 |
| Cash flow hedges – derivatives | - | - | - | (1,268) | - | - | - | (1,268) | (508) | (1,776) |
| Hedges for net investments in foreign currency | - | - | - | (11,114) | - | - | - | (11,114) | (2,585) | (13,699) |
| Others | - | - | - | (1,296) | - | - | - | (1,296) | (620) | (1,916) |
| Income for the period | - | - | - | - | - | - | 1,104,091 | 1,104,091 | 219,850 | 1,323,941 |
| **Total Net Comprehensive Income for the period** | **-** | **-** | **-** | **1,390,151** | **-** | **-** | **1,104,091** | **2,494,242** | **375,066** | **2,869,309** |
| Profit distribution corresponding to 2014 based on authorization contained in the minutes of Shareholders' Meeting No. 20 held on March 26, 2015: | | | | | | | | | | |
| Dividends recognized as distributions to owners at COP 422 on each of the 469,037,260 ordinary shares as well as 106,334,963 preferred shares outstanding. | - | - | - | - | - | - | (242,807) | (242,807) | - | (242,807) |
| Donations for social outreach projects | - | - | - | - | - | - | (4,500) | (4,500) | - | (4,500) |
| Reserve for the protection of investments | - | - | - | - | - | 424,593 | (424,593) | - | - | - |
| **Surplus paid on acquiring non-controlling interests** | **-** | **-** | **-** | **-** | **-** | **-** | **(394,579)** | **(394,579)** | **-** | **(394,579)** |
| Increases (decreases) due to other changes in equity | - | - | (359,951) | - | - | - | (353,713) | (713,664) | (408,763) | (1,122,427) |
| **Balance at December 31, 2015** | **107,882** | **3,307,663** | **11,305,792** | **2,413,441** | **138,795** | **4,463,664** | **1,104,091** | **22,841,328** | **3,221,272** | **26,062,600** |

The accompanying notes are an integral part of these consolidated financial statements

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# CONSOLIDATED STATEMENT OF CASH FLOWS

GRUPO DE INVERSIONES SURAMERICANA S.A.

For the year ended December 31, 2015 and 2014
With comparative figures at December 31 and January 1, 2016
(Stated in millions of Colombian pesos)

| | 2015 | 2014 |
|---|---|---|
| **Income for the period** | **1,323,941** | **1,631,029** |
| **Adjustments to reconcile gains (losses)** | | |
| Adjustments for income tax expense | 569,487 | 484,736 |
| Adjustments for financial costs | 305,648 | 255.087 |
| Adjustments for increases (decreases) in inventories | 2,502 | (4,648) |
| Adjustments for decreases (increases) in accounts receivable corresponding to the insurance business | (141,211) | 3,467 |
| Adjustments for decreases in trade receivables | (458,909) | (315,406) |
| Adjustments for increase (decrease) in trade payables | 173,305 | (37,104) |
| Adjustments for increase in account payables corresponding to the insurance business | 4,571,372 | 3,210,735 |
| Adjustments for increases in other accounts payables corresponding to operating activities | 80,933 | 55,050 |
| Adjustments for depreciation and amortization expense | 347,216 | 260,911 |
| Adjustments for provisions | 128,104 | 69,749 |
| Adjustments for unrealized foreign currency (gains) losses | (815,122) | (766,722) |
| Adjustments for losses (gains) in fair value | (163,967) | (114,749) |
| Adjustments for retained earnings via the equity method | (99,296) | (790,157) |
| Non-controlling interests (Note 28) | (33,697) | 299,501 |
| **Total adjustments to reconcile gains (losses)** | **4,466,366** | **2,610,451** |
| **Cash flows generated from operating activities** | **5,790,307** | **4,241,480** |
| Dividends paid | (248,194) | (281,085) |
| Dividends received from Associates | 395,850 | 326,998 |
| Interest received | (12,312) | - |
| Income tax paid | (369,466) | (313,463) |
| Other non-financial assets | 7,777 | (14,750) |
| **Net cash flows generated from operating activities** | **5,563,962** | **3,959,179** |
| **Cash flows generated from (used for) investing activities** | | |
| Cash flows from the sale of subsidiaries or associates | 96,578 | 251,645 |
| Cash flows used to acquire subsidiaries or associates | (1,192,683) | (941,899) |
| Other cash receipts on sales of equity or debt securities | 4,817,793 | 4,519,097 |
| Other payments for purchasing equity or debt securities from other entities | (8,206,420) | (6,831,444) |
| Proceeds from sales of property and equipment | 6,501 | 59,772 |
| Purchases of property and equipment | (117,726) | (159,089) |
| Proceeds from sales of intangible assets | 11,343 | 8,601 |
| Purchases of tangible assets | (338,781) | (307,526) |
| Proceeds from sales of other long-term assets | 6,097 | 40,526 |
| Purchases of other long-term assets | (54,456) | (150,300) |
| Payments on futures, forwards, options and swaps | (210,758) | - |
| Cash receipts from futures, forwards, options and swaps | - | 17,002 |
| Dividends received on financial instruments | 70,806 | 60,401 |
| Interest received | (1,457,379) | (995,547) |
| **Net cash flows used for investing activities** | **(6,569,085)** | **(4,428,761)** |

| Net cash flows provided by (used in) financing activities | 2015 | 2014 |
|---|---|---|
| Proceeds from loans | 1,934,452 | 3,220,048 |
| Loan repayments | (962,472) | (2,798,659) |
| Interest paid | (42,227) | (61,224) |
| **Net cash flows provided by (used in) financing activities** | **929,753** | **360,165** |
| **Decrease in net cash and cash equivalents before exchange rate effect** | **(75,370)** | **(109,417)** |
| Effects of exchange rate fluctuations on cash and cash equivalents | 214,565 | 60,350 |
| **Increase (decrease) in net cash and cash equivalents** | **139,195** | **(49,066)** |
| Cash and cash equivalents at beginning of the period | 1,293,989 | 1,343,055 |
| **Cash and cash equivalents at the end of period** | **1,433,184** | **1,293,989** |

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GRUPO DE INVERSIONES SURAMERICANA S.A.
AS OF DECEMBER 31, 2015 AND 2014, AND JANUARY 1, 2014, AS WELL AS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Stated in millions of Colombian pesos, except for amounts stated in foreign currencies, exchange rates and share information).

## NOTE 1

## REPORTING ENTITY

Grupo de Inversiones Suramericana S.A., se constituyó con motivo de la Grupo de Inversiones Suramericana S.A. (hereinafter referred to as the "Company", and together with its subsidiaries referred to as "Grupo SURA") was incorporated as a result of being spun off from Compañía Suramericana de Seguros S.A., by means of Public Deed No. 2295 dated as of December 24, 1997 before the Notary Public No. 14 of the Circuit of Medellin, with all the corresponding 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 2012.

Its business purpose is to invest in personal and real estate property, and it may do so in the forms 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 variable income, regardless of whether these are listed on a public stock exchange. The corresponding issuers and/or investees may belong to either the public or private sectors, both at home or abroad.

Grupo SURA's reporting period follows 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:

The Company is a multi-national corporation, which operates in Latin America ("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"), an index which tracks companies who have become global benchmarks due to their best practices they have adopted from the economic, environmental and social standpoints. In 2015, the DJSI awarded Grupo SURA its "Silver Class" distinction as the company upholding the second highest sustainability standards in its sector, on a worldwide level. Group Sura's investments are classified into two categories: (i) strategic or core – those pertaining to the financial, insurance, pension, savings and investment sectors; (ii) industrial – those found mainly in the processed food, cement, energy, port services and real estate sectors.

(1) The Company and its set of subsidiaries

The Company´s subsidiaries (Sura AM S.A., Suramericana S.A.,) and investee companies (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 64.29% 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 oversee businesses in the Latin American pension, savings and investment sectors, while the remaining 28.60% stake in Sura Asset Management S.A.'s share capital belongs to other local and international shareholders. An 81.13% stake in Suramericana, the Group´s insurance holding company, and the remaining 18.87% of Suramericana is owned by the German insurer Münchener Rückversicherungs-Gesellschaft Munich, commonly known as "Munich Re.". Finally, we also have a 46.43% 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.

The Group´s investments in the processed food segment of the local industrial sector include a 35.34% 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 35.77% stake in the voting shares of Grupo Argos S.A. (equal to 28.21% of its share capital) where again GRUPO SURA is the largest shareholder. Grupo Argos is in turn the controlling shareholder of Cementos Argos, S.A. and Celsia S.A. E.S.P.

### FORTALEZAS DE LA ENTIDAD

1) Grupo SURA is a shareholder of several companies which have investments in leading businesses in Colombia, Mexico, El Salvador, Dominican Republic, Panama, Peru, Chile, Guatemala and Uruguay. Grupo SURA has invested in well-established companies primarily in the sector of financial services, insurance, healthcare, labor risks, pension funds, complementary services, followed by industrial sectors, including food processing, premixed cement and concrete productio, power generation, ports, coal mine exploitation, and real estate project development.

2) A sound cash flow level per country and per sector. Grupo SURA gains most of its cash flow from dividends paid by a diversified group of companies from several industries and countries in the region. In recent years, these companies have paid dividends ongoingly, exhibiting increases of at least the inflation rate, measured by the Consumer Price Index (IPC).

3) A sound financial situation that backs the business' expansion. At December 31, 2015, the consolidated equity of Grupo SURA was COP 22,841,328 million and its financial debt over total assets ratio was traditionally 11.3%. Grupo SURA has primarily financed its expansion with its cash flows per operational activities and the sale of non-strategic assets; it is worth underlining that the Company ends the year with financial debt levels significantly low taking into account the size of its portfolio.

4) A business multi-product, multi-segment and multi-channel business model. Grupo SURA has increased its market share in the financial services sector of the region developing a business model which leads to make good use of the synergies between diffeent banking, insurance and pensions businesses. This is turn provides the Company access to a larger customer base and promotes increased customer loyalty, always being extremely rigorous in meeting the standard of each country and abiding to legal restrictions. The business model is a true competitive edge that the different companies have and in turn, a barrier that difficults the entrance of the competition to the market.

5) Commitment to best practices, good corporate governance and sustainable development. The Code of Good Governance was implemented in 2002 and its annual reports have been published since 2005. Our corproate governance system is based on the corporate principles of Fairness, Respect, Responsibility and Transparency alongside a firm commitment to the region and to its people. The Code of Good Governance meets the international standards, and establishes the philosophy and standards which lead relations between Management, Board of Directors, Shareholders, Investors and other stakeholders interested in the development of the Company. Furthermore, part of its commitment to Sustainabiliuty and to develop the corporate responsibility model, includes the participation of Grupo SURA and subsidiaries in social development projects with institutional contributions and volunteer corps, through Fundación Suramericana. These initiatives promote the development of peoples' skills and help improve the quality of life of vulnerable communities.

6) Good human talent. Grupo SURA has people with vast experience and knowledge, and a management team with ample backgrounds. At the Company, being is of relevance, highlighint integrity and corporate values which are part of the organizational culture. As far as management, most of its members have held top positions in several industries in Colombia and in the rest of Latin America and in turn, have been tied to Grupo SURA or related companies during their professional life.

## COMMERCIAL STRATEGY

During 2015, Grupo SURA enhanced the corporate role established in its strategic direction, which seeks to guide the Company's relation with its strategic investments.

There is no doubt that as the Company gains engagement, identifies synergies and works on common interests, it can boost its growth, adding value to the companies of its strategic portfolio, and ensuring the long-term sustainability of its businesses.

Hence, the strategic focus of Grupo SURA set forth for the coming years establishes building value and trust as its core purpose. Consequently, growth is sought based on innovation, the creation of synergies, and the expansion and development of markets. Human talent, equity strength, sound goodwill and brand, and management based on Corporate Governance are the foundations for this growth. Likewise, every management line should be framed within shared corporate philosophies and cultures, and the commitment to the business' sustainable development.

**Business development**

a) Our strategic investments. The major companies of our investments portfolio are market leaders. The outlook is to maintain the leadership in those markets with highly trained and specialized individuals, providing customers superior products and solutions, investing in research and in the development of increased innovation. The idea is to promote customer loyalty providing a good mix of customized services alongside top-quality products and services at competitive prices, ensuring that the businesses can continue implementing the primary pillars of fairness, respect, responsibility and transparency

b) Expansion in select international markets to back the growth of the strategic companies' portfolio operating in the sector of financial services, insurance, social security and pension funds. In the quest of sustainable growth and business expansion, the Company still uses international practices and standards pertaining to Responsible Investment Criteria. The Company is aware that global development brings about a series of risks and opportunities that demand the use of responsible practices in its investments. Today, the Group has an overall policy on this matters that guides the companies in the application of environmental, social and good governance matters to analyze its current and future investments.

c) Maintain and improve a sound level of diversified cash flows. By expanding in the region, the financial strength of the coampnies should be maintained and improved, diversifying the origin of the Company's revenues. Thus, we can ensure the diversification of dividend flows from several industries and countries displaying a similar o higher growth pace in recent years. Moreover, the long-term policy to maintain conservative leverage levels will be guaranteed to avoid hurting the good credit position with the growth displayed.

## DIRECTORS

The Board of Directors, in compliance with the corporate by-laws, is comprised of seven members appointed in the annual meetings of the Assembly of Shareholders.

The members of the current Board of Directors were appointed by the General Assembly of Shareholders held on March 26, 2015, for a two-year term. The mandate of each Board member expires in March, 2017. Directors may be appointed for additional periods without restrictions.

| Name | Position |
|---|---|
| Luis Fernando Alarcón Mantilla (1) | Chairman |
| Sergio Michelsen Jaramillo (1) | Principal |
| José Alberto Vélez Cadavid | Principal |
| Carlos Ignacio Gallego Palacio | Principal |
| Jorge Mario Velásquez Jaramillo | Principal |
| Carlos Antonio Espinosa Soto (1) | Principal |
| Jaime Bermúdez Merizalde (1) | Principal |

(1) Independent member, in accordance with the Colombian law.

## ENIOR MANAGEMENT TEAM:

The current senior management team is listed below:

| Name | Position |
|---|---|
| David Bojanini García | Chairman |
| Fabián Fernando Barona Cajiao | Corporate Auditor |
| Ignacio Calle Cuartas | Vice President of Corporate Finance |
| Fernando Ojalvo Prieto | Vice President of Corporate Affairs |

## BOARD COMMITTEES

**Corate Governance Committee**
Comprised of 3 Board members; the CEO attends as a guest. This Committee meets at least twice a year and holds responsibilities before the Directors, the Board of Directors, Senior Management and the good governance of the Corporation.

**Apointments and Compensations Committee**
Comprised of 3 Board members and meets at least twice a year. Its duties cover: guidelines for human talent; strategies to retain and develop human talent; succession plan; performance assessment of the Corporation's senior management and CEO; guidelines for the compensation of Directors and management in accordance with their individual and group performance.

**Risks Committee**
Comprised of 3 Board members and meets no less than twice a year. Its responsibilities cover the risk management of the Corporation, including: the analysis and appreciation of the normal risk management at the Corporation in terms of limits, risk profile, profitability and capitals map; propose to the Board the Risks Policy of the Corporation; present to the Board proposals on delegation standards to approve different types of risks.

Likewise, this Committee is responsible of the Corporation's Sustainability issues, such as: the assessment and monitoring social, environmental and political trends which could hurt the Corporation and its subsidiaries, and results; follow-up the performance of the Corporation and its subsidiaries in environmental, economic, social and goodwill matters; to monitor non-financial risk management and mitigation; and review the non-financial information which the Corporation provides to the market.

**Audit and Finance Committee**
Comprised of 3 independent Board members and meets no less than 4 times a year. It is reponsible for establishing and promoting the Corporation's oversight culture. The responsibilities of the Committee are set forth in article 37, item b of the Corporate By-laws, and in article 2.1.4.4 of the Code of Good Governance of the Corporation and in the regulations of this Committee.

## PRINCIPLE SHAREHOLDERS

The table below provides information related to the shareholders of the Company at December 31, 2015, in accordance with the Book of Shareholders:

| SHAREHOLDERS | SHARES | % SHARES |
|---|---|---|
| Grupo Argos S.A. | 137,014,853 | 23.81% |
| Grupo Nutresa S.A. | 59,387,803 | 10.32% |
| Fondo de Pensiones Obligatorias Porvenir Moderado | 53,227,316 | 9.25% |
| Fondo de Pensiones Obligatorias Proteccion Moderado | 46,833,308 | 8.14% |
| Cementos Argos S.A. | 28,183,262 | 4.90% |
| Oppenheimer Developing Markets Fund | 17,689,539 | 3.07% |
| Fondo de Pensiones Obligatorias Colfondos Moderado | 16,376,238 | 2.85% |
| Harbor International Fund | 16,186,666 | 2.81% |
| Colombiana de Comercio S.A. Corbeta y/o Alkosto S.A. | 9,178,289 | 1.60% |
| Old Mutual Fondo de Pensiones Obligatorias Moderado | 6,822,853 | 1.19% |
| Fondo Bursatil Ishares Colcap | 6,401,500 | 1.11% |
| Vanguard Emerging Markerts Stock Index Fund | 5,752,182 | 1.00% |
| Other shareholder with less than 1% share | 172,318,414 | 29.95% |
| **Total** | **575,372,223** | **100.00%** |

(1) Includes 15,317 shares held individually minus 1,0% of ordinary and preferred shares

Ordinary shares are traded in the Colombian Stock Exchange (Bolsa de Valores de Colombia) as "GRUPOSURA"; ADRs level 1 are traded over the counter in the U.S. under "GIVSY". As far as preferred shares, these are traded in the Colombian Stock Exchange under "PFGRUPSURA" while the corresponding ADRs level 1 are traded in the U.S. udner "GIVPY".

# NOTE 2 BASIS FOR PREPARING THE FINANCIAL STATEMENTS

### 2.1. Compliance Statement

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in in Colombia ("Colombian IFRS"), as provided by Law 1314 of 2009, which in turn was regulated by the Unified Regulatory Decree 2420 of 2015 and subsequently amended by Decree 2496 of 2015, all issued by the Government of Colombia.

These are Grupo SURA's first consolidated financial statements prepared in accordance with Colombian IFRS; and IFRS 1 - First-time Adoption of International Financial Reporting Standards has been applied, as explained in Note 43.

Until December 31, 2014, the Company prepared its financial statements in accordance with generally accepted accounting principles in Colombia ("Previous GAAP"). The financial information corresponding to prior periods, as shown for comparative purposes in these financial statements, has been modified and is presented in accordance with the new regulatory framework. The effects of changes between the Previous GAAP applied until December 31, 2014 and IFRS are described in further detail in Note 43.

### 2.2. Basis of measurement

These consolidated financial statements have been prepared on a historic cost basis, except for the following major items included in the Statement of Financial Position.

- Financial instruments are measured at fair value.
- Investment properties are measured at fair value.
- Assets and liabilities are measured either at cost or amortized cost, except for certain financial assets and liabilities that are measured at fair value.

Financial assets and liabilities measured at fair value correspond to those classified as assets and liabilities at fair value through profit or loss, together with equity investments measured at fair value through equity; and in the case of all recognized derivatives, assets and liabilities that are designated as hedged items as part of hedging arrangements measured at fair value, their corresponding carrying values are adjusted based on changes to their fair value attributable to the hedged risk.

These consolidated financial statements have been reported in Colombian pesos with figures stated in millions rounded up to the nearest unit, except for basic earnings per share and exchange rates quoted in Colombian pesos (i.e. for US dollar, euro, Chilean peso, Dominican peso and Mexican peso, the New Sol and Peruvian peso).

### 2.3. Presentation of Financial Statements

Grupo SURA presents its Statement of Financial Position in order of liquidity.

Grupo SURA's Statement of Comprehensive Income, its income and its expenses are not offset, unless permitted or required by any accounting standard or interpretation thereof, as stipulated in Grupo SURA's policies.

Grupo SURA's activities include insurance, pension fund management, healthcare, and other services activities; costs and expenses are classified by nature, as Grupo SURA considers this presentation provides information that is reliable and more relevant to the stakeholders.

### 2.4. Consolidation Principles

#### Subsidiaries

These consolidated financial statements include those of Grupo SURA and its subsidiaries at December 31, 2015, December 31 2014 and January 1 2014, and for the years ended in December 2015 and 2014. Grupo SURA consolidates assets, liabilities and the financial results of all those entities over which it exerts control.

A subsidiary is an entity that comes under the direct or indirect control of any of the companies that make up Grupo SURA. Control exists when any of the companies have the power to direct the subsidiary's activities, such as operating and financing activities, in order to obtain benefits from such activities and is also exposed, or is entitled, to variable returns from said subsidiary.

Grupo SURA's consolidated financial statements are presented in Colombian pesos, which is the functional and reporting currency of the parent company, Grupo SURA. Each of Grupo SURA's Subsidiaries determines its own functional currency and draws up its financial statements using said currency.

To facilitate subsequent consolidation, subsidiary financial statements are prepared according to Grupo SURA's accounting policies and are included in the consolidated financial statements as of the date said subsidiary was acquired and until Grupo SURA no longer exerts control over said subsidiary.

All intercompany assets, liabilities, equity, income, costs, expense and cash flows are eliminated upon preparing these consolidated financial statements.

When Grupo SURA no longer exerts control over a subsidiary, any residual stake retained in such subsidiary is measured at fair value and any gains or losses produced are recognized through profit and loss for the period.

**Investments in associates**

An associate is an entity over which Grupo Sura exerts significant influence in terms of financial and operating policy decisions without having total or joint control.

When first acquired, any surplus between the associate´s purchase price and the share obtained in terms of the net fair value of all identifiable assets, liabilities, and contingent liabilities taken over from the associate or joint venture is counted as goodwill. Goodwill includes the investment´s carrying value.

The associate´s income, assets and liabilities are recorded in the consolidated financial statements using the equity method. The equity method is applied as of the date the associate is first acquired and until whenever significant influence or joint control is no longer exerted over the associate in question.

The share of the earnings or losses obtained or incurred by the associate is shown in the income statement net of tax and non-controlling interest in the associate´s subsidiaries or joint ventures, whereas the share of any changes directly recognized in the associate´s equity or other comprehensive income statement are shown in the consolidated statements of changes to shareholders´ equity and other comprehensive income.

Cash dividends received from the associate or joint venture are recognized by reducing its amount from the investment value.

Grupo SURA periodically analyzes whether there are any signs of impairment and, whenever necessary, impairment losses are recognized for the corresponding investment in the associate or joint venture. Impairment losses are recognized as in profit or loss statement for the period and are calculated as the difference between book value and the recoverable amount of the associate or joint venture, which is the higher of its value in use or its fair value less selling costs.

When significant influence is no longer exerted over the associate, Grupo Sura measures and recognizes any residual investment that remains at fair value. The difference between the carrying amount of the associate or joint venture (taking into account the relevant items of other comprehensive income) and the fair value of the retained residual investment, including the value obtained from its sale, is recognized in profit or loss.

**Non-controlling interest**

Non-controlling interest in the net assets belonging to the consolidated subsidiaries are shown separately in Grupo SURA's equity accounts. The income and other comprehensive income obtained during the period are also allocated to both controlling and non-controlling interests.

Any other stakes in subsidiaries sold or purchased by non-controlling interests, which in no way imply a loss of control over the entity in question, are directly recognized in equity.

## NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied upon preparing the Opening Consolidated Statement of Financial Position as well as the other consolidated financial statements in accordance with the Colombian IFRS, unless otherwise indicated.

### 3.1. Business combinations and goodwill

Grupo SURA considers business combinations to be all those transactions involving the merger of two or more entities or economic units into one single entity or group of entities.

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and the liabilities and contingent liabilities taken over from the acquired company are recognized at fair value on the date of their acquisition, and the corresponding acquisition costs are recognized through profit and loss for the period, with the respective goodwill recorded as an asset in the consolidated statement of financial position.

The consideration transferred in exchange for a business combination is measured as the capital gain at fair value, of the assets handed over, the liabilities incurred or taken over and the equity interests issued by Grupo SURA, including any contingent consideration in order to gain control over the acquired entity.

Goodwill is measured as the difference between the value of the consideration transferred, the fair value of any non-controlling interest, and wherever applicable, the fair value of any stake previously held in the acquired entity and the net identifiable assets acquired and the liabilities and contingent liabilities taken over on the date the entity is acquired. Any gains or losses resulting from measuring any previous stake held may be recognized through profit and loss for the period in question, or in the other comprehensive income statements, as required. It is possible that the acquiring company may have recognized changes in the value of the stake held in the acquired entity in the other comprehensive income statement corresponding to prior reporting periods. Should this be the case, the value thus recorded in other comprehensive income must be recognized on the same basis that would have applied had the acquiring company directly divested the previous stake in the acquired entity´s equity. Should the consideration thus transferred be lower than the fair value of the net assets belonging to the acquired entity, the difference is directly recognized in the consolidated statement of income as of the date these were acquired.

On the date when each business combination is acquired, Grupo SURA must decide whether to measure the non-controlling interest either as a proportionate share of the identifiable assets acquired and the liabilities and contingent liabilities taken over from the acquired entity or at fair value.

Any contingent consideration for a business combination qualifies as a liability or an equity interest and is recognized at fair value on the acquisition date. Subsequent changes in the fair value of a contingent consideration qualifying as a financial liability are recognized through profit or loss or other comprehensive income and when qualifying as an equity interest these are not remeasured but rather are subsequently calculated and recognized in equity. If the consideration does not qualify as a financial liability, it is measured in accordance with applicable Colombian IFRS.

Goodwill acquired as part of a business combination is allocated, on the acquisition date, to the cash-generating units belonging to Grupo SURA that are expected to benefit from the business combination in question, irrespective of whether the other assets or liabilities of the acquired entity are assigned to those units.

In the event that this goodwill forms part of a cash-generating unit and subsequently a portion of said unit´s operations are sold off, the goodwill associated with the operations thus disposed of is included in the carrying amount of said operations when determining the gain or loss on their disposal. Goodwill that is written off is determined based on the percentage of the operation that is sold off, which is equal to the ratio between its carrying value and the carrying value of the cash-generating unit

### 3.2. Cash and cash equivalents

Cash and cash equivalents, as appearing in the Statement of Financial Position and Cash Flow Statement, include cash in hand and highly liquid investments and money market transactions with banks that can be readily converted into cash, are subject to an insignificant risk of changes to value, and have maturities of three months or less from the date of their acquisition.

### 3.3. Financial instruments

#### FINANCIAL ASSETS

Grupo Sura initially recognizes its financial assets at fair value for subsequent measurement at amortized cost or fair value depending on the business model used to manage said financial assets and the specific characteristics of the contractual cash flows obtained from the instrument in question.

The effective interest rate method is used to measure financial assets at amortized cost if the asset held forms part of a business model for obtaining contractual cash flows and the contractual terms of such financial instrument provide for cash flows, on specific dates, consisting solely of payments of principal and interest on the amount of principal outstanding. Notwithstanding the foregoing, Grupo SURA has irrevocably determined that its financial assets are to be measured at fair value through profit or loss.

#### ACCOUNTS RECEIVABLE DUE FROM CUSTOMERS AND INSURANCE ACTIVITIES

The business model used for measuring accounts receivable is based on their contractual cash flows, which is why accounts receivable are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method, provided that they qualify as long-term assets, meaning that the Company intends to collect such accounts more than 12 months into the future.

In contrast, short term accounts receivable continue to be recognized at fair value.

#### FINANCIAL ASSETS OTHER THAN THOSE MEASURED AT AMORTIZED COST

Financial assets, other than those measured at amortized cost, are measured at fair value, and include investments in equity instruments that are not held for sale.

Cash dividends received from these investments are recognized in the income statement as profit or loss.

Financial assets measured at fair value are not subject to impairment tests since fair value reflects this valuation.

#### IMPAIRMENT OF FINANCIAL ASSETS AT AMORTIZED COST

In the case of assets recognized at amortized cost, impairment is assessed using the incurred credit loss model at the end of the reporting period. Grupo Sura recognizes the value of changes to credit losses incurred as an impairment, gain or loss.

A single financial asset or group of such shall be considered impaired and have sustained a loss to its value if, and only if, there is objective evidence of an impairment as a result of one or more events that occurred after the asset´s initial recognition (a "loss event") and when such loss event (or events) have an impact on the estimated cash flows of the financial asset(s) in question and can be reliably estimated.

#### FINANCIAL LIABILITIES

Upon their initial recognition, Grupo SURA measures its financial liabilities at fair value less the transaction costs that are directly attributable to the acquisition or issue of the financial liability in question and then later classifies financial liabilities either at amortized cost or at fair value depending on the liability.

Liabilities at amortized cost are measured using the effective interest rate, provided that these are long-term liabilities, with maturities exceeding 12 months. In contrast, short term liabilities are recorded at fair value and since their valuation at amortized cost is similar to that of their fair value.

The effects of derecognizing a financial liability are recognized in the income statement and are amortized using the effective interest rate method, which is recorded as a financial cost in the income statement.

Financial instruments that contain both a liability and an equity component (compound financial instruments) are recognized and accounted for separately. The liability component is determined by the fair value of future cash flows and the residual value is assigned to the equity component.

## DERECOGNITION

A financial asset, or a portion thereof, is derecognized from the Statement of Financial Position when it is sold, transferred or otherwise matures or when Grupo SURA loses control over the contractual rights or cash flows pertaining to said instrument. A financial liability, or a portion thereof, is derecognized from the Statement of Financial Position when the contractual obligation is settled, paid or has otherwise matured.

## OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and their net amounts are recognized in the Consolidated Statement of Financial Position if, and only if (i) there is, at the present time, a legally enforceable right to offset such recognized values, and (ii) the holder of such intends to settle these at their net values or realize the assets and settle the liabilities simultaneously.

## DERIVATIVES

When a derivative contract is first signed, Grupo Sura must classify whether the derivative instrument is held for trading or hedging purposes.

Certain derivative transactions that are not eligible to be accounted for as hedging derivatives are treated and reported as derivatives held for trading purposes, even though they provide an effective hedge for managing risk positions.

Changes to the fair value of derivative contracts held for trading purposes are included under net gains (losses) from financial operations in the Consolidated Statement of Income. Certain derivatives that are incorporated in other financial instruments (embedded derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the host contract and they are not recorded at fair value with their unrealized gains and losses posted in income for the period.

## HEDGE ACCOUNTING:

**Hedged items:**
In the case of Grupo Sura, a hedged item may consist of a recognized asset or liability, an unrecognized firm commitment, a highly probable transaction or a net investment in a foreign operation.

**Types of hedging arrangements:**
Grupo Sura's hedging arrangements consist of the following:

- Fair value hedges: these address the Company's exposure to changes in the fair value of a recognized asset or liability or an unrecognized, firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and that could affect profit or loss.

- Cash flow hedges: these address the Company's exposure to changes in its cash flows due to a specific risk relating to the recognized asset or liability or to a highly probable transaction that could affect profit or loss.

- Hedges of net investments in foreign currency: these address the exchange rate risk on the Company's net investments in foreign currency. The hedged item is the difference resulting from the currency conversion process and the amounts posted in the consolidated financial statements.

## MEASURING EFFECTIVENESS

The decision to apply hedge accounting is based on considerations regarding expectations of future hedging effectiveness (prospective), the purpose of which is to ensure that there is sufficient evidence to support an expectation of a highly effective hedge, as well as an assessment of its actual effectiveness (retrospective).

A hedge is considered as being highly effective only if it meets both of the following conditions:

a. At the start of the hedging arrangement, and during subsequent periods, the effectiveness of the hedging instrument is expected to fall within a range of between 80% and 125%.

b. The actual results of the hedging instrument falls on a range from 80% to 125%.

## MEASUREMENT

Grupo Sura initially measures its hedging instruments at fair value. As in the case of derivatives, their fair values are zero on the date of their initial recognition, except for some options.

Any subsequent measurements of hedging instruments are at fair value.

The best evidence of their fair value are quoted prices in an active market.

## RECOGNITION:

**Fair value hedges:**
If, during the period, a fair value hedge fulfills the corresponding documentation requirements, it is recorded as follows:

a. The gain or loss from remeasuring the hedging instrument at fair value is recognized in income for the period.

b. The gain or loss on the hedged item attributable to the hedged risk is duly adjusted for the carrying amount of the hedged item and subsequently recognized as income for the period, even if the hedged item is measured at cost.

**Cash flow hedges:**

a. The separate component of equity relating to the hedged item is adjusted so that it is equal (in absolute terms) to the lesser of:

    i. The cumulative gain or loss on the hedging instrument from the inception of the hedging instrument.
    ii. The cumulative change in the fair value (present value) of the expected future cash flows from the hedged item from the inception of the hedging instrument.

b. Any remaining gain or loss from the hedging instrument or the designated component of this same instrument (that is not an effective hedge) must be recognized in income for the period.

c. If the Company's documented risk management strategy governing a particular hedging relationship excludes a specific component of the gain or loss or related cash flows on the hedging instrument from the corresponding assessment of the hedge´s effectiveness, the component of the gain or loss thus excluded must be recognized in income for the period.
On the other hand, if, during the period, a cash flow hedge fulfills the corresponding documentation requirements, it is recorded as follows:

- The portion of the gain or loss obtained from a hedging instrument that is determined to be an effective hedge must be recognized in other comprehensive income.
- The ineffective portion of the gain or loss obtained from a hedging instrument must be recognized in income for the period.

**Hedges for net investments in foreign currency**

Hedge accounting can be applied only to exchange differences arising between the functional currency of the foreign operation and the functional currency of the controlling entity.

The hedged item could be, for the value of net assets, equal to or lower than the carrying value of the net assets of the foreign operation, as recorded in the consolidated financial statements of the controlling entity.

## INSTRUMENTOS FINANCIEROS COMPUESTOS

According to IAS 32, an issuer of a non-derivative financial instrument should assess the corresponding terms and conditions for classifying it as a compound financial instrument, that is to say, whether it contains both a liability and an equity component, based on the following criteria:

- A financial liability: is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under conditions that are potentially unfavorable.

- An equity instrument: is any contract or arrangement that evidences a residual interest in the assets of an entity after deducting all of its liabilities (net assets).

Grupo SURA's preferred shares cannot be considered entirely an equity instrument because the corresponding contractual clauses provide for the obligation of delivering cash or another financial asset to their holders. Similarly, they cannot be considered entirely a liability because they do not convey the obligation of providing the holder with the total amount of money received on the issue of shares. Consequently they must be considered compound financial instruments.

**Initial measurement of a compound financial instrument**

The liability and equity components of compound financial instruments must be measured separately. Therefore, for the initial measurement of a compound financial instrument, the equity component is determined as the residual amount after deducting the fair value of the instrument as a whole and the amount of the liability component is determined separately. The sum of the carrying amounts allocated to these liability and equity components, at the time of their initial recognition, is equal to the fair value of the instrument as a whole. No gains or losses may arise from the initial recognition separately performed on said components.

**Incremental costs relating to the issue of preferred shares**

Under IAS 32, a company incurs various types of costs and expense upon issuing its own equity instruments, which are posted at the lowest value thereof (net of any applicable tax benefit), to the extent that these qualify as incremental costs directly attributable to the equity transaction itself, which would otherwise not have been incurred had the instruments not been issued in the first place.

Transaction costs relating to an issue of compound financial instruments are allocated between their equity and liability components, bearing in mind that upon initial recognition IFRS 9 stipulates that a company shall measure a financial asset or a financial liability at fair value, adding or subtracting transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability itself. These costs are included in calculating the effective interest rate for appraising the value of such.

**Subsequent measurement of a financial liability in the form of a compound financial instrument**

Grupo de Inversiones Suramericana S.A. measures its financial liabilities at amortized cost subsequent to their initial recognition.

## BUSINESS MODEL OF GRUPO SURA

**Fair Value**

The Company's structural portfolio includes alternate investments that do not meet the requirements to be rated at amortized cost as a result of their nature, and, hence, are rated at their fair value with an effect on the income statement. These investments include, but are not limited to: fixed income certificates with a prepayment option, private capital funds and structured products. These may be acquired to fit the liability and to maintain them during a long period, and consequently, may be part of the structural portfolio of the Company.

**Fair value with changes in Other Comprehensive Result (OCI)**
Initially, Grupo Sura may irrevocably designate a capital instrument of other companies which is not kept for negotiation, as fair value with changes in Other Integral Result (ORI). This means that, in later measurements, the changes in fair value do not have an impact on results but rather on the corporation's equity.

### 3.4. Insurance activities

Under IFRS 4, an insurance company may continue using non-uniform accounting policies for all insurance contracts (as well as deferred acquisition costs and related intangible assets) belonging to its subsidiaries. However, IFRS 4 does not relieve the Group of certain implications inherent to the criteria set out in paragraphs 10 to 12 of IAS 8.

**Therefore, the Company:**
No reconocerá como un pasivo las provisiones por reclamaciones futuras cuando estas Shall not recognize provisions for future claims as a liability when they arise as a result of nonexistent insurance contracts at the end of the corresponding reporting period (such as catastrophe or equalization provisions).

- Shall perform the required liability adequacy tests.
- Shall eliminate an insurance contract liability (or portion thereof) from its Statement of Financial Position when, and only when, it no longer exists, meaning when the obligation stipulated in the corresponding contract is settled, paid or otherwise expires.
- Shall not offset (i) reinsurance assets against the related insurance liabilities, or (ii) income or expense from reinsurance contracts against income or expense, from the related insurance contracts.
- Shall consider whether its reinsurance assets have suffered any type of impairment.

An insurance risk is significant only if an insured event may give rise to the insurance company having to pay out a significant value in added benefits under any scenario. Additional benefits refer to amounts that exceed those that would have been paid if the event in question had not occurred. Significant risk is assessed on an individual contract basis.

Based on the inherent characteristics of our products, our products qualify as insurance contracts. It is important to note that once a contract is classified as an insurance contract, it remains in this category for the rest of its term, even when the corresponding insured risk becomes significantly lower.

Permitted practices and policies include mandatory liability adequacy tests and impairment tests performed on reinsurance assets. Prohibited practices and policies include setting up catastrophic reserves, maintaining or setting up compensation or contingent reserves and offsetting reinsurance assets and liabilities.

**Products classified under IFRS 4 - Insurance Contracts**
Grupo Sura took into account the following criteria contained in IFRS 4 upon classifying its insurance portfolios:

Insurance contracts: These apply when the company (the insurer) accepts significant insurance risk from the counterparty (the policy-holder) by agreeing to provide compensation in the event of any uncertain adverse event affecting the policy-holder in the future. A significant insurance risk is considered to exist when the benefits to be paid out, should the insured event occur, differ to a substantial extent from those that would otherwise be paid out in the absence of such an event. Insurance contracts include those that transfer the inherent financial risk, provided that the insured risk component is more significant.

Investment Contracts: These apply when the policy-holder transfers significant financial risk, but not the actual insured risk. The definition of financial risk includes the risk of a future change in one or any combination of the following variables: interest rates, prices of financial instruments, commodity prices, foreign exchange rates, price indexes or rates, credit risk or credit risk indexes or any other non-financial variables, as long as the variable is not specific to one of the parties to the contract.

**Reinsurance and coinsurance operations**

Grupo Sura shares its risks, from insurance operations, with reinsurers. See Note 2.2.1.5

#### REINSURANCE OPERATIONS

Grupo SURA considers reinsurance as a contractual relationship between an insurance and a reinsurance company, in which the former transfers all or a portion of the risks assumed with its policyholders to the latter.

Ceded premiums corresponding to reinsurance are recorded based on the corresponding terms and conditions of the applicable reinsurance contracts and using the same criteria as for direct insurance contracts.

Ceded reinsurance contracts do not relieve Grupo SURA of any of its obligations with policy-holders.

Grupo SURA does not offset reinsurance assets against liabilities arising from insurance contracts and these are recorded separately in the statement of financial position.

#### COINSURANCE OPERATIONS

Grupo SURA considers coinsurance a mutual arrangement agreed between two or more insurers for covering the same risk. With regard to co-insurance contracts, the responsibility of each insurer with regard to the policy holders is limited to its percentage stake in the arrangement itself.

Grupo SURA recognizes the balance obtained from its coinsurance operations based on the percentage stake held in the agreed insurance arrangement in its Statement of Financial Position.

## IMPAIRMENT OF REINSURANCE AND COINSURANCE ASSETS

Grupo SURA only considers a reinsurance and coinsurance asset to be impaired when it must reduce its carrying value and recognize the corresponding effects in the income for the period, if, and only if:

As a result of an event that occurred after the initial recognition of the reinsurance asset in question, there is objective evidence that the ceding party may not receive all the amounts that it is owed based on the terms and conditions of the contract; and that the event in question has an effect that can be reliably measured based on the amounts that the cedant shall receive from the reinsurance company.

Reinsurance assets are examined for impairment on a yearly basis so as to be able to opportunely detect any event that could impair the value of such. Triggers may include legal disputes with third parties, changes to the Company's capital structure and surplus levels, changes to the counterparty´s credit risk rating as well as past experience with collecting amounts due from the respective reinsurance companies. In the case of Grupo SURA´s insurance companies, no impairment has been found with regard to their reinsurance assets.

## INSURANCE LIABILITIES

Insurance liabilities in the case of Grupo SURA consist of its best estimates of future payments to be made on the risks assumed as part of its insurance obligations, which are measured and recognized through technical reserves. Grupo SURA's reserves include the following:

a. **Ongoing Risk Reserve:** set up for fulfilling future obligations arising from commitments undertaken based on policies in full force and effect on the date the corresponding calculations are made. The ongoing risk reserve is composed of the unearned premium reserve as well as the insufficient premium reserve.

   The unearned premium reserve represents the portion of premiums written on policies in full force and effect as well as premiums written on policies beginning on future dates, less policy issue expense, corresponding to the unused term of the corresponding risk.

   The insufficient premium reserve supplements the unearned premium reserve to the extent that premiums are not sufficient to cover the ongoing risk and non-accrued expense;

b. **Mathematical Reserve:** provides for the payment of individual life insurance obligations and those with premiums that are either level for specific periods of time or paid out in the form of annuities.



c. **Insufficient Asset Reserve:** set up to compensate for any shortfall with regard to covering expected flows of liabilities that make up the mathematical reserve using asset flows from the insurer.

d. **Pending Claims Reserve:** provides for the payment of claims incurred once reported or to ensure coverage of those that have not been reported on the date this reserve is calculated. The pending claims reserve consists of both the reported and the incurred but not reported (IBNR) claim reserves.

   The reported claims reserve contains the amount of funds that the insurer must allocate to meet payments of claims incurred once these have been reported and the corresponding expense on the date this reserve is calculated.

   The incurred but not reported claims reserve represents the estimated amount of funds that the insurer must allocate to meet payments of future claims incurred but not reported, at the date this reserve is calculated, along with other claims for which the insurer does not have sufficient information.

e. **Embedded derivatives:** embedded derivatives pertaining to insurance contracts are recorded separately if these are not considered as closely relating to the host insurance contract and do not meet the definition of an insurance contract.

   These embedded derivatives are recorded separately as financial instruments and are measured at fair value through profit and loss.

f. **Liability adequacy tests:** the technical provisions recorded in the financial statements are tested once a year in order to determine their adequacy based on projections of all future cash flows from existing contracts. If, as a result of these tests, they are found to be inadequate, they are adjusted against income.

   Future contractual cash flows are used to perform these adequacy tests, which are measured based on the best estimates available. Cash flows include both assets and liabilities over time and are discounted based on the rate of return corresponding to the portfolio of investments underpinning the Company's provisions and reinvestment.

The methodology used to perform these reserve adequacy tests and obtain the corresponding assumptions include the following:

- Projecting contractual cash flows using assumptions based on the best estimates available at the time these projections are made. Assumptions are periodically reviewed and approved by the models and assumptions committee as well as the Company's risk management department.
- Drawing up return rate scenarios (based on the investment-divestiture intentions of each of the Company's subsidiaries).
- Discounting flows of commitments (in order to obtain their current value).

- Calculating the 50th percentile of the present values and comparing them to the carrying values of reserves. In the case of Mexico and Peru, where contracts have no optionality (they are symmetrical), cash flows are projected symmetrically. However, in the case of Chile, which has non-symmetrical contracts (for example: flexible contracts with guaranteed rates), stochastic projections are drawn up so as to proceed to calculate the 50th percentile.

**The assumptions used to gauge the reserve adequacy tests that are performed include the following:**

**Operating Assumptions:**

- Exit rates, partial surrenders, collection factors (non-applicable in the case of life annuities): an experience-based analysis is periodically performed so as to be able to include the most recent behavioral patterns within the corresponding assumption. Analyses are performed on families of similar products.

  - Operating Expense: operating expense assumptions are reviewed every year taking into account the best estimated expense (based on portfolio volume and levels of expenditure). The Company's annual strategic road map forms an important tool for gauging these assumptions.

  - Mortality tables: the Company draws up its own tables for its life annuity portfolio. For the rest of its life insurance portfolio, since it does not have enough experience for building its own tables, the assumptions used are based on the mortality tables provided by the reinsurer.

- Financial assumptions: the reinvestment model provides scenarios for rates of return based on updated assumptions from the market and investment standpoints at the end of the reporting period. The assumptions obtained from the reinvestment model include:

  - Scenarios for Government Zero Coupon Rates: used in conjunction with the spread index to value the assets held for investment / reinvestment purposes
  - Projected Spread Index: applicable to zero coupon rates
  - Multiplicative Spread Factor
  - Depreciation Factor: applicable to real estate and equity securities
  - Projected Asset and Liability Flows

g. **Favorable Experience Dividend (FED):** Grupo SURA accounts for future payments of favorable experience (dividends) in terms of claims and continuity, as agreed on the effective dates of the corresponding insurance contracts by recognizing a provision for such payments.

### DEFERRED INCOME LIABILITIES (DIL)

Deferred Income Liabilities correspond to the deferral of income from fund members to cover maintenance expense and a level of profit, in the periods in which those members become non-contributors or pensioners who by law cannot be charged for the management of their funds and/or pension payments, while, from the tax standpoint, this income is recognized in full for the year in which it is obtained.

## 3.5.Inventories

Grupo Sura recognizes its inventories as of the date on which the risks and rewards inherent to the ownership of such begin to take effect.

These inventories are measured on two separate occasions: their initial measurement is first recognized at cost and then any subsequent measurements performed at the end of the reporting period are be recognized at the lower of their cost or net realizable value.

**Initial inventory measurements**
Grupo Sura initially measures its inventories as follows:
Purchase price, plus import costs, plus non-refundable taxes paid, plus transport costs, less discounts or rebates.

**Subsequent inventory measurements**
In the case of those products that are to be sold or marketed, Grupo Sura performs all subsequent measurement at the lower of their cost and their net realizable value.

Grupo Sura recognizes its inventories when they are sold at their carrying value, along with the related expense incurred for the period in which the corresponding income is recognized, for which it applies the weighted average cost method.

### CONSTRUCTION CONTRACTS

A construction contract is a contract specifically negotiated for the construction of an asset or group of assets that are closely interrelated or interdependent in terms of their design, technology and function, or with regard to their ultimate purpose or use.

Revenues received on ordinary activities as part of construction contracts are measured as the fair value of the consideration received or pending receipt.

When the revenue and costs of a construction contract can be reliably estimated, they are recognized either as revenue or expense depending on the degree that said contracts have been fulfilled in terms of their contractual activities at the end of the reporting period in question.

The company uses the percentage completion method to recognize construction contracts, based on which contractual revenues are recognized as such in profit and loss for the period, in the costs of services rendered line, and over the various accounting periods taken to perform the contract itself. Contractual costs are recognized as part of the inventory and in turn are expensed when assigned to a service contract in which the risks and rewards of such item are transferred to the customer, as provided by contractual agreements.

### 3.6. Taxes

Based on the tax structures of each of the countries in which Grupo SURA's subsidiaries operate, together with the respective rules and regulations governing the different types of business operations that each subsidiary carries out, each subsidiary is liable to pay taxes, rates and contributions on a nationwide as well as local level.

#### Income tax

##### CURRENT

Current income tax assets and liabilities for the current period are measured based on the amounts expected to be either recovered from or paid to the corresponding tax authorities. Income tax expense is recognized under current tax, based on comparing taxable income with book profits or losses subject to the income tax rate levied for the current year and in accordance with the provisions set out in Colombian tax legislation. The tax rates and regulations on which these values are based are those that are in full force and effect at the end of the reporting period in question.

##### DEFERRED CHARGES

Deferred tax is calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences as well as for the future offsetting of unused tax credits and tax losses to the extent that there is sufficient future taxable income against which said tax can be offset. Deferred tax is not discounted.

Deferred tax assets and liabilities are not recognized if the temporary differences arising from the initial recognition of an asset or liability forming part of a transaction that does not constitute a business combination and if, at the time of the transaction, said deferred tax items affect neither book profits nor the taxable gains or losses and, in the case of deferred tax liabilities, when they arise as a result of the initial recognition of goodwill.

Deferred tax liabilities with regard to investments in subsidiaries, associates and interests in joint ventures are not recognized when the timing of the reversal of temporary differences can be controlled and it is probable that these differences shall not be reversed in the near future. On the other hand, deferred tax assets with regard to investments in subsidiaries, associates and interests in joint ventures are recognized only to the extent that it is probable that the temporary differences shall be reversed in the near future and there is likely to be sufficient future taxable income against which these deductible differences can be charged.

The carrying amounts of deferred tax assets is reviewed at the close of each reporting period and are reduced to the extent that it is no longer probable that sufficient taxable income shall be available to offset all or part of the deferred tax asset. Unrecognized deferred tax assets are reassessed at the close of each reporting period and are recognized to the extent that it is probable that there shall be sufficient future taxable income to cover such.

Deferred tax assets and liabilities are measured based on the tax rates projected for the period in which the asset is realized or the liability is paid, based on the tax rates and regulations that were either approved or due to be approved on or near the respective filing date.

Deferred tax is recognized as profit or loss, except for those items that are recognized either as other comprehensive income or directly in the equity accounts.

Current income tax assets and liabilities also are offset if they relate to the same tax authority and the holder intends to settle these at their net values or realize the asset and simultaneously settle the corresponding liability.

### 3.7. Other non-financial assets

This account consists of disbursements for future expense, which are recognized in the income statements when the corresponding goods or services are received.

### 3.8.Investment properties

Grupo SURA has defined its investment properties as land and buildings held for the purpose of earning income through operating leasing arrangements or obtaining capital gains.

Grupo SURA initially measures its investment properties at cost, including all expense that directly relates to acquiring this type of asset.

For all subsequent measurements of such, Grupo Sura uses the Fair Value approach, based on the price that would be obtained if the Company were to sell the asset as part of an orderly transaction between market participants on the date the measurement is carried out.

The fair value of these properties was determined based on observable market transactions, given the nature of the property in question (land and buildings), which have similar market transactions, in compliance with the valuation model made in IFRS 13 Fair Value Measurement. (See Note 13 regarding Investment Properties).

Any increases or decreases to the value of Grupo SURA's investment property produced by changes to its fair value must be recognized in the income statement for the corresponding reporting period.

Consequently, Grupo Sura assesses whether there are any changes to the condition of use of an assets classified as investment property, and, if there are changes, said assets are reclassified or transferred to another group of assets on Grupo SURA's financial statements. Assessments must also be performed to decide whether there are any operating assets and whether they continue to meet the conditions to be classified as an investment property.

**Derecognitions or write-offs**
Grupo SURA derecognizes an investment property when it is sold or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal or when the property is handed over as part of financial leasing arrangements.

Any gains or losses produced upon withdrawing or disposing of an investment property is recognized as profit or loss when the asset is withdrawn or disposed of.

### 3.9. Property and equipment

Grupo Sura has defined its property and equipment (PP&E) as all those tangible assets that will be used in more than one accounting period and that are expected to be recovered through their use as opposed to their sale.

Grupo Sura includes in the initial cost of such property and equipment all costs incurred in their acquisition or construction once they are made ready for use.

After initially recognizing real estate property (land and buildings) Grupo Sura proceeds to subsequently measure it using the revaluation approach, or at fair value, which is the price that would be obtained if Grupo Sura were to sell the asset as part of an orderly transaction between market participants on the date the measurement is carried out. Property, plant and equipment's fair value is determined by independent experts with recognized professional capabilities and experience.

For all other types of property and equipment the cost approach is used.

At least every four years, Grupo Sura commissions property appraisals to be performed on said property so as to ensure that the carrying value of these assets does not differ materially from their fair value. Revaluation gains are usually recognized as other comprehensive income in the Statement of Comprehensive Income while the equity component is separately accounted for as a "revaluation surplus".

Declines in the prices of assets must be posted as a lower value of the balance of other comprehensive income account, should it exist, and if not, directly as profit and loss.

**Depreciation**

Grupo Sura depreciates its property and equipment using the straight-line method for all types of assets, except for land. Land and buildings are separate assets and are accounted for separately, even when they are acquired together.

Depreciation begins when the assets are situated in their location and are ready to be operated; and ceases on the date the asset is classified as held for sale or as an investment property measured at fair value, in accordance with applicable accounting policies.

Grupo Sura derecognizes its property, plant and equipment when they is sold or when no future economic benefits are expected to be obtained from their use or disposal. Any gains or losses arising from derecognition of any item belonging to the property, plant and equipment account are charged to profit and loss for the period.

**Useful lives**

Grupo Sura defined the following useful lives for its property and equipment:

| | |
|---|---|
| Buildings | between 80 and 100 years |
| IT equipment | 5 years |
| Medical equipment | between 7 and 17 years |
| Furniture and fixtures | between 8 and 10 years |
| Vehicles | between 8 and 10 years |

Grupo SURA reviews the useful lives of all assets at the end of each accounting period, at least.

### 3.10. Intangible assets

An intangible asset is defined as an identifiable, non-monetary, non-physical asset, from which an economic benefit is expected for more than an accounting period. Intangible assets separately acquired are initially measured at cost. The cost of intangible assets acquired through business combinations is posted at fair value on their respective acquisition dates. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment.

The useful lives of intangible assets are defined as finite or indefinite. Intangible assets with finite useful lives are amortized linearly over their useful economic life and periodically evaluated to determine whether there exists any impairment, whenever there are signs of a potential impairment. The amortization period and method used for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in their expected useful lives or the expected flows of future economic benefits of these intangible assets are accounted for by changing the amortization period or method, as appropriate, and treating them as changes to accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the income statement.

The useful lives of intangible assets are as follows:

| | Estimated useful life |
|---|---|
| Client relations | Based on their initial valuation (between 4 and 30 years) |
| Acquired goodwill | Indefinite |
| Trademarks | Indefinite |
| Contracts, licenses and software | Based on the term of the contract (between 3 and 17 years) |

Intangible assets with indefinite useful lives are not amortized, but are tested every year to determine whether they have suffered any impairment to their value, either individually or at the level of the cash-generating unit to which they were assigned. Assets classified as having indefinite useful lives are reviewed on a yearly basis in order to determine whether this is still appropriate, if not, the change in their useful lives from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognizing an intangible asset are measured as the difference between net income obtained from its sale and its carrying amount, which is recognized in the income statement when the asset in question is derecognized.

### DEFERRED ACQUISITION COSTS

Deferred acquisition costs correspond to the deferral of costs incurred in acquiring new customers for insurance and pension contracts. International standards provide for recognizing amortizable intangible assets that represent the right of the company to benefit from the handling of investments belonging to its fund members, and this is amortized to the extent that the company recognizes the income due for the period in which a customer maintains his or her investment with the company.

Deferred acquisition costs are directly related to an insurance contract subscription, which grants a contractual right to obtain economic benefits during the services delivery.

## 3.11. Investments

### 3.11.1. Subsidiaries

A subsidiary is an entity that comes under the direct or indirect control of any of the companies that make up Grupo SURA´s portfolio. Control exists when any of the companies have the power to direct the subsidiary's activities, such as operating and financing activities, in order to obtain benefits from such activities and is also exposed, or is entitled, to variable returns from said subsidiary.

### 3.11.2. Associates

An associate is an entity over which Grupo Sura exerts significant influence in terms of its financial and operating policy decisions without having total or joint control.



Grupo Sura exerts significant influence when it has the power to intervene in the financial or operating decisions of another company without achieving total or joint control. Grupo Sura is presumed to exert significant influence when:

- It directly or indirectly holds 20% or more of the voting power of the company in question, unless there is clear evidence that such influence does not exist through its governing bodies; or
- Although it may directly or indirectly hold less than 20% of the voting power of the company in question, there is clear evidence that such influence effectively exists through its governing bodies; or

Grupo Sura exerts significant influence through one or more of the following:

By being a member of the governing body of either the subsidiary or the associate;

- Participating in the policy-making and decisions taken in terms of dividends and other distributions;
- Performing material transactions with the associate;
- Exchanging senior management personnel; or
- Providing essential technical information.

Investments are initially recognized at cost and are subsequently measured using the equity method.

When an investment is first acquired, Grupo Sura must post the difference between the cost of investment and the portion corresponding to Grupo Sura as the net fair value of identifiable assets and liabilities of the associate:

- If the portion of the fair value of the associate´s identified assets and liabilities is less than the value of its acquisition, it produces a higher value that forms part of the cost of the investment; or
- If the portion of the fair value of the associate´s identified assets and liabilities is higher than the value of their acquisition, it is considered a purchase on favorable terms and the difference is recognized as income for the period.

Cash dividends received from the associate or joint venture are recognized as a lower value of the investment in question.

Grupo SURA periodically analyzes whether there are any signs of impairment and, whenever necessary, impairment losses are recognized for the corresponding investment in the associate or joint venture. Impairment losses are recognized in profit or loss statement for the period and are calculated as the difference between the recoverable amount of the associate or joint venture, which is the higher of its value in use or its fair value less selling costs, and its corresponding carrying amount.

When significant influence is no longer exerted over the associate or joint control over the joint venture, Grupo Sura measures and recognizes any residual investment that remains at fair value. The difference between the carrying amount of the associate or joint venture (taking into account the relevant items of other comprehensive income) and the fair value of the retained residual investment, including the value obtained from its sale, is recognized in profit or loss statement.

### 3.12. Impairment of non- financial assets

At each reporting date, Grupo SURA assesses whether there is any indication of an impairment to the value of a non-financial asset. Grupo SURA estimates the recoverable amount of the asset or cash-generating unit when it detects any signs of impairment, or as part of its annual reviews (as carried out at year-end 2015) of goodwill and intangible assets with indefinite useful lives as well as those assets that are not yet made ready for use.

The recoverable value of an asset corresponds to the higher of (i) its fair value less selling costs, whether or not this is an asset or a cash-generating unit, and (ii) its value in use. An asset´s recoverable value is determined on an individual basis, except when the asset in question does not produce cash flows that are largely separate from those from other assets. When the carrying value of an asset or a cash-generating unit exceeds its recoverable value, the asset is considered impaired and its carrying value is reduced to its recoverable value.

Upon calculating an asset´s value in use, its estimated cash flows, whether from the asset or the cash-generating unit, are discounted at their present value by applying the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The valuation approach is used to determine the fair value less selling costs of this type of asset.

Impairment losses corresponding to continuing operations are posted in the income statement, specifically in the expense accounts corresponding to the actual function of the impaired asset in question. Impairment losses attributable to a cash-generating unit are initially allocated to goodwill and, once this is exhausted, proportionally to other non-current assets belonging to the cash-generating unit, based on the carrying value of each asset.

Impairment to goodwill is determined by assessing the recoverable value of each cash-generating unit (or group of cash-generating units) to which the goodwill is linked. Impairment losses relating to goodwill cannot be reversed in future periods.

In the case of assets in general, excluding goodwill, at the end of each reporting period an assessment is carried out to determine whether there is any indication that any previously recorded impairment loss either no longer exists or has decreased. Should this be the case, the recoverable value of either the asset or the cash-generating unit in question shall be re-estimated. A previously recorded impairment loss can only be reversed when there are changes in the assumptions used to determine the recoverable value of an asset since the last time an impairment loss was recognized. Such reversals are limited to the carrying value of the asset or cash-generating unit in question, and shall not exceed its recoverable value or the carrying value net of depreciation that would have been obtained if an impairment for such asset or cash-generating unit had not been recognized for prior periods. These reversals are recognized in the income statements.

### 3.13. Fair value

Fair value is the price that would have been received or paid should the asset or liability have been sold or otherwise transferred between market participants on the date the asset or liability is measured. The fair value of all financial assets and liabilities are determined at the date on which the financial statements are prepared for their subsequent recognition or disclosure on the notes accompanying said financial statements.

Fair value is determined on the following inputs:

- Based on quoted prices in active markets for identical assets or liabilities that the entity can access on the date the measurements are made (Level 1 inputs).
- Based on the valuation approaches commonly used by market participants who use variables other than quoted prices that are observable for the asset or liability in question, either directly or indirectly (Level 2 inputs).
- Based on internal discounted cash flow or other valuation approaches, using non-observable variables estimated by Grupo Sura for the asset or liability in question in absence of observable market variables (Level 2 inputs).

This includes weighing the corresponding liquidity, credit and volatility risks. Changes in assumptions regarding these factors could affect the reported fair values of financial instruments.

**In measuring fair value, Grupo Sura takes into account all the following items:**

a. The specific asset or liability to be measured (in keeping with its unit of account).

b. For a non-financial asset, the corresponding valuation approach selected.

c. The main (or most advantageous) market for the asset or liability in question.

d. The valuation approaches used for their measurement, in the light of available data with which to calculate the variables that form the basis of the assumptions that market participants would use when pricing the assets and liabilities and the level of the fair value hierarchy in which the variables are classified.

#### Measuring assets or liabilities

When measuring the fair value of an asset or liability, Grupo Sura considers the characteristics of the specific asset or liability as would market participants when pricing said asset or liability including, for example, the following:

Features of the asset or liability similar to how market beginners would consider tham to set the price of said asset or liability, for instance, the following:

- The condition and location of the asset.
- Restrictions, if any, on the sale or use of the asset in question.
- How market participants would consider these characteristics.

#### Measuring non-financial liabilities

A fair value measurement supposes that a non-financial liability is transferred to a market participant on the date the measurement is performed, and this liability remains outstanding while the recipient is able to satisfy the obligation.

When there is no observable market capable of providing pricing information, this data may be obtained from other parties who maintain these liabilities in the form of assets and the fair value of such shall be measured from the standpoint of a market participant.

**Fair value at initial recognition**
When Grupo SURA acquires an asset or a liability, the price paid (or the price of the transaction) is taken as the entry price. Since companies do not necessarily sell assets at the prices paid to acquire them and similarly, companies do not necessarily transfer liabilities at the prices received for taking them on, from the conceptual viewpoint entry and exit prices can be widely different. The purpose of a fair value measurement is to estimate the exit price.

**Valuation approaches**
Grupo Sura uses the following valuation techniques:

- Market approach: this valuation technique is used mainly to value investment property and fixed assets whose later measurement has been defined by Grupo Sura as a revalued model. It is also used for financial models that have been defined according to the fair value business model for which there is an active market.

- Revenue approach: this valuation technique is used for financial assets and liabilities defined at their fair value but which do not have an active market.

### 3.14. Lease rentals

Determining whether an arrangement consists of or contains a lease based on the actual conditions of the agreement on its effective date, and whether fulfilling such agreement depends on using a specific asset or group of assets, or if the agreement grants a right to use the asset(s) in question.

Leases are classified either as financial or operating leases. A financial lease is when substantially all of the risks and benefits inherent to the ownership of the leased asset is transferred to the lessee, otherwise, it is classified as an operating lease.

Assets leased under financial leasing arrangements are shown as assets in the Statement of Financial Position at the beginning of the lease agreement and recognized at the fair value of the leased asset or the present value of the minimum lease payments, whichever is lower.

Assets leased under financial leasing arrangements are depreciated over the useful life of the asset in question using the straight line method. However, should there be no reasonable certainty that Grupo SURA would retain ownership at the end of the term of the corresponding leasing arrangement, the asset is depreciated over its estimated useful life or during the term of the lease, whichever is the lesser. Lease payments are divided upon between interest and payments of principal. Finance charges are recognized in the income statement.

Operating lease payments, including incentives received, are recognized linearly over the term of the lease as an expense in the income statement.

Leases classified as financial leasing arrangements are recognized as belonging to the property, plant and equipment account using the measurement criteria defined for that group of assets in the accounting policy governing property, plant and equipment.

Grupo Sura considers that if a lease does not classify as a financial leasing arrangement it should be classified as an operating leasing arrangement and all rentals paid on said leased asset are recognized as an expense in the income statement.

### 3.15. Employee benefits

Employee benefits include all amounts that Grupo Sura pays its workers in exchange for their services. Employee benefits are classified as short-term, post-employment, long-term and/or termination benefits.

#### SHORT-TERM BENEFITS

Short-term benefits are benefits (other than termination benefits) that are expected to be completely settled within a 12-month period following the end of the annual reporting period in which the employees provide their corresponding services. These short-term benefits are recognized to the extent that employees provide their services for the amounts expected to be paid. The effects of the changes in the valuation of the short-term benefits are registered in the gains and losses of the period.

#### LONG-TERM BENEFITS

Long-term benefits include all types of remuneration owed to the employee after a 12-month period following the end of the annual reporting period in which the employees provide their corresponding services.  Grupo Sura measures the surplus or deficit amounts obtained from the long-term employee benefit plan using the post-employment benefit approach both for estimating the corresponding obligation as well as the assets pertaining to the plan; and, in this way, it is able to arrive at the value of the net defined benefit by calculating the deficit or surplus produced by the obligation.

A liability for long-term benefit is recognized as follows:

a) The present value of the obligation for the benefits defined at the end of the reporting period;

b) Minus fair value at the end of the reporting period of the assets, if any, that are directly used to pay off the obligations.

The changes due to valuation for long-term employee benefits are recognized in the results for the period.

#### POST-EMPLOYMENT BENEFITS

Los beneficios post-empleo son todas aquellas remuneraciones otorgadas al empleado, Post-employment benefits are all those that are granted to employees after they leave the Company´s service. Post-employment benefits for Grupo SURA consist of:

a) A fixed contributions plan, under which the obligation is limited to payments by an outside company or fund, and is recognized once the employee has provided his or her services for a set period of time and the expense incurred for the period is disclosed at its nominal value.

b) A defined benefit plan, under which Grupo Sura has a legal or implicit obligation to pay such benefits, which require the use of actuarial calculations in order to recognize the defined benefit obligation based on actuarial assumptions.

Actuarial profits and losses in the defined benefit plans are recognized in the other integral result and the rest of the changes in the valuation of the defined benefits are recognized in the statement of results.

Benefits classified as long-term and post-employment are discounted using the sovereign bond rates of each of the countries where Grupo SURA is present, using the dates of the cash flows from which Grupo SURA expects to make such disbursements. This rate is used because no rates for high-quality corporate bonds are presented.

#### TERMINATION BENEFITS

Termination benefits are payments for early retirement or redundancy payments, and therefore only accrue when the employment relationship is completed. Grupo Sura recognizes termination benefits as a liability as well as an expense when the benefits thus offered cannot be withdrawn due to contractual issues or when recognizing restructuring costs.

### 3.16. Provisions and contingencies

Provisions are recognized when Grupo SURA has a present legal or contractual obligation as a result of a past event and there is the likelihood of an outflow of resources embodying economic benefits being required in order to settle the obligation, the value of which can be reliably estimated. If these conditions are not met, a provision is recognized.

Grupo SURA recognizes provisions in its Statement of Financial Position using its best estimates of the expenditure required, i.e. the value to be paid in order to settle the obligation for the reporting period in question, bearing in mind the risks and uncertainties affecting said estimates.

Grupo SURA considers that a provision must be set up when there is more than a 50% probability of incurring a loss.

Grupo Sura recognizes, measures and discloses the provisions arising in connection with contracts made for valuable consideration, restructurings, contractual and litigation proceedings, as long as it is probable that the Company shall have incurred in an obligation and must settle such.

Grupo Sura defines a contingent liability as an obligation arising from past events and whose existence is confirmed by the occurrence or non-occurrence of uncertain future events, or as a present obligation that arises from past events but is not recognized because: a) it is not likely that, in order to meet the obligation, it will be necessary to disburse resources that involve economic benefits or b) the value of the obligation cannot be measured reliably. The Company also classifies a contingent asset as arising from past events and whose existence is confirmed by the occurrence or nonoccurrence of uncertain future events.



Since contingent assets and liabilities stem from unexpected events and there is no certainty of obtaining future economic benefits from such, they are not recognized in the Statement of Financial Position until they actually materialize.

### 3.17. Operating segments

An operating segment is a unit belonging to Grupo SURA that engages in business activities from which it may earn revenues and/or incur costs and expenses and for which financial information is made available and whose operating performance is regularly reviewed by Grupo SURA's highest governing body in making operating decisions, deciding on how resources are to be allocated to the different segments and assessing their performance.

The financial information pertaining to these operating segments is drawn up using the same accounting policies as those used to prepare Grupo SURA's consolidated financial statements.

### 3.18. Income

Grupo SURA recognizes revenue when there a transfer of risks and benefits meaning when the service is rendered or when the respective goods are delivered, to the extent that it is probable that the economic benefits shall flow to Grupo SURA and that said revenue can be reliably measured. Revenue is measured based on the fair value of the consideration received or pending receipt, excluding taxes or other obligations. Discounts are recorded as a lesser value of the income received.

The following specific recognition criteria must also be met before proceeding to record income.

Revenues relating to activities performed during the normal course of business are recognized based on the degree to which the transaction is completed during the respective reporting period. Revenues from a transaction can be reliably estimated providing all of the following conditions are met:

- The amount of revenue from ordinary business activities can be reliably measured;
- It is probable that the entity shall receive economic benefits associated with the transaction in question;
- The degree of completion of the transaction at the end of the reporting period in question can be reliably measured; and
- The costs already incurred with the transaction and the remaining costs to be incurred until the transaction is completed can be reliably measured.

Grupo SURA estimates the extent to which the service is provided as follows:

- The proportion of services performed compared to the total extent of the services agreed upon.
- The proportion of costs incurred and paid compared with the total amount of estimated costs. For this purpose, the costs incurred up to the present time include the costs incurred with the service provided up to said date; and, with regard to the total estimated costs of the transaction itself, only the cost of the services that have been or shall be provided are included.

**Measuring income**
Grupo Sura measures income by estimating the fair value of the consideration received or pending.

The amount of income obtained from a transaction is usually decided between the Company and the buyer or user of the asset in question.

In almost all cases, this consideration is usually paid to the Company in the form of cash or cash equivalents and the amount of revenue corresponds to the amount of cash or cash equivalents received or pending receipt.

The following specific recognition criteria must also be met before income can be recognized as such.

### 3.18.1. Income from written premiums

Income from written premiums is recognized when the corresponding policies are issued, except for those whose terms have not yet begun or which exceed a 12-month period, in which case said income accrues on the date the corresponding term begins or the year following the beginning of the term. Income from accepted reinsurance premiums accrue when the corresponding account statements from the reinsurance firms are received.

Unearned premiums are calculated separately for each individual policy in order to cover the remaining portions of written premiums.

### 3.18.2. Workers´ Compensation Income

The Workers´ Compensation subsidiary 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 addressed, as reported on the last payment settlement or affiliation form. Worker's Compensation Income is presented within written premiums in the income statement

### 3.18.3.Dividend income

Grupo SURA recognizes dividend income when it is entitled to receive such income, which is usually when the dividends are first declared, except when the dividend represents a recovery of the cost of the investment. No dividend income is recognized when payment is made to all shareholders in the same proportion as the stakes held in the corresponding issuer.

### 3.18.4 Commission income

Commissions derived from pension funds administration are generally recognized when the corresponding service is rendered. Those services corresponding to negotiating or participating in the negotiations of transactions with a third party, such as disposals of purchased shares or other securities acquired or purchases or sales of business enterprises, are recognized when the underlying transaction is completed.

Fees corresponding to portfolio management or management consultancy and other services are recognized based on the applicable service contract when the service is rendered.

Asset management fees relating to investment funds and contractual investment rates are recognized on a proportional basis over the period in which the service is provided. The same principle applies in the case of wealth management, financial planning and custodial services performed continuously for a prolonged period of time. The rates charged and paid between banks in payment of services are classified as fee and/or commission income and expense.

### 3.18.5 Investment income

Interest accruing on financial assets measured at their amortized cost is recognized in the income statement based on their projected inflows, as contractually defined.

### 3.18.6 Healthcare service provider income

The healthcare companies belonging to Grupo Sura that are delegated members of the Colombian Solidarity and Guarantee Fund and, as such, are responsible for receiving contributions for the Mandatory Health Plan, receive a set amount per capita for providing health care services for each fund member. This is called a Capitation Payment Unit – CPU, which is increased every year by the Colombian National Health and Social Security Board and forms a source of income for said companies. Consequently, the Company records as income the aforementioned Capitation Payment Unit – CPU for the health care services provided as recognized by the Colombian General Healthcare and Social Security System based on each service settlement statement once this has passed the corresponding clearance process.

Income from prepaid health care contracts accrue as their contractual terms elapse.

## 3.19. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the holders of ordinary shares for the period in question by the weighted average number of shares outstanding during this same time frame.

## 3.20. Currency

### 3.20.1. Functional currency

The amounts reported in the financial statements of each of Grupo SURA entities are stated in the currency of the primary economic environment (the functional currency) of the country where each entity operates. The functional and reporting currency of the consolidated financial statements belonging to Grupo SURA is the Colombian peso, which is the currency of the primary economic environment of the country in which it operates, as well as the currency in which the Group´s spending and revenue structure is denominated.

Grupo SURA's consolidated financial statements are presented in millions of Colombian pesos, rounded up to the nearest unit.

### 3.20.2 Foreign Currency

Foreign currency transactions are initially recorded using the exchange rate applicable to the functional currency on the date of the corresponding transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate of the functional currency prevailing at the close of the reporting period. Non-monetary items that are measured at fair value are translated using the exchange rates applicable on the dates when their fair value is determined and non-monetary items measured at historic cost are translated using the exchange rates applicable on the dates of the original transactions.

All exchange differences are recognized in the income statement, except for exchange differences arising from the translation of foreign operations and the application of hedge accounting recognized in other income statement, even the disposal of a foreign-based business enterprise is recognized in profit and loss statement for the period.

For Grupo SURA's consolidated financial statements, assets and liabilities held abroad, including goodwill and any adjustments made to the fair value of the assets and liabilities arising from these acquisitions, are converted to Colombian pesos using the exchange rate applicable on the closing date of the corresponding reporting period. Income, costs, expense and cash flows are translated using average exchange rates for the reporting period in question, and equity is converted using historic rates.

### 3.21 Events after the reporting period

Grupo SURA has defined the following circumstances as events occurring after the reporting period:

Events occurring after the reporting period that entail adjustments
Grupo SURA must adjust the figures recorded in its financial statements to show the effect that any event occurring after the end of the reporting period could have in terms of additional adjustments to be made, provided that these events occur prior to the date on which these financial statements are approved by Grupo SURA's Board of Directors.

Events occurring after the reporting period that do not entail adjustments
Grupo SURA does not have to amend the figures stated in its financial statements as a result of this type of event. However, if the event is materially important for Grupo SURA the nature of the event itself must be disclosed and its financial effects estimated, or failing that, a statement as to the impossibility of making such an estimate.

Ownership dividends or surpluses.
Grupo SURA must abstain from recognizing any dividends or surpluses agreed upon subsequent to the reporting period as a liability on its financial statements.

Going concern assumption
Grupo Sura prepares its financial statements based on a going concern assumption, provided that, after the respective reporting period, Senior Management does not decide or state its intention to wind up or cease to perform its business activities or that there is no other alternative but to proceed with one of the aforementioned courses of action.



## NOTE 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND CAUSES OF UNCERTAINTY IN PREPARING THE FINANCIAL STATEMENTS

The preparation of the consolidated financial statements in accordance with Colombian IFRS requires Senior Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

These estimates and underlying assumptions are periodically reviewed. The corresponding adjustments made to the accounting estimates are recognized in the period in which the estimate is reviewed as well as in any future periods that may be affected.

Said estimates and assumptions are determined subject to internal control procedures and approvals, which are in turn based on internal and external studies, industry statistics, environmental factors and trends as well as legal and regulatory requirements.

### ACCOUNTING ESTIMATES AND ASSUMPTIONS

The following are the key assumptions regarding the future performance of certain variables at the reporting date and which pose a significant risk of causing a material adjustment to the value of assets and liabilities to be stated in the next financial statement given the uncertainty prevailing with their performance.

a) Revaluation of investment property and property for own use
Grupo SURA records its real estate property (land and buildings) at fair value and any changes thereto are recognized in the other comprehensive equity account and in the case of investment properties in the corresponding income statement.

Revaluation gains with regard to fixed assets are directly recognized in other comprehensive income and are accumulated in the equity accounts as a revaluation surplus. These revaluations are calculated every four years.

When the carrying value of an asset as a result of a revaluation is reduced, the corresponding decrease is recognized in profit or loss. However, this decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus with regard to said asset. The decrease thus recognized in other comprehensive income reduces the amount accumulated in equity as a revaluation surplus.

The fair values of land and buildings are based on periodic appraisals carried out by qualified outside appraisal firms as well as internally by the Group´s own professional staff.

b) Fair value of financial instruments
When the fair value of financial assets and liabilities recorded in the Statement of Financial Position is not obtained from active markets it is determined using valuation methods that include the cash flow discount model. The information provided by these models is taken from observable markets where possible, but when this is not the case, a certain amount of judgment is required to determine their fair values. This includes weighing the corresponding liquidity, credit and volatility risks.

c) Taxes

There is a certain degree of uncertainty regarding the interpretation of complex tax regulations, the modifications made from time to time to such regulations as well as the measurement and timing of future taxable income. Given the wide range of international trade relations and the complex long-term horizons contained in contractual agreements, differences may well arise between the results actually obtained and the estimates and assumptions used for calculating them, as well as future changes to the latter. Future adjustments may be required to be made to taxable income and expense already recorded. Provisions are set up, based on reasonable estimates, with regard to possible findings produced by official audits performed by the tax authorities in each of the countries where the Company is present. The scope of these provisions is based on several factors, including the Company´s past experience with previous audits conducted by the tax authorities on the taxpayer entity.

Deferred tax assets are recognized as unused tax losses to the extent that it is probable that taxable profits shall be available to offset such losses. Senior management is also required to exercise its judgment in determining the value of the deferred tax asset to be recognized, based on the likely timing and level of future taxable profits, together with the Company´s own strategies in terms of tax planning.

d) Impairment to goodwill

Determining whether goodwill is impaired requires estimating the value in use of the cash generating units to which goodwill has been allocated. It requires Senior Management to estimate the expected future cash flows from the cash-generating unit in question and an appropriate discount rate to calculate the present value of the aforementioned value in use. In the event of future real cash flows being lower than expected, an impairment loss could occur.

e) The useful life and residual values of property, plant and equipment as well as intangible assets.

Grupo SURA reviews the useful lives of all property, plant and equipment as well as intangible assets at least at the end of each accounting period. The effects of changes to the estimated useful life of an asset are recognized prospectively over its remaining life.

f) Provisions

Grupo SURA shall recognize a provision when the following conditions are met:

- It has a present obligation (legal or constructive) as a result of a past event; and
- There is a likelihood of an outflow of resources embodying economic benefits being required in order to settle the obligation, the value of which can be reliably estimated.

g) Employee benefits

The measurement of post-employment and defined benefit obligations includes determining key actuarial assumptions on which the value of these liabilities is based. Among the key assumptions are discount rates, inflation and salary growth.

h) Technical reserves - insurance contracts

Provisions for insurance and life annuity contracts are recognized according to best estimate assumptions. Also, like all insurance contracts, these are subject to annual liability adequacy tests, which reflects Senior Management´s best estimates of future cash flows. In the event these reserves prove to be insufficient, the assumptions used are updated and remain locked-in until the next review or until these prove insufficient, whichever occurs first.

As described in the section corresponding to Deferred Acquisition Costs, certain expenses are deferred and amortized over the lifetime of the contracts. In the event that the assumptions regarding future contractual returns prove erroneous, the amortization of these costs is accelerated with the corresponding impact on the income statement for the period.

The main assumptions used in the calculation of provisions include: mortality, morbidity and longevity rates, returns on investment, expenses, fund exit and collection as well as surrender and discount rates.

The assumptions corresponding to the mortality, morbidity and longevity rates are based on local industry standards for each subsidiary and are adjusted to reflect the Company's own risk exposure, where applicable, as well as whenever there is sufficient historic information to perform an experience-based analysis that would alter industry estimates. The longevity assumptions are introduced through future improvement factors for mortality rates.

For assumptions regarding rates of return, the proceeds received from investments (assets underlying the technical reserves corresponding to insurance contracts) are taken into account based on market conditions at the date the contract is entered into, while factoring in future expectations of changes to local economic and financial conditions in all those markets where the companies operate, together with the Company's own investment strategy.

Expense assumptions are based on expenditure levels prevailing when the contracts are signed that are then adjusted for expected inflation increases, where applicable.

Exit, collection and surrender rates are based on an analysis of the subsidiary´s own experience in terms of the product itself or the respective family of products.

Discount rates are based on current industry and market rates and adjusted for the subsidiary´s own risk exposure.

In the case of insurance contracts with savings components based on unit-linked fund units, obligations are determined based on the value of the assets underlying the provisions as well as those arising from the value of each of the funds where the policies are deposited.

i) Impairment to financial assets

In order to calculate impairment to this type of asset the Company must estimate the future cash flows that are expected from a single or group of financial assets.

Information regarding assumption and estimation uncertainties that pose a significant risk of producing material adjustments at December 31, 2015, December 31, 2014 and January 1, 2014 are included in the following notes:

- Note 6. Business combinations; acquired subsidiaries, fair value provisionally measured.
- Note 9. Insurance Contracts: assumptions for calculating reserves.
- Note 11. Taxes: availability of future taxable profits to be used to offset losses obtained in prior periods.
- Note 17. Impairment to the value of assets: key assumptions for calculating the recoverable value, including the recoverability of development costs.
- Note 23. Provisions and contingent liabilities: recognizing and measuring provisions and contingencies: key assumptions relating to the probability and magnitude of an outflow of economic resources.
-
- Notes 21.2 Long-term benefits.
- Note 21.3 Defined benefit plans: key actuarial assumptions.

The following notes also include additional information regarding assumptions made for the purpose of measuring fair value:

- Note 8. Financial instruments.
- Note 13. Investment properties.

### DISCRETIONARY JUDGMENT

Upon preparing Grupo SURA's financial statements, its Senior Management is called on to make judgments that affect the values of the income, expense, assets and liabilities therein reported as well as contingent liabilities disclosed at the end of the reporting period in question.

Information concerning critical judgments made when applying accounting policies and which significantly affect the amounts recognized in the financial statements is shown as follows:

- Note 9. Insurance Contracts: to determine if Grupo Sura acts as an agent or principal in insurance contracts.
- Note 13. Investment properties: classification of investment properties.
- Note 16. Investments in Subsidiaries, Associates and Joint Businesses: to determine the existence of control at subsidiaries, including the revision of pension funds managed by Grupo Sura.
- Note 19. Leases: determining whether an agreement contains a lease; classification of leasing arrangements.
- Note 30. Commission income and expense: determining whether the Group acts as an agent in a specific transaction as opposed to the principal.

# NOTE 5

## STANDARDS ISSUED NOT YET EFFECTIVE

The following standards issued by the IASB have not as yet entered into full force and effect in Colombia pursuant to Article 2.1.2 of Book 2, Part 1 of Decree 2420 of 2015 as amended by Decree 2496 of 2015, and which have yet to be implemented by Grupo SURA:

### IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9, as amended in 2014, finalized the reform of financial instrument accounting and supersedes IAS 39 Financial Instruments: Recognition and Measurement and modifies IFRS 7. Information to be disclosed. This new standard was issued in the following stages:

- Stage 1: Classification and measurement of financial assets and liabilities.
- Stage 2: Impairment methodology.
- Stage 3: Hedge accounting.

IFRS 9 shall enter into full force and effect as of January 1, 2018, although Decree 2420 issued in 2015, amended by Decree 2496 also issued in this same year, has set this date for January 1, 2017. Nevertheless early adoption is permitted.

So far Grupo SURA is still applying the first stage of IFRS 9, with Stages 2 and 3 to follow afterwards.

### IFRS 15 - REVENUE FROM CONTRACTS WITH CLIENTS

IFRS 15 was published in May 2014 and establishes a new five-step approach for revenues obtained from contracts with clients. According to IFRS 15, revenue is recognized in an amount that reflects the consideration that an entity expects to be entitled to receive in exchange for transferring goods or services to a client. The principles underlying IFRS 15 represent a more structured approach for valuing and recording revenue.

This new standard is applicable to all entities and shall abrogate all previous standards used to recognize revenue. A full or partial retroactive application is required for periods beginning on January 1, 2018, but earlier application is permitted.

## NOTE 6 BUSINESS COMBINATIONS AND GOODWILL

**6.1. Business combinations carried out in the present reporting period (2015)**
On August 31, 2015, Grupo SURA through its subsidiary Suramericana S.A., acquired 100% of the voting rights in the acquired company Seguros Suramericana de Panama (formerly Seguros Banistmo S.A.) in Panama, by purchasing 1,000,000 shares for a total value of USD 96,495,801. With this new business combination, Grupo Sura through its subsidiary Suramericana S.A., expanded its coverage in Latin America, thus diversifying the risks and opportunities inherent to new business ventures, while recognizing on its financial statements the identifiable assets acquired and the liabilities taken over. It also recognized the goodwill, or gain, obtained with this bargain purchase. Once the Company obtains control, it shall be directing the operating and financial policies of this newly acquired business, strengthening its corporate strategy, enriching its corporate knowledge by exploring other markets and cultures, and capitalizing on the expertise of the human talent now joining the Group while reaping the benefits of its financial situation and performance.

Seguros Suramericana de Panama S.A., is an insurance company based in Panama, which was incorporated on May 31, 1957 under the laws of the Republic of Panama and is licensed to operate in the insurance and reinsurance business in all branches of property, casualty and life insurance as well as to issue performance bonds.

The breakdown of the fair value of the net assets acquired as of August 31, 2015, and the corresponding goodwill is as follows:

| | Carrying value of the acquired company | Recognized fair value | Fair value of the acquired company |
|---|---|---|---|
| **Amount allocated / cash consideration** | | | **297,204** |
| **Assets** | | | |
| Cash and cash equivalents | 75,958 | - | 75,958 |
| Investments and derivatives | 218,582 | - | 218,582 |
| Loan portfolio | 543 | - | 543 |
| Accounts receivable | 72,185 | (11) | 72,174 |
| Property, plant and equipment | 524 | - | 524 |
| Intangible Assets | - | 41,298 | 41,298 |
| Other assets | 24,326 | (905) | 23,421 |
| **Total assets** | **392,118** | **40,382** | **432,500** |
| **Liabilities** | | | |
| Accounts payable | 42,382 | - | 42,382 |
| Technical reserves | 131,871 | - | 131,871 |
| Labor liabilities | 2,142 | - | 2,142 |
| **Total Liabilities** | **176,395** | **-** | **176,395** |
| **Net acquired assets** | **215,723** | **40,382** | **256,105** |
| **Goodwill obtained from the acquisition** | | | **41,099** |

| | 2015* |
|---|---|
| **From the date of acquisition to the end of the present reporting period** | |
| Revenue from normal business activities | 56,206 |
| Profit or Loss | 7,284 |
| **For the entire reporting period** | |
| Revenue from normal business activities | 164,233 |
| Profit or Loss | 11,717 |

*This information corresponds to the data reported until October 2015 because on November 6, 2015 Grupo de Inversiones Suramerica S.A., one of Grupo Sura´s subsidiaries, merged with Seguros Suramericana de Panama S.A., after obtaining the necessary authorizations from the corresponding authorities.

**6.2. Business combinations carried out in prior reporting periods (2014)**

In April 2013, Sura Asset Management Mexico S.A. de C.V. announced the signing of an agreement to purchase the life insurance company Primer Seguros Vida S.A. de C.V., a Mexican company that is now handling approximately 600,000 life insurance policies and premiums worth more than 450 million Mexican pesos, with a nation-wide presence which is particularly strong in the cities that Grupo SURA has defined as having strategic importance in Mexico.

As a result a wholly-owned (100%) stake in this Company was acquired and therefore there are no non-controlling stakes.

This transaction forms part of Grupo SURA's corporate strategy in attaining a leading position in the Mexican pension, insurance and investment sector through its subsidiary SURA Mexico, thus extending this subsidiary´s business portfolio that, until now, only included mandatory and voluntary pension as well as investment funds.

This acquisition was first announced in April 2013 and after SURA Asset Management obtained the corresponding authorizations from the Mexican regulatory authorities, the transaction was completed on December 6, 2013.

The acquiring company was SURA Asset Management México S.A. de C.V, who paid COP/ Mexican Ps 21.434 (USD 11,124).

**Identification and registration of Intangible Assets and Goodwill**

In keeping with the parameters established by IFRS 3 "Business Combinations", all identifiable assets acquired along with the liabilities taken over in the acquired company were measured using the acquisition method. For this purpose, an analysis of the items involved in the transaction was performed, considering the following factors:

i. The valuation of the investment portfolio.

ii. The value of fixed assets.

iii. Checks of the reinsurance asset accounts.

iv. A valuation of the acquired company´s reserves at fair value on which adequacy tests were performed.

v. Identifying, recognizing and estimating the market value of intangible assets on the date the acquisition was performed.

vi. Determining goodwill.

vii. Calculating deferred tax.

Thus, Senior Management in conjunction with the consultancy firm, Towers Watson, identified the following intangible assets to be potentially recognized separately from goodwill:

- Short-term accounts: these have not been recognized from the standpoint of assigning a purchase price to such accounts, since as stated, insurance contracts carry non-automatic annual renewal clauses that require significant efforts to be renewed upon maturity, so their market value is based on the flows corresponding to the remaining months to maturity, which do not represent any material values in the Company's opinion.

- Trademarks: even though the acquired company´s trademarks have been identified as separable and measurable, the Company has stated that this is not relevant to the business since it intends to use its own SURA brand as applicable to its current range of insurance, savings and investment products.

- VOBA (Value of Business Acquired)/Long-term accounts: in order to estimate the acquired company´s market value, the Company considered the "MEEM" method (Multi-period Excess Earnings Method) as the most suitable, which falls within the income approach, based on the principle that the value of a specific asset may be obtained as the present value of future surplus cash flows, after tax, attributable to the asset over its remaining useful life. The accounts subject to this exercise were specifically the Long-Term Individual and Group Life Insurance existing on the date of the transaction. The calculated values are as follows:

- VOBA on individual life COP 166 million (1,126,743 Mexican pesos) amortized over an estimated life of 7.06 years

- VOBA on group life COP 490,753 (3,335,773 Mexican pesos) amortized over an estimated life of 1.2 years

In accordance with the analysis of management and taking into account the low materiality of the intangible assets identified, said amount is acknowledged as the higher value of the capital gain, which will undergo the impairment test at the end of each period.

**Recognition and measurement of goodwill**

Goodwill was calculated as follows:
Balances held at January 1, 2014
(Stated in millions of Colombian pesos)

| | Carrying value of the acquired company | Recognized fair value | Fair value of the acquired company |
|---|---|---|---|
| **Amount allocated / cash consideration** | | | **21,434** |
| **Assets** | | | |
| Financial assets | 21,392 | (865) | 20,527 |
| Reinsurance assets | 5,831 | (33) | 5,798 |
| Cash and cash equivalents | 6,254 | - | 6,254 |
| Accounts receivable | 7,170 | - | 7,170 |
| Property, plant and equipment | 285 | - | 285 |
| Deferred tax assets | 3,019 | 620 | 3,640 |
| Other assets | 426 | - | 426 |
| **Total assets** | **44,377** | **(277)** | **44,099** |
| **Liabilities** | | | |
| Technical reserves | 28,486 | 1,170 | 29,656 |
| Accounts payable | 1,909 | - | 1,909 |
| Employment benefits | 538 | - | 538 |
| Other liabilities | 2,811 | - | 2,811 |
| **Total Liabilities** | **33,745** | **1,170** | **34,914** |
| **Net acquired assets** | | | **9,185** |
| **Goodwill obtained from the acquisition** | | | **12,249** |

# NOTE 7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for Grupo SURA and Subsidiaries are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Cash and due from banks | 6,031 | 340 | 31,845 |
| Petty cash | 521 | 382 | 284 |
| Domestic banks | 893,436 | 806,418 | 715,946 |
| Foreign banks | 278,442 | 210,767 | 315,484 |
| Others (*) | 246,968 | 268,133 | 272,661 |
| **Cash and cash equivalents** | **1,425,398** | **1,286,040** | **1,336,220** |
| Restricted cash | 7,786 | 7,949 | 7,835 |
| **Cash and cash equivalents pertaining to the Statement of Cash Flows** | **1,433,184** | **1,293,989** | **1,343,055** |

(*) Including checks, special investment funds, fiduciary rights and other cash equivalents.

### 7.1. Restricted cash

Restricted cash at the end of the reporting period is broken down as follows:

| Restriction details | Country | Total restricted cash - 2015 |
|---|---|---|
| Securities in court actions | Dominican Republic | 1,769 |
| Garnished bank accounts | Colombia | 5,891 |
| Funds used to pay taxes to SUNAT | Peru | 126 |
| **Total** | | **7,786** |

| Restriction details | Country | Total restricted cash - 2014 |
|---|---|---|
| Securities in court actions | Dominican Republic | 1,810 |
| Garnished bank accounts | Colombia | 5,840 |
| Bail bond deposits made by clients that were reclassified as ordered by the Superintendence of Banking and Insurance | Peru | 299 |
| **Total** | | **7,949** |

| Restriction details | Country | Total restricted cash at January 1, 2014 |
|---|---|---|
| Securities in court actions | Dominican Republic | 1,118 |
| Garnished bank accounts | Colombia | 5,715 |
| Injunction charges ordered by the Board of Conciliation and Arbitration | Mexico | 840 |
| Bail bond deposits made by clients that were reclassified as ordered by the Superintendency of Banking and Insurance | Peru | 162 |
| **Total** | | **7,835** |

Bank accounts bear interest at variable rates based on daily bank deposit rates. Short-term loans are issued for periods of between one day and three months depending on the immediate cash needs of Grupo SURA and subsidiaries, all of which bear interest at the applicable short-term lending rates.

### 7.2. Financing activities that did not entail movements of cash

On June 4, 2014, Grupo SURA carried out the following investment and/or funding transactions that did not involve using its cash or cash equivalents:

- Grupo Sura increased the share capital belonging to Grupo de Inversiones Suramericana Panama S.A. through a non-monetary operation as follows: 3,734,875 registered shares of Grupo de Inversiones Suramericana Panama S.A. were acquired, for which 2,550,000 ordinary shares in Bancolombia S.A. and 1,200,000 ordinary shares in Grupo Argos S.A. were exchanged as a contribution in kind, the latter at the following values:
    - Bancolombia's ordinary shares each with a par value of USD 2.8047, or COP 5,330.7349 per share.
    - Grupo Argos' ordinary shares each with a par value of USD 3.3772, or COP 6,418.8658 per share.

## NOTE 8 FINANCIAL INSTRUMENTS

The methodologies and assumptions used to determine the value of financial instruments not recorded at fair value in the financial statements (i.e., items at amortized cost as well as loans and accounts receivable) are as follows:

### ASSETS WHOSE FAIR VALUE IS APPROXIMATED TO THEIR BOOK VALUE

In the case of financial assets with short-term maturities (less than three months), such as demand deposits and savings accounts with no specific maturity, their carrying amounts approximate their fair value. In the case of other equity instruments, adjustments are made to reflect the change in the required credit spread, since the instrument was initially recognized.

As for short-term receivables, which are measured at amortized cost, their carrying values correspond to a reasonable approximation of their fair value.

### FINANCIAL INSTRUMENTS AT AGREED RATES

The fair value of fixed income assets measured at amortized cost is calculated by comparing the market interest rates when they were first recognized with current market rates for similar financial instruments.

### FAIR VALUE HIERARCHY

Financial assets and liabilities carried at fair value by Grupo SURA are classified based on a fair value hierarchy, as shown below.

### LEVEL 1 - PRICES LISTED ON ACTIVE MARKETS

Inputs for Level 1 consist of unadjusted prices listed on active markets for identical assets and liabilities. An active market is one in which transactions for the asset or liability in question occur frequently providing sufficient volume on which to provide pricing information.

### LEVEL 2 - MODELING WITH INPUT DATA FROM OBSERVABLE MARKETS

Level 2 inputs are those other than quoted prices belonging to Level 1 that are observable for the asset or liability in question, either directly or indirectly. Inputs for Level 2 include:

- Listed prices for similar assets or liabilities on active markets;
- Listed prices for identical or similar assets or liabilities on inactive markets; and
- Input data other than listed prices, i.e. interest or exchange rates.

### LEVEL 3 - MODELING WITH UNOBSERVABLE INPUTS

Inputs for Level 3 are unobservable for the asset and liability in question. They can be used to determine fair value when observable inputs are not available. These valuations reflect assumptions that the business unit makes based on other market participants i.e. earnings on non-listed shares.

### FINANCIAL LIABILITIES WHOSE FAIR VALUE IS APPROXIMATED TO THEIR BOOK VALUE

In the case of short-term obligations, their carrying amounts approximate their fair value.

With regard to loans bearing variable interest rates, their carrying amounts correspond to approximations of their fair values. As for loans bearing fixed interest rates, the market interest rates for similar loans do not differ to a significant degree; therefore, their carrying amounts correspond to reasonable approximations of their fair value.

#### 8.1. Financial assets

The balance of the financial assets held by Grupo SURA is as follows:

| | Note | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|
| Cash | 7 | 1,433,184 | 1,293,989 | 1,343,055 |
| Investments | 8.1.1 | 21,723,891 | 16,374,659 | 12,644,786 |
| Other financial assets-derivatives | 12 | 262,181 | 49,776 | 7,578 |
| Trade receivables | 8.1.2 | 2,952,740 | 2,496,743 | 2,193,886 |
| Accounts receivable due from related parties (1) | | 89,008 | 85,823 | 73,053 |
| | | **26,461,004** | **20,300,990** | **16,262,358** |

(1) Accounts receivable due from related parties consist of outstanding dividends receivable from Associates as shown below:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Bancolombia S.A. | 52,744 | 49,320 | 42,826 |
| Inversiones Argos S.A. | 15,416 | 14,227 | 13,254 |
| Grupo Nutresa S.A. | 18,781 | 17,475 | 16,019 |
| Sura Asset Management S.A. | - | - | 57 |
| Others | 2,067 | 4,801 | 897 |
| **Total dividends receivable** | **89,008** | **85,823** | **73,053** |

The following table shows a breakdown of current and non-current financial assets

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| **Current** | | | |
| Cash | 1,433,184 | 1,293,989 | 1,343,055 |
| Investments | 6,218,640 | 4,395,511 | 3,461,185 |
| Accounts receivable | 2,665,681 | 2,240,665 | 1,965,109 |
| Derivatives | 123,827 | 1,750 | 3,400 |
| **Total current** | **10,441,332** | **7,931,915** | **6,762,749** |
| **Non-current** | | | |
| Investments | 15,505,251 | 11,979,148 | 9,183,601 |
| Accounts receivable | 376,067 | 341,901 | 301,830 |
| Derivatives | 138,354 | 48,026 | 4,178 |
| **Total non-current** | **16,019,672** | **12,369,075** | **9,489,609** |
| **Total financial assets** | **26,461,004** | **20,300,990** | **16,262,358** |

Financial assets are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Financial assets at fair value | 10,743,651 | 7,958,879 | 6,082,803 |
| Financial assets at amortized cost | 14,284,169 | 11,048,122 | 8,836,500 |
| Other financial assets (cash) | 1,433,184 | 1,293,989 | 1,343,055 |
| **Total financial assets** | **26,461,004** | **20,300,990** | **16,262,358** |

The maturities of the financial obligations held at year-end are shown as follows:

| 2015 | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Cash | 1,433,184 | - | - | - | 1,433,184 |
| Investments | 6,218,640 | 8,501,472 | 2,039,864 | 4,963,915 | 21,723,891 |
| Trade receivables | 2,665,681 | 299,334 | 25,219 | 51,514 | 3,041,748 |
| Other financial assets | 123,827 | 13,019 | 2,928 | 122,407 | 262,181 |
| **Total** | **10,441,332** | **8,813,825** | **2,068,011** | **5,137,836** | **26,461,004** |

| 2014 | Less than 1 year | Between 1 and 5 years | Between 3 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Cash | 1,293,989 | - | - | - | 1,293,989 |
| Investments | 4,395,512 | 5,819,831 | 1,355,798 | 4,803,519 | 16,374,659 |
| Trade receivables | 2,240,665 | 290,919 | 21,307 | 29,675 | 2,582,566 |
| Other financial assets | 1,750 | - | - | 48,026 | 49,776 |
| **Total** | **7,931,915** | **6,110,750** | **1,377,105** | **4,881,220** | **20,300,990** |

| January 1, 2014 | Less than 1 year | Between 1 and 5 years | Between 3 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Cash | 1,343,055 | - | - | - | 1,343,055 |
| Investments | 3,461,185 | 4,633,537 | 436,799 | 4,113,265 | 12,644,786 |
| Trade receivables | 1,965,109 | 16,936 | 257,054 | 27,840 | 2,266,940 |
| Other financial assets | 3,400 | - | - | 4,178 | 7,578 |
| **Total** | **6,762,749** | **4,650,473** | **693,853** | **4,145,283** | **16,262,358** |

The following details the Hierarchy of fair value:

| 2015 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments | 6,716,826 | 1,359,283 | 73,596 | 8,149,705 |
| Other financial assets | 62,986 | 199,195 | - | 262,181 |
| Accounts receivable | - | 2,331,765 | - | 2,331,765 |
| **Total** | **6,779,813** | **3,890,243** | **73,596** | **10,743,651** |

| 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments | 5,119,697 | 830,625 | 31,287 | 5,981,609 |
| Other financial assets | 1,750 | 48,026 | - | 49,776 |
| Accounts receivable | - | 1,927,495 | - | 1,927,495 |
| **Total** | **5,121,447** | **2,806,145** | **31,287** | **7,958,879** |

| January 1, 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments | 3,433,124 | 979,772 | 35,914 | 4,448,809 |
| Other financial assets | 3,400 | 35,946 | - | 39,346 |
| Accounts receivable | - | 1,594,648 | - | 1,594,648 |
| **Total** | **3,436,524** | **2,610,365** | **35,914** | **6,082,803** |

Financial assets for each subholding company are shown as follows, net intercompany eliminations:

| 2015 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 221,228 | 762,498 | 423,963 | 2,331 | 23,165 | 1,433,184 |
| Investments | 21,512 | 8,160,767 | 13,473,618 | - | 67,993 | 21,723,891 |
| Other financial assets | 185,302 | 13,893 | 62,986 | - | - | 262,181 |
| Trade and other receivables | 177 | 2,271,724 | 634,576 | 44,057 | 2,205 | 2,952,740 |
| Current accounts receivable from related parties and associates | 86,723 | 503 | 1,663 | 3 | 115 | 89,008 |
| | **514,942** | **11,209,386** | **14,596,806** | **46,391** | **93,478** | **26,461,004** |

| 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 10,609 | 837,138 | 440,139 | 3,741 | 2,363 | 1,293,989 |
| Investments | 24,868 | 6,896,193 | 9,366,467 | - | 87,132 | 16,374,659 |
| Other financial assets | 48,026 | 1,750 | - | - | - | 49,776 |
| Trade and other receivables | 132 | 1,868,540 | 590,890 | 34,409 | 2,771 | 2,496,743 |
| Current accounts receivable from related parties and associates | 81,021 | 256 | 4,439 | - | 107 | 85,823 |
| | **164,656** | **9,603,877** | **10,401,934** | **38,150** | **92,373** | **20,300,990** |

| January 1, 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 210,901 | 620,705 | 473,937 | 3,136 | 34,375 | 1,343,055 |
| Investments | 21,769 | 5,899,709 | 6,700,602 | - | 22,707 | 12,644,786 |
| Other financial assets | 4,178 | 3,400 | - | - | - | 7,578 |
| Trade and other receivables | - | 1,566,843 | 585,849 | 35,425 | 5,770 | 2,193,886 |
| Current accounts receivable from related parties and associates | 72,099 | 209 | 224 | 520 | - | 73,053 |
| | **308,947** | **8,090,866** | **7,760,613** | **39,082** | **62,852** | **16,262,358** |



The breakdown by country is shown as follows:

| 2015 | Chile | Mexico | Peru | Uruguay | El Salvador | Colombia | Spain | Holland | Curacao | Dominican Rep | Panama | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 109,822 | 106,411 | 187,308 | 1,638 | 19,693 | 886,740 | 1,635 | 2,438 | 50 | 16,106 | 101,343 | 1,433,184 |
| Investments | 6,881,450 | 2,328,809 | 4,202,527 | 60,549 | 281,599 | 7,439,403 | - | - | - | 65,643 | 463,911 | 21,723,891 |
| Other financial assets | 62,986 | - | - | - | - | 199,195 | - | - | - | - | - | 262,181 |
| Trade receivables and other receivables | 186,713 | 50,747 | 380,828 | 16,251 | 94,964 | 2,048,720 | - | - | - | 94,838 | 168,687 | 3,041,748 |
| | **7,240,971** | **2,485,967** | **4,770,663** | **78,438** | **396,256** | **10,574,058** | **1,635** | **2,438** | **50** | **176,587** | **733,941** | **26,461,004** |

| 2014 | Chile | Mexico | Peru | Uruguay | El Salvador | Colombia | Spain | Holland | Curacao | Dominican Rep | Panama | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 79,930 | 242,112 | 75,563 | 749 | 16,606 | 819,704 | 1,871 | 7,072 | 14,264 | 11,814 | 24,305 | 1,293,989 |
| Investments | 4,409,904 | 1,687,129 | 3,211,456 | 57,905 | 181,456 | 6,619,268 | - | - | - | 43,357 | 164,184 | 16,374,659 |
| Other financial assets | - | - | - | - | - | 49,776 | - | - | - | - | - | 49,776 |
| Trade and other receivables | 184,693 | 46,840 | 345,596 | 13,740 | 64,698 | 1,770,787 | - | - | - | 78,191 | 78,021 | 2,582,566 |
| | **4,674,527** | **1,976,081** | **3,632,615** | **72,394** | **262,760** | **9,259,535** | **1,871** | **7,072** | **14,264** | **133,362** | **266,510** | **20,300,990** |

| January 1, 2014 | Chile | Mexico | Peru | Uruguay | El Salvador | Colombia | Spain | Holland | Curacao | Dominican Rep | Panama | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 78,387 | 144,262 | 56,868 | 526 | 11,394 | 975,806 | 7,840 | 5,608 | - | 9,548 | 52,816 | 1,343,055 |
| Investments | 2,991,436 | 1,278,407 | 2,391,337 | 39,363 | 114,325 | 5,721,818 | - | - | - | 33,824 | 74,276 | 12,644,786 |
| Other financial assets | - | - | - | - | - | 7,578 | - | - | - | - | - | 7,578 |
| Trade and other receivables | 175,076 | 19,929 | 375,258 | 10,343 | 49,789 | 1,534,969 | - | - | - | 64,706 | 36,869 | 2,266,939 |
| | **3,244,899** | **1,442,598** | **2,823,463** | **50,232** | **175,508** | **8,240,171** | **7,840** | **5,608** | **-** | **108,078** | **163,961** | **16,262,358** |

### 8.1.1. Investments

Investments are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Domestic issuers | 14,050,483 | 9,714,350 | 10,065,247 |
| TES government bonds | 4,300,486 | 3,109,689 | 960,672 |
| Legal reserve requirement (pension funds) - investments at fair value through profit and loss | 2,021,887 | 1,635,632 | 936,532 |
| Foreign issuers | 1,345,151 | 1,906,538 | 680,816 |
| Others | 11,478 | 11,479 | 11,479 |
| Impairment to equity investments with changes to OCI (Note 8.2) | (1,155) | - | - |
| Impairment (Note 8.2) | (4,439 | (3,029) | (9,960) |
| | **21,723,891** | **16,374,659** | **12,644,786** |

The movements recorded in the investment account are shown as follows:

| | |
|---|---|
| **Balance at January 1, 2014** | **12,644,786** |
| Additions | 6,831,444 |
| Disposals | (4,519,097) |
| Interest | 255,963 |
| Valuations of financial assets (net) | 730,586 |
| Valuations of equity investments (Note 27.3) | 8,998 |
| Translation differences | 421,979 |
| **Balance at December 31, 2014** | **16,374,659** |
| Additions | 8,206,420 |
| Disposals | (4,817,793) |
| Interest | 699,346 |
| Valuations of financial assets (net) | 758,544 |
| Valuations of equity investments (Note 27.3) | (511) |
| Translation differences | 503,226 |
| **Balance at December 31, 2015** | **21,723,891** |

### 8.1.2. Trade and other accounts receivable

The following is a breakdown of accounts receivable:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Accounts receivable from policies issued | 1,812,928 | 1,511,279 | 1,303,368 |
| Loan portfolio | 361,915 | 325,307 | 8,764 |
| Business checking accounts | 136,985 | 140,048 | 35,371 |
| Interest | 32 | 150 | 158 |
| Commissions | 109,953 | 97,187 | - |
| Lease rentals | 3,729 | 1,909 | 1,672 |
| Sales of goods and services | 156 | 121 | - |
| Receivables | 222,088 | 183,369 | 735,288 |
| Derivative settlements | - | 92 | - |
| Judicial Deposits | 23,512 | 2,865 | 1,159 |
| Advanced payments - contracts and suppliers | 5,196 | 5,325 | 1 |
| Employees | 28,859 | 33,047 | 24,313 |
| –Employee financing for housing | 44,894 | 39,016 | 37,959 |
| Finance to clients of insurance policies | 231,220 | 176,229 | 147,164 |
| Promissory bills of sale | - | - | 302 |
| Miscellaneous | 133,182 | 120,116 | 19,223 |
| Impairment on other items of loan portfolio | (24,445) | (12,544) | (622) |
| Impairment (provision) trade receivables | (84,855) | (76,142) | (55,523) |
| Impairment (provision) accounts receivable from policies issued | (46,511) | (44,441) | (36,510) |
| Impairment (provision) consumer accounts receivable | (964) | (1,689) | (1,871) |
| Impairment (provision) other accounts receivable | (5,134) | (4,499) | (26,330) |
| | **2,952,740** | **2,496,743** | **2,193,886** |

The following is a breakdown of accounts receivable per country:

| Country | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Chile | 1,959,933 | 1,684,963 | 1,461,917 |
| Colombia | 186,713 | 184,693 | 175,076 |
| Mexico | 50,747 | 46,840 | 19,929 |
| Panama | 168,466 | 78,023 | 36,868 |
| Peru | 380,828 | 345,596 | 375,258 |
| Dominican Republic | 94,838 | 78,191 | 64,706 |
| El Salvador | 94,964 | 64,698 | 49,789 |
| Uruguay | 16,251 | 13,740 | 10,343 |
| **Total** | **2,952,740** | **2,496,743** | **2,193,886** |

Accounts receivable per individual company are shown as follows:

| 2015 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Insurance business | - | 1,812,928 | - | - | - | 1,812,928 |
| Loan portfolio | - | 11,225 | 350,690 | - | - | 361,915 |
| Business checking accounts: | - | - | 95,859 | 40,889 | 237 | 136,985 |
| Interest | - | 30 | - | - | 2 | 32 |
| Commissions | - | - | 109,953 | - | - | 109,953 |
| Lease rentals | - | 258 | 3,281 | - | 190 | 3,729 |
| Sales of goods and services | - | 156 | - | - | - | 156 |
| Accounts receivable | 151 | 220,260 | - | - | 1,677 | 222,088 |
| Deposits | 2 | 18,427 | 5,084 | - | - | 23,512 |
| Advanced payments - contracts and suppliers | 24 | 3 | 5,168 | - | - | 5,196 |
| Employees | - | 20,156 | 8,453 | 249 | - | 28,859 |
| Client payments – housing | - | 44,894 | - | - | - | 44,894 |
| Client payments - consumer | - | 231,220 | - | - | - | 231,220 |
| Miscellaneous | - | 26,003 | 103,783 | 2,947 | 450 | 133,182 |
| Impairment on other items of loan portfolio | - | (1,005) | (23,440) | - | - | (24,445) |
| Impairment (provision) trade receivables | - | (58,443) | (26,034) | (28) | (350) | (84,855) |
| Impairment (provision) insurance accounts receivable | - | (46,393) | (118) | - | - | (46,511) |
| Impairment (provision) consumer accounts receivable | - | (964) | - | - | - | (964) |
| Impairment (provision) other accounts receivable | - | (7,030) | 1,896 | - | - | (5,134) |
| | **177** | **2,271,724** | **634,576** | **44,057** | **2,205** | **2,952,740** |

| 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Insurance business | - | 1,511,034 | - | 245 | - | 1,511,279 |
| Loan portfolio | - | 7,424 | 317,882 | - | - | 325,307 |
| Business checking accounts: | - | - | 107,327 | 32,613 | 108 | 140,048 |
| Interest | - | 149 | - | - | 1 | 150 |
| Commissions | - | - | 97,187 | - | - | 97,187 |
| Lease rentals | - | 268 | 1,618 | - | 22 | 1,909 |
| Sales of goods and services | - | 121 | - | - | - | 121 |
| Accounts receivable | 22 | 181,044 | 122 | - | 2,182 | 183,369 |
| Derivative settlements | 92 | - | - | - | - | 92 |
| Deposits | - | 185 | 2,679 | - | - | 2,865 |
| Advanced payments - contracts and suppliers | 19 | 228 | 5,076 | 2 | - | 5,325 |
| Employees | - | 25,269 | 7,681 | 96 | - | 33,047 |
| Client payments – housing | - | 39,016 | - | - | - | 39,016 |
| Client payments - consumer | - | 176,229 | - | - | - | 176,229 |
| Miscellaneous | - | 30,901 | 85,572 | 1,473 | 2,170 | 120,116 |
| Impairment on other items of loan portfolio | - | (768) | (11,776) | - | - | (12,544) |
| Impairment (provision) trade receivables | - | (48,884) | (25,527) | (20) | (1,711) | (76,142) |
| Impairment (provision) insurance accounts receivable | - | (44,197) | (244) | - | - | (44,441) |
| Impairment (provision) consumer accounts receivable | - | (1,689) | - | - | - | (1,689) |
| Impairment (provision) other accounts receivable | - | (7,790) | 3,291 | - | - | (4,499) |
| | **132** | **1,868,540** | **590,890** | **34,409** | **2,771** | **2,496,743** |

| January 1, 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Insurance business | - | 1,256,995 | 46,373 | - | - | 1,303,368 |
| Loan portfolio | - | 8,764 | - | - | - | 8,764 |
| Business checking accounts: | - | - | - | 35,283 | 87 | 35,371 |
| Interest | - | 154 | - | - | 4 | 158 |
| Lease rentals | - | 241 | 1,398 | - | 34 | 1,672 |
| Accounts receivable | - | 179,457 | 553,566 | - | 2,265 | 735,288 |
| Deposits | - | 157 | 1,002 | - | - | 1,159 |
| Advanced payments - contracts and suppliers | - | 1 | - | - | - | 1 |
| Employees | - | 20,080 | 4,090 | 142 | - | 24,313 |
| Client payments - housing | - | 37,959 | - | - | - | 37,959 |
| Client payments - consumer | - | 147,164 | - | - | - | 147,164 |
| Promissory bills of sale | - | 302 | - | - | - | 302 |
| Miscellaneous | - | 9,651 | 2,262 | - | 7,311 | 19,223 |
| Impairment on other items of loan portfolio | - | (622) | - | - | - | (622) |
| Impairment (provision) trade receivables | - | (51,592) | - | - | (3,931) | (55,523) |
| Impairment (provision) insurance accounts receivable | - | (36,510) | - | - | - | (36,510) |
| Impairment (provision) consumer accounts receivable | - | (1,871) | - | - | - | (1,871) |
| Impairment (provision) other accounts receivable | - | (3,488) | (22,842) | - | 5,770 | (26,330) |
| | **-** | **1,566,843** | **585,849** | **35,425** | **11,539** | **2,193,886** |

### 8.2. Impairment to financial assets

Impairment to financial assets

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Impairment to accounts receivable | 161,909 | 139,315 | 120,856 |
| Impairment to investments | 5,594 | 3,029 | 9,960 |
| | **167,503** | **142,344** | **130,816** |

The following table shows a reconciliation of the impairment sustained to financial assets:

| | Accounts receivable | Investments | Total |
|---|---|---|---|
| **Balance at January 1, 2014** | **120,856** | **9,960** | **130,816** |
| Additions | 39,471 | - | 39,471 |
| Recovered amounts | (19,247) | (6,931) | (26,178) |
| Exchange differences | (1,765) | - | (1,765) |
| **Balance at January 31, 2014** | **139,315** | **3,029** | **142,344** |
| Additions | 20,580 | - | 20,580 |
| Valuations and other adjustments | - | 2,565 | 2,565 |
| Recovered amounts | (1,370) | - | (1,370) |
| Exchange differences | 3,384 | - | 3,384 |
| **Balance at January 31, 2015** | **161,909** | **5,594** | **167,503** |

The following table shows a breakdown of the impairment sustained on an individual company basis at December 31, 2015, December 31, 2014 and January 01, 2014:

| 2015 | Suramericana | Sura Asset Management | Inversiones y Construcciones Estratégicas | Integradora de Servicios Tercerizados and Subsidiaries | Total |
|---|---|---|---|---|---|
| Impairment to accounts receivable | 113,836 | 47,695 | 350 | 28 | 161,909 |
| Impairment to investments | 3,938 | 1,656 | - | - | 5,594 |
| | **117,774** | **49,352** | **350** | **28** | **167,503** |

| 2014 | Suramericana | Sura Asset Management | Inversiones y Construcciones Estratégicas | Integradora de Servicios Tercerizados and Subsidiaries | Total |
|---|---|---|---|---|---|
| Impairment to accounts receivable | 103,328 | 34,257 | 1,711 | 20 | 139,315 |
| Impairment to investments | 3,029 | - | - | - | 3,029 |
| | **106,357** | **34,257** | **1,711** | **20** | **142,344** |

| January 1, 2014 | Suramericana | Sura Asset Management | Inversiones y Construcciones Estratégicas | Integradora de Servicios Tercerizados and Subsidiaries | Total |
|---|---|---|---|---|---|
| Impairment to accounts receivable | 94,083 | 22,842 | 3,931 | - | 120,856 |
| Impairment to investments | 3,350 | 6,610 | - | - | 9,960 |
| | **97,433** | **29,451** | **3,931** | **-** | **130,816** |

The following is a breakdown of impairment to financial assets based on maturity:

| 2015 | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Impairment to accounts receivable | 63,872 | 55,532 | 25,481 | 17,023 | 161,909 |
| Impairment to investments | 5,594 | - | - | - | 5,594 |
| **Total** | **69,466** | **55,532** | **25,481** | **17,023** | **167,503** |

| 2014 | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Impairment to accounts receivable | 67,947 | 42,721 | 22,151 | 6,495 | 139,315 |
| Impairment to investments | 3,029 | - | - | - | 3,029 |
| **Total** | **70,977** | **42,721** | **22,151** | **6,495** | **142,344** |

| January 1, 2014 | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Impairment to accounts receivable | 59,899 | 41,306 | 11,188 | 8,464 | 120,857 |
| Impairment to investments | 3,349 | 6,610 | - | - | 9,959 |
| **Total** | **63,248** | **47,916** | **11,188** | **8,464** | **130,816** |

### 8.3. Financial liabilities

The table below shows the financial liabilities held by Grupo SURA:

| | Note | 2015 | 2014 | January, 1 2014 |
|---|---|---|---|---|
| Other financial liabilities | 18 | 2,627,940 | 1,111,620 | 1,990,681 |
| Other accounts payable | 20 | 1,312,252 | 1,133,560 | 1,145,078 |
| Accounts payable to related parties | 26 | 62,509 | 67,896 | 93,482 |
| Issued securities | 24 | 3,637,504 | 3,022,228 | 1,126,006 |
| | | **7,640,204** | **5,335,303** | **4,355,247** |

Current and non-current financial liabilities are shown as follows:

| **Current** | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Lease rentals | 33,107 | 27,649 | 25,728 |
| Derivatives | 46,360 | 78,105 | 13,718 |
| Other accounts payable | 1,367,590 | 1,195,237 | 996,520 |
| Other financial liabilities | 911,835 | 356,273 | 807,658 |
| Issued securities | 224,293 | - | - |
| **Total current** | **2,583,185** | **1,657,264** | **1,843,624** |
| **Non-current** | | | |
| Lease rentals | 89,615 | 101,561 | 81,477 |
| Derivatives | 207,579 | 47,507 | - |
| Other accounts payable | 7,171 | 6,219 | 242,041 |
| Other financial liabilities | 1,339,443 | 500,526 | 1,062,100 |
| Issued securities | 3,413,211 | 3,022,226 | 1,126,006 |
| **Total non-current** | **5,057,019** | **3,678,039** | **2,511,623** |
| **Total financial liabilities** | **7,640,204** | **5,335,303** | **4,355,247** |

The breakdown by type of financial liability is shown as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Financial liabilities at amortized cost | 6,078,024 | 3,078,093 | 2,791,593 |
| Financial liabilities at fair value | 1,439,457 | 2,128,000 | 1,456,449 |
| Financial leases | 122,723 | 129,210 | 107,205 |
| | **7,640,204** | **5,335,303** | **4,355,247** |

The maturities of the financial obligations held at year-end are shown as follows:

| 2015 | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Lease rentals | 33,107 | 89,615 | - | 122,723 |
| Derivatives | 46,360 | 11,345 | 196,234 | 253,938 |
| Other accounts payable | 1,367,590 | 7,171 | - | 1,374,761 |
| Other financial liabilities | 911,835 | 1,154,643 | 184,800 | 2,251,278 |
| Bonds and securities | 224,293 | - | 3,413,211 | 3,637,504 |
| **Total** | **2,583,185** | **1,262,774** | **3,794,245** | **7,640,204** |

| 2014 | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Lease rentals | 27,649 | 85,288 | 16,273 | 129,210 |
| Derivatives | 78,105 | - | 47,507 | 125,612 |
| Other accounts payable | 1,195,237 | 6,219 | - | 1,201,456 |
| Other financial liabilities | 356,274 | 320,642 | 179,882 | 856,798 |
| Bonds and securities | - | 223,880 | 2,798,347 | 3,022,226 |
| **Total** | **1,657,265** | **636,028** | **3,042,008** | **5,335,303** |

| January 1, 2014 | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Lease rentals | 25,728 | 67,481 | 13,996 | 107,205 |
| Derivatives | 13,718 | - | - | 13,718 |
| Other accounts payable | 996,520 | 242,041 | - | 1,238,561 |
| Other financial liabilities | 807,657 | 1,062,100 | - | 1,869,757 |
| Bonds and securities | - | 53,424 | 1,072,582 | 1,126,006 |
| **Total** | **1,843,623** | **1,425,045** | **1,086,578** | **4,355,247** |

The following table shows these financial liabilities based on their fair value hierarchy:

| 2015 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial liabilities at fair value | - | 70,923 | - | 70,923 |
| Derivatives at fair value | 46,360 | 207,525 | - | 253,885 |
| Accounts payable | - | 1,114,649 | - | 1,114,649 |
| **Total Financial Liabilities at Year-End 2015** | **46,360** | **1,393,097** | **-** | **1,439,457** |

| Financial liabilities at fair value | Nivel 1 | Nivel 2 | Nivel 3 | Total |
|---|---|---|---|---|
| Financial liabilities at fair value | - | 767,496 | - | 767,496 |
| Derivatives at fair value | 78,105 | 47,507 | - | 125,612 |
| Accounts payable | - | 1,234,893 | - | 1,234,893 |
| **Total Financial Liabilities at Year-End 2014** | **78,105** | **2,049,895** | **-** | **2,128,000** |

| January 1, 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial liabilities at fair value | - | 162,187 | - | 162,187 |
| Derivatives at fair value | 10,479 | 3,240 | - | 13,719 |
| Accounts payable | - | 1,280,543 | - | 1,280,543 |
| **Total financial liabilities at January 1, 2014** | **10,479** | **1,445,970** | **-** | **1,456,449** |



The following table shows financial liabilities per subholding company:

| 2015 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Grupo Sura and Subsidiaries |
|---|---|---|---|---|---|---|
| Other financial liabilities | 726,418 | 479,345 | 1,058,960 | 5,350 | 57,183 | 2,327,257 |
| Derivatives | - | 35,044 | 196,235 | - | - | 231,279 |
| Lease rentals | - | 40,538 | 19,542 | 9,324 | - | 69,404 |
| Trade and other accounts payable | 61,532 | 851,486 | 380,734 | 15,221 | 3,279 | 1,312,252 |
| Accounts payable to related parties | 61,760 | 275 | 251 | 3 | 218 | 62,509 |
| Issued securities | 1,109,673 | - | 1,583,686 | - | 944,145 | 3,637,504 |
| | **1,959,384** | **1,406,687** | **3,239,409** | **29,898** | **1,004,827** | **7,640,204** |

| 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Grupo Sura and Subsidiaries |
|---|---|---|---|---|---|---|
| Other financial liabilities | 6,813 | 106,170 | 689,073 | 10,840 | 43,900 | 856,797 |
| Derivatives | - | 78,105 | 47,507 | - | - | 125,613 |
| Lease rentals | - | 50,413 | 23,589 | 11,138 | 44,070 | 129,210 |
| Trade and other accounts payable | 1,822 | 762,241 | 356,679 | 12,433 | 385 | 1,133,560 |
| Accounts payable to related parties | 67,623 | 80 | 193 | - | - | 67,896 |
| Issued securities | 1,102,825 | - | 1,202,928 | - | 716,475 | 3,022,228 |
| | **1,179,083** | **997,010** | **2,319,968** | **34,411** | **804,830** | **5,335,303** |

| January 1, 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Grupo Sura and Subsidiaries |
|---|---|---|---|---|---|---|
| Other financial liabilities | 294,683 | 112,451 | 1,354,117 | 14,231 | 104,754 | 1,880,237 |
| Derivatives | 3,239 | - | - | - | - | 3,239 |
| Lease rentals | - | 59,928 | - | 7,643 | 39,635 | 107,205 |
| Trade and other accounts payable | 52,198 | 635,016 | 439,489 | 18,009 | 366 | 1,145,078 |
| Accounts payable to related parties | 92,816 | 58 | 607 | - | - | 93,482 |
| Issued securities | 549,533 | - | - | - | 576,473 | 1,126,006 |
| | **992,469** | **807,453** | **1,794,214** | **39,883** | **721,228** | **4,355,247** |

Financial liabilities per country are shown as follows:

| 2015 | Colombia | Chile | Mexico | Peru | Uruguay | Spain | Holland | Curacao | El Salvador | Dominican Republic | Panama | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other financial liabilities | 2,235,464 | - | - | 3,156 | - | - | - | - | 58 | 12,598 | - | 2,251,276 |
| Derivatives | 168,824 | 85,118 | - | - | - | - | - | - | - | - | - | 253,942 |
| Lease rentals | 53,386 | 16,018 | - | - | - | - | - | - | - | - | 53,318 | 122,722 |
| Trade and other accounts payable | 759,663 | 206,218 | 38,405 | 129,900 | 1,720 | 403 | 38 | 19 | 27,886 | 65,709 | 82,293 | 1,312,254 |
| Accounts payable to related parties | 62,015 | - | - | - | - | - | - | - | 104 | - | 390 | 62,509 |
| Issued securities | 1,109,673 | - | - | 9,392 | - | - | - | 1,574,294 | - | - | 944,142 | 3,637,501 |
| | **4,389,025** | **307,353** | **38,405** | **142,448** | **1,720** | **403** | **38** | **1,574,313** | **28,048** | **78,307** | **1,080,146** | **7,640,204** |

| 2014 | Colombia | Chile | Mexico | Peru | Uruguay | Spain | Holland | Curacao | El Salvador | Dominican Republic | Panama | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other financial liabilities | 801,725 | 67 | | 3,531 | - | - | - | - | 30 | 11,962 | 39,480 | 856,795 |
| Derivatives | 125,612 | 2 | - | - | - | - | - | - | - | - | - | 125,614 |
| Lease rentals | 65,740 | 19,400 | - | - | - | - | - | - | - | - | 44,070 | 129,210 |
| Trade and other accounts payable | 665,075 | 214,333 | 39,945 | 99,136 | 1,223 | 65 | 146 | 31 | 24,525 | 59,229 | 29,853 | 1,133,561 |
| Accounts payable to related parties | 67,816 | - | - | - | - | - | - | - | 79 | - | 1 | 67,896 |
| Issued securities | 1,102,826 | | | 7,192 | | | | 1,195,735 | | | 716,474 | 3,022,227 |
| | **2,828,793** | **233,803** | **39,945** | **109,859** | **1,223** | **65** | **146** | **1,195,766** | **24,634** | **71,191** | **829,879** | **5,335,303** |

| January 1, 2014 | Colombia | Chile | Mexico | Peru | Uruguay | Spain | Holland | Curacao | El Salvador | Dominican Republic | Panama | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other financial liabilities | 1,511,459 | - | - | 35,379 | - | 275,151 | - | - | 27 | 9,058 | 38,683 | 1,869,757 |
| Derivatives | 13,718 | - | - | - | - | - | - | - | - | - | - | 13,718 |
| Lease rentals | 67,570 | - | - | - | - | - | - | - | - | - | 39,635 | 107,205 |
| Trade and other accounts payable | 638,317 | 200,677 | 12,197 | 203,240 | 551 | 1,590 | 191 | - | 16,781 | 49,872 | 21,661 | 1,145,077 |
| Accounts payable to related parties | 93,424 | - | - | - | - | - | - | - | 58 | - | - | 93,482 |
| Issued securities | 549,533 | - | - | - | - | - | - | - | - | - | 576,475 | 1,126,008 |
| | **2,874,021** | **200,677** | **12,197** | **238,619** | **551** | **276,741** | **191** | **-** | **16,866** | **58,930** | **676,452** | **4,355,247** |



# NOTE 9 INSURANCE CONTRACTS

## 9.1. Technical insurance reserves - reinsurers

### REINSURANCE

Reinsurance assets represent the benefits obtained from insurance contracts at the closing date of the Statement of Financial Position.

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Reinsured reported claims | 448,007 | 334,669 | 358,702 |
| Reinsured ongoing risk | 109,830 | 66,052 | 47,547 |
| Reinsured unreported claims | 22,763 | 38,536 | 36,624 |
| Deposits - reinsurers | 524 | 656 | 506 |
| **Technical insurance reserves - reinsurers** | **581,124** | **439,913** | **443,380** |

Grupo SURA has diversified its insurance risk to a substantial degree by operating in different industries and having a broad presence on the international markets.

Grupo SURA applies a set of procedures and limits so as to be able to control the degree to which its insurance risk is concentrated. Reinsurance arrangements are commonly used to mitigate the risk arising from any concentration or accumulation of insurance guarantees that exceed the maximum accepted levels.

The insurance companies belonging to Grupo SURA have transferred part of the risk of their insurance contracts to reinsurance companies so as to be able to share our future claims.

## 9.2. Premiums

The net premiums obtained at year-end by Grupo SURA and Subsidiaries are as follows:

| | 2015 | 2014 |
|---|---|---|
| Life insurance contracts | 6,148,450 | 4,884,039 |
| Non-life insurance contracts | 2,321,982 | 1,870,527 |
| **Written premiums** | **8,470,432** | **6,754,566** |
| Life insurance contracts- reinsurer portion | (182,055) | (168,718) |
| Non-life insurance contracts- reinsurer portion | (755,930) | (640,098) |
| **Ceded premiums – written** | **(937,985)** | **(808,816)** |
| **Total net premiums - written** | **7,532,447** | **5,945,750** |

Premiums per country are as follows:

| 2015 | Colombia | Chile | Mexico | Peru | Panama | Dominican Republic | El Salvador | Total |
|---|---|---|---|---|---|---|---|---|
| Gross premiums - life insurance contracts | 3,345,967 | 1,741,713 | 398,565 | 448,053 | - | - | 214,152 | 6,148,450 |
| Gross premiums - non-life insurance contracts | 1,782,210 | - | 36 | - | 239,383 | 192,961 | 107,392 | 2,321,982 |
| Premiums ceded to reinsurers on life insurance contracts | (78,417) | (21,689) | (27,343) | (6,804) | - | - | (47,792) | (182,045) |
| Premiums ceded to reinsurers on non-life insurance contracts | (563,775) | - | (8) | - | (71,137) | (104,952) | (16,068) | (755,940) |
| **Total net premiums - written** | **4,485,985** | **1,720,024** | **371,250** | **441,249** | **168,246** | **88,009** | **257,684** | **7,532,447** |

| 2014 | Colombia | Chile | Mexico | Peru | Panama | Dominican Republic | El Salvador | Total |
|---|---|---|---|---|---|---|---|---|
| Gross premiums - life insurance contracts | 3,032,018 | 1,083,159 | 307,632 | 317,700 | - | - | 143,530 | 4,884,039 |
| Gross premiums - non-life insurance contracts | 1,533,503 | - | 8 | - | 119,599 | 141,077 | 76,340 | 1,870,527 |
| Premiums ceded to reinsurers on life insurance contracts | (68,049) | (36,598) | (18,843) | (12,122) | - | - | (40,768) | (176,380) |
| Premiums ceded to reinsurers on non-life insurance contracts | (489,957) | - | (6) | - | (43,180) | (77,888) | (21,405) | (632,436) |
| **Total net premiums - written** | **4,007,515** | **1,046,561** | **288,791** | **305,578** | **76,419** | **63,189** | **157,697** | **5,945,750** |



### 9.3. Claims, net

Claims made by customers to Grupo SURA and Subsidiaries and claims made by Grupo sura and Subsidiaries to reinsurance companies at year-end 2015 and 2014 are as follows:

| 2015 | Colombia | Chile | Mexico | Panamá | Perú | República Dominicana | El Salvador | Total |
|---|---|---|---|---|---|---|---|---|
| Life Insurance | 1,765,080 | 410,828 | 143,380 | - | 206,846 | - | 100,939 | 2,627,073 |
| claim from customers | 1,792,933 | 432,095 | 173,409 | - | 206,846 | - | 152,544 | 2,757,827 |
| claim to reinsurance companies | (86,965) | (21,266) | (30,027) | - | - | - | (51,605) | (189,864) |
| Non-Life Insurance | 640,782 | - | - | 59,250 | - | 45,716 | 36,281 | 782,029 |
| claim from customers | 878,676 | - | - | 77,533 | - | 86,798 | 38,676 | 1,081,682 |
| claim to reinsurance companies | (178,784) | - | - | (18,282) | - | (41,082) | (2,395) | (240,543) |
| **Claim, Net** | **2,405,862** | **410,828** | **143,380** | **59,250** | **206,846** | **45,716** | **137,220** | **3,409,102** |

| 2014 | Colombia | Chile | México | Panamá | Perú | República Dominicana | El Salvador | Total |
|---|---|---|---|---|---|---|---|---|
| Life Insurance | 1,632,207 | 277,259 | 101,591 | - | 165,529 | - | 41,046 | 2,217,632 |
| claim from customers | 1,690,358 | 302,094 | 101,591 | - | 165,529 | - | 78,432 | 2,338,003 |
| claim to reinsurance companies | (88,900) | (24,835) | - | - | - | - | (37,385) | (151,120) |
| Non-Life Insurance | 535,610 | - | - | 30,653 | | 30,790 | 31,346 | 628,399 |
| claim from customers | 687,202 | - | - | 42,486 | - | 45,120 | 40,516 | 815,324 |
| claim to reinsurance companies | (120,844) | - | - | (11,833) | - | (14,330) | (9,170) | (156,177) |
| **Claim, Net** | **2,167,817** | **277,259** | **101,591** | **30,653** | **165,529** | **30,790** | **72,392** | **2,846,031** |

### 9.4. Technical reserves - insurance contracts

#### TECHNICAL RESERVES

Items contained in the Technical Reserve Account fall into two categories:

- Claim reserves: these are provisions set up on the estimated costs of the claims that have occurred but have not been paid. It includes:
  - Loss reserve: the liabilities and direct settlement expense on reported claims. This reserve is set up on the date the policy-holder and/or beneficiary informs the Company of an insurance claim and this is subject to monthly recalculations.
  - The Incurred But Not Reported (IBNR) claim reserve: set up on claims that have occurred, but have not been reported by the policy-holder and/or beneficiary on the corresponding reporting date.

- **Reserves for future commitments:** consisting of provisions set up on expected future commitments to policyholders. It includes:

- **Mathematical insurance reserves (excluding life annuities):** calculated on the current terms and conditions of the insurance contracts in place using an actuarial method. This liability is determined as the sum of the present value of expected future earnings, claims and policy handling expense, options and guarantees, and the returns on investment corresponding to the assets underlying these liabilities, and that are directly related to the contract, less the discounted value of the expected premiums required to meet future payments based on the valuation assumptions used.

- **Mathematical life annuity reserves:** are calculated based on the present value of future earnings from the contract as well as the direct operating expenses that the company incurs upon paying its contractual obligations.

- **Unearned premium reserves:** are set up for short-term insurance (both group and individual) in which the premium payment frequency differs from the effective coverage term and therefore a premium has been received for a future risk, which must be provisioned. The provision is determined on the basis of paid premiums net of expense and is amortized over the term of coverage.

**Life insurance deposit (savings) reserves or fund value reserves:** are for insurance, unit linked, universal life (including flexible), and other products that include a deposit component (savings component that recognizes the value of the policyholder´s fund).

**Other reserves:** Grupo SURA recognizes all those reserves which are not mentioned above and that are permitted according to current accounting policies and guidelines as other reserves.

The Group´s insurance companies are shown in the following table:

| | Colombia | Chile | Mexico | Panama | Peru | Dominican Republic | El Salvador |
|---|---|---|---|---|---|---|---|
| **Life Insurance** | | | | | | | |
| Seguros de Vida Suramericana S.A. | X | | | | | | |
| Seguros de Riesgos Profesionales Sura | X | | | | | | |
| Seguros de vida Sura S.A. | | X | | | | | |
| Seguros de Vida Sura México S.A. de C.V. | | | X | | | | |
| Pensiones Sura S.A. de C.V. | | | X | | | | |
| Asesuisa Vida S.A. | | | | | | | X |
| Seguros Sura S.A. | | | | | X | | |
| **Non-Life Insurance** | | | | | | | |
| Seguros Generales Suramericana S.A. | X | | | | | | |
| Seguros Suramericana Panamá S.A. | | | | X | | | |
| Seguros Sura S.A. | | | | | | X | |
| Aseguradora Suiza Salvadoreña S.A. | | | | | | | X |



Grupo SURA and Subsidiaries hold the following reserves:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Mathematical reserve | 11,682,279 | 8,660,637 | 6,532,429 |
| Reserve for unearned premiums | 3,932,620 | 2,871,203 | 947,624 |
| Reserve for non-reported claims (IBNR) | 993,283 | 868,261 | 724,819 |
| Reserve for reported claims | 1,665,638 | 1,538,720 | 1,356,201 |
| Fund value reserve | 133,218 | 126,541 | 120,088 |
| Other reserves | 458,941 | 229,245 | 1,402,712 |
| **Total technical reserves** | **18,865,979** | **14,294,607** | **11,083,873** |

The treatment of benefits and the adequacy of provisions are basic principles of insurance management.

Technical provisions are estimated by the actuarial teams based in the different countries.

The movement and effects on measuring insurance and reinsurance liabilities are presented below:

| | Liabilities - insurance contracts with no DPFs* | Assets - insurance contracts | Net |
|---|---|---|---|
| **At January 1, 2014** | **11,083,873** | **443,380** | **10,640,493** |
| Changes to reserves | 2,496,305 | (3,467) | 2,499,772 |
| Currency translation adjustments | 455,043 | - | 455,043 |
| Monetary correction adjustments | 259,386 | - | 259,386 |
| **At December 31, 2014** | **14,294,607** | **439,913** | **13,854,694** |
| Changes to reserves | 1,838,637 | 141,211 | 1,697,426 |
| Currency translation adjustments | 2,794,184 | - | 2,794,184 |
| Monetary correction adjustments | (61,449) | - | (61,449) |
| **At December 31, 2015** | **18,865,979** | **581,124** | **18,284,855** |

*Discretionary Participation Features in Insurance Contracts

Technical reserves held by each country are shown as follows:

| Year | Colombia | Chile | Mexico | Panama | Peru | Dominican Republic | El Salvador | Total |
|---|---|---|---|---|---|---|---|---|
| 2015 | 7,229,240 | 5,292,322 | 1,631,388 | 369,980 | 3,829,756 | 117,239 | 396,054 | 18,865,979 |
| 2014 | 6,518,368 | 3,271,622 | 1,199,173 | 143,372 | 2,836,654 | 67,581 | 257,837 | 14,294,607 |
| January 1, 2014 | 5,738,905 | 2,109,152 | 819,452 | 89,079 | 2,100,954 | 84,304 | 142,027 | 11,083,873 |

# NOTE 10

## INVENTORIES

Inventories are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Merchandise not produced by the Company | 1,990 | 2,521 | 539 |
| Materials, spare parts and accessories | 6,511 | 6,493 | 5,610 |
| Other inventories (*) | 3,637 | 5,626 | 3,843 |
| | **12,138** | **14,640** | **9,992** |

(*) Includes other contracts in execution, hospital inventories, etc.

The Company used the weighted average cost method to account for its inventories.

## INVENTORY ENCUMBRANCES

The Company's inventories have not been pledged as collateral for its liabilities and there are no restrictions as to their eventual sale or disposal.

**Construction contracts**

Grupo SURA, through its subsidiary Integradora de Servicios Tercerizados, provides outsourced construction services as part of contractual arrangements. The assets held in inventory that are used to render these services come under the scope of IAS 11 Construction Contracts. The following is an overview of this subsidiary's most important construction contracts:

| Product | Solutions | Solutions | Solutions | Solutions | Solutions | Networks and cabling | Networks and cabling |
|---|---|---|---|---|---|---|---|
| Customer | Bancamia | Bancoagrario | Prebel | HACEB | E.T.B. | Chevron | Others |
| Project | Renting out banking network and infrastructure solutions | SL Telephony Connectivity | Server optimization | HACEB - warehousing facilities | IPSE Solutions | Cabling | Minor projects |
| Start date: | 2014/05/25 | 2013/10/22 | 2014/11/01 | 2013/04/01 | 2014/07/01 | 2015/03/27 | 2015/05/25 |
| Termination date: | 2017/08/21 | 2018/12/31 | 2015/12/31 | 2016/03/31 | 2015/12/31 | 2016/03/26 | 2018/05/25 |
| **Estimated contractual income** | **1,761** | **13,436** | **197** | **306** | **20** | **148** | **717** |
| Incurred costs and expense | (829) | (4,574) | (51) | (195) | (16) | (82) | (499) |
| Estimated Inventories cost | (326) | (730) | - | - | - | - | - |
| Cost of completing the contract | (325) | (6,262) | (109) | (55) | (1) | (43) | (91) |
| **Estimated contractual costs and expense** | **(1,480)** | **(11,566)** | **(160)** | **(249)** | **(17)** | **(124)** | **(590)** |
| **Estimated earnings** | **281** | **1,869** | **37** | **57** | **3** | **24** | **127** |
| Degree of completion | 56% | 40% | 32% | 78% | 91% | 66% | 85% |
| Income based on degree of completion | 986 | 5,314 | 63 | 239 | 19 | 97 | 607 |
| Accrued income | 808 | 5,164 | 55 | 224 | 16 | 96 | 510 |

## NOTE 11

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Inventory values | 179 | 150 | 8 | 15 | 2 | 1 | 97 |

# TAXES

### 11.1. Applicable rules and regulations

I. **Colombia:** Taxable income is subject to a 25% income tax rate, except for all those taxpayers that have been granted special rates as well as 10% occasional gains tax. Equality Income Tax (CREE for the acronym in Spanish) is levied at a rate of 9% pursuant to that stipulated in Law 1739 passed December 2014. Law 1739 of 23 December 2014 provided for a surtax to be charged on equality income tax paid by eligible taxpayers for the years 2015, 2016, 2017 and 2018 of 5%, 6%, 8% and 9% per year, respectively.

II. **Chile:** In Chile, current tax legislation has provided for two separate regimes "capital income" and "employment income". The former consists of a First Category Tax which is mainly paid by corporate and legal persons. This tax was levied at a fixed rate of 20% in 2014 and 21% in 2015 on the tax base, which is calculated by adding or subtracting the amounts provided by law. The tax thus paid is imputable against Global Complementary Tax, which is levied on the total amount of income received by natural persons residing in the country; or Additional Tax, which is levied on income generated in Chile, by all natural and legal persons residing outside the country, as applicable.

III. **Mexico:** During fiscal year 2014, the income tax rate in Mexico was 30%, which was levied on all taxable income for the year. Workers also pay a rate of 10% on their taxable income.

IV. **Peru:** Law 30296 passed in 2014, promoting the country´s economic recovery, provided for a gradual reduction in the income tax rate which in December 2014 stood at 30%. Thus, the tax rate for all subsequent years is shown as follows:

| Tax Years | Rate |
|---|---|
| 2015 – 2016 | 28% |
| 2017 – 2018 | 27% |
| 2019 onwards | 26% |

V. **Uruguay:** Corporate Income tax (IRAE in Spanish) is levied at a rate of 25% on all corporate income obtained in Uruguay on any type of economic activity.

Corporate income in Uruguay is considered to be income sourced from business activities conducted, or goods or rights used for economic purposes in Uruguay, regardless of the nationality, domicile or residence of the parties involved in the aforementioned transactions or the place in which these are carried out. Income earned or received from abroad by a local taxpayer are not subject to this tax.

VI. **Panama:** Income tax is determined on the actual income for the year. The income tax rate is currently 25%.

VII. **Dominican Republic:** The tax code in the Dominican Republic, as amended, provides for an income tax either on the net taxable income base or 1% of the assets subject to tax, whichever is the greater. Income tax rates pursuant to that stipulated in Law 253-12 were 28% for 2014 and 27% from 2015 onwards. This law also introduced important changes for related party transactions as well as the obligation to include transactions carried out with domestic related entities in transfer pricing studies and the corresponding declarations for this type of transaction. It also included the concept of non-deductible expense, thin capitalization applicable also to debts with foreign entities, where the debt-equity ratio cannot exceed 3 to 1.

VII. **El Salvador:** Companies that are incorporated and duly existing in El Salvador pay income tax on income earned in that country, according to the Income Tax Law, contained in Legislative Decree No. 134 issued December 18, 1991 which has been in full force and effect since January 1992. Pursuant to this law all legal persons, whether they are domiciled in El Salvador or not, must calculate the amount of income tax payable at a rate of thirty per cent (30%), except for companies which have obtained taxable income less than or equal to one hundred fifty thousand dollars (USD 150,000.00) in which case a tax rate of twenty-five per cent (25%) shall apply, excluding from this calculation all income subject to final withholding income tax based on the percentages prescribed by law.

### 11.2. Current tax

The balance of taxes payable and receivable at year-end is broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| **Current tax assets** | | | |
| Income and Complementary Tax | 65,704 | 79,718 | 97,244 |
| Local tax | 26,125 | 11,496 | 5,772 |
| Withholding tax | 88,968 | 74,255 | 40,534 |
| Sales tax | 32,677 | 31,126 | 724 |
| Tax credits | 14,855 | 16,799 | 25,047 |
| Contributions | 90,665 | 97,912 | 85,356 |
| Equality income tax receivable | 9,872 | 0 | 3 |
| Others | 3,325 | 4,032 | 1,521 |
| **Total current tax assets** | **332,191** | **315,338** | **256,201** |

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| **Current tax liabilities** | | | |
| Income and Complementary Tax | 337,581 | 354,954 | 287,908 |
| Local tax | 38,745 | 23,194 | 11,111 |
| Equality income tax payable | 1,968 | 4 | 8 |
| Sales tax payable | 61,263 | 51,666 | 36,858 |
| Others | 14,640 | 10,859 | 43,375 |
| **Total current tax liabilities** | **454,197** | **440,677** | **379,260** |

The following is a breakdown of the tax balances held by each country:

| 2015 | Colombia | Chile | Mexico | Peru | Uruguay | Panama | Dominican Republic | El Salvador | Spain | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Current tax assets | 176,631 | 91,766 | 20,626 | 23,004 | 236 | 6,578 | - | 9,247 | 4,103 | 332,191 |
| Current tax liabilities | 272,728 | 98,654 | 45,141 | 8,620 | 3,634 | 2,909 | 14,378 | 7,502 | 631 | 454,197 |
| Current tax, net | (96,097) | (6,888) | (24,515) | 14,384 | (3,398) | 3,669 | (14,378) | 1,745 | 3,472 | (122,006) |

| 2014 | Colombia | Chile | Mexico | Peru | Uruguay | Panama | Dominican Republic | El Salvador | Spain | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Current tax assets | 128,796 | 79,623 | 66,730 | 17,230 | 495 | 1,390 | 0 | 2,004 | 19,070 | 315,338 |
| Current tax liabilities | 256,897 | 67,171 | 81,982 | 12,529 | 1,479 | 1,168 | 10,120 | 9,005 | 326 | 440,677 |
| Current tax, net | (128,101) | 12,452 | (15,252) | 4,701 | (984) | 222 | (10,120) | (7,001) | 18,744 | (125,339) |

| January 1, 2014 | Colombia | Chile | Mexico | Peru | Uruguay | Panama | Dominican Republic | El Salvador | Spain | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Current tax assets | 85,549 | 33,912 | 64,753 | 51,076 | 1,208 | 1,093 | 47 | 2,411 | 16,152 | 256,201 |
| Current tax liabilities | 199,680 | 65,628 | 57,610 | 41,776 | 630 | 2,265 | 7,759 | 3,864 | 48 | 379,260 |
| Current tax, net | (114,131) | (31,716) | 7,143 | 9,300 | 578 | (1,172) | (7,712) | (1,453) | 16,104 | (123,059) |



### 11.3. Deferred tax

The balance of the deferred tax assets and liabilities held at year-end is shown below:

| **Deferred tax, net** | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Financial assets | 57,545 | 24,882 | 1,682 |
| Employee benefits | 25,780 | 54,359 | 14,324 |
| Investments | 9,732 | 7,240 | - |
| Other non-financial assets | 68,413 | 97,541 | 104,730 |
| Other liabilities | 59,362 | 36,610 | 77,132 |
| Financial liabilities | 24,230 | 20,679 | 17,809 |
| Tax losses | 139,339 | 122,959 | 75,077 |
| Property and equipment | 4,831 | 5,093 | 4,397 |
| Technical reserves | 28,577 | - | 18,738 |
| **Total deferred tax assets** | **417,809** | **369,363** | **313,889** |

| **Deferred tax liabilities** | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Financial assets | 234,185 | 180,558 | 195,851 |
| Intangibles | 213,170 | 154,258 | 99,954 |
| Investments | 235,432 | 179,024 | 149,931 |
| Other liabilities | 19,092 | 6,329 | 462 |
| Financial liabilities | 45,290 | 17,273 | - |
| Tax losses | 12,595 | 6,667 | 3,453 |
| Goodwill | 736,403 | 730,656 | 595,779 |
| Property and equipment | 132,112 | 108,734 | 72,706 |
| Technical reserves | 72,466 | 65,445 | 103,541 |
| Other non-financial assets | - | - | 2,801 |
| **Total deferred tax liabilities** | **1,700,745** | **1,448,944** | **1,224,478** |

The following is a breakdown of the tax balances held by each country:

| 2015 | Colombia | Panama | Dominican Rep | El Salvador | Chile | Mexico | Peru | Uruguay | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | | | | |
| Financial assets | 56,840 | - | - | - | - | - | 705 | - | 57,545 |
| Employee benefits | 24,665 | - | - | - | - | 1,115 | - | - | 25,780 |
| Investments | - | - | - | - | 9,732 | - | - | - | 9,732 |
| Other non-financial assets | 29,738 | 233 | 88 | 1,962 | 19,659 | 14,730 | 1,077 | 926 | 68,413 |
| Other liabilities | 35,438 | - | 1,006 | 904 | 6,951 | - | 14,195 | 869 | 59,363 |
| Financial liabilities | 24,230 | - | - | - | - | - | - | - | 24,230 |
| Tax losses | 31,697 | - | - | - | 70,287 | 36,603 | 290 | 463 | 139,340 |
| Property and equipment | 3,798 | - | - | - | - | - | - | 1,031 | 4,829 |
| Technical reserves | 3,305 | - | 12,046 | 2,486 | - | 10,740 | - | - | 28,577 |
| **Total deferred tax assets** | **209,711** | **233** | **13,140** | **5,352** | **106,629** | **63,188** | **16,267** | **3,289** | **417,809** |
| **Deferred tax liabilities** | | | | | | | | | |
| Financial assets | 280 | - | - | - | 198,886 | 31,573 | - | 3,446 | 234,185 |
| Intangibles | 37,954 | - | 9,173 | 3,023 | 48,259 | 101,309 | 11,171 | 2,280 | 213,169 |
| Investments | 219,814 | - | - | - | - | - | 15,618 | - | 235,432 |
| Other liabilities | - | - | - | - | 9,278 | 9,814 | - | - | 19,092 |
| Financial liabilities | 45,290 | - | - | - | - | - | - | - | 45,290 |
| Tax losses | 4,158 | - | - | - | - | - | 8,437 | - | 12,595 |
| Goodwill | - | - | - | - | 213,780 | 259,356 | 228,478 | 34,789 | 736,403 |
| Property and equipment | 49,710 | 10,187 | 159 | 2,261 | 57,078 | 7,392 | 5,326 | - | 132,113 |
| Technical reserves | - | - | - | - | 72,466 | - | - | - | 72,466 |
| **Total deferred tax liabilities** | **357,206** | **10,187** | **9,332** | **5,284** | **599,747** | **409,444** | **269,030** | **40,515** | **1,700,745** |
| **Total deferred tax, net** | **(147,495)** | **(9,954)** | **3,810** | **68** | **(493,119)** | **(346,256)** | **(252,763)** | **(37,226)** | **(1,282,936)** |

| 2014 | Colombia | Panama | Dominican Rep | El Salvador | Chile | Mexico | Peru | Uruguay | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | | | | |
| Financial assets | 24,882 | - | - | - | - | - | - | - | 24,882 |
| Employee benefits | 36,023 | - | - | 18,336 | - | - | - | - | 54,359 |
| Investments | - | - | - | - | 7,240 | - | - | - | 7,240 |
| Other non-financial assets | 40,618 | - | - | - | 16,642 | 27,898 | 11,615 | 768 | 97,541 |
| Other liabilities | 27,386 | - | - | 2,277 | 6,146 | - | - | 801 | 36,610 |
| Financial liabilities | 20,679 | - | - | - | - | - | - | - | 20,679 |
| Tax losses | 58,072 | - | - | 972 | 46,675 | 16,774 | - | 467 | 122,960 |
| Property and equipment | 4,247 | - | - | - | - | - | - | 845 | 5,092 |
| **Total deferred tax assets** | **211,907** | **-** | **-** | **21,585** | **76,703** | **44,672** | **11,615** | **2,881** | **369,363** |
| **Deferred tax liabilities** | | | | | | | | | |
| Financial assets | 245 | - | - | - | 164,513 | - | 15,800 | - | 180,558 |
| Intangibles | 27,297 | - | - | - | 34,152 | 81,135 | 9,816 | 1,858 | 154,258 |
| Investments | 138,759 | - | - | 856 | - | 31,128 | 8,280 | - | 179,023 |
| Other liabilities | 257 | - | - | - | 6,072 | - | - | - | 6,329 |
| Financial liabilities | 17,273 | - | - | - | - | - | - | - | 17,273 |
| Tax losses | 3,629 | - | - | - | - | - | - | 3,038 | 6,667 |
| Goodwill | - | - | - | - | 203,620 | 246,768 | 244,454 | 35,813 | 730,655 |
| Property and equipment | 47,333 | 3,953 | - | 1,520 | 46,658 | 5,443 | 3,828 | - | 108,735 |
| Technical reserves | - | - | 8,770 | 1,956 | 54,720 | - | - | - | 65,446 |
| **Total deferred tax liabilities** | **234,793** | **3,953** | **8,770** | **4,332** | **509,735** | **364,474** | **282,178** | **40,709** | **1,448,944** |
| **Total deferred tax, net** | **(22,886)** | **(3,953)** | **(8,770)** | **17,253** | **(433,032)** | **(319,802)** | **(270,563)** | **(37,828)** | **(1,079,581)** |

| January 1, 2014 | Colombia | Panama | Dominican Rep | El Salvador | Chile | Mexico | Peru | Uruguay | Spain | Holland | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | | | | | | |
| Financial assets | 1,682 | - | - | - | - | - | - | - | - | - | 1,682 |
| Employee benefits | 14,324 | - | - | - | - | - | - | - | - | - | 14,324 |
| Other non-financial assets | 13,819 | 14 | - | - | 90,789 | - | 108 | - | - | - | 104,730 |
| Other liabilities | 62,105 | - | 585 | - | 4,227 | 10,214 | - | - | - | - | 77,131 |
| Financial liabilities | 17,809 | - | - | - | - | - | - | - | - | - | 17,809 |
| Tax losses | 55,449 | - | 541 | - | 7,603 | 386 | 11,099 | - | - | - | 75,078 |
| Property and equipment | 4,397 | - | - | - | - | - | - | - | - | - | 4,397 |
| Technical reserves | 12,751 | - | - | 5,987 | - | - | - | - | - | - | 18,738 |
| **Total deferred tax assets** | **182,336** | **14** | **1,126** | **5,987** | **102,619** | **10,600** | **11,207** | **-** | **-** | **-** | **313,889** |
| **Deferred tax liabilities** | | | | | | | | | | | |
| Financial assets | 171 | - | - | - | 89,097 | - | 106,581 | - | - | - | 195,849 |
| Intangibles | 41,474 | - | - | - | 17,409 | 41,071 | - | - | - | - | 99,954 |
| Investments | 139,466 | - | - | - | - | 10,465 | - | - | - | - | 149,931 |
| Other non-financial assets | - | - | - | - | 2,802 | - | - | - | - | - | 2,802 |
| Other liabilities | 462 | - | - | - | - | - | - | - | - | - | 462 |
| Tax losses | 3,453 | - | - | - | - | - | - | - | - | - | 3,453 |
| Goodwill | - | - | - | - | 14,153 | 9,663 | - | 2,008 | 77,482 | 492,476 | 595,782 |
| Property and equipment | 39,844 | 1,001 | 1,991 | - | 26,124 | 3,561 | - | 183 | - | - | 72,704 |
| Technical reserves | - | - | 6,662 | 3,109 | 93,770 | - | - | - | - | - | 103,541 |
| **Total deferred tax liabilities** | **224,870** | **1,001** | **8,653** | **3,109** | **243,355** | **64,760** | **106,581** | **2,191** | **77,482** | **492,476** | **1,224,478** |
| **Total deferred tax, net** | **(42,534)** | **(987)** | **(7,527)** | **2,878** | **(140,736)** | **(54,160)** | **(95,374)** | **(2,191)** | **(77,482)** | **(492,476)** | **(910,589)** |

### 11.4. Tax recognized in the income statement for the period

Current tax and deferred tax expense is as follows:

| | 2015 | 2014 |
|---|---|---|
| Current tax expense | 444,427 | 333,278 |
| Deferred tax expense | | |
| Sources / reversals of temporary differences | 125,060 | 151,458 |
| **Tax expense** | **569,487** | **484,736** |

Based on its evaluation of many factors, including interpretations of applicable tax laws and prior experience, Grupo SURA considers that the accrued tax liabilities shown are adequate for all tax years still open for review.

### 11.5. Tax recognized in Other Comprehensive Income

The following table shows tax benefits with changes to the equity of the parent company:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| | Tax benefit (expense) | Tax benefit (expense) | Tax benefit (expense) |
| Cash flow hedges | (1,712) | - | - |
| Post-employment benefits | 227 | - | - |
| Financial assets at fair value with changes in OCI | - | 5 | 62 |
| Revaluations of property, plant and equipment | (318) | 2,174 | 1,441 |
| **Total deferred tax, imputed to Other Comprehensive Income** | **(1,803)** | **2,179** | **1,503** |

### 11.6. Reconciliation of effective tax rate

| | 2015 | | 2014 | |
|---|---|---|---|---|
| **Earnings before tax** | | **1,893,428** | | **2,115,765** |
| Income tax by applying the local tax rate | 33.71% | 638,273 | 31.79% | 672,625 |
| **Tax effect of:** | | | | |
| Eliminations consolidated income | 18.71% | 354,180 | 1.89% | 39,933 |
| Non-deductible expense | 8.01% | 151,700 | 9.56% | 202,299 |
| Tax revenues | 9.19% | 173,981 | 2.41% | 51,079 |
| Tax exempt income | -16.28% | (308,272) | -2.95% | (62,443) |
| Tax-exempt dividends | -11.43% | (216,502) | -15.12% | (319,851) |
| Tax losses | 0.26% | 5,015 | -0.56% | (11,759) |
| Amortization of intangibles | -2.76% | (52,175) | 1.39% | 29,389 |
| Tax deductions | -0.08% | (1,451) | -0.10% | (2,198) |
| Rate change adjustments | 0.65% | 12,394 | 2.73% | 57,662 |
| Tax exempt income | -8.76% | (165,875) | -8.05% | (170,320) |
| Others | -1.15% | (21,781) | -0.08% | (1,680) |
| **Income tax** | **30.08%** | **569,487** | **22.91%** | **484,736** |

11.7. Movements in the deferred tax account

| | 2015 | 2014 |
|---|---|---|
| **Opening balance - net liabilities** | **1,079,581** | **910,589** |
| Deferred tax expense recognized in the income statement for the period | 125,060 | 151,458 |
| Income tax relating to components of Other Comprehensive Income | (1,803) | 2,179 |
| Effect of changes in foreign exchange rates | 80,098 | 15,355 |
| **Closing balance - net liabilities** | **1,282,936** | **1,079,581** |

## NOTE 12 DERIVATIVES

### 12.1.Hedging assets

Grupo SURA uses derivatives such as swaps, forwards and options to hedge its exposure to foreign exchange and interest rates, cash flows and net investments abroad. These derivatives are initially recognized on the date on which the corresponding hedging agreement is signed and are subsequently remeasured at fair value when the respective information is updated.

Any gain or loss arising from changes in the fair value of derivatives are directly charged to income, except for the effective portion that may be generated from hedges of cash flows and net investments abroad, which are posted in other comprehensive income and subsequently reclassified to income when the hedged item affects other comprehensive income.

At December 31, 2015, December 31, 2014 and January 1, 2014, Grupo SURA held derivatives that were recorded in books as financial assets and financial liabilities, based on their respective positive or negative fair values.

The balance of the derivative financial assets held by Grupo SURA and subsidiaries is as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| **Hedging agreements** | | | |
| **Swaps** | | | |
| Interest rate | 3,703 | 1,074 | - |
| Exchange rate | 71,665 | 46,952 | 4,178 |
| **Hedging agreements** | **75,368** | **48,026** | **4,178** |
| **Other derivatives** | | | |
| Forward hedging agreements: Exchange rate | 13,892 | 1,750 | 3,400 |
| Call options: Exchange rate | 109,935 | - | - |
| **Other hedging derivatives** | **123,827** | **1,750** | **3,400** |
| **Total hedging assets** | **199,195** | **49,776** | **7,578** |
| **Hedging agreements** | | | |
| Foreign exchange swaps | 62,986 | - | - |
| **Total derivative assets** | **262,181** | **49,776** | **7,578** |

The following are the movements recorded with the derivative account:

| | |
|---|---|
| **Balance at January 1, 2014** | **7,578** |
| Valuations | 47,221 |
| Payments | (17,002) |
| Exchange differences | 11,979 |
| **Balance at December 31, 2014** | **49,776** |
| Additions | 232,608 |
| Valuations | 119,697 |
| Interest received | 12,313 |
| Payments | (21,850) |
| Exchange differences | (130,363) |
| **Balance at December 31, 2015** | **262,181** |

### 12.2. Hedging liabilities

Derivative liabilities held by Grupo SURA and its subsidiaries at December 31, 2015, December 31, 2014 and January 1, 2014 are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Traded swaps | 138,193 | 47,505 | 3,239 |
| Hedge swaps | 69,370 | - | - |
| Forward hedges | 46,376 | 78,108 | 10,479 |
| **Total hedging liabilities** | **253,939** | **125,613** | **13,718** |

The derivatives held by Grupo SURA and its subsidiaries are normally traded on the local financial markets as well as "over the counter" on the international markets. Derivatives carry net favorable or unfavorable terms and conditions (assets or liabilities, respectively) as a result of fluctuations with foreign exchange rates or market interest rates and other variables relating to their respective terms and conditions. The total amount of fair values corresponding to the assets and liabilities that these derivatives represent may vary significantly from time to time.

### 12.3. Using hedge accounting

In drawing up its own risk management policies, some of the subsidiaries belonging to Grupo SURA have used hedge accounting in preparing their financial statements in accordance with the following:

#### 12.3.1. Cash flow hedges

Two of Grupo SURA's subsidiaries have recorded cash flow hedges:

1. Seguros de Vida Sura S.A. Chile, a subsidiary of SURA Asset Management, took out swaps in 2015 as part of a strategy designed to protect its international fixed income investments (US dollar-denominated bonds earning a fixed rate of interest) against prevailing market volatility.

   These investments were made to hedge liabilities with regard to: life annuities; individual life (excluding unit-linked insurance) and group debtor´s life insurance, with life annuities representing the largest hedging flows.

   These agreements stipulate paying a fixed exchange rate in US dollars and receiving a fixed value in UF (Unidades de Fomento – which is an inflation-indexed monetary unit in Chile), in order to protect against the exchange rate risk to fixed income securities held in foreign currency as well as the inflation risk to UF-indexed liabilities.

2. For the purpose of hedging its cash flows against foreign exchange risk, Grupo SURA, through its subsidiary Suramericana, decided to perform three deliverable forward operations on December 17 and 18, 2015. They had the specific purpose of counteracting the effects of the revaluation of the pound sterling, the currency in which the acquisition of the Latin American operations of the RSA Insurance Group was denominated, which was considered a highly probable transaction given the contractual conditions agreed. A deliverable forward contract is settled at maturity with the delivery of the underlying asset and is intended to cover the risks of market liquidity, that is to say, the buyer secures the advance purchase of the underlying asset. The terms and conditions of these three forwards were as follows:

**GBP/USD FORWARDS**

| OPERATION | ENTITY | AMOUNT IN GBP | EFFECTIVE DATE | MATURITY DATE | DAYS | FW POINTS | SPOT | STRIKE |
|---|---|---|---|---|---|---|---|---|
| Forward purchase | CITIBANK | 48 | 17/12/2015 | 27/01/2016 | 41 | 0,0004 | 14,926 | 1,493 |
| Forward purchase | CITIBANK | 112 | 17/12/2015 | 25/02/2016 | 70 | 0,00038 | 14,926 | 149,298 |
| Forward purchase | GOLDMAN SACHS | 155 | 18/12/2015 | 29/03/2016 | 102 | 0,0005 | 1,49 | 14,905 |
| **TOTAL** | | **315** | | | | | | |

Hedging operations averaged out at between GBP 48.000 and 155,000 with terms ranging from between 41 to 102 days. The aforementioned operations recorded a loss on fair value of COP 11,021 on December 31, 2015. At year-end 2015, all changes to hedging derivatives, as mentioned in this section, were recorded in equity under other comprehensive income, since the hedge had been fully effective.

The company's functional and reporting currency is the Colombian peso (COP). The Company, in keeping with its ongoing expansion plans, signed an agreement to acquire the assets held by RSA Insurance Group (hereinafter RSA) in a total of 6 countries in Latin America. This transaction shall be settled using cash flows to be paid as and when due authorization is received from the respective regulators in each country; therefore, not all of the corresponding obligations shall fall due and payable at the same time. Furthermore, the price of this acquisition has been set in pounds sterling (GBP), which means that Suramericana´s payment obligation is denominated in GBP.

Suramericana has decided to hedge the exchange rate risk relating to the payment of this transaction using derivatives; as part of this hedging strategy the maturity dates of the respective derivatives are aligned with the estimated purchase dates of the assets in each country.

Also, in order to gain the greatest possible benefit, the Company decided to separately hedge the risk of the pound to dollar exchange rate (GBP-USD) as well as the risk of the peso to dollar exchange rate (COP USD). This information refers to a partial hedge set up on the GBP-USD exchange rate, for which the Company wishes to use cash flow hedge accounting.

### Identification of the hedging instrument

To cover the market risk associated with the GBP-USD exchange rate, the Company so far has taken out three deliverable forward currency contracts through which it is committed to purchasing British pounds (GBP) and selling US dollars (USD). The maturity dates of these forward contracts have been aligned with best estimates regarding the final termination dates of said acquisitions, and these shall be renewed or brought forward based on the actual dates. Suramericana has designated these derivatives as foreign exchange hedges for the acquisition of the RSA assets.

### Identification of the hedged item

On September 8, 2015, the company agreed to purchase RSA´s Latin American assets, and therefore this acquisition has been designated as a hedged item based solely on the market risk associated with the exchange rate. While the entire agreement for said transaction was contained in a single legal document, it was agreed that the assets would be treated on a country basis, which is why the commitments that form part of this hedging relationship are evaluated separately. Thus, these hedging instruments shall be linked to the corresponding hedged items in the month that both commitments match, grouping them together based on that criterion.

| COUNTRY | VALUE OF THE OBLIGATION (GBP) | ESTIMATED PAYMENT DATE | ADDED PER MONTH (GBP) |
|---|---|---|---|
| Brazil | 48.59 | Feb 16 | 162.32 |
| Colombia | 47.38 | Feb 16 | |
| Mexico | 66.35 | Feb 16 | |
| Chile | 159.0 | Mar 16 | 199.71 |
| Argentina | 40.71 | Mar 16 | |
| Uruguay | 58.90 | Apr 16 | 58.90 |
| TOTAL | 420.93 | | 420.93 |

### Identification of the nature of the hedged risk

The Company plans to hedge the market risk associated with the GBP-USD exchange rate on the price of RSA´s Latin American assets which is denominated in pounds sterling (GBP).

### Hedge effectiveness

The effectiveness of the hedging instruments shall be measured using the Dollar-Offset method as follows:

$$\% \text{ efficacy} = \frac{\text{Change in the fair value of the derivative GBPUSD}}{\text{Change in the fair value of the item covered in GBP (purchase committments)}}$$

Where:

- The change in the fair value of the GBP-USD derivative corresponds to the change to their mark to market prices (MTM) brought about upon updating the spot rates, forward points and interest rate curves.



Changes in the fair value of the hedged item in GBP are changes brought about upon updating the acquisition commitments regarding the RSA assets, based on changes in the spot rates, forward points and interest rate curves. Since the transaction in question shall be performed in all likelihood, the actual updating of these variables shall not have any impact on the Company's income.

### 12.3.2. Net foreign investments

Grupo SURA's subsidiary Suramericana S.A. holds investments abroad and is exposed to the exchange risk to the functional currency of these operations stated in US dollars against Grupo SURA's own functional currency in Colombia which is the Colombian peso.
On August 24 and 26, 2015, Suramericana received from Helm Bank Panama and Davivienda Panama two loans for USD 35 million each, payable over a term of 10 years, based on their respective amortization schedule, in order to hedge its business abroad (this being Inversura Panama Internacional, plus a direct stake in Seguros Suramericana Panama) but only for their face value, that is to say excluding debt service.

### Identification of the hedging instrument

As part of its intention to hedge its business abroad, on October 1, 2015, and based on the documentation required by IAS 39, the Company formally designated the loans granted by Helm Bank Panama and Davivienda Panama, as hedging instruments protecting against the direct stake held in its business abroad, specifically its business in Panama, solely in the amount of their principal, excluding debt service.

### Identification of the hedged item

Based on the stipulation in IFRIC 16 Hedges of a Net Investment in a Foreign Operation, a hedged item can be an amount of net assets equal to or lower than the carrying value of the net assets of the foreign business reported in the consolidated financial statement.

Therefore, the Company considered that, on the effective date of this hedge, the aforementioned value was that corresponding to the net investment in the foreign business, taken as a partially hedged item, and the nominal value was assigned as hedged.

**Hedged items:**

| Business abroad | Net assets | % stake | Net hedged assets |
|---|---|---|---|
| Direct stakes in foreign subsidiaries | 199.851 | 100% | 70 |

**Breakdown of net investment - Suramericana S.A.'s direct stake**

| Business abroad | Net assets | % Stake | Net hedged assets |
|---|---|---|---|
| Inversura Panamá Internacional | 128.048 | 100% | 70 |
| Seguros Suramericana S.A. | 776 | 0.79% | |
| Seguros Suramericana de Panamá S.A. (Banistmo) | 71.028 | 100% | |
| **Total** | **199.852** | **100%** | |

On October 1, 2015, the Company consolidated a 100% stake held in Seguros Suramericana S.A. through the 99.21% stake held then in its Subsidiary Inversura Panama, which in turn was and is wholly owned (100%) by Suramericana. On December 31, 2015, Suramericana held a 23% direct stake in Seguros Suramericana S.A., consolidating the remaining 77% stake through Panama Inversura.

**Identification of the nature of the hedged risk**

The company seeks to hedge the exchange rate risk on its foreign business operations.

**Effectiveness of the hedging instrument**

The company shall measure the effectiveness of hedging instruments as follows:

$$\% \text{ efficacy} = \frac{\text{Variation in the difference in change of the principal of the debt}}{\text{Effect on the period from convertion of the business overseas}}$$

**Where:**

- The exchange difference on the principal corresponds to the exchange difference brought about by updating hedging instruments based on changes to the exchange rate; and

- The translation effect on foreign business operations corresponds to the exchange difference obtained by translating the income and financial position pertaining to the foreign business operation by continuously applying the rules contained in paragraph 23 of IAS 21.

The subsidiary Suramericana decided to measure the effectiveness of the hedge based on the exchange rate risk corresponding to the net investment abroad, as assessed on a quarterly basis. The following table shows the results obtained on the hedge effectiveness test performed on December 31, 2015:

| Period | Rate | Percentage hedged (Asset) | Effectiveness. Translating hedged value (assets) | Effectiveness. Translating hedging instrument | Hedge effectiveness | Compens. (effective hedge value) |
|---|---|---|---|---|---|---|
| October | 2,897.83 | 35.03% | (13,172) | (13,224) | 100,40% | (13,224) |
| November | 3,142.11 | 34.96% | 16,962 | 17,100 | 100,81% | 17,100 |
| December | 3,149.47 | 33.99% | 1,093 | 515 | 47,15% | 515 |
| | | | **4,883** | **4,391** | **89,91%** | **4,391** |

## NOTE 13 INVESTMENT PROPERTIES

Grupo SURA's investment properties are recorded at fair value, as shown below:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Land | 214,732 | 183,848 | 150,832 |
| Buildings | 590,456 | 485,992 | 366,591 |
| | **805,188** | **669,840** | **517,423** |

The movements recorded in the investment property account are shown as follows: V

| | Land | Buildings | Total |
|---|---|---|---|
| **Investment properties at January 1, 2014** | **150,833** | **366,590** | **517,423** |
| Acquisitions | - | 150,300 | 150,300 |
| Gains (losses) on adjustments to the fair values of investment properties | 8,551 | 47,783 | 56,334 |
| Disposals | - | (40,526) | (40,526) |
| Translation effect | 24,463 | (38,154) | (13,691) |
| **Investment properties at December 31, 2014** | **183,847** | **485,993** | **669,840** |
| Acquisitions | - | 54,456 | 54,456 |
| Impairment losses to the recognized values of investment properties through profit or loss | - | (3,248) | (3,248) |
| Gains (losses) on adjustments to the fair values of investment properties | 17,349 | 64,123 | 81,473 |
| Transfers of investment properties from (to) inventories and real estate occupied by the owner | 1,439 | (9,094) | (7,654) |
| Disposals | - | (6,097) | (6,097) |
| Translation effect | 8,681 | 7,739 | 16,420 |
| **Investment properties at December 31, 2015** | **211,317** | **593,871** | **805,188** |

### APPRAISERS

Grupo SURA's investment properties are appraised by the following experts:

- J Elkin Ruiz Propiedad Raíz, holding degrees in Civil Engineering from the Universidad Nacional, Plant Design from Leheigh University, Pennsylvania and Chemical Engineering from the Universidad de Antioquia; Member of the Medellin Real Estate Exchange.

- Gabriel Rodriguez Walker, ICA 3.114, Taxpayer´s ID. No. 5.082.752-6, architect and independent appraiser registered with the Chilean Superintendency of Securities and Insurance (SVC in Spanish) and Guillermo Rosselot Iriarte, Taxpayer´s ID. No. 6.874.683-3, architect and independent appraiser also registered with the Chilean Superintendency of Securities and Insurance.

- Jesús José Gómez Cabrera, an engineer with the firm Regner Basurco Jimenez – Consultant Engineers, registered with the Peruvian Engineers Association (Reg # 49108), Technical Inspection Center RD No 082-2014-Housing /VMCS-DNC, as well as the Peruvian Superintendency of Banking and Insurance (Resolution No 6293-2013.

- Bettiana Molina, an architect with the firm, Estudio Rortones, Taxpayer´s ID. 215.777.430.011 in Uruguay.

### INCOME ON INVESTMENT PROPERTY

Lease income obtained from the Company's investment property at year-end is broken down as follows:

| | 2015 | 2014 |
|---|---|---|
| Lease income | 757 | 870 |
| Investment appraisals | 81,473 | 56,334 |
| Appraisal expense | (3,249) | - |
| **Income on investment property** | **78,981** | **57,204** |

### FAIR VALUE HIERARCHY

All investment properties are classified as belonging to Level 2 in terms of fair value hierarchy. The accounting method used for both years was the Market Approach.

The fair values arrived at, as a result of the appraisals performed, are supported by market evidence and represent the values for which the asset could be purchased and sold between knowledgeable informed buyers and sellers on an arm's length basis on the date on which such property is appraised, this in accordance with that stipulated by the International Valuation Standards Council (IVSC). Properties are appraised every year and the corresponding gains or losses at fair value are recorded on the income statement.

The parameters used for these appraisals are conservative compared to those observed on the market so as to allow for eventual market fluctuations.

### INVESTMENT PROPERTY EXPENSE

Direct operating expense (including maintenance, repairs and taxes) corresponding to the operating lease arrangements governing the Company's investment properties came to COP11,390 for 2015 and COP 6,645 for 2014.

### RESTRICTIONS

Grupo SURA and its subsidiaries are not in any way restricted with regard to disposing of or selling their investment properties, neither do they have any contractual obligations to purchase, construct or develop investment property or carry out repairs or maintenance work and/or build property extensions.



## NOTE 14

### PROPERTY AND EQUIPMENT

The property, and equipment account for each class is broken down as follows:

| | 2015 | 2014 | 1 de enero de 2014 |
|---|---|---|---|
| Land | 240,523 | 222,068 | 198,357 |
| Buildings | 394,999 | 347,149 | 292,088 |
| Vehicles | 56,293 | 50,335 | 44,697 |
| Office equipment | 11,297 | 11,838 | 11,914 |
| IT equipment | 74,736 | 62,383 | 54,296 |
| Fixtures and accessories | 37,464 | 33,675 | 15,955 |
| Machinery and medical equipment | 25,266 | 21,225 | 17,372 |
| Construction in progress | 63,987 | 52,549 | 41,271 |
| Improved leasing rights | 13,565 | 12,631 | 9,289 |
| | **918,130** | **813,853** | **685,239** |

Movements in Grupo SURA's property, plant and equipment account are as follows:

| | Land | Buildings | Vehicles | Office equipment | IT equipment | Fixtures and accessories | Machinery and medical equipment | Construction in progress | Improved leasing rights | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost at January 1, 2014** | **198,357** | **325,346** | **52,086** | **24,853** | **176,240** | **39,537** | **22,567** | **41,271** | **15,461** | **895,718** |
| Additions | 31,537 | 35,482 | 4,485 | 6,010 | 32,911 | 13,161 | 6,533 | 22,732 | 5,513 | 1578,364 |
| Business combination acquisitions | - | - | - | - | - | 725 | - | - | - | 725 |
| Disposals and transfers | (39,922) | 298 | (2,196) | (1,068) | (31,799) | (189) | (161) | (11,454) | (964) | (87,455) |
| Revaluations | 11,065 | 66 | - | - | - | - | - | - | 63 | 11,194 |
| Conversion effects | 21,031 | 28,771 | 10,633 | (328) | 11,019 | 4,258 | 7 | - | 804 | 76,195 |
| **Book cost at December 31, 2014** | **222,068** | **389,963** | **65,008** | **29,467** | **188,371** | **57,492** | **28,946** | **52,549** | **20,877** | **1,054,741** |
| **Accumulated depreciation and impairment** | | | | | | | | | | |
| Accumulated depreciation and impairment at January 1 2014 | - | (33,258) | (7,389) | (12,939) | (121,944) | (23,582) | (5,195) | - | (6,172) | (210,479) |
| Depreciation for the period | - | (4,193) | (7,752) | (3,190) | (21,496) | (3,836) | (2,573) | - | (1,469) | (44,509) |
| Withdrawals | - | 1,012 | 822 | 36 | 18,801 | 6,696 | 54 | - | 262 | 27,683 |
| Conversion effects | - | (6,375) | (354) | (1,536) | (1,349) | (3,095) | (7) | - | (867) | (13,583) |
| **Accumulated depreciation and impairment at December 31, 2014** | **-** | **(42,814)** | **(14,673)** | **(17,629)** | **(125,988)** | **(23,817)** | **(7,721)** | **-** | **(8,246)** | **(240,888)** |
| **Property, plant and equipment at December 31, 2014** | **222,068** | **347,149** | **50,335** | **11,838** | **62,383** | **33,675** | **21,225** | **52,549** | **12,631** | **813,853** |
| **Cost** | **222,068** | **389,963** | **65,008** | **29,467** | **188,371** | **57,492** | **28,946** | **52,549** | **20,877** | **1,054,741** |
| Cost at January 1, 2015 | 3,850 | 28,033 | 4,612 | 4,076 | 37,471 | 6,705 | 8,294 | 24,586 | 7,754 | 125,381 |
| Additions | (2,588) | (10,981) | (3,962) | (945) | (10,133) | (1,687) | - | (12,680) | (9,848) | (52,824) |
| Disposals (-) | 1,301 | - | - | - | (35,255) | - | - | - | - | (33,954) |
| Revaluations | 15,895 | 37,678 | 16,682 | (5) | 13,470 | 7,209 | (1,457) | (468) | 1,365 | 90,369 |
| **Other changes** | **240,526** | **444,693** | **82,340** | **32,593** | **193,924** | **69,719** | **35,783** | **63,987** | **20,148** | **1,183,713** |
| Accumulated depreciation and impairment | | | | | | | | | | |
| Accumulated depreciation and impairment at January 1 2015 | - | (42,814) | (14,673) | (17,629) | (125,988) | (23,817) | (7,721) | - | (8,246) | (240,888) |
| Depreciation for the period | (3) | (7,622) | (12,620) | (4,068) | (16,642) | (8,009) | (3,105) | - | (3,731) | (55,800) |
| Disposals (-) | - | 1,446 | 1,744 | 23 | 34,930 | 1,875 | - | - | 6,305 | 46,323 |
| Other changes | - | (704) | (498) | 378 | (11,488) | (2,304) | 309 | - | (911) | (15,218) |
| **Accumulated depreciation and impairment at December 31, 2015** | **(3)** | **(49,694)** | **(26,047)** | **(21,296)** | **(119,188)** | **(32,255)** | **(10,517)** | **-** | **(6,583)** | **(265,583)** |
| **Property, plant and equipment at December 31, 2015** | **240,523** | **394,999** | **56,293** | **11,297** | **74,736** | **37,464** | **25,266** | **63,987** | **13,565** | **918,130** |

After analyzing all impairment indicators, no evidence was found of any such impairment being sustained by the Company's property, plant and equipment on the date of this report.



There are no restrictions relating to property and equipment.

- At the end of the period, an analysis was performed to determine whether there was any sign of impairment to the value of Grupo SURA's property, plant and equipment, and it was confirmed that during the period in question, the market value of these same assets had not decreased more than expected with the passage of time or the normal use of such.
- No significant changes in their value are expected due to situations that could have an adverse effect on the Company.
- There is no evidence of these assets having become obsolete or suffering any physical deterioration.
- No changes are expected in the near future with regard to how assets are used and which could have an adverse effect on the Company.

## NOTE 15

### INTANGIBLE ASSETS

Intangible assets held by Grupo SURA at year-end 2015 and 2014 are broken down as follows:

| | Note | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|
| **Goodwill** | **15.1** | **4,280,774** | **3,746,714** | **3,405,003** |
| Intangible assets other than goodwill | 15.2 | 2,994,873 | 2,779,538 | 2,610,744 |
| Deferred acquisition costs (DAC): | 15.3 | 885,496 | 666,337 | 460,688 |
| **Total intangible assets other than capital gain** | | **3,880,369** | **3,445,875** | **3,071,432** |
| **Total intangible assets** | | **8,161,143** | **7,192,589** | **6,476,435** |

### 15.1. Goodwill

Goodwill is broken down as follows:

| | 2015 | | | 2014 | | | January 1, 2014 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cost | Impairment | Net | Cost | Impairment | Net | Cost | Impairment | Net |
| Assets acquired from ING (*) | 3,868,745 | - | 3,868,745 | 3,427,741 | - | 3,427,741 | 3,125,873 | - | 3,125,873 |
| AFP Horizonte | 250,166 | - | 250,166 | 218,912 | - | 218,912 | 187,877 | - | 187,877 |
| Seguros de Vida SURA Mexico S.A. de C.V. (formerly Primero Seguros de Vida S.A. de C.V.) | 17,111 | - | 17,111 | 15,209 | - | 15,209 | - | - | - |
| Compuredes S.A. | 25,429 | - | 25,429 | 25,429 | - | 25,429 | 25,429 | - | 25,429 |
| Aseguradora Suiza Salvadoreña S.A. (Asesuiza) | 87,990 | (24,247) | 63,743 | 66,840 | (18,417) | 48,423 | 66,356 | (9,391) | 56,965 |
| Seguros Sura S.A. República Dominicana | 14,481 | - | 14,481 | 11,000 | - | 11,000 | 8,859 | | 8,859 |
| Seguro Suramericana Panamá (Formerly Banistmo) (Note 6) | 41,099 | - | 41,099 | - | - | - | - | - | - |
| | **4,305,021** | **(24,247)** | **4,280,774** | **3,765,131** | **(18,417)** | **3,746,714** | **3,414,394** | **(9,391)** | **3,405,003** |

(*) Including goodwill paid upon acquiring the following companies:

- AFP Capital S.A. (Chile)
- Afore SURA S.A. de C.V. (Mexico)
- AFP Integra S.A. (Peru)
- AFAP SURA S.A. (Uruguay)
- SURA Investment Management Mexico S.A. de C.V. (Mexico)
- Fondos SURA SAF S.A.C. (Peru)
- Corredora de Bolsa SURA S.A.(Chile) and Administradora General de Fondos S.A. (Chile)

Besides the business combinations recorded for the period, goodwill increases on each closing date, since in accordance with paragraph 47 of IAS 21, goodwill must be stated in the same functional currency of foreign country where the company is based and then converted into the reporting currency using the exchange rate applicable on the closing date of the respective reporting period.

The following table shows a breakdown of goodwill by country:

| Year | Chile | Mexico | Peru | Uruguay | Colombia | El Salvador | Dominican Republic | Panama | Total |
|---|---|---|---|---|---|---|---|---|---|
| 2015 | 1,665,860 | 1,027,757 | 1,289,891 | 152,513 | 25,429 | 63,744 | 14,481 | 41,099 | 4,280,774 |
| 2014 | 1,477,046 | 913,494 | 1,128,739 | 142,583 | 25,429 | 48,423 | 11,000 | - | 3,746,714 |



| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| January 1, 2014 | 1,496,833 | 854,054 | 815,876 | 147,666 | 24,751 | - | - | 65,823 | 3,405,003 |

### 15.2.Intangible assets other than goodwill

Movements in Grupo SURA's intangible asset account are as follows:

| | Acquired trademarks | Customer-related intangible assets | Software and applications | Rights | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| **Cost at January 01, 2014** | **106,761** | **2,718,906** | **48,041** | **4,401** | **221** | **2,878,330** |
| Additions | - | 437 | 48,447 | - | - | 48,884 |
| Disposals (-) | - | - | (7,539) | - | - | (7,539) |
| Exchange differences | 10,100 | 306,547 | 3,652 | 343 | - | 320,642 |
| Other changes | - | - | 2,361 | 1,423 | - | 3,784 |
| Book cost at December 31, 2014 | 116,861 | 3,025,890 | 94,962 | 6,167 | 221 | 3,244,101 |
| **Accumulated depreciation and impairment** | | | | | | |
| Accumulated depreciation and impairment at January 1, 2014 | (3,890) | (220,549) | (42,673) | (474) | - | (267,586) |
| Amortizations | (2,942) | (131,539) | (13,904) | (514) | (76) | (148,975) |
| Additions | 270 | 20 | - | - | - | 290 |
| Disposals (-) | - | - | 4,658 | - | - | 4,658 |
| Exchange differences | (494) | (45,268) | (7,021) | (167) | - | (52,950) |
| **Accumulated depreciation and impairment at December 31, 2014** | **(7,056)** | **(397,336)** | **(58,940)** | **(1,155)** | **(76)** | **(464,563)** |
| | | | | | | - |
| **Intangible assets at December 31, 2014** | **109,805** | **2,628,554** | **36,022** | **5,012** | **145** | **2,779,538** |
| | | | | | | |
| Cost | | | | | | |
| **Cost at January 1, 2015** | **116,861** | **3,025,890** | **94,962** | **6,167** | **221** | **3,244,101** |
| Business combinations (Note 6.1) | - | 15,171 | - | 26,127 | - | 41,298 |
| Additions | - | 1,208 | 36,516 | - | - | 37,724 |
| Disposals (-) | (658) | (663) | (51,575) | - | - | (52,896) |
| Exchange differences | 15,135 | 372,367 | 12,399 | 616 | - | 400,517 |
| Other changes | - | - | - | (206) | - | (206) |
| **Book cost at December 31, 2015** | **131,338** | **3,413,973** | **92,302** | **32,704** | **221** | **3,670,538** |
| | | | | | | |
| **Accumulated depreciation and impairment** | | | | | | |
| Accumulated depreciation and impairment at January 1, 2015 | (7,056) | (397,336) | (58,940) | (1,155) | (76) | (464,563) |
| Amortizations | (3,253) | (139,964) | (27,528) | (2,449) | (74) | (173,268) |
| Additions | 1,461 | 24 | - | - | - | 1,485 |
| Disposals (-) | - | - | 64,034 | 205 | - | 64,239 |
| Exchange differences | (390) | (110,762) | 7,408 | 186 | - | (103,558) |
| **Accumulated depreciation and impairment at December 31, 2015** | **(9,238)** | **(648,038)** | **(15,026)** | **(3,213)** | **(150)** | **(675,665)** |

| Intangible assets at December 31, 2015 | 122,100 | 2,765,935 | 77,276 | 29,491 | 71 | 2,994,873 |
|---|---|---|---|---|---|---|

The following are the useful lives corresponding to the more representative intangible assets:

| Client relations | Total useful life (month) | Remaining useful life (month) |
|---|---|---|
| AFP Capital S.A. (Chile) | 27 | 23 |
| Corredora de Bolsa SURA S.A. y Administradora General de Fondos S.A. (Chile) | 10 | 6 |
| Seguros de Vida SURA S.A. (Chile) | 14 | 10 |
| AFP Integra (Peru) | 30 | 26 |
| Wealth Management SURA S.A. (Peru) | 4 | - |
| AFAP SURA S.A. (Uruguay) | 23 | 19 |
| Afore SURA S.A. de C.V. (Mexico) | 21 | 17 |
| Seguros Sura S.A. (Peru) | 15 | 12 |
| Seguros Suramericana S,A, (Panama) | 108 | 104 |
| Aseguradora Suiza Salvadoreña S.A. Asesuisa (El Salvador) | 168 | 120 |
| Compuredes S.A. (Colombia) | 66 | 12 |
| **Trademarks** | | |
| AFP Capital S.A. (Chile) | Indefinida | Indefinida |
| AFP Integra (Peru) | Indefinida | Indefinida |
| AFAP SURA S.A. (Uruguay) | 1 | - |
| **Rights** | | |
| Seguros Suramericana S,A, (Panama) | 60 | 56 |

### 15.3. Deferred acquisition costs (DAC)

The following table shows the movements recorded with the Deferred Acquisition Cost account (DAC):

| | Total |
|---|---|
| **Balance at January 1, 2014** | **460,688** |
| Additions | 275,208 |
| Exchange differences | (2,130) |
| Amortizations | (67,429) |
| **At December 31, 2014** | **666,337** |
| Additions | 304,863 |
| Exchange differences | 32,443 |
| Amortizations | (118,147) |
| **At December 31, 2015** | **885,496** |

Deferred Acquisition Costs (DAC) for each country are as follows:

| 2015 | Chile | Mexico | Peru | Uruguay | Colombia | Panama | El Salvador | Dominican Republic | Total |
|---|---|---|---|---|---|---|---|---|---|
| Life insurance | 10,558 | - | 6,271 | - | 118,271 | - | 19,077 | - | 154,177 |
| Non-life Insurance | - | - | - | - | 94,885 | 44,167 | 11,744 | 15,859 | 166,656 |
| Mandatory pensions | 143,572 | 338,240 | 40,883 | 9,127 | - | - | - | - | 531,823 |
| Voluntary pensions | 22,619 | - | - | - | - | - | - | - | 22,619 |
| Retirement savings plans | 10,223 | - | - | - | - | - | - | - | 10,223 |
| | **186,972** | **338,240** | **47,154** | **9,127** | **213,157** | **44,167** | **30,821** | **15,859** | **885,496** |

| 2014 | Chile | Mexico | Peru | Uruguay | Colombia | Panama | El Salvador | Dominican Republic | Total |
|---|---|---|---|---|---|---|---|---|---|
| Life insurance | 6,299 | - | - | - | 91,928 | - | 12,423 | - | 110,650 |
| Non-life Insurance | - | - | - | - | 80,287 | 11,005 | 8,650 | 12,021 | 111,963 |
| Mandatory pensions | 109,608 | 269,697 | 35,920 | 7,429 | - | - | - | - | 422,654 |
| Voluntary pensions | 18,094 | - | - | - | - | - | - | - | 18,094 |
| Retirement savings plans | 2,976 | - | - | - | - | - | - | - | 2,976 |
| | **136,977** | **269,697** | **35,920** | **7,429** | **172,214** | **11,005** | **21,073** | **12,021** | **666,337** |

| January 1, 2014 | Chile | Mexico | Peru | Uruguay | Colombia | Panama | El Salvador | Dominican Republic | Total |
|---|---|---|---|---|---|---|---|---|---|
| Life insurance | 4,844 | - | - | - | 81,613 | - | 9,841 | - | 96,298 |
| Non-life Insurance | - | - | - | - | 71,586 | 3,679 | 6,599 | 9,193 | 91,057 |
| Mandatory pensions | - | 157,572 | 28,573 | 4,463 | - | - | - | - | 190,608 |
| Voluntary pensions | 82,725 | - | - | - | - | - | - | - | 82,725 |
| | **87,569** | **157,572** | **28,573** | **4,463** | **153,199** | **3,679** | **16,440** | **9,193** | **460,688** |

### 15.4 Amortization expense

Amortization expense corresponding to intangible assets is shown as follows:

| | Note | 2015 | 2014 |
|---|---|---|---|
| Amortization of intangibles | 15.2 | 173,269 | 148,973 |
| Amortization of DAC | 15.3 | 118,147 | 67,429 |
| **Amortization expense** | | **291,416** | **216,402** |

# NOTE 16

## INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### 16.1. Subsidiaries

Grupo SURA's subsidiaries on the date of this report are listed as follows:

| Suramericana S.A. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Holding | Assets | 3,294,845 | 2,567,499 | 2,181,302 |
| Registered Place of Business: | Medellin | Liabilities | 631,349 | 219,719 | 102,763 |
| Country: | Colombia | Equity | 2,663,496 | 2,347,780 | 2,078,539 |
| Date of Incorporation: | May 25, 1999 | Net Income | 345,848 | 333,465 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

| General Operations of Suramericana S.A.S. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Investment in real state and other assets | Assets | 103,715 | 96,411 | 8,230 |
| Registered Place of Business: | Medellin | Liabilities | 82,810 | 81,877 | 215 |
| Country: | Colombia | Equity | 20,905 | 14,534 | 8,015 |
| Date of Incorporation: | July 24, 1964 | Net Income | 6,370 | 6,519 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

| Seguros Generales Suramericana S.A. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Property And Casualty Insurance | Assets | 2,551,982 | 2,338,461 | 2,088,705 |
| Registered Place of Business: | Medellin | Liabilities | 2,111,066 | 1,919,537 | 1,685,072 |
| Country: | Colombia | Equity | 440,916 | 418,924 | 403,633 |
| Date of Incorporation: | December 12, 1944 | Net Income | 39,497 | 35,502 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

| Seguros de Vida Suramericana S.A. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Personal Insurance | Assets | 5,849,801 | 5,460,067 | 4,709,713 |
| Registered Place of Business: | Medellin | Liabilities | 4,714,880 | 4,402,011 | 3,872,188 |
| Country: | Colombia | Equity | 1,134,921 | 1,058,056 | 837,525 |
| Date of Incorporation: | August 04, 1947 | Net Income | 310,622 | 306,432 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

| Seguros de Riesgos Laborales Suramericana S.A. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Occupational risk management | Assets | 1,836,520 | 1,630,876 | 1,356,445 |
| Registered Place of Business: | Medellin | Liabilities | 1,485,492 | 1,278,951 | 1,093,283 |
| Country: | Colombia | Equity | 351,028 | 351,925 | 263,162 |
| Date of Incorporation: | November 09, 1995 | Net Income | 131,001 | 173,771 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

| EPS y Medicina Prepagada Suramericana S.A. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Organizing, guaranteeing and providing health care services | Assets | 511,165 | 443,068 | 361,679 |
| Registered Place of Business: | Medellin | Liabilities | 377,604 | 328,966 | 265,961 |
| Country: | Colombia | Equity | 133,561 | 114,102 | 95,718 |
| Date of Incorporation: | January 31, 1990 | Net Income | 20,925 | 18,384 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

| Servicios de Salud IPS Suramericana S.A. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Actividad: | Providing medical, paramedical and dental services | Assets | 61,061 | 54,880 | 49,319 |
| Domicilio: | Medellin | Liabilities | 53,483 | 45,590 | 39,908 |

| | | | | | |
|---|---|---|---|---|---|
| País: | Colombia | Equity | 7,578 | 9,290 | 9,411 |
| Fecha de constitución: | December 19, 1996 | Net Income | (1,634) | (121) | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

**Diagnóstico y Asistencia Médica S.A.**

| | | | 2015 | 2014 | 1 de enero de 2014 |
|---|---|---|---|---|---|
| Activity: | Providing health care services through diagnostic aids | Assets | 74,480 | 62,384 | 55,874 |
| Registered Place of Business: | Medellin | Liabilities | 55,205 | 46,033 | 44,326 |
| Country: | Colombia | Equity | 19,275 | 16,351 | 11,548 |
| Date of Incorporation: | February 24, 1994 | Net Income | 3,094 | 4,804 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

**Dinámica IPS Zonas Francas S.A.S.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Providing health care services through diagnostic aids | Assets | 1,961 | 2,391 | 2,299 |
| Registered Place of Business: | Apartadó | Liabilities | 1,481 | 1,474 | 1,331 |
| Country: | Colombia | Equity | 480 | 917 | 968 |
| Date of Incorporation: | September 02, 2013 | Net Income | (437) | (851) | - |
| | | **% Stake** | **0.00%** | **81.13%** | **81.13%** |

**Servicios Generales Suramericana S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Investing in personal property especially shares, quotas or holdings | Assets | 453,724 | 375,203 | 356,780 |

| | | | | | |
|---|---|---|---|---|---|
| Registered Place of Business: | Medellin | Liabilities | 165,637 | 95,595 | 78,641 |
| Country: | Colombia | Equity | 288,087 | 279,608 | 278,139 |
| Date of Incorporation: | December 06, 2002 | Net Income | 11,400 | 1,480 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

**Consultoría en Gestión de Riesgos Suramericana S.A.S.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Providing its advisory services with regard to comprehensive risk management | Assets | 10,385 | 9,803 | 6,761 |
| Registered Place of Business: | Medellin | Liabilities | 9,246 | 8,392 | 5,614 |
| Country: | Colombia | Equity | 1,139 | 1,411 | 1,147 |
| Date of Incorporation: | April 15, 1996 | Net Income | (271) | 263 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

**Inversura Panamá Internacional S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding | Assets | 395,567 | 301,777 | 241,980 |
| Registered Place of Business: | Panama | Liabilities | - | - | - |
| Country: | Panama | Equity | 395,567 | 301,777 | 241,980 |
| Date of Incorporation: | December 23, 2002 | Net Income | (1,069) | 865 | - |
| | | **% Stake** | **81.13%** | **81.13%** | **81.13%** |

**Seguros Sura S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Insurance | Assets | 277,323 | 202,030 | 192,784 |
| Registered Place of Business: | Santo Domingo | Liabilities | 227,277 | 165,650 | 161,159 |
| Country: | Dominican Republic | Equity | 50,046 | 36,380 | 31,625 |
| Date of Incorporation: | July 17, 1986 | Net Income | (6,677) | (1,279) | - |
| | | **% Stake** | **81.13%** | **81.12%** | **81.12%** |

**Seguros Suramericana Panamá S.A.**

| | | | Assets | 2014 | 1 de enero de 2014 |
|---|---|---|---|---|---|
| Activity: | Insurance | Assets | Liabilities | 427,134 | 298,662 |

| | | | | | |
|---|---|---|---|---|---|
| Registered Place of Business: | Panama | Liabilities | Equity | 197,696 | 290,741 |
| Country: | Panama | Equity | Net Income | 229,438 | 7,921 |
| Date of Incorporation: | July 11, 1972 | Net Income | % Stake | (7,930) | - |
| | | **% Stake** | **81.13%** | **81.13%** | **76.41%** |

**Servicios Generales Suramericana S.A. (Panama)**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Inspecting, repairing, purchasing and selling all types of vehicles and their corresponding spare parts | Assets | 452 | 224 | 178 |
| Registered Place of Business: | Panama | Liabilities | 419 | 217 | 167 |
| Country: | Panama | Equity | 33 | 7 | 11 |
| Date of Incorporation: | August 02, 2012 | Net Income | 21 | (5) | - |
| | | **% Stake** | **81.13%** | **81.13%** | **76.41%** |

**Aseguradora Suiza Salvadoreña S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Property And Casualty Insurance | Assets | 205,269 | 161,556 | 131,350 |
| Registered Place of Business: | San Salvador | Liabilities | 98,722 | 85,083 | 65,828 |
| Country: | El Salvador | Equity | 106,547 | 76,473 | 65,522 |
| Date of Incorporation: | November 14, 1969 | Net Income | 5,137 | (4,178) | - |
| | | **% Stake** | **78.79%** | **78.79%** | **74.14%** |

**Asesuisa Vida, S.A. Seguros de Personas**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Personal Insurance | Assets | 408,645 | 259,104 | 154,286 |
| Registered Place of Business: | San Salvador | Liabilities | 347,543 | 222,615 | 107,422 |
| Country: | El Salvador | Equity | 61,102 | 36,489 | 46,863 |
| Date of Incorporation: | December 5, 2001 | Net Income | 11,309 | (18,143) | - |
| | | **% Stake** | **78.78%** | **78.78%** | **74.14%** |

**Inversiones Sura Brasil S.A.S.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|



| | | | | | |
|---|---|---|---|---|---|
| Activity: | Investment in real state and other assets | Assets | 100 | - | - |
| Registered Place of Business: | Medellin | Liabilities | - | - | - |
| Country: | Colombia | Equity | 100 | - | - |
| Date of Incorporation: | December 04, 2015 | Net Income | - | - | - |
| | | **% Stake** | **81.13%** | **0.00%** | **0.00%** |

**Integradora de Servicios Tercerizados S.A.S.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding of BPO businesses, | Assets | 54,192 | 46,923 | 45,092 |
| Registered Place of Business: | Medellin | Liabilities | 14 | 126 | 4,177 |
| Country: | Colombia | Equity | 54,178 | 46,797 | 40,915 |
| Date of Incorporation: | July 11, 2012 | Net Income | 7,381 | 2,843 | - |
| | | **% Stake** | **100.00%** | **100.00%** | **100.00%** |

**Compuredes S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Providing and marketing its telecommunication services, products and solutions | Assets | 77,472 | 75,821 | 56,843 |
| Registered Place of Business: | Medellin | Liabilities | 54,866 | 57,770 | 41,574 |
| Country: | Colombia | Equity | 22,606 | 18,051 | 15,269 |
| Date of Incorporation: | August 16, 1988 | Net Income | 4,554 | 2,782 | - |
| | | **% Stake** | **100.00%** | **100.00%** | **100.00%** |

**Enlace Operativo S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Providing data processing services in the form of outsourcing | Assets | 11,396 | 9,709 | 9,858 |
| Registered Place of Business: | Medellin | Liabilities | 2,213 | 6,003 | 7,443 |
| Country: | Colombia | Equity | 9,183 | 3,706 | 2,415 |
| Date of Incorporation: | May 31, 2006 | Net Income | 5,477 | 1,291 | - |
| | | **% Stake** | **100.00%** | **100.00%** | **100.00%** |

**Inversiones y Construcciones Estratégicas S.A.S.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Activity: | Investment in real state and other assets | Assets | 135,113 | 134,678 | 165,345 |
| Registered Place of Business: | Medellin | Liabilities | 11,625 | 33,946 | 71,497 |
| Country: | Colombia | Equity | 123,488 | 100,732 | 93,848 |
| Date of Incorporation: | August 30, 2007 | Net Income | 23,425 | 5,588 | - |
| | | **% Stake** | **100.00%** | **100.00%** | **100.00%** |

**Grupo de Inversiones Suramericana Panamá S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Investment in real state and other assets | Assets | 999,766 | 790,224 | 601,213 |
| Registered Place of Business: | Panama | Liabilities | 922,919 | 761,012 | 604,777 |
| Country: | Panama | Equity | 76,847 | 29,212 | (3,564) |
| Date of Incorporation: | April 29, 1998 | Net Income | (75,938) | 5,712 | - |
| | | **% Stake** | **100.00%** | **100.00%** | **100.00%** |

**Planeco Panamá S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Investment in real state and other assets | Assets | 43,934 | 38,815 | 37,651 |
| Registered Place of Business: | Panama | Liabilities | 57,215 | 48,588 | 39,634 |
| Country: | Panama | Equity | (13,281) | (9,773) | (1,983) |
| Date of Incorporation: | December 12, 2012 | Net Income | (8,140) | (6,112) | - |
| | | **% Stake** | **95.28%** | **95.28%** | **95.28%** |

**GrupoSura Finance S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding company for 144A/ Reg S bonds issued in April 2011 | Assets | 922,924 | 701,084 | 564,642 |
| Registered Place of Business: | Cayman Islands | Liabilities | 944,153 | 716,475 | 576,473 |
| Country: | Cayman Islands | Equity | (21,229) | (15,391) | (11,831) |
| Date of Incorporation: | March 18, 2011 | Net Income | (843) | (586) | - |
| | | **% Stake** | **100.00%** | **100.00%** | **100.00%** |

**Habitat Adulto Mayor S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Providing health care services for the elderly | Assets | 26,725 | 26,285 | 23,463 |
| Registered Place of Business: | La Estrella | Liabilities | 6,419 | 6,783 | 4,508 |
| Country: | Colombia | Equity | 20,306 | 19,502 | 18,955 |
| Date of Incorporation: | July 24, 2007 | Net Income | 832 | 547 | - |
| | | **% Stake** | **73.23%** | **71.29%** | **68.61%** |

**Sura Asset Management S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding | Assets | 10,009,508 | 9,529,781 | 8,842,441 |
| Registered Place of Business: | Medellin | Liabilities | 1,265,898 | 894,456 | 1,157,685 |
| Country: | Colombia | Equity | 8,743,610 | 8,635,325 | 7,684,756 |
| Date of Incorporation: | September 15, 2011 | Net Income | 465,428 | 164,718 | 451,903 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Activos Estratégicos Sura A.M. Colombia S.A.S.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 122 | 120 | 117 |
| Registered Place of Business: | Medellin | Liabilities | 2 | 2 | - |
| Country: | Colombia | Equity | 120 | 118 | 117 |
| Date of Incorporation: | April 25, 2013 | Net Income | 2 | - | - |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Sura Investment Management Colombia S.A.S**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 9 | - | - |
| Registered Place of Business: | Medellin | Liabilities | 21 | - | - |
| Country: | Colombia | Equity | (12) | - | - |
| Date of Incorporation: | June 23, 2015 | Net Income | (151) | - | - |
| | | **% Stake** | **71.40%** | **0.00%** | **0.00%** |

**SURA Asset Management España S.L.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 5,128,807 | 4,505,760 | 7,050,401 |
| Registered Place of Business: | Madrid | Liabilities | 1,033 | 298,466 | 280,700 |
| Country: | Spain | Equity | 5,127,774 | 4,207,294 | 6,769,701 |
| Date of Incorporation: | September 28, 2011 | Net Income | (21,650) | (77,062) | 34,154 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Grupo de Inversiones Suramericana Holanda B.V.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 4,922,639 | 4,166,408 | 4,060,981 |
| Registered Place of Business: | Amsterdam | Liabilities | 18 | 74 | 48 |
| Country: | Holland | Equity | 4,922,621 | 4,166,334 | 4,060,933 |
| Date of Incorporation: | October 12, 2011 | Net Income | (230) | (57,669) | 10,401 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Grupo Sura Chile Holdings I B.V.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 2,107,650 | 1,781,821 | 1,388,460 |
| Registered Place of Business: | Amsterdam | Liabilities | 1,112 | 366 | 197 |
| Country: | Holland | Equity | 2,106,538 | 1,781,455 | 1,388,263 |
| Date of Incorporation: | July 07, 1993 | Net Income | (208) | (138) | (147) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Sura S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 2,653,978 | 2,119,980 | 1,767,702 |
| Registered Place of Business: | Santiago | Liabilities | 21,115 | 232,128 | 16,132 |
| Country: | Chile | Equity | 2,632,863 | 1,887,852 | 1,751,570 |
| Date of Incorporation: | August 01, 2002 | Net Income | 217,563 | 159,961 | 137,353 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Corredores de Bolsa Sura S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Purchasing and selling securities and providing brokerage services | Assets | 90,541 | 75,717 | 48,372 |
| Registered Place of Business: | Santiago | Liabilities | 36,460 | 38,579 | 26,626 |
| Country: | Chile | Equity | 54,081 | 37,138 | 21,746 |
| Date of Incorporation: | February 04, 2008 | Net Income | (940) | 5,627 | (23,200) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Administradora General de Fondos Sura S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Managing investment and mutual funds. | Assets | 28,452 | 25,870 | 21,550 |
| Registered Place of Business: | Santiago | Liabilities | 9,495 | 14,197 | 12,230 |
| Country: | Chile | Equity | 18,957 | 11,673 | 9,320 |
| Date of Incorporation: | July 09, 2008 | Net Income | 5,528 | (1,908) | 242 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Seguros de Vida Sura S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Insurance services, specifically life insurance and annuities. | Assets | 6,348,976 | 3,987,090 | 2,833,559 |
| Registered Place of Business: | Santiago | Liabilities | 5,587,490 | 3,457,593 | 2,357,567 |
| Country: | Chile | Equity | 761,486 | 529,497 | 475,992 |
| Date of Incorporation: | January 12, 1989 | Net Income | 31,884 | 2,398 | 58,847 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Sura Data Chile S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Providing data processing services and leasing computer equipment. | Assets | 6,906 | 5,991 | 4,934 |
| Registered Place of Business: | Santiago | Liabilities | 2,092 | 2,432 | 2,088 |
| Country: | Chile | Equity | 4,814 | 3,559 | 2,846 |
| Date of Incorporation: | August 01, 2002 | Net Income | 763 | 483 | 564 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Sura Chile S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Providing business consultancy and advisory services. | Assets | 33,400 | 33,467 | 17,366 |
| Registered Place of Business: | Santiago | Liabilities | 23,496 | 27,611 | 15,195 |
| Country: | Chile | Equity | 9,904 | 5,856 | 2,171 |
| Date of Incorporation: | August 01, 2002 | Net Income | 3,150 | 3,195 | 2,475 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**AFP Capital S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Managing pension funds. | Assets | 2,615,518 | 2,253,515 | 2,016,456 |
| Registered Place of Business: | Santiago | Liabilities | 474,381 | 406,247 | 306,652 |
| Country: | Chile | Equity | 2,141,137 | 1,847,268 | 1,709,804 |
| Date of Incorporation: | January 16, 1981 | Net Income | 246,353 | 209,310 | 257,583 |
| | | **% Stake** | **71.19%** | **66.82%** | **66.82%** |

**Santa María Internacional S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 7,468 | 34,593 | 35,265 |
| Registered Place of Business: | Santiago | Liabilities | 513 | 75 | 2,677 |
| Country: | Chile | Equity | 6,955 | 34,518 | 32,588 |
| Date of Incorporation: | October 17, 1994 | Net Income | 448 | (87) | 9,523 |
| | | **% Stake** | **71.19%** | **66.82%** | **66.82%** |

**Grupo Sura Latin American Holdings B.V.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 386,595 | 330,305 | 623,820 |
| Registered Place of Business: | Netherlands | Liabilities | (50) | (33) | 154 |
| Country: | Holland | Equity | 386,645 | 330,338 | 623,666 |
| Date of Incorporation: | September 28, 1983 | Net Income | (114) | 63,128 | 32,286 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**SUAM Finance B.V**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding company for 144A/ Reg S bonds issued in April 2014 | Assets | 1,511,797 | 1,162,644 | - |
| Registered Place of Business: | Curaçao | Liabilities | 1,574,314 | 1,195,765 | - |
| Country: | Curaçao | Equity | (62,517) | (33,121) | - |
| Date of Incorporation: | December 01, 2014 | Net Income | (67,196) | (27,692) | - |
| | | **% Stake** | **71.40%** | **67.06%** | **0.00%** |

**Sura Asset Management México S.A. de C.V.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | 1,262,536 | 33,885 | 26,338 |
| Registered Place of Business: | Mexico | Liabilities | 2,234 | 36 | 13 |
| Country: | Mexico | Equity | 1,260,302 | 33,849 | 26,325 |
| Date of Incorporation: | April 17, 2013 | Net Income | 365,892 | (8) | (5) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

**Afore Sura S.A. de C.V.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Managing investment firms specializing in retirement savings funds | Assets | 1,741,767 | 1,683,019 | 1,323,445 |
| Registered Place of Business: | Mexico D.F. | Liabilities | 249,047 | 261,185 | 169,685 |
| Country: | Mexico | Equity | 1,492,720 | 1,421,834 | 1,153,760 |
| Date of Incorporation: | December 17, 1996 | Net Income | 262,267 | 232,236 | 181,846 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Asesores Sura S.A. de C.V. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Providing financial services and products | Assets | 9,439 | 6,821 | 2,907 |
| Registered Place of Business: | Mexico D.F. | Liabilities | 8,298 | 6,299 | 2,860 |
| Country: | Mexico | Equity | 1,141 | 522 | 47 |
| Date of Incorporation: | October 17, 2000 | Net Income | 529 | 318 | (692) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Sura Investment Management S.A. de C.V. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Managing investment fund management firms. | Assets | 59,491 | 43,818 | 46,922 |
| Registered Place of Business: | Mexico D.F. | Liabilities | 15,639 | 13,891 | 13,208 |
| Country: | Mexico | Equity | 43,852 | 29,927 | 33,714 |
| Date of Incorporation: | February 13, 1998 | Net Income | (11,044) | (6,555) | (1,958) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Pensiones Sura S.A. de C.V. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | 1 de enero de 2014 |
| Activity: | Pension insurance | Assets | 1,663,434 | 1,226,026 | 970,797 |
| Registered Place of Business: | Mexico D.F. | Liabilities | 1,564,687 | 1,146,345 | 844,726 |
| Country: | Mexico | Equity | 98,747 | 79,681 | 126,071 |
| Date of Incorporation: | May 12, 1997 | Net Income | 8,665 | 7,341 | 10,673 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Sura Art Corporation S.A. de C.V. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Investment in real state and other assets. | Assets | 51,355 | 45,302 | 41,246 |
| Registered Place of Business: | Mexico D.F. | Liabilities | 252 | 74 | 6 |
| Country: | Mexico | Equity | 51,103 | 45,228 | 41,240 |
| Date of Incorporation:t | December 20, 2011 | Net Income | 207 | 13 | 11 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Promotora Sura AM S.A. de C.V. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Providing advertising and marketing services for any type of product | Assets | 6,184 | 3,404 | 65 |
| Registered Place of Business: | Mexico | Liabilities | 4,325 | 3,102 | 58 |
| Country: | Mexico | Equity | 1,859 | 302 | 7 |
| Date of Incorporation: | October 23, 2013 | Net Income | 1,447 | 274 | - |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Seguros de Vida SURA Mexico S.A. de C.V. (formerly Primero Seguros de Vida S.A. de C.V.) | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Life Insurance | Assets | 132,765 | 84,097 | - |
| Registered Place of Business: | Mexico | Liabilities | 121,651 | 69,864 | - |
| Country: | Mexico | Equity | 11,114 | 14,233 | - |
| Date of Incorporation: | December 01, 2014 | Net Income | (4,669) | (72) | - |
| | | **% Stake** | **71.40%** | **67.06%** | **0.00%** |

| Sura Asset Management Perú S.A. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Holding Company | Assets | 156,732 | 116,298 | 39,590 |
| Registered Place of Business: | Lima | Liabilities | 5,160 | 17 | 25 |
| Country: | Peru | Equity | 151,572 | 116,281 | 39,565 |
| Date of Incorporation: | July 04, 2013 | Net Income | 89,246 | 47,509 | (26) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| AFP Integra S.A. | | | | | |
|---|---|---|---|---|---|
| | | | 2015 | 2014 | January 1, 2014 |
| Activity: | Pension fund management services | Assets | 1,356,924 | 1,186,246 | 1,047,531 |
| Registered Place of Business: | Lima | Liabilities | 237,366 | 215,561 | 268,527 |
| Country: | Peru | Equity | 1,119,558 | 970,685 | 779,004 |
| Date of Incorporation: | May 19, 1993 | Net Income | 164,297 | 139,591 | 92,841 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Fondos Sura SAF S.A.C. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Managing investment and mutual funds. | Assets | 11,067 | 6,969 | 5,297 |
| Registered Place of Business: | Lima | Liabilities | 5,832 | 1,574 | 1,337 |
| Country: | Peru | Equity | 5,235 | 5,395 | 3,960 |
| Date of Incorporation: | December 07, 2004 | Net Income | (6,045) | (3,545) | (2,556) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Seguros Sura S.A. (Formerly Invita) | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Life insurance and reinsurance | Assets | 4,349,624 | 3,229,395 | 2,596,799 |
| Registered Place of Business: | Lima | Liabilities | 3,917,896 | 2,902,056 | 2,256,688 |
| Country: | Peru | Equity | 431,728 | 327,339 | 340,111 |
| Date of Incorporation: | March 01, 2000 | Net Income | 53,585 | 32,365 | 19,907 |
| | | **% Stake** | **49.47%** | **46.47%** | **46.47%** |

| Hipotecaria Sura Empresa Administradora Hipotecaria S.A. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Providing Mortgage loans and other financial services | Assets | 20,190 | 19,274 | 59,065 |
| Registered Place of Business: | Lima | Liabilities | 6,335 | 4,385 | 43,123 |
| Country: | Peru | Equity | 13,855 | 14,889 | 15,942 |
| Date of Incorporation: | May 14, 2008 | Net Income | (2,965) | (3,241) | (413) |
| | | **% Stake** | **49.98%** | **46.94%** | **46.46%** |

| Sociedad Agente de Bolsa S.A. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Stock brokerage firm | Assets | 3,260 | - | - |
| Registered Place of Business: | Peru | Liabilities | 90 | - | - |
| Country: | Peru | Equity | 3,170 | - | - |
| Date of Incorporation: | September 25, 2015 | Net Income | (574) | - | - |
| | | **% Stake** | **71.40%** | **0.00%** | **0.00%** |

| SUAM Corredora de Seguros S.A. de C.V. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Insurance and reinsurance brokerage services | Assets | 383 | 174 | 89 |
| Registered Place of Business: | San Salvador | Liabilities | 65 | 27 | - |
| Country: | El Salvador | Equity | 318 | 147 | 89 |
| Date of Incorporation: | May 07, 2013 | Net Income | 108 | 34 | (8) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.05%** |

| Sura Asset Management Uruguay Sociedad de Inversión S.A. (formerly Tublyr S.A.) | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Holding Company | Assets | 211,126 | 185,025 | 2 |
| Registered Place of Business: | Uruguay | Liabilities | 701 | 11 | - |
| Country: | Uruguay | Equity | 210,425 | 185,014 | 2 |
| Date of Incorporation: | July 02, 2013 | Net Income | 42,123 | 19,484 | - |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Agente de Valores Sura S.A. (formerly Jobely S.A.) | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Brokerage services | Assets | 1,469 | 3 | - |
| Registered Place of Business: | Montevideo | Liabilities | 51 | 3 | - |
| Country: | Uruguay | Equity | 1,418 | - | - |
| Date of Incorporation: | December 01, 2014 | Net Income | (254) | (3) | - |
| | | **% Stake** | **71.40%** | **67.06%** | **0.00%** |

| AFAP Sura S.A. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Managing retirement savings funds. | Assets | 84,182 | 81,714 | 59,025 |
| Registered Place of Business: | Montevideo | Liabilities | 19,182 | 16,060 | 9,640 |
| Country: | Uruguay | Equity | 65,000 | 65,654 | 49,385 |
| Date of Incorporation: | March 27, 1995 | Net Income | 36,304 | 29,007 | 24,772 |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Ahorro Inversión Sura Administradora de Fondos de Inversión S.A. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Managing investments funds. | Assets | 5,910 | 6,455 | 4,805 |
| Registered Place of Business: | Montevideo | Liabilities | 1,727 | 1,967 | 452 |
| Country: | Uruguay | Equity | 4,183 | 4,488 | 4,353 |
| Date of Incorporation: | January 19, 2011 | Net Income | (7,124) | (5,731) | (3,348) |
| | | **% Stake** | **71.40%** | **67.06%** | **67.06%** |

| Disgely S.A. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Selling merchandise and leasing goods, properties and services. | Assets | 1,881 | 986 | - |
| Registered Place of Business: | Montevideo | Liabilities | 458 | 1,042 | - |
| Country: | Uruguay | Equity | 1,423 | (56) | - |
| Date of Incorporation: | December 01, 2014 | Net Income | (1,115) | (53) | - |
| | | **% Stake** | **71.40%** | **67.06%** | **0.00%** |

| Grupo Sura Chile Holdings II B.V. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 01, 2014** |
| Activity: | Holding Company | Assets | - | - | - |
| Registered Place of Business: | Netherlands | Liabilities | - | 319 | 179 |
| Country: | Holland | Equity | - | (319) | (179) |
| Date of Incorporation: | January 01, 1984 | Net Income | - | (112) | (147) |
| | | **% Stake** | **0.00%** | **67.06%** | **67.06%** |

| Compañía de Inversión y Servicios Sura LTDA. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 01, 2014** |
| Activity: | Holding Company | 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 | Net Income | - | 132,537 | 122,884 |
| | | **% Stake** | **0.00%** | **67.06%** | **67.06%** |

| Inverconsa S.A. de C.V. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **1 de enero de 2014** |
| Activity: | Special Vehicle currently being wound up | Assets | - | 7 | 11 |
| Registered Place of Business: | Mexico D.F. | Liabilities | - | 8 | 4 |
| Country: | Mexico | Equity | - | (1) | 7 |
| Date of Incorporation: | September 11, 2003 | Net Income | - | (5) | 157 |
| | | **% Stake** | **0.00%** | **67.06%** | **67.06%** |

| Wealth Management Sura S.A. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Holding Company | Assets | - | 16,521 | 10,038 |
| Registered Place of Business: | Lima | Liabilities | - | 279 | 2,127 |
| Country: | Peru | Equity | - | 16,242 | 7,911 |
| Date of Incorporation: | May 04, 2004 | Net Income | - | (150) | 3,452 |
| | | **% Stake** | **0.00%** | **67.06%** | **67.06%** |

| Pensiones Sura Perú S.A. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Holding company currently being wound up | Assets | - | 9,264 | 56,221 |
| Registered Place of Business: | Lima | Liabilities | - | 4 | 104 |
| Country: | Peru | Equity | - | 9,260 | 56,117 |
| Date of Incorporation: | March 26, 1993 | Net Income | - | 4 | 15,007 |
| | | **% Stake** | **0.00%** | **67.06%** | **67.06%** |

| Servicios Sura S.A.C. | | | | | |
|---|---|---|---|---|---|
| | | | **2015** | **2014** | **January 1, 2014** |
| Activity: | Business consultancy and advisory services. | Assets | - | 5 | 5 |
| Registered Place of Business: | Lima | Liabilities | - | - | 1 |
| Country: | Peru | Equity | - | 5 | 4 |
| Date of Incorporation: | September 09, 2008 | Net Income | - | - | (1) |

| | | | | | |
|---|---|---|---|---|---|
| | | % Stake | 0.00% | 67.06% | 67.06% |

**Negocios Financieros S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | - | 16,876 | 14,357 |
| Registered Place of Business: | Peru | Liabilities | - | 2,268 | 1,956 |
| Country: | Peru | Equity | - | 14,608 | 12,401 |
| Date of Incorporation: | October 14, 2006 | Net Income | - | 135 | 662 |
| | | % Stake | 0.00% | 67.06% | 67.06% |

**Mexamlux S.A.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | - | 43 | 65 |
| Registered Place of Business: | Luxembourg | Liabilities | - | 57 | 31 |
| Country: | Luxembourg | Equity | - | (14) | 34 |
| Date of Incorporation: | August 16, 2013 | Net Income | - | (169) | (71) |
| | | % Stake | 0.00% | 67.06% | 67.06% |

**Sura Asset Management España S.A**

| | | | 2015 | 2014 | January 01, 2014 |
|---|---|---|---|---|---|
| Activity: | Holding Company | Assets | - | 1,051,626 | 825,288 |
| Registered Place of Business: | Amsterdam | Liabilities | - | 62 | 44 |
| Country: | Holland | Equity | - | 1,051,564 | 825,244 |
| Date of Incorporation: | March 02, 1977 | Net Income | - | 83,153 | (306) |
| | | % Stake | 0.00% | 67.06% | 67.06% |

**Grupo Sura Holanda B.V.**

| | | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| Activity: | This Company was merged with Grupo de Inversiones Suramericana Holanda B.V. in 2014 | Assets | - | - | 2,622,173 |
| Registered Place of Business: | Amsterdam | Liabilities | - | - | 176 |
| Country: | Holland | Equity | - | - | 2,621,997 |
| Date of Incorporation: | October 12, 2011 | Net Income | - | - | (1,242) |



| | | | | | |
|---|---|---|---|---|---|
| | | % Stake | 0.00% | 0.00% | 67.06% |

**Internacional Sura Perú S.A.**

| | | | 2015 | 2014 | January 01, 2014 |
|---|---|---|---|---|---|
| Activity: | Wound up | Assets | - | - | 450 |
| Registered Place of Business: | Lima | Liabilities | - | - | 56 |
| Country: | Peru | Equity | - | - | 394 |
| Date of Incorporation: | March 11, 1994 | Net Income | - | - | (105) |
| | | % Stake | 0.00% | 0.00% | 67.06% |

The figures shown for each subsidiary were taken from their separate financial statements.

**Changes to Ownership Interests**
**2015**

At year-end 2015, the following changes were recorded to the Group´s ownership interests.

- On September 18, 2015, Grupo Sura acquired 113,435 shares, corresponding to the entire ownership interest held by JP Morgan SIG Holding in Sura Asset Management S.A.; thereby increasing its total ownership interest to 71.4%. This transaction came to a total value of COP 794,360 million.
- On August 31, 2015, Grupo de Inversiones Suramericana, through its subsidiary Suramericana S.A., acquired Seguros Banistmo S.A. in Panama (now known as Seguros Suramericana Panamá) for a total value of COP 297,204.
- Servicios Sura SAC was wound up on July 31, 2015.
- Negocios Financieros S.A. merged with Sura Asset Management Perú on July 1, 2015, where Sura Asset Management Perú was the surviving entity.
- On June 26 2015, Sura Investment Management, a company investing in real estate and personal property, was set up for a total value of COP 140 million.
- On June 2, 2015, Inverconsa S.A. de CV and Pensiones Sura Perú S.A. were wound up.
- -On April 7, 2015, Inversiones y Servicios Sura S.A. merged with another of the Group´s subsidiaries, Sura S.A.

- Wealth Management Sura S.A. merged with Sura Asset Management Perú on March 31, 2015.

- On March 23, 2015 Mexamlux S.A. merged with Sura Asset Management Mexico, another of Grupo Sura´s subsidiaries.

- Seguros Suramericana Panama merged with Seguros Suramericana SA on November 1, 2015

- Dinámica IPS Zonas Francas S.A.S. became impaired at year-end 2015. See Note 17.1 Impairment of investments in subsidiaries.

- In 2015 2,297,201 stocks of Hábitat Adulto Mayor S.A. were acquired for COP $296 million.

2014

Al 31 de diciembre de 2014 se presentaron los siguientes cambios en el perímetro de At year-end 2014, the following changes were recorded to the Group´s scope of consolidation:

- In December 2014, through Grupo SURA´s subsidiary Inversiones y Construcciones Estratégicas, a total of 3,192,433 shares were acquired in Hábitat Adulto Mayor S.A., corresponding to an additional 2.68% stake in the latter´s share capital, for a total value of COP 84,634,633, thus raising the Company's stake to 71.29%, currently worth COP 415 million.

- In December 2014, the company Dinámica Zona Franca was capitalized in the amount of COP 800 million.

- On January 1, 2014 SURA Mexico began to consolidate the Mexican insurance firm Primero Seguros Vida S.A. de C.V. after acquiring a 100% stake; and since there were no non-controlling interest the total amount paid came to COP 21.434 million.



- In 2014 and as part of a corporate streamlining initiative deployed that year in Sura Asset Management, Internacional SURA Perú S.A. was wound up.

- Grupo de Inversiones Suramericana Holanda B.V. merged with Grupo Sura Holanda B.V. in December 2014.

- Grupo Sura capitalized its subsidiary Grupo de Inversiones Suramericana Panama S.A. on June 4, 2014 by means of non-monetary contributions. For more information regarding this transaction, see Note 7. Cash and Equivalents.

- In December 2014, the subsidiary Integradora de Servicios Tercerizados received an injection of capital of COP 4,200 million.

### 16.2. Investments in related companies

Grupo SURA's Associates on the date of this report are listed as follows:

| | | | 2015 | | 2014 | | January 1,2014 | |
|---|---|---|---|---|---|---|---|---|
| Company | Main business activity | Country | % Stake (*) | # Shares | % Stake (*) | # Shares | % Stake (*) | # Shares |
| Bancolombia S.A. | Universal banking | Colombia | 26.49% | 254.738.751 | 26.49% | 254.778.743 | 26.73% | 227.748.486 |
| Grupo Argos S.A. | Cement, energy, real estate and ports | Colombia | 28.11% | 230.089.478 | 28.93% | 229.469.152 | 29.14% | 230.501.123 |
| Grupo Nutresa S.A. | Processed food | Colombia | 35.34% | 162.608.498 | 35.17% | 161.807.155 | 35.17% | 161.807.155 |
| Fondo de Pensiones y Cesantías Protección S.A. | Pension and severance fund | Colombia | 49.36% | 12.541.088 | 49.36% | 12.541.088 | 49.36% | 12.541.088 |
| Sodexo Servicios de Beneficios e Incentivos Colombia S.A | Services | Colombia | 49.00% | 261.342 | 49.00% | 261.342 | 49.00% | 261.342 |
| Sodexo Colombia S.A. | Services | Colombia | 35.00% | 1.604.015 | 35.00% | 1.604.015 | 35.00% | 1.604.015 |
| Interejecutiva de Aviación S.A.S [1] | Air transport management services | Colombia | 33.00% | 1.300.000 | 0.00% | - | 0.00% | - |
| Tipel S.A. [2] | Construction services | Colombia | 11.40% | 5.016.104 | 41.40% | 18.216.104 | 41.40% | 18.216.104 |
| Promotora Nacional de Zona Franca S.A. [3] | Logistic services | Colombia | 16.77% | 5.769.024 | 16.77% | 5.769.024 | 45.55% | 3.409.024 |
| Inversiones DCV S.A. | Shareholder register management services | Chile | 34.82% | 3.431 | 34.82% | 3.431 | 34.82% | 3.431 |
| Fondos de Cesantías Chile I S.A. | Pension and severance fund | Chile | 22.60% | 62.401 | 22.60% | 62.401 | 22.60% | 62.401 |
| Servicios de Administración Previsional S.A. | Voluntary funds | Chile | 22.64% | 168.806 | 22.64% | 168.806 | 22.64% | 168.806 |
| Fondos de Cesantías Chile II | Pension and severance fund | Chile | 29.40% | 167.580 | 29.40% | 167.580 | 29.40% | 167.580 |
| ARS Palic Salud S.A. | Managing and selling health care plans | Dominican Republic | 30.00% | 247.665 | 30.00% | 247.665 | 30.00% | 247.665 |
| Subocol S.A. | Selling spare parts for vehicle repairs | Colombia | 50.00% | 492 | 45.00% | 85 | 45.00% | 85 |
| Brinks de Colombia S.A.[4] | Transport | Colombia | 18.62% | 3.377.445 | 18.62% | 3.377.445 | 18.62% | 3.377.445 |

(*) Voting rights: the percentage stake held carrying voting rights in Grupo Bancolombia S.A. at December 31, 2015, December 31, 2014 and January 1, 2014 was 46.11%, 45.59% and 44.68%, respectively, given the issue of non-voting preferred shares, which this associate placed on the market. In the case of the other investments held by Grupo SURA in the aforementioned associates, the percentage stake held is equal to the voting rights accorded.

[1] In April 2015, Grupo de Inversiones Suramericana, through its subsidiary Inversiones y Construcciones Estratégicas, purchased 1,300,000 shares in Internacional Ejecutiva de Aviación S.A.S., worth COP 552 million. This amount was equal to a 33% stake in the latter´s share capital, with which it now exerts significant influence on this investment.

[2] In May 2015, a 30% stake held in the company, Tipiel S.A. was sold off. 1% of this stake, corresponding to a total of 440,000 shares in Technip, was sold to Italy SPA and the remaining 29% was sold to Ascona SAS, consisting of a total of 12,760,000 shares, for the same sale price per share. Once this investment was sold off, it was reclassified from an investment in an associate to a financial instrument with changes in equity.

More detailed information regarding the sale of Tipiel is provided below:

| | |
|---|---|
| Selling price | 20,000 |
| Book Value | 27,730 |
| Loss on sale | (7,730) |

[3] In May 2014 Promotora de Proyectos S.A. received an injection of capital consisting of 2,360,000 shares worth COP 708 million. This transaction did not change the stake held in this company.

[4] In spite having just a 20% stake in Brinks de Colombia S.A., this investment is classified as one held in an associate, since Grupo Sura sits on its Board of Directors and has a say in the decisions made by the governing body.

### 16.2.1.Balance of investments held in Associates

The balance of investments held in Associates is broken down as follows:

| Associate | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Grupo Bancolombia S.A. | 7,246,354 | 6,609,421 | 5,397,150 |
| Grupo Argos S.A. | 4,779,890 | 4,655,704 | 4,534,112 |
| Grupo Nutresa S.A. | 4,611,737 | 4,595,423 | 4,287,391 |
| Admimnistradora Fondo de Pensiones y Cesantías Protección S.A. | 1,023,590 | 1,026,480 | 882,141 |
| Others | 98,094 | 111,524 | 112,333 |
| **Total** | **17,759,665** | **16,998,552** | **15,213,128** |

### 16.2.2. Financial information regarding Grupo SURA´s associates

The assets, liabilities, shareholders´ equity and income for each of the associated companies included in Grupo SURA's consolidated financial statements at year-end 2015 are shown as follows:

| 2015 | Assets | Liabilities | Equity | Comprehensive income | Other comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|
| Bancolombia S.A.* | 192,972,867 | 172,564,948 | 20,407,919 | 2,608,898 | 1,477,473 | 4,086,371 |
| Grupo Argos S.A.* | 41,775,013 | 18,885,214 | 22,889,799 | 643,155 | 195,087 | 838,242 |
| Grupo Nutresa S.A*. | 13,178,052 | 5,135,208 | 8,042,844 | 430,819 | (230,961) | 199,858 |
| Administradora de Fondo de Pensiones y Cesantías Protección S.A.* | 1,671,708 | 444,497 | 1,227,211 | 218,743 | - | 218,749 |
| Inversiones DCV S.A. | 11,700 | 3 | 11,697 | 1,833 | - | 1,833 |
| Fondos de Cesantías Chile I S.A. | 6,938 | - | 6,938 | 11 | - | 11 |
| Servicios de Administración Previsional S.A. | 90,550 | 17,747 | 72,803 | 27,618 | - | 27,618 |
| Fondos de Cesantías Chile II | 72,091 | 12,006 | 60,086 | 4,458 | - | 4,458 |
| Subocol S.A. | 3,443 | 1,921 | 1,522 | 783 | - | 783 |
| Palic Salud S.A. | 230,694 | 147,123 | 83,572 | 18,711 | - | 18,711 |

| 2014 | Assets | Liabilities | Equity | Comprehensive income | Other comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|
| Bancolombia S.A.* | 149,629,881 | 132,263,901 | 17,366,480 | 2,429,785 | 640,509 | 3,070,294 |
| Grupo Argos S.A.* | 34,299,484 | 13,912,123 | 20,387,361 | 930,437 | 582,868 | 1,513,305 |
| Grupo Nutresa S.A.* | 11,817,386 | 3,785,713 | 8,031,673 | 589,516 | 445,267 | 1,034,783 |
| Administradora de Fondo de Pensiones y Cesantías Protección S.A. | 1,458,787 | 332,753 | 1,126,034 | 235,064 | - | 262,249 |
| Inversiones DCV S.A. | 9,290 | 634 | 8,656 | 1,844 | - | 1,844 |
| Fondos de Cesantías Chile I S.A. | 6,481 | 98 | 6,383 | 386 | - | 386 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Servicios de Administración Previsional S.A. | 64,910 | 28,731 | 36,179 | 32,029 | - | 32,029 |
| Fondos de Cesantías Chile II | 58,749 | 9,488 | 49,261 | 5,183 | - | 5,183 |
| Subocol S.A. | 2,842 | 2,397 | 445 | (575) | - | (575) |
| Palic Salud S.A. | 171,386 | 112,788 | 58,598 | 11,521 | - | 11,521 |

*Figures taken from the Consolidated Financial Statements

Grupo Sura´s associates are listed with the Colombian Stock Exchange and their shares are highly liquid. The corresponding stock prices at December 31, 2015, January 1, 2014 and December 31, 2014 are shown as follows:

| Associate | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Bancolombia S.A. | 20,980 | 27,640 | 23,698 |
| Inversiones Argos S.A. | 16,200 | 20,500 | 19,671 |
| Grupo Nutresa S.A. | 22,620 | 28,600 | 26,497 |
| Fondo de Pensiones y Cesantías Proteccón S.A. (*) | 71,000 | 73,500 | 65,000 |

(*) In spite of the fact that the Protección shares are listed on the Colombian stock market, it is classified as low liquidity stock, which means that its actual price is not a faithful indication of the Company´s economic value. However, it is important to note that its weighted average listed price throughout 2015 came to COP 74.163 or USD 23.55. At year-end 2015 this investment was duly appraised and no indications were found of any impairment to its carrying value in the Consolidated Financial Statements.

While stock prices dropped in 2015 compared to 2014, the underlying fundamentals of these issuers remain strong.

Furthermore, the shares of these associates are traded above the carrying values that appear in the Company´s consolidated books.

### 16.2.3. Movements with investments in Associates

| | Bancolombia S.A. | Grupo Argos S.A. | Grupo Nutresa S.A. | Administradora de Fondo de Pensiones y Cesantías Protección S.A. | Others | Total |
|---|---|---|---|---|---|---|
| **At January 1,2014** | **5,397,150** | **4,534,112** | **4,287,391** | **882,141** | **112,333** | **15,213,128** |
| Additions | 910,844 | 3,498 | - | - | 708 | 915,050 |
| Sale of investments | (228,040) | (23,605) | - | - | - | (251,645) |
| Equity Method | 632,316 | 41,365 | 206,504 | 114,323 | 15,219 | 1,009,727 |
| Change in equity | 95,416 | 157,296 | 171,429 | 7,604 | 3,797 | 435,542 |
| (-) Dividends | (198,266) | (56,962) | (69,901) | - | (1,870) | (326,998) |
| Others | - | - | - | 22,413 | (18,664) | 3,749 |
| **Balance at December 31, 2014** | **6,609,420** | **4,655,704** | **4,595,423** | **1,026,481** | **111,523** | **16,998,552** |
| Additions | 71,658 | 10,540 | 17,962 | - | 663 | 100,823 |
| Sale of investments | (68,848) | - | - | - | (27,730) | (96,578) |
| Equity Method | 555,431 | 908 | 151,310 | 86,214 | 17,050 | 810,913 |
| Change in equity | 290,201 | 154,103 | (77,902) | 989 | 4,990 | 372,382 |
| (-) Dividends | (211,509) | (41,365) | (75,056) | (64,869) | (3,052) | (395,850) |
| Others | - | - | - | (25,224) | (5,351) | (30,575) |
| **Balance at December 31, 2015** | **7,246,353** | **4,779,890** | **4,611,737** | **1,023,591** | **98,093** | **17,759,665** |



### 16.2.4.Restrictions and Commitments:

At the end of the reporting period, there were no restrictions or commitments encumbering Grupo SURA's investments in its associates.

## 16.3. Joint Ventures

On August 11, 2015, Sura Investment Management Colombia S.A.S (SIM), a subsidiary of Sura Asset Management Colombia, formed a joint venture with the company Credicorp Capital Holding Colombia S.A.S.

The company that was formed as a result of this joint venture is called Unión Para La Infraestructura S.A.S. (UPI S.A.S.), in which SIM and CREDICORP each hold 50% stakes.

UPI S.A.S.´s business purpose is to provide investment advisory services with regard to the professional handling of investment funds with which to finance infrastructure projects. At the end of this reporting period, Unión Para La Infraestructura S.A.S. (UPI S.A.S.) is still at a pre operating stage.

### 16.3.1. Cost of joint venture investments

The following is a breakdown of the cost of these investments at year-end 2015:

| | |
|---|---|
| **Initial investment** | **60** |
| Additional capitalization | 90 |
| Equity Method | (150) |
| **Closing balance December 31, 2015** | **-** |

### 16.2.2. Assets, liabilities, shareholders´ equity and income corresponding to joint venture investments

The following is a summary of the Colombian IFRS financial statements corresponding to joint venture investments:

| | 2015 |
|---|---|
| Total assets | 542 |
| Total liabilities | (1,032) |
| **Total shareholders' equity** | **(489)** |

## NOTE 17

| | |
|---|---|
| Operating revenues | 1 |
| Operating expense | (773) |
| **Operating earnings** | **(772)** |
| Non-operating revenue | 1 |
| Non-operating expense | (18) |
| **Losses before tax on continuing operations** | **(790)** |
| Income Tax | (0.348) |
| **Net Loss** | **(790)** |

At the end of this reporting period there were no restrictions encumbering the Group´s investments in joint ventures.

## IMPAIRMENT OF ASSETS

### 17.1. Impairment of Investments in Subsidiaries

Identifying signs of impairment is a key step in the appraisal process, as this defines the need to conduct an impairment test.

According to that set out in IAS 36- Paragraph 9: An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset in question.

According to that set out in IAS 36, "Impairment of Assets". The subsidiaries belonging to Grupo de Inversiones Suramericana have to consider the following facts and circumstances to determine whether there are signs of impairment or not.

1. Operating losses or negative cash flows for the current period compared to those budgeted.
2. Increased interest rates on investments and debt for the period. (Information: Investments in inflation-indexed securities, agreed rates on bank loans.)
3. Significant changes to the IT environment, defined as the risk relating to losses caused by technology (hardware or software) or the use of the same. (Information: Important declines in production due to technology risks or substantial exposure to hackers.)
4. Significant changes to the legal environment that give rise to losses in the form of sanctions, fines or lawsuits due to a failure to comply with regulations or contractual obligations.
5. Significant changes in the regulatory environment. These refer to the negative implications that changes to the local regulatory framework may have on a company. These may be mortality tables or taxes such as Equality Income Tax.
6. Changes in the competitive environment. (Information: The amount of market share lost (based on growth and loss rates), new or more aggressive competition or cut-throat sales quotas.)
7. Significant changes in the manner or to the extent that the cash generating unit (CGU) is used or is expected to be used.
8. Significant reduction in the use of installed capacity.
9. Additional indebtedness.
10. Absence or significant reduction, as opposed to a mere fluctuation, in the demand or need for the services provided by the asset.

Annual assessments are performed to see whether an impairment exists with the Group´s investments to rule out the aforementioned signs of such; if this is the case then the recoverable amount of the asset in question must be estimated.

In 2015 Grupo de Inversiones Suramericana recognized an impairment loss in its subsidiary IPS Zona Franca S.A.S., that affected 100% of its carrying amount, which went into disolution.

On December 31, 2015, December 31, 2014 and January 1, 2014 investments in the subsidiaries Sura Finance B.V., Grupo de Inversiones Suramericana Panama, and Grupo Sura Finance showed a shortfall in terms of their net income that shall be covered by Grupo de Inversiones Suramericana.

### 17.2 Impairment to Goodwill

**Goodwill acquired through the purchase of the ING Latin American assets.**

Goodwill acquired through business combinations as well as trademarks with indefinite useful lives have been allocated to the following cash generating units (CGUs) for the purpose of performing individual impairment tests:

- AFP Capital S.A. (Chile)
- Afore SURA S.A. de C.V. (Mexico)
- AFP Integra S.A. (Perú)
- AFAP SURA S.A. (Uruguay)
- SURA Investment Management Mexico S.A. de C.V. (Mexico)
- Fondos SURA SAF S.A.C. (Perú)
- Corredora de Bolsa SURA S.A.(Chile) and Administradora General de Fondos S.A. (Chile)

The above-mentioned entities represent the most relevant operating companies when the business combination was first carried out with ING, through which the Group´s subsidiary SURA Asset Management manages, controls and projects its business throughout the region.

Grupo SURA performed impairment tests during the year, the results of which showed no indication of any impairment either to goodwill or to trademarks with indefinite useful lives.

For the purposes of allocating the consolidated goodwill to each of the CGUs, the fair value equity method was applied. This allocation was based on reasonable values stipulated at the end of the opening balance sheet (as relating to the PPA) during the 12-month period following the acquisition.

Also, certain trademarks have been associated to the business of the two CGUs, namely the AFP Capital trademark belonging to AFP Capital S.A. and the AFP trademark belonging to AFP Integra S.A.

### Methodology for Estimating Value in Use

The value in use for the Group´s CGUs was estimated using the income approach.

**General assumptions used in applying the income approach include the following:**

The calculation of the value in use for all CGUs is sensitive to the following assumptions:

- Time horizon: The time horizon of the projection corresponding to the estimated duration of the CGUs analyzed. For more information, see below:

- Forecasting horizon: Based on the current macroeconomic conditions and the general characteristics and maturity of the different CGUs in question as well as all available information, we have considered the following specific forecasting horizons:

  - Corredora de Bolsa SURA S.A. and Administradora General de Fondos SURA S.A.: 10 years
  - AFP Capital S.A.: 5 years
  - Afore SURA S.A. de C.V.: 5 years
  - SURA Investment Management Mexico S.A. de C.V: 10 years
  - AFP Integra S.A.: 5 years
  - Fondos SURA SAF S.A.C.: 10 years
  - AFAP SURA S.A: 5 years

Generally speaking, it is understood that the CGUs in question shall achieve a degree of business maturity with the consequent stabilization of their cash flows.

- Residual value: Since the CGUs in question are expected to continue operating and generating positive cash flows beyond the forecasting horizon, as stated above, the perpetual performance of said CGUs was estimated. This value is known as the residual or terminal value.

  In order to estimate the residual value, standardized cash flows were projected in perpetuity, duly adjusted according to the same growth expectations defined in the guidelines suggested in the applicable standard.

  - Year-end: the cut-off date corresponding to the fiscal year on which the CGU´s financial projections were estimated on the date the analysis was performed, that is to say December 31, which coincides with the closing date of the financial statements of the legal entities pertaining to said CGUs.

  - Currency Unit: SURA Asset Management S.A. and its subsidiaries have estimated their cash flows in the functional currency of each of its markets, following the applicable standards

    These cash flows were then converted to US dollars using the local exchange rate, so to achieve consistency with the discount rate applied, this being stated in U.S. dollars.

- Discount rate: although the functional currency of each country corresponds to its local currency, future cash flows have been converted to nominal U.S. dollars for each projected period and discounted at a nominal rate in U.S. dollars after taxes. A discount rate in U.S. dollars was used because of a certain lack of data availability, as well as potential distortions from consistency problems with the existing data, thereby affecting estimated discount rates in these local currencies. The constraining factors encountered consisted of: i) the absence of long-term benchmark rates of return in local currency; ii) market volatility; and iii) a lack of depth, diversification and liquidity on the capital markets, among other adverse aspects.

  The discount rates applied to the projections are based on the interest rates prevailing in each market, these ranging between 9.10 % and 10.10 % on an after-tax basis.

  - Income tax rates: Projected cash flows were estimated after tax for the purpose of preserving consistency with the estimated discount rates. The tax rates that were applied to current earnings in each market at December 31, 2015 were 22.5% in Chile, 25% in Colombia, 30% in Mexico, 28% in Peru and 25% in Uruguay.

  - Macroeconomic Assumptions: financial projections for the CGUs in question have been prepared based on macroeconomic variables projected by external sources of information

The following assumptions were used for the impairment tests performed on trademarks:

- Projection Horizon: to estimate the value in use corresponding to trademarks, their indefinite useful life was used, based on brand positioning and past experience, as well as the market focus of each CGU. Therefore, a specific projection was drawn up over a fiver-year time frame for the AFP Capital and AFP Integra trademarks, respectively, and then the present value of a perpetual flow of net royalties based on a 3.0% nominal growth in U.S. dollars was projected over the long term on stabilized cash flows.

- Projected Income: to estimate the value in use of the AFP Capital and AFP Integra trademarks, operating income from both companies was used. This value corresponds to commission income and returns on the reserve requirements on both their mandatory and voluntary pension businesses.

- Market royalties and trademark attributes: the market royalty rate was estimated for the purposes of applying the Relief from Royalty methodology. In order to define the royalties corresponding to these trademarks, an estimated range of market royalties was taken as a basis, based on the trademark´s relative strength and positioning based on the following attributes:

    - Momentum: the current status and potential for future growth of both trademarks were taken into account.

    - Brand recognition: the degree of brand awareness or "top of the mind" of both trademarks was evaluated based on market research.

    - Brand loyalty: the degree of client loyalty towards the trademarks was evaluated according to market research.

    - Market share: the brands´ market shares were evaluated on the Chilean and Peruvian markets based on market research.

    - Longevity: brand seniority on the Chilean and Peruvian markets were evaluated based on market research.

Based on the above procedures, royalties of 1.05% were estimated for the trademarks AFP Capital and AFP Integra respectively.

Taxes

For the purpose of calculating after-tax flows of royalties, the current tax rates in each country were used. In the case of Chile, due to a recent tax reform was introduced, the tax rate will go from 22.5% at year-end 2015 reaching 27.0% by 2018. Peru´s tax rate will go from 28% in 2016 to 29% in 2018 and 2019 over the forecast time frame.

**Goodwill corresponding to Aseguradora Suiza Salvadoreña S.A.**

In 2012, Grupo de Inversiones Suramericana, through its subsidiary Suramericana S.A. acquired the companies Seguros Sura S.A in the Dominican Republic and Aseguradora Suiza Salvadoreña S.A. Asesuisa in El Salvador by means of a business combination.

Every year an impairment test is performed on these intangible assets.

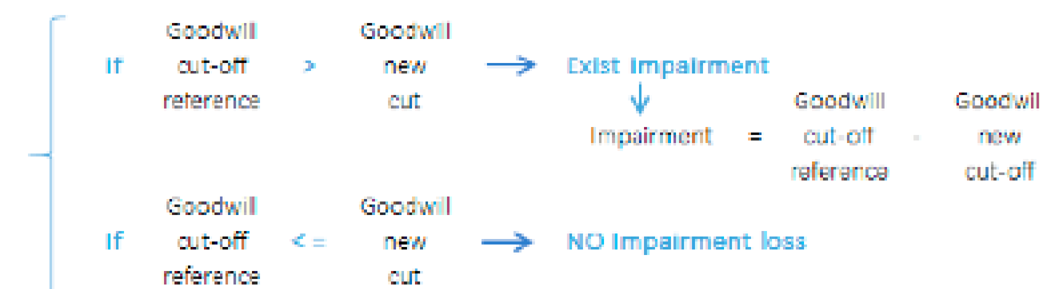
**Methodology used for calculating impairment.**

1. Calculating value in use: appraising the value of a company on the desired cut-off date. This calculation must be carried out using the methodology defined by the Company, which shall include at least the following:

    - Present value of estimated cash flows that the Company expects to receive.
    - Projected cash flows must be based on reasonable, well-founded assumptions representing Senior Management´s best estimates of the Company's future performance.
    - All inflows and outflows of cash from future restructurings or new lines of business acquired at the moment when the acquisition is performed must be excluded from these estimates.
    - Projections shall cover a maximum term of five years, except when a longer time frame can be justified.
    - All projected cash flows subsequent to the initial five-year period must be extrapolated using a growth into perpetuity or the expected ROE.

2. Fill in the following impairment formula where:

    - Amount to be allocated: the Company's value in use.




3.

Goodwill calculated at the new cut-off date is compared with the goodwill calculated for the period in question, using the following formula:

After checking for impairment in 2013, a loss of COP 9,392 was recorded, which has been increasing gradually ever since given the increases with the exchange rate because this intangible was recorded in the functional currency of the foreign operation, and subsequently translated into the reporting currency using the exchange rate applicable at the end of the reporting period. See Note 15.1 - Intangible Assets. Goodwill.

**Goodwill corresponding to Enlace Operativo and Compuredes**

Upon preparing its consolidated financial statements, the Company conducted an impairment test of the goodwill acquired through business combinations of cash-generating units (CGU), in this case Enlace Operativo and Compuredes to verify whether any impairment had been sustained.

**General assumptions for estimating fair value**

The calculation of the value in use for all CGUs is sensitive to the following assumptions:

- Forecasting horizon: based on the current macroeconomic conditions and the general characteristics and maturity of the different cash-generating units in question as well as all available information, we have set the specific forecasting horizon over a period of five years.

  Generally, it is understood that at the end of said period, the cash-generating units in question will be mature, and their cash flows will be stable.

- Residual value: since the aforementioned cash-generating units, Enlace Operativo and Compuredes, are expected to continue operating and generating positive cash flows beyond the forecasting horizon, the Group has estimated a growth to perpetuity of 3%. This value is known as the residual or terminal value.

  In order to estimate the residual value, standardized cash flows were projected in perpetuity with a 6% rate, duly adjusted according to the same growth expectations defined in the guidelines suggested in the applicable standard.

- Year-end: the cut-off date corresponding to the fiscal year on which the financial projections were estimated for the cash-generating units, Enlace Operativo and Compuredes, which for the purpose of this analysis, was December 31, 2015, which coincides with the closing date of the financial statements of the legal entities pertaining to said cash-generating units.





- Discount rate: the discount rate applied to these projections was 12.5%, based on the interest rates prevailing on the market in which the cash-generating units operate.

- Income Tax Rates: projected cash flows were estimated after tax for the purpose of preserving consistency with the estimated discount rates. The tax rates applicable in Colombia were applied on the corresponding reporting dates.

- Macroeconomic Assumptions: financial projections for the cash-generating units in question have been prepared based on macroeconomic variables projected by external sources of information.

Based on the annual tests carried out, Grupo SURA was able to conclude that no impairment had been sustained to its goodwill.

## OTHER FINANCIAL LIABILITIES

### 18.1. Other financial liabilities

The other financial liabilities account is broken down as follows:

| | Note | 2015 | 2014 | January 1,2014 |
|---|---|---|---|---|
| Financial leases | 19 | 122,723 | 129,210 | 107,205 |
| Derivatives | 12 | 253,939 | 125,613 | 13,718 |
| Financial obligations | 18.2 | 2,251,278 | 856,797 | 1,869,758 |
| | | **2,627,940** | **1,111,620** | **1,990,681** |

The movements recorded in the other financial liabilities accounts are shown as follows:

| | |
|---|---|
| **Balance at January 1,2014** | **1,990,681** |
| Loans received | 1,368,624 |
| Interest paid | (61,224) |
| Accrued Interest | 207,332 |
| Loans paid | (2,635,352) |
| Valuations | 498 |
| Exchange differences | 239,350 |
| Overdrafts | 1,711 |
| **Balance at December 31, 2014** | **1,111,620** |

| | |
|---|---|
| Loans received | 1,934,452 |
| Interest paid | (42,227) |
| Accrued Interest | 270,862 |
| Loans paid | (898,900) |
| Valuations | 43,155 |
| Exchange differences | 210,253 |
| Overdrafts | (1,275) |
| **Balance at December 31, 2015** | **2,627,940** |

Grupo SURA has not defaulted on any payments of principal, interest and other amounts owing on its financial liabilities at December 31, 2015, December 31, 2014 and January 1, 2014:

### 18.2. Financial obligations

The following table shows the financial obligations held by each company:

| | 2015 | 2014 | January 01, 2014 |
|---|---|---|---|
| Grupo Sura | 715,074 | 6,813 | 294,683 |
| Suramericana and Subsidiaries | 468,029 | 106,170 | 101,972 |
| Sura Asset Management and Subsidiaries | 1,058,960 | 689,073 | 1,354,117 |
| Integradora de Servicios Tercerizados and Subsidiaries | 5,350 | 10,840 | 14,231 |
| Others | 3,865 | 43,901 | 104,755 |
| | **2,251,278** | **856,797** | **1,869,758** |

The maturities and description of the current financial obligations held by at December 31, 2015, December 31, 2014 and January 1, 2014 are as follows:

| Financial institution | Interest rate | Maturity | 2015 | 2014 | January 1,2014 |
|---|---|---|---|---|---|
| Bancolombia Panamá | Libor + 1.68% | 2014 - 2017 | 188,968 | 143,665 | - |
| Banco de Bogotá Miami | Libor + 1.90% | 2014 - 2017 | - | 144,485 | - |
| Davivienda Miami | Libor + 1.75% | 2014 - 2017 | 31,495 | 24,071 | - |
| COFIDE - Corparación Financiera de desarrollo | 0.076027 | 2009 - 2033 | 2,686 | 3,570 | 35,377 |
| BBVA S.A. | 0,077 | 2013 - 2020 | 174,150 | 176,312 | 174,151 |
| BTG Pactual Perú SAC | - | 2015-2020 | 161 | - | - |
| Logicalis Andina SAC | - | 2015-2020 | 82 | - | - |
| Alimentos y Bebidas Gourmet SAC | - | 2015-2020 | 50 | - | - |
| JLT Affinity Latam SAC | - | 2015-2019 | 88 | - | - |
| Enagas Perú SAC | - | 2015-2024 | 88 | - | - |
| Davivienda Miami | LIBOR + 0.8% | 2014 - 2015 | - | 24,023 | - |
| Banco de Bogotá | LIBOR + 1.3% | 2014 - 2015 | - | 100,569 | - |
| Banco de Bogotá | DTF + 1.4% | 2014 - 2015 | - | 54,754 | - |
| Bancolombia S.A. | DTF + 1.87% | 2014 - 2015 | - | 17,623 | - |
| Bancolombia S.A. | IBR + 1.42% | 2015 - 2016 | 124,864 | - | - |
| Itaú BBA Colombia | DTF+1.2% | 2015 - 2016 | 28,392 | - | - |
| Bancolombia S.A. | IBR + 1.42% | 2015 - 2016 | 75,505 | - | - |
| Davivienda SA | 0,068 | 2015 - 2016 | 12,450 | - | - |
| Bancolombia S.A. | DTF+2.28% | 2015 - 2016 | 30,585 | - | - |
| Banco de Bogotá | 8.06% | 2015 - 2016 | 256,767 | - | - |
| Davivienda S.A. | LIBOR + 3.5% | 2015 - 2016 | 132,627 | - | - |
| **Entidad Financiera** | **Tasa de interés** | **Vencimiento** | **2015** | **2014** | **1 de enero de 2014** |
| Bancolombia S.A. | Libor + 2.50% | 2012 - 2015 | - | - | 5,395 |
| Bancolombia S.A. | Libor + 2.50% | 2012 - 2015 | - | - | 269,756 |
| Bancolombia S.A. | Libor + 2.65% | 2012 - 2015 | - | - | -3,083 |
| Banco de Bogotá | DTF + 1.40% | 2013 - 2016 | - | - | 13,000 |
| Banco de Bogotá Miami | 6-mth Libor + 2.65% | 2013 - 2016 | - | - | 96,342 |
| Banco de Bogotá NY | 6-mth Libor + 2.65% | 2013 - 2016 | - | - | 96,342 |
| Banco de Bogotá | 6-mth Libor + 2.65% | 2013 - 2016 | - | - | 96,342 |
| Davivienda Miami | Libor + 2.50% | 2013 - 2016 | - | - | 43,354 |
| Davivienda S.A. | Libor + 2.50% | 2013 - 2016 | - | - | 120,427 |
| Helm Bank | Libor + 2.00% | 2013 - 2016 | - | - | 26,976 |
| Helm Bank | Libor + 2.00% | 2013 - 2016 | - | - | 79,000 |
| Bancolombia S.A. | DTF+1.73% | 2013-2014 | - | - | 30,001 |
| Banco de Bogotá | DTF+1.8% | 2012-2014 | - | - | 10,000 |
| Banco de Bogotá | DTF+1.8% | 2013-2014 | - | - | 4,000 |
| Banco de Bogotá Miami | 6-mth Libor + +2.15% | 2013-2014 | - | - | 48,171 |
| Banco de Bogotá NY | 6-mth Libor + +2.15% | 2013-2014 | - | - | 48,171 |
| Banco de Bogotá | 6-mth Libor + +2.15% | 2013-2014 | - | - | 112,810 |
| Davivienda S.A. | Libor +2.00% | 2013-2014 | - | - | 35,646 |
| BBVA S.A. | 5.6% | 360 | - | - | 1,023 |
| BBVA S.A. | 5.6% | 360 | - | - | 1,422 |
| Bancolombia S.A. | 4.1% | 1080 | - | - | 4,167 |
| Bancolombia S.A. | 6.8% | 360 | - | - | 2,000 |
| Bancolombia S.A. | 5.0% | 360 | - | - | 1,000 |
| Bancolombia S.A. | 6.5% | 720 | - | 1,000 | 1,167 |
| Bancolombia S.A. | 6.5% | 1080 | - | 1,000 | - |
| Bancolombia S.A. | 6.5% | 1080 | - | 500 | 1,000 |

| | | | | | |
|---|---|---|---|---|---|
| Bancolombia S.A. | 6.33% | 360 | - | 1,023 | - |
| Bancolombia S.A. | 6.33% | 360 | - | 1,422 | - |
| Bancolombia S.A. | 6.33% | 360 | - | 2,000 | - |
| Bancolombia S.A. | 6.33% | 1080 | - | 2,000 | - |
| Bancolombia S.A. | 6.33% | 720 | - | 1,000 | 1,000 |
| Bancolombia S.A. | 8.06% | 90 | 641 | - | - |
| Bancolombia S.A. | 8.84% | 360 | 1,000 | - | - |
| Helm Bank | 7.9% | 120 | 2,500 | - | - |
| Factoring Bancolombia | - | 0 | 798 | - | 196 |
| Coltefinanciera | - | 0 | 356 | 693 | 1,093 |
| Bancolombia S.A. | 28,92% E.A.R.* | 0 | 0 | 3 | 6 |
| **Financial institution** | **Interest rate** | **Maturity** | **2015** | **2014** | **January 1,2014** |
| Bancolombia S.A. | - | 0 | 27 | 37 | 44 |
| Bancolombia S.A. | - | 0 | 6 | 162 | 110 |
| BBVA S.A. | - | 0 | - | - | 4 |
| Helm Bank | - | 0 | 21 | - | - |
| Bancolombia S.A. | IBR +1,8 mthly arrears | 33 | - | - | 1H0,039 |
| BBVA S.A. | 4,91% E.A.R. | 106 | - | - | 43,260 |
| AV Villas S.A. | DTF + 1.4 E.A.R | 357 | - | - | 17,020 |
| Banco Popular S.A. | DTF + 1.45% Qrtly in Adv | 360 | - | - | 68,051 |
| Correval S.A. | 4,85% EAR | 22 | - | - | 8,246 |
| Bancolombia S.A. | 5,01% EAR | 18 | - | - | 34,082 |
| Corredores Asociados | 4,92% EAR | 26 | - | - | 9,825 |
| BTG Pactual Perú SAC | 5.01% | 63 | - | - | 13,263 |
| Banco de Bogotá | 5.91% | 180 | - | 6,813 | 90,898 |
| Davivienda S.A. | Libor + 1.50% | 731 | 142,607 | - | - |
| Bancolombia Panamá | Libor + 1.47% | 731 | 258,518 | - | - |
| BBVA España | Libor + 1.25%(18 mth)/1.5% (18 mth) | 1.096 | 313,949 | - | - |



| | | | | | |
|---|---|---|---|---|---|
| Bancolombia S.A. | IBR 4,4 | 2520 | 2,559 | 2,557 | 2,556 |
| Bancolombia S.A. | IBR 4,95 | 2520 | 706 | 1,863 | - |
| Bancolombia S.A. | IBR 4,3 | 2520 | 601 | - | - |
| Bancolombia Panamá | - | - | - | 39,480 | 38,683 |
| Banco de Bogotá | DTF + 1.7 | 365 | - | - | 58,074 |
| Everfit S.A. | 4% E.A.R. | 365 | - | - | 5,441 |
| Davivienda S.A. | 6 mth Libor + 2.7% | 2025 | 110,231 | - | - |
| Helm Bank | 6 mth Libor + 3.75% | 2025 | 110,231 | - | - |
| Other financial institutions | - | - | 247,567 | 106,172 | 107,748 |
| | | | **2,251,278** | **856,797** | **1,869,758** |

# NOTE 19

## LEASING ARRANGEMENTS

### 19.1.Financial leasing arrangements

#### 19.1.1. Financial obligations

The total value of leasing arrangements recorded as a liability at year-end is shown as follows:

| Company | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Suramericana | 15,358 | 15,487 | 16,343 |
| Sura Asset Management | 15,838 | 20,445 | - |
| Integradora | 5,645 | 2,637 | 4,246 |
| Planeco | 8,401 | 11,135 | 7,139 |
| **Total current financial leasings** | **45,242** | **49,704** | **27,728** |
| Suramericana | 25,180 | 34,926 | 43,585 |
| Sura Asset Management | 3,704 | 3,144 | - |
| Integradora | 3,679 | 8,501 | 3,397 |
| Planeco | 44,918 | 32,935 | 32,495 |
| **Total non-current financial leasings** | **77,481** | **79,506** | **79,477** |
| **Total financial leasings** | **122,723** | **129,210** | **107,205** |

Financial leasing arrangements are listed below:

| Lender | Rate | Term | 2015 | 2014 | January 1,2014 |
|---|---|---|---|---|---|
| Bancolombia S.A. | 6,55% E.A.R. | 3 años | - | - | 3,238 |

| | | | | | |
|---|---|---|---|---|---|
| IBM | 6,55% E.A.R. | 3 años | - | - | 1,710 |
| Banco de Occidente S.A. | 6,55% E.A.R. | 3 años | - | - | 2,694 |
| Bancolombia S.A. | DTF-5,90 | 3 años | - | 7,861 | - |
| IBM | DTF-5,90 | 3 años | - | 1,060 | - |
| Banco de Occidente S.A. | DTF-5,90 | 3 años | - | 2,216 | - |
| Bancolombia S.A. | DTF-2,567 | 3 años | 6,609 | - | - |
| IBM | DTF-2,567 | 3 años | 622 | - | - |
| Bancolombia S.A. | DTF-2,567 | 3 años | 2,093 | - | - |
| Helm Bank S.A. | DTF + 2.9% | 2014 - 2019 | 3,524 | 4,172 | - |
| Banco de Chile | 1.80% | 2014-2020 | 5,052 | 6,598 | - |
| Banco de Chile | 2.81% | 2014-2020 | 687 | 933 | - |
| Banco de Chile | 2.91% | 2014-2020 | 646 | 828 | - |
| Banco de Chile | 2.93% | 2014-2020 | 4,708 | 6,289 | - |
| **Lender** | **Rate** | **Term** | **2015** | **2014** | **January 1,2014** |
| Bancolombia S.A. | 6,55% E.A.R. | 3 years | - | - | 3,238 |
| Leasing Bancolombia S.A. | DTF + 3.9% | 2014 - 2015 | - | 19 | - |
| Banco de Chile | 1.80% | 2014-2020 | 1,505 | 1,371 | - |
| Banco de Chile | 2.81% | 2014-2020 | 236 | 203 | - |
| Banco de Chile | 2.91% | 2014-2020 | 176 | 179 | - |
| Banco de Chile | 2.93% | 2014-2020 | 1,263 | 1,101 | - |
| Banco de Chile | 2.93% | 2014-2020 | 321 | 270 | - |
| Banco de Chile | UF+4,5% | 2015 - 2020 | 202 | - | - |
| Bancolombia S.A. | DTF + 1,4% | 2018 | 832 | 1,052 | 1,244 |
| Bancolombia S.A. | DTF + 1,15% | 2018 | 326 | 420 | 502 |
| Bancolombia S.A. | DTF + 1,17% | 2018 | 978 | 1,247 | 1,480 |
| Bancolombia S.A. | DTF + 1,51% | 2018 | 9,768 | 12,900 | 15,521 |
| Bancolombia S.A. | DTF + 1,27% | 2018 | 7,247 | 9,657 | 11,877 |
| Bancolombia S.A. | DTF + 1,26% | 2018 | 1,830 | 2,432 | 2,949 |
| Bancolombia S.A. | DTF + 1,18% | 2018 | 738 | 946 | 1,126 |
| Bancolombia S.A. | DTF + 1,26% | 2018 | 492 | 637 | 761 |
| Bancolombia S.A. | DTF + 1,298% | 2019 | 801 | 1,026 | 1,219 |
| Bancolombia S.A. | DTF + 1,30% | 2018 | 161 | 215 | 261 |
| Bancolombia S.A. | DTF + 0,59% | 2015 | - | - | 4 |
| Bancolombia S.A. | DTF + 0,59% | 2015 | - | - | 2 |
| Bancolombia S.A. | DTF + 0,59% | 2015 | - | - | 2 |
| Bancolombia S.A. | DTF + 0,64% | 2015 | - | - | 11 |
| Bancolombia S.A. | DTF + 0,63% | 2015 | - | - | 2 |
| Bancolombia S.A. | DTF+0,98% | 2017 | 157 | 452 | 648 |
| Bancolombia S.A. | DTF+ 1,00% | 2017 | 17 | 32 | 45 |



| | | | | | |
|---|---|---|---|---|---|
| Bancolombia S.A. | DTF+0,0104 | 2017 | 10 | 33 | 54 |
| Bancolombia S.A. | DTF+0,0106 | 2017 | 82 | 122 | 159 |
| Bancolombia S.A. | DTF+0,0102 | 2017 | 20 | 34 | 46 |
| Bancolombia S.A. | DTF+0,0103 | 2017 | 40 | 73 | 103 |
| Bancolombia S.A. | DTF+0,0101 | 2017 | 86 | 140 | 188 |
| Bancolombia S.A. | DTF+0,0103 | 2017 | 45 | 70 | 92 |
| Bancolombia S.A. | DTF+0,0103 | 2017 | 15 | 24 | 32 |
| Bancolombia S.A. | DTF+0,009 | 2018 | 25 | 37 | 45 |
| Bancolombia S.A. | DTF+0,009 | 2018 | 107 | 146 | 181 |
| Bancolombia S.A. | DTF+0,0094 | 2018 | 76 | 106 | 136 |
| Bancolombia S.A. | DTF+0,0094 | 2018 | 83 | 117 | 148 |
| Bancolombia S.A. | DTF+0,009 | 2018 | 154 | 213 | 265 |
| **Lender** | **Rate** | **Term** | **2015** | **2014** | **January 1,2014** |
| Bancolombia S.A. | 6,55% E.A.R. | 3 years | - | - | 3,238 |
| Bancolombia S.A. | DTF+0,0094 | 2018 | 730 | 1,276 | 1,774 |
| Bancolombia S.A. | DTF+0,009 | 2018 | 167 | 256 | 340 |
| Bancolombia S.A. | DTF+0,009 | 2018 | 50 | 74 | 94 |
| Bancolombia S.A. | DTF+0,0094 | 2018 | 64 | 93 | - |
| Bancolombia S.A. | DTF+0,0094 | 2018 | 17 | 24 | - |
| Bancolombia S.A. | DTF+0,0094 | 2016 | - | 639 | 1,393 |
| Bancolombia S.A. | DTF+0,0083 | 2016 | - | 11 | 61 |
| Bancolombia S.A. | DTF+0,0090 | 2016 | - | 124 | 380 |
| Bancolombia S.A. | DTF+0,0094 | 2016 | - | 40 | 60 |
| Bancolombia S.A. | DTF+0,0094 | 2016 | - | 110 | 166 |
| Bancolombia S.A. | DTF+0,0094 | 2016 | - | 16 | 36 |
| Bancolombia S.A. | DTF+0,0095 | 2016 | - | 24 | 18 |
| Bancolombia S.A. | DTF+0,0099 | 2016 | - | 25 | 36 |
| Bancolombia S.A. | DTF+0,83% | 2015 | - | - | 1 |
| Bancolombia S.A. | DTF+0,87% | 2015 | - | - | 1 |
| Bancolombia S.A. | DTF+0,80% | 2015 | - | - | 3 |
| Bancolombia S.A. | DTF+0,80% | 2015 | - | - | 1 |
| Bancolombia S.A. | DTF+0,75% | 2015 | - | - | 5 |
| Bancolombia S.A. | DTF+0,63% | 2015 | - | - | 10 |
| Bancolombia Panamá | Libor + 3.25% | 2012-2019 | 53,318 | 44,070 | 39,635 |
| Otras entidades financieras | | | 15,358 | 15,487 | 16,343 |
| | | | **122,722** | **129,210** | **107,205** |

#### 19.1.2. Property, plant and equipment corresponding to financial leasing arrangements

The year-end carrying values of Grupo SURA's property, plant and equipment subject to financial leasing arrangements are as follows:

| | Land and buildings | Computer and communication equipment | Machinery and equipment | Office furniture, fixtures and equipment | Transport equipment |
|---|---|---|---|---|---|
| Cost at January 1,2014 | 101,001 | 41,685 | 9,615 | 17,893 | 49,187 |
| Accumulated depreciation | (1,899) | (29,846) | (2,009) | (2,045) | (10,409) |
| **Carrying values at December 31, 2014** | **99,102** | **11,839** | **7,606** | **15,848** | **38,778** |
| Cost | 107,935 | 39,480 | 9,609 | 19,874 | 64,812 |
| Accumulated depreciation | (2,656) | (29,191) | (2,768) | (4,557) | (20,832) |
| **Carrying values at December 31, 2015** | **105,279** | **10,290** | **6,841** | **15,317** | **43,980** |

19.1.3. The more significant financial leasing arrangements

The most significant financial leasing arrangements entered into by Grupo de Inversiones Suramericana corresponds to properties leased in Medellin, Bogota and Cali for the construction of clinics in these cities as well as leased medical equipment.

Another significant financial leasing arrangement is the leasing of an airplane, through the Group´s subsidiary, Planeco, in conjunction with Bancolombia Panama.

Grupo de Inversiones Suramericana also leases computer and communications equipment through its subsidiaries Compuredes and Enlace Operativo in order to cover service agreements with clients as well as for its own use. Software programs and licenses are also leased under financial leasing arrangements.

19.1.4. Minimum lease payments

Minimum future lease payments at year-end, together with the present value of minimum net lease rentals due, are shown as follows

| | Minimum lease payments - 2015 | Present value of minimum lease payments - 2015 | Minimum lease payments - 2014 | Present value of minimum lease payments - 2014 | Minimum lease payments - January 1,2014 | Present value of minimum lease payments - January 1,2014 |
|---|---|---|---|---|---|---|
| Up to one year | 40,443 | 66,829 | 26,425 | 74,214 | 34,593 | 27,154 |
| From one to five years | 77,406 | 139,975 | 93,769 | 179,363 | 78,692 | 74,994 |
| More than 5 years | - | - | - | - | 7,704 | 6,857 |
| **Total lease payments** | **117,848** | **206,805** | **120,193** | **253,578** | **120,989** | **109,005** |

19.2. Operating leasing arrangements

The more significant operating leasing arrangements cover:

- The real estate property belonging to Sura Poblado, Salud Sura Sao Paulo, IPS Sura San Diego, IPS Sura los Molinos, the Autosura warehousing facilities in Medellín as well as the Metropolitan Business Center Building.
- Real estate leased for the operating and administrative headquarters of Enlace Operativo y Compuredes.



Minimum future lease payments due on operating leasing arrangements are shown as follows:

| | Minimum lease payments – 2015 | Minimum lease payments - 2014 | Minimum lease payments - January 1,2014 |
|---|---|---|---|
| Up to one year | 9,752 | 12,280 | 16,019 |
| From one to five years | 29,365 | 39,204 | 48,684 |
| More than 5 years | 137,601 | 144,522 | 162,571 |
| **Total lease payments** | **176,718** | **196,007** | **227,274** |

Restrictions

To date there are no restrictions as to the operating and financial leasing arrangements held by Grupo SURA with regard to dividend distributions, additional debt or new leasing agreements.

## NOTE 20

## TRADE AND OTHER ACCOUNTS PAYABLE

The following is a breakdown of the accounts payable account:

| | 2015 | 2014 | January 1,2014 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Foreign reinsurers - current account | 280,364 | 284,340 | 269,380 |
| Suppliers and services payable | 245,937 | 147,215 | 124,747 |
| Miscellaneous (*) | 224,236 | 216,513 | 69,133 |
| Commissions and fees | 105,095 | 100,386 | 2,188 |
| Settled claims pending payment | 72,204 | 72,395 | 126,069 |
| Brokerage obligations | 71,397 | 47,531 | 39,190 |
| Costs and expense payable | 63,820 | 66,765 | 311,117 |
| Withholdings and payroll contributions | 62,016 | 53,166 | 54,486 |
| Contributions, membership fees and transfers | 44,091 | 36,935 | 30,411 |
| Worker compensation system | 31,060 | 29,402 | 24,722 |
| Accounts payable due to insurance companies | 24,710 | 19,244 | - |
| Policy issuing deposits | 24,407 | 9,226 | 3,151 |
| Obligations in favor of life insurance policy-holders | 19,631 | 13,625 | - |
| Ceding co-insurers - current account | 19,064 | 11,520 | 10,264 |
| Domestic reinsurers - current account | 16,251 | 17,554 | 1,957 |
| Accepting co-insurers - current account | 3,221 | 1,123 | 1,563 |
| Dividends due to life insurance policy-holders | 2,337 | 2,066 | 1,063 |
| Deposits received | 1,663 | 447 | 673 |
| Foreign ceding companies - current account | 700 | 232 | 287 |
| Deposits retained from domestic reinsurers | 34 | 135 | 15 |
| Lease rentals | 9 | 4 | 58 |
| Contributions on transactions | 4 | 29 | 6 |
| Fines, sanctions, indemnities, litigations, and lawsuits | 1 | 3,707 | - |
| Insurance premiums | - | - | 74,598 |
| | **1,312,252** | **1,133,560** | **1,145,078** |

(*) Miscellaneous trade payables mainly include installments on retirement pensions, uncashed issued checks, mandatory road insurance clearing houses, premiums payable on ceded coinsurance, and insurance, etc.

The following is a breakdown of accounts payable per country:

| Country | 2015 | 2014 | January 01, 2014 |
|---|---|---|---|
| Chile | 206,218 | 214,333 | 175,076 |
| Colombia | 759,661 | 665,074 | 620,034 |
| Spain | 403 | 65 | - |
| Holland | 38 | 146 | - |
| Mexico | 38,405 | 39,945 | 19,929 |
| Panama | 82,293 | 29,853 | 21,661 |
| Peru | 129,900 | 99,136 | 231,382 |
| Dominican Republic | 65,709 | 59,229 | 49,872 |
| El Salvador | 27,886 | 24,525 | 16,781 |
| Uruguay | 1,720 | 1,223 | 10,343 |
| Curacao | 19 | 31 | - |
| **Total** | **1,312,252** | **1,133,560** | **1,145,078** |

The following is a breakdown of accounts receivable per company:

| 2015 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Commissions and fees | - | 2,081 | 102,957 | 57 | - | 105,095 |
| Costs and expense payable | 609 | 59,405 | - | 3,619 | 188 | 63,820 |
| Lease rentals | - | - | - | 9 | - | 9 |
| Contributions on transactions | - | 4 | - | - | - | 4 |
| Deposits received | - | 1,663 | - | - | - | 1,663 |
| Suppliers and services payable | 60,448 | 114,336 | 58,095 | 10,029 | 3,029 | 245,937 |
| Contributions, membership fees and transfers | - | 44,091 | - | - | - | 44,091 |
| Withholdings and payroll contributions | 476 | 40,424 | 19,589 | 1,466 | 62 | 62,016 |
| Fines, sanctions, indemnities, litigations, and lawsuits | - | - | 1 | - | - | 1 |
| Accounts payable due to insurance firms | - | - | 24,710 | - | - | 24,710 |
| Foreign ceding companies - current account | - | 700 | - | - | - | 700 |
| Accepting co-insurers - current account | - | 3,221 | - | - | - | 3,221 |
| Ceding co-insurers - current account | - | 19,064 | - | - | - | 19,064 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Obligations in favor of life insurance policy-holders | - | - | 19,631 | - | - | 19,631 |
| Policy issuing deposits | - | 24,408 | - | - | - | 24,408 |
| Dividends due to life insurance policy-holders | - | 2,337 | - | - | - | 2,337 |
| Domestic reinsurers - current account | - | 648 | 15,603 | - | - | 16,251 |
| Deposits retained from domestic reinsurers | - | 34 | - | - | - | 34 |
| Foreign reinsurers - current account | - | 280,364 | - | - | - | 280,364 |
| Settled claims pending payment | - | 72,204 | - | - | - | 72,204 |
| Worker compensation system | - | 31,060 | - | - | - | 31,060 |
| Brokerage obligations | - | 64,215 | 7,182 | - | - | 71,397 |
| Miscellaneous | - | 91,229 | 132,966 | 41 | 1 | 224,236 |
| | **61,532** | **851,486** | **380,734** | **15,221** | **3,279** | **1,312,252** |

| **2014** | **Grupo Sura** | **Suramericana and Subsidiaries** | **Sura Asset Management and Subsidiaries** | **Integradora de Servicios Tercerizados and Subsidiaries** | **Others** | **Total** |
|---|---|---|---|---|---|---|
| Costs and expense payable | - | 1,833 | 98,356 | 196 | - | 100,386 |
| Lease rentals | 756 | 63,123 | - | 2,559 | 327 | 66,765 |
| Contributions on transactions | - | - | - | 4 | - | 4 |
| Deposits received | - | 29 | - | - | - | 29 |
| Suppliers and services payable | - | 447 | - | - | - | 447 |
| Contributions, membership fees and transfers | 364 | 91,703 | 46,833 | 8,295 | 20 | 147,215 |
| Withholdings and payroll contributions | - | 36,935 | - | - | - | 36,935 |
| Fines, sanctions, indemnities, litigations, and lawsuits | 703 | 35,300 | 15,801 | 1,325 | 37 | 53,166 |
| Accounts payable due to insurance firms | - | - | 3,707 | - | - | 3,707 |
| Foreign ceding companies - current account | - | - | 19,244 | - | - | 19,244 |
| Accepting co-insurers - current account | - | 232 | - | - | - | 232 |
| Ceding co-insurers - current account | - | 1,123 | - | - | - | 1,123 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Obligations in favor of life insurance policy-holders | - | 11,520 | - | - | - | 11,520 |
| Policy issuing deposits | - | - | 13,625 | - | - | 13,625 |
| Dividends due to life insurance policy-holders | - | 9,228 | - | - | - | 9,228 |
| Domestic reinsurers - current account | - | 2,066 | - | - | - | 2,066 |
| Deposits retained from domestic reinsurers | - | 3,457 | 14,097 | - | - | 17,554 |
| Foreign reinsurers - current account | - | 135 | - | - | - | 135 |
| Settled claims pending payment | - | 284,340 | - | - | - | 284,340 |
| Worker compensation system | - | 71,343 | 1,053 | - | - | 72,395 |
| Brokerage obligations | - | 29,402 | - | - | - | 29,402 |
| Miscellaneous | - | 39,186 | 8,344 | - | - | 47,531 |
| Diversas | - | 80,840 | 135,618 | 54 | 1 | 216,513 |
| | **1,822** | **762,241** | **356,679** | **12,433** | **385** | **1,133,560** |

| **January 1,2014** | **Grupo Sura** | **Suramericana and Subsidiaries** | **Sura Asset Management and Subsidiaries** | **Integradora de Servicios Tercerizados and Subsidiaries** | **Others** | **Total** |
|---|---|---|---|---|---|---|
| Commissions and fees | - | 1,330 | 549 | 309 | - | 2,188 |
| Costs and expense payable | 2,191 | 47,165 | 258,436 | 3,043 | 282 | 311,117 |
| Lease rentals | - | - | - | 58 | - | 58 |
| Contributions on transactions | - | 6 | - | - | - | 6 |
| Deposits received | - | 673 | - | - | - | 673 |
| Suppliers and services payable | 1,050 | 85,463 | 24,962 | 13,224 | 48 | 124,747 |
| Contributions, membership fees and transfers | - | 30,411 | - | - | - | 30,411 |
| Withholdings and payroll contributions | 732 | 38,115 | 14,262 | 1,341 | 36 | 54,486 |
| Insurance premiums | 48,225 | - | 26,373 | - | - | 74,598 |
| Foreign ceding companies - current account | - | 287 | - | - | - | 287 |

# NOTE 21

| | | | | | | |
|---|---|---|---|---|---|---|
| Accepting co-insurers - current account | - | 1,563 | - | - | - | 1,563 |
| Ceding co-insurers - current account | - | 10,196 | 68 | - | - | 10,264 |
| Policy issuing deposits | - | 3,152 | - | - | - | 3,152 |
| Dividends due to life insurance policy-holders | - | 1,063 | - | - | - | 1,063 |
| Domestic reinsurers - current account | - | 1,957 | - | - | - | 1,957 |
| Deposits retained from domestic reinsurers | - | 15 | - | - | - | 15 |
| Foreign reinsurers - current account | - | 234,625 | 34,755 | - | - | 269,380 |
| Settled claims pending payment | - | 56,111 | 69,958 | - | - | 126,069 |
| Worker compensation system | - | 24,722 | - | - | - | 24,722 |
| Brokerage obligations | - | 33,970 | 5,220 | - | - | 39,190 |
| Miscellaneous | - | 64,193 | 4,906 | 34 | - | 69,133 |
| | **52,198** | **635,016** | **439,489** | **18,009** | **366** | **1,145,078** |

## EMPLOYEE BENEFITS

Grupo Sura's employee benefits are broken down as follows:

| | Note | 2015 | 2014 | January 1,2014 |
|---|---|---|---|---|
| Short term | 21.1 | 243,140 | 219,288 | 158,137 |
| Long term | 21.2 | 33,854 | 25,694 | 16,626 |
| Post-employment | 21.3 | 58,717 | 53,628 | 49,754 |
| | | **335,711** | **298,610** | **224,517** |

Current and non-current employee benefits are shown as follows:

| | 2015 | 2014 | January 01, 2014 |
|---|---|---|---|
| Current | 243,141 | 219,289 | 158,137 |
| Non-current | 92,570 | 79,321 | 66,380 |
| | **335,711** | **298,610** | **224,517** |

### 21.1.Short-term benefits

Grupo de Inversiones Suramericana's short-term benefits include:

a) Mandatory social security and employment benefits: accruing on a monthly basis according to the legal regulations of each country. Payments are made in accordance with applicable legislation.

b) Short-term Performance Incentives: accruing on a monthly basis using estimated percentages of performance compliance. These are paid every year in March to all those employees entitled to such incentives, after being evaluated in terms of their achieving the predefined targets and to the extent that corporate objectives have been attained.

c) Other employee benefits: including vacation and Christmas bonuses, as well as extra-legal seniority bonuses that are recognized as expense as the service or benefit is provided.

Short-term benefits are broken down as follows:

| Short term | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Salaries/Wages | 4,496 | 8,689 | 3,320 |
| Severance payments | 30,750 | 26,500 | 22,114 |
| Interest on severance payments | 3,429 | 2,959 | 2,553 |
| Vacation bonus | 39,305 | 28,931 | 35,492 |
| Extra-legal bonus | 609 | 304 | 2,711 |
| Bonuses | 33,236 | 29,042 | 4,256 |
| Other short-term benefits | 131,316 | 122,864 | 87,691 |
| | **243,141** | **219,289** | **158,137** |

### 21.2. Long term benefits

The following table contains the long-term benefits provided by Grupo de Inversiones Suramericana:

- Seniority bonus: this benefit is paid to employees for every five years of service and ranges between 18 and 44 days of their salaries or wages, based on the actual number of years of service provided. These payments are based on the following seniority benefit scale:

| Years of service | Days Salary |
|---|---|
| 5 | 18 |
| 10 | 29 |
| 15 | 34 |

| | |
|---|---|
| 20,25,30 y 35 | 44 |

- **Performance bonus:** the Group´s performance incentive system recognizes the efforts of all employees in achieving the Company's goals and continuing to provide capital gain. This system is governed by its own rules and regulations, as summarized below:

  **General terms and conditions:** general policies, defined performance levels and procedures and governance.

  **Measurement system - performance indicators:** it is essential to have an appropriate framework of performance indicators, while ensuring that these are clearly defined, measurable and achievable. These indicators are decided at the beginning of each year in keeping with the Company's strategic planning, along with the various activities and human skills required to achieve the Company's goals. This includes the corresponding measurement period, performance assessments and monitoring as well as any adjustments required to the indicators thus defined.

  **Payment system:** this is conditional on fulfilling the performance indicators set and obtaining the approval of the Appointment and Remuneration Committee. The remuneration framework is defined according to each level.

- **Productivity bonus for sales personnel:** this bonus is given every five years if and when the employee in question fulfills the minimum average sales commissions that appear on the following table:

| Period of Service (in years) | % Bonus | Average Minimum (basic monthly wages) |
|---|---|---|
| 5 | 45% | 9 |
| 10 | 45% | 12 |
| 15 | 45% | 14 |
| 20 | 45% | 16 |
| 25 | 45% | 18 |
| 30 | 45% | 21 |
| 35 and every additional five-year period | 45% | 24 |

- **Severance payments and corresponding interest payable on the part of the Company:** this corresponds to the severance payments together with the interest accruing, which the Company owes to all those employees and sales and customer care staff covered under the previous employment regime (Law 50, 1990).

The following are the long-term benefits offered by Grupo SURA:

| | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Seniority bonus | Performance bonus | 5,840 | 4,792 |
| Performance bonus | Retroactive severance payments | 14,802 | 6,957 |
| Retroactive severance payments | Productivity bonus | 4,736 | 4,599 |
| Productivity bonus | 769 | 316 | 278 |
| | **33,854** | **25,694** | **16,626** |

The movements recorded in Grupo SURA's long-term employee benefit account are shown as follows:

| | Bonus bank | Retroactive severance payments | Seniority bonus | Productivity bonus | Total |
|---|---|---|---|---|---|
| **Present value of obligations on January 1,2014** | **6,957** | **4,599** | **4,792** | **278** | **16,626** |
| Re-measurements | 4,504 | 152 | 2,510 | (4) | 7,162 |
| Financial assumptions | (36) | (15) | (36) | (1) | (88) |
| Plan-based payments | (70) | - | (1,426) | 43 | (1,453) |
| Upcoming payments | 3,447 | - | - | - | 3,447 |
| **Present value of obligations at December 31, 2014** | **14,802** | **4,736** | **5,840** | **316** | **25,694** |
| Re-measurements | 10,084 | 1,523 | 2,050 | 529 | 14,187 |
| Financial assumptions | (147) | (34) | (415) | (14) | (610) |
| Plan-based payments | (3,543) | - | (1,283) | (62) | (4,888) |
| Upcoming payments | (528) | - | - | - | (528) |
| **Present value of obligations at December 31, 2015** | **20,668** | **6,225** | **6,192** | **769** | **33,854** |

The main actuarial assumptions used to determine liabilities corresponding to defined long-term benefit plans are as follows:

| | Bonus bank | | | Seniority bonus | | | Retroactive severance payments | | | Productivity bonus | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | January 1,2014 | 2015 | 2014 | January 1,2014 | 2015 | 2014 | January 1,2014 | 2015 | 2014 | January 1,2014 |
| Discount rate (%) | 10-year CeC* rate in pesos: 8.7% | 10-year CeC* rate in pesos: 6.9% | 10-year CeC* rate in pesos: 6.8% | 10-year CeC* rate in pesos: 8.7% | 10-year CeC* rate in pesos: 6.9% | 10-year CeC* rate in pesos: 6.8% | 10-year CeC* rate in pesos: 8.7% | 10-year CeC* rate in pesos: 6.9% | 10-year CeC* rate in pesos: 6.8% | 10-year CeC* rate in pesos: 8.7% | 10-year CeC* rate in pesos: 6.9% | 10-year CeC* rate in pesos: 6.8% |
| Annual salary increase (%) | --- | --- | --- | 5% | 5% | 5% | ´--- | ´--- | ´--- | ´--- | ´--- | ´--- |
| Annual inflation rate (%) | 3% | 4% | 3% | 3% | 4% | 3% | 3% | 4% | 3% | 3% | 4% | 3% |
| Survival tables | | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table |

The following table shows the sensitivity of 1% changes to the discount and inflation rates regarding the benefits corresponding to the bonus bank and seniority bonus; plus a 1% wage increase on seniority bonuses and retroactive severance payments:

| | Bonus bank | | | | Retroactive severance payments | | | | Seniority bonus | | | | Productivity bonus | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Discount rate | | Inflation rate | | Discount rate | | Salary increase | | Discount rate | | Salary increase | | Discount rate | | Inflation rate | |
| | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease |
| Value of the obligation | 17,563 | 17,939 | 17,881 | 17,228 | 5,288 | 5,349 | 5,349 | 5,287 | 5,942 | 6,468 | 6,446 | 5,959 | 748 | 791 | 811 | 732 |

### 21.3. Post-employment benefits

The following table contains the post-employment benefits provided by Grupo de Inversiones Suramericana:

- Retirement bonus: corresponding to a lump sum which the Company provides members of its senior management when they retire.
- Retirement pensions: this payment is awarded to all those employees who reach retirement age and is directly paid by the Company.

The following are the post-employment benefits offered by Grupo SURA:

| | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Retirement bonus | 42,943 | 37,065 | 32,119 |
| Retirement pensions | 15,774 | 16,563 | 17,635 |
| | **58,717** | **53,628** | **49,754** |

#### 21.3.1. Defined benefit plans

The following table shows the movements corresponding to Grupo Sura's post-employment benefits:

| | Retirement bonus | Retirement pension | Total |
|---|---|---|---|
| **Value of the obligation at January 1,2014** | **32,119** | **17,635** | **49,754** |
| Present cost of service | 1,277 | - | 1,277 |
| Interest income (expense) | 1,952 | 980 | 2,932 |
| Re-measurements | 269 | - | 269 |
| Actuarial gains or losses due to changes in: Financial assumptions | (2,235) | (217) | (2,452) |
| Actuarial gains or losses due to changes in: Actuarial assumptions (Note 27.2) | (190) | - | (190) |
| Past cost of service | 3,974 | - | 3,974 |
| Plan-based payments | (101) | (1,835) | (1,936) |
| **Value of the obligation at December 31, 2014** | **37,065** | **16,563** | **53,628** |
| Present cost of service | 1,379 | - | 1,379 |
| Interest income (expense) | 2,422 | 918 | 3,340 |
| Re-measurements | 1,694 | - | 1,694 |
| Actuarial gains or losses due to changes in: Financial assumptions | (564) | 230 | (334) |
| Actuarial gains or losses due to changes in: Actuarial assumptions (Note 27.2) | (544) | - | (544) |
| Past cost of service | 1,609 | - | 1,609 |
| Plan-based payments | (117) | (1,938) | (2,055) |
| **Value of the obligation at December 31, 2015** | **42,944** | **15,773** | **58,717** |

The main actuarial assumptions used to determine liabilities corresponding to defined benefit plans are as follows:

| | Senior Management retirement bonus | | | Retirement pension | | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | January 1,2014 | 2015 | 2014 | January 01, 2014 |
| Discount rate (%) | 10-year CeC rate in pesos: 8.7% | 10-year CeC rate in pesos: 6.9% | 10-year CeC rate in pesos: 6.8% | 7.79% | 6.28% | 6.20% |
| Annual salary increase (%) | --- | --- | --- | 3.50% | 2.41% | 2.99% |
| Annual inflation rate (%) | 3.00% | 4% | 3% | 3.50% | 2.41% | 2.99% |
| Survival tables | Own turnover table | Own turnover table | Own turnover table | RV08 | RV08 | RV08 |

The following table shows the effect of 1% change in the inflation rate, a 1% change in the discount rate and a 1% increase in the future pension rate:

| | Senior Management retirement bonus | | Retirement pension | |
|---|---|---|---|---|
| | Discount rate | Inflation rate | Discount rate | Inflation rate |

| | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease | +1 Increase | - 1 Decrease |
|---|---|---|---|---|---|---|---|---|
| Post-employment Benefit | 42,698 | 43,194 | 20,581 | 20,408 | 15,698 | 15,850 | 15,812 | 15,736 |
| Change due to variable sensitivity (*) | 246 | (250) | 22,363 | 22,535 | 75 | (77) | (39) | 37 |

(*) The effect of the variation is the result of a higher or lower value of the obligations and its counterpart in other comprehensive results (if the sensitivity is measured on actuarial variables) or the income statement (for the other variables).

**21.3.2 Defined contribution plans**

Grupo Sura's defined contribution plans were recognized in the income statement for 2015 as an expense amounting to COP 33,311 million (2014: COP 30,614 million).

**21.4. Employee benefit expense**

The following table shows a breakdown of the expense incurred related to employee benefits for the years 2015 and 2014:

| | 2015 | 2014 |
|---|---|---|
| Salaries and wages | 421,598 | 345,108 |
| Commissions | 177,449 | 156,810 |
| Bonuses | 142,762 | 132,036 |
| Other employee benefits | 105,385 | 91,460 |
| Integrated salary | 84,996 | 77,319 |
| Legal bonuses | 54,443 | 40,849 |
| Pension contributions | 33,311 | 30,614 |
| Vacation bonus | 28,871 | 23,659 |
| Health care contributions | 25,623 | 21,800 |
| Contributions to family welfare and apprentice institutes | 23,988 | 19,822 |
| Indemnities | 22,545 | 21,062 |
| Severance payments | 19,822 | 16,048 |
| Vacation bonuses | 19,389 | 17,008 |
| Extra-legal bonus | 14,679 | 11,906 |
| Personnel training | 13,375 | 11,345 |
| Meal subsidies | 7,928 | 6,823 |
| Severance payments - agents | 7,166 | 5,658 |
| Employee profit-sharing plans | 7,026 | 7,219 |
| Other employee benefit expense | 17,589 | 14,175 |
| | **1,227,944** | **1,050,722** |



## NOTE 22

## OTHER NON-FINANCIAL LIABILITIES

The Other Non-Financial Liability account is broken down as follows:

| | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Deferred income liabilities (DIL) (2) | 173,057 | 142,009 | 107,076 |
| Commissions (1) | 150,736 | 139,625 | 120,714 |
| Others | 46,078 | 19,877 | 18,542 |
| Surpluses from premiums | 17,777 | 11,414 | 12,949 |
| Insurance premium deposits | 7,616 | 1,406 | - |
| | **395,264** | **314,331** | **259,281** |

(1) The commission costs thus recorded correspond to obligations owing to insurance brokers
(2) Since Mandatory Pension Savings entail certain administrative costs, even when no management fees are received, a provision for deferred income (DIL) is established due to the fact that the Company is entiteled to the corresponding fee.

The purpose of DIL is to be able to defer income received from fund members in all those periods in which fund members become non-contributors or pensioners who by law cannot be charged for the management of their funds and/or pension payments because when fund members become non-contributors they do not generate any income to meet the costs. So, this provision remains in place while the company collects the corresponding amounts and is released as future costs are incurred.

### METHODOLOGY FOR CALCULATING DIL

This provision is calculated at least every quarter, in the currency in which the Company's collections and obligations are denominated. In the case of all those subsidiaries in which the provision is calculated on an inflation-indexed unit of account, said provision is re-stated in the country´s legal Currency using the applicable exchange rate between the currency in question and the inflation-index unit rate on the closing date of the balance sheet or at the end of each month.

This provision is calculated on the basis of the estimated cost of non-contributing fund members as well as members who have already been pensioned off and who cannot be charged for the management of their funds and/or the pension payment, discounted using the AAA rated corporate bond rate with no prepayment option.

The following table contains the movements recorded in the DIL account:

# NOTE 23

| | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Total |
|---|---|---|---|
| **Balance at January 1,2014** | **60,543** | **46,533** | **107,076** |
| Provision set up | 141,018 | 1,182 | 142,200 |
| Amortization (Note 30.1) | (114,676) | (236) | (114,912) |
| Translation differences | 2,440 | 5,205 | 7,645 |
| **Balance at December 31, 2014** | **89,325** | **52,684** | **142,009** |
| Provision set up | 174,689 | 54 | 174,743 |
| Amortizations | (152,872) | (2,937) | (155,809) |
| Translation differences | 5,414 | 6,701 | 12,115 |
| **Balance at December 31, 2015** | **116,556** | **56,501** | **173,057** |

## PROVISIONS AND CONTINGENT LIABILITIES

### 23.1. Provisions

The following table shows the current and non-current provisions set up by Grupo SURA:

| | Lawsuits | Others | Total |
|---|---|---|---|
| Current | - | 14,620 | 14,620 |
| Non-current | 75,342 | 27,802 | 103,144 |
| **Carrying value at December 31, 2014** | **75,342** | **42,422** | **117,765** |
| Current | - | 15,043 | 15,043 |
| Non-current | 21,555 | 41,805 | 63,360 |
| **Carrying value at December 31, 2015** | **21,555** | **56,848** | **78,403** |

The following is a reconciliation of the provisions set up on lawsuits and litigations brought or defended by Grupo SURA on the reporting date:

| Provisions for litigation and lawsuit expense | Chile | Mexico | Uruguay | Colombia | Total |
|---|---|---|---|---|---|
| **Balance at January 1,2014** | **-** | **-** | **-** | **74,573** | **74,573** |
| New provisions and additions | 38 | 2,318 | - | 4,172 | 6,529 |
| Amounts used | - | - | - | (5,453) | (5,453) |
| Translation differences | - | (239) | - | (67) | (307) |
| **Closing balance - December 31, 2014** | **38** | **2,079** | **-** | **73,225** | **75,342** |
| New provisions and additions | - | 8,239 | 63 | 1,769 | 10,071 |
| Amounts used | (50) | - | - | (72,620) | (72,670) |
| Translation differences | 12 | (444) | (6) | 9,251 | 8,812 |
| **Closing balance - December 31, 2015** | **-** | **9,874** | **57** | **11,625** | **21,555** |



Grupo SURA's general provisions on the reporting date are shown below:

| Other general provisions | Chile | Mexico | Peru | Uruguay | El Salvador | Colombia | Total |
|---|---|---|---|---|---|---|---|
| **Balance at January 1,2014** | **6,881** | **2,414** | **4,480** | **2,863** | **-** | **18,919** | **35,557** |
| New provisions and additions | - | - | - | 2,634 | 2 | 8,467 | 11,103 |
| Amounts used | (38) | (2,318) | (5,362) | - | - | (2,416) | (10,134) |
| Translation differences | 1,060 | 514 | 1,073 | 417 | - | 2,833 | 5,896 |
| **Closing balance - December 31, 2014** | **7,902** | **610** | **191** | **5,914** | **2** | **27,802** | **42,422** |
| New provisions and additions | - | 3,187 | 88 | 13,760 | - | 14,503 | 31,538 |
| Amounts used | (4,422) | - | - | (14,119) | - | (206) | (18,747) |
| Translation differences | 1,401 | (197) | 20 | 441 | 1 | (31) | 1,634 |
| **Closing balance - December 31, 2015** | **4,882** | **3,600** | **299** | **5,997** | **3** | **42,068** | **56,848** |

In December 2015, Sura Asset Management S.A. analyzed the feasibility of a bank guarantee set up in 2013 (recorded in 2014 for a value of COP 62,144 million, USD 25,975) in favor of Protección for the purpose of covering any obligations arising for said Company, regarding the shares that ING Colombia previously held in the now defunct stock brokerage firm, Interbolsa S.A., which was officially placed under the administration of the Colombian Superintendency of Finance. When ING Colombia subsequently merged with Protección, the latter received said shares. Also, the applicability of this contingency, as recorded in books, was also assessed given the likelihood of having to repay Protección´s fund members at a later stage for the loss of funds corresponding to the stake held in Interbolsa S.A.

In the light of this analysis and together with the confirmations received from the lawyers in charge of the case, the Company concluded that the probability of having to pay out compensation to Proteccion's fund members was low and therefore the provision was reversed and the corresponding bank guarantee was canceled in full.

Provisions for lawsuit and litigation expense set up by SURA Asset Management S.A. in México mainly correspond to SAR (Retirement Savings System) lawsuits for COP 4,548 million (USD 1,444) and labor lawsuits amounting to another COP 4,793 million (USD 1,522). The Other Provisions account contains the CONSAR Santander fines, among other similar items.

In Uruguay, SURA Asset Management S.A. has also set up other general provisions to cover miscellaneous expenditures that had not been invoiced at year-end.

In the case of Chile, other general provisions correspond mainly to surrendered lapsed policies in the amount of COP 4,793 million (USD 1,484).

Integradora de Servicios Tercerizados S.A. made a provision for the dismantling under the Banco Agrario agreement of the equipment and facilities at the end of the agreement, which is expected to be in 2018. Transportation and services to dismantle the equipment of 800 facilities of Banco Agrario in different areas of the country were estimated. Hence, the uncertainty lies on price changes of the transportation and others which may rise during the dismantling.

### 23.2. Financial liabilities

- On November 27, 2014, the Company was notified of Resolution No. 230-005278 issued by the Colombian Superintendency of Companies, imposing a fine of COP 886 million for the late filing of a Colombian Replacement Investment Abroad, as part of the restructuring which took place in 2011. The Company decided to challenge this fine and filed the corresponding appeal, in response to which the Colombian Superintendency of Companies issued Resolution No.0301002903 notifying that said fine was reduced to COP 93 million, which was promptly paid on September 29, 2015.

- On March 12, 2015, the Company was notified of certain special requirements issued by the Colombian Tax Authorities (DIAN), relating to the Company's income tax returns for the fiscal years of 2009, 2010, 2011, 2012, 2013, consisting of amending the Company´s own tax settlements drawn up for said years. The Company filed a response to these requirements alongside corrections of the income statements discussed above, paying a total of COP 6.674 million as a penalty for inaccuracy within the legal terms prescribed for such, and this is currently going through the corresponding administrative channels, as stipulated by current legislation.

  The Company's legal advisors, based on their analysis of the case, have concluded that the probability of obtaining an adverse ruling is remote.

- On July 6, 2015, a notice was published in the Official Gazette by which the investigating ~~authority of the Federal Competition Commission (COFECE, for its name in Spanish) in~~ Mexico reported the launch of an official investigation regarding possible monopolistic practices in the Mexican pension fund management sector.

  On the date on which these financial statements were issued, COFECE had neither completed its investigation nor announced any initial findings with such.

- The Group must also set up a guarantee in favor of the Peruvian Banking, Insurance and Pension Fund Superintendency by means of a joint, unconditional, irrevocable and automatically enforceable letter of guarantee from any reputable local or foreign bank at the beginning of each calendar quarter for an amount no less than 0.5 per cent of the value of each fund, less the value of the reserve requirement as calculated on the last day of the previous quarter and for a term of at least 95 calendar days. At year-end 2015 and 2014, these bank guarantee letters totaled COP 262,165 million (USD 83,241) and COP 190,540 million USD 79,642, respectively.

- Grupo de Inversiones Suramericana considers a legal contingency as being all those legal proceedings for which the probable of a favorable outcome has been set at medium to low by the Company's legal advisors. Legal contingencies at December 31, 2015 came to a total value of COP 48,715 million.



## NOTE 24

## ISSUES OF SECURITIES

Below is a breakdown of the securities issued by Grupo SURA:

| | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Bonds outstanding (1) | 3,428,724 | 2,817,661 | 820,035 |
| Preferred shares (2) | 208,780 | 204,567 | 305,971 |
| | **3,637,504** | **3,022,228** | **1,126,006** |

(1) Bonds outstanding:

- In April 2014, SURA Asset Management, through its subsidiary, Sura Asset Management Finance B.V., placed an issue of bonds worth USD 500 million at a fixed, 10-year rate of 4.875% (T+230 bp) obtaining bids for 8.6 times the amount offered.

- On May 7, 2014, Grupo de Inversiones Suramericana S.A. issued on the local bond markets a total of COP 650,000 in ordinary bonds divided into four tranches, the first three earning CPI-indexed coupon rates payable every quarter and the fourth earning an IBR-indexed coupon rate payable on a monthly basis.

  - a 5-year tranche for a total value of COP 103,278 bearing an interest rate equal to the CPI+ +3.24%;
  - a 9-year tranche totaling COP 223,361 bearing an interest rate equal to the CPI + +3.08%;
  - a 16-year tranche for a total value of COP 100,000 bearing an interest rate equal to the CPI+ 4.15%; and
  - A 2-year tranche for a total value of COP 223,361 bearing an IBR-indexed interest rate + 1.20%.

- On May 11, 2011, our subsidiary, Grupo SURA Finance placed on the international capital markets an issue of ordinary bonds worth USD 300 million, or COP 578,049 million, for a term of ten years. This issue was guaranteed in its entirety by Grupo de Inversiones Suramericana S.A, in its capacity as Parent Company.

- On November 25, 2009, Grupo de Inversiones Suramericana S.A. issued on the local bond market a total of COP 250,000 in ordinary bonds divided into three tranches all earning CPI-indexed coupon rates payable on a quarterly basis:

  - a 10-year tranche for a total value of COP 54,500 bearing an interest rate equal to the CPI+ +4.40%;
  - a 20-year tranche totaling COP 98,000 bearing an interest rate equal to the CPI + +5.90%; and
  - a 40-year tranche in the amount of COP 97,500 bearing an interest rate equal to the CPI + +6.98%.

(2) Preferred shares

## NOTE 25

On 29 November 2011, Grupo SURA placed an issue of 106,334,963 preferred shares worth COP 32,500; as of the corresponding date of issue and for a period of three years thereafter, a quarterly dividend of 3% Effective Annual Rate ("E.A.R") was paid on the value of said issue. As of 2015, a quarterly dividend of 0.5% E.A.R. had been paid on the issue´s total value.

Movements in the Company's debt securities at year-end 2015 and 2014 are as follows:

| | Bonds | Preferred shares | Total |
|---|---|---|---|
| **Balance at January 1,2014** | **820,035** | **305,971** | **1,126,006** |
| New issues | 1,849,713 | - | 1,849,713 |
| Interest payments | (40,911) | (122,396) | (163,307) |
| Recognized interest | 26,763 | 20,992 | 47,755 |
| Exchange differences | 162,060 | - | 162,060 |
| **Balance at December 31, 2014** | **2,817,660** | **204,567** | **3,022,227** |
| Interest payments | (49,337) | (12,960) | (62,297) |
| Recognized interest | 17,613 | 17,173 | 34,786 |
| Exchange differences | 642,788 | - | 642,788 |
| **Balance at December 31, 2015** | **3,428,724** | **208,780** | **3,637,504** |

## SHAREHOLDERS´ EQUITY

### 25.1. Issued capital

The Company's authorized capital consists of 600,000,000 shares each with a nominal value of COP 187.50. It's subscribed and paid-capital at year-end 2015 and 2014, respectively consisted of 575,372,223 shares.

| | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Authorized share capital | 600,000,000 | 600,000,000 | 600,000,000 |
| | | | |
| **Subscribed and paid-in capital** | | | |
| Ordinary shares at a nominal value of COP 187.50. | 469,037,260 | 469,037,260 | 469,037,260 |
| Non-voting, preferred shares at a nominal value of COP 187.50. | 106,334,963 | 106,334,963 | 106,334,963 |
| **Total shares** | **575,372,223** | **575,372,223** | **575,372,223** |

### 25.2. Reserves

The reserves held by Grupo SURA are shown as follows:

| | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Statutory (1) | 138,795 | 138,795 | 138,795 |
| Occasional (2) | 4,463,664 | 4,039,071 | 3,517,275 |
| **Total share capital** | **4,602,459** | **4,177,866** | **3,656,070** |

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

**2. 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.

### 25.3. Share premium

The balance of the share premium account is broken down as follows:

| | |
|---|---|
| **Initial balance** | **3,769,548** |
| Value of liability upon initial recognition of preferred shares | (436,661) |
| Share issue costs (proportional to stated capital) | (37,647) |
| Share premium - tax benefit | 12,424 |
| **Balance of share premium.** | **3,307,663** |

**Approach used to measure preferred dividends:**

**Projecting the value of quarterly dividends**

## NOTE 26

- The dividend paid in April 2012 came to COP 325 per share, corresponding to the payment due on December 2011 (1 month at COP 81 per share) and the first quarter of 2012 (COP 244 per quarter per share).

- In 2014 a quarterly dividend was paid equal to a 3% Effective Annual Rate ("E.A.R.") on the price of the issue.

- Since 2015, a quarterly dividend equal to a 0.5% E.A.R. has been paid on the value of this issue.

- In the specific case of January 2015, the Company paid the value corresponding to two months of the quarterly dividend at a 3% E.A.R + a one-month dividend at a 0.5% E.A.R.

**Discounting flows**

In order to discount the flows of projected quarterly dividends, Grupo SURA used the CPI AAA curve (over 41 years) curve obtained from PIP Latam.

Perpetuity is assumed as of year 41 at a rate of 8.97% (based on the CPI AAA curve). No growth (gradient = 0) is assumed.

The result of this exercise is the sum of the present value of cash flows (quarterly dividends paid) until the year 41 plus the value of the perpetuity.

### DIVIDENDS, DECLARED AND PAID

The following table contains a breakdown of the Company´s list of shareholders structure at December 31 2015, based on the data recorded in the stock ledger:

| | 2015 | | 2014 | | January 1,2014 | |
|---|---|---|---|---|---|---|
| Shareholder | No. shares | % Stake | No. shares | % Stake | No. shares | % Stake |
| Grupo Argos S.A. | 137,014,853 | 23.81% | 140,018,149 | 24.34% | 145,839,723 | 25.35% |
| Grupo Nutresa S.A. | 59,387,803 | 10.32% | 59,387,803 | 10.32% | 59,387,803 | 10.32% |
| Fondo de Pensiones Obligatorias Colfondos Moderado | 53,227,316 | 9.25% | 58,230,450 | 10.12% | 36,867,557 | 6.41% |
| Fondo de Pensiones Obligatorias Colfondos Moderado | 46,833,308 | 8.14% | 46,481,461 | 8.08% | 46,715,922 | 8.12% |
| Cementos Argos S.A. | 28,183,262 | 4.90% | 28,183,262 | 4.90% | 28,183,262 | 4.90% |
| Oppenheimer Developing Markets Fund | 17,689,539 | 3.07% | 14,733,486 | 2.56% | - | 0.00% |
| Fondo de Pensiones Obligatorias Colfondos Moderado | 16,376,238 | 2.85% | 17,710,846 | 3.08% | 18,085,843 | 3.14% |
| Harbor International Fund | 16,186,666 | 2.81% | - | 0.00% | - | 0.00% |
| Colombiana de Comercio S.A. Corbeta y/o Alkosto S.A. | 9,178,289 | 1.60% | 9,178,289 | 1.60% | 9,451,033 | 1.64% |
| Old Mutual Fondo de Pensiones Obligatorias Moderado | 6,822,853 | 1.19% | - | 0.00% | - | 0.00% |
| Fondo Bursatil Ishares Colcap | 6,401,500 | 1.11% | 9,466,074 | 1.65% | 10,259,312 | 1.78% |
| Vanguard Emerging Markets Stock Index Fund | 5,752,182 | 1.00% | 6,285,153 | 1.09% | 6,045,701 | 1.05% |
| Other shareholders with stakes of less than 1% | 172,318,414 | 29.95% | 171,073,265 | 29.73% | 167,087,125 | 29.04% |
| Celsia S.A. E.S.P. | - | 0.00% | 8,341,163 | 1.45% | 10,424,971 | 1.81% |
| Fondo de Pensiones Obligatorias Skandia S.A. | - | 0.00% | 6,282,822 | 1.09% | 6,849,945 | 1.19% |
| Fondo de Pensiones Horizonte | - | 0.00% | - | 0.00% | 22,929,152 | 3.99% |
| UBS AG London Branch | - | 0.00% | - | 0.00% | 7,244,874 | 1.26% |
| **Total shares outstanding** | **575,372,223** | **100.00%** | **575,372,223** | **100.00%** | **575,372,223** | **100.00%** |
| Subscribed and paid-in capital | 575,372,223 | | 575,372,223 | | 575,372,223 | |
| Nominal share value: | 187.50 | | 187.50 | | 187.50 | |

The following table contains the dividends paid and declared at the cut-off date of the separate financial statements:

## NOTE27

| | Grupo Sura | Others (1) | Total |
|---|---|---|---|
| **At January 1,2014** | **92,816** | **666** | **93,482** |
| Ordinary dividends | 182,925 | - | 182,925 |
| Preferred dividends | 72,574 | - | 72,574 |
| Payments on ordinary shares | (176,995) | - | (176,995) |
| Payments on preferred shares | (103,677) | - | (103,677) |
| Taxes / others | (19) | (394) | (413) |
| **At December 31, 2014** | **67,624** | **272** | **67,896** |
| Ordinary dividends | 197,934 | - | 197,934 |
| Preferred dividends | 44,873 | - | 44,873 |
| Payments on ordinary shares | (194,056) | - | (194,056) |
| Payments on preferred shares | (54,390) | - | (54,390) |
| Taxes / others | (6) | 258 | 252 |
| **At December 31, 2015** | **61,979** | **530** | **62,509** |

(1) Corresponding to dividends payable to minority shareholders of subsidiaries other than those belonging to Grupo de Inversiones Suramericana.

## COMPREHENSIVE INCOME

The following is a breakdown of the comprehensive income account:

| | Note | 2015 | 2014 | January 1,2014 |
|---|---|---|---|---|
| Asset revaluations | 27.1 | 34,457 | 27,660 | 2,325 |
| Actuarial gains (losses) (post-employment benefits) | 27.2 | 961 | 190 | - |
| Financial instruments at fair value with changes to other comprehensive income | 27.3 | (197) | 319 | (8,622) |
| Translation differences | 27.4 | 1,041,143 | 566,803 | (51) |
| Cash flow hedges | 27.5 | (2,980) | - | - |
| Hedges for net investments abroad | 27.6 | (11,114) | - | - |
| Equity method applied to associates | 16.2 | 1,351,171 | 428,317 | 5,963 |
| | | **2,413,441** | **1,023,290** | **(386)** |

### 27.1. Component: property, plant and equipment using the revaluation approach

The component corresponding to other comprehensive income from property, plant and equipment measured using the revaluation approach represents the cumulative value of gains or losses at fair value less the amounts transferred to accumulated net income and those used in applying impairment tests or recording losses in value. Changes to their fair values are not reclassified to profit or loss for the period.

| | |
|---|---|
| **Carrying value at January 1,2014** | **2,325** |
| Net revaluation gains or losses on property, plant and equipment (See Note 14) | 11,194 |
| Translation effect | 13,408 |
| Deferred tax | 733 |
| **Carrying value at December 31, 2014** | **27,660** |
| Net revaluation gains or losses on property, plant and equipment (See Note 14) | (33,954) |
| Translation effect | 43,243 |
| Deferred tax | (2,492) |
| **Carrying value at December 31, 2015** | **34,457** |

### 27.2. Component: remeasurements of defined benefit plans

The component corresponding to remeasurements of defined benefit plans represents the cumulative value of actuarial gains or losses. The net value of these remeasurements are transferred to accrued earnings and not reclassified to the income statement for the period.

| | |
|---|---|
| **Carrying value at January 1,2014** | **-** |
| Net gains or losses on remeasurements of defined benefit plans (see Note 21.3.1) | 190 |
| **Carrying value at December 31, 2014** | **190** |
| Net gains or losses on remeasurements of defined benefit plans (see Note 21.3.1) | 544 |
| Deferred tax | 227 |
| **Carrying value at December 31, 2015** | **961** |

### 27.3. Component: equity investments measures at fair value through equity

The component corresponding to other comprehensive income from equity investments measured at fair value through profit or loss represents the cumulative value of gains or losses at fair value less the amounts transferred to the accumulated earnings when these investments are finally sold. Changes in the fair value of equity investments are not reclassified to profit or loss for the period, including the portion corresponding to Grupo SURA with regard to the investments made in its subsidiaries.

| | |
|---|---|
| **Carrying value at January 1,2014** | **(8,622)** |
| Net gains or losses resulting from changes in the fair value of equity investments (See Note 8.1.1.) | 8,998 |
| Deferred tax | (57) |
| **Carrying value at December 31, 2014** | **319** |
| | |
| Net gains or losses resulting from changes in the fair value of equity investments (See Note 8.1.1.) | 8,998 |
| Deferred tax | (5) |
| **Carrying value at December 31, 2015** | **(197)** |

### 27.4. Component: translation gains or losses on foreign operations

The component corresponding to translation differences represents the cumulative value of exchange differences obtained from converting the earnings and net assets from foreign operations as well as any gains or losses obtained from hedging arrangements on net investments abroad into Grupo SURA's reporting currency. The cumulative translation differences are reclassified (as) profit and loss for the period, either partially or totally, when obtained by the foreign operation, including the portion corresponding to Grupo SURA with regard to the investments made in its associates and joint ventures.

| | |
|---|---|
| **Carrying value at January 1,2014** | **(51)** |
| Gains or losses on translation differences | 566,854 |
| **Carrying value at December 31, 2014** | **566,803** |
| Gains or losses on translation differences | 474,340 |
| **Carrying value at December 31, 2015** | **1,041,143** |

**27.5. Component: cash flow hedges**

The component corresponding to other comprehensive income from cash flow hedges represents the cumulative value of the effective portion of gains or losses from changes to the fair value of the hedged items, as part of a cash flow hedging arrangement. The cumulative value of these gains or losses are reclassified to profit and loss for the period, if and when the hedged transaction affects the income statement for the period, or when the highly probable transaction is no longer expected to occur, or when this is included, as a portion of its carrying value, in a non-financial hedged item. (See Note 12.3.1 for more information regarding hedging arrangements).

**27.6. Component: hedges of net investments abroad**

The component of other comprehensive income includes the portion of the gain or loss of the hedging instrument that is determined as being the hedge. (See Note 12.3.2 for more information regarding hedging arrangements).

**27.7. Component Equity movements with investments in associates**

This component consists of equity changes to investments in associates upon applying the equity method. (For more information, see Note 16.2.3. Movements with Investments in Associates.

## NOTE 28

### NON-CONTROLLING INTEREST

Non-controlling interest corresponds to minority interest on the part of third parties in investments held in the following companies:

| 2015 | % non-controlling interest | Minority equity | Minority profits |
|---|---|---|---|
| Habitat Adulto Mayor S.A. | 26.77% | 5,435 | 222 |
| Sura Asset Management S.A. | 28.60% | 2,541,314 | 139,298 |
| Seguros SURA Perú S.A. | 30.71% | 157,224 | 15,718 |
| AFP Capital S.A. | 0.29% | 8,352 | 719 |
| Hipotecaria SURA Empresa Administradora Hipotecaria EAH S.A. | 30.00% | 4,157 | (886) |
| AFP Integra S.A. | 0.00% | 10 | - |
| Planeco Panamá S.A. | 4.72% | (627) | (384) |
| Asesuisa Vida, S.A. Seguros de Personas | 0.00% | 3 | - |
| Aseguradora Suiza Salvadoreña S.A. Asesuisa | 2.89% | 3,151 | 475 |
| Seguros Sura S.A. (República Dominicana) | 0.01% | 3 | (0) |
| Suramericana S.A. | 18.87% | 502,251 | 64,688 |
| | | **3,221,272** | **219,850** |

| 2014 | % non-controlling interest | Minority equity | Minority profits |
|---|---|---|---|
| Habitat Adulto Mayor S.A. | 28.71% | 5,598 | 157 |
| Sura Asset Management S.A. | 32.94% | 2,691,643 | 132,363 |
| Seguros SURA Perú S.A. | 30.71% | 102,875 | 8,199 |
| AFP Capital S.A. | 0.35% | 7,085 | 480 |
| Hipotecaria SURA Empresa Administradora Hipotecaria EAH S.A. | 30.00% | 3,602 | (972) |
| AFP Integra S.A. | 0.00% | 11 | 2 |
| Planeco Panamá S.A. | 4.72% | (461) | (288) |
| Asesuisa Vida, S.A. Seguros de Personas | 0.00% | 2 | (1) |
| Aseguradora Suiza Salvadoreña S.A. Asesuisa | 2.89% | 1,978 | (644) |
| Seguros Sura S.A. (República Dominicana) | 0.01% | 2 | - |
| Suramericana S.A. | 18.87% | 442,634 | 71,542 |
| | | **3,254,969** | **210,837** |

| Habitat Adulto Mayor S.A. | % Minoritario | Minoritario Patrimonio |
|---|---|---|
| Habitat Adulto Mayor S.A. | 31.39% | 5,951 |
| Sura Asset Management S.A. | 32.94% | 2,455,755 |
| Seguros SURA Perú S.A. | 30.71% | 103,594 |
| AFP Capital S.A. | 0.35% | 8,865 |
| Hipotecaria SURA Empresa Administradora Hipotecaria EAH S.A. | 0.02% | 4 |

| | | |
|---|---|---|
| AFP Integra S.A. | 0.00% | 21 |
| Planeco Panamá S.A. | 4.72% | (94) |
| Asesuisa Vida, S.A. Seguros de Personas | 0.00% | 2 |
| Aseguradora Suiza Salvadoreña S.A. Asesuisa | 2.97% | 2,275 |
| Seguros Sura S.A. (República Dominicana) | 0.01% | 2 |
| Suramericana S.A. | 5.82% | 1,320 |
| Suramericana S.A. | 18.87% | 377,771 |
| | | **2,955,467** |

The following table shows non-controlling interest in relation to shareholders´ equity:

| Accounts | 2015 | 2014 | January 1,2014 |
|---|---|---|---|
| Share capital | 5,215 | 5,034 | 6,799 |
| Reserves | 223,188 | 86,637 | (103,699) |
| Other comprehensive income | 436,944 | 281,657 | 1,083 |
| Net Income | 219,850 | 210,837 | - |
| Accumulated gains (losses) | 2,336,075 | 2,670,804 | 3,051,284 |
| | **3,221,272** | **3,254,969** | **2,955,467** |

# NOTE 29

## OPERATING SEGMENTS

### 29.1. Segment reporting

For management purposes, Grupo SURA is organized into business units based on the services they provide. These business units are divided into the following five reporting segments:

1. **Insurance:**

Including all those companies that insure against risk and that are responsible for guaranteeing or paying out indemnities for all or part of the damages sustained when certain adverse situations arise.

1.1. Life: Insurance companies that insure against personal risk.

1.2. Non-life: Insurance companies that insure against all types of risk, other than personal risk.

2. **Fund management:**

2.1. Mandatory pensions: The main business activity of this sub-segment is to collect and manage the amounts employees pay into their individual mandatory retirement savings accounts as well as managing and paying all those benefits required by the local pension systems.

2.2. Voluntary savings: The main business activity of this sub-segment is providing voluntary pensions, life annuities and other savings products.

3. **Corporate:**

This segment contains holding companies whose main business purpose is to acquire different investment vehicles. Other services are reported that are not directly related to Grupo SURA´s core business, but nevertheless complement the range of services provided.

4. **Services:**

4.1. **Outsourcing:** se encuentran incluidos en este segmento las empresas dedicadas.

4.1. Outsourcing: Including all companies that provide their services and sell products and services in the areas of telecommunications and information processing.

4.2. Health care: Including all companies dedicated to providing mandatory health care services as well as pre-paid health care and medical plans.

4.3. Others: other services are reported that are not directly related to Grupo SURA´s core business, but nevertheless complement the range of services provided.

The highest decision-making authority with regard to these operating segments are the chief financial officers of Grupo SURA and its subsidiaries, who are in charge of separately overseeing their operating results for the purpose of deciding on how to allocate resources and gauge overall segment performance.

Segment performance is evaluated based on the corresponding operating earnings or losses before tax and these are measured in a consistent fashion with the operating earnings and losses recorded on the consolidated financial statements.

The following table shows how these operating segments are divided up within the Organization:

| Entity | Corporate | Fund Management | | Insurance | | Services | | |
|---|---|---|---|---|---|---|---|---|
| | | Mandatory Pensions | Voluntary Pensions | Life | Non-life | Health care | Outsourcing | Others |
| Grupo de Inversiones Suramericana S.A. | X | | | | | | | |
| Suramericana S.A. | X | | | | | | | |
| Seguros Generales Suramericana S.A. | | | | | X | | | |
| Seguros de Vida Suramericana S.A. | | | | X | | | | |
| Seguros de Riesgos Laborales Suramericana S.A. | | | | X | | | | |
| EPS y Medicina Prepagada Suramericana S.A. | | | | | | X | | |
| Consultoría en Gestión de Riesgos Suramericana S.A.S. | | | | | | | | X |
| Servicios Generales Suramericana S.A. | | | | | | | | X |
| Diagnóstico y Asistencia Médica S.A. | | | | | | X | | |

| Entity | Corporate | Fund Management<br>Mandatory Pensions | Fund Management<br>Voluntary Pensions | Insurance<br>Life | Insurance<br>Non-life | Services<br>Health care | Services<br>Outsourcing | Others |
|---|---|---|---|---|---|---|---|---|
| Operaciones Generales Suramericana S.A.S. | | | | | | | | X |
| Servicios de Salud IPS Suramericana S.A. | | | | | | X | | |
| Seguros Suramericana S.A. (Panamá) | | | | | X | | | |
| Inversiones Sura Brasil S.A.S. | X | | | | | | | |
| Inversura Panamá Internacional S.A. | X | | | | | | | |
| Seguros Sura S.A. | | | | | X | | | |
| Servicios Generales Suramericana S.A. (Panamá) | | | | | | | | X |
| Aseguradora Suiza Salvadoreña S.A. Asesuisa | | | | | X | | | |
| Asesuisa Vida, S.A. Seguros de Personas | | | | X | | | | |
| Inversiones y Construcciones Estratégicas S.A.S. | X | | | | | | | |
| GrupoSura Finance S.A. | X | | | | | | | |
| Grupo de Inversiones Suramericana Panamá S.A. | X | | | | | | | |
| Planeco Panamá S.A. | X | | | | | | | |
| Integradora de Servicios Tercerizados S.A.S. | X | | | | | | | |
| Enlace Operativo S.A. | | | | | | | X | |
| Compuredes S.A. | | | | | | | X | |
| Habitat Adulto Mayor S.A. | | | | | | X | | |
| Sura Asset Management S.A. | X | | | | | | | |
| Activos Estratégicos Sura A.M. Colombia S.A.S. | X | | | | | | | |
| Sura Asset Managment España, S.L. | X | | | | | | | |
| Grupo de Inversiones Suramericana Holanda B.V. | X | | | | | | | |
| Grupo Sura Chile Holdings I, B.V. | X | | | | | | | |
| Sura S.A. | X | | | | | | | |
| AFP Capital S.A. | | X | X | | | | | |
| Administradora General de Fondos Sura S.A. | | | X | | | | | |
| Seguros de Vida Sura S.A. | | | | X | | | | |
| Corredores de Bolsa Sura S.A. | | | X | | | | | |
| Sura Data Chile S.A. | X | | | | | | | |
| Sura Chile S.A. | X | | | | | | | |
| Santa María Internacional S.A. | X | | | | | | | |
| Sura Asset Managment México S.A. de C.V. | X | | | | | | | |



| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Sura Art Corporation S.A. de C.V. | X | | | | | | | |
| Afore Sura S.A. de C.V. | | X | X | | | | | |
| Sura Investment Management S.A. de C.V. (México) | | | X | | | | | |
| Pensiones Sura S.A. de C.V. | | | | X | | | | |
| Asesores Sura S.A. de C.V. | | | | | | | | X |
| Seguros de Vida Sura Mexico S.A. de C.V. (Antes Primero Seguros de Vida S.A. de C.V.) | | | | X | | | | |
| Promotora Sura AM S.A. de C.V. | | | | | | | | X |
| Sura Asset Management Perú S.A. | X | | | | | | | |
| AFP Integra S.A. | | X | X | | | | | |
| Fondos Sura Saf S.A.C. | | | X | | | | | |
| Seguros Sura S.A. (Antes Invita) | | | | X | | | | |
| Hipotecaria Sura Empresa Administradora Hipotecaria S.A. | | | | | | | | X |
| Sura Asset Management Uruguay Sociedad de Inversión S.A. (Antes Tublyr S.A.) | X | | | | | | | |
| AFAP Sura S.A. | | X | | | | | | |
| Ahorro Inversión Sura Administradora de Fondos de Inversión S.A. | | | X | | | | | |
| Disgely S.A. | | | | X | | | | |
| Agente de Valores Sura S.A. | | | X | | | | | |
| SUAM Corredora de Seguros S.A. de C.V. | | | | X | | | | |
| Sura Investment Management Colombia S.A.S | X | | | | | | | |
| Sociedad Agente de Bolsa S.A. | X | | | | | | | |

### 29.2. Information regarding operating segments

Consolidated Income Statements at December 31, 2015 broken down by segment

| 2015 | Corporate | Fund management<br>Mandatory Pensions | Fund management<br>Voluntary Pensions | Insurance<br>Life | Insurance<br>Non-life | Services<br>Health care | Services<br>Outsourcing | Others | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Written premiums | - | - | - | 6,193,196 | 2,321,944 | - | - | - | (44,708) | 8,470,432 |
| Ceded premiums | - | - | - | (182,055) | (785,275) | - | - | - | 29,345 | (937,985) |
| **Retained premiums (net)** | **-** | **-** | **-** | **6,011,141** | **1,536,669** | **-** | **-** | **-** | **(15,363)** | **7,532,447** |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Commission income | 117 | 1,653,985 | 143,741 | 25,509 | 138,892 | 14 | - | 3,265 | (2,255) | 1,963,268 |
| Revenues on services rendered | 6 | - | - | 554 | - | 2,120,242 | 193,962 | 126,307 | (487,796) | 1,953,275 |
| Dividends | 51,697 | - | - | 10,505 | 1,113 | 1 | - | 7,490 | - | 70,806 |
| Investment income | 57,367 | 27,271 | 1,611 | 914,308 | 74,180 | 7,261 | - | 41,778 | (50,615) | 1,073,161 |
| Gains (losses) at fair value | (34,584) | 72,848 | 2,068 | 72,629 | 17,138 | 4,451 | - | 30 | - | 134,580 |
| Gains (losses) via equity method – Associates | 713,567 | 82,740 | 14,161 | 438 | - | - | - | - | - | 810,906 |
| Gains (losses) on sale of investments | 8,644 | 2,594 | 156 | 61,611 | (312) | 8 | - | - | - | 72,701 |
| Income on investment property | 3,633 | 288 | - | 65,226 | 16,485 | 1,500 | - | 1,702 | (9,853) | 78,981 |
| Other revenues | 70,664 | 10,644 | 1,383 | 26,299 | 31,781 | 56,144 | 1,603 | 5,192 | (10,549) | 193,161 |
| Exchange difference (net) | (50,702) | 13,780 | 562 | 112,156 | (6,005) | (449) | 715 | 64 | 1 | 70,122 |
| **Total revenues** | **820,409** | **1,864,150** | **163,682** | **7,300,376** | **1,809,941** | **2,189,172** | **196,280** | **185,828** | **(576,430)** | **13,953,408** |
| | | | | | | | | | | |
| Total claims | - | - | - | (2,830,011) | (1,082,075) | - | - | - | 72,577 | (3,839,509) |
| Reimbursed claims | - | - | - | 138,570 | 299,654 | - | - | - | (7,817) | 430,407 |
| **Retained claims** | **-** | **-** | **-** | **(2,691,441)** | **(782,421)** | **-** | **-** | **-** | **64,760** | **(3,409,102)** |

| 2015 | Fund management | | | Insurance | | Services | | Others | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Corporate | Mandatory Pensions | Voluntary Pensions | Life | Non-life | Health care | Outsourcing | | | |
| Costs of services rendered | (7) | - | - | (188,006) | - | (1,866,549) | (147,215) | (103,537) | 322,137 | (1,983,177) |
| Administrative expense | (156,731) | (140,564) | (30,864) | (359,873) | (204,077) | (159,526) | (10,075) | (33,166) | 53,769 | (1,041,107) |
| Employee benefits | (60,637) | (402,776) | (117,254) | (383,409) | (130,288) | (97,524) | (16,799) | (19,777) | 520 | (1,227,944) |
| Fees | (44,758) | (31,477) | (6,375) | (312,285) | (211,587) | (18,809) | (621) | (11,554) | 80,452 | (557,014) |
| Brokerage commissions | - | (8,375) | (12,986) | (316,708) | (221,667) | (4,543) | - | - | - | (564,279) |
| Amortizations | (120,558) | (145,318) | (7,993) | (10,198) | (5,723) | (206) | (1,348) | (72) | - | (291,416) |
| Depreciation | (8,640) | (16,009) | (2,267) | (7,512) | (8,028) | (6,392) | (6,291) | (662) | - | (55,801) |
| Other expense | (1,161) | (223) | 3 | (78,210) | (37,108) | (4,942) | 57 | (3,135) | (1) | (124,720) |
| Interest | (304,004) | (6,624) | (2,450) | (10,673) | (16,795) | (3,963) | (1,478) | (11,767) | 52,106 | (305,648) |
| **Total expense** | **(696,496)** | **(751,366)** | **(180,186)** | **(6,766,531)** | **(1,709,250)** | **(2,162,454)** | **(183,770)** | **(183,670)** | **573,743** | **(12,059,980)** |
| | | | | | | | | | | |
| **Earnings (losses) before tax** | **123,913** | **1,112,784** | **(16,504)** | **533,845** | **100,691** | **26,718** | **12,510** | **2,158** | **(2,687)** | **1,893,428** |
| Income tax | (231,669) | (273,350) | 14,399 | (20,132) | (40,052) | (5,417) | (3,446) | (9,820) | - | (569,487) |
| **Earnings (losses), net** | **(107,756)** | **839,434** | **(2,105)** | **513,713** | **60,639** | **21,301** | **9,064** | **(7,662)** | **(2,687)** | **1,323,941** |

Consolidated Income Statements at December 31, 2014 broken down by segment

| 2014 | Fund management | | | Insurance | | Services | | Others | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Corporate | Mandatory Pensions | Voluntary Pensions | Life | Non-life | Health care | Outsourcing | | | |
| Written premiums | - | - | - | 4,914,630 | 1,870,519 | - | - | - | (30,583) | 6,754,566 |
| Ceded premiums | - | - | - | (176,296) | (650,386) | - | - | - | 17,866 | (808,816) |
| **Retained premiums (net)** | **-** | **-** | **-** | **4,738,334** | **1,220,133** | **-** | **-** | **-** | **(12,717)** | **5,945,750** |
| | | | | | | | | | | |
| Commission income | 79 | 1,318,989 | 96,521 | 4,474 | 111,036 | 28 | - | 2,446 | (1,700) | 1,531,873 |
| Revenues on services rendered | - | - | - | 322 | 1 | 1,752,464 | 168,762 | 80,897 | (392,781) | 1,609,665 |
| Dividends | 9,736 | 30,116 | 4,530 | 6,156 | 1,300 | 1 | - | 8,562 | - | 60,401 |
| Investment income | 37,445 | 11,715 | 3,227 | 731,926 | 73,469 | 4,702 | - | 35,991 | (38,035) | 860,440 |
| Gains (losses) at fair value | 38,601 | 149,296 | 1,907 | 173,862 | 40,954 | 4,176 | - | 62 | - | 408,858 |
| Gains (losses) via equity method - Associates | 883,383 | 111,110 | 14,920 | 314 | - | - | - | - | - | 1,009,727 |

| 2014 | Fund management | | | Insurance | | Services | | Others | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Corporate | Mandatory Pensions | Voluntary Pensions | Life | Non-life | Health care | Outsourcing | | | |
| Income on investment property | 3,528 | - | - | 52,121 | 8,025 | 1,166 | - | 1,678 | (9,314) | 57,204 |
| Other income | 5,027 | 7,293 | 1,594 | 28,869 | 18,100 | 47,893 | 1,590 | 3,799 | (4,309) | 109,856 |
| Exchange difference (net) | (62,210) | 18,142 | (386) | 70,894 | (185) | (71) | 376 | 3,211 | - | 29,771 |
| **Total revenues** | **949,392** | **1,652,720** | **122,907** | **5,848,264** | **1,473,123** | **1,810,377** | **170,728** | **136,646** | **(458,856)** | **11,705,303** |
| | | | | | | | | | | |
| Total claims | - | - | - | (2,399,892) | (814,093) | - | - | - | 60,657 | (3,153,328) |
| Reimbursed claims | - | - | - | 126,285 | 187,190 | - | - | - | (6,179) | 307,296 |
| **Retained claims** | **-** | **-** | **-** | **(2,273,607)** | **(626,903)** | **-** | **-** | **-** | **54,478** | **(2,846,031)** |
| | | | | | | | | | | |
| Reserves, net | - | - | - | (1,653,879) | (43,547) | - | - | - | - | (1,697,426) |
| Costs of services rendered | - | - | - | (145,302) | - | (1,520,531) | (129,285) | (50,893) | 278,075 | (1,567,936) |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Administrative expense | (58,087) | (115,914) | (20,903) | (315,188) | (181,747) | (137,868) | (9,671) | (25,185) | 45,724 | (818,839) |
| Employee benefits | (56,407) | (368,093) | (80,241) | (320,432) | (96,861) | (88,930) | (16,012) | (24,771) | 1,024 | (1,050,723) |
| Fees | (26,520) | (25,993) | (3,482) | (262,249) | (179,010) | (17,563) | (450) | (9,628) | 39,204 | (485,691) |
| Brokerage commissions | - | (6,793) | (10,737) | (251,624) | (183,145) | (5,115) | - | - | - | (457,414) |
| Amortizations | (112,768) | (84,709) | (4,313) | (6,101) | (4,865) | (17) | (1,223) | (2,433) | 28 | (216,401) |
| Depreciation | (6,068) | (11,673) | (1,657) | (6,252) | (7,165) | (5,434) | (5,575) | (686) | - | (44,510) |
| Other expense | (679) | (232) | (6) | (73,598) | (72,797) | (4,265) | 174 | 1,924 | - | (149,479) |
| Interest | (242,019) | (5,940) | (2,375) | (9,030) | (15,532) | (3,581) | (1,952) | (14,126) | 39,468 | (255,087) |
| **Total expense** | **(502,548)** | **(619,347)** | **(123,714)** | **(5,317,262)** | **(1,411,572)** | **(1,783,304)** | **(163,994)** | **(125,798)** | **458,001** | **(9,589,537)** |
| | | | | | | | | | | |
| **Earnings (losses) before tax** | **446,844** | **1,033,373** | **(807)** | **531,002** | **61,551** | **27,073** | **6,734** | **10,848** | **(855)** | **2,115,763** |
| Income tax | (190,840) | (247,840) | 13,943 | (18,468) | (22,151) | (4,427) | (2,234) | (12,720) | - | (484,736) |
| **Earnings (losses), net** | **256,004** | **785,533** | **13,136** | **512,534** | **39,400** | **22,646** | **4,500** | **(1,872)** | **(855)** | **1,631,029** |

Inter-segment revenues are eliminated in the consolidation and are shown in the column "adjustments and eliminations". All other adjustments and eliminations form part of the reconciliations described above.

### 29.3.Geographical information:

Grupo SURA reports on its investments in the following countries: Colombia, Chile, Curacao, El Salvador, Spain, Holland, the Cayman Islands, Luxembourg, Mexico, Panama, Peru, the Dominican Republic and Uruguay.

The following table shows revenues obtained on a country basis:

| Year | Chile | Colombia | Spain | Holland | Mexico | Panama | Peru | Dominican Republic | El Salvador | Uruguay | Curacao | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 2,835,048 | 8,063,470 | 45 | 11 | 1,259,067 | 181,211 | 1,135,147 | 114,638 | 285,046 | 79,725 | - | 13,953,408 |
| 2014 | 1,941,084 | 7,361,809 | 3,768 | 17,754 | 1,046,412 | 141,456 | 856,348 | 81,492 | 197,275 | 57,864 | 41 | 11,705,303 |

The following table shows the distribution of assets on a country basis:

| Year | Chile | Colombia | Spain | Holland | Mexico | Panama | Peru | Dominican Republic | El Salvador | Uruguay | Curacao | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 7,659,865 | 36,314,111 | 2,379 | 724 | 2,991,650 | 1,407,412 | 5,179,946 | 220,603 | 481,517 | 150,858 | 1,124,040 | 55,533,106 |
| 2014 | 5,390,625 | 33,989,308 | 1,288,459 | 7,158 | 2,427 | 961,321 | 4,156,813 | 160,703 | 285,976 | 158,445 | 806,607 | 47,207,843 |
| January 1,2014 | 3,907,262 | 29,569,995 | 245,485 | 332,239 | 1,787,879 | 715,779 | 3,234,609 | 161,126 | 175,425 | 126,482 | - | 40,256,281 |

The following table shows net income on a country basis:

| Year | Chile | Colombia | Spain | Holland | Mexico | Panama | Peru | Dominican Republic | El Salvador | Uruguay | Curacao | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 147,188 | 852,320 | 780 | 15,344 | 222,631 | (68,414) | 160,893 | (6,677) | 16,480 | 17,672 | (34,278) | 1,323,941 |
| 2014 | 286,100 | 983,027 | (23,159) | (608) | 245,313 | (8,057) | 215,745 | (1,279) | (22,212) | 23,355 | (67,196) | 1,631,029 |

### 29.4. Income Statement by subholding company

The following table shows the income obtained by Grupo de Inversiones Suramericana by subholding company:

| 2015 | Grupo Sura | Suramericana and subsidiaries | Sura Asset Management and subsidiaries | Integradora de Servicios tercerizados and subsidiaries | Others | Eliminations and adjustments | Total |
|---|---|---|---|---|---|---|---|
| Written premiums | - | 5,884,032 | 2,588,154 | - | - | (1,754) | 8,470,432 |
| Ceded premiums | - | (882,139) | (55,846) | - | - | - | (937,985) |
| **Retained premiums (net)** | **-** | **5,001,893** | **2,532,308** | **-** | **-** | **(1,754)** | **7,532,447** |
| | | | | | | | |
| Commission income | - | 153,184 | 1,810,133 | - | 117 | (165) | 1,963,268 |
| Services rendered | - | 1,779,099 | 6 | 193,962 | 6,541 | (26,333) | 1,953,275 |
| Dividends | 347,739 | 15,465 | 3,661 | - | 31,870 | (327,930) | 70,806 |
| Investment income | 5,407 | 531,885 | 535,210 | - | 47,785 | (47,127) | 1,073,161 |
| Gains (losses) at fair value | 74,320 | 57,939 | 33,309 | - | (30,989) | - | 134,580 |
| Gains (losses) via equity method - Associates | 573,993 | 3,970 | 97,259 | - | 29,393 | 106,292 | 810,906 |
| Gains (losses) on sale of investments | 7,912 | (589) | 72,525 | - | (7,147) | - | 72,701 |
| Income on investment property | - | 13,268 | 62,114 | - | 3,673 | (74) | 78,981 |
| Other income | 280 | 102,893 | 88,636 | 1,605 | 40 | (295) | 193,161 |
| Exchange difference (net) | (20,060) | 20,326 | 69,196 | 715 | (55) | 1 | 70,122 |
| **Total income** | **989,591** | **7,679,335** | **5,304,357** | **196,282** | **81,228** | **(297,386)** | **13,953,408** |
| | | | | | | | |
| Claims | - | (3,081,285) | (761,055) | - | - | 2,831 | (3,839,509) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Reimbursed claims | - | 430,407 | - | - | - | - | 430,407 |
| **Retained claims** | **-** | **(2,650,879)** | **(761,055)** | **-** | **-** | **2,831** | **(3,409,102)** |
| | | | | | | | |
| Adjustments to reserves | - | (322,050) | (2,177,723) | - | - | - | (2,499,773) |
| Cost of services rendered | - | (1,832,290) | - | (147,222) | (3,826) | 161 | (1,983,177) |
| Administrative expense | (29,246) | (694,913) | (329,522) | (10,087) | (1,931) | 24,592 | (1,041,107) |
| Employee benefits | (19,260) | (481,577) | (709,911) | (16,799) | (565) | 169 | (1,227,944) |
| Fees | (6,009) | (482,636) | (68,281) | (654) | (193) | 760 | (557,014) |
| Commissions | - | (503,147) | (61,132) | - | - | - | (564,279) |
| Amortizations | (75) | (9,798) | (279,057) | (2,461) | (25) | - | (291,416) |
| Depreciation | (380) | (18,201) | (24,728) | (6,291) | (6,200) | - | (55,801) |
| Other expense | - | (112,142) | (12,580) | 57 | (56) | - | (124,720) |
| Interest | (98,652) | (38,810) | (116,537) | (1,478) | (97,406) | 47,235 | (305,648) |
| **Total expense** | **(153,624)** | **(7,146,443)** | **(4,540,525)** | **(184,935)** | **(110,201)** | **75,748** | **(12,059,980)** |
| | | | | | | | |
| **Earnings before tax** | **835,968** | **532,893** | **763,832** | **11,347** | **(28,973)** | **(221,638)** | **1,893,428** |
| Income tax | (111,979) | (189,610) | (261,261) | (3,458) | (3,180) | - | (569,487) |
| **Net Income** | **723,988** | **343,283** | **502,572** | **7,889** | **(32,153)** | **(221,638)** | **1,323,941** |

| 2014 | Grupo Sura | Suramericana and subsidiaries | Sura Asset Management and subsidiaries | Integradora de Servicios tercerizados and subsidiaries | Others | Eliminations and adjustments | Total |
|---|---|---|---|---|---|---|---|
| Written premiums | - | 5,048,009 | 1,708,500 | - | - | (1,943) | 6,754,566 |
| Ceded premiums | - | (741,253) | (67,563) | - | - | - | (808,816) |
| **Retained premiums (net)** | **-** | **4,306,756** | **1,640,937** | **-** | **-** | **(1,943)** | **5,945,750** |
| | | | | | | | |
| Commission income | - | 114,844 | 1,417,082 | - | 79 | (131) | 1,531,873 |
| Services rendered | - | 1,460,359 | 107 | 168,762 | 5,202 | (24,765) | 1,609,665 |
| Dividends | 324,495 | 14,919 | 35,754 | - | 10,361 | (325,128) | 60,401 |
| Investment income | 3,756 | 452,317 | 402,616 | 4 | 36,305 | (34,558) | 860,440 |
| Gains (losses) at fair value | 42,205 | 159,851 | 158,145 | - | 48,657 | - | 408,858 |
| Gains (losses) via equity method - Associates | 586,193 | 1,670 | 126,344 | 0 | 24,477 | 271,043 | 1,009,727 |
| Gains (losses) on sale of investments | 33,300 | 292 | 57,359 | - | (9,195) | - | 81,756 |
| Income on investment property | - | 2,421 | 51,291 | - | 3,565 | (72) | 57,204 |
| Other income | 186 | 88,797 | 19,490 | 1,613 | 261 | (492) | 109,855 |
| Exchange difference (net) | 5,501 | 4,697 | 20,111 | 376 | (914) | - | 29,771 |
| **Total income** | **995,636** | **6,606,921** | **3,929,237** | **170,756** | **118,799** | **(116,046)** | **11,705,302** |
| | | | | | | | |
| Claims | - | (2,611,591) | (544,378) | - | - | 2,642 | (3,153,327) |
| Reimbursed claims | - | 307,296 | - | - | - | - | 307,296 |
| **Retained claims** | **-** | **(2,304,295)** | **(544,378)** | **-** | **-** | **2,642** | **(2,846,031)** |
| | | | | | | | |
| Adjustments to reserves | - | (264,393) | (1,433,033) | - | - | - | (1,697,426) |
| Cost of services rendered | - | (1,435,765) | - | (129,285) | (3,088) | 202 | (1,567,936) |
| Administrative expense | (22,366) | (597,261) | (207,505) | (9,675) | (4,771) | 22,740 | (818,839) |
| Employee benefits | (22,995) | (409,409) | (602,386) | (16,012) | (658) | 737 | (1,050,722) |
| Fees | (3,825) | (416,041) | (66,044) | (481) | (257) | 956 | (485,691) |
| Commissions | - | (430,821) | (26,593) | - | - | - | (457,414) |
| Amortizations | (75) | (8,385) | (205,505) | (2,434) | (31) | 28 | (216,402) |
| Depreciation | (478) | (15,862) | (18,193) | (5,575) | (4,401) | - | (44,509) |
| Other expense | (153) | (147,950) | (1,014) | 174 | (537) | - | (149,480) |
| Interest | (78,316) | (30,351) | (105,298) | (2,117) | (73,661) | 34,655 | (255,087) |
| **Total expense** | **(128,208)** | **(6,060,533)** | **(3,209,950)** | **(165,405)** | **(87,402)** | **61,961** | **(9,589,537)** |
| | | | | | | | |
| **Earnings before tax** | **867,428** | **546,388** | **719,287** | **5,351** | **31,396** | **(54,085)** | **2,115,765** |
| Income tax | (2,586) | (167,904) | (309,720) | (2,259) | (2,265) | - | (484,736) |
| **Net Income** | **864,842** | **378,484** | **409,566** | **3,092** | **29,131** | **(54,085)** | **1,631,029** |

# NOTE 30

## COMMISSION INCOME AND EXPENSE

### 30.1. Commission income

Grupo SURA´s commission income is broken down as follows:

| | 2015 | 2014 |
|---|---|---|
| Mandatory pension fund management commission | 1,662,455 | 1,320,421 |
| Voluntary pension fund management commissions | 65,074 | 53,955 |
| Reinsurance income (DIL) (Note 22) | 155,809 | 114,912 |
| Other income (1) | 79,930 | 42,585 |
| | **1,963,268** | **1,531,873** |

(1 Including income from managing client portfolios and rebates received.

The increase in commission income was mainly due to SURA Asset Management having increased its AUM in both Mexico and Peru where commissions are calculated on the balance of said AUMs thereby producing higher commissions.

Commission income is broken down on an individual company basis as follows:

| 2015 | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Others | Total |
|---|---|---|---|---|
| Mandatory pension fund management commissions | - | 1,662,455 | - | 1,662,455 |

| | | | | |
|---|---|---|---|---|
| Voluntary pension fund management commissions | - | 65,074 | - | 65,074 |
| Reinsurance income | 152,872 | 2,937 | - | 155,809 |
| Other revenues | 147 | 79,666 | 117 | 79,930 |
| | **153,019** | **1,810,132** | **117** | **1,963,268** |

| 2014 | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Others | Total |
|---|---|---|---|---|
| Mandatory pension fund management commissions | - | 1,320,421 | - | 1,320,421 |
| Voluntary pension fund management commissions | - | 53,955 | - | 53,955 |
| Reinsurance income | 114,676 | 236 | - | 114,912 |
| Other revenues | 37 | 42,469 | 79 | 42,585 |
| | **114,713** | **1,417,081** | **79** | **1,531,873** |

Commission income for each country is shown as follows:

| Year | Colombia | Chile | Mexico | Panama | Peru | Dominican Republic | El Salvador | Uruguay | Total |
|---|---|---|---|---|---|---|---|---|---|
| 2015 | 121,512 | 601,993 | 763,134 | 11,374 | 378,684 | 18,666 | 1,824 | 66,082 | 1,963,268 |
| 2014 | 95,207 | 462,818 | 598,507 | 6,324 | 303,648 | 13,260 | 101 | 52,008 | 1,531,873 |

**30.2. Commission expense**

Brokerage commissions are broken down as follows:

| | 2015 | 2014 |
|---|---|---|
| Mandatory insurance | 14,092 | 9,785 |
| Property, casualty and personal insurance | 498,059 | 399,841 |
| Social security insurance | 50,256 | 46,571 |
| Accepted co-insurance | 1,871 | 1,216 |
| **Brokerage commission expense** | **564,279** | **457,414** |

Commission expense for each individual company is shown as follows:



| 2015 | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Total |
|---|---|---|---|
| Mandatory insurance | 14,092 | - | 14,092 |
| Property, casualty and personal insurance | 436,927 | 61,132 | 498,059 |
| Social security insurance | 50,256 | - | 50,256 |
| Accepted co-insurance | 1,871 | - | 1,871 |
| **Brokerage commission expense** | **503,147** | **61,132** | **564,279** |

| 2014 | Suramericana y subsidiaria | Sura Asset Management y subsidiarias | Total |
|---|---|---|---|
| Mandatory insurance | 9,785 | - | 9,785 |
| Property, casualty and personal insurance | 373,248 | 26,593 | 399,841 |
| Social security insurance | 46,571 | - | 46,571 |
| Accepted co-insurance | 1,216 | - | 1,216 |
| **Brokerage commission expense** | **430,821** | **26,593** | **457,414** |

Brokerage expense for each country is broken down as follows:

| Year | Colombia | Peru | Chile | Mexico | Panama | Dominican Republic | El Salvador | Total |
|---|---|---|---|---|---|---|---|---|
| 2015 | 396,417 | 17,799 | 32,849 | 10,484 | 26,228 | 27,863 | 52,640 | 564,279 |
| 2014 | 363,565 | - | 17,402 | 9,191 | 12,472 | 18,503 | 36,282 | 457,414 |

## NOTE 31

## SERVICES RENDERED

Income and expenses for services rendered corresponds mainly to EPS Sura and the outsourcing firms belonging to Integradora de Servicios Compartidos.

**31.1.Income from services rendered**

Grupo SURA´s income from services rendered is broken down as follows:

| | 2015 | 2014 |
|---|---|---|

| | | |
|---|---|---|
| Sales of machinery, office equipment and computer programs | 35,425 | 21,875 |
| Sales of spare parts, components and accessories | 4,452 | 2,132 |
| Telecommunications services | 2,315 | 1,932 |
| Maintenance and repairs | 68,176 | 53,883 |
| Data processing | 51,754 | 47,208 |
| Machinery and equipment leases | 527 | 2,772 |
| Wiring unit - related activities | 16,219 | 21,783 |
| Corporate consultancy services | 524 | 747 |
| Income from health care providers (EPS) | 1,622,336 | 1,318,063 |
| Income from heath care institutes (IPS) | 58,583 | 49,029 |
| Other community, social and personal services | 55 | 5 |
| Lab services | 92,202 | 89,847 |
| Others | 705 | 389 |
| | **1,953,275** | **1,609,665** |

Grupo SURA´s income from services rendered on an individual company basis is broken down as follows:

| 2015 | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|
| Sales of machinery, office equipment and computer programs | - | - | 35,425 | - | 35,425 |
| Sales of spare parts, components and accessories | 4,452 | - | - | - | 4,452 |
| Telecommunications services | 2,315 | - | - | - | 2,315 |
| Maintenance and repairs | 4,392 | - | 63,784 | - | 68,176 |
| Data processing | - | - | 51,754 | - | 51,754 |
| Machinery and equipment leases | - | - | 527 | - | 527 |
| Wiring unit - related activities | - | - | 16,219 | - | 16,219 |
| Corporate consultancy services | 524 | - | - | - | 524 |
| Income from health care providers (EPS) | 1,622,336 | - | - | - | 1,622,336 |
| Income from heath care institutes (IPS) | 52,099 | - | - | 6,484 | 58,583 |
| Other community, social and personal services | 55 | - | - | - | 55 |
| Lab services | 92,202 | - | - | - | 92,202 |
| Others | 641 | 6 | - | 58 | 705 |
| | **1,779,018** | **6** | **167,709** | **6,599** | **1,953,275** |

| 2014 | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|
| Sales of machinery, office equipment and computer programs | - | - | 21,875 | - | 21,875 |
| Sales of spare parts, components and accessories | 2,132 | - | - | - | 2,132 |
| Telecommunications services | 1,932 | - | - | - | 1,932 |
| Maintenance and repairs | 3,478 | - | 50,404 | - | 53,883 |
| Data processing | - | - | 47,208 | - | 47,208 |
| Machinery and equipment leases | - | - | 2,772 | - | 2,772 |
| Wiring unit - related activities | - | - | 21,783 | - | 21,783 |

| | | | | | |
|---|---|---|---|---|---|
| Corporate consultancy services | 747 | - | - | - | 747 |
| Income from health care providers (EPS) | 1,318,063 | - | - | - | 1,318,063 |
| Income from heath care institutes (IPS) | 43,887 | - | - | 5,142 | 49,029 |
| Other community, social and personal services | 5 | - | - | - | 5 |
| Lab services | 89,847 | - | - | - | 89,847 |
| Others | 226 | 107 | - | 57 | 389 |
| | **1,460,317** | **107** | **144,042** | **5,199** | **1,609,665** |

Income from services rendered on a country basis is shown as follows:

| Year | Colombia | Panama | El Salvador | Total |
|---|---|---|---|---|
| 2015 | 1,952,344 | 377 | 554 | 1,953,275 |
| 2014 | 1,609,065 | 383 | 216 | 1,609,665 |

### 31.2. Healthcare related expenses

Grupo SURA´s cost of services rendered is broken down as follows:

| 2015 | Suramericana and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|
| Worker´s Compensation fund | 8,588 | - | - | 8,588 |
| Occupational risk prevention / awareness - basic activities | 26,718 | - | - | 26,718 |
| Occupational risk prevention / awareness - | 79,210 | - | - | 79,210 |
| Others | 22,739 | - | - | 22,739 |
| Sales of machinery, office equipment and computer programs | - | 25,417 | - | 25,417 |
| Sales of spare parts, components and accessories | 53,124 | - | - | 53,124 |
| Maintenance and repairs | 9,501 | - | - | 9,501 |
| Data processing | 314 | 53,171 | - | 53,485 |
| Machinery and equipment leases | - | - | - | - |
| IT equipment and software consultancy services | 1,651 | 68,468 | - | 70,119 |
| Corporate consultancy services | 38,797 | - | - | 38,797 |
| Cost of health care provider services (EPS) | 1,278,534 | - | - | 1,278,534 |
| Cost of health care institute services (IPS) | 312,972 | - | 3,823 | 316,795 |
| Other community, social and personal services | 151 | - | - | 151 |
| | **1,832,299** | **147,055** | **3,823** | **1,983,177** |

| 2014 | Suramericana and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|
| Worker´s Compensation fund | 7,731 | - | - | 7,731 |
| Occupational risk prevention / awareness | 71,931 | - | - | 71,931 |
| Others | 19,281 | - | - | 19,281 |
| Sales of machinery, office equipment and computer programs | - | 16,146 | - | 16,146 |

## NOTE 32

| | | | | |
|---|---|---|---|---|
| Sales of spare parts, components and accessories | 14,036 | - | - | 14,036 |
| Maintenance and repairs | 2,082 | - | - | 2,082 |
| Data processing | - | 37,206 | - | 37,206 |
| IT equipment and software consultancy services | 1,132 | 75,705 | - | 76,837 |
| Corporate consultancy services | 33,546 | - | - | 33,546 |
| Cost of health care provider services (EPS) | 1,015,647 | - | - | 1,015,647 |
| Cost of health care institute services (IPS) | 270,283 | - | 3,086 | 273,369 |
| Other community, social and personal services | 124 | - | - | 124 |
| | **1,435,793** | **129,057** | **3,086** | **1,567,936** |

Cost of services rendered for each country is shown as follows:

| Year | Colombia | Panama | Total |
|---|---|---|---|
| 2015 | 1,982,838 | 339 | 1,983,177 |
| 2014 | 1,567,538 | 398 | 1,567,936 |

### FINANCIAL INCOME AND EXPENSE

Financial expense for Grupo SURA and its subsidiaries at December 31, 2015 and December 31, 2014 is broken down as follows:

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Income | Expense | Net | Income | Expense | Net |
| Investment income (1) | 1,457,379 | (384,218) | 1,073,161 | 995,547 | (135,106) | 860,440 |
| Gains (losses) at fair value (2) | 1,284,827 | (1,150,247) | 134,580 | 939,870 | (531,011) | 408,858 |
| Exchange difference (net) (3) | 167,540 | (97,418) | 70,122 | 584,754 | (554,983) | 29,771 |
| Gains (losses) on sale of investments (4) | 112,635 | (39,934) | 72,701 | 123,015 | (41,259) | 81,756 |
| Dividends (5) | 70,806 | - | 70,806 | 60,401 | - | 60,401 |
| Interest (6) | - | (305,648) | (305,648) | - | (255,087) | (255,087) |
| | **3,093,187** | **(1,977,465)** | **1,115,722** | **2,703,587** | **(1,517,448)** | **1,186,139** |

The following table shows financial income and expense for each individual company:

| 2015 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Dividends | 19,809 | 15,465 | 3,661 | - | 31,870 | 70,806 |
| Investment income | 5,407 | 531,885 | 535,210 | - | 659 | 1,073,161 |
| Gains (losses) at fair value | 74,320 | 57,939 | 33,309 | - | (30,989) | 134,580 |
| Gains (losses) on sale of investments | 7,912 | (589) | 72,525 | - | (7,147) | 72,701 |
| Interest | (98,448) | (38,810) | (116,429) | (1,478) | (50,484) | (305,648) |
| Exchange difference (net) | (20,060) | 20,327 | 69,196 | 715 | (55) | 70,122 |
| | **(11,059)** | **586,218** | **597,473** | **(763)** | **(56,147)** | **1,115,722** |

| 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Dividends | (633) | 14,919 | 35,754 | - | 10,361 | 60,401 |
| Investment income | 3,756 | 452,317 | 402,616 | 4 | 1,747 | 860,440 |
| Gains (losses) at fair value | 42,205 | 159,851 | 158,145 | - | 48,657 | 408,858 |
| Gains (losses) on sale of investments | 33,300 | 292 | 57,359 | - | (9,195) | 81,756 |
| Interest | (77,970) | (30,351) | (105,201) | (2,117) | (39,448) | (255,087) |
| Exchange difference (net) | 5,501 | 4,697 | 20,111 | 376 | (914) | 29,771 |
| | **6,158** | **601,725** | **568,785** | **(1,737)** | **11,208** | **1,186,139** |

Financial income and expense on a country basis is shown as follows:

| Year | Colombia | Chile | Spain | Holland | Mexico | Panama | Peru | Dominican Republic | El Salvador | Uruguay | Curacao | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 384,860 | 439,719 | 36 | 0 | 119,096 | (75,308) | 291,336 | 5,670 | 11,339 | 6,033 | (67,060) | 1,115,722 |
| 2014 | 449,095 | 370,911 | 1,513 | 7,541 | 155,263 | 4,174 | 215,416 | 3,990 | 6,123 | 6,341 | (34,226) | 1,186,139 |

(1) Investment income includes interest income and cash returns, collective portfolios, trust arrangements, and loans to senior management, among other items which for 2015 amounted to COP 607,679 million (COP 463,551 for 2014).

This also includes net income from appraisals using the effective interest rate for the years 2015 and 2014 amounting to COP 465,482 and COP 397,000 respectively.

(2) Gains and losses recorded at fair value were as follows:

| | 2015 | 2014 |
|---|---|---|
| Increase in fair value of debt securities | 276,258 | 329,767 |
| Currency swaps | 74,321 | 42,205 |
| Increase in fair value of investments | 48,266 | 169,961 |
| Currency forwards (peso/dollar) | (264,265) | (133,075) |
| | **134,580** | **408,858** |

(3) Exchange difference includes income and expense obtained from restating assets and liabilities in foreign currency.

(4) Gains and losses obtained from the sale of investments are shown as follows:

| | 2015 | 2014 |
|---|---|---|
| Valuation gains on debt securities | 103,744 | 68,397 |
| Proceeds from sales of investments | 8,783 | 54,617 |
| Expense on sales of investments | (1,289) | (29,744) |
| Loss on sale of Tipiel (Note 16.2) | (7,730) | - |
| Valuation expense on debt securities | (30,807) | (11,514) |
| | **72,701** | **81,756** |

(5) Dividend income for 2015 included that corresponding to Tipiel, totaling COP 24,840. This



## NOTE 33

~~investment was recognized in 2013 and 2014 as an investment in an associate, but the~~ stake held in this company was sold off in 2015 and it is now classified as an investment in financial instruments (See Note 16.2 Investments in Associates).

Dividend income for 2015 also included COP 19,809 million from the investment in the associate Grupo Argos, which was the surplus left over from the equity method applied in 2014, meaning the equity method applied in 2014 was lower than the dividends received in 2015.

Dividend income for 2014 mainly included dividends paid out by the associate Protección totaling COP 33,722 million.

(6) The following table shows a breakdown of interest expense:

| | 2015 | 2014 |
|---|---|---|
| Bank loans | (228,469) | (193,639) |
| Interest on issued securities | (47,755) | (34,786) |
| Other loans | (241) | (331) |
| Amortized premium on debt portfolio | (2,902) | (2,179) |
| Interest on late pension payments | (20) | (15) |
| Other interest | (8,673) | (9,795) |
| Financial transaction tax | (17,589) | (14,343) |
| | **(305,648)** | **(255,087)** |

### OTHER INCOME AND EXPENSE

#### 33.1. Other income

Below is a breakdown of Grupo SURA's other income account:

| | 2015 | 2014 |
|---|---|---|
| Recovered provisions (1) | 71,363 | 10,358 |
| Others | 54,306 | 50,855 |
| Collections, recoveries and reassessments | 24,791 | 19,308 |
| Other income from foreign companies | 17,332 | 7,881 |
| Expense recognized by reinsurers | 7,395 | 1,820 |
| Gains on sale of fixed assets | 4,661 | 5,809 |
| Share of gains obtained on ceded premiums | 2,815 | 3,053 |
| Demand deposits | 2,718 | 1,613 |
| Insurance compensation | 2,293 | - |
| Default interest on late contribution payments | 2,245 | 1,527 |
| Reimbursements | 1,296 | 1,610 |
| Income from money market transactions and other policy-related interest | 1,078 | 836 |

| | | |
|---|---|---|
| Coinsurance brokerage remuneration | 696 | 479 |
| Recovered amounts, other than from operating risk policies | 76 | 91 |
| Expense recognized by reinsurers | 51 | - |
| Insurance indemnities | 45 | - |
| Property received in payment | - | 103 |
| Bond hedges | - | 3,231 |
| Reversal of voluntary profit-sharing | - | 438 |
| Advertising | - | 844 |
| | **193,161** | **109,856** |

(1) In December 2015, an analysis of the feasibility of bank guarantee set up in 2013 in favor of Protección S.A. for the purpose of covering any obligations arising for said Company regarding the shares that ING Colombia previously held in the now defunct stock brokerage firm, Interbolsa S.A., which was officially placed under the administration of the Colombian Superintendency of Finance. When ING Colombia subsequently merged with Protección the latter received said shares. The feasibility of this contingency, as recorded in books, was also assessed given the likelihood of having to repay Protección´s fund members at some stage for the loss of funds corresponding to the stake held in Interbolsa S.A. As a result of said analysis together and in the light of the confirmations received from the lawyers in charge of the case, the Company concluded that the probability of having to pay out compensation to Proteccion's fund members was uncertain and therefore the provision set up in 2014 the amount of COP 62,144 million (USD 25,975) was reversed and the corresponding bank guarantee was canceled in full. See Note 23.1 Provisions.

Other income on a country basis is shown as follows:

| Year | Colombia | Panama | Dominican Republic | El Salvador | Chile | Mexico | Peru | Uruguay | Holland | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 153,936 | 5,938 | 2,022 | 7,035 | 13,358 | 4,041 | 6,398 | 433 | - | 193,161 |
| 2014 | 70,265 | 3,859 | 812 | 18,566 | 5,307 | 2,072 | 8,757 | 142 | 76 | 109,856 |

### 33.2. Other expense

## NOTE 34

Below is a breakdown of Grupo SURA's other expense account:

| | **2015** | **2014** |
|---|---|---|
| Non proportional contract costs (1) | 109,876 | 128,139 |
| Asset impairment | 14,268 | 21,021 |
| Losses incurred on claims | 558 | 311 |
| Bonuses | 10 | 5 |
| Real estate expense | 8 | 4 |
| | **124,720** | **149,480** |

(1) Corresponding to the cost of reinsurance contracts in extending the agreed coverage.

Other expense on a country basis is shown as follows:

| Year | Colombia | Panama | Dominican Republic | El Salvador | Total |
|---|---|---|---|---|---|
| 2015 | 104,571 | 3,772 | 8,250 | 8,127 | 124,720 |
| 2014 | 127,430 | 9,536 | 10,739 | 1,774 | 149,480 |

### ADMINISTRATIVE EXPENSE

Grupo SURA's administrative expense on a country basis at year-end 2015 and 2014 is shown as follows:

| 2015 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Wealth tax | 3,786 | 32,596 | 63,806 | 185 | 287 | 100,660 |
| Commissions | 774 | 82,088 | - | 181 | 89 | 83,132 |
| Advertising and publicity | 2,633 | 33,623 | 44,446 | 323 | 112 | 81,137 |
| Lease rentals | 90 | 30,301 | 46,063 | 1,970 | 72 | 78,496 |
| Temporary services | 294 | 23,363 | 53,822 | 15 | - | 77,494 |
| Other taxes | 276 | 19,086 | 52,578 | 101 | 118 | 72,159 |
| Maintenance and repairs | 309 | 20,890 | 36,532 | 242 | 108 | 58,081 |
| Other entities and trade unions | - | 8,064 | 41,020 | - | 92 | 49,176 |
| Fosyga | - | 46,685 | - | - | - | 46,685 |
| Office supplies and stationery | 56 | 35,743 | 7,086 | 43 | (7) | 42,921 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Public utilities | 90 | 18,750 | 21,389 | 868 | 1 | 41,098 |
| Industry and Commerce tax | 5,542 | 27,853 | 5,217 | 1,731 | 271 | 40,614 |
| Traveling expense | 687 | 17,567 | 13,208 | 326 | 2 | 31,790 |
| Electronic data processing | 15 | 21,576 | 7,835 | - | - | 29,426 |
| Other operating expense | - | - | 28,064 | - | - | 28,064 |
| Cleaning and security guard services | 226 | 11,168 | 11,036 | 468 | 116 | 23,014 |
| Transport | 2,822 | 10,002 | 5,213 | 89 | 3 | 18,129 |
| Licenses | - | - | 14,680 | - | - | 14,680 |
| Colombian Superintendency of Finance | 2,161 | 1,777 | 9,886 | - | - | 13,824 |
| Retrofitting and installation expense | 62 | 12,013 | 107 | 189 | 48 | 12,419 |
| Donations | - | 4,968 | 7,187 | 37 | 1 | 12,193 |
| Fines, sanctions, indemnities, litigations, and lawsuits - operating risk | 6,768 | 1,769 | 1,544 | 378 | - | 10,459 |
| Public relations | - | 7,179 | 2,951 | - | - | 10,130 |
| National Road Safety Fund | - | 9,863 | - | - | - | 9,863 |
| Other selling expense | - | - | 9,231 | - | - | 9,231 |

| 2015 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Insurance | 1,204 | 5,623 | 1,056 | 99 | 53 | 8,035 |
| Publications and subscriptions | 58 | 3,444 | 3,993 | 23 | 1 | 7,519 |
| National Fire-fighter Fund | - | 7,117 | - | - | - | 7,117 |
| Property tax | 3 | 2,411 | 3,424 | - | 333 | 6,171 |
| Legal expense | 7 | 961 | 3,881 | 23 | 88 | 4,960 |
| Medical expense - disability and survivor insurance policies | - | - | 4,324 | - | - | 4,324 |
| Representation expense | 1,017 | 737 | 1,725 | 33 | 8 | 3,520 |
| Fasecolda | - | 2,708 | - | - | - | 2,708 |
| Banking expense | - | 1,204 | - | - | 33 | 1,237 |
| Proceeds from sales of property and equipment | - | 244 | - | - | - | 244 |
| Operating risk | - | 119 | - | - | - | 119 |
| Chamber of Commerce | - | 25 | - | - | - | 25 |
| Others | 234 | 170,365 | (173,128) | 2,717 | 65 | 253 |
| | **29,114** | **671,882** | **328,176** | **10,041** | **1,894** | **1,041,107** |



| 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Commissions | 1,033 | 80,020 | - | 115 | 288 | 81,456 |
| Legal expense | 34 | 381 | 1,122 | 54 | 12 | 1,604 |
| Proceeds from sales of property and equipment | - | 2,774 | - | - | - | 2,774 |
| Wealth tax | 3 | - | 178 | - | - | 181 |
| Industry and Commerce tax | 8,009 | 27,588 | 990 | 1,445 | 90 | 38,122 |
| Property tax | 169 | 2,525 | 2,811 | - | 309 | 5,814 |
| Other taxes | 91 | 20,005 | 39,259 | 40 | 125 | 59,520 |
| Lease rentals | 50 | 26,209 | 36,848 | 1,837 | 152 | 65,095 |
| Colombian Superintendency of Finance | 671 | 1,718 | 7,596 | - | - | 9,985 |
| Chamber of Commerce | - | 29 | - | - | - | 29 |
| Fasecolda | - | 1,967 | - | - | - | 1,967 |
| National Fire-fighter Fund | - | 7,107 | - | - | - | 7,107 |

| 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Fosyga | - | 38,645 | - | - | - | 38,645 |
| National Road Safety Fund | - | 8,164 | - | - | - | 8,164 |
| Other entities and trade unions | - | 9,638 | 32,796 | - | 80 | 42,515 |
| Insurance | 1,450 | 7,404 | 460 | (16) | 12 | 9,310 |
| Maintenance and repairs | 291 | 14,368 | 26,368 | 178 | 87 | 41,292 |
| Retrofitting and installation expense | 424 | 16,027 | 72 | 57 | 2,452 | 19,031 |
| Fines, sanctions, indemnities, litigations, and lawsuits - operating risk | - | 3,756 | 3,772 | 849 | - | 8,378 |
| Cleaning and security guard services | 213 | 10,850 | 9,709 | 524 | 169 | 21,463 |
| Temporary services | 50 | 24,251 | 71,805 | 18 | - | 96,124 |
| Advertising and publicity | 3,065 | 34,681 | 46,636 | 415 | 117 | 84,913 |
| Public relations | - | 6,074 | 2,641 | - | - | 8,715 |
| Public utilities | 215 | 16,840 | 17,008 | 749 | 2 | 34,814 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Electronic data processing | 43 | 20,394 | 6,847 | - | - | 27,284 |
| Traveling expense | 570 | 14,028 | 10,383 | 361 | 1 | 25,342 |
| Transport | 4,642 | 4,768 | 4,705 | 143 | 7 | 14,265 |
| Office supplies and stationery | 64 | 30,404 | 6,265 | 36 | 23 | 36,792 |
| Publications and subscriptions | 31 | 2,419 | 3,546 | 37 | 0 | 6,035 |
| Donations | - | 4,512 | 2,254 | 22 | 1 | 6,788 |
| Representation expense | 757 | 538 | 2,125 | 37 | 19 | 3,477 |
| Banking expense | - | 682 | - | - | 29 | 711 |
| Operating risk | - | 272 | - | - | - | 272 |
| Medical expense - disability and survivor insurance policies | - | - | 3,463 | - | - | 3,463 |
| Other selling expense | - | - | 1,005 | - | - | 1,005 |
| Licenses | - | - | 18,841 | - | - | 18,841 |
| Other operating expense | - | - | 23,644 | - | - | 23,644 |
| Others | 213 | 136,566 | (176,200) | 2,562 | 761 | (36,098) |
| | **22,086** | **575,606** | **206,947** | **9,462** | **4,737** | **818,839** |

The year-on-year change is due to COP 100,880 million in wealth tax accruing for 2015.

Grupo SURA's administrative expense at year-end 2015 and 2014 on a country basis is shown as follows:

| Year | Colombia | Chile | Spain | Holland | Mexico | Panama | Peru | Dominican Republic | El Salvador | Uruguay | Curacao | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 756,129 | 56,447 | 1,738 | - | 99,035 | 23,593 | 62,846 | 10,289 | 17,574 | 13,393 | 63 | 1,041,107 |
| 2014 | 594,776 | 39,377 | - | 660 | 64,105 | 11,367 | 71,547 | 9,087 | 17,862 | 10,012 | 464 | 818,839 |

## NOTE35

## FEES

Grupo SURA´s fee expense is broken down as follows:

| | 2015 | 2014 |
|---|---|---|
| Trust arrangements | 251 | 310 |
| Pension insurance fund management | 557 | 569 |
| Sales and service commissions | 3,853 | 3,074 |
| Insurance risk assessments | 5,088 | 3,582 |
| Board of Directors | 4,623 | 2,380 |
| Statutory Auditor and external auditing staff | 7,894 | 6,061 |
| Property appraisals | 74 | 108 |
| Legal advisors | 9,420 | 6,746 |
| Financial consultancy services | 7,377 | 6,930 |
| Insurance management services | 253,012 | 210,575 |
| Medical assistance | 85,547 | 73,133 |
| Consultancy and advisory services | 26,026 | 19,591 |
| Insurance risk assessments | 6,868 | 3,872 |
| Health Care Provider fees | 58,827 | 49,512 |
| Exito insurance policy collection fees | 1,144 | 980 |
| Inspections | 9,103 | 9,017 |
| Others | 77,350 | 89,251 |
| | **557,014** | **485,691** |

Fee expense for each individual company is shown as follows:

| 2015 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Trust arrangements | - | 240 | - | - | 11 | 251 |
| Pension insurance fund management | - | 557 | - | - | - | 557 |
| Sales and service commissions | - | 3,853 | - | - | - | 3,853 |
| Insurance risk assessments | - | 5,088 | - | - | - | 5,088 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Board of Directors | 666 | 1,270 | 2,669 | 19 | - | 4,623 |
| Statutory Auditor and external auditing staff | 394 | 1,286 | 6,050 | 109 | 56 | 7,894 |
| Property appraisals | 5 | 59 | 1 | - | 10 | 75 |
| Legal advisors | 1,518 | 2,079 | 5,656 | 53 | 114 | 9,420 |
| Financial consultancy services | - | - | 7,377 | - | - | 7,377 |
| Insurance management services | - | 253,012 | - | - | - | 253,012 |
| Medical assistance | - | 85,547 | - | - | - | 85,547 |
| Consultancy and advisory services | - | 26,026 | - | - | - | 26,026 |
| Insurance risk assessments | - | 6,868 | - | - | - | 6,868 |
| Health Care Provider fees | - | 58,827 | - | - | - | 58,827 |
| Exito insurance policy collection fees | - | 1,144 | - | - | - | 1,144 |
| Inspections | - | 9,103 | - | - | - | 9,103 |
| Others | 3,206 | 27,141 | 46,527 | 474 | 3 | 77,350 |
| | **5,788** | **482,098** | **68,281** | **654** | **193** | **557,014** |

| 2014 | Grupo Sura | Suramericana and Subsidiaries | Sura Asset Management and Subsidiaries | Integradora de Servicios Tercerizados and Subsidiaries | Others | Total |
|---|---|---|---|---|---|---|
| Trust arrangements | - | 310 | - | - | - | 310 |
| Pension insurance fund management | - | 569 | - | - | - | 569 |
| Sales and service commissions | - | 3,074 | - | - | - | 3,074 |
| Insurance risk assessments | - | 3,582 | - | - | - | 3,582 |
| Board of Directors | 562 | 1,154 | 644 | 20 | - | 2,380 |
| Statutory Auditor and external auditing staff | 350 | 1,362 | 4,210 | 101 | 38 | 6,061 |
| Property appraisals | - | 93 | - | - | 16 | 109 |
| Legal advisors | 533 | 1,196 | 4,796 | 75 | 146 | 6,746 |
| Financial consultancy services | 343 | - | 6,587 | - | - | 6,930 |



## NOTE 36

| | | | | | | |
|---|---|---|---|---|---|---|
| Insurance management services | - | 210,575 | - | - | - | 210,575 |
| Medical assistance | - | 73,133 | - | - | - | 73,133 |
| Consultancy and advisory services | - | 19,591 | - | - | - | 19,591 |
| Insurance risk assessments | - | 3,872 | - | - | - | 3,872 |
| Health Care Provider fees | - | 49,512 | - | - | - | 49,512 |
| Exito insurance policy collection fees | - | 980 | - | - | - | 980 |
| Inspections | - | 9,017 | - | - | - | 9,017 |
| Others | 1,608 | 37,495 | 49,807 | 285 | 56 | 89,251 |
| | **3,395** | **415,515** | **66,044** | **481** | **257** | **485,691** |

Fee income for each country is shown as follows:

## NOTE 37

| Year | Colombia | Chile | Spain | Holland | Mexico | Panama | Peru | Dominican Republic | El Salvador | Uruguay | Curacao | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 485,624 | 31,521 | 1,510 | 608 | 16,065 | 8,231 | 9,525 | 951 | 1,862 | 1,045 | 73 | 557,014 |
| 2014 | 422,858 | 23,941 | 1,767 | 1,732 | 21,028 | 5,375 | 5,049 | 1,255 | 1,548 | 1,128 | 10 | 485,691 |

## EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income attributable to the shareholders by the weighted average number of shares outstanding for the year.

The following table shows the income and share information used to calculate basic earnings per share:

| | 2015 | 2014 |
|---|---|---|
| Net income - controlling interest | 1,104,091 | 1,420,193 |
| Average weighted number of shares outstanding | 575,372,223 | 575,372,223 |
| **Earnings per share** | **1,918.92** | **2,468.30** |

# NOTE 38

## TRANSLATING CURRENCIES AND RESULTS OF FOREIGN OPERATIONS

The rates used to translate the different foreign currencies in Grupo SURA´s consolidated financial statements are shown as follows:

| | Average rate * | | Closing rate | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | January 1,2014 |
| Chilean peso (CLP/USD) | 654.24 | 570.57 | 716.94 | 614.24 | 529.10 |
| Colombian peso (COP/USD) | 2,743.39 | 2,000.27 | 3,149.47 | 2,392.46 | 1,926.83 |
| Dominican peso (DOP/USD) | 45.07 | 43.57 | 45.55 | 44.36 | 42.79 |
| Euro (EUR/USD) | 0.90 | 0.75 | 0.92 | 0.82 | 0.73 |
| Mexican peso (MXN/USD) | 15.87 | 13.31 | 17.36 | 14.83 | 13.09 |
| Peruvian new sol (PEN/USD) | 3.18 | 2.84 | 3.43 | 2.98 | 2.80 |
| Uruguayan peso (UYU/USD) | 27.29 | 23.23 | 29.93 | 24.32 | 21.50 |

*Only the closing rate was used at January 01, 2014, given the fact that this was the date of the opening balance sheet.

## FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

This section describes the main features of the Governance Framework overarching the risk management system deployed at the individual company level and how the more important risk exposure is analyzed based on the different sectors involved. The following analysis is divided into the following three categories: financial risk, business risk and operating risk.

### 1. RISK MANAGEMENT SYSTEM - GOVERNANCE FRAMEWORK

The Grupo Sura business group has a governance framework for risk management in order to enable its subsidiaries and their business units to address new challenges and opportunities in their constantly-evolving environments while providing capital gain through intercompany coordination.

The Board of Directors and Senior Management teams of each of the Subsidiaries are responsible for their own risk management systems, which are deployed based on the size and complexity of their lines of business and operating processes, geographic diversification and the nature of the risks to which each of these are exposed, ensuring consistency and feedback in terms of Grupo SURA´s organizational strategy.

Grupo SURA, in its capacity as parent company of the Group, is exposed to the risk of its own operating results and performance being impacted by the risks to which its subsidiaries are exposed, so the Group´s risk management policy not only focuses on the parent´s own risks, in terms of its business model and strategy, but also those of its subsidiaries.

In the case of Grupo SURA's own risks as parent company, Senior Management has focused more on strategic risks, meaning those that could restrict or prevent the organization from achieving its strategic objectives.

With regard to risk management at subsidiary level, both Suramericana as well as SURA Asset Management have their own Comprehensive Risk Management Systems. These systems, handled by their own dedicated areas, allow for strategic, administrative and operating decisions to be made in order to create capital gain not just by maximizing revenues within low levels of tolerable risk, but also understanding global trends and the internal dynamics of the different subsidiaries, creating appropriate control mechanisms and ensuring the sustainability and continuity of their different lines of business over the long term.

Therefore, considering that each of its core subsidiaries has the experience and expertise required to operate in their specific lines of business, Grupo SURA has put into place adequate communication mechanisms for tracking the Group´s risk profile and the handling of its risk exposure, including, among others, sitting on their boards of directors and board committees as well as sharing their best practices and reporting on the performance of the Group´s different investments.

### 2. RISK CATEGORIES

The following are the main risks that are prioritized and handled by the different companies, which are grouped into categories of relevant issues based on the risk profile of each business and the sectors in which they operate.

#### 2.1. Financial Risk Management

The Latin American financial markets and individual economies have an effect on business operations and, hence the financial results obtained. Therefore, risk management systems must be put into place that enable these companies to monitor their exposure to credit, market and liquidity risk from the standpoint of the cash management function, investment portfolios and responsibility of handling third-party portfolios.

In 2015, Grupo SURA's subsidiaries were affected by substantial volatility prevailing over the Latin American markets as a result of widespread currency devaluation produced mainly by falling commodity prices, which in turn had a negative effect on the public debt of countries who are largely dependent on their mining and energy sectors, as is the case with Colombia, Mexico, Chile, Peru and Brazil. Also, the sluggish performance on the part of the capital markets, a tighter monetary policy in the United States, rising interest rates in Latin America,  monetary stimulus programs in Europe and Japan, coupled with negative oil prices, the slowdown in China and the economic and political turmoil in Brazil, were factors that had a decisive effect on the region.

The main financial risks are listed as follows which, for the purposes of this analysis, consist of credit, market and liquidity risk.

### 2.1.1. Credit Risk Management

The Group´s credit risk management function is aimed at reducing the probability of incurring losses in failing to meet the Company's financial obligations with third parties. For this purpose, guidelines have been issued to facilitate the analysis and monitoring of issuers and counterparties, as well as the funds handled by the cash management departments, insurance portfolios and third-party funds

The credit risk management function ensures that the investments made by subsidiary cash management departments are always backed by issuers and/or management firms with adequate creditworthiness. At December 31, 2015, Grupo SURA's short-term investments were mostly concentrated in liquid collective portfolios managed by firms offering the highest credit quality, as well as savings accounts and checking accounts.

On the other hand, the insurance companies manage their credit risk through the handling of their portfolios of profitable, liquid assets that underpin their technical reserves, based on policies governing the allocation of quotas, limits and controls, as well as methodologies and procedures used for the different assets making up the portfolio which allow for evolving risk to be quantified and monitored. These methodologies provide for detailed analyses to be carried out on the financial strength and conditions as well as other qualitative aspects regarding the different issuers.

The portfolios belonging to these insurance companies largely consist of fixed income securities. The following table is a breakdown of fixed income financial assets at subsidiary level, based on their corresponding international credit ratings at December 31, 2015:

**Note:** international credit ratings are restated using the maximum sovereign ratings of each country: Colombia BBB, Dominican Republic BB+, El Salvador B+, Panama BBB, Chile AA-, Peru BBB+ and Mexico BBB+. As can be seen, sovereign exposure is representative.

**Fixed Income Securities by Credit Rating- 2015 (on an International Scale)**

| | Suramericana | | | | SURA Asset Management | | |
|---|---|---|---|---|---|---|---|
| | Colombia | Dominican Republic | Salvador | Panama | Chile | Peru | Mexico |
| Sovereign | 23.4% | 46.0% | 29.1% | 44.8% | 11.4% | 24.4% | 88.1% |
| AAA | 0.2% | 0.0% | 0.0% | 0.0% | 0.0% | 1.5% | 0.0% |
| AA+ | 0.0% | 0.0% | 1.9% | 0.0% | 0.0% | 0.6% | 0.0% |
| AA | 0.0% | 0.0% | 0.0% | 0.0% | 14.9% | 0.0% | 0.0% |
| AA- | 0.3% | 0.0% | 1.7% | 0.0% | 0.0% | 0.5% | 0.0% |
| A+ | 0.1% | 0.0% | 1.0% | 0.0% | 0.0% | 0.6% | 0.0% |
| A | 1.8% | 0.0% | 0.0% | 0.8% | 62.4% | 0.2% | 1.1% |
| A- | 1.2% | 0.0% | 0.7% | 0.0% | 0.0% | 2.7% | 1.5% |
| BBB+ | 1.7% | 0.0% | 0.0% | 7.3% | 0.0% | 27.9% | 7.5% |
| BBB | 50.3% | 0.0% | 0.7% | 13.3% | 9.8% | 20.7% | 1.8% |
| BBB- | 17.8% | 0.0% | 2.0% | 1.8% | 0.0% | 13.7% | 0.1% |
| BB+ | 1.6% | 0.0% | 2.6% | 1.7% | 0.0% | 2.0% | 0.0% |
| BB | 0.3% | 0.0% | 0.0% | 25.3% | 1.2% | 0.5% | 0.0% |
| BB- | 0.2% | 0.0% | 0.0% | 1.2% | 0.0% | 0.6% | 0.0% |
| Others | 0.0% | 54.0% | 27.4% | 2.9% | 0.3% | 0.0% | 0.0% |
| Deposits | 1.2% | 0.0% | 32.8% | 0.9% | 0.0% | 4.2% | 0.0% |

With regard to SURA Asset Management´s credit risk exposure in handling third-party funds, in keeping with its fiduciary duty, the Company's fund management function includes due diligence performed on all investees, including issuers, counterparties and fund management firms. The purpose of this safeguard is to detect and identify signs of risks from the legal, accounting, financial and commercial standpoints, among others.

Exposure to credit risk at December 31, 2015 came to COP 548,360 (COP 378,743 for 2014).

The following is a breakdown of Grupo de Inversiones Suramericana S.A.´s credit risk exposure:

| Financial assets | 2015 | 2014 |
|---|---|---|
| Housing loans | 306 | 282 |
| Loans and accounts receivable | 627 | 2,136 |
| Debt securities | 44,620 | 34,742 |
| Options contracts | 109,934 | - |
| Swaps | 75,367 | 48 |
| Equity securities | 308,782 | 335,828 |
| Other financial assets | 8,724 | 5,707 |
| | **548,360** | **378,743** |

### 2.1.2. Market Risk Management

La gestión de este riesgo se enfoca en cómo las variaciones en los precios de mercado This type of risk management focuses on how fluctuations in market prices affect the value of the portfolios handled as well as subsidiary revenues. Market risk management systems have been deployed to identify, measure and monitor the corresponding exposure. These systems are composed of a set of policies, procedures, monitoring mechanisms and internal controls.

The impact of variables such as interest and exchange rates and asset prices on the Company's performance are also subject to periodic monitoring. Furthermore, in order to mitigate their volatility, the possibility of hedging such risk is determined, and this is constantly monitored by the area responsible for such.

This same risk is analyzed from the perspective of the cash management, the insurance portfolios and third party funds, all in terms of subsidiary assets and liabilities.

In the case of Grupo SURA, its market risk exposure is handled by its cash management department, which is responsible for monitoring currency and interest risks relating to the Group´s indebtedness. In this respect, various hedging arrangements were entered into in 2015 (see Note 12 - Derivatives ) for dollar-denominated loans earning LIBOR-indexed interest rates, with the aim of reducing the potential impact of rising interest rates in the US and any further devaluation of the Colombian peso.

On the other hand, Suramericana is exposed to currency risk through a dollar-denominated loan, taken out to purchase Seguros Banistmo in Panama, and this specific exposure was subject to a net investment hedge. There is also a debt in local currency linked to a variable interest rate, which exposes the Company to an interest rate risk.

SURA Asset Management holds indebtedness that largely consists of an issue of bonds placed on the international markets as well as bank loans. Since most of the debt is denominated in USD, there is a risk with the exchange rate. Also, part of this debt is hedged by a derivative, based on an underlying loan in Colombian pesos, the result of which is an obligation in dollars at a fixed rate. Similarly, there is another debt denominated both in local currency and in dollars linked to variable interest rate, which also exposes the Company to interest rate risk.

As for how this risk is handled with regard to the portfolios held by the insurance companies, methodologies, limits and/or alerts have been put firmly into place, based on internal policies and rules and regulations governing each of the countries where the companies are present. These measurement tools include: Value at Risk, Information Ratio, Sensitivities and Simulations.

Suramericana, in particular, makes use of measurement tools such as Value at Risk (VaR), both on a regulatory and internal level. This internal methodology is based on a Monte Carlo VaR that reflects, in a more accurate and swifter fashion, the level of market risk affecting Suramericana's portfolios.

On the other hand, SURA Asset Management handles its market risk through its ALM (Assets and Liabilities Management) function which is a dynamic and continuous process. It begins by analyzing the liability profile of SURA Asset Management S.A., and depending on the corresponding risk appetite/return, a strategic asset allocation plan is drawn up, taking into account the feasibility of going ahead with such, given prevailing market conditions (liquidity and depth) and the weighting of the existing portfolio of investments (especially in relation to terms and accrual rates).

With regard to other monetary assets and liabilities denominated in foreign currencies, Grupo SURA's subsidiaries must ensure that their net exposure is kept to an acceptable level.

The following tables show the risk exposure affecting the Insurance Companies at December 31, 2015: (Excluding Unit Linked Funds)

**Currency exposure:**

| | Suramericana | | | | SURA Asset Management | | |
|---|---|---|---|---|---|---|---|
| **Lending positions** | **Colombia** | **Panama** | **Dominican Republic** | **El Salvador** | **Chile** | **Mexico** | **Peru** |
| Local currency* | 71.6% | 0% | 76.5% | 0% | 0.04% | 3.6% | 31.1% |
| Real local currency ** | 13.9% | 0% | 0% | 0% | 99.9% | 96.2% | 24.2% |
| USD | 12.7% | 100% | 23.5% | 100% | 0.06% | 0.2% | 44.7% |
| Others | 1.8% | 0% | 0% | 0% | 0% | 0% | 0% |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |

*Local currency: Colombia - COP, Panama - PAB, Dominican Republic- PDO, El Salvador - SVC, Chile - CLP, Mexico - MXN, Perú - PEH.
** Real Local Currency: Colombia – UVR, Chile – UF, Mexico – UDI, Peru– Soles VAC.

**Exposure to interest rate:**

| | Suramericana | | | | SURA Asset Management | | |
|---|---|---|---|---|---|---|---|
| **Fixed Income Securities** | **Colombia** | **Panama** | **Dominican Republic** | **El Salvador** | **Chile** | **Mexico** | **Peru** |
| **Variable rate** | **50.5%** | **0%** | **1.4%** | **1.6%** | **0%** | **0%** | **0%** |
| Fixed rate | 33.1% | 96% | 98.6% | 98.4% | 86.7% | 100% | 85.8% |
| **Subtotal** | **83.6%** | **96%** | **100%** | **100%** | **86.7%** | **100%** | **85.8%** |
| **Equity Securities** | | | | | | | |
| Local | 11.1% | 2.8% | 0% | 0% | 0.04% | 0% | 0.1% |
| Foreign | 5.4% | 1.2% | 0% | 0% | 0% | 0% | 0.3% |
| Subtotal | 16.4% | 4% | 0% | 0% | 0.04% | 0% | 0.4% |
| **Others** | **0%** | **0%** | **0%** | **0%** | **13.2%** | **0%** | **13.8%** |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |

In managing market risk, Suramericana hedges between 20% and 100% of its total exposure, in accordance with guidelines issued by its board of directors. In the case of SURA Asset Management, market risk is controlled by monitoring duration mismatches as well accrual rates relating to the asset portfolio. Mitigating market risk in the form of price changes mainly involves real estate asset management, since SURA Asset Management S.A.´s business units do not have a significant quantity of variable-income investments (in addition to those assigned to the client as part of individual account funds). The concentration of this real estate portfolio is monitored. Furthermore, lessee creditworthiness and the concentration in each industrial sector are monitored to mitigate any material impact due to breaches of lease contracts.

At December 31, 2015, Suramericana held forward contracts to hedge its exchange rate risk, for a face value of COP 664,422 million, of which COP 554,307 million correspond to USD currency forwards and the remaining COP 110,116 million EURO currency forwards. It is important to note that all hedges are held by companies in Colombia.

In the case of SURA Asset Management, there is an immaterial exposure to the exchange rate with the Company's life insurance portfolio in Chile. This exposure was created because liabilities in Chile are denominated in UFs (an inflation indexed unit) and 1% of the asset portfolio consists of fixed income, dollar-denominated securities. In order to hedge this exposure, a cross currency swap was taken out by means of which the returns on said securities are converted to UFs. As for the Third-Party Fund Management firms, market risk is handled based on the policies defined by the rules and regulations governing each of these funds, in addition to their own internal handling.

Rules and regulations governing the pension business (except for in Mexico) requires each company to maintain minimum returns with respect to the funds managed by the rest of the industry. Therefore, the gap existing between fund returns provided by SURA Asset Management S.A.´s Business Units and those provided by the rest of the industry is examined. Should the difference in returns exceed the regulatory thresholds, the pension fund management firm must reimburse each fund in order to maintain the stipulated rate floors.

#### 2.1.3. Liquidity Risk Management

Liquidity risk refers to the Company´s ability to produce sufficient funds to meet its obligations and run its business.

Subsidiary efforts in managing this risk are based on their short and long term liquidity management strategies, which are based in turn on the policies and guidelines issued by their respective boards of directors and senior management teams that address both cyclical and structural factors so as to ensure compliance with their obligations under the initially agreed terms and conditions without incurring in any extra expense. Follow-ups are also carried out on short-term cash flows in order to cover short-term receivables and payables and mid-term cash flow projections are conducted to determine each subsidiary´s liquidity positions and anticipate the measures required for their proper management.

Also, and in order to address certain specific situations, the subsidiaries maintain lines of credit from various financial institutions at their disposal as well as short-term highly liquid investments that can be readily sold off, as well as other sources of additional liquidity.

The main transaction performed by Grupo SURA in 2015 was acquiring the interest held by JP Morgan in SURA Asset Management, 85% of which was financed through debt and the remainder with the Company´s own funds. The acquisition of RSA´s Latin American operations is also expected to be completed during the first half of 2016, with regard to which Grupo SURA shall be capitalizing the equivalent of 54.7% of the value of said transaction.

As for Suramericana, one of the main transactions that had an effect on its liquidity in 2015 was the acquisition of Seguros Banistmo in Panama. 27.4% of this transaction was financed with the subsidiary´s own funds and the remaining 72.6% through debt. Another transaction is expected to have the same effect in 2016, namely the acquisition of the Latin American operations of RSA Insurance Group (in Chile, Argentina, Mexico, Brazil, Colombia and Uruguay). 32.6% of this purchase shall be financed by debt and the remaining 67.4% through an injection of capital to be carried out by Suramericana´s own shareholders.

As for SURA Asset Management, one of the main highlights for 2015 was having acquired a stake in the Pacific Alliance Fund. This seed capital was 100% financed with SURA Asset Management´s own funds, channeled through its Mexican subsidiary SURA Asset Management Mexico, with SURA Investment Management Mexico, S.A. de C.V. acting as fund manager. Based on the nature of the commitments acquired by SURA Asset Management and in the light of its ALM strategy, no short- or long-term liquidity events are anticipated in 2016. In the case of portfolios being run-off, the relationship between liquid assets and commitments on the part of SURA Asset Management S.A.´s business units is periodically monitored, identifying and prioritizing assets that must be sold off, so as to ensure the least impact on accrual rates and reconciling portfolio assets and liabilities. Note 8.3 Financial Liabilities shows the maturity of Grupo SURA's financial liabilities and their corresponding liquidity risk exposure.

The following is a breakdown of financial assets held for managing liquidity risk:

| Year | Up to one month | Between one and three months | Between three and twelve months |
|---|---|---|---|
| 2015 | 3,427,160 | 17,990 | 233,770 |
| 2014 | 2,837,668 | 21,603 | 317,259 |

Long-term liabilities are mainly hedged by the flow of dividends from investments in associates that are declared during the first quarter of each year at the corresponding shareholders' meetings.

### 2.2. Business Risk Management

Business risks consist of all those risks arising from a subsidiaries´ business model and performance. In the case of Suramericana and SURA Asset Management, these risks are directly related to insurance and third-party fund management, as these are their main business activities.

The following is a breakdown of business risks to which both subsidiaries are exposed:

#### 2.2.1. Technical Risk Management - Insurance Companies

The main non-financial risks that could affect these Subsidiaries have to do with changes in the mortality, longevity and morbidity rates of the population thus exposed; as well as adverse departures from the normal claims rate pattern, the adequacy of their technical reserves and the Organization´s overall operating efficiency.

**2.2.1.1. Sensitivity Analyses**

In order to calculate certain risk exposures, the Subsidiaries perform sensitivity analyses on their financial statements, which show how profit or loss for the period in question could be affected should these risks materialize.

With regard to life insurance, these analyses are performed to calculate subsidiary exposure changes in variables such as the longevity, mortality and morbidity rates. For this purpose, each of these variables are artificially moved up or down so as to assess the magnitude of such changes from the profit and loss standpoint. The following impacts are shown for each type of risk exposure:

| Suramericana | | |
|---|---|---|
| **Country** | **Risk** | **Impact** |
| Colombia | + 30% increase in the Mortality Rate | COP -66,278 |
| | + 35% increase in the Morbidity Rate | COP -90,957 |
| | + 10% increase in the Longevity Rate | COP -30,110 |

*In millions of pesos at year-end 2015. The impact was analyzed based on pretax net income.

| SURA Asset Management | | |
|---|---|---|
| **Country** | **Risk** | **Impact** |
| Chile | + 10% increase in the Mortality Rate | (13,935) |
| | + 10% increase in the Morbidity Rate | (4,798) |
| | + 10% increase in the Longevity Rate | (51,396) |
| Peru | + 10% increase in the Mortality Rate | (6,118) |
| | + 10% increase in the Morbidity Rate | ND |
| | + 10% increase in the Longevity Rate | (68,610) |
| Mexico | + 10% increase in the Mortality Rate | (817) |
| | + 10% increase in the Morbidity Rate | ND |
| | + 10% increase in the Longevity Rate | (33,350) |

*In millions of pesos at year-end 2015. The impact analyzed was on pretax net income. The risk of morbidity in Peru and Mexico has not been modeled due to its immateriality.

It is to be noted that this sensitivity analysis covered the corresponding effects on the annual financial statements as a result of a change to the most important parameters used in assessing the value of long-term commitments to policyholders. The impact of structural changes in the mortality, morbidity and longevity rates was quantified for the different portfolios, which entails implications for the expectations held for future years (as opposed to just the first year along with the inherent volatility risk), thus affecting the value of long-term policy reserves.

As for workers´ compensation insurance, the current occupational health and safety trends and patterns were analyzed, as well as the longevity trend on pension obligations. These sensitivity analyses produced the following results:

| Suramericana | | |
|---|---|---|
| **Country** | **Risk** | **Impact** |
| Colombia | + 7% increase in the Morbidity Rate | COP -16,686 |
| | + 10% increase in the Longevity Rate | COP -10,371 |

*In millions of pesos at year-end 2015. The impact analyzed was on pretax net income.

As for property and casualty insurance sensitivity analyses were performed on claims rates and insufficient reserves.

The claims rate risk concerns the possibility of incurring losses as a result of inadequate policies and practices in designing products or mistakes made in calculating tariffs, making them insufficient to cover business expense or fluctuations with the timing, frequency and severity of insured risks.

The risk of inadequate reserves, on the one hand, concerns the probability of loss as a result of underestimating or overestimating of technical reserves and other contractual obligations (profit sharing, payment of guaranteed benefits, etc.).

As a result, an impact for each branch of insurance was obtained from the two combined risks, bearing in mind a correlation factor of 0.5 for both risks. In performing the corresponding sensitivity analysis, a correlated sum was arrived at for the impact on each branch of insurance. This impact represents the magnitude of such change on the Company's profit and loss after assessing the sensitivity of both risks.

| Suramericana | | | |
|---|---|---|---|
| **Country** | **Branch of insurance** | **Impact - claims rate** | **Impact - insufficient reserves** |
| Colombia | Car | 23,010 | 5,131 |
| | Mandatory road | 9,527 | 2,124 |
| | Civil Liability | 2,067 | 461 |
| | Fire | 1,564 | 349 |
| | Merchandise transport | 1,230 | 274 |
| | Others | 3,999 | 892 |

*In millions of pesos at year-end 2015. The impact analyzed was on pretax net income.

**2.2.1.2. Liability Adequacy Tests**

The technical reserves held by each subsidiary are periodically analyzed so as to determine their adequacy. Should these analyses show that said reserves are insufficient, adjustments are made in accordance with the methodologies used as well as the plans put into place by the organization.

#### 2.2.1.3 Reserve risk

Grupo SURA's subsidiaries have designed and implemented actuarial methodologies and processes that allow for best estimates to be made regarding their liabilities. They also deploy tools for the periodic monitoring of whether their reserves are sufficient to meet their obligations, thus allowing them to take prompt action to maintain adequate liability levels.

#### 2.2.1.4. Underwriting and Pricing Risk

Grupo SURA's subsidiaries handle this risk from two standpoints: the first from the initial design and development of solutions where policies, processes and controls are defined for underwriting and pricing these products The second consists of periodically monitoring the corresponding risk by reassessing prices, so as to be able to see whether the current prices are able to cover future contractual obligations. The aim of these analyses is to understand whether the retained earned premium is sufficient to cover the amount of expense incurred by the insurance company, in terms of claims rates, technical and administrative expense, financial income and the minimum returns expected by the shareholders given the risks taken on.

#### 2.2.1.5. Reinsurance Risk

With respect to reinsurance contracts, Grupo SURA's subsidiaries analyze the financial capacity and strength of its reinsurers in meeting their obligations. In order to manage this risk, financial strength is analyzed through quantitative and qualitative variables (financial strength, market position, etc.) in order to support the decision making process and comply with internal control procedures.

#### 2.2.1.6. Concentration Risk

Grupo SURA's subsidiaries periodically monitor this risk based on the degree of concentration. This includes the concentrations among policy-holders who are economic groups, as well as distribution channels, products, solutions, etc.

### 2.2.2. Risk Management - Pension Fund Management firms.

The main risks or factors that could affect the performance of SURA Asset Management's pension fund management firms concern departures from the normal pattern of commission income and client behavior. Fund management commissions can be affected by drops in commission income due to market competition; a decrease in the number of fund members (resulting from unemployment, increase in the informal job market, etc.); a decline in the wage base (resulting from deflation or falling real wages) or regulatory changes. Consequently, client behavior has an impact on the exit rate with which fund members transfer to other fund management firms. These transfers are linked to the commercial activities on the markets in which the individual companies operate.

To quantify this risk exposure, the financial effects of these changes are analyzed.

### 2.2.3. Risk Management - Fund Management Firms

The main risks that could affect the performance of SURA Asset Management's fund management firms mainly concern departures from the normal pattern of commission income. Changes in management fees are linked to declining commission rates (for example, market competitiveness) or a reduction in client funds (including market conditions and exit rates, competition, macroeconomic factors, among others).

To quantify the exposure to this risk, the financial effects of decreases to this variable are analyzed.

### 2.2.4. Regulatory Risk Management

Since Grupo SURA's subsidiaries operate in highly regulated industries with ever-changing rules and regulations from the business, tax, accounting and other standpoints, they have to monitor all possible changes emanating from the political or social climate in all those sectors and countries in which they operate.

In 2015, the results of both Grupo SURA and Suramericana were affected by the changeover to International Financial Reporting Standards as adopted in Colombia, the effects of which were mainly financial due to non-recurring items. Certain specific items, such as wealth tax, also had an impact on the net income of the Group´s Subsidiaries.

Regulatory risk to Grupo SURA´s different lines of business is handled from the following standpoints:

- Now that the local insurance market is beginning to embrace international best practices, Colombian regulators have been issuing standards relating to estimating reserves, minimum capital requirements and other factors. Additional rules and regulations have also been issued with a view to ensuring that adequate reserves are held by the social security companies, since any failure to comply with such could impact the results of these subsidiaries.
- In Chile in 2014, a Presidential Advisory Commission was formed to submit proposals for improving the country´s pension system in this country. Thus our companies in Chile are awaiting this new legislation so as to be able to understand the regulatory changes to be introduced and the internal adjustments that must be made to comply with such.
- The Peruvian congress, amid much debate and controversy, is considering a law that would allow people reaching the age of 65 to withdraw 95.5% of their pension funds. If this law is passed, SURA Asset Management has designed a comprehensive product offering that complements all stages of the client´s life cycle and providing more efficient options that those proposed in this new legislation.

In 2016, our subsidiaries continue waiting for any possible changes to the tax, pension and insurance regulatory frameworks within the region that could have an effect on their results.

### 2.3. Operating Risk Management

Operating risk relates to events that prevent the Company´s normal operations with regard to people, technology and processes. The handling of this type of risk, at the subsidiary level, is based on thorough internal controls that help to mitigate such risk and focus on analyzing the risks to both processes and projects.

In 2015, operating risk management methodologies and the corresponding controls were enhanced and updated, thus facilitating the proper mitigation of such risk and providing a more comprehensive overview of this type of exposure. This type of risk is handled from the following standpoints:

- Business Continuity Risk: companies have the necessary tools in place to address in the best way possible to address any adverse and unlikely event that could occur. These include fully-trained response teams, current continuity plans and checking the proper working order of the strategies thus implemented to ensure that the most critical services are provided even before an unexpected event that could affect normal operations occurs.

- Risk of Money Laundering, Terrorist Financing, Fraud, Corruption and Bribery: the Company has mechanisms and controls in place for preventing, detecting, investigating and handling solutions for any kind of fraud.

  For preventing and controlling the risk of money laundering and the financing of terrorism, Grupo SURA's Subsidiaries are committed to strengthening their risk management systems through which procedures are carried out to prevent them from being used, without their consent or knowledge to conceal, insure, manage and invest proceeds from illicit activities. Such procedures include performing due diligence with our suppliers, investors, clients and other stakeholders, as well periodic monitoring and follow-ups, especially with regard to international black lists.

- Legal Risk -Compliance: with respect to legal risk, Grupo SURA's subsidiaries have adopted external and general guidelines issued by the respective oversight authorities in each of the countries where they are present, as well as those issued internally by their board of directors.

  Also, each subsidiary has its own compliance department, which is primarily responsible for handling legal and regulatory compliance as well as for building up a culture of ethical conduct within their own workplaces and for strictly complying with all voluntary and mandatory, internal and external commitments.

## NOTE 39

## CAPITAL MANAGEMENT

Grupo SURA´s policy is to maintain a robust capital base so as to retain the confidence of investors, creditors and the market in general, as well as to sustain future development. The Company monitors shareholders´ return on equity and the level of dividends paid out.

The main purpose of Grupo de Inversiones Suramericana's capital management policy is to ensure a financial structure that optimizes the cost of capital for the company, maximizing shareholder returns and allows access to financial markets at a competitive cost so as to be able to cover the Company´s financing needs.

Grupo SURA monitors its capital using the adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total financial liabilities, including interest-bearing loans plus proposed non-accrued dividends less cash and cash equivalents.

In order to comply with the financial debt indicators used by the credit rating agencies to measure the degree of investment in its subsidiaries. Grupo SURA's adjusted debt to equity ratio at year-end was as follows:

| | 2015 | 2014 | 1 de enero de 2014 |
|---|---|---|---|
| Financial liabilities (Notes 18 and 24) | 6,265,444 | 4,133,847 | 6,265,444 |
| Cash and cash equivalents (Note 7) | (1,433,184) | (1,293,989) | (1,343,055) |
| **Net debt** | **4,832,260** | **2,839,858** | **4,922,388** |
| Total equity (Note 25) | 26,062,600 | 24,957,605 | 22,619,496 |
| Adjusted net debt to equity ratio(1) | 18.541% | 11.379% | 21.762% |

(1) Net debt to equity

## NOTE 40

## INVESTMENT COMMITMENTS

Grupo Sura's investment commitments consist of the following:

- At year-end 2015, Grupo de Inversiones Suramericana had committed a total of COP 244 million and COP187 million, respectively, to the private equity funds, Escala and Progresa. At year-end 2014 this investment commitment came to COP 463 million in the case of Escala and COP 612 million for Progresa.

  Through its subsidiary Habitat Adulto Mayor S.A., Grupo SURA signed a letter of intent in December 2015 to purchase a plot of land, measuring 3,000 square meters, in the residential district of El Poblado in Medellin, for a total value of COP 3,440 million, where this subsidiary will be expanding its operation.

- In the case of Suramericana S.A., Grupo Sura will be capitalizing this company in an amount equivalent to 70% of the purchase value of acquiring the RSA operations in Latin America, in conjunction with its minority shareholder Munich Re.

## NOTE 41

## RELATED PARTY DISCLOSURES

### 41.1. Related parties

Grupo SURA's related parties consist of its subsidiaries, key management personnel and entities over which key management personnel may exercise control or joint control as well as employee post-employment benefits.

The following is a breakdown of Grupo SURA's related parties at year-end 2015:

**a) Companies under the direct or indirect control of Grupo SURA are listed in Note 16.1 Investments in Subsidiaries.**

**b) Members of the Board of Directors:**
Armando Montenegro Trujillo
Hernando Yepes Arcila
Jaime Bermúdez Merizalde
Carlos Antonio Espinosa Soto
Jose Alberto Vélez Cadavid
Carlos Ignacio Gallego Palacio
Juan Guillermo Londoño Posada

**c) Senior Management:**
**a. Grupo Sura**
David Bojanini García: Chief Executive Officer
Ignacio Calle Cuartas: Chief Corporate Finance Officer
Fernando Ojalvo Prieto: Chief Corporate Affairs Officer and Company Secretary

**b. Suramericana:**
Gonzalo Alberto Pérez
Andrés Felipe Ochoa G.
Carlos Andrés Ángel A.
Juan Fernando Uribe N.
Juan David Escobar F.
Maria Adelaida Tamayo J.
Mario Gildardo López L.
Sergio Pérez M.

**c. Sura Asset Management**:
David Emilio Bojanini
Gonzalo Alberto Pérez
Ignacio Calle Cuartas
Miguel Cortés Kotal
Martín Emiliano Escobari Lifchitz
Ana Capella
Marianne Loner
Jaime Humberto López

**d. Integradora:**
Juan Carlos Gomez
Daniel Mesa Gómez
María Adelaida Ocho
Ignacio Calle Cuartas
Jorge Otalvaro Tobón
Juan Pablo Arango Botero
Claudia Urquijo
Natalia Gómez
Juan David Cano Arango

**d) Investments in associates and joint ventures:**
Grupo SURA's associates and joint ventures are listed in Note 16.2 Investments in Associates and Note 16.3. Joint Ventures.

**e) Grupo de Inversiones Suramericana's Shareholders:**
See list of shareholders contained in Note 1 Reporting Entity

### 41.2. Transactions with related parties

Transactions between related parties include:

- Loans between related companies with contractually stipulated terms and conditions and at interest rates that are in keeping with the prevailing market rates. All are paid back in the short-term.
- Financial, management, IT and payroll services.
- Leases and subleases of office and retail space, as well as re-invoiced public utility bills corresponding to such.
- Cash reimbursements.
- Loans with senior executives.

All of these transactions are considered to be short-term transactions.

Balances are reconciled at the end of each year, in order to eliminate all applicable intercompany transactions. The exchange difference with recorded rates are charged to income on the Consolidated Financial Statements.

The following is a summary of the transactions carried out with related parties at year-end, which were subsequently eliminated in the consolidated financial statements:

| | 2015 | | | |
|---|---|---|---|---|
| **Company** | **Accounts receivable** | **Accounts payable** | **Income** | **Expense** |
| Corredores de Bolsa SURA S.A. | - | (6) | 14,536 | (5,973) |
| Administradora General De Fondos Sura S.A. | 119 | (1,202) | (8,054) | (22,502) |
| Seguros De Vida Sura S.A. | 1,304 | (119) | 27,964 | (15,351) |
| Sura Data Chile S.A. | - | (22) | 10,775 | (5) |
| Sura Chile S.A. | 2,390 | (15) | 41,284 | (352) |

| | | | | |
|---|---|---|---|---|
| AFP Capital S.A. | - | (66) | 568 | (32,673) |
| Seguros Generales Suramericana S.A. | 38,148 | (8,617) | 39,330 | (80,329) |
| Seguros De Vida Suramericana S.A. | 604 | (14,620) | 18,303 | (63,795) |
| Compuredes S.A. | 1,644 | - | 17,728 | (176) |
| Operaciones Generales Suramericana S.A.S | 7,518 | (70,707) | 66,153 | (3,853) |
| Servicios Generales Suramericana S.A.S. | 102,774 | (14) | 3,728 | (2,214) |
| Suramericana | 13 | (30,356) | - | (777) |
| Consultoría Y Gestión De Riesgos Ips Suramericana S.A. | 4,307 | (651) | 52,298 | (717) |
| Inversiones Y Construcciones Estrategicas (Ice) | 26,997 | - | 279 | (6) |
| Servicios De Salud Ips Suramericana | 12,934 | (3,763) | 265,458 | (33,379) |
| Grupo Sura | - | (26,997) | 75 | (627) |
| Seguros de Riesgos Profesionales Suramericana S.A. | 64 | (7,528) | 20 | (86,773) |
| EPS y Medicina Prepagada Suramericana S.A. | 733 | (10,520) | 4,178 | (255,189) |
| Enlace Operativo S.A. | 854 | - | 8,525 | (38) |
| Diagnóstico y Asistencia Médica S.A. Dinámica | 4,753 | (208) | 81,461 | (3,810) |
| Habitat Adulto Mayor S.A. | - | (57) | - | (40) |
| Sura Asset Management Colombia | - | - | - | (1,539) |
| Sura Asset Management España S.L. | - | - | - | (121) |

| Company | Accounts receivable | Accounts payable | Income | Expense |
|---|---|---|---|---|
| Asesores Sura S.A. de C.V. | 3,410 | (409) | 21,789 | - |
| Pensiones Sura S.A. de C.V. | - | (694) | - | (5,249) |
| Sura Investment Management S.A. de C.V. | 262 | (5,324) | 2,524 | (35,872) |
| Afore Sura S.A. de C.V. | 1,147 | (4,387) | 8,907 | (24,230) |
| Sura Asset Management Mexico S.A. de C.V. | 25,534 | (94) | 116 | (85) |

| | | | | |
|---|---|---|---|---|
| Promotora Sura Am S.A. de C.V. | 4,336 | - | 28,754 | - |
| Seguros de Vida Sura México, S.A. de C.V. | 409 | (26,091) | - | (3,638) |
| Gruposura Finance | 922,919 | (8) | 46,922 | - |
| Grupo de Inversiones Panama | 663 | (922,941) | - | (46,922) |
| Inversura Panamá Internacional S.A. | - | - | 54 | - |
| Seguros Suramericana Panamá S.A. | 188 | (26,560) | 1,182 | (25,387) |
| Servicios Generales Panamá | 31 | (188) | - | - |
| Planeco Panama | - | (655) | - | - |
| AFP Integra S.A. | 6,647 | (1,323) | 967 | (2,920) |
| Fondos Sura SAF S.A.C. | - | (137) | - | (302) |
| Hipotecaria Sura EAH | 19 | (1,851) | 1,292 | (127) |
| Seguros Sura S.A. | - | (829) | 698 | (3,055) |
| Sura Asset Managament Peru S.A. | - | (4,782) | - | (64) |
| Sociedad Agente de Valores SAB | 16 | - | - | (4) |
| Seguros Sura Republica Dominicana | - | - | - | (97) |
| Aseguradora Suiza Salvadoreña S.A. | 717 | (52) | 3,012 | (56) |
| Aseguradora Suiza Salvadoreña Vida S.A. | 668 | (717) | 7,678 | (10,309) |
| AFAP Sura S.A. | - | (111) | - | (574) |
| Administradora de Fondos de Inversion S.A. AFISA Sura | - | - | 222 | - |
| | **1,172,714** | **(1,172,715)** | **769,209** | **(769,210)** |

| | 2014 | | | |
|---|---|---|---|---|
| Company | Accounts receivable | Accounts payable | Income | Expense |
| Sura S.A. | 146,163 | (216,712) | - | (484) |
| Compañía De Inversiones Y Servicios Sura S.A. | 66,364 | - | - | 484 |
| Corredores de Bolsa SURA S.A. | 39 | (4) | 9,971 | (4,308) |
| Administradora General De Fondos Sura S.A. | 64 | (741) | (4,761) | (12,890) |
| Seguros De Vida Sura S.A. | 755 | (64) | 7,897 | (4,665) |
| Sura Data Chile S.A. | - | - | 8,623 | (4) |
| Sura Chile S.A. | 5,412 | (6) | 38,749 | (139) |
| AFP Capital S.A. | 970 | (44) | 497 | (27,209) |
| Seguros Generales Suramericana S.A. | 333,871 | (10,228) | 33,464 | (52,630) |
| Seguros de Vida Suramericana S.A. | 9,448 | (18,605) | 15,715 | (50,659) |
| Compuredes S.A. | 2,631 | (91) | 17,051 | (403) |
| Operaciones Generales Suramericana S.A.S. | 4,511 | (77,814) | 13,965 | (3,451) |
| Servicios Generales Suramericana S.A.S. | 86,063 | (3,016) | 17,736 | (2,161) |

| | | | | |
|---|---|---|---|---|
| Suramericana | 25 | (23,365) | - | (458) |
| Consultoría en Gestión de Riesgos IPS Suramericana S.A. | 6,131 | (968) | 46,557 | (660) |
| Inversiones y Construcciones Estratégicas S.A.S. | 1,000 | (25,000) | 417 | (4) |
| Servicios de Salud IPS Suramericana S.A | 12,450 | (3,261) | 230,421 | (31,512) |
| Grupo Sura | 45,456 | (1,094) | - | (1,152) |
| Seguros de Riesgos Profesionales Suramericana S.A. | 10,785 | (9,255) | 20 | (78,248) |
| Eps Y Medicina Prepagada S.A. | 692 | (10,111) | 861 | (216,177) |
| Enlace Operativo S.A. | 846 | (245) | 7,718 | (41) |
| Diagnóstico y Asistencia Médica S.A. IPS | 4,037 | (134) | 66,454 | (3,530) |
| Tecnologia | 43 | (119) | - | - |
| Dinamica Ips Zonas Francas S.A.S. | 8 | - | - | (10) |
| Habitat Adulto Mayor S,A, | - | - | 3 | (32) |
| SURA Asset Management Colombia | - | (40) | - | (1,294) |
| Suam Finance B.V. | - | (1,283) | - | - |
| Sura Asset Management España, S.L. | - | (298,076) | - | - |
| Grupo Sura Latin American Holdings B.V. (Gslah) | - | 37 | - | - |
| Grupo Sura Ae Chile Holding II B.V. (Gsaeii) | - | (317) | - | - |
| Grupo Sura Ae Chile Holding I B.V. (Gsaei) | - | (363) | - | - |
| **Company** | **Accounts receivable** | **Accounts payable** | **Income** | **Expense** |
| Grupo De Inversiones Suramericana Holanda (H2) | 643 | - | - | - |
| Sura Asset Management Mexico B.V. | - | 3 | - | (7) |
| Mexamlux S.A. | - | (3) | - | (21) |
| Sura Art Corporation S.A. De C.V. (Sura Art) | 363 | - | 328 | - |
| Asesores Sura S.A. De C.V. | 2,712 | - | 12,564 | - |
| Pensiones Sura S.A. De C.V. | - | (323) | - | (4,116) |
| Sura Investment Management S.A. De C.V. | 75 | (1,844) | 4,226 | (25,649) |
| Inverconsa S.A. de C.V. | 0 | - | - | - |
| Afore Sura S.A. De C.V. | 906 | (2,647) | 7,893 | (13,510) |
| Sura Asset Management Mexico S.A. De C.V. | 4,854 | - | 81 | - |
| Promotora Sura Am S.A. De C.V. | 69 | - | 14,798 | - |
| Seguros De Vida Sura México, S.A. De C.V. | - | (6,174) | - | (1,072) |
| Gruposura Finance | 701,743 | - | 34,213 | - |
| Grupo de Inversiones Sura Panama | 4,519 | (721,532) | - | (34,213) |
| Inversura Panamá Internacional S.A. | 3,592 | - | 3 | - |



| | | | | |
|---|---|---|---|---|
| Seguros Suramericana Panamá S.A. | 140 | (13,442) | 712 | (11,946) |
| Servicios Generales Panamá | 11 | (140) | - | - |
| Planeco Panama | - | (4,519) | - | - |
| Wealth Management Sura S.A. | - | (280) | - | (88) |
| AFP Integra S.A. | - | (897) | 883 | (2,479) |
| Fondos Sura Saf S.A.C. | 239 | (8) | - | (245) |
| Servicios Sura S.A.C. | - | (1) | - | - |
| Hipotecaria Sura Eah | 19 | (171) | 9 | (272) |
| Seguros Sura S.A. | 179 | (380) | 573 | (1,477) |
| Sura Asset Managament Peru S.A. | 41 | - | - | - |
| Sociedad Agente De Valores Sab | - | (3,671) | 2 | (97) |
| Seguros Sura Republica Dominicana | 474 | (803) | - | (31) |
| Aseguradora Suiza Salvadoreña S.A. | 803 | (1,299) | 6,193 | (6,709) |
| Aseguradora Suiza Salvadoreña Vida S.A. | - | (98) | - | (429) |
| Afap Sura Sa. | - | - | 160 | - |
| Administradora De Fondos De Inversion S.A. Afisa Sura | 1 | - | - | - |
| Sura Asset Management Uruguay Sociedad De Inversión S.A. | - | (1) | - | - |
| **Agente De Valores Sura S.A.** | **1,459,148** | **(1,459,148)** | **593,997** | **(593,997)** |

| January 1, 2014 | | |
|---|---|---|
| **Company** | **Accounts receivable** | **Accounts payable** |
| Seguros Generales Suramericana S.A. | 12,460 | (1,337) |
| Seguros de Vida Suramericana S.A. | 243 | (16,149) |
| Compuredes S.A. | 2,374 | - |
| Operaciones Generales Suramericana S.A.S. | 7,332 | - |
| Servicios Generales Suramericana S.A.S. | 1,841 | (176) |
| Suramericana | 2 | (7,533) |
| Consultoría Y Gestión De Riesgos Ips Suramericana S.A. | 569 | (94) |

| | | |
|---|---|---|
| Inversiones Y Construcciones Estrategicas (Ice) | 20,560 | - |
| Servicios De Salud Ips Suramericana | 11,787 | (3,339) |
| Grupo Sura | 57 | (20,586) |
| Seguros De Riesgos Profesionales Suramericana S.A. | 43 | (3,554) |
| Eps Y Medicina Prepagada S.A. | 3,663 | (9,918) |
| Enlace Operativo S.A. | 681 | (5) |
| Diagnóstico y Asistencia Médica S.A. IPS | 193 | (247) |
| Tecnologia | - | - |
| Dinamica Ips Zonas Francas S.A.S. | 62 | - |
| SURA Asset Management Colombia | - | (81) |
| Gruposura Finance | 564,623 | - |
| Grupo De Inversiones Panama | - | (564,623) |
| Inversura Panamá Internacional S.A. | 169,503 | - |
| Seguros Suramericana Panamá S.A. | 111 | (170,362) |
| Servicios Generales Panamá | 1 | (111) |
| Planeco Panama | - | - |
| Seguros Sura Republica Dominicana | - | (35) |
| Aseguradora Suiza Salvadoreña S.A. | 97 | (35) |
| Aseguradora Suiza Salvadoreña Vida S.A. | 2,078 | (97) |
| | **798,281** | **(798,281)** |

### 41.3. Remuneration of key management personnel

**Senior management benefits**

| | 2015 | 2014 |
|---|---|---|
| Short-term employee benefits | 73,408 | 57,904 |
| Long-term employee benefits | 370 | 5,381 |
| Post-employment benefits | 23,295 | 18,464 |
| Termination benefits | - | 1,850 |
| **Total** | **97,073** | **83,599** |

**Transactions with members of the Board of Directors**

| | 2015 | 2014 |
|---|---|---|
| Accounts receivable due from directors (1) | 1,836 | 1,812 |
| Accounts payable to directors (1) | 63,612 | 51,867 |



(1) Corresponding to loans granted to directors at an agreed rate of 0.56%
(2) Corresponding to long-term and post-employment employee benefits

## NOTE 42

**Fees paid to Members of the Board of Directors**

Board of Director´s fees are shown as follows:

| | 2015 | 2014 |
|---|---|---|
| Board of Director fees | 4,623 | 2,380 |

For the year ended December 31, 2015, members of the Board of Directors received fees for attending meetings of the Board of Directors and Board Committees, pursuant to that laid out in the Company's by-laws and shareholder authorizations which established the following fees to be paid in 2015.

The members of the Board of Directors of Grupo de Inversiones Suramericana and its subsidiaries are responsible for formulating the organization´s main business guidelines and making key decisions.

## EVENTS AFTER THE REPORTING PERIOD

These include:

1. **The acquisition of RSA ´s Latin American operations**

On September 7, 2015 Suramericana S.A., Grupo SURA's insurance and risk management subsidiary signed an agreement to acquire the Latin American operations of RSA Insurance Group plc for an approximate value of COP 1,933,775( USD 614 million).

Approximately 70% of the value of this transaction will be obtained through a capitalization on the part of Suramericana´s two shareholders, Grupo SURA and Munich Re, and the remaining 30% will be paid with available cash and third party financing.

This transaction will be paid once regulatory approval is obtained in each of the six countries.

This is expected to take place within a maximum period of 18 months after the signing of the acquisition agreement.

Once this acquisition is completed the percentage stakes to be acquired in each respective country are shown as follows:

**In Colombia**
Royal & Sun Alliance Seguros (Colombia) S.A. 98.4954% Financia Expreso RSA S.A.99.9997%.

**In Mexico**
Royal & Sun Alliance Seguros (Mexico) S.A. de C.V.100%

**In Chile**
RSA Seguros Chile S.A. 99.4976% RSA Seguros de Vida S.A. 100% RSA Chilean Holding SpA. 100% Inversiones RSA Chile Limitada 100% Servicios y Ventas Compañía Limitada 100%

**In Brazil**
Royal & Sun Alliance Seguros (Brasil) S.A.99.9995%

**In Argentina**
Atlantis Sociedad Inversora S.A. 100% Santa Maria del Sol S.A. 100% Royal & Sun Alliance Seguros (Argentina) S.A.99.35%% Aseguradora de Créditos y Garantías S.A. 99.99%

**In Uruguay**
Royal & Sun Alliance Seguros (Uruguay) S.A. 100%

2. **Commitment to an associate**

On January 6, 2016, SURA Asset Management S.A. signed a letter of commitment in favor of Protección undertaking to pay all and any obligations arising from attending to and completing (i) tax liability proceedings brought or to be brought by the Office of the Colombian Comptroller General; and (ii) coactive jurisdiction proceedings.

3. **Fines or sanctions imposed by government authorities**

Grupo de Inversiones Suramericana S.A. received notification from the Colombian Tax Authorities that as a result of an official review of the Company's Income Tax Return corresponding to the tax year of 2013, a sanction had been imposed due to an alleged inaccuracy as to the actual amount of tax declared. Said tax return has not as yet become final and the discrepancy encountered is due to a difference in interpretation criteria with the Colombian Tax Authorities. The Company will therefore be challenging this decision via the legal remedies at its disposal.

## NOTE 43

4. **Acquisition of the stake held by General Atlantic Coöperatief U.A.**

The Board of Directors, as stated in Minutes No.239 of Board Meeting held on February 25, 2016, authorized Grupo Sura's Senior Management to exercise a call option with General Atlantic Coöperatief UA (GA) for purchasing the 191,198 shares that the latter holds in the Group´s subsidiary SURA Asset Management S.A., which is equal to a 7.30% stake in the Company's share capital. The value thus approved for this purchase corresponds to a baseline price of COP 1,758,647 (USD 538 million), and this can be adjusted based on the provisions of the corresponding option contract.

As a consequence of the aforementioned, during the same Board Meeting held on February 25, 2016 the Senior Management was authorized to incur in debt up to an amount of COP 1,765,184 (USD 540 million), thus allowing Grupo Sura to undertake such debt operations with the international banks: Bank of America, N.A.; JPMorgan Chase, N.A.; Merrill Lynch, Pierce and Fenner & Smith Incorporated; subsidiaries of those entities, as well as Grupo SURA´s subsidiaries as debtors or as guarantors for this operation. In addition, the legal representative was vested ample powers to sign the documents related to these loan operations and to seek an efficient financial structure to close the operation successfully with the purpose of enabling operations among companies pursuant to the regulations in force or to incorporate new companies in other jurisdictions under the requirements set forth by the applicable laws.

## FIRST TIME ADOPTION OF IFRS

As mentioned in Note 2.1, these are the first consolidated financial statements of Grupo SURA prepared in accordance with Colombian IFRS.

In accordance with IFRS 1, First Time Adoption of International Financial Reporting Standards, Grupo SURA presents the reconciliations related to its transition process, as follows:

a. Reconciliation of equity from previous GAAP to Colombian IFRS, as of January 1, 2014 (transition date) and December 31, 2014 (last one presented under previous GAAP).

b. Reconciliation of comprehensive income from previous GAAP to IFRS for the year ended December 31, 2014.

To prepare these reconciliations, Grupo SURA has taken into account the exceptions and exemptions provided by Colombian IFRS.

**43.1 Policies and procedures pertaining to the transition**
**Exemptions to retrospective application chosen by Grupo SURA.**

I. IFRS I business combinations include an optional exemption for business combinations as an alternative to apply IFRS 3 retroactively (business combinations prior to the transition date to IRFS). However, the Company may opt to re-express business combinations in any date prior to the transition date. If any business combination is re-expressed, all business combination should be re-expressed and IFRS 10 should be applied.

Grupo SURA applied the exemption above mentioned of all business combinations made until the transition date. Hence, the company has not re-expressed the business combinations made before the transition date in January 1, 2014, since the business combinations registered by the Company under the prior COL-GAAP were acknowledged under the IFRS 3 guidelines.

Grupo de Inversiones Suramericana applied the exemption above mentioned mentioned of all business combinations made until the transition date. Hence, the company has not re-expressed the business combinations made before the transition date in January 1, 2014, since the business combinations registered by the Company under the prior COL-GAAP were acknowledged under the IFRS 3 guidelines.

II. Use of fair value as deemed cost of property and equipment and investments in associates – the exemption of the IFRS 1 allows the use of fair value on the date of transition to the IFRS as the attributed cost for property and equipment, intangible assets, and investment property. IFRS states that the revaluation according to the previous Generally Accepted Accounting Principles (GAAP), on the date of transiton or earlies, can be used as attibuted cost on the revaluation date if on that thate it was sustantially similar:

- At fair value; or
- At depreciated cost per the IFRS.

Grupo SURA opted to measure its real estate properties at fair value as of the transition date, and used this value as deemed cost in the opening consolidated Statement of financial Position. The fair value of these assets was measured by an appraisal conducted by independent external experts.

For items of computer and transportation equipment, as well as, furniture and fixtures the Company considered the depreciated cost under previous GAAP as deemed cost at the date of transition, given that the useful lives under previous GAAP is in line with the requirements under IAS 16.

Other assets under Property and Equipment changed their useful lives to better reflect the economic life of the assets, the useful lives were determined with assessments and technical support from the operating areas of the Company. In addition, re-calculations were made of the accrued depreciation based on these new lives and the effects were recognized on the Statement of Starting Financial Position at the date of transition. See note 43.4 item f Property and Equipment.

With regards to the measurement of investments in associated companies on the opening consolidated Statement of Financial position, the fair value of these investments was taken from the price listed of each issuer.

III. Cumulative translation differences– Grupo SURA adopted the optional exemption provided by IFRS 1, to deem the cumulative foreign exchange differences to be zero at the transition date to IFRS, and reclassified any amounts recognized in accordance with GAAP to retained earnings.

IV. Leases – the exemption of IFRS 1 establishes that the Company may determine if an agreement in force on the transition date of the IFRS contains a lease, after consideration of the events and existing circumstances at said date.
Grupo SURA and subsidiaries decided to use this exemption and hence, has considered the events and existing circumstances as of the transition date to determine the existence of leases implicit in its contracts and agreements.

V. Designation of previously recognized financial instruments: equity instruments were rated as measured to their reasonable value with equity changes based on the existing circumstances at the transition date of the IFRS.

### 43.2 Use of estimates

The accounting studies conducted by Grupo SURA at January 1 and December 31, 2014, reflect the conditions that existed on the transition date and the comparison period, and are consistent with the estimates made for the same date under previous GAAP, after making the adjustments necessary to exhibit any different in the accounting principles.

The items that exhibit significant differences are listed below:

- Pensions and other long-term employee benefits or as a result of contract termination.
- Fair value of properties and equipment, fair value of financial instruments and hedges.
- Useful lives for Property and equipment

### 43.2. Reconciliation of the Consolidated Statement of Financial Position

Pursuant to the requirements, the primary adjustments of the transition from the previous GAAP are explained below alongside the consolidations made related to said transition:

a. From the equity determined under the previous GAAP and the equity determined under the IFRS at January 1, 2014 (IFRS transition date), to December 31, 2014;

b. From the net result determined in accordance with the previous GAAP applicable to the period ended on December 31, 2014, to the total integral result determined in accordance with the IFRS on the same date:

| Consolidated Statement of Financial Position | Previous. GAAP at December 31, 2013 | Adjustments and Reclassifications | IFRS January 1, 2014 | Previous GAAP at December 31, 2014 | Adjustments and Reclassifications | IFRS at December 31, 2014 |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 1,151,770 | 191,285 | 1,343,055 | 1,154,404 | 139,585 | 1,293,989 |
| Investments | 28,211,189 | (15,566,403) | 12,644,786 | 33,635,118 | (17,260,459) | 16,374,659 |
| Accounts receivable | 1,816,274 | 377,612 | 2,193,886 | 1,960,176 | 536,567 | 2,496,743 |
| Accounts receivable, related parties | 68,179 | 4,874 | 73,053 | 89,300 | (3,477) | 85,823 |
| Insurance technical reserves | - | 443,380 | 443,380 | - | 439,913 | 439,913 |
| Inventories | 26,201 | (16,208) | 9,993 | 26,472 | (11,832) | 14,640 |
| Assets for current taxes | 268,976 | (12,775) | 256,201 | 408,608 | (93,270) | 315,338 |
| Other financial assets | 18,596 | (11,018) | 7,578 | 1,757 | 48,019 | 49,776 |
| Other non-financial assets | 1,195,936 | (1,117,701) | 78,235 | 1,493,072 | (1,400,308) | 92,764 |
| Investment properties | 384,619 | 132,804 | 517,423 | 626,837 | 43,003 | 669,840 |
| Properties and equipment | 591,374 | 93,865 | 685,239 | 641,196 | 172,657 | 813,853 |
| Intangible assets | 2,600,120 | 471,312 | 3,071,432 | 3,071,827 | 374,048 | 3,445,875 |
| Captial gain | 3,595,825 | (190,822) | 3,405,003 | 4,387,975 | (641,261) | 3,746,714 |
| Investments in associate companies | - | 15,213,128 | 15,213,128 | - | 16,998,552 | 16,998,552 |
| Assets from deferred taxes | - | 313,889 | 313,889 | - | 369,363 | 369,363 |
| **Total assets** | **39,929,059** | **327,222** | **40,256,281** | **47,496,742** | **(288,900)** | **47,207,842** |
| **Equity and liabilities** | | | | | | |
| **Liabilities** | | | | | | |
| Other financial liabilities | 1,841,579 | 149,102 | 1,990,681 | 1,026,640 | 84,980 | 1,111,620 |
| Commercial accounts payable | 1,442,488 | -297,410 | 1,145,078 | 1,483,473 | -349,913 | 1,133,560 |
| Accounts payable to related entities | 4 | 93,478 | 93,482 | - | 67,896 | 67,896 |
| Insurance technical reserves | 10,810,008 | 273,865 | 11,083,873 | 13,775,398 | 519,209 | 14,294,607 |
| Liabilities for current taxes | 425,140 | -45,880 | 379,260 | 540,360 | -99,683 | 440,677 |
| Provisions for employee benefits | 171,365 | 53,152 | 224,517 | 234,320 | 64,290 | 298,610 |
| Other non-financial liabilities | 172,191 | 87,090 | 259,281 | 189,565 | 124,766 | 314,331 |
| Other provisions | - | 110,131 | 110,131 | - | 117,765 | 117,765 |
| Securities issued | 828,049 | 297,957 | 1,126,006 | 2,820,666 | 201,562 | 3,022,228 |
| Liabilities for deferred taxes | 944,583 | 279,893 | 1,224,476 | 1,304,648 | 144,296 | 1,448,944 |
| Non-controlling participations | 3,086,575 | (3,086,575) | - | 3,505,849 | (3,505,849) | - |
| **Total liabilities** | **19,721,982** | **(2,085,197)** | **17,636,785** | **24,880,919** | **(2,630,681)** | **22,250,238** |
| **Equity** | | | | | | |
| Capital issued | 107,882 | - | 107,882 | 107,882 | - | 107,882 |
| Issue premium | 3,769,548 | (461,885) | 3,307,663 | 3,769,545 | (461,881) | 3,307,662 |
| Accumulated earning | 11,842,012 | 750,787 | 12,592,799 | 13,870,590 | (2,204,849) | 11,665,743 |
| Other equity participations | - | (386) | (386) | - | 1,023,290 | 1,023,290 |
| Reservs | 3,704,969 | (48,898) | 3,656,071 | 4,217,634 | (39,768) | 4,177,866 |
| Utilidad Profits for the period | 782,666 | (782,666) | - | 650,173 | 770,020 | 1,420,193 |
| **Equity attributable to the owners of the controlling company** | **20,207,077** | **(543,048)** | **19,664,029** | **22,615,824** | **(913,188)** | **21,702,636** |
| **Non-controlling participations** | **-** | **2,995,467** | **2,955,467** | **3,505,849** | **3,254,969** | **3,254,969** |
| **Total equity** | **20,207,077** | **2,412,419** | **22,619,496** | **26,121,673** | **2,341,781** | **24,957,605** |
| **Total equity and liabilities** | **39,929,059** | **327,222** | **40,256,281** | **47,496,742** | **(288,900)** | **47,207,843** |

Equity reconciliation at January 1, 2014 (Statement of Starting Financial Situation) and December 31, 2014:

| | Notes | January 1, 2014 | December 31, 2014 |
|---|---|---|---|
| Equity Per Prior COL GAAP | | 20,207,077 | 22,615,823 |
| Adjustments: | | | |
| Investments | a | (230,710) | (22,438) |
| Investments in associated companies | a | (2,271) | (101,529) |
| Commercial accounts receivable and other accounts receivable | b | (4,849) | 7,420 |
| Other financial assets – Hedges | c | (3,545) | 40,187 |
| Other non-financial assets | d | (16,918) | (11,918) |

| | | | |
|---|---|---|---|
| Investment property | e | 70,049 | 73,897 |
| Properties and equipment | f | 107,594 | 100,470 |
| Captial gain | g | (172,192) | (808,906) |
| Intangible assets other than capital gain | g | 11,603 | 7,892 |
| Securities issued | h | (292,119) | (289,663) |
| Other financial liabilities | i | (39,097) | (65,174) |
| Commercial accounts payable and other accounts payable | j | (52,836) | (34,720) |
| Provisions for employee benefits | k | (46,993) | (51,623) |
| Insurance technical reserves | l | 53,196 | 34,888 |
| Other non-financial liabilities | m | (26,067) | 11,947 |
| Assets for deferred taxes | n | 19,885 | (34,397) |
| Liability for deferred taxes | n | (70,350) | 14,781 |
| Other provisions | o | (6,035) | (1,930) |
| Consolidation effect (elimination and conversion) | k | (9,835) | (33,251) |
| **Effect on equity, net** | | (711,488) | (1,164,067) |
| Reclassification- Non-controlling participation | p | 3,086,575 | 3,505,849 |
| Non-controlling participation in subsidiaries | p | 37,332 | - |
| **EQUITY UNDER IFRS** | | **22,619,496** | **24,957,605** |

The effect of adopting IFRS 1 cumulative loss of ($711,448) in the Grupo SURA equity at January 1, 2014 and of ($1,164,067) at December 31, 2014.

Reconciliation of the integral statement of results at December 31, 2014.

| CONSOLIDATED INCOME STATEMENT | Previous GAAP at December 31, 2014 | Adjustments and Reclassifications | IFRS December 31, 2014 |
|---|---|---|---|
| Premiums issued | 6,780,952 | (26,386) | 6,754,566 |
| Assigned premiums | (816,372) | 7,556 | (808,816) |
| **Retained premiums (net)** | **5,964,580** | **(18,830)** | **5,945,750** |
| Revenues from Commissions | 1,557,083 | (25,209) | 1,531,873 |
| Services provided | 2,372,285 | (762,619) | 1,609,665 |
| Dividends | 377,535 | (317,134) | 60,401 |
| Revenues from investments | 34,808 | 825,633 | 860,440 |
| Gains (Losses) at reasonable value | 782,629 | (373,770) | 408,858 |
| Gain (Loss) from equity method of Associate companies | | 1,009,727 | 1,009,727 |
| Gains (Losses) from sale of investments | 84,415 | (2,659) | 81,756 |
| Revenue from investment properties | 54,025 | 3,179 | 57,204 |
| Other revenues | 82,314 | 27,542 | 109,855 |
| **Total revenues** | **11,309,673** | **365,858** | **11,675,532** |
| Total losses | (3,421,026) | 267,699 | (3,153,327) |
| Reimbursement of losses | 323,236 | (15,939) | 307,296 |
| Retained losses | (3,097,790) | 251,759 | (2,846,031) |
| Net production reserves | (1,351,917) | (345,509) | (1,697,426) |
| Cost of services provided | (1,950,191) | 382,255 | (1,567,936) |
| Administrative expenses | (1,095,139) | 276,300 | (818,839) |
| Employee benefits | (926,268) | (124,454) | (1,050,722) |
| Fees | (490,889) | 5,198 | (485,691) |
| Commissions to intermediaries | (422,908) | (34,506) | (457,414) |
| Amortizations | (229,645) | 13,243 | (216,402) |
| Depreciations | (44,484) | (24) | (44,509) |
| Other expesnes | (124,190) | (4,194) | (128,383) |
| Interests | (115,347) | (139,740) | (255,087) |
| FX difference (Net) | (46,304) | 76,075 | 29,771 |
| Deterioration | (81,610) | 60,514 | (21,096) |
| **Total expenses** | **(9,976,684)** | **416,917** | **(9,559,767)** |
| | | | |
| **Gain (Loss), before taxes** | **1,332,989** | **782,776** | **2,115,765** |
| Tax on profits | (503,318) | 18,582 | (484,736) |
| **Gain (Loss), Net** | **829,672** | **801,357** | **1,631,029** |
| Gain (Loss) of the controlling company | 650,173 | 770,020 | 1,420,193 |
| Gain (Loss) non-controlling | 179,499 | 31,337 | 210,837 |

Reconciliation of profits for the period ended December 31, 2014:

| | Notes | At December 31, 2014 |
|---|---|---|
| **Result of the period per Prior GAAP** | | 829,672 |
| **Colombian IFRS Adjustments:** | | |

| | | |
|---|---|---|
| Investments | a | (37,483) |
| Investments in associate companies | a | 748,730 |
| Commercial accounts and other accounts receivable | b | 3,477 |
| Other financial assets – Hedges | c | 43,758 |
| Other non-financial assets | d | 4,238 |
| Investment property | e | 1,633 |
| Properties and equipment | f | (15,003) |
| Intangible assets other than capital gain | g | (3,705) |
| Securities issued | h | (22,427) |
| Other financial liabilities | i | 14,389 |
| Commercial accounts payable and other accounts payable | j | 8,030 |
| Provisions for employee benefits | k | (4,504) |
| Insurance technical reserves | l | (18,308) |
| Other non-financial liabilities | m | (25,318) |
| Assets for deferred taxes | n | (18,838) |
| Liabiities for deferred taxes | n | 47,830 |
| Other provisions | o | 3,972 |
| Consolidation and elimination effect | k | 70,887 |
| **Effect on the results for the period** | | **801,357** |
| **Result of the period per IFRS** | | **1,631,029** |

Cash Flow Statement Conciliation at December 31, 2014

The Cash Flow Statement had no significant effect on its presentation as a result of the transition to IFRS.

### 43.4. Explanatory notes to the reconciliation of equity and results for the period

The primary changes from Previous GAAP to Colombian IFRS are listed below:

**a. Investments:** Under Colombian IFRS, Grupo SURA classifies its investments portfolio using the following categories:

- Financial Instruments: Financial instruments are measured at fair value with changes on results or changes on the other comprehensive income or amortized cost consistent the business model of each class of instrument. Per prior GAAP, these items were measured at fair value, and amortized cost in accordance with the Regulator's method or the intrinsic value for securities of companies that are not listed.

The table below shows investment adjustments (financial instruments) with their effect on equity at January 1 and December 31, 2014 as well as their effect on results:

| **Investments** | **January 1, 2014** | **December 31, 2014** |
|---|---|---|
| Adoption of IFRS 9- Financial instruments[1] | (221,009) | - |
| Valuation of financial instruments | (9,611) | (22,348) |
| Impairment of financial instruments | (90) | (90) |
| Equity adjustments | (230,710) | (22,438) |
| Valuation of financial instruments | | (37,483) |
| Adjustment to the income satement | - | (37,483) |

(1) At January 1, 2014, Sura Asset Management S.A., one of the subsidiaries of Grupo SURA changed its accounting policies to early adopt IFRS 9.

- Investments in Associate companies: After conducting an assessment of control and of the significant influence on companies, under IFRS, Grupo SURA classified Bancolombia S.A, Grupo Nutresa, Grupo Argos and Administradora de Fondo de Pensiones protección S.A as associate companies and valued on the consolidated financial statements under the equity method.

  At January 1, 2014, the Associate companies were measured according to the attributed cost and after initialmeasurement as equity variations. However, under previous GAAP, they were valued based on their price in the stock market with equity changes (surplus from valuation), generating an equity difference compared to the IFRS Financial Statements.

The following table shows investment adjustments in associate companies and the equity effect at January 1 and December 31, 2014 as well as its effect on results:

| **Investments in Associate companies** | **January 1, 2014** | **December 31, 2014** |
|---|---|---|
| Equity method acknowledgement in Associate companies – equity | (2,271) | 1,159,338 |
| Elimination of valuations per COL GAAP | - | (1,260,866) |
| **Equity adjustment** | **(2,271)** | **(101,529)** |
| Equity method acknowledgement in Associate companies Results | - | 1,073,858 |
| Elimination of dividends | - | (325,128) |
| **Adjustment to the income statement** | - | **748,730** |

**b. Commercial accounts and other accounts receivable:**

As of the transition date to IFRS and for the year ended December 31, 2014, long-term accounts receivable are measured under the amortized cost method. . Other swaps with maturities beyond twelve months after the reporting period we not recognized in the statement of financial position. As a result of the above at January 1 and December 31, 2014, an effect of $ 3,545 and $43,758, respectively.

| Commercial accounts and accounts receivable | 1 de enero de 2014 | 31 de diciembre 2014 |
|---|---|---|
| Change of impairment model | 146 | 2,850 |
| Billing over invoicing | (811) | (846) |
| Amortized cost model | (4,852) | 4,369 |
| Elimination of bank provision | 668 | 1,047 |
| **Equity adjustment** | **(4,849)** | **7,420** |
| Elimination of bank provision | - | 379 |
| Change of impairment model | - | 3,133 |
| **Billing over invoicing** | - | **(35)** |
| **Ajustment of integral result status** | - | **3,477** |

**c. Other financial assets**

Derivatives: n accordance with NCRF, swaps are measured at fair value with changes at results; with regards to the prior GAAP, only the section at the end of the year is acknowledged. As a result of the appreciation method under international standards, an equity effect at January 01 and December 31, 2014 was displayed of $3,545 and $40,187, respectively, as well as an impact on results of $43,758.

**d. Other non-financial assets:**

At the IFRS transition date, Grupo SURA and its subsidiaries analyzed if the other assets met the characteristics of an asset under IFRS. The Company determined that several do not, such as several works of art, contributions to social clubs and differed charges, among others. Consequently, these assets were written off.

The following tables shows the adjustments made on equity at January 1 and December 31, 2014, and in turn their effect on results:

| Other non-financial assets | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Trust rights | (199) | (199) |
| Ongoing contributions to social clubs | (516) | (490) |
| Art and culture goods – works of art | (787) | (788) |
| Realizable assets and freclosure | (55) | (55) |
| Other assets | (1,212) | (1,088) |
| Elimination of deferred charges1 | (14,148) | (9,298) |
| **Equity adjustment** | **(16,918)** | **(11,918)** |
| Elimination of deferred charges | - | 4,238 |
| **Adjustment to income statement** | **-** | **4,238** |

(1) Per prior COL GAAP, Sura Asset Management, a subsidiary of Grupo SURA, capitalized the cost incurred by the organization and commissioning, and amortized it using the straight line method on a 5-year term. Since this cost does not qualify to be acknowledged as an asset under IFRS, the asset was written of the books charges against accumulated results.

**e. Investment property:**

In accordance with prior COL GAAP, immovable goods are rated as fixed assets or inventories, and measured at cost. Under IFRS, this item is rated according to its use, i.e., investment property or fixed asset at the transition date of Grupo SURA determined that the immovable good met the conditions of investment property. The above mentioned generated an effect at January 1, 2014 and an effect on the result based on the annual measurement of reasonable value.

| Investment property | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Valuation adjustment to fair value | 36,064 | 39,912 |
| Adjustment to depreciation, provisions and AXI | (24) | (24) |
| Book value of the asset received under lease according to the IFRS | 34,008 | 34,008 |
| **Equity adjustment** | **70,049** | **73,897** |
| Reasonable value adjustment | - | 1,633 |
| **Adjustment to income statement** | **-** | **1,633** |

**f. Properties and equipment**

Per prior COL GAAP, properties and equipment were measured at cost, depreciated based on fiscal useful lives and under the straight line method. In accordance with COL GAAP policies, immovable goods (land and buildings) are measured under the revaluation model while other properties under the acquisition cost minus accrued depreciation, and losses due to deterioration.

The cost of properties and equipment depends on the value on books under the COL GAAP with regards to immovable goods; for immovable goods, the attributed cost is the commercial value of the appraisal conducted at December 31, 2013. Depreciation and deterioration were reversed and charged against accumulated profits. Furthermore, an adjustment for assets written off which did not meet the NIC 16 property plant and equipment criteria for recognition.

The following tables shows the adjustments made on properties and equipment, its effect on equity at January 1 and December 31, 2014 and in turn, its effect on results:

| Properties and Equipment | January 1, 2014 | December 31, 2014 |
|---|---|---|

| | | |
|---|---|---|
| Adjustment for depreciation, provisions and AXI | 26,480 | 33,098 |
| Valuation adjustment to fair value | 4,960 | 4,960 |
| Shippers due to appreciation | 11,922 | 11,922 |
| Adjustments to thresholds, adjustments for inflation and provisions | 2,821 | 3,572 |
| Assets recognized as financial leases | 59,819 | 58,832 |
| Sale of fixed assets | 1,592 | (11,913) |
| **Equity adjustment** | **107,594** | **100,470** |
| Depreciation cost/expense | - | (3,310) |
| Amortization cost/expense | - | (376) |
| Loss from sale of land | - | (6,956) |
| Profit from sale of building | - | 911 |
| Loss from sale of building | - | (7,499) |
| Loss from sale of computers | - | (48) |
| Loss from sale of vehicle | - | (22) |
| Profit from sale of furniture | - | 4 |
| Medical equipment for sale or removed | - | 105 |
| Loss of value | - | 3,070 |
| Others | - | (882) |
| **Adjustment to integral results** | **-** | **(15,003)** |

g. **Intangibles:**

Under prior COL GAAP, Grupo SURA and its subsidiaries conducted business combinations under IFRS 3 guidelines. However, the analysis was made and the following adjustments were determined:

| Intangibles | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Decreasing capital gain – acquisition of Integra1 | (172,192) | (172,192) |
| Re-expression NIC 21-capital gain ING operation 2 | - | (636,714) |
| Remuneration paid to intermediaries 3 | 11,603 | 7,892 |
| **Equity adjustment** | **(160,589)** | **(801,013)** |
| **Statement of income statement** | | |
| Remuneration paid to intermediaries | - | (3,705) |
| **Adjustment to income statement** | **-** | **(3,705)** |

[1] Recognition of capital gain: Under prior COL GAAP, a capital gain of AFP Integra and Wealth Management was acknowldged for $156,238 and $15,954, respectively, framed in a superior IFRS standard using the acquisition method at the date when control was transferred.
In the statement of starting financial situation, according to international standards, this capital gain has been adjusted to equity.

[2] Re-expression IAS 21, the balance of intangibles from the acquisition of ING in Latin America (Mexico, Peru, Chile and Uruguay) was re-expressed pursuant to paragraph paragraph 47 of NIC 21, which mentions that these assets should be reexpressed in the same currency as the business functional currency overseas and converted to the presentation currency rate of exchange on the closing date, the effect on equity for 2014 amounted to ($636,714).

[3]Deferred acquisition cost – at the transition date, Grupo SURA acknowledge the DAC of intermediation commissions, which is amortized on a monthly basis.

**h. Securities issued:**

- Preferential shares - Grupo SURA issued preferential shares with a minimum dividend guaranteed. Under IFRS, the liability is acknowledged by the minimum dividend guarantee over these securities issued since that it meets the characteristics of a compound financial instrument. This in turn forces to separate the liability component from equity and is also valued at the amortized cost because it is a long-term asset.

- Bonds - under prior COL GAAP, bonds are measured at their par value; under IFRS, they are valued at the amortized cost. Consequently, the bonds issued by the Company in 2014 which amount to $ 650,000 and in November, 2019 for $ 250,000, were included in the new measurement including issuance costs "recalculation of the IRR".

The following table shows the adjustments made on securities issued, its effet on equity at January 1 and December 31, 2014, and in turn, its effect on results:

| Securities issued | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Minimum dividend - Preferential shares | (297,630) | (295,813) |
| Amortized cost - Bonds | 5,512 | 6,150 |
| **Equity effect** | **(292,119)** | **(289,663)** |
| Amortized cost - Bonds | - | (22,427) |
| **Adjustment to income statement** | **-** | **(22,427)** |

i. **Other financial liabilities:**

At the date of adopting IFRS, Grupo SURA and its subsidiaries acknowledge financial leases of contracts that exist on that date date and were valued at the amortized cost, given that these were acknowledged as operating leases under prior COL GAAP.

| Other financial liabilities | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Valuation of financial leases | (43,175) | (47,405) |
| Valuation of derivatives- swap (See note C) | 4,078 | (17,769) |
| **Equity effect** | **(39,097)** | **(65,174)** |
| Valuation of financial leases | - | 12,571 |
| Valuation of derivatives | - | 1,818 |
| **Adjustment to income statement** | **-** | **14,389** |

j. **Commercial accounts and other accounts payable:**

Commercial accounts payable and other non-current accounts payable are measured at the amortized cost minus any degradation or loss of value of the instruments or at the reasonable value, depending of the initial definition.

The following table shows the adjustments made on accounts payable, its effect on equity on January 1 and December 31, 2014, and in turn, its eTffect on results:

| Commercial accounts and other accounts payable | January 1, 2014 | December 31, 2014 |
|---|---|---|
| **Adjustments:** | | **(31,921.51)** |
| Reinsurance contract cost adjustment | (2,483) | (2,811) |
| Other financial obligations | (42,112) | 13 |
| Tax on equity | (7,749) | (34,720) |
| Other accounts payable | (492) | |
| **Equity effect** | **(52,836)** | **2,483** |
| | | 9,517 |
| Reinsurance contract cost adjustment | | (3,976) |
| Leasing | | 4,938 |
| Other financial obligations | | 609 |
| Tax on equity | | 13,571 |
| Other accounts payable | | 609 |
| **Equity effect** | | **13,571** |

k. **Provision for employee benefits:** under the prior COL GAAP, long-term employee benefits or post-employment benefits (excluding the retirement Premium) were not acknowledged. At January 1, 2014, the benefits for resignations, bonuses bank, and seniority bonuses, among others, which are recognized on the date of transition to IFRS, recording the effect on accumulated profits on January 1, 2014, and in integral results on December 31, 2014. The effect is detailed below:

| Employee benefits | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Adjustment to severance pay | (464) | (545) |
| Adjustment to interest on severance pay | (3) | (92) |
| Bonuses bank | (6,956) | (7,488) |
| Seniority bonus | (4,792) | (3,742) |
| Productivity bonus | (278) | (312) |
| Resignation bonus | (32,125) | (38,679) |
| Actuary calculation of retirement pensions | (1,908) | (1,908) |
| Others | (467) | 1,143 |
| **Equity effect** | **(46,993)** | **(51,623)** |
| Adjustment to severance pay | - | (81) |
| Adjustment to interest on severance pay | - | (89) |
| Bonuses bank | - | 447 |
| Seniority bonus | - | (1,050) |
| Productivity bonus | - | (34) |
| Resignation bonus | - | (4,536) |
| Actuary calculation of retirement pensions | - | 839 |
| **Adjustment to income statement** | **-** | **(4,504)** |

l. **Insurance technical reserves:**

Insurance technical reserves are estimated based on the methods established by regulators in the countries where the insurance subsidiaries of Grupo SURA operate. Colombian insurers instead abide to Decree 1851 of 2013 and to Decree 2973 of 2013 both issued by the Financial Superintendency of Colombia and by the Ministry of Treasury and Public Credit. Nonetheless, reserves are adjusted base don the liability insufficiency test under IFRS 4; moreover, the reserve for catastrophiies is eliminated since it does not meet the conditions of a liability in terms of its estimate.

The following shows the adjustments made on insurance technical reserves and its effect on equity at January 1 and December 31, 2014, and in turn, its effect on results:

| Insurance technical reserves | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Adjustment to reserves for ongoing risks | 2,700 | (19,631) |
| Mathematical reserve adjustment | (111,988) | (106,549) |
| Adjustment to reserve for notified losses | (34,616) | (19,960) |
| Adjustment to reserve for non-notified losses | 11,482 | (15,992) |

| | | |
|---|---|---|
| Reserve for catastrophies | 185,618 | 197,020 |
| **Equity effect** | **53,196** | **34,888** |
| Adjustmen could Beatles t to reserve for ongoing risks | - | (22,331) |
| Mathematical reserve adjustment | - | 5,439 |
| Adjustment to reserve for notified losses | - | 14,656 |
| Adjustment to reserve for non-notified losses | - | (27,474) |
| Creation of the reserve for catastrophies | | 11,402 |
| **Adjustment to income statement** | **-** | **(18,308)** |

### m. Other non-financial liabilities

Other non-financial liabilities are measured at the reasonable value, at the initial acknowledgement and later the long-term are measured at the amortized cost. Suramericana, one of the subsidiaries of Grupo SURA at the date of transition established a different liability for reinsurance commissions; under the prior COL GAAP, this was immediately accrued to revenue and hence, has an effect on accrued profits at the time of the transition and on the statement of integral results of the year 2014.

The following table shows the adjustments made on non-financial liabilities, its effect on equity on January 1 and December 31, 2014, and in turn, its effect on results:

| Other non-financial liabilities | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Establishment of deferred revenue from commissions | (57,012) | (81,131) |
| Revenue received in advance | 30,216 | 92,939 |
| Deposits received | 729 | 139 |
| **Equity effect** | **(26,067)** | **11,947** |
| Revenue received in advance | - | (1,199) |
| Deferred reinsurance commissions | - | (24,119) |
| **Adjustment to income statement** | **-** | **(25,318)** |

### n. Deferred tax on profits.

The adjustments related to the transition of IFRS gave way to temporary differences. According to accounting policies, Grupo SURA and its subdiaries should register those differences. The adjustments due to the effect of deferred tax on profits are listed below and its effect on equity at January 1 and December 31, 2014, as well as its effecton results.

| Deferred tax | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Deferred tax, properties, plant and equipment | (29,239) | (37,670) |
| Deferred tax, investment property | (6,176) | (7,874) |
| Deferred tax, business combination | 28,601 | 28,601 |
| Deferred tax, investments | (2,507) | (26,044) |
| Deferred tax, employee benefits | (30,887) | (9,590) |
| Deferred tax, provisions | 9,466 | 24,123 |
| Deferred tax, income from reinsurance commissions | 16,370 | 16,370 |
| Deferred tax, other items | (929) | 11,090 |
| Deferred tax, insurance reserves | (11,588) | (12,542) |
| Deferred tax, financial instruments | 753 | (15,811) |
| Deferred tax, financial leases | 15,276 | 15,276 |
| Deferred tax, fiscal losses | 48,644 | 33,687 |
| Deferred tax, taxed dividends | (88,249) | - |
| **Equity effect** | **(50,465)** | **19,616** |
| Deferred tax | | 28,992 |
| **Adjustment to income statement** | | **28,992** |

### o. Other provisions

Under Colombian IFRS provisions are measured at the fair value upon recognition after initial recognition such are measured based on the present value of the cash flows expected to disburse to extinguish the obligation. Under the previous GAAP provisions were measured at nominal value and did not consider a present value discount.

The following shows the adjustments made on other provisions and its effect on equity at January 1 and December 31, 2014, and the effect on results for the year ended December 31, 2014:

| Other Provisions | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Labor lawsuits adjustment | (6,083) | (1,753) |
| Other adjustments | 48 | (177) |
| **Equity effect** | **(6,035)** | **(1,930)** |
| | | |
| Labor lawsuits adjustment | - | 4,331 |
| Other provisions | - | (359) |
| **Adjustment to income statement** | **-** | **3,972** |

p. **Noncontrolling interest**

Under IFRS, the noncontrolling participation should be presented as a component of equity. Under prior COL GAAP, this item was presented as a higher value of liabilities. Likewise, a recalculation of the noncontrolling participation was conducted again bearing in mind the subsidiaries' foundations of IFRS. The following lists the adjustments made on equity of the noncontrolling and the results of the noncontrolling.

| Noncontrolling participations | January 1, 2014 | December 31, 2014 |
|---|---|---|
| Minoriy interest reclassificiation under COL GAAP | 3,086,575 | 3,505,849 |
| Adjustment to noncontrolling participation under IFRS1 | (131,108) | (250,880) |

## NOTE 44 AUTHORIZATION OF THE FINANCIAL STATEMENTS

The Board of Directors of Grupo Sura authorized the issuance of the Financial Statements as of December 31, 2015, 2014 and January 1, 2014 and for the years ended December 31, 2015 and 2014 to be presented to the Stockholders' general assembly, as required by the Comercial Code, on February 25, 2016 as stated in the minute Number 239.

# Separate Financial Statements

# ATTACHMENT TO BALANCE SHEET

GRUPO DE INVERSIONES SURAMERICANA S.A.
DECEMBER 31, 2015
ARTICLE 446 OF THE COLOMBIAN CODE OF COMMERCE
(Figures in Thousands of Colombian Pesos)

| | | |
|---|---|---|
| 1 | **Expenditures in favor of Directors** | |
| | Fees for Board members | 665,550 |
| | Salaries and social benefits for Directors | 7,300,833 |
| | | |
| | Travelling expenses, entertainment expenses, bonuses, transportation and other compensations for Directors These items are not paid directly. The Company directly covers the expenses necessary for these items, to perform their duties. | |
| | | |
| | **Notes** | |
| | 1. All trips made by executies to different offices to perform their duties are paid by the Company. This includes hotels, transportation and other necessary expenses. | |
| | 2. For all visitors from overseas and from other cities of Colombia, the Company acknowledges the respective bills. | |
| | | |
| 2 | **Fees for professional and technical advisory services** | 4,950,060 |
| | | |
| 3 | **Fees for Mandatory External Auditor and external auditor** | 393,804 |
| | | |
| 4 | **Goods and obligations overseas** | |
| | Available USD 2.034 | 6,406,535 |
| | Investments in other domestic or foreign companies | |
| | See details on Notes of Separate Financial Situation Statement | 23,366,282,893 |
| | | |
| 5 | **Money transfer and other goods for free** | 4,500,000 |
| | | |
| 6 | **Advertising expenses** | 2,632,976 |
| | | |
| 7 | **Entertainment expenses** | 1,037,674 |



# PROPOSAL FOR PROFIT DISTRIBUTION

Keeping in mind the balance displayed by the item Profit of the Period on the Financial Situation Statement of 2015, the following profit distribution is proposed:

| | | | |
|---|---|---|---|
| Profit before taxes | $ | | 835,967,552,869.00 |
| Minus: Appropriations for taxes | | | -111,979,170,111.00 |
| | | | |
| Profit of the Period | | | 723,988,382,758.00 |
| | | | |
| **PROFIT DISTRIBUTION OF THE PERIOD** | | | |
| | | | |
| For a dividend of $ 456,00 per share over 469,037,260 ordinary shares and 106,334,963 shares with preferential dividend and no right to vote, which shall be immediately caused after decreed by the Assembly of Shareholders, payment shall be made in 4 installments of $114,00 per share as follows: April, 2016; July, 2016; October, 2016 and January, 2017. Payment in April 2016 shall be made from April 8 to 18 while payments in July and October, 2016 and in January, 2017 shall be made from the 1 to 15th of the corresponding month. | | 262,371,574,879.11 | |
| | | | |
| Donation to social projects | | 5,000,000,000.00 | |
| | | | |
| Reserve to protect investments | | 456,616,807,878.89 | |
| | | | |
| **EQUAL SUMS.** | **$** | **723,988,382,758.00** | **723,988,382,758.00** |

Pursuant to Decree 4766 of December 14, 2011, and to the amendment of the regulation of the Colombian Stock Exchange published on March 1, 2012, all purchase and sale of shares made from the first working day for the payment of dividends of the corresponding shares and the four (4) working stock days immediately before the abovementioned date, shall be necessarily without dividend, and consequently the dividens caused in this period and outstanding shall remain invariably led by the salesperson.

# EXTERNAL AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
GRUPO DE INVERSIONES SURAMERICANA S.A.

FEBRUARY 29, 2016

**Financial Statements Report**

I have audited the separate financial statements of Grupo de Inversiones Suramericana S.A. (the "Company") which comprise the separate financial situation statement at December 31, 2015 and the separate income statements, integral results, changes in equity and cash flows ended on that date and the corresponding notes, including a summary of the significant accounting policies and other explanatory information. The financial statements of 2014 were prepared in accordance with the COL GAAP in force for that year were audited by me and, in my report dated February 16, 2015, I provided my opinion of these figures without any findings; these financial statements, including the opening balances at January 1, 2014, were adjusted to match the Accounting and Financial Information Standard accepted in Colombia.

**Responsibility of Management for the administration of separate financial statements**

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the accounting principles generally accepted in Colombia; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements free from material misstatement, whether due to fraud or error; and the selection and application of proper accounting principles, and to establish appropriateness of accounting polies used and the reasonableness of accounting estimates made by management.

**Responsibility of the External Auditor**

My responsibility is to express an opinion on these separate financial statements based on my audits.

I gained the information necessary to meet my duties and conducted by audits in accordance with the auditing standards generally accepted in Colombia. These standards require to plan and perform the audit to obtain reasonable assurance about whether the financial Tales normas requieren que cumpla con requisitos éticos, planifique y efectúe la auditoría para obtener una seguridad razonable sobre si los estados financieros separados están libres de errores de importancia material.

An audit comprises, among others, performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the separate financial statements. In making those risk assessments, the auditor considers 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements. I believe that the audit evidence I have obtained provides a reasonable base for my opinion below.

I deem that the evidence I obtained from the audits provides a reasonable base to provide the opinion I express below.

**Opinion**

In my opinion, the separate financial statement I audited were truthfully taken from the books and attached hereto, exhibit, in all significant and reasonable manner, the separate financial statement of the Company at December 31, 2015, the separate results of their operations and their separate cash flows ended on that date, in accordance with the Accounting and Financial Information standards accepted in Colombia.

**Other matters**

The separate financial statements of 2015 are the first which the Company's management prepared using the Accounting and Financial Information Standards accepted in Colombia. Note 24 on the separate financial statements explains the manner in which the application of the new standard affect the separate financial situation of the Company, the separate results of its operations, and its separate cash flows previously reported.

**Report on other legal and regulatory requirements**

Based on the result of my audits, in my opinion:

a) The Company's accounting is kept in accordance with the legal standards and the accounting technique.

b) The operations registered in the books and in the acts of management match the bylaws and the decisions made by the Assembly of Shareholders.

c) The correspondence, account vouchers and books of minutes and share registrations are duly kept and conserved.

d) There are proper internal control, money laundering prevention and terrorism financing measures alongside the conservation and custody of goods of the Company and third parties which are in its power.

e) The financial statements attached and the management report prepared by the Company's management match. The latter includes evidence from management on the free circulation of invoices issued by salespersons or suppliers.

f) The information contained in the statements of contributions made to the social security system, particularly related to affiliates and their income base for quotation, has been taken from the records and accounting vouchers; the Company displays no late payments whatsoever to the social security system.

**GONZALO ALONSO OCHOA RUIZ**

External Auditor of Grupo de Inversiones Suramericana S.A.
Professional Card No. 43668 - T
Member of KPMG Ltda.

# STATEMENT OF DIRECTORS´ RESPONSIBILITIES

The Directors are required to prepare financial statements, for each financial period, that give a reasonable view of the state of the Company´s financial position, income accounts and cash flows at December 31, 2015, with comparative figures at December 31 and January 1, 2014 In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Ensure that the information thus presented, including the accounting policies applied, is relevant, reliable, comparable and understandable.
- Make judgments and estimates that are reasonable and prudent;
- State whether all applicable accounting standards have been followed, subject to any material departure duly disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors hereby confirm that the Company´s accounts comply with the aforementioned requirements.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Luis Fernando Soto Salazar
Chief Accountant

# CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

We, the undersigned Legal Representative and Chief Accountant, under whose responsibility these separate financial statements were presented hereby certify:

That the information contained in the Company´s Statement of Financial Position at December 31, 2015 as well as its Statements of Income and Other Comprehensive Income, Statement of Changes to Shareholders´ Equity and Statement of Cash Flows for said year, as made available to our shareholders and third parties alike in accordance with applicable regulations, was duly verified and the corresponding figures were faithfully taken from books.

**These statements, both explicit and implicit, are as follows:**

**Existence:** all assets and liabilities belonging to Grupo de Inversiones Suramericana S.A. duly exist at the cut-off date of said separate financial statements and all transactions therein included were carried out during this same period ending on the aforementioned date.

**Integrity:** all economic events on the part of the Company have been duly recognized**.**

**Rights and obligations:** assets represent future economic benefits and liabilities represent future economic obligations obtained by or for the account of Grupo de Inversiones Suramericana S.A. at the aforementioned cut-off date.

**Valuation:** all items have been posted at their appropriate values.

**Presentation and disclosure:** all economic events have been correctly classified, described and revealed in these financial.

The opening financial statements at January 1, 2014 as well as those ending on the transition date of December 31, 2014 contain off-balance figures pursuant to that stipulated in Note 24 First-time Adoption of the Colombian Financial Reporting and Accounting Standards.

David Bojanini Garcia
Chief Executive Officer

Luis Fernando Soto Salazar
Chief Accountant
Lic. No. 16951-T

# SEPARATE STATEMENT OF FINANCIAL POSITION

GRUPO DE INVERSIONES SURAMERICANA S.A.
For year ended December 31, 2015 (with comparative figures at December 31, 2014 and January 1, 2014)
(Stated in millions of Colombian pesos)

| | Note | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | 6 | 221,228 | 10,609 | 210,901 |
| Investments | 7.1 | 21,512 | 24,868 | 21,769 |
| Trade and other accounts receivable | | 176 | 45,588 | - |
| Current accounts receivable from related parties and associates | 7.1 | 86,941 | 81,022 | 72,156 |
| Current tax assets | 8 | 25,021 | 76,413 | 50,024 |
| Other financial assets | 7.1 | 185,302 | 48,026 | 4,178 |
| Other non-financial assets | | 242 | 174 | 174 |
| Property and equipment | 9 | 17,451 | 17,656 | 17,761 |
| Intangible assets other than goodwill | | 72 | 147 | 222 |
| Investments in Associates | 10.1 | 14,899,559 | 14,868,247 | 14,205,550 |
| Investments in subsidiaries, via the equity method | 10.2 | 8,445,212 | 6,951,164 | 6,228,285 |
| Deferred tax assets | 8 | 41,594 | 38,455 | 54,675 |
| **Total assets** | | **23,944,310** | **22,162,367** | **20,865,694** |
| **Liabilities** | | | | |
| Financial liabilities | 7.2 | 726,418 | 6,813 | 297,922 |
| Trade and other accounts payable | 7.2 | 61,532 | 1,916 | 3,999 |
| Accounts payable to related parties | 7.2 | 88,976 | 68,624 | 113,376 |
| Current tax liabilities | 8 | 46,536 | 86,063 | 67,011 |
| Provisions for employee benefits | 11 | 28,630 | 25,274 | 16,000 |
| Other provisions | 12.1 | 247,997 | 126,877 | 62,143 |
| Issued securities | 7.2, 13 | 1,109,673 | 1,102,825 | 549,533 |
| Deferred tax liabilities | 8 | 124,614 | 21,050 | 91,797 |
| **Total liabilities** | | **2,434,376** | **1,439,443** | **1,201,780** |
| **Equity** | | | | |
| Issued capital | 14 | 107,882 | 107,882 | 107,882 |
| Share premium | 14 | 3,307,663 | 3,307,663 | 3,307,663 |
| Accumulated earnings | | 11,737,265 | 11,531,364 | 12,253,501 |
| Other comprehensive income | | 1,030,676 | 733,308 | 338,798 |
| Reserves | 14 | 4,602,459 | 4,177,866 | 3,656,070 |
| Net income for the period | | 723,988 | 864,842 | - |
| **Total equity** | | **21,509,934** | **20,722,925** | **19,663,914** |
| **Total liabilities and shareholders´ equity** | | **23,944,310** | **22,162,367** | **20,865,694** |

The accompanying notes on pages12to 85 form an integral part of these separate financial statements

David Bojanini García
Legal Representative

Luis Fernando Soto Salazar
Chief Accountant
Lic: 16951-T

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Lic: 43668-T
Member of KPMG Ltda.
(Please refer to my Statutory Auditor´s Reportissued February 29, 2016)



# SEPARATE INCOME STATEMENT

GRUPO DE INVERSIONES SURAMERICANA S.A.
For year ended December 31, 2015 (with comparative figures for the year ended December 31, 2014)
(Stated in millions of Colombian pesos, except for basic earnings per share)

| | Note | 2015 | 2014 |
|---|---|---|---|
| Dividends | 17 | 347,739 | 324,495 |
| Investment income | 17 | 5,407 | 3,756 |
| Earnings at fair value, net | 17 | 74,320 | 42,205 |
| Subsidiary earnings via equity method, net | 10 | 573,993 | 586,193 |
| Earnings from sales of investments, net | 17 | 7,912 | 33,300 |
| Other income | | 280 | 186 |
| **Total income** | | **1,009,651** | **990,135** |
| Administrative expense | 18 | (29,246) | (22,366) |
| Employee benefits | 4, 11.4 | (19,260) | (22,995) |
| Fees | 19 | (6,009) | (3,825) |
| Amortizations | | (75) | (75) |
| Depreciation | 9 | (380) | (478) |
| Interest | 17 | (98,652) | (78,316) |
| Exchange difference, net | 17 | (20,060) | 5,501 |
| Impairment | | - | (153) |
| **Total expense** | | **(173,684)** | **(122,707)** |
| **Earnings before tax** | | **835,968** | **867,428** |
| Income tax | 8 | (111,979) | (2,586) |
| **Net income for the period** | | **723,988** | **864,842** |
| Earnings per share | 22 | 1,258 | 1,503 |

The accompanying notes on pages 12 to 85 form an integral part of these separate financial statements

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Legal Representative

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Gonzalo Alonso Ochoa Ruiz
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(Please refer to my Statutory Auditor´s Reportissued February 29, 2016)

# SEPARATE STATEMENT OF COMPREHENSIVE INCOME

GRUPO DE INVERSIONES SURAMERICANA S.A.
For year ended December 31, 2015 (with comparative figures for the year ended December 31, 2014)
(Stated in millions of Colombian pesos)

| **Statement of Comprehensive Income with OCI items presented net of tax** | **Nota** | **2015** | **2014** |
|---|---|---|---|
| Income for the period | | 723,988 | 864,842 |
| Gains (losses) from equity investments | 16 | (3,355) | 8,210 |
| Profit from new measurements of benefit plans established | 16 | 85 | 190 |
| **Total Other Comprehensive Income To Be Reclassified To Profit Or Loss, Net Of Tax** | | **(3,271)** | **8,400** |
| Share of other comprehensive income from subsidiaries posted via the equity method that shall not be reclassified to profit or loss, net of tax | 16 | 300,639 | 386,110 |
| **Total Other Comprehensive Income To Be Reclassified To Profit Or Loss, Net Of Tax** | | **300,639** | **386,110** |
| **Total otro resultado integral** | | **297,368** | **394,510** |
| **Resultado integral total** | | **1,021,357** | **1,259,351** |

The accompanying notes on pages 12 to 85 form an integral part of these separate financial statements

David Bojanini García
Legal Representative

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Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Lic: 43668-T
Member of KPMG Ltda.
(Please refer to my Statutory Auditor´s Reportissued February 29, 2016)



# SEPARATE STATEMENT OF CHANGES IN EQUITY

GRUPO DE INVERSIONES SURAMERICANA S.A.
For year ended December 31, 2015 (with comparative figures for the year ended December 31, 2014)
(Stated in millions of Colombian pesos, except for basic earnings per share)

| | **Issued capital** | **Share premium** | **Accumulated earnings** | **Other comprehensive income** | **Statutory reserve** | **Occasional reserve** | **Net income for the period** | **Total equity** |
|---|---|---|---|---|---|---|---|---|
| **At January 1, 2014** | **107,882** | **3,307,663** | **12,253,501** | **338,798** | **138,795** | **3,517,275** | **-** | **19,663,914** |
| Other comprehensive income | - | - | - | 394,510 | - | - | - | 394,510 |
| Share in subsidiaries via the equity method | - | - | - | 386,110 | - | - | - | 386,110 |
| Gains (losses) from equity investments | - | - | - | 8,210 | - | - | - | 8,210 |
| Gains from remeasurements of defined benefit plans | - | - | - | 190 | - | - | - | 190 |
| Net income for the period | - | - | - | | - | - | 864,842 | 864,842 |
| **Total Net Comprehensive Income for the period** | **-** | **-** | **-** | **394,510** | **-** | **-** | **864,842** | **1,259,352** |
| Profit distribution corresponding to 2013 based on authorization contained in the minutes of Shareholders' Meeting No. 19 held on March 27, 2014: | | | | | | | | |
| Dividends recognized as distributions to owners (COP 390 per ordinary share and COP 682.50 for each preferred share) | - | - | (255,498) | - | - | - | - | (255,498) |
| Donations for social outreach projects | - | - | (4,500) | - | - | - | - | (4,500) |
| Reserves for the protection of investments | - | - | (521,796) | - | - | 521,796 | - | - |
| Increases (decreases) due to other changes in equity | - | - | 59,657 | - | - | - | - | 59,657 |
| **At December 31, 2014** | **107,882** | **3,307,663** | **11,531,364** | **733,308** | **138,795** | **4,039,071** | **864,842** | **20,722,925** |
| Other comprehensive income | - | - | - | 297,368 | - | - | - | 297,368 |
| Share in subsidiaries via the equity method | - | - | - | 300,638 | - | - | - | 300,638 |
| Gains (losses) from equity investments | - | - | - | (3,355) | - | - | - | (3,355) |
| Gains from remeasurements of defined benefit plans | - | - | - | 85 | - | - | - | 85 |
| Net income for the period | - | - | - | - | - | - | 723,988 | 723,988 |
| **Total Net Comprehensive Income for the period** | **-** | **-** | **-** | **297,368** | **-** | **-** | **723,988** | **1,021,356** |

| | Issued capital | Share premium | Accumulated earnings | Other comprehensive income | Statutory reserve | Occasional reserve | Net income for the period | Total equity |
|---|---|---|---|---|---|---|---|---|
| Profit distribution corresponding to 2014 based on authorization contained in the minutes of Shareholders' Meeting No. 20 held on March 26, 2015: | | | | | | | | |
| Dividends recognized as distributions to owners (COP 422 per share) | - | - | - | - | - | - | (242,807) | (242,807) |
| Donations for social outreach projects | - | - | - | - | - | - | (4,500) | (4,500) |
| Reserves for the protection of investments | - | - | - | - | - | 424,593 | (424,593) | - |
| Increases (decreases) due to other changes in equity | - | - | 205,902 | - | - | - | (192,942) | 12,960 |
| **At December 31, 2015** | **107,882** | **3,307,663** | **11,737,265** | **1,030,676** | **138,795** | **4,463,664** | **723,988** | **21,509,934** |

The accompanying notes on pages 12 to 85 form an integral part of these separate financial statements

David Bojanini García
Legal Representative

Luis Fernando Soto Salazar
Chief Accountant
Lic: 16951-T

Gonzalo Alonso Ochoa Ruiz
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# SEPARATE STATEMENT OF CASH FLOWS

GRUPO DE INVERSIONES SURAMERICANA S.A.
For year ended December 31, 2015 (with comparative figures for the year ended December 31, 2014)
(Stated in millions of Colombian pesos)

| | 2015 | 2014 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Net income for the period** | **723,988** | **864,842** |
| Adjustments for income tax expense | 111,979 | 2,586 |
| Adjustments for decreases (increases) in other receivables due from operating activities | (46,495) | (127,641) |
| Adjustments for increase (decrease) in trade payables | 79,056 | 11,439 |
| Adjustments for depreciation and amortization expense | 456 | 553 |
| Adjustments for provisions | | |
| Adjustments for unrealized foreign currency (gains) losses | | - |
| Adjustments for losses (gains) in fair value | | |
| Adjustments for retained earnings via the equity method | 874,632 | 972,303 |
| Other adjustments where the effects on cash consist of cash flows from investing or financing activities | - | 4,879 |
| **Total adjustments to reconcile net gains (losses)** | | **(1,124,443)** |
| **Cash flows used for)operating activities** | **(23,524)** | **(259,601)** |
| Dividends paid | 248,452 | 280,691 |
| Dividends received | 549,182 | 655,329 |
| Reimbursed income tax (paid) | - | 2,150 |
| Other cash inflows (outflows) | (4,500) | (4,500) |
| **Net cash flows sourced from operating activities** | **272,706** | **108,387** |
| Cash flows from losing control over subsidiaries or other businesses | 76,858 | 251,645 |
| Cash flows used to obtain control over subsidiaries or other businesses | 100,065 | 914,342 |
| Proceeds from sales of property, plant and equipment | | |
| Purchases of property, plant and equipment | | |
| Purchases of other long-term assets | | |
| Payments on futures, forwards, options and swaps | 138 | 47 |
| Cash receipts from futures, forwards, options and swaps | 173 | (0) |
| **Net cash flows used for investing activities** | **(23,416)** | **(663,039)** |
| Payments corresponding to changes in ownership interests in subsidiaries that do not result in any loss of control | 705,658 | 25,496 |
| Proceeds from loans | | |
| Loan repayments | | |
| Interest paid | | |
| Other cash inflows (outflows) | | |
| **Net cash flows (used for) sourced from financing activities** | **(48,461)** | **353,117** |
| Increase (decrease) in net cash and cash equivalents before exchange rate effect | 200,828 | (201,535) |
| Effects of exchange rate fluctuations on cash and cash equivalents | 9,791 | 1,242 |
| Increase (decrease) in net cash and cash equivalents | 210,619 | (200,293) |
| **Cash and cash equivalents at beginning of the period** | **10,609** | **210,901** |
| **Cash and cash equivalents at the end of period** | **221,228** | **10,609** |

The accompanying notes on pages 12 to 84 form an integral part of these separate financial statements

David Bojanini García
Legal Representative

Luis Fernando Soto Salazar
Chief Accountant
Lic: 16951-T

Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Lic: 43668-T
Member of KPMG Ltda.
(Please refer to my Statutory Auditor´s Reportissued February 29, 2016)

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE FIGURES AS OF DECEMBER 31 AND JANUARY 1, 2014)

(Stated in millions of Colombian pesos, except for exchange rates and share information).

## NOTE 1

## REPORTING 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 April 15th 2102.

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 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 corporation from the miscellaneous 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. 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 AM S.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 46.43% stake in the voting shares of Bancolombia (which is equal to 26.65% 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 64.29% stake in SURA Asset Management S.A.´s share capital as well as another 7.11% stake through its subsidiary, Grupo de Inversiones Suramericana Panamá S.A. Both companies oversee investments in the Latin American pension, savings and investment sectors. The remaining 28.60% 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 35.34% 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 35.77% stake in the voting shares of Grupo Argos S.A. (equal to 29.08% 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 possess cross holdings within the Group, which at December 31, 2015 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 28.71% of the total shares outstanding belonging to Grupo SURA and 35.34% of its voting shares along with stakes of 3.45% in Bancolombia S.A. and 8.31% 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 ready-mix 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) Sound Statement of Financial Position to support Grupo SURA's ongoing expansion. At December 31, 2015, Grupo SURA's shareholders' equity came to COP 21,509,934 million with a total debt-to-asset ratio of just 7.7%. 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 multi-channel 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 later amended in 2015, to include the recommendations contained in the Country Code (External Circular 028 issued in 2014 by the Colombian Superintendency of Companies) and we have been publishing annual corporate governance reports since 2005. Our corporate governance is governed by principles of fairness, respect, responsibility and transparency together with a firm commitment to both the region and its people. Our Corporate Governance Code is based on the highest international standards and contains the philosophy as well as the rules and regulations governing the Group´s relationships with Senior Management, the Board of Directors, shareholders, investors and other stakeholders who are interested in the Company's performance. 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 great deal 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 2015, 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 achieve a greater level of coordination in 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 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 at the annual shareholder's meeting held on March 26, 2015. These serve for two-year terms, with the current term due to expire in March 2017. 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 | TITLE |
|---|---|
| Luis Fernando Alarcón Mantilla (1) | Chairman |
| Sergio Michelsen Jaramillo (1) | Principal member |
| José Alberto Vélez Cadavid | Principal member |
| Carlos Ignacio Gallego Palacio | Principal member |
| Jorge Mario Velásquez Jaramillo | Principal member |
| Carlos Antonio Espinosa Soto (1) | Principal member |
| Jaime Bermúdez Merizalde (1) | Principal member |

(1) ndependent Member, in accordance with Colombian law.

## SENIOR MANAGEMENT

Our current executive officers are as follows:

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

## BOARD COMMITTEES

**Corporate Governance Committee**
Consisting of 3 members of the Board of Directors with the Chief Executive Officer attending these meetings by invitation. This Committee meets at least twice (2) a year and is responsible for issues regarding the Board of Directors, Senior Management and the Company's Good Corporate Governance.

**Appointments and Remuneration Committee**
Consisting of 3 members of the Board of Directors meeting at least twice (2) a year. This Committee is responsible for providing guidelines in terms of the Company's human talent as well as the corresponding development and retention strategies, drawing up succession plans, evaluating the performance of the Chief Executive Officer and Senior Management performance, setting guidelines for the fees paid to members of the Board of Directors as well as the remuneration corresponding to senior management which is based on their performance both individually as well as collectively.

**Risk Committee**
Consisting of 3 members of the Board of Directors meeting at least twice (2) a year. This Committee is responsible for the Company´s risk management function, including: analyzing and assessing the handling of the Company's normal risk exposure, in terms of limits, risk profile, profitability and capital map; submitting to the Board the Company's proposed risk management policy; providing the Board with proposals regarding delegation rules for approving various types of risk.

Also, this Committee is officially responsible for the sustainability issues affecting the Company, such as evaluating and monitoring social, environmental and political trends that could potentially affect the Company and its subsidiaries, and the results obtained by all; monitoring the performance of both the Company and its subsidiaries in the environmental, economic, social and reputational aspects; monitoring the handling and mitigation of risks of a financial nature; and reviewing non-financial information that the Company makes available to the market.

**Finance and Audit Committee**
Consisting of 3 members of the Board of Directors meeting at least twice (2) a year. It is responsible for creating and encouraging supervisory culture throughout the Company. The responsibilities of this Committee are enshrined in Article 37, paragraph b. of the Company's Bylaws as well as in the Rules and Regulations governing this Committee.

## MAIN SHAREHOLDERS

The following table contains a breakdown of the Company´s shareholding structure at December 31 2015, based on the data recorded in the Stock Ledger:

| Shareholder | Shares held | % Stake |
|---|---|---|
| Grupo Argos S.A. | 137,014,853 | 23.81% |
| Grupo Nutresa S.A. | 59,387,803 | 10.32% |
| Fondo de Pensiones Obligatorias Colfondos Moderado | 53,227,316 | 9.25% |
| Fondo de Pensiones Obligatorias Protección Moderado | 46,833,308 | 8.14% |
| Cementos Argos S.A. | 28,183,262 | 4.90% |
| Oppenheimer Developing Markets Fund | 17,689,539 | 3.07% |
| Fondo de Pensiones Obligatorias Colfondos Moderado | 16,376,238 | 2.85% |
| Harbor International Fund | 16,186,666 | 2.81% |
| Colombiana de Comercio S.A. Corbeta y/o Alkosto S.A. | 9,178,289 | 1.60% |
| Old Mutual Fondo de Pensiones Obligatorias Moderado | 6,822,853 | 1.19% |
| Fondo Bursatil Ishares Colcap | 6,401,500 | 1.11% |
| Vanguard Emerging Markets Stock Index Fund | 5,752,182 | 1.00% |
| Other shareholders with stakes of less than 1% (1) | 172,318,414 | 29.95% |
| **Total** | **575,372,223** | **100.00%** |

(1) Including shareholders, who individually hold less than 1.0% of Grupo SURA's ordinary and preferred stock.

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".

## NOTE 2 BASIS FOR PREPARING THE SEPARATE FINANCIAL STATEMENTS

### 2.1. Compliance Statement

These separate financial statements have been prepared in accordance with Financial Reporting and Accounting Standards (IFRS), as provided by Law 1314 of 2009, which in turn were regulated by the Unified Regulatory Decree 2420 of 2015 and subsequently amended by means of Decree 2496 of 2015. These IFRS are based on International Financial Reporting Standards (IFRS), together with their corresponding interpretations as issued by International Accounting Standards Board (IASB); the basic rules correspond to their versions in Spanish which were released on January 1, 2012 together with amendments made in 2012 by the IASB.

The Company also applies the following guidelines in accordance with applicable legislation and other regulations in Colombia:

Article 11 Terms (Amendment to Article 2.1.2 of Part 1 of Book 2) establishes the application of Article 35 of Law 222 which provides for shares in subsidiaries being recognized in the separate financial statements using the equity method as described in IAS 28, rather than IAS 27.

These are the first financial statements prepared in accordance with the IFRS; and for the changeover to this new regulatory framework the Company has considered the exceptions and exemptions stipulated in IFRS 1 - First-time Adoption of International Financial Reporting Standards, as stated herein in Note 24.

Until December 31, 2014, the Company prepared its financial statements in accordance with generally accepted accounting principles in Colombia (GAAP). The financial information corresponding to prior periods as shown for comparative purposes in these financial statements, has been modified and is presented in accordance with the new regulatory framework. The effects of changes between the GAAP applied until December 31 2013 and the new IFRS are described in further detail in Note 24 Reconciliations.

For legal purposes in Colombia, the financial statements that serve as the basis for calculating dividends are the separate financial statements.

### 2.2. Basis of measurement

The presentation of these financial statements in accordance with IFRS require estimates and assumptions to be made that affect the amounts reported and disclosed in said financial statements, without undermining the reliability of the reported information. Therefore, the real results recorded could differ from the figures thus estimated. Estimates and assumptions are constantly reviewed, and recognized in the period under review if this affects the period in question or the period in which the revision is carried out or in any future period if it affects both the present and future periods.

Financial assets and liabilities measured at fair value correspond to those classified as assets and liabilities at fair value through profit or loss, together with equity investments measured at fair value through equity and in the case of all recognized derivatives, assets and liabilities that are designated as hedged items as part of hedging arrangements measured at fair value, their corresponding carrying values are adjusted based on changes to their fair value attributable to the hedged risk.



### 2.3.Presentation of Financial Statements

Grupo SURA presents its Statement of Financial Position in order of liquidity.

As for its Statement of Comprehensive Income, income and expense are not offset, unless this is permitted or required by any accounting standard or interpretation thereof, as stipulated in Grupo SURA's policies.

## NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied upon preparing the Opening Separate Statement of Financial Position as well as the other separate financial statements in accordance with the Financial Reporting and Accounting Standards accepted in Colombia (IFRS), unless otherwise indicated.

The following are the more significant accounting policies that Grupo SURA applied upon preparing its separate financial statements:

### 3.1.Cash and cash equivalents

Cash and cash equivalents as appearing in the Statement of Financial Position and Cash Flow Statement include cash in hand and banks, highly liquid investments and money market transactions that are readily convertible into cash and subject to an insignificant risk of changes to their value, with maturities of three months or less from the date of their acquisition.

### 3.2. Financial instruments

#### FINANCIAL ASSETS

Grupo Sura initially recognizes its financial assets at fair value for subsequent measurement at amortized cost or fair value depending on the business model used to manage said financial assets and the specific characteristics of the contractual cash flows obtained from the instrument in question.

This initial recognition consists of Grupo Sura measuring a financial asset at fair value. In the case of assets carried at fair value, these amounts are reduced by the amount of expense incurred with the respective transaction, these being charged to an expense account. On the other hand, in the case of assets carried at amortized cost their corresponding transaction costs are added, since these form an integral part of the cost of the financial instrument in question and as such may be amortized over the instrument´s lifetime title using the effective interest rate method.

## ACCOUNTS RECEIVABLE

Grupo Sura defined that the business model to be used for measuring accounts receivable shall be based on their contractual cash flows, which is why these are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method, provided these qualify as long-term assets, that is to say, that the Company intends to collect such accounts more than 12 months into the future.

Accounts receivable classified as short term continue recognized at their fair value.

### Financial assets other than those measured at amortized cost

Financial assets, other than those measured at amortized cost, are measured at fair value, which includes investments in equity instruments that are not held for sale.

Cash dividends received from these investments are recognized in the income statement as profit or loss.

Financial assets measured at fair value are not subject to impairment tests.

### Impairment of financial assets at amortized cost

In the case of assets recognized at amortized cost, impairment is assessed based on credit losses incurred at the close of the reporting period. Grupo Sura recognizes the value of changes to credit losses incurred as an impairment gain or loss. Credit losses incurred in the case of financial assets are measured at amortized cost at amounts equal to the credit losses incurred over the following 12-month period unless the risk of the financial instrument has increased significantly since it was initially recognized.

A single financial asset or group of such shall be considered impaired and have sustained a loss to its value if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the asset´s initial recognition (a "loss event") and when such loss event (or events) have an impact on the estimated cash flows of the financial asset(s) in question and can be reliably estimated.

## FINANCIAL LIABILITIES

Upon their initial recognition, Grupo SURA measures its financial liabilities at fair value less the transaction costs that are directly attributable to the acquisition or issue of the financial liability in question and then proceeds to classify at initial recognition said financial liabilities for subsequent measurement either at amortized cost or at fair value depending on the liability.

Liabilities at amortized cost are measured using the effective interest rate, provided that these are long-term liabilities, that is to say with maturities exceeding 12 months. Short term liabilities are recorded at fair value and since their valuation at amortized cost is similar to that of their fair value.

Gains and losses are recognized in the Statement of Comprehensive Income when liabilities are derecognised as well as when amortized using the effective interest rate method, which is recorded as a financial cost in the Statement of Comprehensive Income.

Financial instruments that contain both a liability and an equity component (compound financial instruments) shall be recognized and accounted for separately. The liability component is determined by the fair value of future cash flows and the residual value is assigned to the equity component.

## DERECOGNITION

A financial asset, or a portion thereof, is derecognized from the Statement of Financial Position when it is sold, transferred or otherwise matures or when Grupo SURA loses control over the contractual rights or cash flows pertaining to said instrument. A financial liability, or a portion thereof, is derecognized from the Statement of Financial Position when the contractual obligation is settled, paid or has otherwise matured.

## OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and their net amounts are recognized in the Consolidated Statement of Financial Position if, and only if (i) there is, at the present time, a legally enforceable right to offset such recognized values, and (ii) the holder of such intends to settle these at their net values or realize the assets and settle the liabilities simultaneously.

## DERIVATIVES

Changes to the fair value of derivative contracts held for sale are included under gains (losses) from financial operations in the Consolidated Statement of Comprehensive Income. Certain derivatives that are incorporated in other financial instruments (embedded derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the host contract and they are not recorded at fair value with their unrealized gains and losses through profit or loss.

When a derivative contract is first signed, Grupo Sura must classify this as a derivative instrument held for trading or hedging purposes.

Certain derivative transactions that are not eligible to be accounted for as hedging derivatives are treated and reported as derivatives held for trading purposes, even though they provide an effective hedge for managing risk positions.

### COMPOUND FINANCIAL INSTRUMENTS

According to IAS 32, an issuer of a non-derivative financial instrument derivative should assess the corresponding terms and conditions for classifying this as a compound financial instrument, that is to say, whether it contains both a liability and an equity component, based on the following criteria:

- A financial liability: is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under conditions that are potentially unfavorable.
- An equity instrument: is any contract or arrangement that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Grupo SURA's preferred shares cannot be considered entirely as an equity instrument because the corresponding contractual clauses provide for the obligation of delivering cash or another financial asset to their holders. Similarly, they cannot be considered entirely as a liability, because they do not convey the obligation of providing the holder with the total amount of money received on the issue of shares. Consequently they must be considered as compound financial instruments.

### INITIAL MEASUREMENT OF A COMPOUND FINANCIAL INSTRUMENT

The liability and equity components of compound financial instruments must be measured separately. Therefore, for the initial measurement of a compound financial instrument, the equity component is determined as the residual amount after deducting the fair value of the instrument as a whole and the amount separately determined for the liability component. The sum of the carrying amounts allocated to said liability and equity components, at the time of their initial recognition, shall always be equal to the fair value of the instrument as a whole. No gains or losses may arise from the initial recognition separately performed on said components.

### INCREMENTAL COSTS RELATING TO THE ISSUE OF PREFERRED SHARES

Under IAS 32, a company incurs various types of costs and expense upon issuing its own equity instruments, which are posted as a lower value thereof (net of any applicable tax benefit), to the extent that these qualify as incremental costs directly attributable to the equity transaction itself that would otherwise not have been incurred had the instruments not been issued in the first place.

Transaction costs relating to an issue of compound financial instruments are allocated between their equity and liability components, bearing in mind that upon initial recognition IFRS 9 stipulates that a company shall measure a financial asset or financial liability at fair value adding or subtracting transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability itself. These costs should be included in calculating the effective interest rate for appraising the value of such.

Transaction costs are to be distributed between the corresponding liability and equity components using a basis of allocation that is rational and consistent with similar transactions.



### SUBSEQUENT MEASUREMENT OF A FINANCIAL LIABILITY IN THE FORM OF A COMPOUND FINANCIAL INSTRUMENT

Grupo de Inversiones Suramericana S.A. measures its financial liabilities at amortized cost subsequent to their initial recognition.

## 3.3. Tax assets and liabilities

This account includes the value of all mandatory taxes payable by the Company to the State, as calculated by means of the Company's own tax settlements based on the tax rates applicable to the fiscal period in question pursuant to all applicable tax legislation in Colombia on a nationwide or local basis.

### 3.3.1. Income tax

#### 3.3.1.1. Current

Current income tax assets and liabilities for the current period are measured based on the amounts expected to be either recovered from or paid to the Colombian tax authorities. Income tax expense is recognized under current tax, based on comparing taxable income with book profits or losses subject to the income tax rate levied for the current year and in accordance with the provisions set out in Colombian tax legislation. The tax rates and regulations on which these values are based are those that are in full force and effect at the end of the reporting period in question.

#### 3.3.1.2.Deferred tax

Deferred income tax is recognized using the liability method calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences as well as for the future offsetting of unused tax credits and tax losses to the extent that there is sufficient future taxable income against which said tax can be offset. Deferred tax is not discounted.

Deferred tax assets and liabilities are not recognized if the temporary differences arising from the initial recognition of an asset or liability forming part of a transaction that does not constitute a business combination and at the time of the transaction said deferred tax items affect neither book profits nor the taxable gains or losses; and in the case of deferred tax liabilities when these arise as a result of the initial recognition of goodwill.

Deferred tax liabilities with regard to investments in subsidiaries, associates and interests in joint ventures are not recognized when the timing of the reversal of temporary differences can be controlled and it is probable that these differences shall not be reversed in the near future. On the other hand, deferred tax assets with regard to investments in subsidiaries, associates and interests in joint ventures are recognized only to the extent that it is probable that the temporary differences shall be reversed in the near future and there is likely to be sufficient future taxable income against which these deductible differences can be charged.

The carrying amount of deferred tax assets is reviewed at the close of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable income shall be available to offset all or part of the deferred tax asset. Unrecognized deferred tax assets are reassessed at the close of each reporting period and are recognized to the extent that it is probable that there shall be sufficient future taxable income to cover such.

Deferred tax assets and liabilities are measured based on the tax rates projected for the period in which the asset is realized or the liability is paid, based on the tax rates and regulations that were either approved or due to be approved on or near the respective filing date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to do so and are collected by the same tax authority.

Deferred tax is recognized in profit or loss, except for those items that are recognized either as other comprehensive income or directly in the equity accounts.

Current income tax assets and liabilities also are offset if they relate to the same tax authority and the holder intends to settle these at their net values or realize the asset and simultaneously settle the corresponding liability.

### 3.3.2. Equality income tax (CREE in Spanish)

As of 2016, this tax shall be levied at a rate of 9% and subject to a surtax as and when applicable.

Equality income tax losses incurred as of the fiscal year of 2015 may be offset, in accordance with that stipulated in Article 147 of the Tax Code.

Any surplus obtained with the minimum equality income tax base applicable as of the fiscal year of 2015, may be offset against certain specific income pursuant to Section 1 of Article 22 of Law 1607 of 2012 within the following five years, as adjusted for tax purposes.

The same tax provisions as for ordinary income tax shall apply to equality income tax, such as transfer pricing and undercapitalization as well as rules and regulations regarding the recovery of deductions (these issued by means of Decree 2701 of 2013).

It is now possible to include the discount for taxes paid abroad in the Equality Income Tax return (this having been previously used for the ordinary income and complementary tax return). However, this discount may not exceed the amount of Equality Income Tax and corresponding surtax payable by the taxpayer on this same income.

It is not possible to offset the value to be paid in Equality Income Tax and corresponding surtax against credit balances with regard to other taxes. Neither it is possible to offset the credit balance due from Equality Income Tax and corresponding surtax against payments or prepayments of other taxes, withholdings, and sanctions.

#### EQUITY INCOME TAX SURTAX

This consists of a temporary surtax corresponding to the fiscal years of 2015, 2016, 2017 and 2018. However, taxpayers must pay 100% of its value in the form of an advance payment consisting of two annual installments within the term provided for such.

Taxpayers declaring incomes of more than COP 800 are subject to Equality Income Tax (CREE in Spanish).

Despite being a surtax, it has the same tax base as the Equality Income Tax, which must be calculated based on the provisions of Article 22 et seq of Law 1607 of 2012, as amended.

#### SURTAX RATE

| Lower limit | Upper limit | 2015 Rate for | Rate for 2016 | Rate for 2017 | Rate for 2018 |
|---|---|---|---|---|---|
| 0>=800 | <800 onwards | (Tax Base- 800) * 5% | (Tax Base-800) * 6% | (Tax Base-800) * 8% | (Tax Base-800) * 9% |

### 3.3.3. Wealth tax

Currently applicable legislation provides for a temporary wealth tax for the fiscal years of 2015, 2016 and 2017 (for natural persons until 2018). This tax accrues on a yearly basis on the income statement.

**The tax must be paid by:**

- Legal persons, de facto companies, private individuals, illiquid estates, and generally speaking all those paying income and supplementary tax.
- Foreign companies and entities, with regard to their net worth in Colombia, regardless of whether or not they pay income and complementary taxes.
- Foreign equity portfolio investors

This tax shall only accrue if at January 1, 2015, the taxpayer has a net worth equal to or higher than COP 1,000.

The tax base is calculated by taking the gross assets held at January 1st 2015, January 1st 2016 and January 1st 2017 (January 1st, 2018 for private individuals) and subtracting debts and amounts owing by the taxpayer on these same dates.

It is important to bear in mind the following aspects when determining the tax base:

For all taxpayers:

The equity value of shares, quotas or interests in domestic companies owned directly or through commercial trust funds or mutual funds, voluntary pension funds, voluntary insurance or individual life insurance companies is excluded from the tax base (amongst other values).

Currently applicable legislation also sets upper and lower limits for this tax base:

| Upper limit (cap) | Lower limit (floor) |
|---|---|
| Should the net assets subject to this tax for the years 2016 and 2017 (2018 in the case of private individuals) be greater than those declared for the year 2015: The tax base for any of those years shall be the lesser of: (i) the tax base corresponding to 2015 plus 25% of the inflation rate corresponding to the year immediately preceding that in which such tax is declared; and (ii) the tax base determined for the year being declared. | Should the net assets subject to this tax for the years 2016 and 2017 (2018 in the case of private individuals) be lower than those declared for the year 2015: The tax base for any of those years shall be the greater of: (i) the tax base corresponding to 2015 minus 25% of the inflation rate corresponding to the year immediately preceding that in which such tax is declared; and (ii) the tax base determined for the year being declared. |

Tax rates for resident and non-resident legal entities are as follows:

| Lower limit | Upper limit | Rate for 2015 | Rate for 2016 | Rate for 2017 |
|---|---|---|---|---|
| > 0 | <2000 | (Tax base) * 0.20% | (Tax base) * 0.15% | (Tax base) * 0.05% |
| > = 2000 | <3,000 | (Tax base- 2,000) * 0.35% + 4 | (Tax Base- 2000) * 0.25% + 3 | (Tax Base- 2,000) * 0.10% + 1 |
| > = 3,000 | <5,000 | (Tax Base- 3,000) * 0.75% + 7.5 | (Tax Base- 3,000) * 0.50% + 5.5 | (Tax Base- 3,000) * 0.20% + 2 |
| > = 5,000 | Onwards | (Tax Base- 5000) * 1.15% + 22.5 | (Tax Base- 5,000) * 1.00% + 15.5 | (Tax Base- 5,000) * 0.40% + 6 |

Wealth tax is not deductible from income and complementary tax or from Equality Income Tax, and its value cannot be offset against credit balances with respect to other taxes.

3.4. Property and equipment

Grupo Sura has defined as its property and equipment (P & E) all those tangible assets that will be used in more than one accounting period and that are expected to be recovered through their use as opposed to their sale.

Grupo Sura includes in the initial cost of such property and equipment all those costs incurred in their acquisition or construction while these are made ready for use.



Grupo Sura recognizes all those assets purchased for more than USD 700 as an item belonging to its property, plant and equipment account, except for the IT-related assets, whose purchase cost is higher than USD 400. Purchase costs are measured based on the exchange rate applicable to the transaction in question and after deducting any discount or rebate obtained with said purchase.

When Grupo Sura decides to make large-scale purchases of similar assets, that is to say acquired on the same date and fulfilling the same conditions this type of purchase is recorded provided it exceeds USD 100,000, based on the exchange rate applicable to the transaction in question and after deducting any discount or rebate obtained with said purchase.

After initially recognizing real estate property (land and buildings) Grupo Sura proceeds to subsequently measure these using the revaluation approach, that is to say at fair value, which is the price that would be obtained were it to sell the asset as part of an orderly transaction between market players on the date the measurement is carried out.

For all other types of property and equipment the cost model is used.

At least every four years Grupo Sura commissions property appraisals to be performed on said property so as to ensure that the carrying value of these assets does not differ materially from their fair value. Revaluation gains are usually recognized as other comprehensive income in the Statement of Comprehensive Income while the equity component is separately accounted for as a "revaluation surplus".

Declines in the prices of assets must be posted as a lower value of the balance of other comprehensive income account, should this exist, if not directly through profit and loss.

## DEPRECIATION

Grupo Sura depreciates its property and equipment using the straight-line method for all types of assets, except for land. Land and buildings are separable assets and are accounted for separately, even when they are acquired together.

Depreciation begins when the assets are situated in their location and are ready to be operated; and ceases on the date the asset is classified as held for sale or as an investment property measured at fair value, in accordance with applicable accounting policies.

Grupo Sura derecognizes its property, plant and equipment when this is sold off or when no future economic benefits are expected to be obtained from their use or disposal. Any gains or losses arising from the derecognition of any item belonging to the property, plant and equipment account are charged to profit and loss for the period.

## RESIDUAL VALUE

Grupo Sura assigns residual values to vehicles classified as its administrative use these equal to 30% of the cost of acquiring the asset in question. For all other types of assets, a residual value of zero is posted.

## USEFUL LIVES

Grupo Sura defined the following useful lives for its property and equipment:

| | |
|---|---|
| Buildings | 80 to 100 years |
| Parking spaces | 60 to 100 years |
| IT equipment | 5 years |
| Furniture and fixtures | 10 years |
| Vehicles | 8 to 10 years |

Grupo SURA reviews the useful lives of all assets, at least at the end of each accounting period.

### 3.5.Fair value

In measuring fair value, Grupo Sura takes into account all the following items:

a. The specific asset or liability to be measured (in keeping with its unit of account).

b. For a non-financial asset, the corresponding valuation approach selected.

c. The main (or most advantageous) market for the asset or liability in question.

d. The valuation approaches used for their measurement, in the light of available data with which to calculate the variables that form the basis of the assumptions that market participants would use when pricing the assets and liabilities and the level of the fair value hierarchy in which the variables are classified.

* Measuring assets or liabilities
When measuring the fair value of an asset or liability, Grupo Sura considers the following factors:
The characteristics of the specific asset or liability as would market participants when pricing said asset or liability including, for example, the following:

- The condition and location of the asset.
- Restrictions, if any, on the sale or use of the asset in question.

How these characteristics would be borne in mind by market participants.

## MEASURING NON-FINANCIAL LIABILITIES

A fair value measurement supposes that a non-financial liability is transferred to a market participant on the date the measurement is performed, and this liability remains outstanding while the recipient is able to satisfy the obligation.

When there is no observable market capable of providing pricing information, this data may be obtained from other parties who maintain these liabilities in the form of assets and the fair value of such shall be measured from the standpoint of a market participant.

* Fair value at initial recognition
When Grupo SURA acquires an asset or a liability, the price paid (or the price of the transaction) is taken as the entry price. Since companies do not necessarily sell assets at the prices paid to acquire these and similarly, companies do not necessarily transfer liabilities at the price received for taking them on, from the conceptual viewpoint entry and exit prices can be widely different. The purpose of a fair value measurement is to estimate the exit price.

* Valuation approaches
The market approach, the cost approach, the income approach

### 3.6. Investments

#### 3.6.1. Subsidiaries

A subsidiary is an entity that comes under the direct or indirect control of any of the companies that make up Grupo SURA´s portfolio. Control exists when any of the companies have the power to direct the subsidiary's activities, these being, generally speaking operating and financing activities, in order to obtain benefits from such activities and at the same time is exposed, or is entitled, to variable returns from said subsidiary.

An amendment made to IAS 27 - Equity Method in Separate Financial Statements allows entities to use the equity method to account for subsidiaries, joint ventures and associates in its separate financial statements. Entities that have already implemented IFRS and choose to change to the equity method, must apply this change retrospectively. These changes shall begin to apply for the fiscal years beginning on January 1, 2016, although early adoption is allowed, which Grupo Sura has chosen to do.

#### 3.6.2. Associates

An associate is an entity over which Grupo Sura exerts significant influence in terms of its financial and operating policy decisions without actually achieving total or joint control.

Grupo Sura exerts significant influence when it has the power to intervene in the financial or operating decisions of another company without achieving total or joint control. Grupo Sura is presumed to exert significant influence when:

- It directly or indirectly holds 20% or more of the voting power of the company in question, unless there is clear evidence that such influence does not exist through its governing bodies; or

- Although it may directly or indirectly hold less than 20% of the voting power of the company in question, there is clear evidence that such influence effectively exists through its governing bodies; or

Grupo Sura exerts significant influence through one or more of the following:

- By being a member of the governing body of either the Company or the associate;

- Participating in the policy-making and decisions taken in terms of dividends and other distributions;

- Carrying out material transactions with the associate;
- Exchanging senior management personnel; or
- Providing essential technical information.

Investments are initially recognized at cost and are subsequently measured using the equity method.

When an investment is first acquired, Grupo Sura must post the difference between the cost of investment and the portion corresponding to Grupo Sura as the net fair value of identifiable assets and liabilities of the associate:

- If the portion of the fair value of the associate´s identified assets and liabilities is less than the value of their acquisition, this produces a higher value that forms part of the cost of the investment; or
- If the portion of the fair value of the associate´s identified assets and liabilities is higher than the value of their acquisition, this is considered a purchase on favorable terms and the difference is recognized as income for the period.

Cash dividends received from the associate or joint venture are recognized in profit or loss.

Grupo SURA periodically analyzes whether there are any signs of impairment and, whenever necessary, impairment losses are recognized for the corresponding investment in the associate or joint venture. Impairment losses are recognized in profit or loss for the period and are calculated as the difference between the recoverable amount of the associate or joint venture, this being the higher of its value in use or its fair value less selling costs, and its corresponding carrying amount.

When significant influence is no longer exerted over the associate or joint control over the joint venture, Grupo Sura measures and recognizes any residual investment that remains at fair value. The difference between the carrying amount of the associate or joint venture (taking into account the relevant items of other comprehensive income) and the fair value of the retained residual investment, including the value obtained from its sale, is recognized in profit or loss.

### 3.7. Impairment of assets

Grupo Sura must ensure that its operating assets, that is to say its property and equipment plus intangible assets, and investments are recorded at a value that does not exceed their recoverable value, that is to say, that their carrying amounts do not exceed the value that may be recovered through their continued use or sale. Should this be the case, Grupo Sura must recognize an impairment loss on value of the asset in question.

Grupo Sura examines on the closing dates of the Statements of Financial Position or the interim financial statements, whether there are signs of impairment. If any such indication exists, Grupo Sura proceeds to estimate the recoverable amounts.

### 3.8. Employee benefits

Employee benefits include all amounts that Grupo Sura pays its workers in exchange for their services. Employee benefits are classified as short-term, post-employment, long-term and / or termination benefits.

#### SHORT-TERM BENEFITS

These are benefits (other than termination benefits) that are expected to be completely settled within a 12-month period following the end of the annual reporting period in which the employees provide their corresponding services. These short-term benefits are recognized to the extent that employees provide their services for the amounts expected to be paid.

#### LONG TERM BENEFITS

The long-term benefits include all types of remuneration owing to the employee, after a 12-month period following the end of the annual reporting period in which the employees provide their corresponding services Here, Grupo Sura measures the surplus or deficit obtained from the long-term employee benefit plan using the post-employment benefit approach both for estimating the corresponding obligation as well as the assets pertaining to the plan; thereby arriving at the value of the net defined benefit by finding the deficit or surplus produced by the obligation.

#### POST-EMPLOYMENT BENEFITS

Post-employment benefits are all those which are granted to employees after they leave the service of the Company Similarly, and depending on the economic essence of the remuneration granted, these benefits could consist of defined contribution plans, under which the obligation is limited to fixed contributions paid to an outside company or fund, and is recognized once the employee has provided his or her services for a set period of time and the expense incurred for the period is disclosed at its nominal value; or they could consist of defined benefit plans, where Grupo Sura has a legal or implicit obligation to pay such benefits, and which require the use of actuarial calculations, in order to recognize the defined benefit obligation based on actuarial assumptions.

Benefits classified as long term and post-employment are discounted using the sovereign bond rates of each of the countries, where Grupo SURA is present, bearing in mind the dates of the flows from which Grupo SURA expects to make such disbursements.

Termination benefits are payments for early retirement or redundancy payments, and therefore only accrue when the employment relationship is completed. Grupo Sura recognizes termination benefits as a liability as well as an expense when the benefits thus offered cannot be withdrawn due to contractual issues or when recognizing restructuring costs.

### 3.9. Provisions and contingencies

Provisions are recognized when Grupo SURA has a present legal or constructive obligation as a result of a past event and there is the likelihood of an outflow of resources embodying economic benefits being required in order to settle the obligation, the value of which can be reliably estimated. If these conditions are not met, a provision should be recognized.

Grupo SURA recognizes provisions in its Statement of Financial Position using its best estimates of the expenditure required, i.e. the value to be paid in order to settle the obligation for the reporting period in question, bearing in mind the risks and uncertainties affecting said estimates.

Grupo SURA considers that a provision must be set up when there is more than a 50% probability of incurring a loss.

Grupo Sura recognizes, measures and discloses the provisions arising in connection with contracts made for valuable consideration, restructurings, contractual and litigation proceeedings, as long as there is high probability that the Company shall have incurred in an obligation and must settle such.

Grupo Sura defines a contingent liability as being an obligation arising from past events and whose existence is confirmed by the occurrence or nonoccurrence of uncertain future events, or as a present obligation that arises from past events but is not recognized. The Company also classifies a contingent asset as arising from past events and whose existence is confirmed by the occurrence or nonoccurrence of uncertain future events.

Since contingent assets and liabilities stem from unexpected events and there is no certainty of obtaining future economic benefits from such, they are not recognized in the Statement of Financial Position until they actually materialize.

### 3.10. Currency

#### 3.10.1. Functional and reporting currency

Grupo SURA's separate financial statements are presented in millions of Colombian pesos, rounded up to the nearest unit, the peso being the Group´s functional and reporting currency.

#### 3.10.2. Foreign Currency

Foreign currency transactions are initially recorded using the exchange rate applicable to the functional currency on the date of the corresponding transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate of the functional currency prevailing at the close of the reporting period; non-monetary items that are measured at fair value are translated using the exchange rates applicable on the dates when their fair value is determined and non-monetary items measured at historic cost are translated using the exchange rates applicable on the dates of the original transactions.

### 3.11.Ordinary income

#### DIVIDEND INCOME

Grupo SURA reconoce los ingresos por dividendos cuando tiene el derecho a recibir el Grupo SURA recognizes dividend income when it is entitled to receive such, which is usually when the dividends are first declared, except when the dividend represents a recovery of the cost of the investment. No dividend income is recognized when payment is made to all shareholders in the same proportion as the stakes held in the corresponding issuer.

#### MEASURING INCOME

Grupo Sura measures income by estimating the fair value of the consideration received or pending receipt.

The amount of income obtained from a transaction is usually decided between the Company and the buyer or user of the asset in question.

For the Company, in almost all cases, this consideration is usually paid in the form of cash or cash equivalents and the amount of revenue corresponds to the amount of cash or cash equivalents received or pending receipt.

### 3.12. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the holders of ordinary shares for the period in question by the weighted average number of shares outstanding during this same time frame.

## NOTE 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND CAUSES OF UNCERTAINTY IN PREPARING THE FINANCIAL STATEMENTS

The preparation of the separate financial statements in accordance with IFRS requires Senior Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

These estimates and underlying assumptions are periodically reviewed. The corresponding adjustments made are recognized in the period in which the estimate is reviewed as well as in any future periods that may be affected.

Said estimates and assumptions are determined subject to internal control procedures and approvals, which are in turn based on internal and external studies, industry statistics, environmental factors and trends as well as legal and regulatory requirements.

### ACCOUNTING ESTIMATES AND ASSUMPTIONS

The following are the key assumptions regarding the future performance of certain variables at the reporting date and which pose a significant risk of causing a material adjustment to the value of assets and liabilities to be stated in the next financial statement given the uncertainty prevailing with their performance.

a) Revaluation of property for own use

Grupo SURA records its real estate property (land and buildings) at fair value and any changes thereto are recognized in the equity accounts under other comprehensive income.

Any revaluation increase is recognized in other comprehensive income and accumulates in equity as a revaluation surplus. These revaluations are calculated every four years.

When the carrying value of an asset as a result of a revaluation is reduced, the corresponding decrease is recognized in profit or loss. However, this decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus with regard to said asset. The decrease thus recognized in other comprehensive income reduces the amount accumulated in equity as a revaluation surplus.

The fair values of land and buildings are based on periodic appraisals carried out by qualified outside appraisal firms as well as internally by the Group´s own professional staff.

b) Fair value of financial instruments

When the fair value of financial assets and liabilities recorded in the Statement of Financial Position is not obtained from active markets it is determined using valuation methods that include the cash flow discount model. The information provided by these models is taken from observable markets where possible, but when this is not the case, a certain amount of judgment is required to determine their fair values. This includes weighing the corresponding liquidity, credit and volatility risks.

Note 7 - Financial Instruments includes information regarding the assumptions made in measuring fair value.



c) Taxes

There is a certain degree of uncertainty regarding the interpretation of complex tax regulations, the modifications made from time to time to such as well as the measurement and timing of future taxable income. Given the wide range of international trade relations and the complex long-term horizons contained in contractual agreements, differences may well arise between the results actually obtained and the estimates and assumptions used for calculating such, as well as future changes to the latter. This may require future adjustments to be made to taxable income and expense already recorded. Provisions are set up, based on reasonable estimates, with regard to possible findings produced by official audits performed by the tax authorities in each of the countries where the Company is present. The scope of these provisions is based on several factors, including the Company´s past experience with previous audits conducted by the tax authorities on the taxpayer entity.

Deferred tax assets are recognized for unused tax losses, to the extent that it is probable that taxable profits shall be available to offset such losses. Senior management is also required to exercise its judgment in determining the value of the deferred tax asset to be recognized, based on the likely timing and level of future taxable profits, together with the Company´s own strategies in terms of tax planning.

d) The useful life and residual values of property, plant and equipment as well as intangible assets.

Grupo SURA reviews the useful lives of all property, plant and equipment as well as intangible assets, at least at the end of each accounting period. The effects of changes to the estimated useful life of an asset are recognized prospectively over its remaining life.

e) The probability of occurrence and the value of contingent or uncertain amounts of liabilities.

Grupo SURA shall recognize a provision when the following conditions are met:
a) It has a present obligation (legal or constructive) as a result of a past event
b) There is the likelihood of an outflow of resources embodying economic benefits being required in order to settle the obligation,
c) The value of which can be reliably estimated.

f) Employee benefits

The measurement of post-employment and defined benefit obligations includes determining key actuarial assumptions on which the value of these liabilities is based.

Information regarding assumption and estimation uncertainties that pose a significant risk of producing a material adjustment for the year ended December 31, 2014, is included in the following notes:

Notes 11.2 and 11.3 - Long-term benefits and post-employment benefits: key actuarial assumptions.

Note 8 Taxes: recognition of deferred tax assets, availability of future taxable profits to be used to offset losses obtained in prior periods

**Discretionary judgment**
Upon preparing Grupo SURA's financial statements, its Senior Management is called on to make judgments that affect the values of the income, expense, assets and liabilities therein reported as well as contingent liabilities disclosed at the end of the reporting period in question.

## NOTA 5 STANDARDS ISSUED NOT YET EFFECTIVE

The following standards issued by the IASB have not as yet entered into full force and effect in Colombia pursuant to Article 2.1.2 of Book 2, Part 1 of Decree 2420 of 2015 as amended by Decree 2496 of 2015, and which have yet to be implemented by Grupo SURA:

### IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 as amended in 2014 finalized the reform of financial instrument accounting by replacing IAS 39 Financial Instruments: Recognition and Measurement and amending IFRS 7 - Financial instruments: disclosures

This new standard was issued in the following stages:
- **Stage 1**: Classification and measurement of financial assets and liabilities.
- **Stage 2:** Impairment methodology.
- **Stage 3:** Hedge accounting.

IFRS 9 shall enter into full force and effect as of January 1, 2018, although Decree 2420 has set this date for January 1, 2017. Nevertheless early adoption is permitted.

To date Grupo SURA is applying the first stage of IFRS 9, and shall continue with Stages 2 and 3.

### IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was published in May 2014 and establishes a new five-step model that applies to revenue from customer contracts. According to IFRS 15 revenue is recognized for an amount that reflects the consideration that an entity expects to be entitled to receive in exchange for transferring goods or services to a customer. The principles underlying IFRS 15 represent a more structured approach for valuing and recording revenue.

This new standard is applicable to all entities and shall abrogate all previous standards used to recognize revenue. A full or partial retroactive application is required for periods beginning on January 1, 2018, but earlier application is permitted.

## NOTE 6 CASH

Current cash and cash equivalents are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Local currency | 214,821 | 8,637 | 210,758 |
| Cash | 1 | 1 | 0 |
| Checking accounts | 240 | 392 | 366 |
| Savings accounts | 190,931 | 1,442 | 200,835 |
| Fiduciary rights | 23,650 | 6,802 | 9,557 |
| Foreign currency | 6,407 | 1,972 | 143 |
| Cash | 8 | 5 | 3 |
| Checking accounts | 6,398 | 1,967 | 140 |
| **Total cash and cash equivalents** | **221,228** | **10,609** | **210,901** |

Bank accounts bear interest at variable rates based on daily bank deposit rates. Short-term loans are issued for periods of between one day and three months depending on Grupo SURA´s immediate cash needs, all of which bear interest at the applicable short-term lending rates. There are no restrictions on cash and cash equivalents.

On June 4, 2014, Grupo SURA carried out the following investment and/or funding transaction that did not involve using its cash or cash equivalents:

Grupo Sura increased the share capital belonging to Grupo de Inversiones Suramericana Panama S.A. through a non-monetary operation as follows:

3,734,875 registered shares of Grupo de Inversiones Suramericana Panama S.A. were acquired, for which 2,550,000 ordinary shares in Bancolombia S.A. and 1,200,000 ordinary shares in Grupo Argos S.A. were exchanged as a contribution in kind, the latter at the following values:

- Bancolombia´s ordinary shares each with a par value of USD 2,8047, or COP 5,330.7349 per share.
- Grupo Argos' ordinary shares each with a par value of USD 3,3772, or COP 6,418.8658 per share.

# NOTE 7 FINANCIAL INSTRUMENTS

The methodologies and assumptions used to determine the value of financial instruments not recorded at fair value in the financial statements (i.e., items at amortized cost as well as loans and accounts receivable) are as follows.

## ASSETS WHOSE FAIR VALUE APPROXIMATES THEIR CARRYING VALUE.

In the case of financial assets with short-term maturities (less than three months), such as demand deposits and savings accounts with no specific maturity, their carrying amounts approximate their fair value. In the case of other equity instruments, adjustments are made to reflect the change in the required credit spread, since the instrument was initially recognized.

As for short-term receivables, which are measured at amortized cost, their carrying values correspond to a reasonable approximation of their fair value.

## FINANCIAL INSTRUMENTS AT AN AGREED RATE

The fair value of fixed income assets measured at amortized cost is calculated by comparing the market interest rates when they were first recognized with current market rates for similar financial instruments. The estimated fair value of term deposits is based on discounted cash flows using current money market interest rates as well as those applicable to debt securities carrying similar risks and maturities.

## FAIR VALUE HIERARCHY

Financial assets and liabilities carried at fair value by Grupo SURA are classified based on a fair value hierarchy, as shown below:

## LEVEL 1 - PRICES LISTED ON ACTIVE MARKETS

Inputs for Level 1 consist of unadjusted prices listed on active markets for identical assets and liabilities. An active market is one in which transactions for the asset or liability in question occur frequently providing sufficient volume on which to provide pricing information.

## LEVEL 2 - MODELING WITH INPUT DATA FROM OBSERVABLE MARKETS

Level 2 inputs are those other than quoted prices belonging to Level 1 that are observable for the asset or liability in question, either directly or indirectly. Inputs for Level 2 include:

- Listed prices for similar assets or liabilities on active markets;
- Listed prices for identical or similar assets or liabilities on inactive markets; and
- Input data other than listed prices, i.e. interest or exchange rates

## LEVEL 3 - MODELING WITH UNOBSERVABLE INPUTS

Inputs for Level 3 are unobservable for the asset and liability in question. These can be used to determine fair value when observable inputs are not available. These valuations reflect assumptions that the business unit makes based on other market participants i.e. earnings on non-listed shares.

## FINANCIAL LIABILITIES WHOSE FAIR VALUE APPROXIMATES THEIR CARRYING VALUE.

In the case of short-term obligations their carrying amounts approximate their fair value.

Long term accounts payable normally become due and payable between one and two years. This means that their respective carrying values are reasonable approximations of their fair values.

With regard to loans bearing variable interest rates, their carrying amounts correspond to approximations of their fair values. As for loans bearing fixed interest rates, the market interest rates for similar loans do not differ to a significant degree, therefore, their carrying amounts correspond to reasonable approximations of their fair value.

The following is a breakdown of the financial assets and liabilities held by Grupo SURA at the close of the fiscal years ended September 30, 2015 and December 31, 2014.

### 7.1. Financial assets

Balance of current financial assets

The balance of the financial assets held by Grupo SURA is as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Current accounts receivable from related parties and associates [1] | 86,941 | 81,022 | 72,156 |
| Other financial assets[2] | 185,302 | 48,026 | 4,178 |
| Investments[3] | 21,512 | 24,868 | 21,769 |
| **Total financial assets** | **293,755** | **153,916** | **98,103** |

1. Accounts receivable due from related parties consist of outstanding dividends receivable from associates and inter-company checking accounts between subsidiaries which are shown as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Bancolombia S.A. | 52,744 | 49,320 | 42,826 |
| Inversiones Argos S.A. | 15,416 | 14,227 | 13,254 |
| Grupo Nutresa S.A. | 18,781 | 17,475 | 16,019 |
| Total dividends receivable | 86,941 | 81,022 | 72,099 |
| Sura Asset Management S.A. | - | - | 57 |
| Total checking accounts | - | - | 57 |
| **Total current accounts receivable due from related parties and associates** | **86,941** | **81,022** | **72,156** |

2. Derivatives receivable are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Derivatives[a] | 185,302 | 48,026 | 4,178 |
| **Total other financial assets** | **185,302** | **48,026** | **4,178** |

The following table shows a breakdown per type of swap:

| Assets | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Trade swaps | 3,703 | 48,026 | 4,178 |
| Hedge swaps | 71,665 | - | - |
| Trade options | 109,934 | - | - |
| **Total assets corresponding to derivative transactions** | **185,302** | **48,026** | **4,178** |

a.Corresponding to the fair value of swaps and options that were entered into by the Company and that include the following:

| Derivative | Rate - Obligation | Rate - Right | Date | Nominal - Obligation | Nominal - Right |
|---|---|---|---|---|---|
| CITIBANK | 0.0734 | Libor 6M + 1.5% | 16/09/2017 | COP 128,385 | USD 45 |
| JP MORGAN | 0.0675 | 0.057 | 18/05/2021 | COP 267,000 | USD 150 |
| CITIBANK | IBR + 1.53% | 0.068 | 18/05/2021 | COP 89,100 | COP 89,100 |
| CITIBANK | IBR + 0.975% | 0.068 | 18/05/2021 | COP 44,500 | COP 44,500 |
| CITIBANK | IBR + 0.65% | 0.068 | 18/05/2021 | COP 44,500 | COP 44,500 |
| JP MORGAN | 0.01 | Libor 3M | 16/09/2018 | USD 45 | USD 100 |
| CITIBANK | 0.023 | Libor 3M+1.47% | 16/09/2017 | USD 82 | USD 82 |
| JP MORGAN | 0.0675 | 0.057 | 18/05/2021 | COP 267,000 | USD 150 |
| CITIBANK | 0.068 | 0.057 | 18/05/2021 | COP 267,000 | USD 150 |

| Type of Derivative | Counterparty | Expiration Date | Nominal (USD) | Purchase Price | Selling Price |
|---|---|---|---|---|---|
| Call-Spread | Citi | 14/03/2016 | 476,739 | 2,915 | 3,715 |
| Call-Spread | Citi | 14/06/2016 | 481,978 | 2,915 | 3,715 |
| Call-Spread | Citi | 14/09/2016 | 481,978 | 2,915 | 3,715 |
| Call-Spread | Citi | 14/12/2016 | 476,739 | 2,915 | 3,715 |
| Call-Spread | Citi | 14/03/2017 | 471,500 | 2,915 | 3,715 |
| Call-Spread | Citi | 14/06/2017 | 481,978 | 2,915 | 3,715 |
| Call-Spread | Citi | 14/09/2017 | 82,481,978 | 2,915 | 3,715 |
| Call-Spread | JP Morgan | 16/03/2016 | 568,750 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 16/06/2016 | 575,000 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 16/09/2016 | 575,000 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 16/12/2016 | 568,750 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 16/03/2017 | 562,500 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 16/06/2017 | 651,667 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 18/09/2017 | 651,667 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 18/12/2017 | 644,583 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 16/03/2018 | 637,500 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 18/06/2018 | 651,667 | 2,984 | 3,984 |
| Call-Spread | JP Morgan | 17/09/2018 | 100,651,667 | 2,984 | 3,984 |
| Call-Spread | Citi | 16/05/2016 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 16/11/2016 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 16/05/2017 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 16/11/2017 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 16/05/2018 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 15/11/2018 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 16/05/2019 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 14/11/2019 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 14/05/2020 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 13/11/2020 | 4,275,000 | 2,154 | 4,000 |
| Call-Spread | Citi | 13/05/2021 | 4,275,000 | 2,154 | 4,000 |

As of December 31st 2015, the net fair value of the aforementioned swaps comes to COP173.957 of which COP 185.302 corresponds to assets and COP 11.345 liabilities.

3. Financial assets at fair value with changes in equity are broken down as follows:

| | 2015 | | | 2014 | | | January 1, 2014 | | |
|---|---|---|---|---|---|---|---|---|---|
| | # Shares | % Stake | Fair Value | # Shares | % Stake | Fair Value | # Shares | % Stake | Fair Value |
| Fogansa S.A. | 176,000 | 0.29 | - | 176,000 | 0.29 | - | 176,000 | 0.29 | 252 |
| Enka S.A. | 1,973,612,701 | 16.76 | 21,512 | 1,973,612,701 | 16.76 | 24,868 | 1,973,612,701 | 16.76 | 16,638 |
| Convertible bonds | N/A | N/A | - | N/A | N/A | - | N/A | N/A | 4,879 |
| **Total** | | | **21,512** | | | **24,868** | | | **21,769** |

## FAIR VALUE HIERARCHY

Financial assets are classified, within the fair value hierarchy, as follows:

| | Level 1 | Level 2 | Total |
|---|---|---|---|
| Financial assets at fair value with changes in equity | 21,512 | - | 21,512 |
| Derivatives at fair value[1] | - | 185,302 | 185,302 |
| Accounts receivable[1] | - | 86,941 | 86,941 |
| **Total financial assets at year-end 2015** | **21,512** | **272,243** | **293,755** |
| Financial assets at fair value with changes in equity | 24,868 | - | 24,868 |
| Derivatives at fair value[1] | - | 48,026 | 48,026 |
| Accounts receivable[1] | - | 81,022 | 81,022 |
| **Total financial assets at year-end 2014** | **24,868** | **129,048** | **153,916** |
| Financial assets at fair value with changes in equity | 21,769 | - | 21,769 |
| Derivatives at fair value[1] | - | 4,178 | 4,178 |
| Accounts receivable[1] | - | 72,156 | 72,156 |
| **Total financial assets at January 1, 2014** | **21,769** | **76,334** | **98,103** |

## MOVEMENTS IN FINANCIAL ASSETS

| | Financial assets at fair value through profit or loss | Financial assets at fair value with changes in equity | Total |
|---|---|---|---|
| At January 1, 2014 | 81,213 | 16,890 | 98,103 |
| Additions | 2,404,821 | | 2,404,821 |
| Financial asset valuations | 50,533 | 7,978 | 58,511 |
| Financial asset maturities | (3,615) | | (3,615) |
| Disposals | (2,403,903) | | (2,403,903) |
| **At December 31, 2014** | **129,048** | **24,868** | **153,916** |
| Additions | 789,115 | | 789,115 |
| Financial asset valuations | 204,293 | (3,355) | 200,938 |
| Financial asset maturities | (66,774) | | (66,774) |
| Disposals | (783,439) | | (783,439) |
| **At December 31, 2015** | **272,243** | **21,512** | **293,755** |

### 7.2. Financial liabilities

## BALANCE OF FINANCIAL LIABILITIES

Grupo SURA´s financial liabilities, including accounts payable, are broken down as follows:

| | Nota | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|
| Issued securities | 13 | 1,109,673 | 1,102,825 | 549,533 |
| Financial liabilities[1] | | 726,418 | 6,813 | 297,922 |
| Accounts payable to related parties[2] | | 88,976 | 68,624 | 113,376 |
| Trade and other payable[s3] | | 61,532 | 1,916 | 3,999 |
| **Total financial liabilities** | | **1,986,599** | **1,180,178** | **964,830** |

[1] Corresponding to long-term financial obligations, which are shown below for the years ended December 31, 2015 and 2014; this information also includes the SWAP appearing at the end:

| Financial Institution | Currency | Rate | Term (in days) | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|---|
| Banco de Bogotá | COP | 5.91% | 180 | - | 6.813 | 90.898 |
| Davivienda | USD | Libor + 1.50% | 731 | 142.607 | - | - |
| Bancolombia S.A. | COP | IBR +1,8 mthly arrears | 33 | - | - | 10.039 |
| Banco BBVA S.A. | COP | 4,91% E.A.R. | 106 | - | - | 43.260 |
| Banco AV Villas S.A. | COP | DTF + 1.4 E.A.R | 357 | - | - | 17.020 |
| Banco Popular S.A. | COP | DTF + 1.45% Qrtly in Adv | 360 | - | - | 68.051 |
| Repos - Correval S,A, | COP | 4,85% E.A.R. | 22 | - | - | 8.246 |
| Repos - Valores Bancolombia S,A | COP | 5,01% E.A.R. | 18 | - | - | 34.082 |
| Repos - Corredores Asociados | COP | 4,92% E.A.R. | 26 | - | - | 9.825 |
| Repos - BTG Pactual S,A (formerly Bolsa y Renta S.A.) | COP | 5.01% | 63 | - | - | 13.263 |
| Bancolombia Panamá | USD | Libor + 1.47% | 731 | 258.518 | - | - |
| BBVA España | USD | Libor + 1.25%(18 mth)/1.5% (18 mth) | 1.096 | 313.949 | - | - |
| | | | Subtotal | 715,074 | 6,813 | 294,683 |
| | | | Swap* (See Note 7.1) | 11,345 | - | 3,239 |
| | | | **Total** | **726,418** | **6,813** | **297,922** |

The following table shows a breakdown per type of swap:

| Liabilities | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Trade swaps | 11,345 | - | - |
| Hedge swaps | - | - | 3,239 |
| **Total assets - derivative transactions** | **11,345** | **-** | **3,239** |

[2] Corresponding to short-term dividends declared at the Annual Shareholders' Meeting held March 26, 2015 as well as accounts payable due to Subsidiaries:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Ordinary shares | 50,760 | 46,888 | 40,978 |
| Preferred shares | 11,218 | 20,735 | 51,838 |
| **Sub-total** | **61,979** | **67,624** | **92,816** |
| Current accounts payable to subsidiaries (See Note 23) | 26,997 | 1,000 | 20,560 |
| **Total accounts payable to related parties** | **88,976** | **68,624** | **113,376** |

[3] Current trade payables are shown as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Suppliers | 325 | 443 | 1,050 |
| Accounts payable on investment purchases | 60,123 | - | - |
| Others | 1,085 | 1,473 | 2,949 |
| **Total trade payables** | **61,532** | **1,916** | **3,999** |

## MOVEMENTS IN FINANCIAL LIABILITIES

| | Financial liabilities at fair value through profit or loss | Financial liabilities at amortized cost | Total |
|---|---|---|---|
| **At January 1, 2014** | **117,375** | **847,455** | **964,830** |
| Additions | 2,625,974 | 1,272,627 | 3,898,601 |
| Financial liability valuations | (548) | 33,213.20 | 32,665 |
| Payments | (2,672,261) | (1,043,657) | (3,715,917) |
| **At December 31, 2014** | **70,540** | **1,109,638** | **1,180,178** |
| Additions | 744,074 | 767,519 | 1,511,593 |
| Financial liability valuations | 11,518 | 59,523 | 71,041 |
| Payments | (664,279) | (111,935) | (776,214) |
| **At December 31, 2015** | **161,853** | **1,824,746** | **1,986,599** |

FAIR VALUE HIERARCHY

| | Level 2 |
|---|---|
| Trade payables[1] | 1.916 |
| Accounts payable to related parties[1] | 68.624 |
| Total Financial Liabilities at Year-End 2014 | 70.540 |
| Derivatives[1] | 11.345 |
| Trade payables[1] | 61.532 |
| Accounts payable to related parties[1] | 88.976 |
| **Total pasivo financiero Diciembre 2015** | **161,853** |

# NOTE 8

## TAXES

The following taxes are recognized on Grupo SURA´s Statement of Financial Position:

| | | Note | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|---|
| **Assets** | Income Tax | 8.1 | 9,471 | 70,303 | 45,144 |
| | Other taxes | 8.2 | 15,550 | 6,111 | 4,880 |
| | **Total current tax assets** | | **25,021** | **76,414** | **50,024** |
| **Liabilities** | Income Tax | 8.1 | 38,580 | 77,291 | 57,987 |
| | Other taxes | 8.2 | 7,956 | 8,772 | 9,024 |
| | **Total current tax liabilities** | | **46,536** | **86,063** | **67,011** |

### 8.1. Income tax

#### a. Income tax recognized in the Statement of Financial Position

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Current tax assets | 9,471 | 70,303 | 45,114 |
| Deferred tax assets | 41,594 | 38,455 | 54,675 |
| Current tax liabilities | 38,580 | 77,291 | 57,987 |
| Deferred tax liabilities | 124,614 | 21,050 | 91,797 |



#### b. Tax recognized in the income accounts for the period

| | 2015 | 2014 |
|---|---|---|
| **Current tax expense** | 11,611 | 57,113 |
| **Deferred tax expense** | | |
| Sources / reversals of temporary differences | 100,368 | (54,527) |
| **Income tax expense** | **111,979** | **2,586** |

Grupo SURA considers that the accrued tax liabilities shown are adequate for all tax years still open for review, this based on its evaluation of many factors, including interpretations of applicable tax laws and prior experience.

#### c. Reconciliation of effective tax rate

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Rate | Balance | Rate | Balance |
| Earnings before tax | | 835,968 | | 867,428 |
| Income tax by applying the local tax rate | 39% | 326,027 | 34% | 294,925 |
| **Tax effect of:** | | - | | - |
| Non-deductible expense | 4.4% | 36,651 | 2.0% | 16,977 |
| Non-income receipts | -0.4% | (3,127) | -1.3% | (11,322) |
| Tax-exempt dividends | -16.2% | (135,618) | -12.4% | (107,239) |
| Other tax revenue | 0.0% | - | 1.6% | 14,286 |
| Income via the equity method | -26.8% | (223,857) | -20.2% | (175,565) |
| Taxable dividends | 8.9% | 74,414 | 0.0% | - |
| Other items | 4.2% | 34,725 | -3.5% | (30,510) |
| Differences in tax rates | 0.0% | 2,764 | 0.1% | 1,034 |
| Income tax | 13.1% | 111,979 | 0.3% | 2,586 |

#### d. Movements in deferred tax balances

| | Balance at December 31, 2014 | Recognized through profit and loss | Recognized as other comprehensive income | Balance at December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | | | | Net | Deferred tax assets | Deferred tax liabilities |
| Financial instruments | (17,274) | (28,017 ) | - | (45,291) | - | (45,291) |
| Property and equipment | (149) | 287 | - | 138 | 138 | - |
| Employee benefits | 8,073 | 2,736 | (57) | 10,752 | 10,752 | - |
| ICA tax provision | 2,854 | 322 | - | 3,176 | 3,176 | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| Financial obligations | (3,628) | (530) | - | (4,157) | - | (4,157) |
| Tax losses / surpluses | 27,527 | - | - | 27,528 | 27,528 | - |
| Dividends from Subsidiaries | - | (75,166) | - | (75,166) | - | (75,166) |
| | **17,405** | **(100,368)** | **(57)** | **(83,020)** | **41,594** | **(124,614)** |

| Item | January 1, 2014 | Recognized through profit and loss | Balance at December 31, 2014 | | |
|---|---|---|---|---|---|
| | | | Net | Deferred tax assets | Deferred tax liabilities |
| Financial instruments | 436 | (17,710) | (17,274) | - | (17,274) |
| Property and equipment | (96) | (53) | (149) | - | (149) |
| Employee benefits | 5,284 | 2,789 | 8,073 | 8,073 | - |
| Provisions | 2,327 | 527 | 2,854 | 2,854 | - |
| Loans and Obligations | (3,452) | (175) | (3,627) | - | (3,627) |
| Tax losses | 46,628 | (19,100) | 27,528 | 27,528 | - |
| Subsidiaries, associates, joint ventures | (88,249) | 88,249 | - | - | - |
| | **(37,123)** | **54,527** | **17,405** | **38,455** | **(21,050)** |

### e. Movements in current tax account

The following is a breakdown of the Income And Complementary Tax balance due at December 31, 2015:

| | |
|---|---|
| Estimated tax liabilities at January 1, 2014 | 57,987 |
| Income tax declared for 2015 | (37,809) |
| Value posted for 2014 | 57,113 |
| **Estimated tax liabilities at December 31, 2014** | **77,291** |
| Income tax declared for 2015 | (50,322) |
| Value posted for 2014 | 11,611 |
| **Income and complementary provision at December 31, 2015** | **38,580** |

### f. Reconciliation between accounting income and taxable income

The following is the reconciliation between book and taxable income estimated for the years ending December 31

| a) Taxable Income and Earnings: | 2015 | | 2014 | |
|---|---|---|---|---|
| | Income Tax | Equality Income Tax (CREE in Spanish) | Income Tax | Equality Income Tax (CREE in Spanish) |
| **Income (loss) before tax** | **204,804** | **204,804** | **729,013** | **729,013** |
| **Plus:** | **364,788** | **364,788** | **504,874** | **504,874** |
| Non-deductible provisions that constitute temporary differences | 5,542 | 5,542 | 8,009 | 8,009 |
| Other tax revenues | 10,088 | 10,088 | 42,017 | 42,017 |
| Non-deductible vehicle tax | 22 | 22 | 22 | 22 |
| Dividends from long-term controlling investments | 207,363 | 207,363 | 339,653 | 339,653 |
| Financial transaction tax | 287 | 287 | 530 | 530 |
| Other non-deductible expense | 8,437 | 8,437 | 3,885 | 3,885 |
| Losses - equity method | 53,362 | 53,362 | 73,271 | 73,271 |
| Provision for investments | - | - | 226 | 226 |
| Miscellaneous expense | 79,687 | 79,687 | 37,261 | 37,261 |
| **Less:** | **625,788** | **625,788** | **1,233,887** | **977,725** |
| Industry and commerce tax | 6,608 | 6,608 | 7,332 | 7,332 |
| Profits from sales of investments | 8,666 | 8,666 | 33,300 | 33,300 |
| Profits – equity method | - | - | 541,487 | 541,487 |
| Other non-tax revenues | 52,869 | 52,869 | - | - |
| Reversed provision for investment tax | - | - | 100 | 100 |
| Non-taxable dividends and participations | 557,645 | 557,645 | 395,506 | 395,506 |
| Amortized tax losses and surplus presumptive income | - | - | 256,162 | - |
| **Taxable net income** | **(56,196)** | **(56,196)** | **-** | **256,162** |
| **Presumptive income** | **29,772** | **29,772** | **136,233** | **136,233** |

| | 2015 | 2014 |
|---|---|---|
| **Income:** | | |
| Taxable net income | 29,772 | 136,233 |
| Nominal tax rate: 25% | 7,443 | 34,058 |
| **Occasional Gains Tax** | - | - |
| **Equality Income Tax (CREE in Spanish)** | | |
| Taxable net income | 29,772 | 256,162 |
| Nominal tax rate | 4,168 | 23,055 |
| **Total income, occasional gains and equality income tax** | **11,611** | **57,113** |

### 8.2. Other taxes

The following is a breakdown of other current taxes

| | | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|---|
| **Assets** | Advanced payment on Industry and Commerce tax | 6,355 | 6,101 | 4,870 |
| | Withheld sales tax | 10 | 10 | 10 |
| | Surplus tax | 9,183 | - | - |
| | Deductible taxes | 2 | - | - |
| | **Total other current tax assets** | **15,550** | **6,111** | **4,880** |
| **Liabilities** | Industry and Commerce tax | 7,940 | 8,752 | 6,843 |
| | Withheld sales tax | 14 | 18 | 28 |
| | Withheld Industry and Commerce tax | 2 | 2 | 2 |
| | Miscellaneous | - | - | 2,151 |
| | **Total other current tax liabilities** | **7,956** | **8,772** | **9,024** |

The following is a breakdown of the Industry and Commerce Tax balance at December 31, 2015:

| | |
|---|---|
| **Estimated tax liability at January 1, 2014** | **6,843** |
| Expense incurred for the year | 8,009 |
| Amount declared for 2013 | (6,100) |
| **Estimated tax liability at December 31, 2014** | **8,752** |
| Expense incurred for the year | 5,542 |
| Tax declared for 2014 | (6,354) |
| **Closing balance of provision at December 31, 2015** | **7,940** |



### 8.3. Tax losses

The following is a breakdown of tax losses and surplus presumptive income adjusted for inflation at December 31:

| Tax losses | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| **Sustained in** | | | |
| 2006 | - | 24,975,003 | 24,282,981 |
| 2008 | 484,356 | 460,371 | 447,615 |
| 2009 | 339,753 | 322,929 | 313,981 |
| 2010 | 68,455,543 | 65,065,624 | 63,262,746 |
| 2011 | 544,200,734 | 517,251,909 | 502,919,584 |
| **Total** | **613,480,386** | **608,075,836** | **591,226,907** |
| **Tax surpluses** | | | |
| 2008 | - | - | 11,908,376 |
| 2009 | - | - | 17,877,002 |
| 2010 | - | 25,409,585 | 24,705,521 |
| 2011 | 31,922,826 | 45,088,672 | 43,839,328 |
| 2012 | 56,763,617 | 53,952,682 | 52,457,729 |
| 2013 | 52,687,964 | 50,078,855 | - |
| 2014 | 34,597 | - | - |
| **Total** | **141,409,004** | **174,529,794** | **150,787,956** |
| **Total losses and surpluses** | **754,889,390** | **782,605,630** | **742,014,863** |

The Company's income tax returns for the years 2014 and 2015 are considered settled within a term of two years as a general rule.

**Current legislation, as applicable to the Company, provides for the following:**
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 equity tax paid by the company in 2014 came to COP 2,150 and in 2015 the value of a wealth tax paid was COP 3,786.

**The Colombian Congress enacted Law 1739 on December 23, 2014 which introduced important reforms to the Colombian tax code, mainly the following:**

**8.4. Tax matters in Colombia**

**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 1, 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 taxpayer´s equity reserves without affecting the yearly profits.

**2. 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.

**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 9

### PROPERTY AND EQUIPMENT

The year-end Property and Equipment account is broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Land | 2,697 | 2,697 | 2,683 |
| Buildings and construction work | 13,538 | 13,538 | 13,472 |
| Office equipment | 585 | 522 | 502 |
| Computer and communication equipment | 377 | 338 | 290 |
| Cars, pick-up trucks and 4-wheel drives | 1,381 | 1,307 | 1,086 |
| Accumulated depreciation | (1,127) | (747) | (272) |
| **Total property and equipment** | **17,451** | **17,656** | **17,761** |

Movements in Grupo SURA's Property and Equipment account are as follows:

| 2015 | | Buildings | Vehicles | Office equipment | IT equipment | Total property and equipment |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Cost at January 1, 2015 | 2,697 | 13,538 | 1,307 | 522 | 338 | 18,402 |
| Additions | | | 74 | 63 | 39 | 176 |
| **Book cost at December 31, 2015** | **2,697** | **13,538** | **1,381** | **585** | **377** | **18,578** |
| **Accumulated depreciation and impairment** | | | | | | |
| Accumulated depreciation and impairment at January 1 2015 | | 270 | 286 | 82 | 109 | 747 |
| Depreciation for the period | | 135 | 96 | 77 | 72 | 380 |
| **Accumulated depreciation and impairment at December 31, 2015** | | **405** | **382** | **159** | **181** | **1,127** |
| **Property and equipment at December 31** | **2,697** | **13,133** | **999** | **426** | **196** | **17,451** |

| 2014 | Land | Buildings | Vehicles | Office equipment | IT equipment | Total property, plant and equipment |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Cost at January 1, 2014 | 2,683 | 13,472 | 1,086 | 502 | 290 | 18,033 |
| Additions | 13 | 66 | 221 | 169 | 64 | 533 |
| Disposals | - | - | - | (148) | (16) | (164) |
| **Book cost at December 31, 2014** | **2,697** | **13,538** | **1,307** | **523** | **338** | **18,403** |
| **Accumulated depreciation and impairment** | | | | | | |
| Accumulated depreciation and impairment at January 1 2014 | - | - | 202 | 19 | 51 | 272 |
| Depreciation for the period | - | 270 | 84 | 64 | 61 | 478 |
| Disposals | - | - | - | - | (3) | (3) |
| **Accumulated depreciation and impairment at December 31, 2014** | **-** | **270** | **286** | **82** | **109** | **747** |
| **Property and equipment at 31 December** | **2,697** | **13,269** | **1,021** | **440** | **229** | **17,656** |

There are no restrictions relating to property and equipment.

- At the end of the period, an analysis was performed to determine whether there was any sign of impairment to the value of Grupo SURA's property, plant and equipment, and it was confirmed that: During the period in question, the market value of these same assets had not decreased more than expected with the passage of time or the normal use of such.
- No significant changes in their value are expected due to situations that could have an adverse effect on the Company.
- There is no evidence of these assets having become obsolete or suffering any physical deterioration.
- No changes are expected in the near future with regard to how assets are used and which could have an adverse affect on the Company.
- No evidence has been found that indicates that the economic performance of the asset is, or shall be, worse than expected going forward.

After analyzing all impairment indicators, no evidence was found of any such impairment being sustained by the Company's property and equipment on the date of this report.



# NOTE 10 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

## 10.1. Investments in associates

### OVERVIEW OF INVESTMENTS IN ASSOCIATES

Grupo SURA's associates on the date of this report are listed as follows:

| Investee | Economic activity | 2015 | | | 2014 | | | January 1, 2014 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | % stake | % voting rights | # shares | % stake | % voting rights | # shares | % stake | % voting rights | # shares |
| Grupo Bancolombia S.A. | Universal banking | 26.43% | 46.00% | 254,185,167 | 26.43% | 45.48% | 254,225,159 | 26.67% | 44.57% | 227,194,902 |
| Grupo Argos S.A. | Cement, energy, real estate and ports | 28.98% | 35.34% | 230,089,478 | 28.93% | 35.17% | 229,469,152 | 29.14% | 35.17% | 230,501,123 |
| Grupo Nutresa S.A. | Processed food | 35.34% | 35.65% | 162,608,498 | 35.17% | 35.55% | 161,807,155 | 35.17% | 35.71% | 161,807,155 |

### INVESTMENTS HELD IN ASSOCIATES

The following shows a breakdown of the balance of the investments held at year-end 2015 and 2014:

| Investee | 2015 | 2014 | Jan 1, 2014 |
|---|---|---|---|
| Bancolombia S.A. | 6,069,661 | 6.066.851 | 5,384,047 |
| Grupo Argos S.A. | 4,524,545 | 4.514.005 | 4,534,112 |
| Grupo Nutresa S.A. | 4,305,353 | 4.287.391 | 4,287,391 |
| **Total** | **14,899,559** | **14.868.247** | **14,205,550** |

### DIVIDENDS RECEIVED

Dividends received from the following issuers:

| | 2015 | 2014 |
|---|---|---|
| Grupo Argos | 61,634 | 56,962 |
| Grupo Nutresa | 75,056 | 69,901 |
| Bancolombia | 211,049 | 197,633 |
| **Total** | **347,739** | **324,495** |

**Financial information regarding Grupo SURA´s associates**

The following table shows a breakdown of the assets, liabilities, shareholder´s equity and income for each of the associates included in the Company's consolidated financial statements at year-end 2015 and 2014.

| 2015 | Location | Assets | Liabilities | Equity | Net income | Other comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|---|
| Bancolombia S.A. | Colombia | 192,972,867 | 172,564,948 | 20,407,919 | 2,608,898 | 1,477,473 | 4,086,371 |
| Grupo Argos S.A. | Colombia | 41,285,590 | 18,885,214 | 22,889,799 | 643,155 | 195,087 | 838,242 |
| Grupo Nutresa S.A. | Colombia | 13,178,052 | 5,135,208 | 8,042,844 | 430,819 | (230,961) | 199,858 |

| 2014 | Location | Assets | Liabilities | Equity | Net income | Other comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|---|
| Bancolombia S.A. | Colombia | 149,629,881 | 132,263,401 | 17,366,480 | 2,429,785 | 640,509 | 3,070,294 |
| Grupo Argos S.A. | Colombia | 34,299,484 | 13,912,123 | 20,387,361 | 930,437 | 582,868 | 1,513,305 |
| Grupo Nutresa S.A. | Colombia | 11,817,386 | 3,785,713 | 8,031,673 | 589,516 | 445,267 | 1,034,783 |

| January 1, 2014 | Location | Assets | Liabilities | Equity | Other comprehensive income |
|---|---|---|---|---|---|
| Bancolombia S.A. | Colombia | 130,976,363 | 118,332,556 | 12,643,807 | 84,821 |
| Grupo Argos S.A. | Colombia | 27,984,896 | 9,001,507 | 18,983,389 | 1,143,369 |
| Grupo Nutresa S.A. | Colombia | 10,731,612 | 3,586,284 | 7,145,328 | 3,360,770 |

Grupo Sura´s associates are listed with the Colombian Stock Exchange and their shares are highly liquid. The corresponding stock prices at December 31, 2015, January 1, 2014 and December 31, 2014 are shown as follows:

| Associate | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Bancolombia S.A. | 20,980 | 27,640 | 23,698 |
| Inversiones Argos S.A. | 16,200 | 20,500 | 19,671 |
| Grupo Nutresa S.A. | 22,620 | 28,600 | 26,497 |

While stock prices dropped in 2015 compared to 2014, these investments show no impairment since the fundamentals underlying their corresponding businesses remain strong.



Furthermore, the shares of these associates are traded above the carrying values that appear in their consolidated books.

**Movements in investments in associates**

| | Bancolombia S.A. | Grupo Argos S.A. | Grupo Nutresa S.A. | TOTAL |
|---|---|---|---|---|
| **At January 1, 2014** | **5,384,047** | **4,534,112** | **4,287,391** | **14,205,550** |
| Additions | 910,844 | 3,498 | - | 914,342 |
| Disposals | (228,040) | (23,605) | - | (251,645) |
| **At December 31, 2014** | **6,066,851** | **4,514,005** | **4,287,391** | **14,868,247** |
| Additions | 71,563 | 10,540 | 17,962 | 100,065 |
| Disposals | (68,753) | - | - | (68,753) |
| **At December 31, 2015** | **6,069,661** | **4,524,545** | **4,305,353** | **14,899,559** |

### 10.2. Investments in Subsidiaries

#### OVERVIEW OF INVESTMENTS IN SUBSIDIARIES

The following table shows the subsidiaries over which Grupo SURA has direct control:

| | | | % Stake | | | |
|---|---|---|---|---|---|---|
| Company | Country | Economic activity | 2015 | 2014 | January 1, 2014 | Date of Incorporation |
| Sura Asset Management S.A. | Colombia | Investments | 71.40% | 67.06% | 67.06% | 15/09/2011 |
| Integradora de Servicios Tercerizados S.A.S | Colombia | Investments | 100% | 100% | 100% | 11/07/2012 |
| Compuredes S.A. | Colombia | Technology | 100% | 100% | 100% | 16/08/1988 |
| Enlace Operativo S.A. | Colombia | Services | 100% | 100% | 100% | 31/05/2006 |
| Inversiones y Construcciones Estratégicas S.A.S. | Colombia | Investments | 100% | 100% | 100% | 30/08/2007 |
| Grupo de Inversiones Suramericana Panamá S.A. | Panama | Investments | 100% | 100% | 100% | 29/04/1998 |
| Grupo SURA Finance S.A. | Cayman Islands | Any licit activity in the Cayman Islands | 100% | 100% | 100% | 18/03/2011 |
| Suramericana S.A. | Colombia | Investments | 81.13% | 81.13% | 81.13% | 25/05/1999 |

**Restrictions**
Grupo Sura enjoys unrestricted access to its assets and / or the right to settle its liabilities.

## INVESTMENT BALANCE

The following is a breakdown of the balance of the investments in subsidiaries by the equity method:

| Company | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Sura Asset Management S.A. | 6,106,708 | 4,899,374 | 4,470,008 |
| Integradora de Servicios Tercerizados S.A.S | 52,192 | 45,081 | 37,567 |
| Compuredes S.A. | 3,000 | 2,770 | 2,596 |
| Enlace Operativo S.A. | 489 | 182 | 108 |
| Inversiones y Construcciones Estratégicas S.A.S. | 123,487 | 100,732 | 93,848 |
| Suramericana S.A. | 2,159,335 | 1,903,024 | 1,624,158 |
| **Total** | **8,445,212** | **6,951,164** | **6,228,285** |

**Subsidiary related and associated parties**

The assets, liabilities, shareholders´ equity and income for each of the subsidiaries included in the financial statements at year-end 2015 and 2014 are shown as follows:

| 2015 | Assets | Liabilities | Equity | Net income | Other comprehensive income |
|---|---|---|---|---|---|
| SURA Asset Management S.A. * | 24,753,114 | 15,698,318 | 9,054,796 | 487,021 | 1,418,568 |
| Integradora de Servicios Tercerizados S.A.S | 54,192 | 13 | 54,178 | 7,381 | - |
| Compuredes S.A. | 74,529 | 51,804 | 22,725 | 4,244 | - |
| Enlace Operativo S.A. | 10,787 | 2,261 | 8,527 | 4,821 | - |
| Inversiones y Construcciones Estratégicas S.A.S. | 135,113 | 11,625 | 123,487 | 23,425 | 130 |
| Grupo de Inversiones Suramericana Panamá S.A. | 999,766 | 922,919 | 76,847 | (75,938) | 3,034 |
| Grupo SURA Finance S.A. | 922,924 | 944,153 | (21,229) | (843) | (7,969) |
| Suramericana S.A.* | 13,207,614 | 10,542,833 | 2,664,781 | 342,808 | 166,047 |

* Figures taken from the Consolidated Financial Statements

| 2014 | Assets | Liabilities | Equity | Income | Other comprehensive income |
|---|---|---|---|---|---|
| SURA Asset Management S.A. * | 19,582,178 | 11,296,673 | 8,285,505 | 401,858 | 813,096 |
| Integradora de Servicios Tercerizados S.A.S | 46,923 | 126 | 46,797 | 2,843 | - |
| Compuredes S.A. | 72,801 | 54,321 | 18,481 | 3,211 | - |
| Enlace Operativo S.A. | 9,709 | 6,003 | 3,706 | 1,291 | - |
| Inversiones y Construcciones Estratégicas S.A.S. | 134,678 | 33,946 | 100,732 | 5,588 | 859 |
| Grupo de Inversiones Suramericana Panamá S.A. | 790,224 | 761,012 | 29,212 | 5,712 | 5,702 |
| Grupo SURA Finance S.A. | 701,084 | 716,475 | (15,391) | (586) | (2,974) |
| Suramericana S.A.* | 11,117,127 | 8,769,452 | 2,347,675 | 379,129 | 73,775 |

* Figures taken from the Consolidated Financial Statements

| January 1, 2014 | Assets | Liabilities | Equity | Income | Other comprehensive income |
|---|---|---|---|---|---|
| SURA Asset Management S.A. * | 15,849,544 | 8,281,209 | 7,568,255 | - | 3,466 |
| Integradora de Servicios Tercerizados S.A.S | 44,005 | 4,251 | 39,754 | - | - |
| Compuredes S.A. | 56,843 | 41,574 | 15,269 | - | - |
| Enlace Operativo S.A. | 9,858 | 7,443 | 2,415 | - | - |
| Inversiones y Construcciones Estratégicas S.A.S | 165,345 | 71,497 | 93,848 | - | (917) |
| Grupo de Inversiones Suramericana Panamá S.A. | 601,213 | 604,777 | (3,564) | - | - |
| Grupo SURA Finance S.A. | 564,642 | 576,473 | (11,831) | - | - |
| Suramericana S.A.* | 9,459,605 | 7,454,048 | 2,005,557 | - | (300) |

* Figures taken from the Consolidated Financial Statements

**Equity method applied to subsidiaries**

The following is a breakdown of the profit or loss obtained from subsidiaries via the equity method at year-end 2015 and 2014.

| Subsidiary | YTD | |
|---|---|---|
| | 2015 | 2014 |
| SURA Asset Management S.A. | 313,102 | 240,929 |
| Integradora de Servicios Tercerizados S.A.S | 7,110 | 2,739 |
| Compuredes S.A. | 230 | 174 |
| Enlace Operativo S.A. | 277 | 74 |
| Inversiones y Construcciones Estratégicas S.A.S. | 23,425 | 5,588 |
| Grupo de Inversiones Suramericana Panamá S.A. | (47,422) | 29,694 |
| Grupo SURA Finance S.A. | (844) | (586) |
| Suramericana S.A. | 278,115 | 307,581 |
| **Total** | **573,993** | **586,193** |

**Movement with investments in subsidiaries**

| | |
|---|---|
| **At January 1, 2014** | **6,228,285** |
| Additions | 25,496 |
| Equity method | 1,010,320 |
| Other (dividends) | (312,937) |
| **Balance at December 31, 2014** | **6,951,164** |
| Additions | 794,360 |
| Equity method | 1,102,990 |
| Other (dividends and premium refunds) | (403,303) |
| **Balance at December 31, 2015** | **8,445,211** |

On September 18, 2015, Grupo Sura acquired 113,435 shares, corresponding to the entire stake held by JP Morgan SIG Holding in Sura Asset Management S.A.; thereby extending its entire stake to 71.4%.

**Impairment of Investments in Subsidiaries**

Identifying signs of impairment is a key step in the appraisal process, as this defines the need to conduct an impairment test.

According to that set out in IAS 36- Paragraph 9: An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

Inversiones Suramericana, have to consider the following facts and circumstances to determine whether there are signs of impairment, or not.

1. Operating losses or negative cash flows for the current period compared to those budgeted.

2. Increased interest rates on investments and debt for the period. Information: Investments in inflation-indexed securities, agreed rates on bank loans.

3. Significant changes to the IT environment, defined as the risk relating to losses caused by technology (hardware or software) or the use of the same. Information: Important declines in production due to technology risks or substantial exposure to hackers.

4. Significant changes to the legal environment that give rise to losses in the form of sanctions, fines or lawsuits due to a failure to comply with regulations or contractual obligations.

5. Significant changes in the regulatory environment. These refer to the negative implications that changes to the local regulatory framework may have on a company. These may be: Mortality tables or taxes such as Equality Income Tax.

6. Changes in the competitive environment. Information: The amount of market share lost (based on growth and loss rates), new or more aggressive competition or cut-throat sales quotas.

7. Significant changes in the manner or to the extent that the cash generating unit (CGU) is used or is expected to be used.

8. Significant reduction in the use of installed capacity.

9. Additional indebtedness.

10. Absence or significant reduction, as opposed to a mere fluctuation, in the demand or need for the services provided by the asset.

Annual assessments are performed to see whether an impairment exists with the Group´s investments to rule out the aforementioned signs of such; should this be the case then the recoverable amount of the asset in question must be estimated.

At year-end 2015 and 2014 as well as January 1, 2014, the investments held in Grupo de Inversiones Suramericana Panama and Grupo Sura Finance showed a shortfall in terms of their net income that shall be covered by Grupo de Inversiones Suramericana with the possible winding up of these firms.

## NOTE 11 EMPLOYEE BENEFITS

Grupo Sura's employee benefits are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Short-term benefits | 1,749 | 598 | 456 |
| Long-term benefits | 6,222 | 5,737 | 1,865 |
| Post-employment benefits | 20,658 | 18,940 | 13,679 |
| **Total employee benefits** | **28,630** | **25,274** | **16,000** |

### 11.1. Short-term benefits

a) Mandatory social security and employment benefits: accruing on a monthly basis according to the legal regulations of each country. Payments are made in accordance with applicable legislation.

b) Short-term Performance Incentives: accruing on a monthly basis using estimated percentages of performance compliance. These are paid every year in March to all those employees entitled to such incentives, after being evaluated in terms of their achieving the predefined targets and to the extent that corporate objectives have been attained.

c) Other employee benefits: including vacation and Christmas bonuses, as well as extra-legal seniority bonuses that are recognized as expense as the service or benefit is provided.

Short-term benefits are broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Severance payments | 102 | 73 | 83 |
| Interest on severance payments | 12 | 8 | 10 |
| Vacation bonus | 1,079 | 308 | 188 |
| Extra-legal bonuses | 556 | 209 | 169 |
| Other benefitss | - | - | 6 |
| **Total short-term benefit** | **1,749** | **598** | **456** |

### 11.2. Long-term benefits

The following table contains the long-term benefits provided by Grupo SURA:

- **Seniority Bonus**

  This benefit is paid to the employee every five years and ranges between 18 and 44 days of his or her salary or wage, this based on the number of years of service provided.

| Years of service | Days Salary |
|---|---|
| 5 | 18 |
| 10 | 29 |
| 15 | 34 |
| 20,25,30 y 35 | 44 |

- **Performance bonus**

  The Group´s performance incentive system recognizes the efforts of all employees in achieving the Company's goals and continuing to provide added value. This system is governed by its own rules and regulations, as summarized below:

  **General terms and conditions:** general policies, defined performance levels and procedures and governance.

  **Measurement system - performance indicators:** it is essential to have an appropriate framework of performance indicators, ensuring that these are clearly defined, measurable and achievable. These indicators are decided at the beginning of each year in keeping with the Company's strategic planning, along with the various activities and human skills required to achieve the Company's goals. This includes the corresponding measurement period, performance assessments and monitoring as well as any adjustments required to the indicators thus defined.

  **Payment system:** this is conditional on fulfilling the performance indicators set and obtaining the approval of the Appointment and Remuneration Committee. The remuneration framework is defined according to each level.

**The following are the long-term benefits offered by Grupo SURA:**

The main actuarial assumptions used to determine the liabilities corresponding to defined benefit plans are as follows:

| Benefit | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Seniority bonus | 68 | 56 | 56 |
| Performance bonus | 6,154 | 5,681 | 1,809 |
| **Total** | **6,222** | **5,737** | **1,865** |

Movements in employee benefits are as follows:

| | Bonus bank | Seniority bonus | Total beneficios largo plazo |
|---|---|---|---|
| **Present value of obligations on January 1, 2014** | **1,809** | **56** | **1,865** |
| Re-measurements | 501 | - | 501 |
| Financial assumptions | (6) | - | (6) |
| Plan-based payments | (70) | - | (70) |
| Other changes | 3,447 | - | 3,447 |
| **Present value of obligations at December 31, 2014** | **5,681** | **56** | **5,737** |
| Re-measurements | 1,156 | 12 | 1,168 |
| Financial assumptions | (27) | - | (27) |
| Plan-based payments | (120) | - | (120) |
| Other changes | (536) | - | (536) |
| **Present value of obligations at December 31, 2015** | **6,154** | **68** | **6,222** |

**Main assumptions used for the actuarial calculations**

| | Bonus bank | | | Seniority bonus | | |
|---|---|---|---|---|---|---|
| | **2015** | **2014** | **2013** | **2015** | **2014** | **2013** |
| Discount rate (%) | 10-year CeC rate in pesos: 8.7% | 10-year CeC rate in pesos: 6.9% | 10-year CeC rate in pesos: 6.9% | 10-year CeC rate in pesos: 8.7% | 10-year CeC rate in pesos: 6.9% | 10-year CeC rate in pesos: 6.9% |
| Annual salary increase (%) | * | * | | 5% | 5% | 5% |
| Annual inflation rate (%) | 3% | 4% | 4% | 3% | 4% | 4% |
| Survival tables | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table | Own turnover table |

**Sensitivity analysis (2015) of 1% change in the discount rate, inflation rate**

| | Bonus bank - employee payroll | | | | Seniority bonus | | | |
|---|---|---|---|---|---|---|---|---|
| | Discount rate | | Inflation rate | | Discount rate | | Inflation rate | |
| | +1 Increase | - 1 Discount | +1 Increase | - 1 Discount | +1 Increase | - 1 Discount | +1 Increase | - 1 Discount |
| Value of the obligation | 3,208 | 3,279 | 3,280 | 3,207 | 57 | 62 | 62 | 57 |

### 11.3. Post-employment benefits

Post-employment benefits are retirement bonuses that Grupo SURA pays to its pensioned executives.

The movements in employee benefits are as follows:

| | |
|---|---|
| **Balance at January 1, 2014** | **13,679** |
| Present value of obligations | 629 |
| Interest | 848 |
| Past service cost | 3,974 |
| Actuarial gains or losses from changes in financial assumptions | (190) |
| **Balance at December 31, 2014** | **18,940** |
| Present value of obligations | 662 |
| Present cost of service | 1,197 |
| Actuarial gains or losses from changes in financial assumptions | (141) |
| **Present value of obligations at 31 December** | **20,658** |

The main actuarial assumptions used to determine liabilities corresponding to defined benefit plans are as follows:

| | 2015 | 2014 |
|---|---|---|
| Discount rate (%) | 7.73% | 6,32% |
| Annual salary increase (%) | 6.0% | 5% |
| Annual inflation rate (%) | 3.5% | 3% |

The following table shows the effect of 1% changes in the inflation rate, a 1% change in the discount rate and a 1% increase in the future pension rate.

| | Discount rate | |
|---|---|---|
| | +1 | -1 |
| Present value of the obligation 2015 | 20,594 | 20,723 |
| Present value of the obligation 2014 | 18,882 | 18,998 |

### 11.4. Employee benefit expense

The following table shows a breakdown of the expense incurred with employee benefits for the years 2014 and 2015:

| | 2015 | 2014 |
|---|---|---|
| Integrated salary | 7,207 | 6,855 |
| Bonuses | 5,642 | 11,926 |
| Vacation bonus | 1,336 | 487 |
| Salaries and wages | 1,313 | 981 |
| Extra-legal bonus | 1,179 | 818 |
| Personnel training | 739 | 197 |
| Contributions to family welfare and apprentice institutes | 561 | 509 |
| Pension contributionsa | 515 | 459 |
| Healthcare contributions | 266 | 243 |
| Others | 502 | 519 |
| **Total** | **19,260** | **22,995** |

Balance corresponds to post-employment benefits and defined contribution plans.

## NOTE 12 PROVISIONS

### 12.1. Provisions for contingencies

Provisions for contingencies are broken down as follows:

| Company | 2015 | January 1, 2014 |
|---|---|---|
| Grupo de Inversiones Suramericana Panamá | 226,768 | 111,486 |
| Grupo SURA Finance | 21,229 | 15,391 |
| **Total** | **247,997** | **126,877** |

The balance of these provisions corresponds to recognized contingencies due to deficits posted by the subsidiaries, Grupo de Inversiones Suramericana Panama and Grupo Sura Finance.

These deficits were recognized based on the equity method applied on the wholly-owned stakes (100%) held in both companies, along with the degree of administrative dependence on these companies.

MOVEMENT IN PROVISIONS

| | |
|---|---|
| **At January 1, 2014** | **62,143** |
| Additions | 21,296 |
| Equity method | 70,154 |
| Dividends | (26,716) |
| **Balance at December 31, 2014** | **126,877** |
| Additions | 119,282 |
| Equity method | 13,881 |
| Dividends | (12,043) |
| **Balance at December 31, 2015** | **247,997** |

### 12.2. Other contingencies

On November 27, 2014 the Company was notified of Resolution No. 230-005278 issued by the Colombian Superintendency of Companies, by means of which a fine was imposed in the amount of COP 886, for the Extemporaneous Registration of the Substitution of a Colombian Investment Abroad, given the restructurings carried out in 2011. The Company decided to challenge this fine and filed the corresponding appeal, in response to which this same Superintendency issued Resolution No.0301002903 notifying that said fine was reduced to COP 93; which was promptly paid on September 29, 2015.

On March 12, 2015 the Company was notified of certain special requirements issued by the Colombian Tax Authorities (DIAN), relating to the Company's income tax returns for the fiscal years 2009 to 2013, consisting of amending the Company´s own tax settlements drawn up for said years. The Company filed its response to this notification and the matter is currently going through the corresponding administrative channels, as stipulated by current legislation.

The Company's legal advisors, based on their analysis of the case, have concluded that the probability of obtaining an adverse ruling is remote.

## NOTE 13 ISSUES OF SECURITIES

Below is a breakdown of the securities issued by Grupo SURA:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Bonds outstanding [1] | 900,893 | 898,258 | 243,562 |
| Preferred shares [2] | 208,780 | 204,567 | 305,971 |
| **Total securities issued** | **1,109,673** | **1,102,825** | **549,533** |

[1] Bonds:
On November 25, 2009, Grupo de Inversiones Suramericana S.A. issued on the local bond markets a total of $250,000 ordinary bonds divided up into three tranches all earning CPI-indexed coupon rates payable on a quarterly basis:
i) a 10-year tranche for a total value of $54,500 bearing an interest rate equal to the CPI+ 4.40%;
ii) a 20-year tranche totaling $98,000 bearing an interest rate equal to the CPI + 5.90%; and
iii) a 40-year tranche in the amount of $97,500 bearing an interest rate equal to the CPI + 6.98%.

On May 7, 2014, Grupo de Inversiones Suramericana S.A. issued on the local bond markets a total of $650,000,000 in ordinary bonds divided up into four tranches, the first three earning CPI-indexed coupon rates payable every quarter and the fourth earning an IBR-indexed coupon rate payable on a monthly basis.

i) a 5 year-tranche for a total value of $103,278 bearing an interest rate equal to the CPI+ 3.24%;
ii) a 9-year tranche totaling $223,361 bearing an interest rate equal to the CPI + 3.08%;
iii) a 16-year tranche in the amount of $100,000 bearing an interest rate equal to the CPI + 4.15%;
iv) and (iv) a 2-year tranche for a total value of $223,361 bearing an IBR-indexed interest rate + 1.20%.

[2] Preferred shares:
On 29 November 2011, Grupo SURA placed an issue of 106,334,963 preferred shares worth COP 32,500; as of the corresponding date of issue and for a period of 3 years thereafter, a quarterly dividend of 3% E.A.R was paid on the value of said issue. As of 2015, a quarterly dividend of 0.5% E.A.R. has been paid on the issue´s total value.

Movements in the Company's debt securities at year-end 2015 and 2014:

| | Bonds | Preferred shares | Total |
|---|---|---|---|
| **At January 1, 2014** | **243,562** | **305,971** | **549,533** |
| Additions | 648,182 | - | 648,182 |
| Installment payments | - | (122,396) | (122,396) |
| Interest | 6,513 | 20,993 | 27,506 |
| **At December 31, 2014** | **898,258** | **204,567** | **1,102,825** |
| Additions | - | - | - |
| Installment payments | - | (12,960) | (12,960) |
| Interest | 2,635 | 17,172 | 19,807 |
| **At December 31, 2015** | **900,893** | **208,780** | **1,109,673** |

## NOTE14 SHAREHOLDERS´ EQUITY

### ISSUED CAPITAL

The Company's authorized capital consists of 600,000,000 shares each with a nominal value of 187.50 Colombian pesos. Its subscribed and paid-capital at year-end 2015 and 2014, respectively consisted of 575,372,223 shares.

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Authorized share capital | 600,000,000 | 600,000 ,000 | 600,000 ,000 |
| **Subscribed and paid-in capital** | | | |
| Ordinary shares at nominal value | 469,037,260 | 469,037,260 | 469,037 ,260 |
| Non-voting, preferred shares at nominal value | 106,334,963 | 106,334,963 | 106,334,963 |
| Total shares | 575,372 ,223 | 575,372 ,223 | 575,372 ,223 |
| Subscribed and paid-in capital (nominal value) | 107,882 | 107,882 | 107,882 |
| **Total share capital** | **107,882** | **107,882** | **107,882** |

### SHARE PREMIUM

The balance of the share premium account is broken down as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Share premium | 3,307,663 | 3,307,663 | 3,307,663 |

Breakdown for the share premium account is shown as follows:

| | |
|---|---|
| **Initial share premium** | **3,769,548** |
| Value of liability upon initial recognition of preferred shares | (436,661) |
| Share issue costs (proportional to stated capital) | (37,647) |
| Share premium - tax benefit | 12,424 |
| **Balance Share Premium** | **3,307,663** |

## VALUATION METHODOLOGY OF PREFERRED DIVIDENDS

**Projecting the value of quarterly dividends**

- The dividend paid In April 2012 came to COP 325 per share, corresponding to the payment due on December 2011 (1 month at COP 81 per share) and the first quarter of 2012 (COP 244 per quarter per share).
- In 2014 a quarterly dividend was paid equal to a 3% E.A.R on the price of the issue.
- Since 2015, a quarterly dividend equal to a 0.5% E.A.R. has been paid on the value of this issue.
- In the specific case of January 2015, the Company paid the value corresponding to two months of the quarterly dividend at a 3% E.A.R + a one-month dividend at a 0.5% E.A.R.

**Discounting flows**

In order to discount the flows of projected quarterly dividends, Grupo SURA used the CPI AAA curve (over 41 years) curve obtained from PIP Latam.

Perpetuity is assumed as of year 41 at a rate of 8.97% (based on the CPI AAA curve).
No growth (gradient = 0) is assumed.

The result of this exercise is the sum of the present value of cash flows (quarterly dividends paid) until the year 41 plus the value of the perpetuity.

**Reserves**

The reserves held by Grupo SURA are as follows:

| | 2015 | 2014 | January 1, 2014 |
|---|---|---|---|
| Statutory reserve | 138,795 | 138,795 | 138,795 |
| Occasional reserve | 4,463,664 | 4,039,071 | 3,517,275 |
| **Total capital** | **4,602,459** | **4,177,866** | **3,656,070** |

**Statutory reserve**

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

**Occasional reserve**

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.



## NOTE 15 DIVIDENDS: DECLARED AND PAID

The following table contains the dividends paid and declared at the cut-off date of the separate financial statements.

| | |
|---|---|
| **Initial Balance at January 1, 2014** | **92,816** |
| Ordinary dividends | 182,925 |
| Preferred dividends | 72,574 |
| Payment | (280,691) |
| **At December 31, 2014** | **67,624** |
| Ordinary dividends | 197,934 |
| Preferred dividends | 44,873 |
| Payments | (248,452) |
| **At December 31, 2015** | **61,979** |

Subsequent to the respective dates of the Statements of Financial Position, the Board of Directors proposed the following dividends. Dividends have not been provisioned and do not affect income tax:

A dividend of COP 456.00 per share on a 469,037,260 ordinary shares and 106,334,963 non-voting, preferred shares which shall accrue promptly after being declared by the Shareholders at their Annual Meeting and shall be paid in cash over 4 quarterly installments at COP 114.00 per share in the following months:

April 2016, July 2016, October 2016 and January 2017.
The dividend corresponding to April, 2016 shall be paid between the 8th and the 18th day of the month, and those of July and October, 2016 and January 2017 from the 1st to the 15th of the corresponding month.

| | Proposed dividend |
|---|---|
| Ordinary shares | 213,881 |
| Preferred shares | 48,489 |
| **Total proposed dividend** | **262,370** |

## NOTE 16 COMPREHENSIVE INCOME

Grupo SURA´s other comprehensive income is broken down as follows:

| | 2015 | 2014 |
|---|---|---|
| **Carrying value at January 1 – Initial Balance** | **733,308** | **338,798** |
| Net gains or losses resulting from changes in the fair value of equity investments [1] | (3,355) | 8,210 |
| Accumulated gains (losses) transferred to profit and loss for the period[2] | 300,639 | 386,110 |
| Post employment benefits[3] | 141 | 190 |
| Related income tax (or equivalent) | (56) | - |
| **Carrying value at December 31** | **1,030,676** | **733,308** |

[1] The component corresponding to other comprehensive income from equity investments measured at fair value through profit or loss represents the cumulative value of gains or losses at fair value less the amounts transferred to the income accounts when these investments are finally sold. Changes in the fair value of equity investments are not reclassified to profit or loss for the period. Including the portion corresponding to Grupo SURA with regard to the investments made in its subsidiaries.

[2] Corresponding to the variation with the equity method applied to Grupo SURA's subsidiaries.

[3]Remeasurements of defined benefit plans represent the accumulated value of actuarial gains and losses, excluding amounts of net interest on the net defined benefit liability. The net value of these remeasurements are transferred to accrued earnings and not reclassified to the income accounts for the period.

## NOTE 17 INCOME AND EXPENSE

Income is shown as follows:

| | 2015 | 2014 |
|---|---|---|
| Income from equity method investments[1] | 573,993 | 586,193 |
| Dividends[2] | 347,739 | 324,495 |
| Derivative gains[3] | 74,320 | 42,205 |
| Investment income | 5,407 | 3,756 |
| Income from fair value of investments | 7,912 | 33,300 |
| **Total** | **1,009,371** | **989,950** |

Financial (expense) revenue is broken down as follows:

| | 2015 | 2014 |
|---|---|---|
| Exchange differences[4] | (20,060) | 5,501 |
| Interest | (98,652) | (78,316) |
| **Total** | **(118,713)** | **(72,815)** |

[1]Income from equity method investments: See Note 10.2 Investments in Subsidiaries.

[2]Dividends: See Note 10.2 Investments in Associates

[3]Corresponding to net income on swap valuations, as shown in Note 7.1 Financial Assets - Section a and Note 7.2 Financial Liabilities.

The following is the balance of income and expense on swap valuations:

| | 2015 | 2014 |
|---|---|---|
| Income from swap valuations | 74,320 | 42,205 |

[4]The following is the balance of the exchange difference account:

| | 2015 | 2014 |
|---|---|---|
| Exchange difference income | - | 60,498 |
| Exchange difference expense | (20,060) | (54,997) |
| **Total** | **(20,060)** | **5,501** |

## NOTE 18 ADMINISTRATIVE EXPENSE

The following table shows a breakdown of the Administrative Expense account:

| | YTD | |
|---|---|---|
| | 2015 | 2014 |
| Sanctions and fines* | 6,768 | - |
| Wealth tax | 4,563 | - |
| Industry and Commerce tax | 5,542 | 8,009 |
| Transport | 2,818 | 4,642 |
| Advertising and publicity | 2,633 | 3,065 |
| Civil liability insurance | 1,204 | 1,073 |
| Representation expense | 1,038 | 820 |
| Membership and maintenance fees | 2,161 | 671 |
| Banking services | 810 | 1,066 |
| Traveling expense | 687 | 570 |
| Others | 1,021 | 2,452 |
| **Total** | **29,246** | **22,366** |

*Corresponding to corrections made to the tax returns for the years 2009, 2010, 2011 at the request of the Colombian Tax Authorities, see Note 12.2.

## NOTE 19 FEE EXPENSE

Fee expenses are shown below:

| | YTD | |
|---|---|---|
| | 2015 | 2014 |
| Legal advisors | 1,518 | 533 |
| Board of Directors | 666 | 562 |
| Statutory Auditor and external auditing staff | 394 | 350 |
| Consultants | 3,432 | 2,381 |
| **Total** | **6,009** | **3,825** |

## NOTE 20 FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

**Grupo SURA is exposed to three types of risk, namely market, credit and liquidity.**

Grupo SURA's risk management function handles both its own inherent risk, such as those relating to its business model and strategy, as well as the risks to its investments. Since the latter are handled by each business unit, being in mind their degree of experience and expertise in this respect, Grupo SURA focuses on developing appropriate means of liaisoning with its subsidiaries, in terms of monitoring their risk profiles and the manner in which they handle their exposure.

### RISK MANAGEMENT SYSTEM - GOVERNANCE FRAMEWORK

Grupo SURA considers its risk management function as an essential part of its strategy and a indispensable factor in its decision-making process. Understanding risks as potential opportunities for existing businesses, setting up new businesses, exploring new geographies, encouraging human talent, among other facets, have become an essential part of our risk management strategy.

The Company's risk management function is governed by the Risk Management Framework Policy for the SURA Business Group, which stipulates that the Board of Directors and Senior Management are responsible for the Risk Management System and ensuring that this remains consistent with and fully aligned with the Group´s organizational strategy.

Furthermore, the Board of Directors has a Risk Committee, responsible for ensuring the quality of the Risk Management System and reporting any situation that could affect the Company's sustainability.

**Risk Categories**

The main risks addressed by the Company's risk management function, fall into the following three categories:

**20.1. Financial Risk Management**

The performance of the regional financial markets and economies have a corresponding effect on the Company's results, and therefore risk management systems have been put into place to monitor the Company's exposure to the inherent credit, market and liquidity risk.

In 2015, and within the wider regional context, the performance of Grupo SURA and its investments were affected by substantial volatility prevailing over the Latin American markets as a result of widespread currency devaluation produced by falling commodity prices, which in turn had a negative effect on the public debt of countries who are largely dependent on their mining and energy sectors, as is the case with Colombia, Mexico, Chile, Peru and Brazil. Also, the sluggish performance on the part of the capital markets, a tighter monetary policy in the United States, rising interest rates in Latin America, monetary stimulus programs in Europe and Japan, coupled with negative oil prices, the slowdown in China and the economic and political turmoil in Brazil, were factors that had a decisive effect on the region.

As for Colombia, the hikes with the benchmark interest rate, high inflation due to certain economic factors, the marked decline with commodity prices and ebbing flows of foreign capital form part of a series of factors that hit the country's economy and reduced the forecast growth rates of its economic activities, posing major challenges for the country´s industries and overall business performance.

The main financial risks are listed as follows which, for the purposes of this analysis, consist of credit, market and liquidity risk.

### 20.1.1. Credit Risk Management

The Group´s credit risk management function is aimed at reducing the probability of incurring losses in failing to meet the Company's financial obligations with third parties. For this purpose, the Group´s Cash Management area has issued guidelines to facilitate the analysis and monitoring of issuers and counterparties, ensuring that the Company's investments are always backed by issuers and / or management firms with adequate creditworthiness.

At December 31, 2015, Grupo SURA's short-term investments were mostly concentrated in liquid collective portfolios managed by firms offering the highest credit quality, as well as savings accounts and checking accounts.

The following is a breakdown of Grupo Suramericana S.A.'s credit risk exposure:

| | 2015 | 2014 |
|---|---|---|
| Loans and accounts receivable | 177 | 177 |
| Options contracts | 109,934 | - |
| Swaps | 75,367 | 48,026 |
| **Total credit exposure** | **185,479** | **48,204** |

### 20.1.2. Market Risk Management

This type of risk management focuses on how fluctuations in market prices affect the Company's revenues or the value of its investments. For this purpose, Grupo SURA analyzes and monitors its market risk exposure.

The impact of variables such as interest and exchange rates and stock prices on the Company's performance are subject to periodic follow-ups. Furthermore, in order to mitigate their volatility, the possibility of hedging such risk is determined, and this is constantly monitored by the area responsible for such.

Grupo SURA´s Cash Management Department is responsible for the market risk management function, addressing all currency and interest risk relating to the Company´s indebtedness. In this respectvarious hedging arrangements were entered into (see Note 7) for dollar-denominated loans earning LIBOR-indexed interest rates, with the aim of reducing the potential impact of rising interest rates in the US and any further devaluation of the Colombian peso.

With regard to market risk, especially that relating to exchange rates, a sensitivity analysis was performed in order to ascertain possible variations with the Statement of Comprehensive Income produced by the Group´s exposure via dollar-denominated loans as well as the derivatives used for hedge such exposure. This sensitivity analysis was based on the year-end exchange rate and assuming a variation of ± 10% for the purpose of estimating the net impact of possible exchange differences. The results of this analysis are shown below:

| **Exchange rate 3,149.47** | **+10%** | **-10%** |
|---|---|---|
| Financial liabilities | (71,507) | 71,507 |
| Derivatives | 55,153 | (57,050) |
| **Net** | **(16,354)** | **14,458** |

*Figures stated in Colombian pesos at December 31, 2015. The impact analyzed was on pretax net income.

### 20.1.3. Liquidity Risk Management

Liquidity risk refers to the Company´s ability to produce sufficient funds to meet its obligations and run its business.

Grupo SURA´s efforts in managing this risk are in keeping with its short and long term liquidity management strategy based in turn on the policies and guidelines issued by the Board of Directors and Senior Management addressing cyclical and structural factors so as to ensure compliance with its obligations under the initially agreed terms and conditions without incurring in any extra expense. Follow-ups are also carried out on short-term cash flows in order to cover short-term receivables and payables and mid-term cash flow projections are conducted to determine the Company´s liquidity position and anticipate the measures required for their proper management.

Also, and in order to address certain specific situations, the Company has lines of credit from various financial institutions at its disposal as well as short-term highly liquid investments that can be readily sold off, as well as other sources of additional liquidity.

The main transaction performed by Grupo SURA in 2015 was acquiring the stake held by JP Morgan in SURA Asset Management, 85% of which was financed through debt and the remainder with the Company´s own funds. We also expect the acquisition of RSA´s Latin American operations to be completed during the first half of 2016, with regard to which Grupo SURA shall be capitalizing the equivalent of 54.7% of the value of said transaction.

The following is a breakdown of Grupo SURA´s exposure to liquidity risk:

| | 2015 | | | |
|---|---|---|---|---|
| | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
| Derivatives | - | 11,345 | - | 11,345 |
| Other accounts payable | 123,293 | - | - | 123,293 |
| Other financial liabilities | - | 715,074 | - | 715,074 |
| Bonds and securities | 224,293 | - | 885,380 | 1,109,673 |
| **Total liabilities** | **347,586** | **726,418** | **885,380** | **1,959,384** |

| | 2014 | | | |
|---|---|---|---|---|
| | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
| Other accounts payable | 69,445 | - | - | 69,445 |
| Other financial liabilities | 6,813 | - | - | 6,813 |
| Bonds and securities | - | 223,880 | 878,945 | 1,102,825 |
| **Total liabilities** | **76,258** | **223,880** | **878,945** | **1,179,084** |

The following are financial assets held for managing liquidity risk for the following period:

| | 2015 | 2014 |
|---|---|---|
| Financial assets held for managing liquidity risk | 325,424 | 112,397 |

Long-term liabilities shall be mainly hedged by the flow of dividends from investments in associates which are declared during the first quarter of each year at the corresponding shareholders' meetings.

### 20.2. Operating Risk Management

This type of risk has to do with events that prevent the Company´s normal operations as relating to people, technology and processes. Here, in Grupo SURA, the handling of this type of risk helps mitigate such and focuses on analyzing the risks to which processes and projects are exposed.

During 2015, operating risk management methodologies and the corresponding controls were enhanced and updated, thus facilitating the proper mitigation of such and providing a more comprehensive overview of this type of exposure. This type of risk is handled from the following standpoints:

- **Business Continuity Risk:** Grupo SURA has an emergency response plan as well as a financial and reputational crisis management function, which form an integral part of the Group´s business continuity management function. The Group is also working on setting up response plans for possible disruptions to its operations. Furthermore, its IT service providers also have continuity plans in place that ensure a level of availability for the service thus provided, even in the face of events that affect IT operations.

- **Risk of Money Laundering and Terrorist Financing, Fraud, Corruption and Bribery:** the Company has mechanisms and controls in place for preventing, detecting, investigating and handling solutions for any kind of fraud. Also, the Group has a Comprehensive System for Preventing and Controlling Money Laundering and the Financing of Terrorism, which sets out procedures to prevent the Group from being used without its consent or knowledge, for concealing, insuring, managing and investing monies obtained from illicit activities. Such procedures include due diligence with our suppliers, investors, among other stakeholders, as well periodic monitoring and follow-ups, especially with regard to international black lists.

- **Legal Risk -Compliance:** with respect to legal risk, Grupo SURA implements external and general guidelines issued by the respective oversight authority, as well as those issued internally by its Board of Directors.

In 2015, the Company's Compliance Department, which is primarily responsible for the compliance management system as well as for building up a culture of ethical conduct within Grupo SURA and for the strict compliance with all voluntary and mandatory, internal and external commitments.

### 20.3. Regulatory Risk Management

This type of risk management is highly important for Grupo SURA given the implications of operating in highly regulated businesses and with the ever-changing rules and regulations from the business, tax, accounting and other standpoints.

In 2015, the Company´s results were affected by the changeover to International Financial Reporting Standards - IFRS, the main effects of which were mainly financial due to non-recurring items. Also certain specific items, such as wealth tax, had an impact on the Company's net income.

In 2016, the Company continues watchful and ready for possible changes in tax, pension and insurance regulations within the region, which could have an effect both on its income as well as investments. Grupo SURA is especially attentive to any new requirements that may arise regarding the regulatory and oversight aspects as a Business Group.

## NOTE 21 CAPITAL MANAGEMENT

Grupo SURA´s policy is to maintain a robust capital base so as to retain the confidence of investors, creditors and the market in general, as well as to sustain future development. The Company monitors shareholders´ return on equity and the level of dividends paid out.

Senior Management tries to maintain a balance between higher returns obtained with higher levels of credit along with the advantages and the security aspects provided by a sound capital position. Return on equity for 2015 came to 3.48% whereas for 2014 it stood at 4.36%. Average interest expense incurred on interest-bearing loans for 2015 came to 10.38% in pesos and 2.04% in dollars, whereas this same figure for 2014 was 7.13% in pesos with no indebtedness incurred with dollar-denominated debt.

Grupo SURA monitors its capital using the adjusted net debt to equity ratio. For this purpose adjusted net debt is defined as total financial liabilities, including interest-bearing loans plus proposed non-accrued dividends less cash and cash equivalents.

In order to comply with the financial debt indicators used by the credit rating agencies to measure the degree of investment in its subsidiaries, Grupo Sura tries to maintain said ratio below 25%. Grupo SURA's adjusted net debt to equity ratio at year-end was as follows:

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Total liabilities | 1,836,091 | 1,109,639 | 847,455 |
| Cash and cash equivalents | (221,228) | (10,609) | (210,901) |
| **Net debt** | **1,614,863** | **1,099,030** | **636,553** |
| Total equity | 21,509,934 | 20,722,925 | 19,663,914 |
| Adjusted net debt to equity ratio | 7.508% | 5.303% | 3.237% |

## NOTE 22 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to the shareholders by the weighted average number of shares outstanding for the year.

| | YTD | |
|---|---|---|
| | 2015 | 2014 |
| Net income for the period | 723,988 | 864,842 |
| Outstanding shares | 575,372,223 | 575,372,223 |
| Earnings per share | 1,258.3 | 1,503.1 |

## NOTE 23 RELATED PARTY DISCLOSURES

Grupo SURA's related parties consist of its subsidiaries, key management personnel and entities over which key management personnel may exercise control or joint control as well as employee post-employment benefits.

The following is a breakdown of Grupo SURA's related parties at year-end 2015 and 2014:

a) Companies under the direct or indirect control of Grupo SURA are listed in Note 10.2 Investments in Subsidiaries.

b) Companies in which Grupo SURA holds a direct and indirect stake through its subsidiaries:

| Company | Type of Entity | 2015 | 2014 | Country | Functional currency |
|---|---|---|---|---|---|
| Sura Asset Management S.A. | Investing in personal and real estate property, | 71.40% | 67.06% | Colombia | Colombian peso |
| SURA Asset Management España S.L. | Holding Company | 71.40% | 67.06% | España | Euros |
| Grupo de Inversiones Suramericana Holanda B.V. | Holding Company | 71.40% | 67.06% | Holanda | Euros |
| Grupo SURA Latin American Holdings B.V. | Holding Company | 71.40% | 67.06% | Holanda | Euros |
| Grupo SURA AE Chile Holdings I B.V. | Holding Company | 71.40% | 67.06% | Holanda | Euros |
| SUAM Finance B.V | Holding company for 144A/Reg S bonds issued in April 2014 | 71.40% | 67.06% | Curazao | Dollar |
| SURA S.A. | Holding Company | 71.40% | 67.06% | Chile | Chilean peso |
| AFP Capital S.A. | Managing pension funds. | 71.19% | 66.83% | Chile | Chilean peso |
| Administradora General de Fondos SURA S.A. | Managing investment and mutual funds. | 71.40% | 67.06% | Chile | Chilean peso |
| Seguros de Vida SURA S.A. | Insurance business, primarily offering life insurance and annuities | 71.40% | 67.06% | Chile | Chilean peso |
| Corredores de Bolsa SURA S.A. | Buying and selling securities, for its own account or for third parties, as well as Providing brokerage services. | 71.40% | 67.06% | Chile | Chilean peso |

| Company | Type of Entity | 2015 | 2014 | Country | Functional currency |
|---|---|---|---|---|---|
| SURA Data Chile S.A. | Providing data processing services and leasing computer equipment. | 71.40% | 67.06% | Chile | Chilean peso |
| SURA Chile S.A. | Providing business consultancy and advisory services. | 71.40% | 67.06% | Chile | Chilean peso |
| Santa Maria Internacional S.A. | Holding Company | 71.19% | 67.06% | Chile | Chilean peso |
| SURA Asset Management México S.A. de C.V. | Holding Company | 71.40% | 67.06% | México | Mexican peso |
| SURA Art Corporation S.A. de C.V. | Collecting Mexican works of art. | 71.40% | 67.06% | México | Mexican peso |
| AFORE SURA S.A. de C.V. | Managing investment firms specializing in retirement savings funds | 71.40% | 67.06% | México | Mexican peso |
| SURA Investment Management S.A. de C.V. | Managing investment fund management firms. | 71.40% | 67.06% | México | Mexican peso |
| Pensiones SURA S.A. de C.V. | Entering into life insurance agreements for the exclusive handling of pension insurance. | 71.40% | 67.06% | México | Mexican peso |
| Asesores SURA S.A. de C.V. | Providing marketing and advertising services for both products and financial services as well as recruiting and training personal, managing payrolls and handling labor relations together with other similar administrative services. | 71.40% | 67.06% | México | Mexican peso |
| Seguros de Vida SURA Mexico S.A. de C.V. (antes Primero Seguros de Vida S.A. de C.V.) | Offering life insurance and annuities | 71.40% | 67.06% | México | Mexican peso |
| Promotora SURA AM S.A. de C.V. | Providing marketing and promo services for any type of product | 71.40% | 67.06% | México | Mexican peso |
| SURA Asset Management Peru S.A. | Holding Company | 71.40% | 67.06% | Peru | Soles |
| AFP Integra S.A. | Managing pension funds on an individual account basis. | 71.40% | 67.05% | Peru | Soles |
| Fondos SURA SAF S.A.C. | Managing investment and mutual funds. | 71.40% | 67.06% | Peru | Soles |
| Seguros SURA S.A. (Antes Invita) | Company dedicated to all kinds of activities relating to life insurance and reinsurance | 49.47% | 46.47% | Peru | Soles |
| Hipotecaria SURA Empresa Administradora Hipotecaria EAH S.A. | Conducting operations inherent to a financial institution, with a primary focus on granting mortgage loans | 49.98% | 46.94% | Peru | Soles |
| Sociedad Agente de Bolsa S.A. | Providing stock brokerage services | 71.40% | N/A | Peru | Soles |



| Company | Type of Entity | 2015 | 2014 | Country | Functional currency |
|---|---|---|---|---|---|
| SURA Asset Management Uruguay Sociedad de Inversión S.A. (formerly Tublyr S.A.) | Holding Company | 71.40% | 67.06% | Uruguay | Uruguayan Peso |
| AFAP SURA S.A. | Managing retirement savings funds. | 71.40% | 67.06% | Uruguay | Uruguayan Peso |
| Ahorro Inversión SURA Administradora de Fondos de Inversión S.A. | Managing investments funds. | 71.40% | 67.06% | Uruguay | Uruguayan Peso |
| Disgely S.A. | Company dedicated to industrializing and marketing, in all their respective forms, merchandise, property leases, construction work as well as all forms of services | 71.40% | 67.06% | Uruguay | Uruguayan Peso |
| Jobely S.A. | Providing brokerage services | 71.40% | 67.06% | Uruguay | Uruguayan Peso |
| SUAM Corredora de Seguros S.A. de C.V. | Providing insurance and reinsurance brokerage services | 71.40% | 67.06% | El Salvador | Dollar |
| SURA Investment Management Colombia S.A.S (SIM) | Holding Company | 71.40% | 0.00% | Colombia | Colombian peso |
| Grupo Sura Chile Holdings II, B.V. | Holding Company | 0.00% | 67.06% | Netherlands | Euros |
| Compañía de Inversión y Servicios Sura LTDA. | Holding Company | 0.00% | 67.06% | Chile | Chilean peso |
| Inverconsa, S.A. de C.V. | Special vehicle currently being wound up | | | Mexico | Mexican peso |
| Wealth Management Sura S.A. | Holding Company | 67.06% | México | Peru | Soles |
| Pensiones Sura Peru S.A. | Holding company currently being wound up | 0.00% | 67.06% | Peru | Soles |
| Servicios Sura S.A.C. | Providing business consultancy and advisory services. | | | Peru | Soles |
| Negocios Financieros S.A. | Holding Company | 67.06% | Peru | Peru | Soles |
| Mexamlux S.A. | Holding Company | 0.00% | 66.39% | Luxembourg | Euros |
| Sura Asset Management España S,A | Holding Company | 0.00% | 67.06% | Holland | Euros |
| Suramericana S.A. | Investing Company | 0.00% | 67.06% | Colombia | Colombian peso |
| Operaciones Generales Suramericana S.A.S. | Investing in personal and real estate property, | 0.00% | 67.06% | Colombia | Colombian peso |
| Suramericana S.A. | Inversionista | 81.13% | 81.13% | Colombia | Peso Colombiano |
| Operaciones Generales Suramericana S.A.S. | La inversión en bienes muebles e inmuebles | 81.13% | 81.13% | Colombia | Peso Colombiano |

| Company | Type of Entity | 2015 | 2014 | Country | Functional currency |
|---|---|---|---|---|---|
| Seguros Generales Suramericana S.A. | Property and Casualty Insurance | 81.13% | 81.13% | Colombia | Colombian peso |
| Seguros de Vida Suramericana S.A. | Personal Insurance | 81.13% | 81.13% | Colombia | Colombian peso |
| Seguros de Riesgos Laborales Suramericana S.A. | Occupational Risk Management firm | 81.13% | 81.13% | Colombia | Colombian peso |
| EPS y Medicina Prepagada Suramericana S.A. | Healthcare provider | 81.13% | 81.13% | Colombia | Colombian peso |
| Servicios de Salud IPS Suramericana S.A. | Provider of medical, paramedical and dental services | 81.13% | 81.13% | Colombia | Colombian peso |
| Diagnóstico y Asistencia Médica S.A. | Provider of medical, paramedical and dental services | 81.13% | 81.13% | Colombia | Colombian peso |
| Dinámica IPS Zona Franca S,A,S, | Provider of diagnostic healthcare services | 81.13% | 81.13% | Colombia | Colombian peso |
| Servicios Generales Suramericana S.A. | Investing in personal property especially stocks, shares or parts of companies | 81.13% | 81.13% | Colombia | Colombian peso |
| Consultoría en Gestión de Riesgos Suramericana S.A.S. | Consultancy firm with regard to comprehensive risk management | 81.13% | 81.13% | Colombia | Colombian peso |
| Inversiones Sura Brasil S.A.S. | Holding Company | 81.13% | 0.00% | Colombia | Colombian peso |
| Inversura Panamá Internacional S.A. | Investing Company | 81.13% | 81.13% | Panama | Dollar |
| Seguros SURA S.A. | Insurance | 81.13% | 81.13% | Dominican Republic | Dominican peso |
| Seguros Suramericana S.A. | Insurance | 81.13% | 81.13% | Panama | Dollar |
| Servicios Generales Suramericana S.A. | Buying and selling vehicles as well as providing its vehicle repair and inspection services. | 81.13% | 81.13% | Panama | Dollar |
| Aseguradora Suiza Salvadoreña S.A. | Property and Casualty Insurance | 78.78% | 78.79% | El Salvador | Dollar |
| Asesuisa Vida, SA | Personal Insurance | 81.12% | 78.79% | El Salvador | Dollar |
| Integradora de Servicios Tercerizados S.A.S. | Investing in personal and real estate property, | 100.00% | 100.00% | Colombia | Colombian peso |
| Compuredes S.A. | Providing and marketing its telecommunication services, products and solutions | 100.00% | 100.00% | Colombia | Colombian peso |
| Enlace Operativo S.A. | Providing business process outsourcing (BPO) services | 100.00% | 100.00% | Colombia | Colombian peso |
| Inversiones y Construcciones Estratégicas S.A.S | Investing Company | 100.00% | 100.00% | Colombia | Colombian peso |
| Grupo de Inversiones Suramericana Panamá S.A. | Investing in negotiable securities | 100.00% | 100.00% | Panama | Dollar |
| Planeco Panamá S.A. | Buying and selling personal property and real estate | 95.28% | 95.28% | Panama | Dollar |
| Grupo Sura Finance S.A. | Company dedicated to any lawful activity in the Cayman Islands | 100.00% | 100.00% | Cayman Islands | Dollar |
| Habitat Adulto Mayor S,A, | Providing health care services for the elderly | 73.23% | 73.23% | Colombia | Colombian peso |
| Hábitat Adulto Mayor S.A. | Prestación de servicios de salud para el adulto mayor. | 73.23% | 73.23% | Colombia | Peso Colombiano |

c) Members of Board of Directors: see Note 1.

d) Directors: see Note 1.

The following table shows the total value of transactions conducted by Grupo SURA with its related parties during the corresponding reporting period:

## ACCOUNTS PAYABLE:

| | 2015 | 2014 |
|---|---|---|
| Inversiones y Construcciones Estratégicas [1] | 26,821 | 998 |
| Interests held by Inversiones y Construcciones Estratégicas[1] | 176 | 3 |
| | **26,997** | **1,001** |

[1] These accounts payable, plus interest, consist of current intercompany trade payables.
Transactions with related parties were carried out on an "arms-length" basis, that is to say, based on normal market terms and conditions

## COMMITMENTS:

| | 2015 | 2014 |
|---|---|---|
| Deposit for subscription of shares - Deposit for subscription of shares - Inversiones y Construcciones Estratégicas [2] | - | 25,000 |
| Deposit for subscription of shares - Grupo Sura Panamá[2] | - | 20,456 |
| | **-** | **45,456** |

[2] Corresponding to a deposit for the future capitalization of both Inversiones Construcciones Estratégicas S.A.S and Grupo de Inversiones Suramericana Panamá S.A. for COP 25.000 and COP 20.456 respectively.

### NON-OPERATING EXPENSE

| | 2015 | 2014 |
|---|---|---|
| Seguros Generales Suramericana | 284 | 599 |
| Seguros de Vida Suramericana | 69 | 103 |
| Servicios Generales Suramericana | 36 | 81 |
| IPS Servicios de Salud | 22 | 3 |
| Inversiones y Construcciones Estratégicas | 204 | 344 |
| Operaciones Generales Suramericana | 0 | 22 |
| Compuredes | 12 | 0 |
| | **627** | **1,152** |

### NON-OPERATING REVENUE

| | 2015 | 2014 |
|---|---|---|
| Seguros Generales Suramericana | 75 | - |

### SHORT-TERM EMPLOYEE BENEFITS

| | 2015 | 2014 |
|---|---|---|
| Short-term employee benefits | 7,301 | 7,025 |
| Post-employment benefits | 20,658 | 18,,940 |
| | **27,959** | **25,965** |

### OTHER RELATED PARTIES

| | 2015 | 2014 |
|---|---|---|
| Board of Director fees | 666 | 562 |



## NOTE 24 FIRST-TIME ADOPTION OF THE FINANCIAL REPORTING AND ACCOUNT STANDARDS (IFRS) ACCEPTED IN COLOMBIA

As stated in Note 2.1, these are the first separate financial statements that the Company has drawn up under IFRS.

Pursuant to IFRS 1, First-time Adoption of International Financial Reporting Standards, these show the adjustments and reconciliations performed as part of this transition:

a. Between the equity accounts based on previous GAAP, prior to January 1, 2014 (transition date) and those at December 31, 2014, the close of the last period in which the previous GAAP were used.

b. Between the income statements under the previous GAAP and total income under IFRS.

Upon preparing these reconciliations, the Company considered the currently applicable rules and regulations along with the exceptions and exemptions to such as provided in Decree 2420 of December 2015, as amended by Decree 2496 of December 2015 Transition policies and procedures.

### 24.1. Transition policies and procedures

#### Exemptions to the retroactive application chosen by the Company

I. IFRS 1 - Business Combinations provides for an optional exemption for business combinations as an alternative to retroactively applying IFRS 3 (Business combinations prior to the date of transition to IFRS). However, the Company may elect to restate business combinations from any date prior to the transition date. Should a single business combination be restated then all business combinations should be restated in which case IFRS 10 must be applied.

Grupo de Inversiones Suramericana applied the above exemption to all its business combinations prior to the transition date. Therefore, it has not restated any business combinations that took place prior to the transition date of January 1, 2014, and the business combinations recorded by the Company under previous Generally Accepted Accounting Principles (previous GAAP) are recognized by applying that stipulated in IFRS 3.

II. Use of fair value as the cost attributed to property and equipment as well as associates - The exemption stipulated in IFRS 1 allows for fair value to be used on the date of the transition to IFRS as the cost attributed to of property and equipment, intangible assets and investment properties. IFRS 1 states that the revaluations performed under previous Generally Accepted Accounting Principles (previous GAAP), on the transition date or earlier, can be used as the attributed cost on the date of the revaluation, if the corresponding value on said date is substantially comparable to:

- Fair value; or
- Depreciated cost under IFRS.

Grupo de Inversiones Suramericana S.A. chose to measure its properties at fair value on the transition date of transition and used this value as their attributed cost on its Opening Statement of Financial Position. The fair value of these assets was obtained from appraisals performed by independent outside experts. For other items of property and equipment, the useful lives were determined based on the assessments and technical support provided by the Company's operating areas. Accumulated depreciation was recalculated based on these new useful lives, these effects were recognized in the opening balance sheet. For the smaller items contained in the property and equipment account, such as furniture and fixtures, computer and transport equipment, the Company has considered their depreciated or reappraised cost under previous GAAP as their attributed cost on the transition date, as these values are comparable with their depreciated cost pursuant to IFRS.

With regard to the measuring investments in associates on the Opening Statement of Financial Position, the fair value of these investments was based on the stock market prices corresponding to each issuer.

III. Effects on changes with the exchange rate - IFRS 1 allows an entity not to determine the cumulative translation differences at the date of transition to IFRS, as recognized in Other Comprehensive Income. Upon applying this exemption, the accumulated translation difference on operations abroad would be zero on the date of transition to IFRS.

IV. Designation of previously recognized financial instruments: equity investments were classified as measured at fair value with changes in equity based on the circumstances existing at the date of transition to IFRS.

### 24.2. Use of estimates

The accounting estimates made by Grupo de Inversiones Suramericana S.A. corresponding to January 1 and December 31, 2014, were based on conditions existing on the transition date and comparative period, and are consistent with estimates made for the same date using Generally Accepted Accounting Principles (GAAP) in Colombia, (COLGAAP), after making the necessary adjustments to reflect any difference in accounting policies.

Items that showed significant differences were:

- Pensions and other long term employee and severance benefits.
- Fair value of property and equipment - Fair value of financial instruments and derivatives.

### 24.3. Reconciliation of financial position

The main adjustments and reconciliations made, as required with regard to the transition to IFRS, are as follows:

a. Between the equity determined under GAAP and that determined using IFRS at 1 January 2014 (date of transition to IFRS), and December 31, 2014;

b. Between the net income determined under GAAP for the year ended December 31, 2014 and total comprehensive income determined under IFRS on this same date:

| Statement of Financial Position | Notes | GAAP Prior to December 31, 2013 | Adjustments | Reclassifications | IFRS as of January 1, 2014 | GAAP prior to December 31, 2014 | Adjustments | Reclassifications | IFRS at December 31, 2014 |
|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | A | 201.344 | | 9.557 | 210.901 | 3.806 | | 6.803 | 10.609 |
| Investments | B | 14,236,765 | 111 | (14,215,107) | 21.769 | 16,198,096 | (1,298,178) | (14,875,050) | 24.868 |
| Trade and other accounts receivable | b | 18,525 | - | (18,525) | - | 49,081 | - | (3,493) | 45,588 |
| Accounts receivable due from related parties and associates | | 72,099 | - | 57 | 72,156 | 81,022 | - | - | 81,022 |
| Deferred tax assets | f | - | 54,674 | - | 54,674 | - | 38,455 | - | 38,455 |
| Other financial assets | c | - | 1,956 | 2,222 | 4,178 | - | 44,533 | 3,493 | 48,026 |
| Other non-financial assets | | 200 | (26) | - | 174 | 174 | - | - | 174 |
| Property and equipment | g | 1,225 | 290 | 16,246 | 17,761 | 17,535 | 121 | - | 17,656 |
| Intangible assets other than goodwill | a | 1,989 | - | (1,767) | 222 | 1,914 | - | (1,767) | 147 |
| Investments in Associates | a | - | - | 14,205,550 | 14,205,550 | - | - | 14,868,247 | 14,868,247 |
| Investments accounted for using the equity method | a | 6,468,129 | (303,754) | 63,910 | 6,228,285 | 7,381,431 | (558,933) | 128,666 | 6,951,164 |
| Current tax assets | | 50,024 | - | - | 50,024 | 76,413 | - | - | 76,413 |
| **Total assets** | | **21,050,300** | **(246,749)** | **62,143** | **20,865,695** | **23,809,472** | **(1,774,000)** | **126,899** | **22,162,371** |
| **Equity and liabilities** | | | | | | | | | |
| **Liabilities** | | | | | | | | | |
| Financial liabilities | c | 313,005 | 1,423 | (16,506) | 297,922 | 7,798 | (984) | - | 6,814 |
| Trade and other payables | | 9,985 | - | (5,985.85) | 3,999 | 9,270 | (6,356)t | (998) | 1,916 |
| Accounts payable to related parties | | 92,816 | - | 20,560 | 113,376 | 67,624 | - | 1,000 | 68,624 |
| Current tax liabilities | | 2,150 | - | 64,860 | 67,010 | - | - | 86,063 | 86,063 |
| Provisions for employee benefits | d | 458 | 15,542 | - | 16,000 | 4,478 | 20,796 | - | 25,274 |
| Other provisions | | 64,930 | (100) | (2,687) | 62,143 | 86,043 | - | 40,834 | 126,877 |
| Issued securities | c | 250,000 | 297,630 | 1,902 | 549,532 | 900,000 | 202,826 | - | 1,102,826 |
| Other non-financial liabilities | e | 29,438 | (29,438) | - | - | 31,867 | (31,867) | - | - |
| Deferred tax liabilities | f | - | 91,797 | - | 91,797 | - | 21,050 | - | 21,050 |
| **Total liabilities** | | **762,782** | **376,854** | **62,143** | **1,201,780** | **1,107,079** | **205,465** | **126,899** | **1,439,443** |
| **Equity** | | | | | | | | | |
| Issued share capital | | 107,882 | - | - | 107,882 | 107,882 | - | - | 107,882 |
| Share premium | | 3,769,548 | (461,885) | - | 3,307,663 | 3,769,548 | (461,885) | - | 3,307,663 |
| Accumulated earnings | | 11,723,042 | 209,149 | 321,309 | 12,253,500 | 12,958,292 | (966,444) | (460,485) | 11,531,364 |
| Other equity interests | | 249,181 | (370,867) | 460,485 | 338,798 | 1,016,903 | (744,080) | 460,485 | 733,308 |
| Reserves | | 3,656,070 | - | - | 3,656,070 | 4,177,866 | - | - | 4,177,866 |
| Net income for the period | | 781,794 | - | (781,794) | - | 671,900 | 192,942 | - | 864,842 |
| **Total equity** | | **20,287,518** | **(623,604)** | **-** | **19,663,914** | **22,702,392** | **(1,979,467)** | **-** | **20,722,925** |
| **Total equity and liabilities** | | **21,050,300** | **(246,750)** | **62,143** | **20,865,694** | **23,809,472** | **(1,774,003)** | **126,899** | **22,162,368** |

Reconciliation of equity at 1 January and 31 December 2014 (Opening Statement of Financial Position):

| | Notes | January 1, 2014 | December 31, 2014 |
|---|---|---|---|
| **Equity under previous GAAP** | | **20,287,518** | **22,702,392** |
| Investments – Instruments | a | 110 | 8,396 |
| Investments in Subsidiaries | a | (303,754) | (558,913) |
| Investments in Associates | a | - | (1,243,728) |
| Deferred tax assets | f | 54,675 | 38,456 |
| Property and equipment | g | 290 | 129 |
| Other assets | | (26) | 43,731 |
| Trade receivables and other receivables | c | (3,545) | (3,545) |
| Effect of adopting IFRS 1 on the Asset Accounts | d | (15,542) | (20,987) |
| Provisions for employee benefits | h | 100 | 100 |
| Other provisions | b | 8,340 | 10,158 |
| Securities issued - liability component | b | 155,915 | 155,915 |
| Securities issued - equity component | b | (461,885) | (461,885) |
| Other financial liabilities | c | 4,078 | (17,769) |
| Other non-financial liabilities | a | 29,273 | 91,360 |
| Deferred tax liabilities | | 166 | 166 |
| Effect of adopting IFRS 1 on the Liability Accounts | f | (91,797) | (21,050) |
| **Effect of adopting IFRS 1 on the Equity Accounts** | | **(623,602)** | **(1,979,467)** |
| **Equity under IFRS** | | **19,663,917** | **20,722,926** |

Adopting IFRS 1 on January 1 produced an accumulated losses in the Company's equity of (COP 623.604) at January 1, 2014 as well as (COP 1,979,467) at December 31, 2014.

Reconciliation of Statement of Comprehensive Income at December 31, 2014

| Reconciliation of Statement of Comprehensive Income | GAAP prior to December 31, 2014 | Transition adjustments | IFRS at December 31, 2014 |
|---|---|---|---|
| Dividends | 322,066 | 2,430 | 324,495 |
| Investment income | 3,756 | 0 | 3,756 |
| Gains (losses) at fair value | - | 42,205 | 42,205 |
| Gains (losses) via equity method - Subsidiaries | 468,215 | 117,978 | 586,193 |
| Gains (losses) on sale of investments | 33,300 | - | 33,300 |
| Other income | 100 | 86 | 186 |
| **Total income** | **827,437** | **162,698** | **990,135** |
| Administrative expense | (23,758) | 1,391 | (22,366) |
| Employee benefits | (17,549) | (5,445) | (22,995) |
| Fees | (5,273) | 1,448 | (3,825) |
| Brokerage commissions | (74) | (1) | (75) |
| Amortizations | (318) | (161) | (478) |
| Depreciation | 234 | (234) | - |
| Other expense | (55,408) | (22,907) | (78,316) |
| Interest | 3,948 | 1,553 | 5,501 |
| Exchange difference (net) | (226) | 73 | (153) |
| **Impairment** | **(98,424)** | **(24,283)** | **(122,707)** |
| Total expense | 729,013 | 138,415 | 867,428 |
| **Income tax** | **(57,113)** | **54,527** | **(2,586)** |
| **Earnings (losses), net** | **671,900** | **192,942** | **864,842** |

Conciliación de la utilidad del ejercicio al 31 de diciembre de 2014:

| | Nota | Utilidad |
|---|---|---|
| **Utilidad Según PCGA Anteriores** | | **671,900** |
| Inversiones- Instrumentos | a | (115) |
| Inversiones- Subsidiarias | a | 117,978 |
| Activos por impuestos diferidos | f | (16,219) |
| Propiedades y equipo | g | (161) |
| Otros activos Financieros | | 43,758 |
| Provisiones por beneficios a empleados | d | (5,445) |
| Títulos emitidos Bonos - Costo amortizado | b | 1,818 |
| Otros pasivos financieros | c | (21,847) |
| Otros pasivos financieros- Asociadas | a | 2,430 |
| Pasivo por impuestos diferidos | f | 70,747 |
| **Efecto adopción NIIF 1** | | **192,943** |
| **Utilidad NCIF** | | **864,842** |

Reconciliation of Cash Flow Statement

At December 31, 2014, the balance of the cash and cash equivalent account under previous GAAP came to COP 6.507 and under the new IFRS COP 10.609. The difference between the aforementioned balances is due to an increase of COP 4.102 in trust arrangements due to changes in the criteria used for recording financial resources that under the previous accounting principles were recognized as other financial assets.

The Cash Flow Statement was not significantly affected by the transition to IFRS.

### 24.4. Explanatory notes

In order to be create a comparative basis between the financial statements drawn up under the previous GAAP and these current financial statements under the newly adopted IFRS, certain adjustments were made for reclassification purposes. The most salient of these are as follows:

a. Cash and cash equivalents

The value of investments, that were reclassified to cash and cash equivalents, came to COP 9.557 at January 1, 2014 and COP 6.803 at December 31, 2014.



b. Equity investments:

Grupo de Inversiones Suramericana SA classifies its investment portfolio according to that stipulated in IFRS for each of the following categories:

- Equity instruments, with changes to Other Comprehensive Income, these are measured at fair value with changes to equity whereas under previous GAAP these were measured at their intrinsic value with changes to equity. Investments in Enka y Foganza were classified as financial instruments with changes to other comprehensive income, which in turn produced changes in equity at December 31, 2014 and January 1, 2014 of COP 8,510 and COP 110 respectively.

- Investments in subsidiaries, under previous accounting and reporting standards, were measured based on changes to equity, however given the differences between the equity and net income accounts belonging to the Group´s subsidiaries on the date of the changeover to IFRS, adjustments were made to the Company's statement of financial position in the amounts of COP 239,844 at January 1, 2014 and COP 430,267 at December 31, 2014 of which COP 62,143 and COP 126,877 were reclassified to the liability account on the aforementioned dates, this together with the goodwill obtained on the acquisition of Compuredes totaling COP 1.167 on both dates.

With respect to net income, the effect of said adjustments at December 31, 2014 came to COP 117,978.

- Investments in Associates, after examining the controlling stakes held and the significant influence exerted over the Company´s investment portfolio, it was determined that under IFRS, Grupo Bancolombia, Grupo Nutresa and Grupo Argos would be recognized as Associates and at cost in the separate financial statements. Under previous GAAP, these Companies were classified as permanent investments and valued based on their listed stock prices.

  At January 1, 2014, these were measured at attributed cost and subsequently at cost, producing adjustments due to their reclassification on this same date of COP 14,205,550 as well as COP14,868,247 at December 31, 2014. However under previous GAAP these were appraised on the basis of their listed stock prices with changes in equity (as a revaluation surplus) generating a difference in equity of (COP 1,243,728) at December 31, 2014 and COP 62.738.

  A decline was recorded in the liability accounts corresponding to dividends receivable due from our listed Associates at January 1, 2014, the change to accumulated earnings came to COP 29,273 on this same date, whereas at December 31, 2014, dividend income totaling COP 2,430 was posted.

c. Issued securities

- Preferred shares, under IFRS the liability corresponding to the minimum guaranteed dividends on this type of share is recognized, since they qualify as a compound financial instrument, which means that the liability and equity components must be recorded separately; and being a long-term liability, these are recognized at amortized cost. The value allocated to the liability component came to COP 305.971 whereas for the equity component this came to COP 461.885 in terms of share premium, with an overall effect on accrued earnings of COP 155.915.

- Bonds, under the newly adopted IFRS, these debt securities are measured using the amortized cost approach based on the effective interest rate. Under previous GAAP, loans were recognized at their face value, with the corresponding interest accruals. This produced adjustments of (COP 6,437) at January 1, 2014 and COP 6,513 at December 31, 2014. Also, incremental debt service costs were included upon calculating the IRR, which produced an effect on the income accounts of COP 1.818, which were recognized under the previous GAAP in the income accounts

d. Derivatives

Swaps under IFRS are measured at fair value through profit or loss whereas under the previous GAAP only the tranche maturing in the current year was recognized. At January 1, 2014, swap rights came to COP 4,178 and swap obligations COP 3.238, which affected accumulated earnings by COP 533 million.

At December 31, 2014, the Swap account was adjusted in the amount of COP 44.533, given the new accounting approach used and a reclassification adjustment of COP 3.493, which in turn entailed an effect on profit and loss of COP 43.758

e. Employee Benefits

Under the previous GAAP, long-term employee benefits were not recognized, Nevertheless, at January 1, 2014 all retirement, director and seniority benefits were duly included, producing declines in equity at of (COP 15.542) and (COP 20.897) at December 31, 2014, entailing an effect on profit and loss of COP 5.445.

f. Deferred income tax

The adjustments made due to the changeover to IFRS produced temporary differences. Based on its accounting policies, Grupo de Inversiones Suramericana S.A., must record these differences. The adjustments made for deferred income tax mainly relate to deferred tax assets on tax losses and tax exempt dividends received from subsidiaries. The adjusted values at December 31 and January 1, 2014 in terms of deferred tax assets came to COP 38.018 and COP 54.238, respectively, and with regard to deferred tax liabilities these came to (COP 20.615) at December 31, 2014 and (COP 91.362) at January 1, 2014.

g. Property and equipment

The adjustments made to the property and equipment account as a result of the changeover to IFRS basically included derecognizing all those assets that did not comply with the minimum capitalization thresholds as well as restating the cost of vehicles which entailed an adjustment of COP 290 million on January 1, 2014. Furthermore, advance payments made to suppliers worth COP 16.246 were recognized under the heading "Buildings" At December 31, 2014, an adjustment was made based on the difference in the useful lives of these assets, which entailed a lower depreciation expense of COP 161.

h. Other minor adjustments

These included a decrease in assets of COP 26 million, corresponding to works of art and social clubs, as well as a drop in contingent liabilities of COP 100 million.



## NOTE 25 ADDITIONAL INFORMATION

### PERSONNEL STRUCTURE

The following is a breakdown of the staff employed by Grupo SURA, based on gender and type of position:

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| Senior Management | 3 | - | 3 | 3 | - | 3 |
| Administrative Personnel | 24 | 32 | 56 | 25 | 26 | 51 |

**Information regarding the Parent Company's governing bodies**

It is the responsibility of the members of Grupo SURA´s Board of Directors to issue guidelines and make key decisions, which in some cases are those issued by its Head Office in Colombia.

## NOTE 26 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors, as stated in Minutes No.239 of Board Meeting held on February 25, 2016, authorized the Grupo Sura's Senior Management to exercise a call option with General Atlantic Coöperatief UA (GA) for purchasing the 191,198 shares that the latter holds in the Group´s subsidiary SURA Asset Management S.A, which is equal to a 7.30% stake in the Company's share capital. The value thus approved for this purchase corresponds to a baseline price of USD 538 million, and this can be adjusted based on the provisions of the corresponding option contract.

As a result of the above, at this same Board of Directors´ meeting held February 25, 2016, Company's Senior Management was authorized to obtain these borrowings for up to a maximum amount of USD 550 million. Consequently, Grupo Sura has invited the participation of international banking institutions such as Bank of America, N.A.; JPMorgan Chase N.A.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; together with their affiliates or subsidiaries, as well as Grupo Sura's own associates or subsidiaries, acting either as borrower or guarantor with regard to said debt transactions. The Board of Directors also granted the Company's Legal Representative with full power and authority to sign all documents relating to these lending operations, and to draw up an efficient financial structure that would allow for the successful closing of such, so that intercompany operations could be carried out in accordance with existing rules and regulations or new companies could be formed in other jurisdictions pursuant to all applicable legislation.

## NOTE 27 BOARD APPROVAL FOR THE COMPANY'S FINANCIAL STATEMENTS

Grupo SURA's financial statements for the year ended 31 December 2015 were duly approved by the Board of Directors, as recorded in Minutes No. 239 of a Board meeting held on February 25, 2016, for their subsequent presentation to the Shareholders at their upcoming Annual Meeting, pursuant to that stipulated in the Colombian Code of Commerce.



Independent Review Report

## INDEPENDENT REVIEW OF THE INTEGRATED REPORT 2015 OF SURA GROUP

**Scope of our work**

We conducted our review of the adaptation of the contents of Sura Group 2015 Integrated Report to the Guide for the preparation of Sustainability Reports of Global Reporting Initiative (GRI) version 4.0 (G4).

Additionally, we performed verification processes of some indicators reported by Sura Group to answer to the Dow Jones Sustainability Index Questionnaire (See annex 2).

**Declaration of Independence**

Deloitte is one of the largest companies of professional services in audit, tax, consulting and financial and sustainability advisory to public and private clients in multiple industries. With a globally connected network of member firms in more than 185 countries, Deloitte brings world-class capabilities and high quality service to its customers. Approximately 210,000 professionals are committed to becoming the standard of excellence.

We confirm our independence from Sura Group. All our employees perform annual updates to the Ethics Policy which promptly declare that we have no conflicts of interest with Sura Group, its subsidiaries and its stakeholders.

**Standards and verification processes.**

We conducted our work in accordance with ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work consisted in formulating questions to the Directors and the various areas of Sura Group who participated in the development of the Integrated Report and the application of certain analytical procedures and review testing sample described below:

- Interviews with staff members of Sura Group to know the principles, systems and management approaches used to develop the report.

Responsibilities of the Management of Sura Group and Deloitte.

- The preparation of the 2015 Integrated Report and its contents are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control, which information is obtained.
- Our responsibility is to issue an independent report based on our review procedures applied.
- This report has been prepared exclusively in the interests of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the company Direction.
- We have performed our work in accordance with the Independence regulations required by the etic code of the International Federation of Accountants (IFAC).
- The Scope of a limited Review is substantially less than an audit. Therefore we don't provide an audit opinion about the sustainability report.

DELOITTE & TOUCHE LTDA
Jorge Enrique Múnera D.
Partner

Bogotá, marzo 2016

- Analysis of how, through the materiality process, definition of the content, structure and indicators are defined, according to the GRI G4 methodology.
- Evaluation of the process to collect and validate the data presented in the report.
- Checking, by testing based on sample selection and review of evidence of quantitative and qualitative information corresponding to the GRI and Argos internal indicators included in the integrated reporting and proper compilation from the data supplied by the sources of information of Sura Group in Colombia.

Confirmation that the Integrated Report is prepared in accordance with GRI methodology G4 in its "Essential" or "Core" version.

**General aspects**
It was confirmed that the report meets the requirements of essential option of the general aspects of the GRI G4 version: indicators G4-1 to G4-34 and G4-56 were reported.

**Specific aspects**
We reviewed the management approach and GRI and internal indicators of the material issues identified by the company. (See Annex 1).

**Conclusions**
As a result of our review, there was nothing that make us believe that the integrated report contains significant errors or has not been prepared in accordance with the Guide for the preparation of Sustainability Reports of Global Reporting Initiative (G4) in its Essentials version.

**Recommendations**
Additionally, we have presented our recommendations to Sura Group regarding areas for improvement to strengthen processes, programs and related sustainability management systems. The most important recommendations concern:

- To align the sustainability management to international Initiatives such as Sustainable Development Goals and the agreed on Paris on the Conference of Parties (COP21).
- To perform a periodic monitoring of progress in the management of material issues, which will make the reporting process more efficient at year end.

## ANEX 1

| Material Issues | GRI or Internal Indicators |
|---|---|
| Regulatory Compliance | *EN29; SO8; PR9 |
| Ethics, integrity and fight against corruption | *SO11; HR12; SO5 |
| Financial performance | *EC1 |
| Investment and Active tenure | *FS10 |
| Investors Relationship Management | *internal. It has a point of care or contact available to its investors to serve as a channel of communication with the highest governance body<br>*Internal. # of applications and materials on which the shareholders have requested to society |
| Proper Management of Energy And Water | *EN3; EN8 |
| Emissions and Climate Change | *EN15; EN16; EN17 |
| Human Capital Management | *LA1; LA9; LA16; EC5<br>*Internal. Total number of employees, by age, gender, type of contract and seniority.<br>*Internal. Investment in training and development programs, total hours and educated people, main topics of training. |
| Health and Safety | *LA6 |
| Social Investment and Market Development | *SO1 *Internal. Social investment amount<br>*Internal. # of beneficiaries with social investment programs<br>*Internal. Volunteering hours and # of volunteers. |
| Human Rights | *HR3. |

## Anexo 2

| Material Issues | DJSI Indicators |
|---|---|
| Risk management and audit | *Periodic assessment of the risk strategy against the current exhibition, based on the results of periodic reviews of risk boards |
| Emissions and Climate Change | *Emissions of GHG Scope 1 and 2.<br>*Total Kms of business trips |
| Proper Management of energy and water | *Water consumption<br>*Energy Consumption |
| Health and Security | *Total of days lost due to absenteeism |
| Communications and brand management | *Metrics to measure the relationship between brand management and company performance |
| Taxes | *Paid taxes by country |
| Regulatory compliance | *Existing mechanisms to guarantee the effective application of Company's codes of conduct |



# INDICADORES GENERALES GRI

| INDICADOR | General Standard Disclosures | Page/Response | Omissions | External Assurance |
|---|---|---|---|---|
| **Strategy and Analysis** | | | | |
| G4.1 | Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization. | Page 6 | Not applicable | Yes |
| G4.2 | Description of key impacts, risks and opportunities. | Page 66 | Not applicable | Yes |
| **Organizational Profile** | | | | |
| G4.3 | Report the name of the organization. | Page 13 | Not applicable | Yes |
| G4.4 | Report the primary brands, products and services. | Page 13 | Not applicable | Yes |
| G4.5 | Report the location of the organization's headquarters. | Calle 49 # 63- 146 | Not applicable | 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 sustainable topics covered in the report. | Page 33<br>The organization operates in 9 countries: Mexico, Guatemala, El Salvador, Dominican Republic, Panama, Colombia, Peru, Chile and Uruguay. | Not applicable | Yes |
| G4.7 | Report the nature of ownership and legal form. | Page 30 | Not applicable | Yes |
| G4.8 | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | Pages 13, 26 | Not applicable | Yes |
| G4.9 | Report the scale of the organization, including: Total number of employees; Total number of operations; Net sales or net revenues; Quantity of products or services provided. | Page 33 | Not applicable | Yes |
| G4.10 | Report the following labor information: Total number of employees by employment contract and gender; Total number of workforce by region and gender. | Pages 165, 166 | Not applicable | Yes |
| G4.11 | Report the percentage of total employees covered by collective bargaining agreements. | Grupo SURA has no employees in Unions or covered by collective bargaining agreements. Information about Suramericana and SURA Asset Management is reported on Page 137. | Not applicable | Yes |
| G4.12 | Describe the organization's supply chain. | Page 178 | Not applicable | Yes |
| G4.13 | Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. | Grupo SURA increased its share in SURA Asset Management after purchasing 4.34% from JP Morgan, prior investor (Page 42). In addition, Suramericana acquired RSA's operation in Latin America (Page 41). | Not applicable | Yes |
| G4.14 | Describe how the precautionary approach or principle is addressed by the organization. | Pages 66 - 70 | Not applicable | Yes |
| G4.15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | Page 193 | Not applicable | Yes |

| INDICADOR | General Standard Disclosures | Page/Response | Omissions | External Assurance |
|---|---|---|---|---|
| G4.16 | List memberships of associations (such as industry associations) and national or international organizations backed by the organization. | Page 8 | Not applicable | Yes |
| Identified Material Aspects and Boundaries | | | | |
| G4.17 | List all entities included in the organization's consolidated financial statements and report whether any entity is not covered in the sustainability report. | Page 213 | Not applicable | Yes |
| G4.18 | Explain the process for defining the report content and the aspect boundaries. | Pages 6,7, 71 | Not applicable | Yes |
| G4.19 | List all the material aspects identified in the process of defining report content. | Pages 71 - 73 | Not applicable | Yes |
| G4.20 | For each material aspect, report the aspect boundary within the organization. Otherwise, indicate which aspect is not material for any entity within the organization. | Material aspects within the organization include: Corporate Governance, Risk Management and Audit, Transparency before Regulatory Matters, Ethics, Integrity and Anti-corruption, Investment and active holding, Financial Performance, Emissions and Climate Change, Talent Development and Retention, Social Investment and Market Development, Human Rights, Communications and Brand Management. (Our stakeholders within the organization are SURA Asset Management and Suramericana). | Not applicable | Yes |
| G4.21 | For each material aspect, report the aspect boundary outside the organization. | Material aspects outside the organization include: Corporate Governance, Risk Management and Audit, Transparency before Regulatory Matters, Ethics, Integrity and Anti-corruption, Investment and active holding, Financial Performance, Emissions and Climate Change, Talent Development and Retention, Social Investment and Market Development, Human Rights, Communications and Brand Management. (Our stakeholders are Suppliers, Shareholders and Investors). | Not applicable | Yes |
| G4.22 | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | The report excludes restatements of information provided in the previous report. | Not applicable | Yes |
| G4.23 | Report significant changes from previous reporting periods in the scope or aspect boundaries applied in the report. | Indicators, such as human talent, environment, suppliers and tax payment, the information includes the results of Grupo Empresarial SURA, that is, Grupo SURA and its affiliates Suramericana and SURA Asset Management. The scope of each indicator is specified in each chapter. | Not applicable | Yes |



| INDICADOR | General Standard Disclosures | Page/Response | Omissions | External Assurance |
|---|---|---|---|---|
| Stakeholder Engagement | | | | |
| G4.24 | Provide a list of stakeholder groups engaged by the organization. | Page 75 | Not applicable | Yes |
| G4.25 | Report the basis for identification and selection of stakeholders with whom to engage. | Page 74 | Not applicable | Yes |
| G4.26 | Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. | Page 75 | Not applicable | Yes |
| G4.27 | Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. | Page 73 | Not applicable | Yes |
| Report Profile | | | | |
| G4.28 | Reporting period for information provided. | From January 1 to December 31, 2015 | Not applicable | Yes |
| G4.29 | Date of most recent previous report. | March 2015 | Not applicable | Yes |
| G4.30 | Reporting cycle (annual, biennial). | Annual | Not applicable | Yes |
| G4.31 | Provide the contact point for questions regarding the report or its contents. | Luz Marina Velázquez – E-mail: lvelasquezv@gruposura.com.co | Not applicable | Yes |
| G4.32 | Report the 'in accordance' option the organization has chosen and the GRI methodology (Core-Comprehensive). Report the GRI Content Index. | This report was prepared based on GRI G4, and meets the Core methodology. | Not applicable | Yes |
| G4.33 | Report the organization's policy or practice with regard to seeking external assurance for the report. | There is external assurance for the report from Deloitte. The Audit Report is found on Pages 9, 566 - 569 , | Not applicable | YES |
| Governance | | | | |
| G4.34 | Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, social and environmental matters. | Pages 14 - 25, 112 - 130 | Not applicable | Yes |
| G4.35 | Report the process for delegating authority for economic, environmental and social matters from the highest governance body to senior executives and other employees. | The authority for sustainable matters is delegated to the Vice President of Corporate Affairs. | | Yes |
| G4.36 | Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social matters, and whether post holders report directly to the highest governance body. | The authority appointed to manage sustainability matters is the Vice President of Corporate Affairs. | | 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 and any feedback processes to the highest governance body. | Processes for consultation with stakeholders are coordinated by the Management of Corporate Responsibility, Communications and Corporate Identity as well as of Investor Relations. Results are presented by these areas to the highest governance body. | | Yes |

| INDICADOR | General Standard Disclosures | Page/Response | Omissions | External Assurance |
|---|---|---|---|---|
| G4.38 | Report the composition of the highest governance body and its committees by:<br>- Execute or non-executive<br>- Independence<br>- Tenure on the governance body<br>- Gender<br>- Membership of minorities<br>- Competences relating to economic, social and environmental impacts. | Pages 112 - 130 | | Yes |
| G4.39 | Report whether the Chair of the highest governance body is also an executive officer (if so, his or her function within the organization and the reasons for this arrangement). | Page 18 | | Yes |
| G4.40 | Report the nomination and selection processes for the highest governance body and its committees. To keep in mind the selecting criteria, including:<br>- The diversity considered<br>- the Independence considered<br>- the expertise relating to economic, social and environmental matters<br>- the shareholders involved. | Page 129 https://www.gruposura.com/Style%20Library/bootstrap3/Corporativo/Archivos/CODIGO_DE_BUEN_GOBIERNO_GRUPO_SURA.pdf | | Yes |
| G4.41 | Report processes implemented to ensure conflicts of interests are avoided in the highest governance body. | Pages 120 - 121 https://www.gruposura.com/Style%20Library/bootstrap3/Corporativo/Archivos/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, social and environmental impacts. | The Regulations of the Board of Directors sets forth the responsibilities of the Directors, the role of the Board – See Item 2.2 (a). https://www.gruposura.com/Corporativo/Directivos/Documents/Reglamento-Junta-Directiva.pdf | | Yes |
| G4.43 | Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, social and environmental matters. | Page 108 | | Yes |
| G4.44 | Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, social and environmental matters. Report whether such evaluation is independent or not, and its frequency. | Page 119 | | Yes |
| G4.45 | Report The Highest Governance Body's Role In The Identification And Management Of Economic, Social And Environmental Impacts, Risks And Opportunities. | According To The Regulations Of The Board Of Directors, The Duty Of The Directors Is To "Guide And Revise The Strategy, The Primary Projects, The Risks Policy, The Budgets And Business Plans, To Set Performance Goals, The Sustainability Indicators, And To Follow-Up Major Investments". In Addition, The Committee Of Audit, Risks And Finances Reviews The Impacts, Risks And Economic Opportunities. The Committee Of Corporate Governance Reviews The Impacts, Risks And Opportunities Of Social And Environmental Matters. The Management Report Is Presented By The Board Of Directors. | | Yes |



| INDICADOR | General Standard Disclosures | Page/Response | Omissions | External Assurance |
|---|---|---|---|---|
| G4.46 | Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, social and environmental matters. | According to the Regulations of the Board of Directors, the duty of the Directors is to "guide and revise the strategy, the primary projects, the risks policy, the budgets and business plans, to set performance goals, the sustainability indicators, and to follow-up major investments". In addition, the Committee of Audit, Risks and Finances reviews the impacts, risks and economic opportunities. The Committee of Corporate Governance reviews the impacts, risks and opportunities of social and environmental matters. The Management Report is presented by the Board of Directors. | | Yes |
| G4.47 | Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities. | The Committee of Risks, the highest governance body responsible of revising ESG matters, meets twice a year. | | 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 President is responsible of reviewing the Annual Report. | | Yes |
| G4.49 | Report the process for communicating critical concerns to the highest governance body. | Page 117 | | 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 addressed the following matters, among others:<br>- Strategy and primary action plans<br>- Risk management and control systems<br>- Corporate governance<br>- Succession Plans<br>- Accounting, financial and management reports including the independent audit report<br>- Compliance of laws and relevant standards<br>- Accountability of non-financial information<br>- Financial information. | | Yes |
| G4.51 | Report the remuneration policies for the highest governance body and senior executives:<br>Performance-based fixed or variable pay<br>- equity-based fixed or variable pay<br>- bonuses fixed or variable pay. Report how the remuneration of the board of directors and senior executives takes into account the compliance of economic, social and environmental goals. | Pages 16, 115 | | Yes |
| G4.52 | Report the process for determining remuneration. Report whether remuneration consultants are involved in its determination. | Pages 115, 129<br>The Assembly of Shareholders determines remuneration. No remuneration consultants are involved in its determination. | | Yes |
| G4.53 | If applicable, report how stakeholders' views are taken into account regarding remuneration, including the results of votes on remuneration policies and proposals. | Page 115<br>The Assembly of Shareholders approves the remuneration of the Board of Directors. | | Yes |

| INDICADOR | General Standard Disclosures | Page/Response | Omissions | External Assurance |
|---|---|---|---|---|
| G4.54 | Report the ratio of the annual total compensation for the organization's highest-paid individual compared to the median annual total compensation for all employees. | Not reported | This information is not reported given its confidential nature. | Yes |
| G4.55 | Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual compared to the median percentage increase in annual total compensation for all employees. | Not reported | This information is not reported given its confidential nature. | 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 162 | Not applicable | Yes |
| G4.57 | Report the internal and external mechanisms for seeking advice on ethical behavior and organization integrity, such as helplines or advice lines. | Page 132 | | Yes |
| G4.58 | Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, such as reporting to senior executives, whistleblowing mechanisms or hotlines. | Page 132 | | Yes |

# SPECIFIC INDICATORS

| MATERIAL AS-PECTS | GRI ASPECT | INDICATORS (GRI, DJSI, OWN) | RESPONSE/PAGE | OMISSIONS | EXTERNAL ASSURANCE |
|---|---|---|---|---|---|
| Risk Management and Audit | Management focus | G4-DMA | Pages 66, 131 | | |
| | No GRI aspect related | 1.5.2 Regular evaluation of the risk strategy compared to actual exposure, based on results of regular revisions of risk tables. | Pages 66 - 70 | | Yes |
| Regulatory Compliance | Management focus | G4-DMA | Page 131 | | |
| | No GRI aspect related | 1.3.2 Mechanisms to guarantee the effectiveness of codes of conduct (i.e., compliance system) of the organization | Page 131 | | Yes |
| | Regulatory compliance | EN29. Cost of significant sanctions and number of non-monetary sanctions for any non-compliance of environmental regulations. | There are no sanctions. | | Yes |
| | | SO8. Monetary value of significant fines and total number of non-monetary anctions for non-compliance with laws and regulations. | See Note 23.2 of Financial Statements. | | Yes |
| | | PR9. Cost of significant fines for non-compliance with laws concerning the provision and use of products and services of the organization. | There are no sanctions. | | Yes |
| Ethics, Integrity and Anti-corruption | Management focus | G4-DMA | Pages 106, 154 | | |
| | Human Rights grievance mechanisms | HR12. Number of grievances about Human Rights impacts filed, addressed and resolved through formal grievance mechanisms. | No grievances were reported through the hotline. | | Yes |
| | Anti-corruption | SO5. Confirmed incidents of corruption and actions taken. | No corruption incidents took place. | | Yes |

| MATERIAL ASPECTS | GRI ASPECT | INDICATORS (GRI, DJSI, OWN) | RESPONSE/PAGE | OMISSIONS | EXTERNAL ASSURANCE |
|---|---|---|---|---|---|
| Financial Performance | Management focus | G4-DMA | Page 147 | | |
| | Economic performance | EC1. Direct economic value generated and distributed. Value generated related to revenues and value distributed related to operating costs, employee wages and benefits, payments to providers of capital, payments to government, and community investments. The value retained is the value generated minus the value distributed. | **Direct economic value generated:-Revenues COP 13,883,285,739,353Economic value distributed:- Operating expenses COP 11,989,857,602,022-Employee wages and benefits COP 1,227,944,034,967-Payments to providers of capital: COP 305,647,877,651-Payments to goverment (taxes) COP 569,487,322,682-Community investments COP 22,896,660,867 Economic value retained: 3,865,284,107,776*Consolidated financial statements of Grupo Empresarial SURA and Fundación SURA** | | Yes |
| Investment and active holding | Enfoque de gestión | G4-DMA | Page 206 | | |
| | Activism through participación accionarial | FS10. Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental and social issues. | The organization has interacted on 100%. | | Yes |
| Investor Relations Management | Management focus | G4-DMA | Page 150 | | |
| | No GRI aspect related | Own. The organization has an area in contact with its investors serving as a communications channel with the highest governance body. | The organization has an area responsible of serving and contact with investors. | | Yes |
| | | Own. The organization briefs its shareholders on procedures to effectively protect their rights. | Response of investor relations channels - Page 122 | | |
| | | Own. Number of requests made by shareholders to the organization | Page 123 | | Yes |
| Efficient use of water and energy | Management focus | G4-DMA | Page 182 - 183 | | |
| | Energy | EN3. Energy consumption within the organization. | Page 184 | | Yes |
| | Water | EN8. Total water withdrawal by source. | Page 185 | | Yes |



| MATERIAL ASPECTS | GRI ASPECT | INDICATORS (GRI, DJSI, OWN) | RESPONSE/PAGE | OMISSIONS | EXTERNAL ASSURANCE |
|---|---|---|---|---|---|
| Emisiones y cEmissions and Climate Change | Management focus | G4-DMA | Page 185 | | |
| | Emissions | 2.3.7 Total number of business trips by air, miles by land, etc. | Page 184, 186 | | Yes |
| | | EN15. Greenhouse gases (Scope 1). | Page 186 | | Yes |
| | | EN16. Energy indirect greenhouse gas emissions (Scope 2). | Page 186 | | Yes |
| | | EN17. Other indirect greenhouse gas emissions (Scope 3). | Page 186 | | Yes |
| Gestión capital humano | Management focus | G4-DMA | Page 162 | | |
| Human Capital Management | Employment | Own. Total numberof employees per age range, gender, type of employment contract, seniority. | Pages 165 - 175 | | Yes |
| | | LA1. Total number of employee, new employee hires and employee turnovers by age group, gender and region. | Page 165 - 175 | Omission: Not listed by age, gender and region | Yes |
| | | LA3. Return to work and retention rates after parental leave, by gender. | 100% of employees that received maternal and paternal leave returned to work after the completion of the regulatory leave period. | | |
| | Training and Education | Own. Investment in training and development programs, with total hours, total people trained, and primary subjects. | Page 170 | | Yes |
| | | LA9. Average hours of training per year per employee by gender and by employee category. | Pages 165, 167, 170 | Omission: average hours, employee gender and employee category | Yes |
| | | LA11. Percentage of employees receiving regular performance and career development reviews, by gender. | 100% of the employees. | | |
| | Market Presence | EC5. Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation. | Page 170 | Standard entry level wage by gender is not reported | Yes |
| | Whistleblowing mechanisms | LA16. Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms. | No labor grievances received by the Coexistence Committee. | | Yes |

| MATERIAL ASPECTS | GRI ASPECT | INDICATORS (GRI, DJSI, OWN) | RESPONSE/PAGE | OMISSIONS | EXTERNAL ASSURANCE |
|---|---|---|---|---|---|
| Social Investment and Market Development | Management focus | G4-DMA | Page 193 | | |
| | Local Communities | SO1. Percentage of operations with implemented local community engagement, impact assessments, and development programs. | 100% of operations include social development projects. Page 193 | | Yes |
| | No GRI aspect related | Own. Social investment of Grupo Empresarial SURA | Page 193 | | Yes |
| | | Own. Number of people benefitted by social investment programs. | Page 193 | | Yes |
| | | Own. Voluntary Corps, number of voluntary corps. | Page 199 | | Yes |
| Human Rights | Management focus | G4-DMA | Page 164 | | |
| | No discrimination | HR3. Total number of incidents of discrimination and corrective actions taken. | No incidents of discrimination were received through the whistleblowing channels. | | Yes |
| | Safety practices | HR7. Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations. | The services and security provider trained 120 people on Human Rights (2 hours). | | |
| Communications and Brand Management | Management focus | G4-DMA | Page 140 | | |
| | No GRI aspect related | Own. Full knowledge of SURA brand where the organization operates. | Page 145 | | Yes |
| Other Matters | | | | | |
| Occupational health and safety | Occupational health and safety | 3.6.4 Lost day rate due to absenteeism (including, but not limited to, long-term diseases and short-term injuries). | Page 173 | | |
| | | LA5. Percentage 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 workers are represented in the Health and Safety Committees. | | Yes |
| | | LA6. Absenteeism, occupational diseases, lost days and number of work-related fatalities, by region and by gender. | Page 173 | | Yes |
| Taxes | No GRI aspect related | 1.7.2 Payment of taxes per countries | Page 208 | | Yes |



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