

Condensed Separate Interim Financial Statements
Grupo de Inversiones Suramericana S.A.
For the nine-month and three-month period from
January 1st to September 30th of 2016

TABLE OF CONTENTS

SEPARATE STATEMENT OF FINANCIAL POSTION	4
SEPARATE INCOME STATEMENT	5
SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME	6
SEPARATE CHANGE IN EQUITY STATEMENT	8
SEPARATE STATEMENT OF CASH FLOWS	9
NOTE 1. REPORTING ENTITY	10
NOTE 2. BASIS OF PREPARATION OF THE CONDENSED SEPARATE FINANCIAL STATEMENTS.....	11
NOTE 3. SIGNIFICANT ACCOUNTING POLICIES.....	14
3.1. Financial instruments.....	14
3.2. Tax assets and liabilities	17
3.2.1. Current.....	17
3.2.2. Deferred.....	17
3.3. Investments	18
3.3.1. Subsidiaries	18
3.3.2. Associates	18
3.4. Currency.....	19
3.4.1. Functional and presentation.....	19
3.4.2. Foreign currency	19
3.5. Revenue	19
3.6. Earnings per share	20
NOTE 4. JUDGMENTS, ESTIMATES, AND SIGNIFICANT ACCOUNTING ASSUMPTIONS IN THE PREPARATION OF THESE FINANCIAL STATEMENTS	20
NOTE 5. FINANCIAL INSTRUMENTS	21
5.1. Financial assets	22
5.2. Financial liabilities	24
NOTE 6. TAXES	26
6.1. Current tax.....	26
6.2. Taxes in Colombia	29
NOTE 7. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	29
7.1 General information on investments in associates.....	29
7.2. Investments in subsidiaries.....	31
NOTE 8. PROVISIONS	33
8.1. Provisions for contingencies	33
8.2. Other contingencies.....	34

NOTE 9. SECURITIES ISSUED	34
NOTE 10. DIVIDENDS	35
NOTE 11. INCOME AND EXPENSES	36
NOTE 12. EXCHANGE DIFFERENCES	36
NOTE 13. ADMINISTRATIVE EXPENSES	37
NOTE 14. HONORARIUM EXPENSES.....	37
NOTE 15. INTEREST.....	37
NOTE 16. EARNINGS PER SHARE	38
NOTE 17. RISK MANAGEMENT OBEJECTIVES AND POLICIES.....	38
NOTE 18. DISCLOSURES ON RELATED PARTIES	41
NOTE 19. APPROVAL OF FINANCIAL STATEMENTS	46
NOTE 20. APPROVAL OF FINANCIAL STATEMENTS	46

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION

At September 30, 2016 (with comparative figures at December 31, 2015)

(Expressed as millions of Colombian Pesos)

	Note	September 2016	December 2015
Assets			
Cash and cash equivalents	5.1	179,822	221,228
Investments	5.1	23,683	21,512
Trade and other receivables	5.1	1,599	176
Accounts receivable related parties and associated	5.1	1,306,331	86,941
Current tax assets	6.1	59,530	25,021
Current deferred taxes	6.1	64,415	41,594
Other financial assets	5.1	106,876	185,302
Other non-financial assets		242	242
Property and equipment		33,308	17,451
Intangible assets other than goodwill		15	72
Investments in associates	7.1	14,395,418	14,899,559
Investments in subsidiaries	7.2	9,943,620	8,445,212
Total assets		26,114,859	23,944,310
Liabilities			
Financial liabilities	5.2	1,111,856	726,418
Provisions for employee benefits		26,046	28,630
Other provisions	8	255,027	247,997
Trade and other payables	5.2	49,590	61,532
Accounts payable to related parties	5.2	1,748,159	88,976
Current tax liabilities	6.1	103,577	46,536
Securities issued	9	984,206	1,109,673
Deferred tax liabilities	6.1	53,915	124,614
Total liabilities		4,332,375	2,434,376
Equity			
Share capital issued		107,882	107,882
Paid-in capital		3,307,663	3,307,663
Retained earnings		11,754,545	11,737,265
Other comprehensive income		523,780	1,030,676
Reserves		5,059,076	4,602,459
Profit for the period		1,029,538	723,988
Total equity		21,782,484	21,509,934
Total equity and liabilities		26,114,859	23,944,310

The notes are an integral part of the consolidated Financial Statements.

David Bojanini Garcia
Legal Representative

Luis Fernando Soto Salazar
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Designated by Ernst & Young Audit S.A.S. TR-530
(See my report of 24 November 2016)

Translation from the original signed version in Spanish

GRUPO DE INVERSIONES SURAMERICANA S.A.

SEPARATE INCOME STATEMENT

At September 30, 2016 (with comparative figures at September 30, 2015)

(Values expressed in millions of Colombian Pesos, except net profit per share)

	Note	Accumulated		Quarter	
		September 2016	September 2015	September 2016	September 2015
Dividends	7.1	360,629	347,777	(5,046)	111
Income from investments	11	(13,474)	5,149	1,483	4,037
Losses (gains) at fair value	11	(154,583)	55,271	(77,483)	33,707
Earnings from <i>the Equity Method</i> of subsidiaries	7.2	708,127	374,261	294,602	84,618
Income from investments sales	11	65,940	6,447	39,290	1,205
Other income		146	78	21	63
Exchange differences (Net)	12	237,406	(8,455)	28,434	(14,837)
Total income		1,204,192	780,528	281,301	108,904
Administrative expenses	13	(38,819)	(23,612)	(12,416)	(4,950)
Employee benefits		(12,775)	(12,485)	(4,090)	(3,333)
Fees	14	(7,888)	(4,023)	(1,834)	(1,815)
Amortizations		(57)	(57)	(19)	(19)
Depreciation		(306)	(287)	(103)	(97)
Interest	15	(149,947)	(69,114)	(65,878)	(23,991)
Total expenses		(209,792)	(109,578)	(84,340)	(34,205)
Profit before tax		994,400	670,950	196,962	74,699
Income tax	6.1	35,138	(17,853)	48,825	(6,419)
Net profit		1,029,538	653,097	245,786	68,280
Earnings per share	16	1,789	1,135	427	119

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GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME
 At September 30, 2016 (with comparative figures at September 30, 2015)
(Expressed in millions of Colombian Pesos)

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Profit for the period	1,029,538	653,097	245,786	68,280
Other comprehensive income, net of tax, losses from investments of equity instruments	2,171	(2,191)	987	(1,007)
Total other comprehensive income not reclassified to profit or loss, net of tax	2,171	(2,191)	987	(1,007)
Share of other comprehensive income of associates and business combinations accounted for using <i>the Equity Method</i> , that are reclassified to profit or loss, net of taxes	(509,067)	510,236	(244,896)	428,326
Total other comprehensive income reclassified to profit and loss	(509,067)	510,236	(244,896)	428,326
Total other comprehensive income	(506,896)	508,045	(243,909)	427,320
Profit for the period	522,642	1,161,141	1,877	495,600

The notes are an integral part of the Consolidated Financial Statements.

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GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE CHANGE IN EQUITY STATEMENT

At September 30, 2016 (with comparative figures at September 30, 2015)

(Expressed in millions of Colombian Pesos)

	Share capital issued	Paid-in capital	Retained earnings	Other comprehensive income	Legal reserves	Occasional reserves	Profit for the period	Total Equity
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
Other comprehensive income	-	-	-	(506,896)	-	-	-	(506,896)
Shares in subsidiaries accounted for under the Equity Method	-	-	-	(509,067)	-	-	-	(509,067)
Profit (loss) of equity instruments	-	-	-	2,171	-	-	-	2,171
Profit from new measurements of defined benefit plans	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	1,029,538	1,029,538
Net, comprehensive income for the period	-	-	-	(506,896)	-	-	1,029,538	522,642
Transfer of accumulated gains	-	-	723,988	-	-	-	(723,988)	-
Distribution of 2015 profits, according the minutes No. 21 from the Shareholders' Meeting of March 31, 2016:	-	-	-	-	-	-	-	-
Dividends recognized as distributions to owners (456 Pesos per share)	-	-	(262,372)	-	-	-	-	(262,372)
Donation for social projects	-	-	(5,000)	-	-	-	-	(5,000)
Reserves for the protection of investments	-	-	(456,617)	-	-	456,617	-	-
Minimum dividend preference shares	-	-	17,280	-	-	-	-	17,280
At September 30, 2016	107,882	3,307,663	11,754,545	523,780	138,795	4,920,281	1,029,538	21,782,484

The notes are an integral part of the consolidated Financial Statements.

GRUPO DE INVERSIONES SURAMERICANA S.A.

SEPARATE CHANGE IN EQUITY STATEMENT

At September 30, 2016 (with comparative figures at September 30,2015)

(Expressed in millions of Colombian Pesos)

	Share capital issued	Paid-in capital	Retained earnings	Other comprehensive income	Legal reserves	Occasional reserves	Profit for the period	Total Equity
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	-	-	-	508,045	-	-	-	508,045
Shares in subsidiaries accounted for under the Equity Method	-	-	-	510,236	-	-	-	510,236
Profit (loss) of equity instruments	-	-	-	-	-	-	-	-
Profit from new measurements of defined benefit plans	-	-	-	(2,191)	-	-	-	(2,191)
Profit for the period	-	-	-	-	-	-	653,097	653,097
Net, comprehensive income for the period	-	-	-	508,045	-	-	653,097	1,161,141
Transfer of accumulated gains	-	-	864,842	-	-	-	(864,842)	-
Distribution of 2014 profits, according the minutes No. 20 from the Shareholders' Meeting of March 26, 2015:	-	-	-	-	-	-	-	-
Dividends recognized as distributions to owners (422 Pesos per share)	-	-	(242,807)	-	-	-	-	(242,807)
Donation for social projects	-	-	(4,500)	-	-	-	-	(4,500)
Reserves for the protection of investments	-	-	(424,593)	-	-	424,593	-	-
Minimum dividend preference shares	-	-	12,960	-	-	-	-	12,960
At September 30, 2015	107,882	3,307,663	11,737,266	1,241,353	138,795	4,463,664	653,097	21,649,719

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GRUPO DE INVERSIONES SURAMERICANA S.A.

SEPARATE STATEMENT OF CASH FLOWS

At September 30, 2016 (with comparative figures at September 30, 2015)

(Expressed in millions of Pesos)

	September 2016	September 2015
Net income for the period	1,029,538	653,097
Adjustments for gains (losses) reconciliation		
Adjustments for financial costs	149,947	70,470
Adjustments for decrease of accounts receivable from trade	(1,423)	(137,625)
Adjustments for decreases (increases) in other accounts receivables from operating activities	(1,397,239)	(232,437)
Adjustments for the increase (decrease) of accounts payable from trade	1,588,715	12,748
Adjustments for increases in other accounts payable arising from operating activities	(11,942)	9,447
Adjustments for depreciation and amortization expenses	363	343
Adjustments for provisions	(2,584)	813
Adjustments for unrealized foreign currency losses	71,092	-
Adjustments for fair value losses	79,494	(55,271)
Adjustments for undistributed profits from the application of <i>the Equity Method</i>	(708,127)	(374,261)
Total adjustments to reconcile profit (loss)	(231,706)	(705,774)
Net cash flows from (used in) operations	797,832	(52,677)
Dividends paid	(191,903)	(187,798)
Dividends received, associates	644,180	418,909
Taxes to reimbursed gains (payments)	(70,990)	(509)
Net cash flows from (used in) operating activities	1,179,119	177,925
Cash flows from (used in) investing activities		
Cash flows from losing control of subsidiaries or other businesses	504,375	55,027
Cash flows used to obtain control of subsidiaries or other businesses	(1,758,881)	(905,767)
Purchases of other long-term assets	(16,163)	(158)
Payment of dividends of future contracts, terminated, options, and swaps	(2,366)	-
Cash receipts from futures contracts, forwards, options, and swaps	2,693	-
Net cash flows from (used in) investing activities	(1,270,341)	(850,898)
Cash flows from financing activities		
Proceeds from loans	180,284	680,203
Loan repayments	(125,467)	-
Donations	(5,000)	(4,500)
Net cash flows from financing activities	49,817	675,703
Increase (decrease) net of cash, before the effect of changes in the exchange rate	(41,406)	2,730
Effects of variations in the exchange rate on cash		
Increase (decrease) in cash	(41,406)	2,730
Cash and cash equivalents at the beginning of period	221,228	10,609
Cash equivalents at the end of period	179,822	13,339

The accompanying notes are an integral part of the Financial Statements.

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GRUPO DE INVERSIONES SURAMERICANA S.A.

NOTES FOR THE CONDENSED SEPARATE FINANCIAL STATEMENTS

For the period ended September 30, 2016 (with figures at December 31, 2015 for the Statement of Financial Position, and at September 30, 2015 for the Income Statement, Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows).

(Values expressed in millions of Colombian Pesos, excluding foreign currency values, exchange rates, number of shares, and earnings per share.)

NOTE 1. REPORTING ENTITY

Grupo de Inversiones Suramericana S.A., was established in connection with the spin-off of Compañía Suramericana de Seguros S.A., according to Public Deed No. 2295 of 24 December 1997 of the 14th Notary in Medellin, formalized accounting on 1 January 1998; the principal domicile located on Calle 49 63 146, Floor 9, Tower Grupo Sura, in the city of Medellin, and may have branches, agencies, offices, and representations in other places in the country and abroad, when determined by the Board of Directors. The duration of the Company is until April 15, 2102.

Its corporate purpose is investment in movable and immovable property. Related to investment in personal property, plus any kind of movable property, may be done in shares, quotas, or shares in companies, entities, organizations, funds, or any other legal figure that allows investment of resources. It also may invest in securities or fixed income instruments, variable, whether or not it is listed on a public market, in any case, issuers and/or investees may be, public or private, national, or foreign.

The accounting period shall be adjusted, to the calendar year, annually, effective the thirty-first (31st) of December.

The Company is subject to sole control by the Financial Superintendence of Colombia (Superintendencia Financiera de Colombia), being registered in the National Registry of Securities and Issuers (RNVE) as issuer of securities.

Corporate Profile:

Grupo de Inversiones Suramericana S.A. (Hereinafter "Grupo Sura") is a Latin American company listed on the Colombia Stock Exchange (BVC) and is registered in the ADR program - Level I in the United States. It is also the only Latin American company in the sector Diversified Financial Services, which is part of the Dow Jones Sustainability Index, with which companies that stand out worldwide for its best practices in economic, environmental, and social issues, are recognized. Grupo Sura classifies its investments in two ways: strategic, focused in the sectors of finance services, insurance, pensions, savings, and investment, and investments in portfolio that are, primarily, in the sectors of processed foods, cement, and energy.

The companies in which Grupo Sura invests (Suramericana S.A., Sura Asset Management S.A., Bancolombia S.A., Nutresa S.A. and Grupo Argos S.A.) continue to strengthen its presence in different Latin American countries, the United States, and to a lesser extent, Asia.

The investments in the financial services sector includes a 46% stake with voting rights (equivalent to a stake of 25.59% equity interest) of Bancolombia, where Grupo Sura is the major shareholder, with a stake of 81.13% of the capital of Suramericana S.A., the company that groups together the insurance companies. The remaining 18.87% of the share capital of Suramericana belongs to German insurance company Münchener

Rückversicherungs-Gesellschaft Munich, known as "Munich Re." In addition, Grupo Sura directly holds a 71.60% equity of Sura Asset Management S.A., and 7.11% through Grupo de Inversiones Suramericana Panamá S.A., a company that groups together investments in the sector of pensions, savings, and investment in the region. The remaining 21.9% of the share capital of Sura Asset Management S.A., is held by other local and international stakeholders.

The investments in the segment of processed foods of the industry sector, includes a stake of 35.17% of the share capital of Grupo Nutresa S.A., the largest processed foods conglomerate in Colombia, where Grupo Sura is also the majority shareholder.

The investments in segment cement, concrete, energy, ports, coal mines and the real estate sector, includes a stake of 28.04% of shares with voting rights (equivalent to a stake of 28.04% of equity interest) of Grupo Argos S.A., where Grupo Sura is also the majority shareholder. Grupo Argos is both the controlling shareholder of Cementos Argos S.A. and Celsia S.A. E.S.P.

NOTE 2. BASIS OF PREPARATION OF THE CONDENSED SEPARATE FINANCIAL STATEMENTS

2.1. Compliance Statement

The Condensed Separate Financial Statements have been prepared in accordance with Accounting Standards and Financial Reporting accepted in Colombia (NCIF), established by Law 1314 of 2009, regulated by the Unified Regulatory Decree 2420 of 2015, amended by Decree 2496 of 2015. IFRS are based on the International Financial Reporting Standards (IFRS), along with the interpretations issued by the International Accounting Standards Board – IASB.

2.2. Financial Statements for Interim periods

The Separate Condensed Interim Financial Statements, for the three-month period ended September 30, 2016, have been prepared in accordance with IAS 34 Interim Financial Reporting, and therefore, do not include all the information and disclosures required for Annual Financial Statements. Consequently, these Interim Financial Statements should be read in conjunction with the Annual Separate Financial Statements of Grupo Sura at December 31, 2015.

2.3. Measurement basis

The presentation of Financial Statements, in accordance with IFRS, requires that estimates and assumptions be made, which impact the reported amounts and disclosures of the Financial Statements, but do not impair the reliability of the financial information. The actual results may differ from those estimates. Estimates and assumptions are constantly reviewed. The review of the accounting estimates is recognized in the period, in which, the estimates are revised, in the case where the revision impacts that period, or in the period of the revision and future periods, if it the revisions impact both the current period, as well as, future periods.

The financial assets and liabilities measured at fair value, correspond to those classified in the category of assets and liabilities at fair value, through profit or loss, and those equity investments that are measured at fair value through equity, all financial derivatives, and assets and liabilities that are recognized and that are designated as hedged items in a fair value hedge, as well as, those whose book value is adjusted with changes in fair value, attributable to the hedged risk.

2.4. New standards, interpretations, and amendments adopted

The accounting policies adopted for the preparation of these Condensed Separate Financial Statements of Interim period, are consistent with those used in the preparation of the Annual Separate Financial Statements of Grupo Sura, for the year ended December 31, 2015, except for the Adoption, at January 1, 2016, of the new standards and interpretations which is listed below. As required by IAS 34, the nature and effect of these changes are revealed below.

There are other standards and modification that also apply for the First-time Adoption in 2016. However, they have no impact on Grupo Sura's Separate Annual Financial Statements or the Condensed Separate Interim Financial Statements.

The nature and effect, of each new standard and/or applied modification, is described below:

Disclosure of the Recoverable Value of Non-Financial Assets, amended to IAS 36 Impairment of Assets Value (May 2013)

This amendment limits the cases where the disclosure of the recoverable amounts of assets or cash-generating units are required, clarifies such disclosures, and introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals), in which the recoverable value is determined using the present value.

IFRIC 21 Levies - New interpretation (May 2013)

This interpretation aims to provide guidance around the circumstances in which a liability for taxes, in accordance with IAS 37, must be recognized. In this regard, the IFRIC can be applied to any situation that creates a present obligation, to pay taxes or levies to the State.

Annual improvements to IFRS: 2011-2013 Cycle (December 2013): IFRS 1 First-time Adoption of

IFRS 13 Fair Value Measurement

The amendment is applied prospectively, and clarifies that the portfolio exception in IFRS 13, which can be applied not only to financial assets and financial liabilities, but also for other contracts within the scope of IAS 39.

Defined benefit plans: Employee contributions amending IAS 19 Employee Benefits (November 2013)

IAS 19 requires an entity to consider the remuneration to employees or third parties in accounting for defined benefit plans. When salaries are linked to the service, they should be attributed to periods of service as a negative benefit. These amendments clarify that if the amount of compensation is independent of the number of years of service, an entity may recognize such remuneration as a reduction in service cost in the period in which the service is provided, instead of assigning remuneration to periods of service.

IFRS 9: Financial Instruments Accounting of hedges and modifications to IFRS 9, IFRS 7, and IAS 39 (November 2013)

This amendment modifies mainly the following aspects:

- It adds a new chapter on hedge accounting, introducing a new model, in which, accounting and risk

- management are aligned and introduces improvements, in relation to, the disclosure of these issues.
- It introduces improvements in the reporting of changes in fair value of own debt of an entity contained in IFRS 9, more readily available.
- It eliminates the mandatory effective date of IFRS 9.

Annual Improvements Cycle 2012-2014

These improvements are effective for annual periods beginning on, or after, the First of January 2016, with early adoption permitted. These include:

IFRS 7 Financial Instruments: Disclosures

(i) Contracts for Provision of Services

The amendment clarifies that a contract of service, which includes a fee, can constitute a continuing involvement in a financial asset. An entity must assess the nature of the rate, and per the guidelines, continue involvement in IFRS 7, to assess whether disclosures are required. This assessment, which services delivery contracts, which constitutes a continued involvement that must be done retrospectively. However, the disclosure requirement would not have to be provided for a period beginning before the annual period, in which the entity first applies the amendments.

(ii) Applicability of the Amendments to IFRS 7 of the Condensed Interim Financial Statements

The amendment clarifies that compensation disclosure requirements do not apply to the Condensed Interim Financial Statements, unless such disclosures provide a significant update of the information reported in the most recent Annual Report. This amendment should be applied retrospectively.

IAS 19 Employee benefits

The amendment clarifies that the depth of the corporate bond market, of high quality, is evaluated based on the currency in which the obligation is denominated, instead of the place in the country where the obligation. When there is no deep corporate bond market of high quality in that currency, government bond rates should be used. This amendment should be applied prospectively.

IAS 34 Interim Financial Reporting

The amendments clarify that Interim disclosures required must be either in the middle or incorporated by cross-referencing between the Interim Financial Statements and wherever Interim financial information is included (e.g. in management commentary or risk reports) Financial Statements. Other information in the Interim financial information should be available to users on the same conditions as Interim Financial Statements and at the same time. This amendment should be applied retrospectively.

Amendments to IAS 1 Disclosure Initiative

Amendments to IAS 1 Presentation of Financial Statements clarify, rather than change significantly, existing requirements in IAS 1. The amendments clarify:

- Materiality requirements in IAS 1
- The specific lines in the Income Statement and OCI and Statement of Financial Position can be broken down
- That entities have flexibility in the order in which the Notes are presented in the Financial Statements.

- That the participation in the OCI of associates and joint ventures accounted for using *the Equity Method* should be presented together in a single line, and classified between those items that will or will not subsequently reclassified to the Income Statement.

In addition, the amendments clarify the requirements that apply when additional subtotals are presented in the Statement of Financial Position and Statements of income and OCI. These amendments are effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

2.5. Presentation of Financial Statements

Grupo SURA presents the Statement of Financial Position in order of liquidity.

In the Statement of comprehensive income, income and expenses are not offset, unless such compensation is permitted or required by any accounting standard or interpretation, and is described in Grupo Sura's policies.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied in the preparation of the opening of the Separate Statement of Financial Position and Separate Financial Statements prepared in accordance with Accounting Standards and Financial Reporting accepted in Colombia (NCIF), unless otherwise indicated.

The following significant accounting policies that the Grupo Sura applied in the preparation of its Separate Financial Statements:

3.1. Financial instruments

Financial assets

Grupo Sura recognized initially at their fair value financial assets for subsequent measurement at amortized cost or at fair value depending on the business model of Grupo Sura to manage financial assets and the characteristics of contractual cash flows of the instrument.

In the initial recognition of an investment, Grupo Sura a financial asset measured at fair value. In the case of recorded assets at fair value, decreased transaction costs, since they are charged to an account spending. While for recorded assets at amortized cost transaction costs add up, since they become an integral part of the cost of the financial instrument and as such may be amortized over a lifetime title through *the method of the Effective Interest Rate*.

Accounts receivable

Grupo Sura defined that the business model for accounts receivable is to receive the contractual cash flows, that are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate.

Financial assets different to those measured at amortized cost

Financial assets different from those measured at amortized cost are measured at fair value, which includes investments in equity instruments that are not held for trading purposes.

Dividends received in cash from these investments are recognized as income in the Income Statement for the period.

Impairment tests are not performed on the financial assets that are measured at fair value.

Impairment of financial assets at amortized cost

For assets at amortized cost, impairment is assessed using the model of credit losses incurred at the reporting date of the period. Grupo Sura recognized in profit or the value of the variation in credit losses incurred as income or loss for impairment.

A financial asset or a group of them is impaired and will have a loss due to impairment if, and only if, there is objective evidence of impairment, as a result of one or more events that occurred after the initial recognition of the asset (a "event causing the loss") and this event or events causing the loss have an impact on the estimated cash flows of the financial asset or group of them that can be reliably estimated future cash.

Financial liabilities

Grupo Sura on initial recognition, measures its financial liabilities at fair value less the transaction costs that are directly attributable to the acquisition or issue of the financial liability and classifies at initial recognition, financial liabilities for subsequent measurement at cost amortized cost or fair value depending on the liability.

The liabilities at amortized cost are measured using the effective interest rate. Gains and losses are recognized in the Statement of comprehensive income when the liabilities are derecognized as well as through the amortization process under *the Method of the Effective Interest Rate*, which is included in finance costs in the Statement of Comprehensive Income.

Derecognition

A financial asset or part of it, is derecognized from the Statement of Financial Position when it is sold, transferred, or expire Grupo Sura loses control over the contractual rights or cash flows of the instrument. A financial liability or part of it is derecognized from the Statement of Financial Position when the contractual obligation has been derecognized or has expired.

Offsetting financial instrument

The financial assets and financial liabilities are offset so that the net amount is reported in the Statement of Financial Position only if (i) there is, at that time, a legally enforceable right to offset the recognized values, and (ii) there is an intention to settle them at net value, or realize assets and cancel liabilities, simultaneously.

Derivative financial instruments

Changes in the fair value of derivative contracts held for trading are included in the profit (loss) from financial operations in the Statement of Comprehensive Income. Certain derivatives embedded in other financial instruments (embedded derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the principal contract and are not recorded at fair value with unrealized gains and losses included in income.

Upon signing of a derivative contract, it must be designated by Grupo Sura as a derivative instrument for trading or hedging purposes.

Certain derivative transactions that do not qualify to be accounted for as derivatives for hedging are treated and reported as trading derivatives, even though they provide an effective hedge for managing risk positions.

Compound financial instruments

According to IAS 32, an issuer of a financial instrument non-derivative should evaluate the conditions to determine if this could be considered as a financial instrument compounds, i.e., if it contains a component of liability and equity, wherein:

- The 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 that evidences an asset of residual interest in an entity after deducting all of its liabilities (net assets).

Grupo Sura, has preference shares, which cannot be considered in full as an equity instrument because the contractual clauses incorporated an obligation to deliver cash or another financial asset. Similarly, it cannot be considered in its entirety as a passive instrument, because it has the obligation to give the holder the total money received on the issue of shares, for which they must be considered as a compound financial instrument.

Initial measurement of a compound financial instrument

Compound financial instruments must be separated from the liability and equity component. 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 to be determined separately for the liability component. The sum of the carrying amounts assigned at the time of initial recognition, the liability components and equity, will always be equal to the fair value to be ascribed to the instrument, as a whole. No losses or may arise from initial recognition of gains, separately from the instrument components.

Incremental costs related to the issuance of preference shares

Under IAS 32, a company incurs various costs in issuing own equity instruments, which are accounted for as a deduction, i.e. a lower value thereof (net of any related tax benefit), to the extent that they are cost incremental directly attributable to the equity transaction that would have been avoided if the company had not carried out such issuance.

Transaction costs related to the issuance of a compound financial instrument are allocated between the components of assets and liabilities, in the latter considering that IFRS 9 on initial recognition provides that a company shall measure a financial asset or financial liability at fair value, more or less, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. These costs should be included in calculating the effective interest rate calculated for valuation.

Transaction costs will be distributed between the liability and equity component using a basis of allocation that is rational and consistent.

Subsequent measurement of a financial liability caused by a compound financial instrument

Grupo de Inversiones Suramericana S.A. must measure posteriorly to initial recognition financial liabilities at amortized cost.

3.2. Tax assets and liabilities

This includes the value of taxes mandatory general for the State and by the company, by way of private payments that are determined on the tax bases of the fiscal period, according to the tax rules of national and territorial governing in Colombia.

3.2.1. Current

The current assets and liabilities from income tax during that period are measured by the values, expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax, according to the purification carried out between taxable income and accounting profit or loss affected by the rate of income tax for the current year and in accordance with the provisions of the tax rules in Colombia. Taxes and tax laws used to compute these values are those that are approved at the end of the reporting period is reported

3.2.2. Deferred

The 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 and future compensation of tax credits and unused tax losses to the extent that there is probability of availability of future taxable income against which, they can be imputed.

Deferred taxes are not discounted.

Deferred taxes assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting gains or tax gains or losses; and in the case of deferred tax liabilities when it arises from the initial recognition of goodwill.

The liabilities for deferred taxes related to subsidiaries investments in, 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 will not reverse in the near future and that the deferred tax assets related to subsidiaries investments in, associates and interests in joint ventures are recognized only to the extent that it is probable that the temporary differences will be reversed in the near future and the likelihood of availability of future tax credits, against which these deductible differences shall be charged.

The book value of deferred tax assets is reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient tax gains to use all or part of the deferred tax asset. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable income allow their recovery.

The deferred tax assets and liabilities are measured at the tax rates expected to be applicable in the period when the asset is realized or the liability is settled, based on tax rates and rules were approved at the filing date, or whose approval be nearing completion by that date.

The deferred tax assets and liabilities are offset if there is a legally enforceable right to do so and are under the same taxation authority.

Deferred tax is recognized in profit or loss, except those relating to items recognized outside profit or loss, in which case, will be presented in other comprehensive income, or directly in equity.

The current taxable assets and liabilities, will be offset if they relate to the same taxation authority and intends to settle for the net value or realize the asset and settle the liability simultaneously.

3.3. Investments

3.3.1. Subsidiaries

A subsidiary is directly or indirectly by any of the companies that make up the portfolio of Grupo SURA controlled entity. Control exists when any of the companies have the power to direct the relevant activities of the subsidiary, which are generally operating activities and financing, in order to obtain benefits from its activities and is exposed, or has rights, to variable returns thereof.

According to the amendment of IAS 27, Separate Financial Statements, Grupo Sura applies *the Equity Method* of accounting for subsidiaries in its Separate Financial Statements.

3.3.2. Associates

An associate is an entity over which Grupo Sura has significant influence over the decisions of financial and operating policy without achieving control or joint control.

Grupo Sura has significant influence when it has the power to intervene in financial or operational decisions of another company without achieving control or joint control. It must be presumed that Grupo Sura has significant influence when:

- Possess directly or indirectly, 20% or more of the voting power in the company, unless it can be demonstrated that such influence does not exist through the management bodies; or
- Although, directly or indirectly, less than 20% of the voting power in the company, can clearly demonstrate that there is significant influence over the management bodies.

Grupo Sura evidence significant influence through one or more of the following:

- Representation in the management body of the Company or associated;
- Participation in determining policies and decisions on dividends and other distributions;
- Material transactions with associated;
- Interchange of managerial personnel; or
- Provision of essential technical information

Cash dividends received from the associate or joint venture are recognized in the Income Statement.

Sura Group periodically analyzes the existence of indicators of impairment and, if necessary, impairment losses recognized on investment in associate or joint venture. Impairment losses are recognized in income for the period and are calculated as the difference between the recoverable amount of the associate or joint venture, being the higher of value in use and its fair value less costs to sell, and their book value.

When the significant influence over the associate or joint control over the joint venture, Grupo Sura measures is lost and recognizes any residual investment keep it at fair value. The difference between the book value 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, with the value from its sale is recognized in profit or loss.

3.4. Currency

3.4.1. Functional and presentation

Separate Financial Statements are presented in millions of Colombian Pesos, which is also the functional and presentation currency of the parent company and have been rounded to the nearest unit.

3.4.2. Foreign currency

Transactions in foreign currencies are initially recorded at the exchange rate of the functional currency prevailing at the date of the transaction. Subsequently, monetary assets and liabilities in foreign currencies are translated at the exchange rate of the functional currency prevailing at the closing date of the period; non-monetary items that are measured at fair value are translated using the exchange rates at the date when the fair value and non-monetary items that are measured at historical cost are translated using the exchange rates prevailing determined to date of the original transaction.

3.5. Revenue

Dividend income

Grupo Sura recognizes dividend income when has the right to receive payment, which is usually when dividends are declared, except when the dividend represents a recovery of investment cost. No dividend income is recognized when payment is made to all shareholders in the same proportion as shares of the issuer.

Measurement of income

Grupo Sura measures income at the fair value of the consideration received or receivable. The amount of revenue arising from a transaction, is usually determined by the agreement between the Company and the buyer or user of the asset.

For the Company, in almost all cases, the consideration is given in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable.

3.6. Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to holders of ordinary shares by the weighted average number of shares outstanding during the period.

NOTE 4. JUDGMENTS, ESTIMATES, AND SIGNIFICANT ACCOUNTING ASSUMPTIONS IN THE PREPARATION OF THESE FINANCIAL STATEMENTS

The preparation of the Separate Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The determination of these estimates and assumptions is subject to internal control procedures and approvals, which are considered for internal and external studies, industry statistics, environmental factors and trends and regulatory and regulatory requirements.

Accounting estimates and assumptions

The key assumptions that estimate the future behavior of the variables to the reporting date that have a significant risk of causing a material adjustment to the value of the assets and liabilities during the next Financial Statement product of the uncertainty surrounding such behavior are described, herewith.

a) Revaluation of property for own use

Grupo Sura records property (land and buildings) at fair value and changes therein are recognized in other comprehensive income in equity.

The revaluation increase is recognized in other comprehensive income and accumulated in equity as revaluation surplus. The revaluation is calculated every four years, according to the policy defined by Grupo Sura.

When the book value of an asset, as a result of a revaluation is reduced, the decrease shall be recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity called revaluation surplus value.

The fair value of land and buildings are based on periodic assessments by qualified external appraisers, as well as, internally.

b) Fair value of financial instruments

When the fair value of the financial assets and financial liabilities recorded in the Statement of Financial Position is not obtained from active markets it is determined using valuation techniques that include discount model cash flows. The information in these models is taken from observable markets where possible, but when it is not, some judgment is required to establish fair values. The trials include data such as liquidity risk, credit risk and volatility.

c) Taxes

There is some uncertainty regarding the interpretation of complex tax regulations, changes to tax legislation and measurement and timing of future taxable income. Given the wide range of international trade relations and the complexity and long-term profile of contractual agreements, differences between actual results and the estimates and assumptions made, as well as future changes to the latter arise. This may require future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible findings of audits performed by tax authorities in all countries where it operates. The scope of these provisions is based on several factors, including historical experience from previous tax audits conducted by the tax authorities on the taxable entity.

The deferred tax asset is recognized for unused tax losses, to the extent that it is probable that there are taxable profits to offset such losses. An important judgment by management to determine the value to recognize the deferred tax asset, based on the likely timing and level of future taxable profits, together with future strategies of the Company on tax planning is required.

d) The useful life and residual values of property, equipment, and intangibles

Grupo Sura shall review the useful lives of all property and equipment and intangible assets at least at the end of each accounting period. The effects of changes in the estimated life are recognized prospectively over the remaining life of the asset.

e) The probability of occurrence and the value of the liabilities of uncertain value or contingent

Grupo Sura shall recognize a provision when the following conditions are met:

- a) It has a present obligation (legal or implicit), as a result of, a past event.
- b) Grupo Sura is likely to be an outflow of resources embodying economic benefits to settle that obligation.
- c) A reliable estimate of the obligation, can be obtained.

f) Employee Benefit

The measurement of post-employment benefits obligations and defined benefit includes determining actuarial assumptions keys that allows for the calculation of the value of liabilities.

Judgements

The preparation of the Financial Statements of Grupo SURA should require management to make judgments, that may affect the values of income, expenses, assets, and liabilities reported, as well as, disclosure of contingent liabilities, at the close of the reporting period.

NOTE 5. FINANCIAL INSTRUMENTS

The following is a description of methodologies and assumptions used to determine the values of the financial instruments:

Assets whose fair values approximated to the book value

Financial assets for having a short-term maturity (less than three months), demand deposits and savings accounts without specific maturity, the book value is approximated at fair value. In the case of other equity instruments, an adjustment is also made to reflect the change in the differential required credit, since the instrument was initially recognized.

As for the instruments for short-term receivables, which are measured at amortized cost, the book value is equivalent, to a reasonable approximation of the fair value.

Financial instruments at an agreed rate

The value of fixed income assets, valued at amortized cost, is calculated by comparing market interest rates when it was first recognized with current market rates for similar financial instruments.

Fair value hierarchy

Financial assets and liabilities of Grupo Sura are carried at fair value and are classified based on the fair value hierarchy detailed below:

Level 1 - Quoted prices in markets assets

The input data are Level 1 quoted prices, unadjusted, in assets markets, for identical assets and liabilities. An active market is one where transactions often an asset or liability occur with sufficient volume to generate informative prices.

Level 2 - Modeling with data observable market entry

Inputs Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. In the input data include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities but in markets that are not active; and
- The input data other than quoted prices, for example, interest rates, exchange rates.

Level 3 - Modeling with unobservable input data

The input data Level 3 are not observable for the assets and liabilities. It can be used to determine fair value when observable inputs are not available. These ratings reflect assumptions that the business unit would take into account the market participants will be using, for example, yields on shares not listed on the stock market.

Financial liabilities whose fair value approximates the book value

In the case of those obligations maturing in the short term, their book value is approximated at its fair value.

For loans with variable interest rates, the book value corresponds to an approximation of its fair value. As for loans with fixed interest rates, the market interest rate for similar loans does not differ significantly; therefore, the book amount corresponds to a reasonable approximation of fair value.

5.1. Financial assets

The balance of financial assets of Grupo Sura, is as follows:

September 2016

Current	Financial assets at fair value		Financial assets at amortized cost	Other financial assets (cash)	Total
	Income	Equity			
Cash and cash equivalents	-	-	-	179,822	179,822
Accounts receivable		-	1,599	-	1,599
Accounts receivable related parties ¹		-	1,306,331	-	1,306,331
Derivatives	25,156	-	-	-	25,156
Total current financial assets	25,156	-	1,307,930	179,822	1,512,908

Non-current	Financial assets at fair value		Financial assets at amortized cost	Other financial assets (cash)	Total
	Income	Equity			
Investments ²	-	23,683	-	-	23,683
Derivatives ³	81,720	-	-	-	81,720
Total non-current financial assets	81,720	23,683	-	-	105,403

Total financial assets	106,876	23,683	1,307,930	179,822	1,618,311
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December 2015

Current	Financial assets at fair value		Financial assets at amortized cost	Other financial assets (cash)	Total
	Income	Equity			
Cash	-	-	-	221,228	221,228
Accounts receivable	-	-	177	-	177
Accounts receivable related parties ¹	-	-	86,941	-	86,941
Total current financial assets	-	-	87,118	221,228	308,346

Non-current	Financial assets at fair value		Financial assets at amortized cost	Other financial assets (cash)	Total
	Income	Equity			
Investments ²	-	21,512	-	-	21,512
Derivatives ³	185,302	-	-	-	185,302
Total non-current financial assets	185,302	21,512	-	-	206,814

Total financial assets	185,302	21,512	87,118	221,228	515,160
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¹Accounts receivable, from related parties, relates to outstanding dividends receivable from associated companies and subsidiaries whose current accounts between companies are listed below:

	September 2016	December 2015
Bancolombia S.A.	104,013	52,744
Inversiones Argos S.A.	32,938	15,416
Grupo Nutresa S.A.	40,290	18,781
Total dividends receivable, Associates	177,242	86,941
Suramericana S.A.	1,115,098	-

GIS Panamá	13,933	-
Grupo Sura Finance	58	-
Account receivable, subsidiaries	1,129,089	-
Total accounts receivable from related parties and current associates	1,306,331	86,941

Accounts receivable, related parties, includes the advanced capitalization realized to Suramericana S.A. for a value of \$1,081,648, between April and June 2016. The capitalization of advances will be made once the transaction is finalized, taking into account that at the closure of these operations, the capitalization is expected to be realized, during the month of December of 2016, in compliance with the legal requirements, to recognize said items as added value investment. The balance also includes account receivable from Grupo Sura Finance and GIS Panama, for acquisition of shares of 58 and 13,933, respectively.

²A breakdown of financial assets at fair value, with changes in equity, is as follows:

	September - 2016			December - 2015		
	# Shares	% Part.	Fair value	# Shares	% Part.	Fair value
Fogansa S.A.	176,000	0.29	-	176,000	0.29	-
Enka S.A.	1,973,612,701	16.76	23,683	1,973,612,701	16.76	21,512
Totals			23,683			21,512

To-date there are no changes in economic circumstances or business that affect the fair value.

³The breakdown of long-term derivative receivables is listed below:

Asset	September 2016	December 2015
Swaps trading	9,111	75,368
Options trading	97,765	109,934
Total assets from derivatives operations	106,876	185,302

5.2. Financial liabilities

The following is related to the financial liabilities included in accounts payable of Grupo Sura:

	Note	September 2016	December 2015
Accounts payable for related parties ¹		1,748,159	88,976
Other financial liabilities ²		1,028,024	715,073
Derivatives		83,832	11,345
Securities issued	9	984,206	1,109,673
Trade and other accounts payable ³		49,590	61,532
		3,893,811	1,986,599

The follow is a breakdown of both current and non-current financial liabilities:

September 2016

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases	-	-	1,670	1,670
Derivatives	-	4,022	-	4,022
Accounts payable	49,590	-	-	49,590
Accounts payable, related parties	1,748,159	-	-	1,748,159
Other financial liabilities	724,692	-	-	724,692
Total	2,522,441	4,022	1,670	2,528,133

Non-current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases	-	-	13,736	13,736
Derivatives	-	79,810	-	79,810
Other financial liabilities	287,926	-	-	287,926
Securities issued	984,206	-	-	984,206
Total	1,272,132	79,810	13,736	1,365,678

	3,794,573	83,832	15,406	3,893,811
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December 2016

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Accounts payable	61,532	-	61,532
Accounts payable, related parties	88,976	-	88,976
Securities issued	224,293	-	224,293
Total	374,801	-	374,801

Non-current	Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Derivatives	-	11,345	11,345
Other financial liabilities	715,074	-	715,074
Securities issued	885,380	-	885,380
Total	1,600,454	11,345	1,611,798

	1,975,254	11,345	1,986,599
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¹ Accounts payable of related parties is as follows:

	Note	September 2016	December 2015
Accounts payable, subsidiaries	18	1,615,719	26,997
Dividends	10	132,440	61,979
		1,748,159	88,976

²Corresponds to long-term financial obligations short-term financial obligations repo and swap trade, which are as follows for the period ended September 30, 2016 and December 31, 2015

Entity	Currency	Rate	Term (days)	September 2016	December 2015
BBVA España	USD	Libor + 1.25% /1.5%	1,006	287,926	313,949
Bancolombia Panamá	USD	Libor + 1.47%	641	236,503	258,518
Citigroup Global Market	USD	Libor + 0.45%	386	212,055	-

Banco Davivienda S.A.	USD	Libor + 1.50%	641	129,883	142,607
Bancolombia S.A.	COP	IBR+2.86%	184	32,304	-
Citigroup Global Market	USD	Libor + 0.45%	385	51,938	-
Financial Leasing (Leasing)	COP	7.89%	5,478	15,406	-
Subtotal financial obligations				966,016	715,074
Repo operations				62,008	-
Subtotal financial liabilities				1,028,024	715,074
Swap trade				83,832	11,344
Total financial liabilities				1,111,856	726,418

³ The following a breakdown of current trade accounts payable:

	September 2016	December 2015
Accounts payable from investment purchases	40,220	60,123
Suppliers	1,821	325
Others	7,549	1,085
	49,590	61,532

NOTE 6. TAXES

The following are the taxes recognized in the Statement of Financial Position:

	Note	September 2016	December 2015
Current tax asset	6.1	59,530	25,019
Deferred tax asset	6.2	64,415	41,594
Current tax liability	6.1	103,577	46,536
Deferred tax liability	6.2	53,915	124,614

6.1. Current tax

a. Current tax recognized in the Statement of Financial Position

		September 2016	December 2015
Assets	Withholding tax	36,985	406
	Advance income tax	2,416	9,064
	Advance of industry and trade	3,951	6,354
	Sales tax withheld	45	10
	Tax surplus	16,132	9,183
	Discountable taxes	1	4
	Total, current tax assets, others	59,530	25,021
Liabilities	Income tax	92,561	38,580
	Industry and trade	10,964	7,940
	Sales tax withheld	46	14
	Industry and trade withheld	6	2
	Total, current tax liabilities withheld	103,577	46,536

b. Tax recognized in profit and loss for the period.

	September 2016	September 2015
Current tax expenses	58,382	8,793
Current deferred tax expenses		
Constitution /reversal of temporary differences. Tax recognized in income for the period	(93,520)	9,060
Income tax expenses	(35,138)	17,853

Grupo Sura considers that the accrued tax obligations are adequate for all open tax years based on evaluation of many factors, including interpretations of tax law and prior experience.

c. Reconciliation of the effective tax rate

	September 2016		September 2015	
	Rate	Balance	Rate	Balance
Profit before tax		994,400		670,950
Tax on income by applying the local tax rate	40%	397,760	39%	261,670
Tax effect of:				
Non-deductible expenses	2%	24,075	4%	27,030
Un taxed income	31%	(309,627)	22%	(148,476)
Untaxed dividends	15%	(144,252)	20%	(135,633)
Fiscal losses	1%	(8,275)	0%	-
Others	0%	5,180	2%	13,262
Income tax	(4%)	(35,138)	3%	17,853

d. Movement of deferred tax balances

	Balance at December 31, 2015	Recognized results	Balance at September 30, 2016		
			Net	Deferred tax assets	Deferred tax liabilities
Financial instruments	(45,291)	(52,164)	6,873	49,621	(42,748)
Property and equipment	138	6,341	(6,203)	-	(6,203)
Employee benefits	10,752	1,141	9,611	9,611	
Provision ICA	3,176	312	2,864	2,864	
Financial obligations	(4,157)	(6,477)	2,320	2,320	-
Tax losses/excess	27,528	27,528	-	-	-
Subsidiary dividends	(75,166)	(70,201)	(4,965)	-	(4,965)
Total	(83,020)	(93,520)	10,500	64,415	(53,915)

	Balance at September 30, 2015				
	Balance at December 31, 2014	Recognized results	Net	Deferred tax assets	Deferred tax liabilities
Financial instruments	(17,274)	12,274	(29,548)		(29,548)
Property and equipment	(149)	(64)	(85)	-	(85)
Employee benefits	8,073	(37)	8,110	8,110	
Provision	2,854	395	2,459	2,459	
Financial obligations	(3,627)	(3,507)	(120)		(120)
Loans and obligations	27,527	(1)	27,528	27,528	
Fiscal losses/excess	17,404	9,060	8,344	38,096	(29,752)
	(17,274)	12,274	(29,548)		(29,548)

e. Movement of current taxes

The following is the movement of current taxes which generated a tax balance at September 30, 2016 and 2015:

Tax balance at December 31, 2014	77,291
CREE tax returns 2014	(50,322)
Provision	8,792
Tax balance at September 30, 2015	35,761
Tax balance at December 31, 2015	38,580
CREE tax returns 2015	(8,691)
Pending tax payment 2015	4,289
Provision	58,383
Tax balance at September 30, 2016	92,561

Tax returns in 2014, 2015, and 2016 remain firm as the general rule of 2 years.

The existing provisions applicable to the Company stipulate that:

Excess presumptive income and ordinary income incurred may be offset, fiscally readjusted, with ordinary income earned within its occurrence to five years.

You may deduct 100% of the taxes paid by way of tax on industry and trade and complementary signs and boards, like the property tax. The tax on financial transactions will be deductible GMF only 50%.

The percentage to determine the presumptive income equivalent to 3% of the liquid assets of the previous year.

1370 of December 30, 2009, establishes the tax to equity for the taxable year 2011, and its payment is effective in eight equal quotas between 2011 and 2014.

The estate tax paid by the company in 2015 was \$3.786 and in 2016 the value of a wealth tax paid was \$3,345.

Congress Enacted Law 1739 of December 23, 2014, which introduces important reforms, mainly the following Colombian tax system:

6.2. Taxes in Colombia

1. Tax on wealth:

- An extraordinary tax on wealth is created with rates for 2015 ranging between 0.20% and 1.15%, between 0.15% and 1% for 2016, and of 0.05% and 0.40% for 2017.
- Is applicable to legal persons, individuals and other taxpayer's income tax
- The tax is generated by the possession of wealth to January 1, 2015, with a value equal to or greater than \$1,000 million. Wealth equals assets minus liabilities.
- It is paid in two annual installments.
- It is charged to capital reserves, without affecting net income.

2. Income Tax Equity for CREE:

- The final tax rate is 9%.
- A surtax from CREE was created which for 2015 has a tax rate 5%, 6% for 2016, 8% for 2017, and a 9% rate for 2018.
- An advance, is established, for 100% of the CREE surtax and is paid in two annual installments.
- The rules regarding pricing and sub-capitalization also apply for CREE.

3. Other provisions:

- Reconciliation of penalties, interest, and updating, i.e. an 'amnesty', arises for debtor obligations from customs, tax, and exchange.
- There is an established obligation to submit Annual Assets Statements, outside the country.
- 4x1.000 be maintained for the following years. The clearing of the tax will begin in 2019, and will go to 3x1.000; 2x1.000 for 2020 and, finally, 1x1.00 in 2021.

NOTE 7. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

7.1 General information on investments in associates

General information of investments in associates

Herewith a breakdown of associates of Grupo Sura, to-date of the reporting period, is as follows:

Investment	Economic Activity	September 2016			December 2015		
		% Participation	% voting rights	# Shares	% Participation	% voting rights	# Shares

Bancolombia S.A.	Global bank	24.38%	46.01%	234,486,286	26.43%	46.00%	254,185,167
Grupo Argos S.A.	Cement, energy, real-estate, and ports	28.04%	35.56%	229,534,810	28.11%	35.65%	230,089,478
Grupo Nutresa S.A.	Foods and processed	35.17%	35.17%	161,807,155	35.34%	35.34%	162,608,498

(*) **Voting rights:** The voting percentage with voting rights at September 2016 and December 2015 of Bancolombia S.A. is 46.01 % and 35.56%, the above, taking into account the issuance of preference shares without voting rights issued by this associate. For other investments in associates the participation percentage is equal to the right to vote.

Balance of investments

The following is a breakdown of the investments at September 30, 2016 and December 31, 2015:

Investment	September 2016	December 2015
Bancolombia S.A.	5,592,906	6,069,661
Grupo Argos S.A.	4,515,121	4,524,545
Grupo Nutresa S.A.	4,287,391	4,305,353
Total	14,395,418	14,899,559

Dividends received

Dividends received from the following issuers:

	September 2016	December 2015
Grupo Argos	65,876	61,634
Grupo Nutresa	80,580	75,056
Bancolombia	214,173	211,087
Total	360,629	347,777

Financial information of associates

Herewith, is an overview of assets, liabilities, equity, and income from operations of each of the associated companies included in the Financial Statements for the period to September 30, 2016 and December 31, 2015 are as follows:

September - 2016	Location	Current assets	Non-current assets	Liabilities	Equity	Net profit	Other comprehensive income	Comprehensive income
Bancolombia S.A.	Colombia	191,146,240	-	170,116,854	21,029,386	1,734,349	(322,463)	1,411,886
Grupo Argos S.A.	Colombia	6,286,340	36,250,457	19,750,307	22,786,490	389,061	(654,308)	(265,247)
Grupo Nutresa S.A.	Colombia	2,602,652	10,872,312	5,276,439	8,198,525	313,077	25,160	338,237

December 2015	Location	Current assets	Non-current assets	Liabilities	Equity	Net profit	Other comprehensive income	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	5,667,971	36,107,042	18,885,214	22,889,799	643,155	195,087	838,242
Grupo Nutresa S.A.	Colombia	2,542,873	10,635,179	5,135,208	8,042,844	430,819	(230,961)	199,858

* Figures taken from the Consolidated Financial Statements

Some investments in associates of Grupo Sura are listed on the Colombia Stock Exchange; the market price of the shares at September 30, 2016 and December 31, 2015 on the stock market are as listed below:

Associate	September 2016	December 2015
Bancolombia S.A.	26,100	20,980
Inversiones Argos S.A.	18,620	16,200
Grupo Nutresa S.A.	25,340	22,620

At September 30, 2016, the stock prices listed on the stock exchange in Colombia, have been showing a recovery from the previous year, due to the market recovery.

Movement of investments in associates

	Bancolombia S.A.	Grupo Argos S.A.	Grupo Nutresa S.A.	TOTAL
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
Derecognition	(68,753)	-	-	(68,753)
At December 31, 2015	6,069,661	4,524,545	4,305,353	14,899,559
Additions	234	-	-	234
Derecognition	(476,989)	(9,424)	(17,962)	(504,375)
At September 30, 2016	5,592,906	4,515,121	4,287,391	14,395,418

7.2. Investments in subsidiaries

General information on investments in subsidiaries

The following is a breakdown of the entities over which Grupo Sura possesses direct control:

Company	Country	Economic Activity	Percentage of property		Date Established
			September 2016	December 2015	
Sura Asset Management S.A.	Colombia	Investor	78.71%	71.40%	15/09/2011
Integradora de Servicios Tercerizados S.A.S.	Colombia	Investments	100%	100%	11/07/2012
Compuredes S.A.	Colombia	Technology	100%	100%	16/08/1988
Enlace Operativo S.A.	Colombia	Services	100%	100%	31/05/2006
Inversiones y Construcciones Estratégicas	Colombia	Investments	100%	100%	30/08/2007
Grupo de Inversiones Suramericana Panamá S.A.	Panama	Investments	100%	100%	29/04/1998
Grupo Sura Finance S.A.	Cayman Islands	Any lawful activities in the Cayman Islands	100%	100%	18/03/2011
Suramericana S.A.	Colombia	Investments	81.13%	81.13%	25/05/1999

Restrictions

Grupo Sura has no restrictions on neither access to assets nor in the settlement of liabilities.

Investment balances

The following is a breakdown of balances of investments in subsidiaries from *the Equity Method*:

Company	September 2016	December 2015
Sura Asset Management S.A.	7,397,089	6,106,708
Integradora de Servicios Tercerizados S.A.S.	55,509	52,192
Compuredes S.A.	3,020	3,000
Enlace Operativo S.A.	717	489
Inversiones y Construcciones Estratégicas S.A.S.	128,803	123,487
Suramericana S.A.	2,358,482	2,159,336
Total	9,943,620	8,445,212

Assets, liabilities, equity, and results of the subsidiaries

Assets, liabilities, equity, and income of each of the Company's subsidiaries, included in the Financial Statements for the period of September 30, 2016 and December 31, 2015 are as follows:

September 2016	Asset	Liability	Equity	Profit	Other comprehensive income
Sura Asset Management S.A. (*)	9,842,662	1,569,358	8,273,304	495,580	(136,309)
Integradora de Servicios Tercerizados S.A.S.	57,631	9	57,622	3,302	-
Compuredes S.A.	75,305	52,206	23,098	1,089	-
Enlace Operativo S.A.	19,140	6,644	12,497	3,314	-
Inversiones y Construcciones Estratégicas	135,730	10,123	125,608	3,601	(1,661)
Grupo de Inversiones Suramericana Panamá S.A.	638,533	870,215	(231,682)	(1,745)	25,347
Grupo Sura Finance S.A.	2,449,925	2,473,270	(23,344)	(4,181)	2,065
Suramericana S.A. (*)	21,963,321	19,043,749	2,919,572	432,433	(56,627)

**Figures taken from the Consolidated Financial Statements*

December 2015	Asset	Liability	Equity	Profit	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	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*

The Equity Method of subsidiaries

The following is a breakdown of profit or (loss) from *the Equity Method*, as of September 30, 2016, and 2015.

Subsidiary	September 2016	September 2015
Sura Asset Management S.A.	355,083	149,520
Integradora de Servicios Tercerizados S.A.S.	3,181	3,676
Compuredes S.A.	59	90
Enlace Operativo S.A.	190	191
Inversiones y Construcciones Estratégicas	4,714	21,994
Grupo de Inversiones Suramericana Panamá S.A.	(1,745)	(44,665)
Grupo SURA Finance S.A.	(4,181)	(596)
Suramericana S.A.	350,826	244,051
Total	708,127	374,261

Movement of investments in subsidiaries

	Asset	Liability	Income	Other comprehensive Income
Opening balance	8,445,212	(247,997)		
Purchases ¹	1,758,647	-	-	-
Dividends	(433,271)	(8,320)	-	-
Equity variation	(541,021)	31,953	-	(509,067)
Income/expenses from <i>the Equity Method</i>	714,053	(5,926)	708,127	-
Usufructo Panamá	-	(24,737)	-	-
Closing balance	9,943,620	(255,027)	708,127	(509,067)

¹ On March 1, 2016 the acquisition of shares, of General Atlantic Coöperatief U.A. possessed in Sura Asset Management S.A., were formalized, leaving Grupo Sura leaving with a total stake of 78.71 % in this Company.

NOTE 8. PROVISIONS

8.1. Provisions for contingencies

The following is a summary of provisions:

Company	September 2016	December 2015
Grupo de Inversiones Suramericana Panamá	231,682	226,768
Grupo Sura Finance	23,344	21,229
Total	255,027	247,997

The balance of provisions corresponds to recognition of contingencies due to the deficit in the outcome of the Grupo de Inversiones Suramericana Panamá y Grupo Sura Finance.

The recognition is rooted in the application of the calculation methods of participation on the percentage of holdings of companies that is 100% and the degree of administrative dependence on these companies. The variation of September 30, 2016 was \$7,030.

8.2. Other contingencies

On November 27, 2014, the Company was notified of Resolution No. 230-005278, issued by the Superintendence of Companies, by which a fine is imposed in the amount of \$886, by the Extemporaneous Registry of Investment Substitution Colombian Abroad, under reorganization operations performed in 2011. Faced with this decision, the Company filed the appeal for reconsideration, which response was received by Resolution No. 0301002903, issued by the same Superintendence, in which it is notified that the sanction was at \$93; this value was canceled on September 29, 2015.

On March 12, 2015, the Company was notified of special requirements issued by the Directorate of National Taxes and Customs (DIAN), relating to income tax for the years 2009-2013, which proposes an amendment to the private statements made by Grupo de Inversiones Suramericana S.A., for such periods. Faced with this request, the Company filed reply, within legal terms, to that request. At present, the process is currently still under the Gubernatorial administration, within the terms established by law.

As a result of analyzes carried out by lawyers, it has been concluded that the probability of an unfavorable outcome is remote.

NOTE 9. SECURITIES ISSUED

The following is an overview of the securities issued:

	September 2016	December 2015
Outstanding bonds ¹	779,733	900,893
Preference shares ²	204,473	208,780
Total Securities issued	984,206	1,109,673

¹ Bonds in circulation:

On November 25, 2009, Grupo de Inversiones Suramericana S.A. issued in local markets \$250,000 ordinary bonds in three tranches indexed to the IPC on a quarterly coupon.

- i) A tranches to ten years for a total value of \$54,500 with an interest rate IPC + 4.40%
- ii) A tranches to twenty years for a total value of \$98,000 with an interest rate IPC + 5.90%
- iii) A tranches to forty years for a total value of \$97,500 and with an interest rate of IPC + 6.98%

On May 7, 2014; Grupo de Inversiones Suramericana S.A. He issued in local markets \$ 650,000 in ordinary bonds in four sections where the first three were indexed to the IPC and the last quarterly coupon indexed to IBR monthly coupon.

- i) A five-year tranche in the amount of \$103,278 with an interest rate of IPC + 3.24%
- ii) A tranche to nine years for a total value of \$223,361 with an interest rate of IPC + 3.08%
- iii) A tranche to sixteen years for a total value of \$100,000 with an interest rate of IPC + 4.15%
- iv) A tranche to two years for a total value of \$223,361 with an interest rate of IBR + 1.20%.

On March 31, 2016; Grupo de Inversiones Suramericana S.A. issued in local markets, \$100,000 in ordinary bonds series C6 with a rate of IPC + 3.55%, due 2020.

² Preference shares:

On November 29, 2011, the issuance of 106,334,963 preference shares was realized, worth \$32,500 per share (in Colombian Pesos); from the date of issuance and for 3 years, a quarterly dividend of 3% EAR on the value of the issue is paid. As of 2015, EAR pays 0.5%, quarterly, on the issue price.

NOTE 10. DIVIDENDS

Paid and declared

The following is a breakdown of dividends paid and declared at the closing date:

At December 31, 2014	67,624
Declared ordinary	197,934
Declared preference	44,873
Subtotal declared dividends	242,807
Ordinary shares paid	(194,062)
Preference shares paid	(54,390)
At December 31, 2015	61,979
Declared ordinary	213,883
Declared preference	48,489
Subtotal declared dividends	262,372
Ordinary shares paid	(156,447)
Preference shares paid	(35,463)
At September 30, 2016	132,440

After the closing of the annual Financial Statements, the Directors proposed the following dividend distribution:

A dividend of \$456 (in Colombian Pesos) per share on 469,037,260 ordinary shares and 106,334,963 shares with preferred dividends and no voting rights, which caused an immediate decreed by the Shareholders and will be paid in cash in 4 installments of \$114 (in Colombian Pesos) per share, as follows:

April 2016, July 2016, October 2016, and January 2017.

In April 2016, there will be a payment between the 8th and the 18th, and in July and October 2016, and January 2017, from the 1st and the 15th, of the respective month:

	Dividends
Ordinary shares	213,882
Preference shares	48,489
Total proposed dividends	262,372

NOTE 11. INCOME AND EXPENSES

The following is a summary of income from investments:

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Investment performance	6,615	1,018	1,452	530
CDT Rating	(20,089)	4,131	31	3,507
Total income from investments	(13,474)	5,149	1,483	4,037

The following represents a breakdown of profit and loss at fair value: corresponding to valuation of swaps:

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Income valuation	93,670	59,665	1,989	36,355
Expenditure valuation	(248,253)	(4,393)	(79,472)	(2,648)
Total derivative valuation	(154,583)	55,271	(77,483)	33,707

The following is a summary of income from investment sales:

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Bancolombia S.A.	63,435	6,439	39,290	1,195
Grupo Nutresa S.A.	1,521	-	-	-
Grupo Argos S.A.	845	-	-	-
Bancolombia Panamá S.A.	139	-	-	2
Compañía de Financiamiento Tuya S.A.	-	6	-	6
Banco Corpbanca Colombia S.A.	-	2	-	1
Total income from sales of investments	65,940	6,447	39,290	1,204

NOTE 12. EXCHANGE DIFFERENCES

The following is a summary of items that generated exchange differences:

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Cash	(28,225)	(10,461)	(83)	(11,427)
Deposit from acquisition of shares	(678)	17,383	(192)	12,129
Accounts receivable	(14,980)	162	(1,366)	(0)
Financial liabilities	281,320	(15,536)	30,090	(15,535)
Suppliers	(31)	(3)	(16)	(3)
	237,406	(8,455)	28,433	(14,836)

The increase in the exchange difference from the previous year is mainly generated by a loan granted by the company Grupo Sura Finance, on February 29, 2016, which includes an exchange difference of \$207,010 in a

credit of \$1,615,719 and with other financial entities for a total exchange difference of \$74,310, in a credit of \$950,607.

NOTE 13. ADMINISTRATIVE EXPENSES

The administrative expenses are as follows:

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Banking services	(11,305)	(670)	(720)	(173)
Industry and trade	(8,285)	(3,908)	(2,764)	(1,094)
Surtaxes and others	(6,337)	(104)	(5,284)	(43)
Equity tax	(3,345)	(4,563)	-	-
Transport	(3,580)	(2,030)	(938)	(464)
Publicity and propaganda	(1,840)	(1,208)	(1,458)	(694)
Others	(1,411)	(8,936)	(419)	(1,728)
Superfinanciera	(1,023)	(804)	(499)	(239)
Computation equipment	(484)	(43)	(9)	(10)
Representation expenses	(526)	(861)	(78)	(316)
Travel expenses	(683)	(485)	(248)	(189)
Total	(38,819)	(23,612)	(12,416)	(4,950)

NOTE 14. HONORARIUM EXPENSES

Honorarium expenses are as follows:

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Consultants and advisory	(6,444)	(2,258)	(1,600)	(899)
Auditor and external audit	(463)	(206)	-	(49)
Board of Directors	(614)	(528)	(234)	(228)
Legal consultation	(367)	(1,031)	-	(639)
Total	(7,888)	(4,023)	(1,834)	(1,815)

NOTE 15. INTEREST

The following is a summary of interest at the closing date:

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Securities issued	68,488	47,671	9,692	3,387
Financial liabilities	81,459	21,443	56,185	20,604
	149,947	69,114	65,878	23,991

NOTE 16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit or loss, attributable to shareholders, by the weighted average number of shares outstanding, during the year.

	Accumulated		Quarter	
	September 2016	September 2015	September 2016	September 2015
Profit for the period	1,029,538	653,097	245,786	68,280
Outstanding shares	575,372,223	575,372,223	575,372,223	575,372,223
Earnings per share (in Colombian Pesos)	1,789	1,135	427	119

NOTE 17. RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risks

The performance of financial markets and economies of the region have effects on business operations, and, therefore, in its financial results. This entails that the Company has management systems that allow the monitoring of exposure to credit, market, and liquidity risks from the management of cash and investment portfolios.

The management of risk of the Company is framed in the Policy of Framework of the Risk Management Business of Group Sura, which established that the Board of Directors and Senior management are responsible for System Risk Management and ensuring consistency and alignment with organizational strategy. In addition, the Board of Directors has a Risk Committee, responsible for ensuring that there are adequate risk management systems and that any situation that may affect the sustainability of the Company, is reported.

Grupo Sura's risk management focuses on both the risks associated with its business model, its derivatives' strategy, and the risk of investments. The latter is managed by each business unit, taking into account their level of experience and expertise, Grupo Sura focuses on developing mechanisms appropriate interaction to track their profiles and how they manage their risks.

Description of changes in objectives, policies, and processes for managing risk

During the quarter, the company has been working on updating the Strategic Risk Management System for the Business Group, an issue that has been submitted to the Board and the Risk Committee.

17.1 Credit risk

Credit risk is the probability of incurring losses, arising from failure to meet financial obligations by third parties with the Company.

17.1.1. Description of the objectives, policies, and processes for risk management

For the management of this risk, from the management of cash resources, some guidelines have been defined to facilitate the analysis and monitoring of issuers and counterparties, ensuring that investments are always backed by issuers and/or managers, with adequate credit support.

17.1.2. Methods used to measure risk

Third parties with which the treasury intends to perform operations, are analyzed by instances of risks for the Company, in order to assess the appropriate credit support issuers and/or managers, and to deliver investment limits that are considered by the treasury.

17.1.3. Summary of quantitative data on risk exposure of the entity

At the close of the quarter, the available resources and treasury investments of Grupo Sura are concentrated mostly in liquid collective portfolios, managed by Management of high credit quality, savings accounts, and checking accounts.

17.2. Liquidity risk

Liquidity risk refers to the ability of companies to generate resources to meet its obligations and the operation of businesses.

17.2.1. Description of the objectives, policies, and processes for risk management

To manage this risk, Grupo Sura focuses its shares within the framework of a liquidity management strategy for short-term and long-term, in accordance with the policies and guidelines issued by the Board of Directors and Senior Management, which takes into account the cyclical and structural aspects, in order to ensure compliance with its obligations, under the terms initially agreed upon, without incurring extra costs.

17.2.2. Methods used to measure risk

The Company conducts follow-ups to cash flows in the short-term medium-term, in order to, manage the activities of collection, payment cash, and projections of cash flows in the medium-term, and so as to determine the liquidity position and anticipate the necessary measures for a proper management.

In addition, to address any joints, the Company has available credit lines with financial institutions and has cash investments that could be sold as a mechanism for immediate access to liquidity, in addition to other sources of additional liquidity.

17.2.3. Description of changes in risk exposure

There were no changes presented in the exposure of this risk during the Quarter.

17.2.4. Summary of quantitative data on risk exposure of the entity

At the close of the Quarter, the Company has adequate availability of liquid assets to meet its financial obligations.

17.3. Market Risks

Market risk refers to how the variations in market prices affect income of the Company or the value of its investments.

The Company monitors the impact of variables such as interest rate, exchange rate and stock prices generate their results. In addition, to mitigate their volatility, the convenience of a hedging scheme is defined.

17.3.1. Exchange rate risk

The exchange rate risk is the probability that the fair value or future cash flows of a financial instrument will fluctuate, as a result of variations in exchange rates. The Company is exposed to this risk from holding assets and liabilities denominated in foreign currency.

17.3.1.1. Description of the objectives, policies, and processes for risk management

To manage the exposure to risk, the Company performs monitoring of its exposures, in accordance with the policies and guidelines, issued by the Board of Directors, and, if necessary, determines the desirability of having a hedging scheme.

17.3.1.2. Methods used to measure risk

Risk management of exchange rates, realized from the treasury of the Company, focuses on the analysis of the desirability of hedging to neutralize the impact that may occur from variations in exchange rates, in profit and loss, thus reduce exposures to this risk.

17.3.1.3. Description of changes in risk exposure

During the Quarter, there were no changes in the exposure for this risk.

17.3.1.4. Summary quantitative data on risk exposure of the entity

Regarding monetary liabilities, the Company has several hedging strategies for acquired loans in foreign currency, with the purpose of reducing the potential impact of a devaluation of the Colombian Peso.

17.3.2. Interest Rate Risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument could fluctuate, as a result of variations in market interest rates. Exposure to this risk arises from holding fixed income assets or liabilities associated with variable interest rates.

17.3.2.1. Description of the objectives, policies, and processes for risk management

To manage exposure to this risk, the Company performs a monitoring of the exposures and, if necessary, determines the desirability of having a hedging strategy, regularly monitored, and aligned with the guidelines issued by the Board of Directors.

17.3.2.2. Methods used to measure risk

Risk management of interest rates that is from the treasury of the Company, focuses on the analysis of the desirability of hedging to neutralize the impact that the interest rate variations may have on profit and loss and is thus reduced to exposures to risk.

17.3.2.3. Description of changes in risk exposure

During the quarter, there were no significant changes in exposure to this risk.

17.3.2.4. Summary of quantitative data on the risk exposure of the entity

The Company has several hedging strategies for variable-rate credits acquired, with the aim of reducing the potential impact by increases in the rate of local and foreign interest.

17.3.3. Share price risk

The risk of share prices, is the risk that the fair value of a financial instrument will fluctuate, as a consequence of the variations in stock prices or equities.

17.3.3.1. Description of the objectives, policies, and processes for risk management

To manage this risk, from the management of treasury resources, some guidelines have been defined to facilitate the analysis and monitoring of how variations in market prices could affect the Company.

17.3.3.2. Methods used to measure risk

The internal risk management system, considers the process of evaluating of how variations in market prices affect the income of the Company or the value of their investments.

17.3.3.3. Description of changes in the methods used to measure risk

During the Quarter, there were no significant changes in exposure to this risk.

17.3.3.4. Summary of quantitative data on risk exposure of the entity

Given the nature of the portfolio and the investments, risk exposures are not material.

NOTE 18. DISCLOSURES ON RELATED PARTIES

Subsidiaries, key personnel of management, as well as, entities, key management personnel that can exercise either control, or joint control, and post-employment benefits, for the benefit of employees, are considered related parties to Grupo Sura.

The following is a breakdown of related parties as of September 30, 2016, and December 31 2015 Grupo Sura:

- a) Companies under direct or indirect control of Grupo Sura are found in Note 7.2 Investments in subsidiaries.
- b) Companies in which Grupo Sura has direct and indirect participation through its subsidiaries:

Company	Type of Entity	September-16	Dec-15	Country	Functional Currency
Suramericana S.A.	Investor	81.13%	81.13%	Colombia	Colombian Peso

Operaciones Generales Suramericana S.A.S.	Investments in property and moveable property	81.13%	81.13%	Colombia	Colombian Peso
Seguros Generales Suramericana S.A.	General 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.	Operation of branch of occupational hazards	81.13%	81.13%	Colombia	Colombian Peso
EPS y Medicina Prepagada Suramericana S.A.	Organization, guarantees and provision of health services	81.13%	81.13%	Colombia	Colombian Peso
Servicios de Salud IPS Suramericana S.A.	Provision of medical, para-medical, and dental services	81.13%	81.13%	Colombia	Colombian Peso
Diagnóstico y Asistencia Médica S.A.	Provision of health diagnostic services	81.13%	81.13%	Colombia	Colombian Peso
Dinámica IPS Zonas Francas S.A.S.	Provision of diagnostic health aids	0.00%	0.00%	Colombia	Colombian Peso
Servicios Generales Suramericana S.A.	Investments in moveable assets especially stocks, shares, or portions of companies	81.13%	81.13%	Colombia	Colombian Peso
Consultoría en Gestión de Riesgos Suramericana S.A.S.	Provision of consulting services in comprehensive risk management	81.13%	81.13%	Colombia	Colombian Peso
Inversura Panamá Internacional S.A.	Investor	81.13%	81.13%	Panama	US Dollar
Seguros Sura S.A.	Insurance	81.13%	81.13%	Dominican Republic	Dominican Peso
Seguros Suramericana Panamá S.A.	Insurance	81.13%	81.13%	Panama	US Dollar
Servicios Generales Suramericana S.A. (Panamá)	Inspection, repair, services, and sales of vehicles	81.13%	81.13%	Panama	US Dollar
Aseguradora Suiza Salvadoreña S.A. Asesuisa	General insurance	78.79%	78.79%	El Salvador	US Dollar
Asesuisa Vida, S.A. Seguros de Personas	Personal insurance	78.78%	78.78%	El Salvador	US Dollar
Inversiones Sura Brasil S.A.S.	Investor	81.13%	81.13%	Colombia	Colombian Peso
Integradora de Servicios Tercerizados S.A.S.	Investments of moveable assets	100.00%	100.00%	Colombia	Colombian Peso
Compuredes S.A.	Product marketing and services and telecommunication	100.00%	100.00%	Colombia	Colombian Peso
Enlace Operativo S.A.	Information processing services under outsourcing	100.00%	100.00%	Colombia	Colombian Peso
Inversiones y Construcciones Estratégicas S.A.S.	Investor	100.00%	100.00%	Colombia	Colombian Peso
Grupo de Inversiones Suramericana Panamá S.A.	Investment in securities	100.00%	100.00%	Panamá	US Dollar
Planeco Panamá S.A.	Acquisition and disposal of property and moveable property	95.28%	95.28%	Panamá	US Dollar
GrupoSura Finance S.A.	Any lawful activity in the Cayman Islands	100.00%	100.00%	Cayman Islands	US Dollar
Habitat Adulto Mayor S.A.	Provision of health services for the elderly	73.64%	73.23%	Colombia	Colombian Peso
Sura Asset Management S.A.	Investment in property and moveable property	78.71%	71.40%	Colombia	Colombian Peso
Activos Estratégicos Sura A.M. Colombia S.A.S.	Holding Company	78.71%	71.40%	Colombia	Colombian Peso
Sura Investment Management Colombia S.A.S.	Holding Company	78.71%	71.40%	Colombia	Colombian Peso

SURA Real Estate S.A.S.	Property	55.09%	0.00%	Colombia	Colombian Peso
SURA Asset Management España S.L.	Holding Company	78.71%	71.40%	Spain	Euro
Grupo de Inversiones Suramericana Holanda B.V.	Holding Company	78.71%	71.40%	Holland	Euro
Grupo Sura Chile Holdings I B.V.	Holding Company	78.71%	71.40%	Holland	Euro
Sura S.A.	Holding Company	78.71%	71.40%	Chile	Chilean Peso
Corredores de Bolsa Sura S.A.	Company dedicated to the purchase and sales of securities and securities brokerage operations	78.71%	71.40%	Chile	Chilean Peso
Administradora General de Fondos Sura S.A.	Company dedicated to the management of mutual funds and investments	78.71%	71.40%	Chile	Chilean Peso
Seguros de Vida Sura S.A.	Company dedicated to exercise insurance activities related to life annuities	78.71%	71.40%	Chile	Chilean Peso
Sura Data Chile S.A.	Company dedicated to providing data and processing services and leasing of computer equipment	78.71%	71.40%	Chile	Chilean Peso
Sura Chile S.A.	Company dedicated to business consulting and services	78.71%	71.40%	Chile	Chilean Peso
AFP Capital S.A.	Company dedicated to the administration of pension funds	78.48%	71.19%	Chile	Chilean Peso
Santa María Internacional S.A.	Holding Company	78.48%	71.19%	Chile	Chilean Peso
Grupo Sura Latin American Holdings B.V.	Holding Company	78.71%	71.40%	Holland	Euro
SUAM Finance B.V.	Holding Company of 144A/Reg S bonds, issued April 2014	78.71%	71.40%	Curacao	US Dollar
Sura Asset Management México S.A. de C.V.	Holding Company	78.71%	71.40%	Mexico	Mexican Peso
Afore Sura S.A. de C.V.	Company dedicated to managing investment companies specialized in retirement funds	78.71%	71.40%	Mexico	Mexican Peso
Asesores Sura S.A. de C.V.	Product sales and financial services	78.71%	71.40%	Mexico	Mexican Peso
Sura Investment Management S.A. de C.V.	Company dedicated to the operation of investment companies	78.71%	71.40%	Mexico	Mexican Peso
Pensiones Sura S.A. de C.V.	Pension insurance	78.71%	71.40%	Mexico	Mexican Peso
Sura Art Corporation S.A. de C.V.	Company dedicated to the collection of Mexican art	78.71%	71.40%	Mexico	Mexican Peso
Promotora Sura AM S.A. de C.V.	Provision of marketing, promotion, and distribution of products of any kind	78.71%	71.40%	Mexico	Mexican Peso
Seguros de Vida SURA Mexico S.A. de C.V. (Previously Primero Seguros de Vida S.A. de C.V.)	Life insurance	78.71%	71.40%	Mexico	Mexican Peso
Sura Asset Management Perú S.A.	Holding Company	78.71%	71.40%	Peru	Peruvian Sols
AFP Integra S.A.	Administration of Pension Funds	78.70%	71.40%	Peru	Peruvian Sols
Fondos Sura SAF S.A.C.	Company dedicated to the administration of Mutual Funds and investments	78.71%	71.40%	Peru	Peruvian Sols
Seguros Sura S.A. (Previously Invita)	Insurance and re-insurance in the Life branch	54.54%	49.47%	Peru	Peruvian Sols

Hipotecaria Sura Empresa Administradora Hipotecaria S.A.	Company dedicated to mortgage lending and other financial services	55.09%	49.98%	Peru	Peruvian Sols
Sociedad Agente de Bolsa S.A.	Securities brokers	78.71%	71.40%	Peru	Peruvian Sols
SUAM Corredora de Seguros S.A. de C.V.	Company dedicated to all kind of activities related to insurance and re-insurance	78.71%	71.40%	El Salvador	US Dollar
Sura Asset Management Uruguay Sociedad de Inversión S.A. (Previously Tublyr S.A.)	Holding Company	78.71%	71.40%	Uruguay	Uruguayan Pesos
Agente de Valores Sura S.A. (Previously Jobely S.A.)	Intermediary services	78.71%	71.40%	Uruguay	Uruguayan Peso
AFAP Sura S.A.	Company dedicated to the administration of pension savings funds	78.71%	71.40%	Uruguay	Uruguayan Peso
Ahorro Inversión Sura Administradora de Fondos de Inversión S.A.	Company dedicated the administration of investment funds	78.71%	71.40%	Uruguay	Uruguayan Peso
Disgely S.A.	Company dedicated to the marketing of goods, lease of goods, works and services	78.71%	71.40%	Uruguay	Uruguayan Peso
Royal & Sun Alliance Seguros (Brasil) S.A.	Personal and damages insurance operations	81.13%	0.00%	Brasil	Real Brasileño
Royal & Sun Alliance Seguros (Colombia) S.A.	Insurer of general plans and life insurance	80.18%	0.00%	Colombia	Colombian Peso
Financia Expreso RSA S.A.	Execution of loan agreements and investments	80.23%	0.00%	Colombia	Colombian Peso
Protección Garantizada LTDA	Insurance placement agency	40.91%	0.00%	Colombia	Colombian Peso
Santa Maria del Sol S.A.	Investments	81.13%	0.00%	Argentina	Argentinean Peso
Royal & Sun Alliance Seguros (Argentina) S.A.	General insurance operations	80.60%	0.00%	Argentina	Argentinean Peso
Atlantis Sociedad Inversora S.A.	Investments	81.13%	0.00%	Argentina	Argentinean Peso
Aseguradora de Créditos y Garantías S.A.	Operation of general Insurance, coinsurance, and reinsurance of all types of risk	81.12%	0.00%	Argentina	Argentinean Peso
RSA Seguros Chile S.A.	General Insurance Company	80.71%	0.00%	Chile	Chilean Peso
Servicios y Ventas Compañía Limitada	Consulting Services	80.92%	0.00%	Chile	Chilean Peso
RSA Chilean Holding SpA	Investments	81.13%	0.00%	Chile	Chilean Peso
Inversiones RSA Chile Limitada	Investments	81.13%	0.00%	Chile	Chilean Peso
RSA Seguros de Vida S.A.	Life Insurance Company	81.13%	0.00%	Chile	Chilean Peso
Royal & Sun Alliance Seguros (Mexico) SA de C.V.	General Insurance Operations	81.13%	0.00%	México	Mexican Peso
Royal & Sun Alliance Seguros (Uruguay) S.A.	General Insurance	81.13%	0.00%	Uruguay	Uruguayan Peso

Sura Re Ltda.	Business insurance and/or reinsurance	81.13%	0.00%	Bermuda	US Dollar
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a) Members of the Board of Directors

Name	Post
Luis Fernando Alarcón Mantilla ⁽¹⁾	President
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 Colombian law.

b) Directors

David Bojanini García, President

Ricardo Jaramillo Mejía, Vice President of Corporate Finance

Fernando Ojalvo Prieto, Vice President of Corporate Affairs, and Secretary General

The following is the total value of the transactions realized by Grupo Sura with its related parties, during the corresponding period:

Accounts receivable:

	September 2016	December 2015
Suramericana S.A.	1,081,648	-
GIS Panamá	13,933	-
Grupo Sura Finance	58	-
Suramericana S.A.	33,450	-
	1,129,089	-

Accounts payable:

	September 2016	December 2015
Gruposura Finance	1,591,902	-
Inversiones y Construcciones Estratégicas	23,817	26,997
	1,615,719	26,997

Non-operating expenses:

	September 2016	September 2015
Grupo Sura Finance	42,941	-
Seguros Generales Suramericana S.A.	106	81
Seguros de Vida Suramericana S.A.	58	-
Servicios de Salud IPS Suramericana	1	-
	43,107	81

Employee benefits:

	September 2016	September 2015
Short-term employee benefits	7,140	5,700

Other related parties:

	September 2016	September 2015
Honorariums, Members of Board of Directors	614	528

NOTE 19. APPROVAL OF FINANCIAL STATEMENTS

The present Separate Interim Financial Statements were prepared for supervisory purposes and authorized for issue by the Board of Grupo Sura on November 24, 2016. No significant events occurred after the closing of the Financial Statements and to date, approval that may significantly affect the Grupo Sura's financial situation, reflected in the Financial Statements with a cut-off at September 30, 2016.

NOTE 20. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the Financial Statements of Grupo Sura, for the year ended September 30, 2016, were authorized by the Board of Directors, as stated in Meeting Minutes No. 251 of the Board of Directors of November 24, 2016, for presentation to the market.