Separate Financial Statements of
Grupo de Inversiones Suramericana S.A.
At December 31, 2017, with comparative figures at
December 31, 2016

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RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNTS

The Directors are required to prepare Financial Statements, for each financial period, that reasonably present the Company's Financial Position, results, and cash flows, at December 31, 2017, with comparative figures, at December 31, 2016. For preparation of those Financial Statements, the Directors are required to:

- Select appropriate accounting policies and then apply them consistently.
- Present information, including accounting policies, that is relevant, reliable, comparable, and understandable.
- Make judgments and reasonable and prudent estimates.
- State whether the applicable accounting standards have been followed, subject to any significant deviation, revealed and explained in the accounts.
- Prepare the accounts based on the ongoing business, unless it is inappropriate to presume that the Company will continue in business.

The Managers confirm that the accounts meet the above requirements.

In addition, the Directors consider that they are responsible for maintaining appropriate accounting records, that reveal with reasonable accuracy, at any time, the financial situation of the Company. They are also responsible for safeguarding the assets of the Company and, therefore, for taking reasonable steps to prevent and detect fraud, and other irregularities.

David Bojanini Garcia
President

Luis Fernando Soto Salazar
Public Accountant
Professional Card 16951-T

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

The undersigned Legal Representative and Public Accountant, under whose responsibility the Separate Financial Statements were prepared, certify:

That for the issuance of the Statement of Financial Position, at December 31, 2017, and of the Income Statement for the year, Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows, for the year ended on that date, and compliance of the regulations, are made available to the Shareholders and third parties, as the statements and the figures contained in them, have been faithfully taken from the books and have been previously verified.

These affirmations, explicit and implicit, are the following:

Existence: The assets and liabilities of Grupo de Inversiones Suramericana S.A. exist on the cut-off date, and the transactions recorded have been realized, during the year.

Integrity: All economic facts have been recognized.

Rights and obligations: The assets represent probable future economic benefits and the liabilities represent probable future economic sacrifices, obtained or under the charge of Grupo de Inversiones Suramericana S.A., on the cutoff date.

Valuation: All elements have been recognized by appropriate amounts.

Presentation and disclosure: Economic facts have been correctly classified, described, and disclosed.

In accordance with Article 46 of Law 964 of 2005, in my capacity, as Legal Representative of Grupo de Inversiones Suramericana S.A., the Financial Statements and other reports, relevant to the public, related to the year, as of December 31, 2017 and December 31, 2016, do not contain any defects, inaccuracies, or errors that prevent us from knowing the true financial situation, or the operations of the Company.

David Bojanini Garcia
President

Luis Fernando Soto Salazar
Public Accountant
Professional Card 16951-T

REPORT OF THE AUDITOR

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF FINANCIAL POSTION
At December 31, 2017 (with comparative figures at December 31, 2016)
(*Expressed as millions of Colombian Pesos*)

	Note	December 2017	December 2016
Assets			
Cash and cash equivalents	7	69,298	451,443
Investments	8.1.3	17,664	23,091
Trade and other receivables	8.1	19,824	767
Accounts receivable related parties and associates	8.1.1	39,450	99,899
Other financial assets	8.1.2	76,674	123,526
Other non-financial assets		244	244
Property and equipment	10	25,984	40,176
Investments in associates	11.1	14,395,418	14,395,418
Investments in subsidiaries	11.2	13,119,248	10,891,236
Total assets		**27,763,804**	**26,025,801**
Liabilities			
Other financial liabilities	8.2	1,216,979	1,311,689
Provisions for employee benefits	12	34,871	32,132
Other provisions	13	205,035	266,258
Trade and other payables	8.2.3	14,687	36,642
Accounts payable to related parties	8.2.2	1,664,427	1,727,010
Current tax liabilities	9	33,338	62,103
Securities issued	14	1,779,793	986,781
Deferred tax liabilities	9	39,554	66,281
Total liabilities		**4,988,684**	**4,488,896**
Equity			
Share capital issued	15	109,121	107,882
Paid-in capital	15	3,290,767	3,307,663
Retained earnings		11,799,493	11,754,545
Other comprehensive income		1,211,878	472,258
Reserves	15	5,608,777	5,059,076
Profit for the period		755,085	835,481
Total equity		**22,775,121**	**21,536,905**
Total equity and liabilities		**27,763,804**	**26,025,801**

The Notes are an integral part of these Financial Statements.

David Bojanini García	Luis Fernando Soto Salazar	Mariana Milagros Rodríguez
Legal Representative	Accountant	Auditor
	T.P. 16951-T	T.P. 112752-T
		Designated by Ernst & Young Audit S.A.S. TR-530
		(See my report of February 26, 2018)

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE INCOME STATEMENT
At December 31, 2017 (with comparative figures at December 31, 2016)
(*Values expressed in millions of Colombian Pesos, except net profit per share*)

	Note	December 2017	December 2016
Dividends	11.1, 18	380,648	360,742
Income from investments, net	18	10,434	(7,115)
Loss at fair value, net	18	(141,676)	(125,931)
Profit from *the Equity Method* of subsidiaries, net	11.2,18	906,936	748,767
Income from investments sales, net	18	1,214	65,940
Other income		3,717	179
Total income		**1,161,273**	**1,042,582**
Administrative expenses	20	(83,222)	(41,263)
Employee benefits	4, 12.4	(25,671)	(20,990)
Fees	21	(8,489)	(19,634)
Amortizations		-	(72)
Depreciation	10	(1,178)	(407)
Interest	22	(293,287)	(206,845)
Exchange differences (Net)	19	(12,835)	143,648
Total expenses		**(424,682)**	**(145,563)**
Profit before tax		**736,591**	**897,019**
Income tax	9	18,494	(61,538)
Net profit from continuing operations		**755,085**	**835,481**
Net profit from discontinued operations		-	-
Profit, net		**755,085**	**835,481**
Earnings per share	23	1,610	1,781

David Bojanini García
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GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
At December 31, 2017 (with comparative figures ended at December 31, 2016)
(*Expressed in millions of Colombian Pesos*)

	Note	December 2017	December 2016
Profit for the period		**755,085**	**835,481**
Other comprehensive income, net of tax, gains (losses) from investments of equity instruments	17	(5,427)	1,579
Other comprehensive income, net of tax, losses from new measurements of defined employee benefits	17	(1,209)	(1,041)
Total other comprehensive income not reclassified to profit or loss, net of tax		**(6,636)**	**538**
Share of other comprehensive income of subsidiaries accounted for using *the Equity Method*, that are reclassified to profit or loss, net of taxes	17	746,256	(558,957)
Total other comprehensive income reclassified to profit and loss		**746,256**	**(558,957)**
Total other comprehensive income		**739,620**	**(558,419)**
Total comprehensive income		**1,494,705**	**277,062**

David Bojanini García
Legal Representative

Luis Fernando Soto Salazar
Accountant
T.P. 16951-T

Mariana Milagros Rodríguez
Auditor
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(See my report of February 26, 2018)

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE CHANGE IN EQUITY STATEMENT
Year ended December 31, 2017 (with comparative figures for the year ended at December 31, 2016)
(*Expressed in millions of Colombian Pesos, except for net income per share*)

	Note	Share capital issued	Paid-in capital	Retained earnings	Other comprehensive income	Legal reserves	Occasional reserves	Profit for the period	Total Equity
At 1 December 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		-	-	-	**(558,419)**	-	-	-	**(558,419)**
Shares in subsidiaries accounted for *under the Equity Method*	17	-	-	-	(558,956)	-	-	-	(558,956)
Gains from equity instruments	17	-	-	-	1,579	-	-	-	1,579
Gains from new measurements of defined employee benefits	17	-	-	-	(1,041)	-	-	-	(1,041)
Profit for the period		-	-	-	-	-	-	835,481	835,481
Net comprehensive income for the period		-	-	-	**(558,418)**	-	-	**835,481**	**277,063**
Transferred to accumulated earnings		-	-	723,988	-	-		(723,988)	-
2015 Profit distribution in accordance with the Meeting Minutes No. 21, of the Shareholder's Meeting of March 31, 2016:									
Shareholder dividends (456 Pesos per share)	16	-	-	(262,371)	-	-	-	-	(262,371)
Donations to social projects	16	-	-	(5,000)	-	-	-	-	(5,000)
Reserves for the protection of investments	15	-	-	(456,617)	-	-	456,617	-	-
Minimum dividends, preference shares	14	-	-	17,280	-	-	-	-	17,280
At December 31, 2016		**107,882**	**3,307,663**	**11,754,545**	**472,258**	**138,795**	**4,920,281**	**835,481**	**21,536,905**

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE CHANGE IN EQUITY STATEMENT
Year ended December 31, 2017 (with comparative figures for the year ended at December 31, 2016)
(*Expressed in millions of Colombian Peso, except for net income per share*)

	Note	Share capital issued	Paid-in capital	Retained earnings	Other comprehensive income	Legal reserves	Occasional reserves	Profit for the period	Total Equity
At 1 January 2017		107,882	3,307,663	11,754,545	472,258	138,795	4,920,281	835,481	21,536,905
Shares issued		1,238	209,189	-	-	-	-	-	210,427
Other comprehensive income	26	**-**	**-**	**-**	**739,620**	**-**	**-**	**-**	**739,620**
Financial instruments with changes to OCI		-	-	-	(5,427)	-	-	-	**(5,427)**
Losses from new measurements of defined employee benefits, net of taxes		-	-	-	(1,209)	-	-	-	**(1,209)**
Shares in subsidiaries accounted for by *the Equity Method*		-	-	-	746,256	-	-	-	**746,256**
Profit		**-**	**-**	**-**	**-**	**-**	**-**	**755,085**	**755,085**
Net, comprehensive income for the period		**-**	**-**	**-**	**739,620**	**-**	**-**	**755,085**	**1,494,706**
Transferred to retained earnings		-	-	835,481	-	-	-	(835,481)	-
Distribution of 2016 profit, according the minutes No. 22 from the Shareholders Meeting of March 31, 2017:		-	-	-	-	-	-	-	-
Dividends recognized as distributions to owners (488 Pesos per share)		-	-	(280,780)	-	-	-	-	(280,780)
Donation for social projects		-	-	(5,000)	-	-	-	-	(5,000)
Reserves for the protection of investments	24	-	-	(549,701)	-	-	549,701	-	-
Minimum dividends, preference shares	25	-	(226,085)	44,948	-	-	-	-	(181,137)
At December 31,2017		109,121	3,290,767	11,799,493	1,211,878	138,795	5,469,982	755,085	22,775,121

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		(See my report of February 26, 2018)

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF CASH FLOWS
At December 31, 2017 (with comparative figures at December 31, 2016)
(Expressed in millions of Pesos)

	Note	December 2017	December 2017
Profit		755,085	835,481
Adjustments to reconcile profit			
Adjustments for income tax expenses	9	(18,494)	61,538
Adjustments for financial costs	22	53,856	206,845
Adjustments for decreases in accounts receivables from commercial activities		(19,057)	(591)
Adjustments for the increases in other accounts receivable from operating activities		(368,361)	(401,981)
Adjustments for increases in other accounts payable from commercial activities		(62,637)	(278,994)
Adjustments for depreciation and amortization expenses		1,178	478
Adjustments for provisions		4,404	196,231
Adjustments for unrealized foreign currency losses		3,993	(160,028)
Adjustments for fair value gains	18	141,676	125,931
Adjustments for undistributed profits from the application of *the Equity Method*	11	(906,936)	(748,767)
Other adjustments for losses other than cash		-	(2)
Valuation of investments	18	(1,214)	(65,940)
Total adjustments to reconcile gains		**(1,171,591)**	**(1,065,281)**
Net cash flows from operations		**(416,506)**	**(229,800)**
Dividends received, associates		895,794	822,296
Taxes on profits paid		(36,403)	(37,313)
Net cash flows from operating activities		**442,885**	**555,182**
Cash flows from (used in) investing activities			
Cash flows from losing control of subsidiaries or other businesses	11.1	-	504,375
Cash flows used to obtain control of subsidiaries or other businesses	11.1, 11.2	(1,106,496)	(2,865,604)
Other expenses for the sale of equity or debt instruments of other entities	18	1,214	65,940
Proceeds from the sale of property, plant and equipment	10	15,950	13
Purchases of property, plant and equipment	10	(2,936)	(23,145)
Payments derived from future contracts, forward contracts, options, and swap agreements (swaps)		(24,684)	-
Collection of forward, futures, options, and swap contracts (swaps)		40,682	58,310
Net cash flows from (used in) investment activities		**(1,076,270)**	**(2,260,111)**
Cash flows from financing activities			
Proceeds from the issue of shares		29,291	17,279
Proceeds from loans		2,448,932	2,645,186
Loan repayments		(1,593,534)	(454,509)
Payments of liabilities from financial leasing		(949)	(404)
Dividends paid	16	(346,326)	(257,456)
Interest paid		(250,023)	(26,283)
Other cash inflows (outflows) of cash		(5,000)	(5,000)
Net cash flows from (used in) financing activities		**282,391**	**1,918,813**
Increase (decrease) net of cash and cash equivalents, before the effect of changes in the exchange rate		**(350,994)**	**213,885**
Impact of variations in the exchange rate on cash and cash equivalents			
Impact of variations in the exchange rate on cash and cash equivalents		(31,150)	16,330
Increase (decrease), net, in cash and cash equivalents		**(382,144)**	**230,215**
Cash and cash equivalents at the beginning of period	5.1	451,443	221,228
Cash and cash equivalents, at the end of period	**5.1**	**69,298**	**451,443**

David Bojanini García	Luis Fernando Soto Salazar	Mariana Milagros Rodríguez
Legal Representative	Accountant	Auditor
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		(See my report of February 26, 2018)

NOTES FOR THE CONDENSED SEPARATE FINANCIAL STATEMENTS

At December 31, 2017 (with comparative figures at December 31, 2016)
(Expressed in millions of Colombian Pesos, except for exchange rates, and number of shares.)

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 Carrera 43A # 5A - 113 Floor 13, Edificio One Plaza, 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 2097.

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 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 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. This entity was awarded the 2016 bronze recognition, which represents the Second Company in The World, in this sector, with the highest standards in this area. Grupo SURA classifies its investments in two ways: strategies 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, energy, ports, real estate sector and infrastructure.

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 46.01% stake with voting rights (equivalent to a stake of 24.38% share capital) of Bancolombia, where Grupo SURA is the largest shareholder, with a stake of 81.13% of the capital of Suramericana S.A., the company that groups together insurance companies. The remaining 18.87% of the share capital of Suramericana belongs to German insurance company Münchener Rückversicherungs-Gesellschaft Aktiengesellschaf Munich, known as "Munich Re." In addition, Grupo SURA directly holds a 76.47% 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 16.42% 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 35.56% of shares with voting rights (equivalent to a stake of 26.78% 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 Odinsa S.A.

Strengths of the entity

1) Grupo SURA is a shareholder of several companies that have investments in leading companies in Colombia, Mexico, El Salvador, the Dominican Republic, Panama, Peru, Chile, Guatemala, Uruguay, Brazil, and Argentina. Grupo SURA has invested in well-established companies that belong primarily to the financial services sector, insurance, health, labor risks, pension funds and complementary services, and to a lesser extent, industrial sectors of the economy, including food processing, cement production and ready-mix concrete, power generation, ports, exploitation of coal mines and development of real estate projects.

2) *Solid level of cash flows diversified by country and sector*. Grupo SURA obtains most of its cash flow from dividends paid by a diversified group of companies, from several industries and countries in the Region. In recent years, these companies have paid dividends on a constant basis, which have registered increases of at least the inflation rate, measured by the Consumer Price Index (CPI).

3) *Solid Statement of Financial Position that supports the expansion of the business*. At December 31, 2017, Grupo SURA had a net worth of COP 22,775,121 million, and its financial indebtedness ratio over total assets was 10.8%. Traditionally, Grupo SURA has financed its expansion mainly with its cash flows from operating activities and the sale of non-strategic assets, and it is noteworthy, that the company closes the year with financial indebtedness levels that are significantly lower for the size of its portfolio.

4) *Multi-product, multi-segment, and multi-channel business model*. Grupo SURA has increased its market share in the financial services sector, in the region, by developing an integrated business model that allows it to take advantage of the synergies between the different banking, insurance, and pension businesses, while gaining access to a larger base of clients and promoting greater loyalty among them, always being very rigorous with compliance of the norms, in each country and respecting legal restrictions. The integrated business model, used to find different companies, is a real competitive advantage, and is also a barrier to entry, that makes it difficult for competitors to enter the market.

5) *Commitment to best practices, good corporate governance, and sustainable development.* The Good Governance Code was implemented in 2002 and annual reports on this matter have been published since 2005. Our Corporate Governance System is based on the corporate principles of equity, respect, responsibility, and transparency, together with a firm commitment to the region and their people. The Code of Good Governance complies with high international standards and embodies the philosophy and norms that govern the management of relations, between the Administration, the Board of Directors, shareholders, investors, and other groups of people interested in the development of the Company. In addition, as part of the commitment to sustainability and the development of the corporate responsibility

model, Grupo SURA and its subsidiaries participate in social development projects, with institutional contributions and corporate volunteering, through the Fundación Suramericana. These initiatives promote the development of people's capacities and help improve the quality of life of vulnerable communities.

6) Good human talent. Grupo SURA has people with great experience and knowledge, and an Administrative Team with extensive experience. In the Company, the employee is very important and the integrity and corporate values, that are part of the organizational culture, are emphasized. With regards to the Management Team, most of its members have held Senior Management Positions, in several industries, both in Colombia and in the rest of Latin America and, at the same time, they have been linked to Grupo SURA or related companies, during their work history.

Business Strategy

Grupo SURA is coming from a period of international expansion, in which it has reached a positive solidity of its cash flows, thereby strengthening the financial situation of the companies and diversifying, at the same time, the origin of the Organization's income, from a flow that comes from not only from different industries, but also from different countries. At the same time, the company has sought, and will continue to do so, to ensure that growth does not affect good credit standing, by continuing with a conservative policy of long-term leverage.

2017 was a year of great challenges, as Grupo SURA undertook the task of carrying out a thorough review of the strategic direction of the Organization, called Evolution 2030, with the reach of the Business Group. The organization is aware that the world is changing, at an exponential rate, and the investments of its portfolio must respond at that rate to remain valid in the future.

Currently, the Company has entered into a consolidation phase of the acquired businesses, where the goal is to achieve greater profitability and make them sustainable over time, and for this, it is essential not only to guarantee joint work, as a group, that allows having a solid position, in front of the different interest groups, but also to leverage the growth of investments in financial services, reaching new markets, better serving the different segments of the population that have greater economic capacity, and knowing more about our current and potential clients, using the data through analytics, artificial intelligence, and new technologies, to improve the value proposition.

The main objectives of this exercise were:
- Align and build common purposes, to achieve better results.
- Reorient the work plan for the consolidation, optimization, and generation of profitability, in the portfolio business.
- Detect opportunities and risks beyond current businesses, creating new businesses, and
- Support the transformation of business in the future.

Among the new definitions, we have built together, a business group **purpose**: To foster well-being and sustainable development for its people, organizations, and Company. A new purpose supported by six pillars that will define the prioritization of future plans and projects.

Strategic pillars:

- *Human Talent and Culture:* Human talent is a differentiating element in which the organizational capacities are developed. These capacities, which are the principles and source of transformation for the competitiveness and sustainability of Grupo SURA.

A culture is a set of characteristics, that guarantee consistency in philosophy, principles, management style, and leadership of the Organization and is the way of doing day to day business.

- *Innovation and Entrepreneurship:* Innovation is the transformation and creation of businesses and processes, that generate value, based on a culture that encourages and enables the permanent development of skills and abilities, such as creativity and experimentation.

Entrepreneurship is the creation of companies and investments, in ventures, that contribute to the sustainability of our portfolio. It is the acceleration of new companies in the portfolio.

- *Internal and External Partnerships*: Internal and external alliances, synergies, and articulations, that make us both, more competitive and efficient, in our purpose of creating well-being and sustainable development. They must generate value for all the parties involved.

- *Knowledge*: This is the holistic understanding of our industry, through the analysis and systematic visualization, of the environment and trends, as well as, the articulation of information and learning of organizations, to generate capacities, that allow for better decision making, and to anticipate and stay current over time, enabling the fulfillment of our visions/aspirations.

- *Reputation and Trust*: This is the result of fulfilling the promise of value, based on good practices, ethical principles, and the development of long-term relationships with Shareholders.

- Financial Resources Management: This is the coordination of the cycle of financial resources of the Group:

o Achievement of resources and definition of an adequate capital structure
o Allocation of capital, based on agreed criteria, aligned with the strategy of the Business Group
o Active investment management, by monitoring and measuring, to guarantee the generation of value

The foregoing, obliges the company to work on the identification of the capabilities, that it needs to develop or strengthen, in terms of human talent, financial resources, sustainability practices, technology, process design, corporate governance, construction, reputation, and brand management. All this, as part of the process of continuous search for the generation of value, that now has a broader scope, aiming to generate well-being and sustainable development, all with the purpose that Grupo SURA may grow more useful, as a Company.

Senior Management

The Board of Directors, which is composed according to the corporate bylaws, has seven members appointed at the Annual Meetings of the Shareholders Assembly.

The Members, of the current Board of Directors, were appointed by the General Assembly of Shareholders, in an ordinary meeting that took place on March 31, 2016, for a period of two years. The mandate of each board member, expires in March 2018. Directors may be appointed for further periods without restrictions, until a maximum age of 72 years.

The following table contains some information about the current members of the Board of Directors:

First name	Title
Luis Fernando Alarcón Mantilla (1)	President
Sergio Michelsen Jaramillo (1)	Principal
Alejandro Piedrahita Borrero	Principal
Carlos Ignacio Gallego Palace	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.

Executive Team

The current Executive Directors are:

First name	Title
David Bojanini García	President (CEO)
Juan Carlos Llanos	Corporate Auditor
Ricardo Jaramillo Mejía	Vice President of Corporate Finance (CFO)
Tatiana María Orozco de la Cruz	Vice President Corporate Affairs (CAO)
Juan Luis Múnera Gómez	Vice President of Corporate Legal Affairs (CLO)

Committees of the Board of Directors

Sustainability and Corporate Governance Committee

Composed of 3 members of the Board of Directors; the CEO attends, as a guest. It meets at least twice a year and has responsibilities to the Directors, the Board of Directors, the Administration, and the sustainability, and good governance of the Company.

Appointments and Remuneration Committee

Composed of 3 members of the Board of Directors and meets at least twice a year. Their duties are framed within the following areas: guidelines in matter of human talent, retention strategies and development of human talent, succession planning, performance evaluations of Senior Management and CEO of the Company, guidelines for the remuneration of Directors, as well as, Administrators, according to their individual performance and to the Company.

Risk Committee

Composed of 3 members of the Board of Directors, they meet, at least, twice a year. Responsibilities are attributed to the Company's risk management, including: analyzing and assessing the ordinary management of risk in the Company, in terms of limits, risk profile, profitability, and capital map, present the Risk Policy of the Company to the Board of Directors, submit to the Board of Directors, proposals for delegation norms, for the approval of the different types of risk.

Likewise, this committee is formally responsible for aspects related to sustainability in the Company, such as: evaluation and monitoring of social, environmental, and political trends, that could affect the Company and its subsidiaries, and their results, monitoring the performance of the Company and its subsidiaries in the environmental, economic, social, and reputational aspects, monitoring the management and mitigation of non-financial risks, and review of information of a non-financial nature that the Company makes available to the market.

Audit and Finance Committee

Composed of 3 independent members of the Board of Directors, they meet, at least, 4 times a year. This Committee has the responsibility to generate and promote a culture of supervision in the Company. The responsibilities of the Committee are enshrined in Article 37, Literal B, of the Articles of Association and the regulations of the aforementioned Committee, documents are available to the public on the Company's website (www.gruposura.com).

Principal Shareholders

The following table contains information related to the stock composition of the Company at December 31, 2017, in accordance with the Shareholders Registry Book:

Shareholder	Number of Shares	Value in Pesos	% Participation
Grupo Argos S.A.	130,990,706	24,560,757,375	22.51%
Grupo Nutresa S.A.	59,387,803	11,135,213,063	10.20%
Fondo de Pensiones Obligatorias Porvenir Moderado	54,569,596	10,231,799,250	9.38%
Fondo de Pensiones Obligatorias Protección Moderado	50,589,397	9,485,511,938	8.69%
Cementos Argos S.A.	26,751,424	5,015,892,000	4.60%
Harbor International Fund	24,751,142	4,640,839,125	4.25%
Fondo de Pensiones Obligatorias Colfondos Moderado	17,419,468	3,266,150,250	2.99%
Oppenheimer Developing Markets Fund	13,206,870	2,476,288,125	2.27%
Fondo Bursátil Ishares Colcap	11,484,837	2,153,406,938	1.97%
Fundación Grupo Argos	10,666,767	2,000,018,813	1.83%
Colombiana de Comercio S.A. Corbeta and/or Alkosto S.A.	10,000,000	1,875,000,000	1.72%
Old Mutual Fondo de Pensiones Obligatorias - Moderado	7,534,891	1,412,792,063	1.29%
Abu Dhabi Investment Authority J.P. Morgan	6,989,392	1,310,511,000	1.20%
Minority Shareholders (1)	157,635,255	29,556,610,311	27.09%
Total Actions	**581,977,548**	**109,120,790,251**	**100.00%**

(1) Includes shareholders, who individually, hold less than 1.0% of the common and preference shares.

Common shares are traded on the Colombian Stock Exchange, under the symbol of "GRUPOSURA", the Level I ADRs are traded on the US counterpart market, under the symbol "GIVSY." As for preference shares, they are traded on the Stock Exchange of Colombia, under the symbol of "PFGRUPSURA", and the Level I ADRs of this type, are traded in the United States under the symbol of "GIVPY".

NOTE 2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

2.1. Compliance Statement

The 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, 2131 of 2016 and 2170 of 2017. NCIF are based on the International Financial Reporting Standards (IFRS), along with the interpretations issued by the International Accounting Standards Board – IASB (its acronym in English). The base norms correspond to those translated into Spanish and issued as of December 31, 2015. These accounting and financial reporting standards correspond to the International Financial Reporting Standards (IFRS), contained in the "Red Book version 2015", published by the International Accounting Standards Board (IASB).

The application of these international standards in Colombia, is subject to certain exceptions, established by the regulator, and contained in Decree 2420 of 2015, and as amended. These exceptions vary depending on the type of company and are the following:

- Title 4, Chapter 1 of Decree 2420 of 2015, contains exceptions for entities of the financial sector, proposed by the Financial Superintendency of Colombia (SFC,) for prudential reasons, for the Financial Statements.

  These exceptions refer to the accounting treatment of the loan portfolio and its impairment, the classification and valuation of the investments, which will continue to be applied in accordance with the requirements of the Basic Accounting and Financial Circular of the SFC, instead of the application of IAS 39 or IFRS 9; as well as, to the treatment of catastrophic technical reserves and reserves for deviation of claims, and the reserve of insufficient assets, which will continue to be calculated and accumulated in the liability and recognized in a deferred manner (in the case of the reserve of asset insufficiency), in accordance with the provisions of Decree 2973 of 2013, instead of the application of IFRS 4 that prohibits the accumulation of catastrophic reserves and deviation of claims for expired validity, and requires the immediate constitution of reserves for insufficient assets. On the other hand, the decrees establish, that for purposes of the application of IFRS 4, regarding the value of the adjustment that may be presented as a result of the proof of the adequacy, of the liabilities, referred to in paragraph 15, of said standard, the transition periods, established in Decree 2973 of 2013, will continue to be applied, or the regulations that modify or replace it, as well as, the gradual adjustments of the reserves created before October 1, 2010, for the calculation of the pension products of General Pension System (including pension commutations), the General System of Occupational Risks, and other insurance products that use the rentier mortality tables in their calculation, established by the Financial Superintendence of Colombia. The foregoing is without prejudice to the entities, which could meet in advance of the deadlines and set in the transition regimes, referred to above. In any case, the insurance companies must include in their Financial Statements, a Note on the subject.

- Article 2.2.1, of Decree 2420, of 2015, added by Decree 2496, of the same year, and amended by Decree 2131 of 2016, establishes that the determination of post-employment benefits for future retirement or disability pensions will be made, in accordance with the requirements of IAS 19. However, it requires the disclosure of the calculation of pension liabilities, in accordance with the parameters, established in Decree 1625 of 2016, Articles 1.2.1.18.46 et seq. and, in the case of partial pension commutations, in accordance with the provisions of Paragraph 5 of Article 2.2.8.8.31 of Decree 1833 of 2016, reporting the variables used, as well as, the differences to the calculation realized, in the terms of the technical framework under NCIF.

2.2. Basis of measurement

The presentation of the 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.

2.3. Accounting policy update

The Board of Directors of Grupo Sura, on the recommendation of the Audit and Finance Committee, approved an update of the accounting policies on Financial Instruments and Intangible Assets, with the purpose of standardizing the reach, in IFRS 9 and IAS 38, respectively.

Fair Value with changes in other comprehensive income

With regard to the Financial Assets Policy, this update will allow the "Other Comprehensive Result" -OCI- (equity), debt instruments, which has no impact on the presented Financial Statements, because the update will only apply to the new instruments that are acquired.

Within the investment portfolios, we consider that it is important to have this classification, since within our management, there are investments, that in principle will seek durations and rates, that approximate the requirements that the liability presents for each of the branch of business that is managed, but for which there is also the intention to benefit from the movements of market conditions, with the goal of increasing the profitability of the portfolio, and meeting the cash flow needs, of the insurance business.

This model will provide flexibility to the Company in the management of its investments, since it will have a dual objective of obtaining contractual cash flows, but also of eventually disposing of financial assets, in order to, potentially benefit from the variations in market conditions. The value and expected frequency of sales, of financial assets, of this model, is greater than those of the amortized cost model.

Intangible assets

With regard to the Intangible Assets Policy, this update will allow the capitalization of intangible assets, for administrative (technological) use, which will be reflected as an increase, in the intangible assets of the companies of the SURA Business Group, and that are implementing SAP.
These updates will take effect as of 2018.

2.4. Presentation of Financial Statements

Grupo SURA presents the statement of financial position by liquidity order.

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.

2.5. Reclassifications

Some of the figures and disclosures in relation to December 31, 2016, presented in these Financial Statements, for comparison purposes, may vary from the information published to this court, due to the creation of new concepts, reclassifications in their lines and adjustments, which were made as a result of the audit and internal review realized by the Administration for the closing of the Financial Statements completed at December 31, 2016, presented and approved by the Shareholders' Meeting on March 31, 2017. Grupo Sura Management considers that these adjustments do not affect the reasonableness of previously published information.

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. Cash and cash equivalents

Cash and cash equivalents, in the Statement of Financial Position, and in the Cash Flows Statement, include cash and banks, highly liquid investments, and money market operations, readily convertible into a determined amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less, from the date of its acquisition.

3.2. 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*.

The financial assets are recognized at the closing date of the operation. Likewise, interest income is recognized in the same item where the valuation is recognized.

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 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. Credit losses incurred for financial assets, at amortized cost, are measured at an amount equal to the loans incurred for the following 12 months, unless the risk of the financial instrument has increased significantly, since its initial recognition.

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 (an "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.

Impairment of financial assets, measured at amortized cost, is recorded in a separate account, and is not allocated directly to the instrument.

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.

Financial instruments that contain both a liability, as well as an equity component, (compound financial instruments) should be recognized and accounted for separately. The liability component is determined by the fair value of future cash flows, and the residual value is allocated to the equity component.

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 of financial instruments

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 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 assets 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 detraction, 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 realized 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 of the 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.

3.3. Tax assets and liabilities

It understands the value of taxes mandatory general in favor of 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 national governing territorial.

3.3.1. 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 realized 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.

3.3.2. 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.

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.

3.4. Property and equipment

Grupo Sura defines as property and equipment (P&E), those tangible assets, that will be used in more than one accounting period, and that are expected to be recovered, through their use, and not through their sale.

Grupo Sura will determine, as initial cost of the property and equipment, the costs incurred in the acquisition or construction of these assets, until they are ready to be used.

Grupo Sura will recognize, as an element of property and equipment, those assets, that have a cost of acquisition higher than USD 700, except for assets classified as technology, which must have an acquisition cost higher than USD 400. The acquisition cost will be measured, according to the exchange rate of the transaction, and after discounting any discount or reduction, obtained in the purchase of the asset.

When Grupo Sura decides to realize massive purchases of homogeneous assets, that is to say, acquired on the same date, and that meet the same conditions, the activation of this bulk purchase can be made, provided that it exceeds the value of USD $ 100,000, which will be measured, according to the exchange rate of the transaction, and after discounting any discount or reduction obtained in the purchase of the asset.

Grupo Sura will measure real estate (land and buildings) after recognition under a revaluation model, that is at its fair value, which would be the price that would have been received for selling the asset, in an orderly transaction, between market participants, at certain measurement date.

For the other property and equipment classes, the cost model will be used.

Grupo Sura must realize maximum technical appraisals, every four years, to ensure that the book value of the asset does not differ significantly from its fair value. Revaluation increases will usually be credited to other comprehensive income, in the Statement of Comprehensive Income, and will be accumulated as a separate component of the equity called "revaluation surplus".

Decreases in assets must be taken as the lower value of the balance of other comprehensive income, if it exists, but not directly to profit or loss.

Depreciation

Grupo Sura will depreciate its property and equipment elements, thru *the straight-line method*, for all asset classes, except for land. Land and buildings are separate assets, and will be accounted for separately, even if they have been acquired jointly.

Depreciation will begin when the assets are in the location and conditions necessary for them to operate; and it will cease on the date on which the asset is classified as held for sale or as investment property measured at fair value, in accordance with the applicable accounting policies.

Grupo Sura will derecognize an item of property and equipment, if it will be sold, or when it is not expected to obtain future economic benefits for its use or disposal. The loss or gain arising from the derecognition of an item of property and equipment will be included in the result of the period.

Residual value

Grupo Sura will allocate residual values for classified vehicles, for administrative use, which will be equivalent to 30% of the cost of acquisition of the asset. For all other asset classes, a residual value of zero will be assumed.

Useful lives

Grupo Sura defined the following periods of useful lives for property and equipment:

Buildings	20 to 100 years
Technology team	3 to 10 years
Furniture and fixtures	6 to 10 years
Vehicles	4 to 10 years
Property improvements	Until the expiration of the contract or useful life, whichever is less

Grupo Sura must review the useful lives of all assets, at least at the end of each accounting period.

3.5 Fair Value

To measure fair value, Grupo SURA must determine, all of the following:

a. Assets or specific liability, object of measurement (consistently with your unit of account)

b. For a non-financial asset, the valuation premise is adequate for the measurement

c. The main (or most advantageous) market for the asset or liability

d. The appropriate valuation technique(s) for the measurement, considering the availability of data with which to develop the variables that represent the assumptions that market participants will use when setting the price of the asset and liability, and the level of the hierarchy of the fair value, at which the variables are classified.

* Measurement of assets or liabilities

When measuring the fair value of an asset, or liability, Grupo SURA must take into account, the following:

The characteristics of the asset or liability in the same way that market participants, will consider, to fix the price of such asset or liability, for example, the following:

· The condition and location of the asset
· Restrictions, if any, on the sale or use of the asset

The way in which these characteristics would be taken into account, by market participants.

***Measurement of non-financial liabilities**
A measurement, at fair value, assumes that a non-financial liability is transferred to a market participant at the measurement date, that this liability will remain in circulation, and that the participant who received the liability would require satisfying the obligation.

When there is no observable market to provide pricing information, information may be received for these items if they are held by other parties, as assets, and the fair value of the liability will be measured from the perspective of a market participant.

*** Fair value at initial recognition**
When Grupo SURA acquires an asset, or assumes a liability, the price paid (or the transaction price) is an entry price. Because companies do not necessarily sell assets at the prices paid to purchase them, and similarly, companies do not necessarily transfer liabilities to the prices received for assuming them. Conceptually the entry and exit prices are different. The objective of fair value measurement is to estimate the exit price.

*** Valuation Techniques**
Grupo SURA uses the following valuation techniques:

- *Market approach*: This technique is mainly used in the valuation of investment properties and fixed assets, whose subsequent measurement has been defined by Grupo SURA, as a re-evaluated model. It is also used in financial assets that have been defined, according to the business model, at fair value and that present an active market.

- *Income approach:* this valuation technique is used for financial assets and liabilities determined at fair value and that do not present an active market.

- *Cost approach:* A valuation technique that reflects the amount that would be required at present to replace the service capacity of an asset (often referred to as current replacement cost).

3.6 Investments

3.6.1. 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.

The amendment to IAS 27 Method of Participation, in Separate Financial Statements, allows entities to use *the Equity Method* to account for subsidiaries of joint ventures and associates, in Their Separate Financial Statements. Entities that have already applied IFRSs, and choose the change to *the Equity Method,* will have to apply this change retroactively.

3.6.2. 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:

- It possesses, 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

Investments are initially recognized at the cost of the transaction and are subsequently measured to *the equity method*.

At the time of acquisition of the investment, Grupo SURA must account for the difference between the cost of the investment and the portion that corresponds to Grupo SURA, in the net fair value of the identifiable assets and liabilities of the associate, as follows:

If the fair value portion of the associated assets and liabilities identified, of the associate, is less than the acquisition value, a higher value that forms part of the cost of the investment arises; or if the fair value portion identified, of assets and liabilities, of the associate is greater than the value of the acquisition, it is considered a purchase on an advantageous basis, and this difference is recognized as income for the period.

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

Grupo SURA 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 the Income Statement 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, Grupo SURA measures and recognizes any residual investment keep it at fair value. The difference between the book value of the associate (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.

3.7 Impairment of assets

Grupo SURA is lost must ensure that its operating assets, i.e. property and equipment and intangible assets and investments in which they are accounted for a value that is not higher than their recoverable value, i.e.

their book value does not exceed the value that can be recovered through their continuous use or sale. If this is the case, Grupo SURA must recognize a loss for impairment of the asset.

Grupo SURA must assess, at each date of the Financial Statements or with the same periodicity of the interim financial information, the existence of signs of impairment. If such an indication exists, Grupo SURA must estimate the recoverable value.

3.8 Employee Benefits

Employee benefits include all the compensation that Grupo Sura provides to workers, in exchange for the services provided. Employee benefits are classified as: short-term, post-employment, other long-term benefits and/or termination benefits.

Short-term benefit

These are benefits (other than termination benefits), that are expected to be fully settled before the twelve months following the end of the annual reporting period, in which the employees have rendered the related services. The short-term benefits are recognized to the extent that the employees provide the service, for the expected value to be paid.

Long-term benefits

The long-term benefits refer to all types of remuneration, owed to the employee, after the twelve months following the close of the accounting year, or during the provision of the service. For this benefit, Grupo Sura must measure the surplus, or deficit, in a long-term employee benefits plan, using the technique, in its entirety, applied to the post-employment benefits, for both the estimation of the obligation, and the assets of the plan; and must determine the value of the net defined benefit, by finding the deficit or surplus of the obligation.

Post-employment benefits

Post-employment benefits are all those remunerations granted to the employee, but that are after the period of employment, and that will be granted once this stage is completed. Similarly, depending on the economic substance of the remuneration granted, the benefit could be a defined contribution plan, under which the obligation is limited to the fixed contributions paid to an external company, or fund, once it is recognized that employee has rendered its services, for a period and the period's expense is disclosed at its nominal value; or it could be a defined benefit plan, where Grupo Sura has a legal or implicit obligation to respond for the payments of the benefits, that were left to it, and will require the use of an actuarial calculation, in order to effect the recognition of the obligation for defined benefits based on actuarial assumptions.

Those benefits, classified as long-term and post-employment benefits, are discounted with the rates of government bonds, issued by each of the countries, with consideration of the dates of the flows in which Grupo Sura expects to make the disbursements.

Termination benefits, which are payments for early retirement or severance payments, and will therefore only arise upon termination of the employment relationship. Grupo Sura must recognize termination benefits as a liability and an expense, when the offer of benefits can no longer be withdrawn, due to contractual issues or that recognizes the costs of a restructuring.

3.9 Provisions and Contingencies

Provisions are recorded when Grupo SURA has a present legal or implicit obligation, as a result of a past event, it is probable that Grupo SURA will have to divest itself of resources, that incorporate economic benefits to cancel the obligation, and a reliable estimate of the value can be realized of the obligation. If these conditions are not met, a provision should not be recognized.

Grupo SURA recognizes provisions in the Statement of Financial Position, as the best estimate of the required disbursement, that is, the value for which Grupo SURA must settle the obligation, in the reporting period, considering the risks and uncertainties surrounding this estimate.

Grupo SURA, considers that the recognition of a provision, when it has a probability of a greater than 50% loss.

Grupo SURA recognizes, measures, and discloses provisions arising in connection with onerous contracts, restructurings, contractual processes, and litigations, provided there is a high probability that the Company has incurred an obligation, and must cancel it.

Grupo SURA defines a contingent liability as an obligation that arises from past events and whose existence will be confirmed by the occurrence, or non-occurrence, of uncertain future events, or as a present obligation arising from past events, but is not recognized; and catalogs, as a contingent asset, that asset that arises from past events, the existence of which will be confirmed by the occurrence or non-occurrence of uncertain future events.

For contingent assets and liabilities, that may arise from unexpected events, and where there is no certainty that their future economic benefits, this will not be recognized in the Statement of Financial Position until its occurrence.

3.10. Currency

3.10.1. Functional and presentation
Separate Financial Statements are presented in millions of Colombian Pesos and have been rounded to the nearest unit, which is also the functional and presentation currency of Grupo SURA S.A.

310.2. 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.

3.11. Ordinary income

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 revenue at the fair value of the consideration received or receivable. The amount of revenue arising from a transaction is usually determined by 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.

3.12. Earnings per share

The 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.

3.13. Events after the reporting period

Grupo Sura defines the following aspects, for the events that occurred after the date of the report:

Events after the reporting period that involve adjustments

Grupo Sura must adjust the figures recorded in the Financial Statements, to reflect the effects of subsequent events, that imply adjustments, as long as they occur, before the date on which the Financial Statements are approved by the Board of Directors.

Events after the reporting period that do not involve adjustments

Grupo Sura should not modify the figures in the Financial Statements, as a result of this type of events. However, if the event is material, Grupo Sura must disclose the nature of the event and an estimate of the financial effects or a manifestation of the impossibility of making such an estimate.

Dividend or surplus to the owner

Grupo Sura must refrain from recognizing as a liability in the Financial Statements, the dividends or surpluses agreed, after the reporting period.

On-going business hypotheses

Grupo Sura must prepare the Financial Statements on through hypotheses, provided that, after the reporting period, the administration does not determine that it intends to liquidate or cease its activities, or that it has no other alternative than proceed in one of these ways.

3.14. Related parties

The following are considered related parties:

1. The companies that make up the **Grupo Empresarial SURA** ("The Companies").
2. The **associated companies**.

This will only apply for transactions that are considered unusual (outside of the ordinary course of business of the company) **and materials**.

In any case, it must be ensured, that the recurring transactions are realized under competitive market conditions, and are recognized in totality, in the Financial Statements. For purposes of this document, the definition of associated companies contained in the Accounting Policy for Investments in associates, will apply.

3. The members of the Board of Directors (Principals and Alternates).
4. The Legal Representatives, excluding Judicial and Representative Representatives.
5. The personnel of the Top Management, specifically, the first two levels of the organization (including Executive Directors, Executive Auditor and Corporate or General Secretaries).
6. The close relatives of the members of the Boards of Directors, the Legal Representatives and the personnel, of the Senior Management, that is, their spouse or permanent companion, and the persons within the first degree of consanguinity, first of kinship, or only civilian.

This policy will not apply to operations that do not involve the provision of a service, or the disposition of goods, between the parties. That is, collaborative activities, synergies, or joint developments, among the Companies, in the interest of unity of purpose and direction, of Grupo Empresarial SURA.

Aligned with the Accounting and Financial Information Standards accepted in Colombia, and aware that each Company of Grupo Empresarial, will be responsible for identifying transactions between related parties, associated with their businesses, the operations that will at least be considered, within the present policy are:

- Purchases or sales of products
- Purchases or sales of real estate and other assets
- Loans between companies, in effect at the close of the accounting period
- Leases, where there is a formalization through a contract
- Provision or receipt of services, where there is remuneration, reciprocity, and formalization through a contract
- Transfers in which a company generates a development or research exclusively, for another entity and there is remuneration, reciprocity, and formalization through a contract
- Transfers realized, in accordance with financing agreements (including loans and equity contributions, in cash or in kind)
- Grants of collateral guarantees and guarantees
- Settlement of liabilities, on behalf of the entity, or by the entity, on behalf of that related party
- Other commitments and contracts, where there is reciprocity and remuneration
- Transactions (including compensation and benefits) with members of the Boards of Directors, Legal Representatives, and Senior Management Personnel, which correspond to the first two levels of the organization, that is, to people of the highest hierarchical level of the companies, responsible for the ordinary day to day business and responsible for devising, executing, and controlling the objectives and strategies of the companies; Auditors and Corporate or General secretaries are included. (It must be transactions with the company in which the Senior Manager works).

- Transactions between the company in which one of the Senior Managers, described above, and their spouse or permanent companion, or their relatives within the first degree of consanguinity, first of kinship or sole civil
- Dividends declared

<u>Materiality of transactions</u>

All transactions, between related parties, must be realized, under conditions of full competition and framed in the principles of transparency, fairness, and impartiality.

For the purposes of determining materiality, the following factors shall be taken into account:
- Legal, accounting, and tax compliance, in all jurisdictions
- Special conditions agreed upon with minority Shareholders
- Value of the operation, which will be defined, within the specific policies or procedures, of the Companies
- Realizations, in conditions different from those of market, due to a particular event
- Disclosure to regulatory or supervisory authorities
- Reporting requirement to the Senior Management and/or Board of Directors

If one of these factors, applies to at least one of the Companies involved in the transaction, it will be considered material.

NOTE 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND CAUSES OF UNCERTAINTY IN THE PREPARATION OF 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 impacted.

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

Accounting estimates and assumptions

Herewith, are the key assumptions that estimate the future behavior of the variables to the reporting date and 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.

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 of equity.

The revaluation increase is recognized in other comprehensive income and accumulated, in equity, as revaluation surplus. The revaluation is calculated every four years.

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 that any credit balance exists, in the revaluation surplus 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, internal.

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, is required, in order to determine the value of the deferred tax asset, to be recognized, based on the likely timing and level of future taxable profits, together with future strategies of the Company.

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, that incorporate economic benefits to settle that obligation.
c) A reliable estimate of the obligation can be made

f) Employee Benefits

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.

The information on assumptions and estimation uncertainties, that have a significant risk, resulting in a material adjustment, in the year ended December 31, 2017, are included in the following Notes:

Notes 12.2. and 12.3. Long-term benefits and Post-employment benefits: key actuarial assumptions

Note 9. Taxes: Recognition of deferred tax assets, availability of future taxable profits, against those that can be used to offset losses, obtained in previous periods

NOTE 5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and modified rules and interpretations

The Group has applied, for the first time some, standards, and modifications, which are effective for the annual exercises that have begun on January 1, 2016 or later.

The nature and impact of each new standard and modification are described below:

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment entities

These amendments, which are applied retroactively (with certain exceptions in the transition), establish an exception to the requirement to consolidate entities, that meet the definition of investment entities, in accordance with IFRS 10 Consolidated Financial Statements. The exception to consolidate, requires investment entities to register their subsidiaries, at fair value with changes in results. These modifications have not had an impact on the Group, since none of the Group's entities are classified as investment entity, in accordance with IFRS 10.

Modifications to IAS 32: Compensation of financial assets and financial liabilities

These modifications, which are applied retroactively, clarify the meaning of "when an applicable legal right to compensate is possessed", and the criterion to determine which mechanisms of the clearing houses, that do not arise simultaneously, could qualify for compensation. These modifications have not had an impact on the Group, since none of the Group's entities has compensation agreements.

Amendments to IAS 39: Novation of derivatives and continuation of hedge accounting

These amendments, which are applied retroactively, provide exemptions that allow continuation of hedge accounting, when the novation of a derivative, designated as a hedging instrument, meets certain criteria. These modifications have no impact on the Group, as no novations of its derivatives have been made during the current year or prior years.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity must recognize a liability, for a levy, when the activity is realized, as defined in the corresponding legislation, which entails the payment thereof. For the charges that are required when a certain amount is reached, the interpretation clarifies that the liability should not be registered, until the fixed limit is reached. IFRIC 21 is applied retroactively. This interpretation has no impact on the Group, since, in previous years, the recognition principles of IFRS 9 Financial Instruments, have been applied, which are consistent with the requirements of IFRIC 21; the liability is recognized, when all the budgets established by law for the birth of the levies, are fulfilled.

Annual improvements of IFRS - Cycle 2010-2012

In the 2010-2012 annual improvement cycle, the IASB issued seven amendments to six standards, which include an amendment to IFRS 13 Fair Value Measurement. The amendment, to IFRS 13, is immediately effective and must be applied to the periods, beginning on January 1, 2016, and in the "Bases of Conclusions" there is a clarification, that the accounts receivable and payable, in the short-term no interest rate, can be valued, by the amounts of the invoices, when the effect of the discount is immaterial. This amendment to IFRS 13 has no impact on the Group.

Annual Improvements to IFRS - Cycle 2011-2013

In the annual improvement cycle 2011-2013, the IASB issued four amendments to four standards, which include an amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards. This amendment to IFRS 1 is immediately effective, so it has to be applied to the periods beginning on January 1, 2016, and the "Basis of Conclusions" clarifies that an entity can choose between applying a current standard or a new standard that is not yet mandatory, but that can be applied in advance, provided that each standard is applied consistently in the years presented in the first Financial Statements of the company. This amendment to IFRS 1 has no impact on the Group, since the Group does not adopt IFRS for the first time this year.

NOTE 6. STANDARDS ISSUED, PENDING APPLICATION

Accounting and Financial Information Standards Accepted in Colombia, issued, not yet effective

The standards and interpretations that have been published, but are not applicable at the date of these Financial Statements, are disclosed below. The Group will adopt these standards on the date that they become effective, in accordance with the decrees, issued by the local authorities.

IFRS 9 Financial Instruments: Classification and Valuation

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 "Financial Instruments: Recognition and Measurement", and all previous versions of IFRS 9. This standard is part of the Annex to Decree 2496 of 2015, modified by Decree 2131 of 2016, with applicability for periods beginning on or after January 1, 2018, allowing early application.

IFRS 9 includes three aspects of accounting for financial instruments: classification and measurement, impairment, and hedge accounting. Retrospective application is required, but the presentation of comparative information is not mandatory, except for hedge accounting, for which the requirements are applied prospectively, with some exceptions.

The Group plans to adopt the new standard on the effective date established. During 2017, a detailed evaluation has been realized on the impact of the three aspects included in IFRS 9. This evaluation is based on the information currently available and may be subject to changes, as a result of new supported and reasonable information, available during the year of application of IFRS 9.

Grupo Sura, in its separate Financial Statements, presents no impact, on the application of this standard, however, in the application of *the method of participation*, of its subsidiaries, there is no significant impact expected, in its Statement of Financial Position, except for the impact, of the application, of the requirements of impairment, under IFRS 9. The Group expects an increase in the value correction for losses, resulting from the negative impact on equity that will be detailed below.

a. Classification and Measurement

The Group does not foresee a significant impact on its Statement of Financial Position, due to the application of the classification and measurement requirements of IFRS 9. Continuation, is expected, with the measurement at fair value of all financial assets, that to date are measured at fair value.

Shares of unlisted companies will be maintained in the medium-term. No impairment losses have been recognized in the results of the previous periods, on account of these investments. The Group will apply the option of presenting changes in fair value, in the OCI and therefore, the application of IFRS 9 will not have a significant impact.

Loans and accounts receivable are held until the entry or exit of the contractual cash flows, corresponding only to payments of principal and interest. The Group analyzed the characteristics of the contractual cash flows of these instruments and concluded that they meet the criteria for measurement, at amortized cost, under IFRS 9. Therefore, the reclassification of these instruments is not required.

b. Impairment

Due to the effective date of IFRS 9, as of January 1, 2018 Grupo Sura, and its subsidiaries, must adopt a methodology for impairment, due to expected or prospective losses, replacing the impairment methodology for losses incurred, and established by the previous NIC 39 standard, valid until December 31, 2017.

Grupo Sura defines guidelines and methodologies, for calculating the impairment of each of the financial instrument and consolidates the results of the application in its subsidiaries. As defined in IFRS 9, these methodologies recognize impairment, as the expected or prospective loss of their financial assets, considering a 12-month, or whole-life approach to the instrument. Both approaches will be applied according to the type of instrument and the credit conditions of the counterparty.

Specifically, for accounts receivable, associated with the client portfolio, subsidiaries use the general or 12-month approach, taking in account, the nature of the policies and the cancellations associated with them. An impairment percentage is calculated, based on available historical information, and for each default level, a percentage is applied prospectively, from the initial moment of the portfolio and is updated over time.

For accounts receivable derived from reinsurance contracts, Suramericana generally for the entire region, reviews the individual financial strength of each reinsurer and estimates the percentage of impairment associated with each. Each subsidiary according to its market characteristics can consider the payment agreements already established. The percentages are updated in a general manner for all subsidiaries annually.

On the other hand, given that the volume of trading of the company, through coinsurance contracts, is not a relevant item, and that additionally, the accounts receivable associated with this are not representative of the total accounts receivable, each subsidiary uses the criteria obtained in the accounts receivable model of customer portfolio.

Lastly, for portfolio investments, the financial strength of each counterparty is analyzed, through the Credit Risk Process, of each subsidiary, and "default" probabilities, published by international risk rating agencies, are used, in order to maintain a prospective approach in the calculation.

Finally, the company has estimated that, given the nature of its investments and accounts receivable, the adjustment to the provision, or loss for the application of the expected methodology, would be reflected as follows, considering the associated impacts, in deferred tax.

Impact on equity due to portfolio impairment

	Impairment			
Country	Customer Portfolio	Account Receivable Reinsurance	Account Receivable Coinsurance	Investment portfolio
Argentina	2,213	(551)	-	-
Brazil	-	(115)	(315)	-
Chile	(550)	67	383	-
Colombia	(4,095)	(910)	(1,536)	390
The Savior	436	(1,574)	5	127
Mexico	937	(21)	-	-
Panama	4,130	(595)	(68)	-
Dominican Republic	(1,332)	(612)	(76)	(162)
Uruguay	581	-	-	-
Total	**2,321**	**(4,311)**	**(1,607)**	**355**
Provision release, net	**(3,243)**			

c. Hedge accounting

Taking into account that IFRS 9 does not change the general principles of how an entity accounts for its effective hedges, applying the hedging requirements of IFRS 9, will not have a significant impact on the Group's Financial Statements.

d. Other settings

In addition to the adjustments described above, with the adoption of IFRS 9, other items in the Financial Statements, such as deferred taxes, assets held for sale and liabilities related to them, investments in associates and joint ventures, will be adjusted as necessary. The exchange differences in the conversion of operations from abroad will also be adjusted.

IFRS 15 Revenue from Contracts Signed with Customers

IFRS 15 was issued in May 2014 and amended in April 2016, by the IASB. This norm was included in Decree 2496 of 2015 and its amendment was included in Decree 2131 of 2016, effective as of January 1, 2018. The norm establishes a model that consists of five steps, to account for income generated from of contracts, signed with clients. Under IFRS 15, income is recognized, in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for the provision of services or the transfer of goods to a customer.

The new revenue standard replaces all the requirements currently established for the recognition of income, under IFRS. A full retrospective application or modified retrospective application is required for annual periods, beginning on or after January 1, 2018. The Group plans to adopt the new standard on the established date, using *the modified retrospective application method*. During 2017, the Company realized a diagnosis of the impacts that the application of this new standard would entail.

Grupo Sura's separate income comes primarily from the dividends of its investments in associates, and IFRS 15 eliminates this type of income from its scope. Due to the above, it is considered that Grupo Sura presents no impact on the application of this norm.

Revenues, of the subsidiaries of Grupo Sura, come mainly from the Insurance Segments (which are excluded from the scope of IFRS 15), and from the Administration of Funds. According to the analysis made, the impact on insurance companies is given at the presentation level.

About 1% of consolidated revenues correspond to the services segment, among which there is outsourcing, and where impacts are expected to occur in the application of IFRS 15, since services are provided in packages that include equipment and services.

a. Sale of goods

For contracts with customers, where the sale of the equipment is the only performance obligation, there will be no impact on the results, after the adoption of IFRS 15. The recognition of income occurs when control of the asset is transferred to the customer.

i. Variable Consideration

Currently, the Group recognizes the income from the sale of the measured goods at fair value, for the consideration received or for the account receivable, including their returns and discounts. If the income cannot be measured reliably, the Group defers recognition of this income, until the uncertainty is resolved. Such provisions give rise to variable consideration, under IFRS 15, which will need to be estimated at the beginning of the contract and subsequently updated.

IFRS 15 requires that the estimate of the variable consideration be limited, in order to prevent over-recognition of income.

- *Rights to Refund*

Under IFRS 15, because the contracts allow the customer to return the products, the consideration received, by the customer is variable. The Group has decided to use *the expected value method,* to estimate the goods that will be returned, taking into account that this method best predicts the amount of variable consideration, to which the Group will be entitled. The Group applies the requirements of IFRS 15 in the limitation of the estimates of the variable consideration, in order to determine the amount of such consideration, that may be included in the price of the transaction. Under IFRS 15, the Group presents a liability for reimbursements and an asset, for the right to recover the products sold to a customer, separately in the Statement of Financial Position.

- *Volume Returns*

Grupo Sura does not present this type of transactions in its revenues.

- *Obligations for Guarantees*

The Group generally grants guarantees for general repairs, but does not offer extended guarantees, in contracts with its customers. Therefore, most of the existing guarantees are guarantees of a safe nature, under IFRS 15, which will continue to be recorded, based on IAS 37, in accordance with current practice.

- *Loyalty Programs*

Grupo Sura does not present this type of transaction in the recognition of its income.

b. Provision of Services

Insurance companies

General

The solution of automobiles, home, and fire, includes a component of services that do not correspond to insurance risks such as: Transportation due to injuries or illness, displacement and lodging of a relative, displacement due to the death of a family member, transportation in case of death, professional driver, transmission of urgent messages, towing, lodging and transportation due to damage of the car, lodging and transportation due to theft of the car, mobile workshop and locksmith, location and shipment of spare parts, designated driver, support before the transit department, telephone orientation due to transit procedures , plumbing damages, electricity, locksmith, replacement due to glass damages, security services, travel expenses due to interruption of travel, legal telephone assistance. These components constitute additional performance obligations, under the requirements of IFRS 15, which is why the Company must assign, to the value of the premium received, a portion for services complementary to the insurance activity.

According to the analyzes realized, Grupo Sura concludes the following:

- The reporting period would be adjusted, so that the premium income would be decreased by the same value that would be assigned to the complementary services, of the insurance activity. It has been quantified that complementary services will not represent more than 5%, of the total of received premiums. The Company believes that the application of IFRS 15 will only generate an impact on the presentation and disclosure of the Financial Statements, since the income, generated by the complementary services, will be recognized during the period of coverage of the policy.

- The income generated and assigned to the insurance activity will not have impacts due to the adoption of IFRS 15.

Grupo Sura decided to use the practical solution of IFRS 15, and will not adjust the value that has been committed, in consideration to account for the effects of a significant financing component, when it is expected, at the beginning of the contract, that the period between at which time the Company transfers committed service to the customer, and the time the customer pays for that good or service, is one year or less. Therefore, for short-term advances, the amount of such advances will not be adjusted even if the effect of the financing component is significant.

- The filing requirements represent a significant change in current practice and significantly increase the amount of disclosures, in the Financial Statements. Many of the disclosure requirements of IFRS 15 are new and the Company has concluded that the impacts of some disclosure Notes generate additional effort at the process level.

- The Company concluded that the application of IFRS 15 will not have significant effects on the criteria for recognition and measurement of revenues. In 2018, the Company will continue with the evaluation of internal controls, changes of the systems, and updating of policies and procedures, necessary to carry out the unbundling of complementary services to the insurance activities and to effectuate the required disclosure.

- The Company does not expect changes in other items of the Financial Statements, such as current and deferred taxes, assets held for sale and liabilities associated with them, profits or losses after tax for the year for operations, as a result of adopting this standard, discontinued investments in associates and joint ventures, as well as the participation in the profit or loss, of said investments, will be affected and adjusted as necessary

Life

The main Corporate Purpose, of the Company, is to realize operations of individual insurance and reinsurance on life policies, under the modalities and branches expressly authorized by law.

The aspects and impacts obtained, as a result of the evaluation realized by the Company are described below:

- The solution of group life health, classic group health, global group health, and individual group health, includes components of services that do not correspond to insurance risks such as: EMI, Asistcard, and dental. These components constitute additional performance obligations, under the requirements of the IFRS 15, and which is the reason, why the Company must assign to the value of the premium received, a portion for services complementary to the insurance activity.

Outsourcing companies

The services, provided by outsourcing companies, are sold through separate contracts with customers or bundled with the sale of equipment. The Group currently registers equipment and services, as separate deliverables, and allocates an amount for each deliverable, using the relative fair value approach.

The Group assessed, that once IFRS 15 is adopted, the current reporting period would be adjusted, so the income from the sale of assets would increase by $586, due to the reallocation of the portion of the contract consideration. Under IAS 18 and IAS 11 was assigned to installation services. The impact, in prior periods, would be an increase in the retained earnings of $639.

The Group concluded that the services are delivered over time, taking into account that the client receives and consumes the benefits, simultaneously. At present, income and accounts receivable are recognized, even though the collection of the total consideration depends on the successful completion of the services.

c. Equipment Received from Clients

On occasion, the Group receives assets through the process of providing services, on behalf of customers. These equipment is recognized at fair value, as property, plant and equipment, under IFRIC 18 "Transfer of assets by customers", with a corresponding increase in deferred income.

IFRS 15 requires that the fair value of these in-kind payments, received or expected to be received from the customer, be included in the transaction price. The Group has concluded that the adoption of IFRS 15 would have no effect on the registration of equipment, received by customers.

d. Advances Received from Customers

In general, the Group receives only short-term advances from its customers. These advances are presented as part of the accounts payable, however, sometimes, the Group may receive long-term advances. Under the current accounting policy, the Group presents these advances as deferred income, the non-current liabilities of the Statement of Financial Position. No interest is calculated on long-term advances under the current policy.

Under IFRS 15, the Group must determine whether there is a significant financial component in its contracts, however, the Group decided to use the practical solution mentioned in IFRS 15, and will not adjust the amount that it has committed to as consideration, to account for the effects of a significant financing component of its contracts, when it waits, at the beginning of the contract, for the period between the moment in which the Group transfers a good or service committed to the client and the moment in which the client pays for that good or service, is one year or less. Therefore, for short-term advances, the amount of such advances will not be adjusted even if the effect of the financing component is significant.

e. Considerations Agent/Principal

In the fund management companies, there was an analysis of whether the group officiated as principal or agent. In these contracts, the Group does not consider itself the one primarily responsible for satisfying the expectations, of said team. The Group does not assume a risk before or after the service is transferred to the customer, taking into account that it only proceeds to provide the administration service, once the client has approved said purchase, and the fund operates directly to the client.

IFRS 15 requires the Group to evaluate whether it controls the specific goods or services, before they are transferred to the customer. The Group has determined that it does not control the assets before said transfer and, therefore, acts as an agent in these contracts.

f. Presentation and Disclosure Requirements

The requirements for presentation and disclosure of the new standards are more detailed than those contained in the previous standard. The filing requirements represent a significant change in current practice and significantly increase the amount of disclosures in the Financial Statements. Many of the disclosure requirements, of IFRS 15, are new and the Group has concluded that the impact of some of these requirements will be significant. Specifically, the Group expects that the Notes to the Financial Statements will expand, due to the disclosure of the significant judgments, applied in the determination of the transaction price for those contracts that include variable considerations, the manner in which that transaction price is distributed, between the performance obligations and the assumptions used to estimate the independent selling price for each performance obligation. In addition, detailed disclosures are expected, and as a result of significant judgments, used in the evaluation of contracts, which the Group has concluded that it acts as an agent rather than a principal, there is also a significant financing component, and those which grant these service-type guarantees. In addition, as required by IFRS 15, the Group will disaggregate the income recognized by contracts with clients, in the categories that represent the nature, amount, opportunity and uncertainty of income, and the cash flows are affected by economic factors. Information, about the relationship between disclosure of disaggregated income and income information, for each of the reporting segments, will also be disclosed. In 2017, the Group continues to test the appropriate systems, internal controls, and policies and procedures, necessary to gather and disclose the required information.

Amendments to IAS 7 - Disclosures

This amendment is included in Annex 1.2 to Decree 2420 of 2015, through Decree 2131 of 2016, effective as of January 1, 2018. It is part of the IASB disclosures initiative and requires that the Group disclose information that allow users, of Financial Statements to evaluate changes in liabilities, arising from financing activities, including changes that arise or not from cash inflows or outflows. In the initial application of the modification, companies would not be required to include comparative information from previous periods. The application of this amendment will result in additional disclosures in the Group's Financial Statements.

Recognition of deferred tax assets for unrealized losses - Amendments to IAS 12

This amendment is included in Annex 1.2 to Decree 2420 of 2015, through Decree 2131 of 2016, effective as of January 1, 2018. This amendment establishes the need for a company to consider whether tax laws restrict sources of taxable profits, against which deductible temporary differences may be charged, in addition to providing guidance on how a company should determine its future taxable income and for explaining the circumstances under which taxable profit may include the recovery of certain assets, for a greater than the book value.

Companies should apply these amendments retrospectively, however, at the time of initial application of this amendment, the Change in Equity, in the opening of the first comparative period, could be recognized in the retained earnings (or in another component of the equity, as appropriate), without distributing the change between retained earnings and other components of equity. If the Group applies this exemption, it must disclose this fact. It is expected that this amendment will not have any impact on the Group.

IFRS 16: Leases

IFRS 16 was issued by the IASB, in January 2016, and replaces IAS 17, IFRIC 4, SIC 15 and SIC 27. This standard establishes the principles of recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all their leases, under the same balance sheet model, similar to the accounting under IAS 17 of financial leases. The standard includes two recognition exemptions for tenants: leasing of low-value assets (for example, personal computers), and short-term leases (that is, leases with a term of less than 12 months). At the beginning of the lease, the lessee will recognize a liability for the payment of royalties (liability for lease), and an asset that would represent the right to use the underlying asset, during the term of the lease (right to use the asset). Tenants must separately recognize the interest expense of the lease liability and the depreciation expense of the right to use.

Tenants must also remediate the lease liability, from the occurrence of certain events (for example, a change in the term of the lease, a change in future fees as a result of a change in the rate, or rate used to determine such fees). The lessee will generally recognize the amount of the remeasurement of the lease liability, as an adjustment in the right-of-use asset.

The accounting of the lessor, under IFRS 16, has no substantial modifications with respect to that realized under IAS 17. The lessors will continue to classify all their leases using the same classification principles of IAS 17, between financial and operating leases.

IFRS 16 also requires lessees and lessors to include more extensive disclosures than those included under IAS 17. This standard has not been introduced in the Colombian accounting framework, by any decree, to date. The Group is evaluating the potential effect of this standard in its Financial Statements.

IFRS 17: Insurance contracts

In May 2017, the IASB issued IFRS 17, a new comprehensive accounting standard for insurance contracts, covering measurement and recognition, presentation, and disclosure. Once in effect, IFRS 17 will replace IFRS 4, issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as certain guarantees and financial instruments, with characteristics of discretionary participation. This standard includes few exceptions.

The general objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Contrary to the requirements of IFRS 4, which primarily seeks to protect previous local accounting policies, IFRS 17 provides a comprehensive model for these contracts, including all relevant issues. The essence of this standard is a general model, supplemented by:

- A specific adaptation for contracts with characteristics of direct participation (variable rate approach)
- A simplified approach (the allocation premium approach), mainly for short-term contracts

IFRS 17 has not been introduced into the Colombian accounting framework, by any decree, to date. The Group is evaluating the potential effect of this standard in its Financial Statements.

Investment Property Transfer - Amendments to IAS 40

These amendments make some clarifications, for cases in which a company must transfer properties, including, properties under construction or investment properties. These amendments establish that a change in use occurs, when the property begins to meet or fails to meet the definition of investment property, and there is evidence of such change. A simple change in the intention to use the property, by the Administration, does not constitute evidence of a change in use. Companies must apply the amendments, prospectively, on changes in use that occur from the period in which these amendments begin, to be applied. Companies must reevaluate the Classification of the property maintained, at that date, and if applicable, reclassify it to reflect the conditions existing at that time. These amendments have not been introduced into the Colombian accounting framework, by any decree, to date. The Group will apply the amendments when they are effective, however, taking into account that the Group is currently in line with these clarifications, they are not expected to have an effect on its Financial Statements.

Classification and Measurement of Transactions with Share-based Payments - Amendments to IFRS 2

These amendments were issued by the IASB, in order to respond to three main areas: the effects of the conditions for the irrevocability of the concession in the measurement of payment transactions based on agreed cash shares, the classification of payment transactions based on in shares with net settlement characteristics for tax withholding obligations, and accounting, when a modification to the terms and conditions of share-based payment transactions changes its classification, from liquidated in cash to liquidated in equity.

In adoption, companies are required to apply the amendments without re-expressing prior periods, but retrospective application is allowed, if they are eligible for the three amendments, and meet other criteria. Group does not present this type of transactions therefore this amendment does not apply.

Annual improvements 2014 - 2016 (issued in December 2016)

These improvements include:
IFRS 1 "Adoption for the first time of International Financial Reporting Standards" - Elimination of Short -Term Exemptions for First Time Adopters

The short-term exemptions, included in paragraphs E3-E7 of IFRS 1, were eliminated, because they have already served their purpose. This amendment has not been introduced in the Colombian accounting framework by means of any decree, to date, and is not applicable to the Group.

IAS 28 "Investments in Associates and Joint Ventures" - Clarifications of the measurement of Participation at Fair Value, with Changes in Income, must be made for each of the Investments

These amendments clarify the following:

- A company that is a venture capital organization, or other qualified entity, can choose, in the initial recognition of each of the investments, to measure its investments in associates and joint ventures, at fair value, through profit or loss.

- If an entity, which is not an investment entity, has an interest in an associate and joint venture, if it is an investment entity, the entity may, in applying *the equity method*, choose to accumulate the measurement, at fair value, applied by this investment entity, to its associates or joint ventures. This choice is made separately for each investment, on the date closest between, when the investment entity is recognized, the date on which the investment entity is initially recognized, the date on which the associate or joint ventures becomes an investment entity, and the date on which the associated investment entity or joint ventures, becomes a Parent.

These amendments must be applied retrospectively and have not been introduced into the Colombian accounting framework, by any decree, to date. These amendments are not applicable to the company.

Application of IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" - Amendments to IFRS 4

The amendments are intended to resolve issues that arise, as a result of the implementation of the new financial instruments standard, IFRS 9, prior to the implementation of IFRS 17 "Insurance contracts", which replaces IFRS 4. These amendments introduce two options for entities that issue insurance contracts: a temporary exemption from the application of IFRS 9 and an overlay approach. A company may opt for the overlay approach, when it adopts IFRS 9 and applies this retrospective approach, to the financial assets designated in the transition to IFRS 9. The Group restates comparative information, reflecting the overlap approach, and chose to restate comparative information, in the application of IFRS 9.

IFRIC 22 Transactions in Foreign Currency and Advance Considerations

This interpretation clarifies that the determination of the exchange rate to be used in the initial recognition of an asset, income or expense (or part of them), in the derecognition of non-monetary assets or liabilities, related to the advance consideration, the date of the transaction on the date on which an entity initially recognizes the aforementioned non-financial asset or liability from an advance payment. If there are multiple payments, in advance, whether they are received or delivered, the companies must determine the transaction date for each of those payments. Companies can apply these amendments retrospectively or can apply it prospectively for all assets, income, and expenses, in its reach, which were recognized from:

i. The beginning of the period, in which the company applies the interpretation for the first time, or
ii. The beginning of the previous period, presented as comparative information, in the Financial Statements of the period, in which this interpretation is applied for the first time

This interpretation has not been introduced into the Colombian accounting framework, by any decree, to date. Taking into account that, the Group's current practice is in line with this interpretation, the Group does not expect any effect of this in its Financial Statements.

IFRIC 23 Uncertainty Faced with Income Tax Treatments

The interpretation addresses the income tax accounting in cases where the tax treatment includes uncertainties that affect the application of IAS 12 and does not apply to taxes that are outside the scope of this IAS, nor does it include specific requirements related to interest. and penalties associated with uncertain tax treatments. The interpretation deals with the following:

- When the entity considers uncertain tax treatments separately
- The assumptions made by the entity, about the examination of tax treatments, by the corresponding authorities
- The way in which the entity determines the fiscal profit (or fiscal loss), fiscal bases, in-used fiscal losses or credits, and fiscal rates
- The manner, in which, the entity considers changes in events and circumstances

A company must determine if it evaluates each uncertain treatment separately or in groups, using the approach that best predicts the resolution of uncertainties.
This interpretation has not been introduced into the Colombian accounting framework, by any decree, to date. Taking into account that, the Group operates in a complex tax environment, the application of this interpretation may impact its Financial Statements and disclosures. In addition, the Group must establish processes and procedures, to obtain the information necessary, to apply this interpretation in a timely manner.

NOTE 7. CASH

Cash and cash equivalents correspond to:

	2017	2016
National currency	**69,099**	**269,900**
Bank	1	1
Checking bank accounts	297	335
Savings bank accounts	57,931	241,452
Restricted cash (See Note 12.3.1.)	1,502	-
Fiduciary rights	9,368	28,112
Foreign currency	**199**	**45,355**
Bank	16	6
Checking bank accounts	183	45,349
Short-term investments	-	136,188
CDT	-	96,047
Repurchase investment rights	-	40,141
Total cash and cash equivalents	**69,298**	**451,443**

Bank balances accrue interest at variable rates, based on daily bank deposit rates. Short-term placements are realized for periods varying from one day to three months, depending on the immediate cash needs of Grupo SURA and accrue interest at the applicable short-term placements rates.

Restricted cash corresponds to a supplementary pension plan, administered by Protección S.A, created with the purpose of compensating the liability that is held as a retirement bonus for Directors.

NOTE 8. FINANCIAL INSTRUMENTS

The methodologies and assumptions used to determine the value of financial instruments that are not recorded at fair value in the Financial Statements (i.e. at amortized cost) and loans and accounts receivable, are described below:

ASSETS WHOSE FAIR VALUES APPROXIMATED TO THE BOOK VALUE

For the financial assets that have 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. The estimated fair value, of time deposits, is based on discounted cash flows, using current interest rates, in the money market, debt, with a similar credit risk and maturity.

FAIR VALUE HIERARCHY

In order to increase the consistency and comparability of fair value measurements and related disclosures, IFRS 13 establishes a fair value hierarchy that classifies, at three levels, the input data of valuation techniques used, to measure it. The fair value hierarchy gives the highest priority to quoted prices (unadjusted), in markets for identical assets and liabilities (Level 1 input data), and the lowest priority to unobservable input data (input data from Level 3).

Thus, some of the accounting policies and disclosures of Grupo SURA S.A. require the measurement of the fair values of both financial and non-financial assets and liabilities. The following are the definitions used to determine the fair value of the financial assets, in the investment portfolio of Grupo SURA S.A.:

LEVEL 1 - PRICES LISTED IN ACTIVE MARKETS

These are assets, whose prices are quoted (unadjusted) in active markets, for assets or liabilities identical to those that the entity may have access to, at the measurement date. A quoted price, in an active market, provides the most reliable evidence of fair value, and will be used without adjustment, to measure fair value, whenever it is available. The valuation of securities, at fair value, is performed with the prices delivered by price suppliers or official sources, such as Central Banks, Stock Exchanges, and Valuation Committees. Among the assets, belonging to Hierarchy 1, are securities of the local fixed income portfolio that report a price.

LEVEL 2 - MODELED WITH OBSERVABLE MARKET ENTRY DATA

These are assets, whose valuations are realized, with data different from the quoted prices included in Level 1, and which are observable for the asset or liability, either directly or indirectly. The valuation of securities, at fair value, is realized by means of the prices delivered by the custodians of securities, of the portfolio and the price suppliers. For the classification in the hierarchy of fair value, market liquidity is used as a frame of reference. Thus, securities traded in less liquid positions, than those of Hierarchy 1, are classified as Hierarchy 2. Among them are some local and international fixed income securities that value by margin, structured notes, private equity funds, and some securitizations.

LEVEL 3 - MODELED WITH NON-OBSERVABLE ENTRY DATA

These are assets, whose valuations are based on non-observable data, important for the asset or liability. For Level 3, it will be Grupo Sura S.A. who will be responsible for defining the variables and applying the methodology.

- **Internal Rate of Return (IRR):** is an exponential valuation methodology that allows discounting future cash flows through the rate, negotiated at the time of purchase.

- **Attributed cost:** is a value that reflects the net, between the costs and the provisions, of the shares of low marketability that are held in the subsidiaries. It is used because, for stocks that do not have any liquidity, this reflects the value of the initial balance with the best information known up to that moment.

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.

Long-term accounts payable, typically have maturities of between one and two years. This causes the respective book values to be reasonable approximations of their fair values.

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.

The follow is a breakdown of financial assets and liabilities that Grupo SURA possesses at December 31, 2017 and December 2016.

8.1. Financial assets

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

December 2017

Current		Financial assets at amortized cost	Financial assets at fair value		Cash and cash equivalents	Total
	Note		Income	Equity		
Cash and cash equivalents	7	-	-	-	69,298	69,298
Accounts receivable		19,824	-	-	-	19,824
Accounts receivable from related parties	8.1.1	39,450	-	-	-	39,450
Other financial assets	8.1.2	-	16,409	-	-	16,409
Total current financial assets		**59,274**	**16,409**	**-**	**69,298**	**144,981**

Non-current		Financial assets at amortized cost	Financial assets at fair value		Cash and cash equivalents	Total
	Note		Income	Equity		Note
Investments	8.1.3	-	-	17,664	-	17,664

Other financial assets	8.1.2	-	60,265	-	-	60,265
Total non-current financial assets		-	60,265	17,664	-	77,929
Total financial assets		59,274	76,674	17,664	69,298	222,910

December 2016

Current		Financial assets at amortized cost	Financial assets at fair value		Cash and cash equivalents	Total
	Note		Income	Equity		
Cash and cash equivalents	7	-	-	-	451,443	451,443
Accounts receivable		767	-	-	-	767
Accounts receivable from related parties	8.1.1	99,899	-	-	-	99,899
Other financial assets	8.1.2	-	38,363	-	-	38,363
Total current financial assets		100,666	38,363	-	451,443	590,472

Non-current		Financial assets at amortized cost	Financial assets at fair value		Cash and cash equivalents	Total
		Note	Income	Equity		
Investments	8.1.3	-	-	23,091	-	23,091
Other financial assets	8.1.2	-	85,163	-	-	85,163
Total non-current financial assets		-	85,163	23,091	-	108,254
Total financial assets		100,666	123,526	23,091	451,443	698,726

Maturity of financial assets

The maturities of the financial assets are detailed below:

December 2017	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Cash	69,298	-	-	-	69,298
Accounts receivable	19,824	-	-	-	19,824
Accounts receivable related parties	39,450	-	-	-	39,450
Investments	-	-	-	17,664	17,664
Other financial assets	16,409	60,265	-	-	76,674
Total	144,981	60,265	-	17,664	222,910

December 2016	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Cash	451,443	-	-	-	451,443
Accounts receivable	767	-	-	-	767
Accounts receivable related parties	99,899	-	-	-	99,899

Investments	-	-	-	23,091	23,091
Other financial assets	38,363	37,956	46,726	481	123,526
Total	**590,472**	**37,956**	**46,726**	**23,572**	**698,726**

Fair Value Hierarchy

The classification of financial assets, according to the fair value hierarchy, is as follows:

	Level 1	Level 2	Total
Financial assets at fair value with changes in equity	17,664	-	17,664
Other financial assets	-	76,674	76,674
Total financial assets December 2017	**17,664**	**76,674**	**94,338**

	Level 1	Level 2	Total
Financial assets at fair value, with changes in equity	23,091	-	23,091
Other financial assets	-	123,526	123,526
Total financial assets December 2016	**23,091**	**123,526**	**146,617**

Movement of financial assets

	Financial assets at amortized cost	Financial assets at fair value with changes in profit and loss	Financial assets at fair value with changes in equity	Cash and cash equivalents	Total
At December 31, 2015	87,117	185,302	21,512	221.228	515,159
Additions	1,567,085	-	-	964,399	2,531,484
Valuation of financial assets	-	(3,466)	1,579	-	(1,887)
Maturity of financial assets	-	(58,310)	-	-	(58,310)
Derecognitions	(1,553,536)	-	-	(734,184)	(2,287,720)
At December 31, 2016	100,666	123,526	23,091	451,443	698,726
Additions	886.908	-	-	1,176,784	2,063,692
Valuation of financial assets	(49)	1,731	(5,427)	-	(3,745)
Maturity of financial assets	-	(48,583)	-	-	(48,583)
Derecognitions	(928,251)	-	-	(1,558,929)	(2,487,180)
At December 31, 2017	59,274	76,674	17,664	69,298	222,910

8.1.1. Accounts receivable related parties

Accounts receivable corresponds to unpaid dividends to associated companies and current accounts between subsidiary companies, which are detailed below:

	December 2017	December 2016
Bancolombia S.A.	-	52,063
Inversiones Argos S.A.	17,789	16,469
Grupo Nutresa S.A.	21,601	20,145
Total dividends receivable, associates	**39,390**	**88,677**
Suramericana S.A.	-	90
Grupo de Inversiones Suramericana Panama[1]	-	11,073

Grupo Sura Finance[1]	60	59
Total dividends receivable, subsidiaries	**60**	**11,222**
Total accounts receivable from related parties and current associates	**39,450**	**99,899**

[1] These amounts correspond to an account receivable from Grupo SURA Finance and Grupo de Inversiones Suramericana Panamá, for the acquisition of shares.

8.1.2. Other Financial assets

A breakdown of other financial assets is listed below:

Other financial assets	December 2017	December 2016
Swaps	29,071	13,512
Swaps from interest rates	5,458	-
Options from exchange rates	42,145	99,850
Futures from exchange rates	-	10,164
Total assets from derivatives operations	**76,674**	**123,526**

8.1.3. Investments

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

	December 2017			December 2016		
	# 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%	17,664	1,973,612,701	16.76%	23,091
Totals			**17,664**			**23,091**

8.2. Financial liabilities

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

	Note	December 2017	December 2016
Accounts payable for related parties	8.2.2	1,664,427	1,727,010
Other financial liabilities	8.2.1	1,098,149	1,262,999
Derivatives	8.2.1	118,830	48,690
Securities issued	14	1,779,793	986,781
Trade and other accounts payable	8.2.3	14,687	36,642
		4,675,886	**4,062,122**

The breakdown of current and non-current financial liabilities, as well as by type of financial liability, is as follows:

December 2017

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases (*)	-	-	3,990	3,990
Derivatives (*)	-	687	-	687
Accounts payable	14,687	-	-	14,687
Accounts payable, related parties	1,664,427	-	-	1,664,427
Other financial liabilities (*)	298,974	-	-	298,974
Total current liabilities	1,978,088	687	3,990	1,982,765
Non-current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases (*)	-	-	10,780	10,780
Derivatives (*)	-	118,143	-	118,143
Securities issued	1,779,793	-	-	1,779,793
Other financial liabilities (*)	715,444	68,961	-	784,405
Total non-current liabilities	2,495,237	187,104	10,780	2,693,121
Total financial liabilities	4,473,325	187,791	14,770	4,675,886

December 2016

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases (*)	-	-	3,990	3,990
Derivatives (*)	-	21,163	-	21,163
Accounts payable	36,644	-	-	36,644
Accounts payable, related parties	1,727,010	-	-	1,727,010
Other financial liabilities (*)	1,247,713	-	-	1,247,713
Total current liabilities	3,011,367	21,163	3,990	3,036,520

Non-current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases (*)	-	-	11,295	11,295
Derivatives (*)	-	27,527	-	27,527
Securities issued	986,781	-	-	986,781
Total non-current liabilities	986,781	27,527	11,295	1,025,603
Total financial liabilities	3,998,148	48,690	15,285	4,062,123

Maturity of financial liabilities

The maturities of the financial liabilities, are as follows:

2017	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Leases (*)	3,990	-	10,780	14,770
Derivatives (*)	687	21,298	96,845	118,830
Other accounts payable	1,679,114	-	-	1,679,114
Financial obligations (*)	367,934	715,444	-	1,083,378

Bonds and securities	-	399,512	1,380,281	1,779,793
Total	**2,051,725**	**1,136,254**	**1,487,906**	**4,675,886**

2016	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Leases (*)	3,990	-	11,296	15,286
Derivatives (*)	21,163	9,681	17,846	48,690
Other accounts payable	1,763,652	-	-	1,763,652
Financial obligations (*)	1,247,713	-	-	1,247,713
Bonds and securities	-	101,003	885,778	986,781
Total	**3,036,518**	**110,684**	**914,920**	**4,062,122**

(*) Is part of the grouping of other financial liabilities: leases, derivatives, and financial obligations

Fair Value Hierarchy

The hierarchy for the liabilities, measured at fair value, is as follows:

	Level 2
Financial derivatives	118,830
Total financial liability December 2017	**118,830**

	Level 2
Financial derivatives	48,690
Total financial liability December 2016	**48,690**

Movement of financial liabilities

	Financial liabilities at amortized cost	Financial liabilities at fair value with changes in result	Leases	Total
At December 31, 2015	**4,103,354**	**11,345**	**-**	**4,114,699**
Additions	3,336,512	-	15,314	3,351,826
Valuation of financial liabilities	(121,804)	37,345	376	(84,083)
Payments	(3,319,916)	-	(404)	(3,320,320)
At December 31, 2016	**3,998,146**	**48,690**	**15,286**	**4,062,122**
Additions	2,638,351	11,892	-	2,436,129
Valuation of financial liabilities	239,867	50,347	946	517,267
Payments	(2,334,079)	7,901	(1,461)	(2,339,632)
At December 31, 2017	**4,542,285**	**118,830**	**14,771**	**4,675,886**

8.2.1. Other financial liabilities

Short and long-term financial obligations, options, and swaps, which are detailed below, for the period ended December 31, 2017 and December 31, 2016:

Entity	Currency	Rate	Term (days)	2017	2016
BBVA España	USD	Libor + 1.25% /1.5%	1,006	298,974	300,280
Bancolombia Panamá	USD	Libor + 1.47%	641	-	246,433

Citigroup Global Market	USD	Libor + 0.45%	386	-	220,977
Banco Davivienda S.A.	USD	Libor + 1.50%	641	-	136,237
Banco de Bogotá	COP	CPI+2.40%	730	287,705	289,664
Citigroup Global Market	USD	Libor + 0.45%	385	-	54,122
Bancolombia S.A.	COP	IBR + 2.18%	1,080	200,343	-
Bancolombia S.A.	COP	IBR + 2.24%	1,080	227,396	-
Subtotal of financial obligations				1,014,418	1,247,713
Repo operations				68,960	-
Financial Leasing (leasing)	COP	7.89%	5,478	14,770	15,286
Subtotal financial liabilities				1,098,149	1,262,999
Derivatives (1)				118,830	48,690
Total financial liabilities				1,216,979	1,311,689

(1) The following is a breakdown of the derivatives:

Other financial assets	December 2017	December 2016
Swaps from exchange rates	105,002	27,562
Swaps from interest rates	-	2,388
Options from exchange rates	13,828	18,740
Total assets from derivatives operations	118,830	48,690

8.2.2. Accounts payable to related entities

Corresponds to the payment of short-term dividends for shares declared at the Shareholders' Meeting, held on March 31, 2017, and accounts payable to subsidiaries:

	December 2017	December 2016
Ordinary shares	1,343	54,773
Preference shares	6	12,122
Sub-total	1,349	66,895
Accounts payable to current subsidiaries (See Note 26)	1,663,077	1,660,115
Total accounts payable to related parties	1,664,427	1,727,010

8.2.3. Trade and other accounts payable

The breakdown of current trade accounts payable is as follows:

	December 2017	December 2016
Suppliers	1,778	643
Accounts payable from sales of investments	10,296	33,634
Others	2,613	2,365
Total Accounts payable, trade	14,687	36,642

NOTE 9. TAXES

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

	Note	December 2017	December 2016
Current tax asset	9.1	-	-
Deferred tax asset	9.2	-	-
Current tax liability	9.1	33,338	62,103
Deferred tax liability	9.2	39,554	66,281

9.1. Current income tax

a. Current tax recognized in the Statement of Financial Position

	December 2017	December 2016
Current tax liabilities		
Income Tax and complementaries [f]	31,353	55,992
Local taxes	1,947	6,040
Sales tax, payable	38	71
	33,338	62,103

b. Tax recognized in the Income Statement

	December 2017	December 2016
Current tax expense	(7,638)	(77,844)
Deferred tax expense		
Constitution/reversal of temporary differences	26,132	16,304
Impact of exchange rates		
Income (Expenses) for income tax	**18,494**	**(61,538)**

c. Reconciliation of the effective tax rate

The reconciliation of the effective tax rate, of the Group, applicable for the years ended, December 31, 2017 and 2016, respectively, is as follows

	December 2017		December 2016	
	Rate	Balance	Rate	Balance
Income tax		736,591		897,019
Income tax by applying the local tax rate	40%	(294,637)	40%	(358,808)
Tax Effect of:				
Non-deductible expenses	(13%)	(98,836)	(6%)	(53,906)
Taxable dividends	(6%)	(44,033)	(8%)	(70,247)
Adjustments in exchange rate	(1%)	(4,596)	0%	(1,826)
Tax losses	(12%)	(86,314)	(5%)	(44,566)
Untaxed income	40%	291,485	30%	267,470
Untaxed dividends	29%	210,672	24%	219,463
Reimbursement of previous periods	6%	44,752	0%	-

Others	0%	-	(2%)	(19,118)
Income tax (income/expense)	**(3%)**	**18,494**	**7%**	**(61,538)**

The effective tax rate for the Company was (3%) for the year 2017, and 7% in 2016. This variation corresponds mainly to the reimbursement of income tax provisions from previous years.

d. Reconciliation between profit and taxable income

The following is the reconciliation, between profit and the estimated taxable income, for the years ended, December 31st:

a) Income and taxable income:	2017	2016	
	Taxable Income	Taxable Income	CREE
Profit, before taxes	**736,591**	**897,019**	**897,019**
Accounting differences - Fiscal	(282,301)	(258,272)	(258,272)
Equity Method - dividends	(370,271)	(362,046)	(362,046)
Valuation of derivatives	50,165	(121,503)	(121,503)
Interest	38,635	19,457	19,457
Profit on sale of Investments	-	204,151	204,151
Others	829	1,669	1,669
Taxable income, before taxes	**454,291**	**638,747**	**638,747**
Plus:	**382,759**	**211,781**	**211,781**
Non-deductible provisions that constitute temporary difference	3,470	8.619	8.619
Other tax revenue	1,184	-	-
Non-deductible vehicle taxes	1,361	28	28
Dividends of permanent investments of controlling companies	110,083	-	-
Levy financial movements	514	1,238	1,238
Other non-deductible expenses	212,641	118,914	118,914
Loss in participation method		-	-
Miscellaneous expense	53,507	82,983	82,983
Minus:	**921,911**	**767,335**	**767,335**
Payment industry and commerce tax	4,598	4,167	4,167
Utility for sale of investments	-	85,901	85,901
Other non-tax revenues\	-	86,588	86,588
Dividends and participation, untaxed	917,313	590,679	590,679
Taxable liquid income	**(84,862)**	**83,194**	**83,194**
Presumptive income	**134,049**	**194,609**	**194,609**
Tax:			
Taxable liquid income	134,049	194,609	
Tax at nominal rate 40%	53,619	48,652	
Occasional Gains	twenty-one	-	
Tax discount	(1,250)	-	
CREE:			
Taxable liquid income	-	194,609	

Tax at the nominal rate	-	29,191
Total income tax - occasional gains and CREE	52,390	77,844
(-) Adjustment of previous years	44,752	-
Total Net Income Tax	7,638	77,844

e. Tax losses

The following is a breakdown of fiscal losses and excesses of presumptive income, over ordinary income, readjusted fiscally:

Tax loss		2017	2016
Generated in			
	2008	-	519
	2009	-	364
	2010	2	73,302
	2011	120,131	582,730
	2015	82,832	82,832
Total		202,965	739,747
Tax surpluses			
	2011	-	31,923
	2012	-	56,764
	2013	-	52,688
	2014	27	35
	2015	11,921	-
	2016	91,290	-
Total		103,238	141,410
Total losses and excesses		306,203	881,157

At December 31, 2017, there are no recognized deferred tax assets, related to tax losses, due to that the Company does not pay taxable income, for which an asset is not recognized.

f. Current tax movement

The following is the movement, that generated the balances of income and complementaries, at December 31, 2017 and December 2016:

Balance of income tax at December 31, 2015	38,580
Income tax and CREE, for the year 2015	(4,402)
Provisions	77,844
Withholdings and advances	(56,030)
Balance of income tax at December 31, 2016	55,992
Provisions	24,811
Payment income tax, for the year 2016	(49,450)
Balance of income tax at December 31, 2017	31,353

The tax returns, for 2016 and 2015, will be finalized, according to the general rule of 2 years.

As of 2017, the general term of firmness of the tax returns, will be 3 years, from the date of its expiration or from the date of its presentation, when these have been submitted extemporaneously. Regarding the transfer pricing declarations, the term of its finality, will be 6 years.

With respect to those statements, in which balances are presented in favor, the term of finality, will be 3 years, from the date of submission of the request, for refund or compensation.

The tax on wealth, paid by the company in 2017, was $ 1,334, and in 2016, the value of the wealth tax paid was $3,345.

9.2 Deferred taxes

g. Movement of balances of deferred taxes

The net asset/liability from deferred income tax, is as follows:

	December 2017	Recognized results	Other participation in equity	December 2016	Recognized results	Other participation in equity	December 2015
Derivatives, forwards, swaps, and options	(21,943)	(38,421)	-	16,478	(28,813)	-	(45,291)
Dividend investments in subsidiaries	66,928	8,515	-	58,413	(16,753)	-	(75,166)
Employee benefits- retirement bonus and Bonus bank	(10,946)	1,699	(596)	(12,049)	2,313	(434)	13,928
Financial liabilities	467	2,901	-	(2,434)	(6,591)	-	(4,157)
Fiscal losses/excess	-	-	-	-	27,528	-	27,528
Property and equipment	5,048	(825)	-	5,873	6,011	-	138
	39,554	(26,131)	(596)	66,281	(16,305)	(434)	(83,020)

9.3. Tax affairs in Colombia

The provisions in effect, applicable to the Company, stipulate that

Wealth tax

The Law provides for this temporary tax, for taxable years 2015, 2016, and 2017 (for natural persons until 2018). The tax will be incurred on an annual basis in the Income Statement.

The tax must be paid by:

- Legal persons, de facto companies, and natural persons and illiquid estates, taxpayers, and supplementary income tax
- Foreign companies and entities, with respect to their wealth possessed in the country, regardless of whether or not they are taxpayers of income tax and complementaries
- Portfolios of foreign capital portfolio

The tax will only take place, if on January 1, 2015, the taxable person has a net worth of COP $1,000 or more.

The taxable base is calculated by taking the gross equity held on January 1, 2015, January 1, 2016, and January 1, 2017 (January 1, 2018 for natural persons) debts are subtracted, so that the taxpayer has these same dates.

It is important to consider the following aspects to determine the taxable base:

For all taxable persons:

The equity value of shares or shares of interest in national companies owned directly or through commercial trust or collective investment funds, voluntary pension funds, voluntary pension insurance or individual life insurance is excluded (among others).

The Law establishes a lower and higher limit, for the taxable base of the tax as follows:

Upper limit (cap)	Lower limit (bottom)
If the liquid assets subject to taxation, in 2016 and 2017, (2018 for natural persons) is higher than in 2015: The taxable base for any of said years will be the lower of: (i) the base of the year increased by 25% of inflation for the year immediately preceding that declared and (ii) the taxable base determined in the year in which it is declared.	If the liquid assets subject to taxation for the years 2016, 2017 (2018 for natural persons), is lower than that of 2015: The taxable base for any such year shall be the greater of: (i) the taxable base of 2015 decreased by 25% of inflation for the year immediately preceding that declared and (ii) the taxable base determined in the year in which it is declared.

Tax rates, for legal entities and non-resident entities, are:

Lower Limit	Upper Limit	Rate 2015	Rate 2016	Rate 2017
>0	<2.000	(Tax Base) * 0.20%	(Tax Base) * 0.15%	(Tax Base) *0.05%
>=2.000	<3.000	(Tax Base - 2.000) *0,35% + 4	(Tax Base -2.000) *0.25% + 3	(Tax Base - 2.000) *0.10% + 1
>=3.000	<5.000	(Tax Base - 3.000) *0.75% + 7.5	(Tax Base - 3.000) *0.50% + 5.5	(Tax Base - 3.000) *0.20% + 2
>=5.000	forward	(Tax Base - 5.000) *1.15% + 22.5	(Tax Base - 5.000) *1.00% + 15.5	(Tax Base - 5.000) *0.40% + 6

The tax on wealth is not deductible from income tax and complementaries, or CREE, and its value cannot be offset with balances in favor of other taxes.

Changes in Income Tax Rates

As of 2013, the income tax for equity (CREE) was created. This tax was calculated until December 31, 2016, based on the gross income obtained, minus income not constituting income, costs, deductions, exempt income, and occasional gains at a rate of 9%.

Law 1739 of 2014, established a surcharge on the progressive and temporary CREE income tax, from 2015, starting with 5%, and for 2016 a 6%, applicable to taxable bases of $ 800 million and above.

Law 1819 of 2016, eliminated the CREE tax, and the surcharge on the CREE tax for 2017 and 2018, and in turn increased the general rate of income tax to 34% for 2017 and 33% for the following years, creating an over-tax on income tax and complementary taxes of 6% and 4%, for taxable years 2017 and 2018, respectively; the latter applicable to taxable bases of $ 800 million and above.

Tax on Dividends

Regarding the profits generated from the year 2017, the new tax on dividends will be applied to foreign companies and entities.

The tax rate will be 5%. On the other hand, the taxable dividend, with the income tax, will have a rate of 35%. In this scenario, the dividend tax of 5% will apply to the amount of the taxable distribution, once it has been reduced, with the income tax at the rate of 35%.

For natural persons, who are tax residents in Colombia, the dividend tax will have a maximum rate of 10% on untaxed dividends, and 35% with on the table distributed dividends.

Presumptive income

The taxpayer's net income cannot be less than 3% of its net equity, on the last day of the immediately preceding taxable year. As of 2017, it will be 3.5%.

The excesses of the presumptive income over ordinary income incurred, may be compensated with the ordinary income, obtained within five years following its occurrence.

Transfer Prices

Income tax payers, who enter into transactions with economic related parties, or related parties from abroad, are obliged to determine, for income tax purposes, their ordinary and extraordinary income, their costs and deductions, their assets and liabilities, considering for these operations, the prices and profit margins that would have been used in comparable operations, with or between those not economically linked.

Independent advisors advance the update of the transfer pricing study, required by tax provisions, tending to demonstrate that operations, with economic related parties from abroad, were realized at market values, during 2017. For this purpose, the Company will present an informative return and will have available the referred study, by the end of July 2018. Failure to comply with the transfer pricing regime may result in financial penalties and a higher income tax; however, Management and its advisors are of the opinion that the study will be concluded in a timely manner and will not produce significant changes to the basis used to determine the 2017 income tax provision.

Sales tax

As of the taxable year 2017, the general rate of sales tax is nineteen percent (19%) and a differential rate of 5%, for some goods and services, in accordance with Article 184 and 185, of Law 1819 of 2016.

As of the taxable year 2017, the event generating the VAT was extended to the sale of goods in general, the sale or concession of intangibles, related to industrial property and, to the rendering of services in Colombia, or from abroad, except for exclusions express of the norm, in accordance with Article 173 of Law 1819 of 2016.

From the taxable year 2017, the periods of declarations and VAT payments will be bi-monthly and quarterly, in accordance with Article 600 of Law 1819 of 2016.

Law 1819, in Article 194, indicated that the periods to request deductibles, will be of three bi-monthly periods, immediately following the period of its causation.

NOTE 10. PROPERTIES AND EQUIPMENT

The following is a breakdown of properties and equipment, at December 31st:

	2017	2016
Land	-	2,683
Constructions in progress	7,672	5,796
Constructions and buildings	15,390	28,862
Office team	2,368	2,272
Computer and communication equipment	395	476
Cars trucks and campers	1,849	1,618
Accumulated depreciation	(1,690)	(1,531)
Total properties and equipment	**25,984**	**40,176**

A breakdown of the movements of ownership and equipment of Grupo Sura, is as follows:

2017	Land	Offices and Parking	Buildings	Vehicles	Office equipment	Informatic team	Constructions in progress	Total property and equipment
Cost at January 1, 2017	2,683	13,472	15,390	1,618	2,272	475	5,796	41,706
Additions	-	-	-	425	468	167	1,876	2,937
Provisions (-)	(2,683)	(13,472)	-	(193)	(372)	(247)	-	(16,968)
Cost in books at December 31, 2017	-	-	15,390	1,850	2,368	395	7,672	27,675
Accumulated depreciation and impairment of value								
Accumulated depreciation and impairment at January 1, 2017	-	(538)	-	(494)	(241)	(258)	-	(1,531)
Depreciation of the period	-	(34)	(641)	(115)	(311)	(76)	-	(1,177)
Sale of property and equipment		572	-	46	195	199	-	1,012
Other changes	-	-	-	-	-	6	-	6
Accumulated depreciation and impairment at December 31, 2017	-	-	(641)	(563)	(357)	(129)	-	(1,690)
Property and equipment at December 31, 2017	-	-	14,749	1,287	2,011	266	7,672	25,984

2016	Land	Buildings	Vehicles	Office equipment	Informatic team	Constructions in progress	Total property and equipment
Cost at January 1, 2016	2,696	13,538	1,381	585	377	-	18,578
Additions	-	15,324	237	1,687	98	5,796	**23,142**
Provisions (-)	(13)	-	-	-	-	-	**(13)**
Cost on books at December 31, 2016	2,683	28,862	1,618	2,272	475	5,796	41,707
Accumulated depreciation and impairment of value							
Accumulated depreciation and impairment at January 1, 2016	-	(405)	(382)	(159)	(180)	-	(1,126)

Depreciation of the period	-	(135)	(112)	(82)	(78)	-	**(407)**
Other changes	-	2	-	-	-	-	**2**
Accumulated depreciation and impairment at December 31, 2016	**-**	**(538)**	**(494)**	**(241)**	**(258)**	**-**	**(1,531)**
Property and equipment at December 31, 2016	**2,683**	**28,324**	**1,124**	**2,031**	**217**	**5,796**	**40,176**

There are no restrictions related to property and equipment.

- At the end of the period, an analysis was realized, to determine if there is any indication that the properties and equipment of Grupo Sura may be impaired in value, evidencing that: During the period, the market value of the assets has not decreased more than what could be expected, as a result of the passage of time or its normal use.
- No significant changes, in its value, are expected, due to situations, that are averse to the Company.
- No evidence is available of the obsolescence or physical impairment of the assets.
- Changes in the use of assets, that may adversely affect the Company, are not expected in the immediate future.
- No evidence is available, that indicates that the economic performance of the asset is, or will be, worse than expected.

After analyzing the signs of impairment, it was determined that there is no evidence of impairment for all elements of the property and equipment, at the date of presentation of this report.

NOTE 11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

11.1 Investments in associates

General information on investments in associates

Herewith, is a breakdown of associates of Grupo SURA, to date of the reporting period:

		December 2017			December 2016		
Investment	**Economic Activity**	**% Participation**	**% voting rights**	**# Shares**	**% Participation**	**% voting rights**	**# Shares**
Bancolombia S.A. (*)	Global bank	24.38%	46.01%	234,486,286	24.38%	46.01%	234,486,286
Grupo Argos S.A. (*)	Cement, energy, real-estate, and ports	26.78%	35.56%	229,534,810	26.78%	35.56%	229,534,810
Grupo Nutresa S.A.	Foods and processed	35.17%	35.17%	161,807,155	35.17%	35.17%	161,807,155

(*) Right to vote: The percentage with voting rights to December 2017 and December 2016, of Bancolombia S.A. and Grupo Argos S.A., is 46.11% and 35.56%, respectively; the foregoing, taking into account the issuance of preferred shares without voting rights issued by this associate.

Balance of investments

The following is a breakdown of the investments at December 31, 2017 and December 31, 2016:

Investment	December 2017	December 2016
Bancolombia S.A.	5,592,906	5,592,906
Grupo Argos S.A.	4,515,121	4,515,121
Grupo Nutresa S.A.	4,287,391	4,287,391
Total	**14,395,418**	**14,395,418**

Dividends received

Dividends received from the following issuers (See Note 12):

	December 2017	December 2016
Bancolombia	222,856	214,286
Grupo Argos S.A.	71,156	65,876
Grupo Nutresa S.A.	86,405	80,580
Others	231	-
Total	**380,648**	**360,742**

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 December 31, 2017 and December 2016, is as follows:

December 2017	Location	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A.	Colombia	203,908,211	-	179,478,661	-	24,429,550	11,220,216	2,475,827	470,110	2,945,937
Grupo Argos S.A.	Colombia	6,750,119	40,817,829	7,107,746	16,153,054	24,307,148	14,573,579	906,583	330,935	1,237,518
Grupo Nutresa S.A.	Colombia	2,685,577	11,623,900	1,954,961	3,404,335	8,950,181	8,695,604	424,340	396,661	821,001

December 2016	Location	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A.	Colombia	196,261,044	-	173,784,064	-	22,476,980	10,947,332	2,775,709	(136,965)	2,638,744
Grupo Argos S.A.	Colombia	6,251,592	38,497,982	7,211,119	13,903,859	23,634,596	14,552,884	1,132,002	(104,865)	1,027,137
Grupo Nutresa S.A.	Colombia	2,559,775	11,139,779	2,113,963	3,200,631	8,384,960	8,676,640	399,691	177,017	576,708

The investments in associates of Grupo SURA, listed on the Colombia Stock Exchange and with high liquidity; the market price of the shares as of December 31, 2017 and December 2016, in the stock market is as is listed below:

Associate	December 2017	December 2016
Bancolombia S.A.	7,029,899	5,913,744
Inversiones Argos S.A.	4,792,687	4,425,431
Grupo Nutresa S.A.	4,501,475	4,028,998

Movement of investments in associates:

	Bancolombia S.A.	Grupo Argos S.A.	Grupo Nutresa S.A.	TOTAL
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 December 31, 2016	5,592,906	4,515,121	4,287,391	14,395,418
Additions	-	-	-	-
Derecognition	-	-	-	-
At December 31, 2017	5,592,906	4,515,121	4,287,391	14,395,418

Restrictions

Grupo SURA has no restrictions on its investments in associates, and impairment analyzes were performed without identifying issues involving adjustments.

11.2. Investments in subsidiaries

General information on investments in subsidiaries

The following is a breakdown of the entities over which Grupo SURA possesses direct control, at December 31, 2017 and December 2016:

			Percentage of property		
Company	Country	Economic Activity	December 2017	December 2016	Date Established
Sura Asset Management S.A.	Colombia	Investor	83.58%	78.71%	15/09/2011
ARUS Holding S.A.S.	Colombia	Investments	100%	100%	11/07/2012
ARUS S.A.	Colombia	Technology	100%	100%	16/08/1988
Enlace Operativo S.A.	Colombia	Services	100%	100%	31/05/2006
Inversiones y Construcciones Estratégicas S.A.S.	Colombia	Investment	100%	100%	30/08/2007
Grupo de Inversiones Suramericana Panamá S.A.	Panama	Investment	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	Investment	81.13%	81.13%	25/05/1999

Balance of investments

The following is the balance of investments, in subsidiaries by *the Equity Method*, as of December 31, 2017 and December 2016 is as follows:

Company	December 2017	December 2016
Sura Asset Management S.A.	9,256,905	7,422,995
Suramericana S.A.	3,641,569	3,270,962
Inversiones y Construcciones Estratégicas S.A.S.	149,622	136,007
Arus Holding S.A.	66,822	57,412
Arus S.A.	3,451	3,169
Enlace Operativo S.A.	879	691
Total	**13,119,248**	**10,891,236**

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 December 31, 2017 and December 2016, are as follows:

December 2017	Asset	Liability	Equity	Income	Other comprehensive income
Sura Asset Management S.A.	25,550,403	16,256,072	9,294,331	614,352	675,335
Arus Holding S.A.S.	69,369	4	69,366	7,768	-
ARUS S.A.	84,104	53,073	31,031	5,204	-
Enlace Operativo S.A.	20,293	4,967	15,325	3,281	-
Inversiones y Construcciones Estratégicas S.A.S.	155,106	5,484	149,622	10,226	3,388
Grupo de Inversiones Suramericana Panamá S.A.	972,795	923,067	49,727	(25,762)	(567)
Grupo SURA Finance S.A.	2,502,571	2,531,229	(28,658)	(3,217)	107
Suramericana S.A.	25,561,806	21,060,848	4,500,958	505,269	169,515

*Figures taken from the Consolidated Financial Statements

December 2016	Asset	Liability	Equity	Income	Other comprehensive income
Sura Asset Management S.A. (*)	26,686,473	18,188,530	8,497,942	593,436	(407,463)
Arus Holding S.A.S.	59,606	8	59,597	5,277	-
ARUS S.A.	64,910	39,083	25,827	3,818	-
Enlace Operativo S.A.	15,841	3,797	12,044	2,861	-
Inversiones y Construcciones Estratégicas S.A.S.	139,985	3,977	136,008	12,994	(654)
Grupo de Inversiones Suramericana Panamá S.A.	940,996	890,453	50,543	(48,645)	(2,826)
Grupo SURA Finance S.A.	2,516,711	2,542,259	(25,548)	(5,411)	1,092
Suramericana S.A. (*)	22,337,853	18,293,629	4,044,224	399,694	(17,265)

**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,* at December 31, 2017 and 2016:

Subsidiary	December 2017	December 2016
Sura Asset Management S.A.	469,786	424,882
Suramericana S.A.	409,920	324,268
Grupo de Inversiones Suramericana Panamá S.A.	12,267	(13,421)
Inversiones y Construcciones Estratégicas S.A.S.	10,227	12,994
Arus Holding S.A.S.	7,483	5,084
ARUS S.A.	282	207
Enlace Operativo S.A.	188	163
Grupo Sura Finance S.A.	(3,217)	(5,410)
Total	**906,936**	**748,767**

Movement of investments in subsidiaries

The movement of investments in subsidiaries, is as follows:

	Asset	Liability	Equity	Other comprehensive income
Balance at January 1, 2016	**8,445,212**	**(247,996)**	**573,993**	**1,033,059**
Purchases[1]	2,840,205	25,167	-	-
Refund of premiums	(161,091)	-	-	-
Dividends	(433,271)	-	-	-
Equity variation	(567,418)	8,460	-	(558,956)
Income/expenses from *the Equity Method*	767,599	(18,832)	748,767	-
Usufructo Panamá	-	(33,057)	-	-
Balance at December 31, 2016	**10,891,236**	**(266,258)**		**474,103**
Purchases[1]	1,080,983	25,514	-	-
Refund of premiums	-	-	-	-
Dividends	(437,225)	(29,759)	-	-
Equity variation	686,368	59,888	-	746,256
Income/expenses from *the Equity Method*	897,886	9,050	906,936	-
Usufructo Panamá	-	-	-	-
Closing balance at December 31, 2017	**13,119,248**	**(201,565)**	**906,936**	**1,220,359**

[1] On March 1, 2016, the acquisition of shares was formalized, that General Atlantic Cooperative U.A. possessed in Sura Asset Management S.A. in the amount of $1,758,647 million, leaving Grupo SURA with a total stake of 78.71 % in this Company.

On December 12, 2016, a subscription of 25,428 shares of Suramericana S.A. for a value of $1,081,558 million remaining with the same participation in this company.

[2]On April 04, 2017, the purchase of 127,464 shares of IFC Sura Asset Management S.A. was realized for a value of $ 1,079,056 million, increasing its stake in this company to 4.8717%.

On May 31, 2017, Grupo de Inversiones Suramericana S.A. (Grupo SURA) reported that its subsidiary Sura Asset Management S.A. and its subsidiary Sura Asset Management Perú S.A. (Jointly "Sura AM") have entered into a purchase and sale agreement, for the sale of 100% of the shares directly and indirectly held in Peruvian companies Seguros Sura S.A. (Seguros Sura Perú) - whose business is mainly, annuities - and Hipotecaria Sura Empresa Administradora Hipotecaria S.A. (Hipotecaria Sura). The agreement, signed with Intercorp Financial Services Inc. and Interseguro Compañía de Seguros S.A, also includes the sale of the shares that Grupo Wiese holds in both companies.

On December 22, 2017, a capitalization was realized, for ARUS holding S.A.S., in the amount of $ 1,927 million from 4,377 shares.

On December 28, 2017, an advance of $ 25,513 million was authorized, for the purchase of 2,850,000 shares of Grupo de Inversiones Suramericana Panamá S.A. Each one at 3 USD, registered at an exchange rate of 2,984.

Impairment of Investments in Subsidiaries

Identifying signs of deterioration is a key step in the assessment process, as it will mark the need to perform a deterioration test or not.

Pursuant to IAS 36- Paragraph 9: At the end of each reporting period, the entity shall evaluate whether there is any indication of impairment of an asset. If this indicator exists, the entity estimates the recoverable amount of the asset.

In accordance with IAS 36, "Impairment of Assets", the subsidiaries of Grupo de Inversiones Suramericana S.A., have to consider the following facts and circumstances to establish whether or not there are signs of deterioration.

1. Loss on operation or negative cash flows in the current period, compared to budgeted.
2. Increases during the year in the interest rates associated with investments and debt. Information: Investments in securities with indexed rates, agreed rates of debt acquired with banks.
3. Significant changes in the technological environment, defined as the risk associated with losses arising from the technology (hardware or software) or the use of the same. Information: Significant decrease in the production associated to the technology or high exposure to the risk of hackers.
4. Significant changes in the legal environment, established as losses by sanctions or claims due to non-compliance with contractual rules or obligations.
5. Significant changes in the regulatory environment. Referring to the negative implications on a company derived from changes in the regulatory framework where it operates. They can be: Mortality tables or taxes, such as CREE.

6. Changes in the competitive environment. Information: How much market share is lost (measure growth and loss ratio), new competitors or aggressiveness of current and compliance in sales part commercial.

7. Significant changes in the form or extent to which the cash-generating unit (CGU) is used or expected to be used.

8. Significant reduction in the use of installed capacity

9. Generation of new debt

10. Significant reduction or cessation, other than a mere fluctuation, of the demand or necessity of the services rendered with the asset.

Annually the existence of deterioration in the investments is evaluated if any of the mentioned indicators were presented; therefore, it is necessary to estimate the recoverable amount of the asset.

For December 31, 2017 and December 2016, the investments in subsidiaries of Sura Finance B.V., Grupo de Inversiones Suramericana Panamá, and Grupo Sura Finance have a deficit, in the results of the companies. Said deficit, will be covered by Grupo de Inversiones Suramericana S.A., in an eventual liquidation of the companies, therefore, a provision is recognized for said deficit (Note 13).

Restrictions
Grupo SURA does not have any restrictions to access assets, nor liabilities to settle.

NOTE 12. EMPLOYEE BENEFITS

The following is a breakdown of the benefits of Grupo Sura employees:

	December 2017	December 2016
Short-term	7,595	4,187
Long-term	3,061	3,528
Post-employment	24,215	24,417
	34,871	**32,132**

12.1. Short-term benefits

Among the short-term benefits, of Grupo Sura, are the following:

a) Social security and compulsory benefits: is accrued monthly, according to the legal regulations of each country. Payments are made in accordance with the requirements of the law.

b) Short-term Incentive Performance Bonus (IPB): is accrued monthly, based on an estimate of compliance percentages, paid in the month of March of each year, and are entitled, within other considerations, all those who have met the objectives previously determined, and to the extent that the communicated corporate objectives, are timely met.

c) Other benefits: correspond to benefits such as holiday bonuses, extralegal service premiums, and Christmas bonuses, which are charged, as expenses to the extent that the service or benefit is provided.

A summary, of the short-term benefits, is as follows:

	December 2017	December 2016
Severance	124	99
Interest on severance	14	11
Holidays	504	414
Extralegal bonus	357	279
Bonuses (Current)	6,596	3,384
	7,595	4,187

12.2. Long term benefits

12.2.1. Details of long-term benefits

The following describes the long-term benefits of Grupo Sura:

- Seniority premium

This benefit is paid to the employee every five years, and ranges from 18 to 44 days of salary, according to the time worked.

Years of service	Pay Day
5	18
10	29
15	34
20.25, 30 and 35	44

- Performance bonus

The performance compensation system is an acknowledgment of the effort of all employees to achieve the Company's objectives and continue to generate value. This system is framed within a regulation, whose content is as follows:

General conditions: general policies, definition of levels, management procedures, and governance.

Measurement system - performance indicators: is essential to define an adequate framework of performance indicators, so that they are clear, measurable, and achievable. These Indicators are defined at the beginning of each year and must be aligned with the strategic direction of the Company, as well as with the various human activities and competencies that are required to achieve the Company's objectives. This includes a measurement period, evaluation framework, monitoring and adjustments, and definition of indicators.

Payment system: is subject to compliance, with the performance indicators and the approval of the Appointments and Remuneration Committee. The remuneration framework is defined, according to each level.

The long-term benefits are as follows:

	December 2017	December 2016
Seniority premium	132	50
Bond Bank	2,929	3,478
	3,061	3,528

12.2.2. Reconciliation of long-term benefits

The movement, of benefits to employees, is as follows:

	Bond Bank	Seniority premium	Total benefit
Present value of obligations at January 1, 2016	3,243	68	3,311
New measurements	1,194	26	1,220
Cost from interest	(11)	(2)	(13)
Payments effectuated for the plan	(948)	(33)	(981)
Provisions	-	(9)	(9)
Present value of obligations at December 31, 2016	3,478	50	3,528
New measurements	-	51	51
Costs from services	109	18	127
Cost from interest	198	5	203
Effect recognized in the Income Statement	640	21	662
Payments effectuated for the plan	(1,496)	(15)	(1,511)
Present value of obligations at December 31, 2017	2,929	130	3,061

12.2.3. Main assumptions used in the actuarial calculation

The main actuarial assumptions, used to determine the obligations for defined long-term benefits, are as follows:

	Bond Bank		Seniority premium	
	2017	2016	2017	2016
Discount rate (%)	3.06%	* ZCYC Pesos 10 years	3.06%	* ZCYC Pesos 10 years
How the discount rate is determined		Infovalmer		Infovalmer
Annual salary increase rate (%)	N / A		2018: 5.5% 2019 to 2021: 5.0% 2022 and following: 4.50%	
Annual inflation rate (%) CPI	2017: 4.0% 2018 to 2020: 3.50% 2021 and following: 3.0%	3%	2017: 4.0% 2018 to 2020: 3.50% 2021 and following: 3.0%	3%
Survival tables		Own Rotation Table		Own Rotation Table

* ZCYC: *Zero Curve Coupon, in pesos (TES)*

12.2.4. Sensitivity analysis

Sensitivity analysis (2017) of 0.50% discount rate, inflation rate, and salary increase, is as follows:

	Payroll bank employees		Seniority premium			
	Discount rate		Discount rate		Salary increase	
	Increase + 0.50%	Discount -0.50%	Increase + 0.5%	Discount -0.5%	Increase + 0.5%	Discount -0.5%
Current value of the obligation	2,886	2,973	(222)	510	514	(229)

12.3. Post-employment benefits

12.3.1. Reconciliation of post-employment benefit

The post-employment benefits correspond to a pension retirement bonus, for Grupo Sura's Executives.

The movement of benefits to employees is as follows:

Present value of obligations at January 1, 2016	**20,658**
Interest	1,506
Cost of the current services	778
Paid benefit	(1,178)
Actuarial loss due to changes in the financial system	2,653
Present value of obligations at December 31, 2016	**24,417**
Interest	1,401
Cost of current services	754
Paid benefit	(4,222)
Other costs	61
Actuarial loss (Note 17)	1,804
Present value of obligations at December 31, 2017	**24,215**
Fair value of plan assets (Note 7)	(1,502)
Net present value of obligations at December 31, 2017	**22,713**

The main actuarial assumptions used to determine the obligations, for the defined benefit plans, are as follows:

	2017	2016
Discount rate (%)	5.51%	6.94%
Annual salary increase rate (%)	5.09%	7.9%
Annual inflation rate (%)	3.50%	3.50%

For the post-employment benefit liability discount, the zero-coupon rate, of Colombian bonds, is taken into account.

12.3.2. Sensitivity analysis

The following tables show the effects of variation of the inflation rate and of the discount rate:

2017
Discount rate

	Discount rate	Current value	% Variation	Cost of current services
Current study	5.51%	24,215		754
Increase in the discount rate	5.57%	24,090	-0.22	751
Decrease in the discount rate	5.45%	24,197	0.22	756

Rate of inflation

	Rate of inflation	Current value	% Variation	Cost of current services
Current study	3.50%	24,215		754
Increase in the CPI	3.54%	24,170	0.11	755
Decrease in the CPI	3.47%	24,117	-0.11	752

2016
Discount rate

	Discount rate	Current value	% Variation	Cost of current services
Current study	6.94%	24,417		768
Increase in the discount rate	7.01%	24,350	-0.23	766
Decrease in the discount rate	6.87%	24,465	0.24	771

Rate of inflation

	Rate of inflation	Current value	% Variation	Current services cost
Current study	3.50%	24,417		768
Increase in the CPI	3.54%	24,428	0.09	766
Decrease in the CPI	3.47%	24,386	0.24	771

12.3.3. Projected liability flow

2017

The weighted average of the duration of the retirement bond obligation is 2,030 years. The profile of the maturity of the defined benefits, determined according to the payment schedule, is as follows:

Year	Number of Employees entitled to the benefit in the year	Value of the expected profit that is caused in the year (current pesos)	Present value of expected profit in the year
2019	1	24,319	21,844
2035	2	18,574	7,073

2016

The weighted average, of the duration of the retirement bond obligation is 2,024 years. The profile of the maturity of the defined benefits, determined according to the payment schedule, is as follows:

Year	Number of Employees entitled to the benefit in the year	Value of the expected profit that is caused in the year (current pesos)	Present value of expected profit in the year
2017	1	4,569	4,273
2019	1	24,827	20,301
2035	1	13,058	3,649

12.4. Employee benefits expenses

Below are the expenses for employee benefits, for 2017 and 2016:

	December 2017	December 2016
Comprehensive salary	(10,197)	(8,116)
Bonuses	(8,615)	(8,158)
Salaries	(1,625)	(1,425)
Extra-legal bonus	(1,316)	(836)
Other employee benefits (*)	(223)	(158)
Family compensation fund contributions, ICBF and SENA	(767)	(636)
Holidays	(750)	(81)
Contributions for pensions	(710)	(574)
Staff training	(637)	(325)
Health contributions	(377)	(308)
Legal premium	(154)	(135)
Severance	(154)	(136)
Extra hours	(74)	(69)
Compensation	(35)	(4)
Disabilities	(21)	(15)
Interest on severance	(16)	(14)
	(25,671)	(20,990)

(*) Corresponds to post-employment benefits of defined contribution plans.

NOTE 13. PROVISIONS

Provisions for contingencies

The following is a summary of provisions:

Company	2017	2016
Grupo de Inversiones Suramericana Panamá (1)	172,907	240,710
Grupo Sura Finance (1)	28,658	25,548
Subtotal other	201,565	266,258
Dirección Nacional de Impuesto y Aduanas (2)	3,470	-
Total	205,035	266,258

(1) 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.

(2) Grupo de Inversiones Suramericana S.A., recently received the resolutions that decide the appeals of reconsideration where the values proposed by the DIAN in the official liquidation of revision are confirmed. The resolutions of the appeals originate in differences of interpretation with the DIAN in the income tax assessments for the years 2009, 2010, 2011, and 2013, a situation that was announced to the market in Relevant Information on March 23, 2016.

Based on the provisions of Law 1819 of 2016 on Tax Reform, the Company realizes the analyses to realization reconciliation process with the DIAN, with respect to the value of the processes described above, for an estimated COP 37,666 million, which was provisioned in the Financial Statements of the Company and which were paid en the month of October of 2017, in the amount of COP $34,196 million. . This procedure will be subject to the regulations issued by the National Government, on the occasion of the reform. The mentioned procedure will allow a solution to the differences with the tax authority, without implying acceptance of any responsibility on the part of the Company, who maintains its criterion against the interpretation of the tax norm that gave origin to the difference. To date provisions are in the amount of $3,470.

NOTE 14. SECURITIES ISSUED

The following is an overview of securities issued:

	December 2017	December 2016
Outstanding bonds[1]	1,329,041	777,968
Preference shares[2]	450,752	208,813
Total securities issued	**1,779,793**	**986,781**

[1] Outstanding Bonds:

The following is a breakdown of bonds issued:

				Amortized Cost		Fair value	
Securities Issued	Maturity	Date Issued	Maturity Date	December 2017	December 2016	December 2017	December 2016
Bonds	4 years	07- May -16	07- May -20	100,651	101,003	102,881	101,417
Bonds	5 years	07- May -14	07- May -19	104,346	104,216	105,475	105,936
Bonds	9 years	07- May -14	07- May -23	225,327	225,075	234,022	228,157
Bonds	10 years	07- May -14	07-May-24	54,431	54,480	56,508	57,145
Bonds	16 years	07- May -14	07- May -30	100,809	100,727	106,678	101,017
Bonds	20 years	25- Nov -09	25- Nov -29	96,281	96,678	117,657	111,211
Bonds	40 years	25- Nov -09	25- Nov -49	95,289	95,789	135,781	122,732
Bonds	5 years	23- Feb -17	23- Feb -22	194,515	-	199,402	-
Bonds	7 years	23- Feb -17	23- Feb -24	165,936	-	167,735	-

Bonds	12 years	23- Feb -17	23- Feb -29	191,455	-	194,972	-
Total bonds issued				1,329,041	777,968	1,421,111	827,615

[2] **Preference shares:**

On November 29, 2011, the issuance of 106,334,963 preference shares was realized, in amount of $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.

On March 31, 2017, the Shareholders' Meeting approved the amendments to the Regulation for the Issuance and Placement of Preferred Shares issued in 2011, which establishes the payment of a minimum preferential dividend equal to one percent (1%) per annum on the sum equivalent to the Reference Subscription Price (as defined below), provided that the resulting value of this calculation exceeds the dividend declared for the common shares; otherwise the latter will be recognized.

For these purposes, the Reference Subscription Price shall mean the subscription price of preference shares in any placement of preference shares, by the Company in the most recent primary market transaction approved by the general meeting, including, but not limited to, issuances and public offerings, private issues, capitalization of claims, dividend payment in shares, among others. In no case shall it be understood that the Reference Subscription Price will correspond to the trading price of the preference shares in the secondary market. The General Meeting of Shareholders shall determine the form and dates of payment of the dividend of the preference shares under conditions equal to those of the dividend of the ordinary shares.

The previous dividend will be paid in preference to the dividend that corresponds to the ordinary shares.

Also, on March 31, 2017, the Board of Directors of the Company, in thirty-five thousand, nine hundred seventy-three pesos ($35,973), fixed the subscription price of the preferred shares that would be delivered for dividend payment in shares.

See the impact from this transaction had in Changes in Equity.

The movements of the debt instruments, issued for December 31, 2017 and 2016, are as follows:

	Bonuses	Preferential shares	Total
At December 31, 2015	900,893	208,780	1,109,673
Additions	100,000	-	100,000
Payment of fee	-	(17,279)	(17,279)
Interest caused	436	17,313	17,749
Payment interest	(223,361)	-	(223,361)
At December 31, 2016	777,968	208,814	986,782
Additions	550,121	214,115	764,235
Interest caused	102,008	32,134	134,152
Payment interest	(101,056)	(4,320)	(105,376)
At December 31, 2017	1,329,041	450,723	1,779,794

NOTE 15. EQUITY

Issued capital

The authorized capital of the Company is constituted by 600,000,000 shares of nominal value at $ 187.50 pesos each. The capital subscribed and paid, at December 31, 2017, was 581,977,548 and in 2016, was 575,372,223 shares.

	2017	2016
Authorized shares	600,000,000	600,000,000
Subscribed and paid shares:		
Ordinary with nominal value	469,037,260	469,037,260
With a preferential dividend without the right to vote	112,940,288	106,334,963
Total shares	**581,977,548**	**575,372,223**
Subscribed and paid capital (nominal value)	109,121	107,882
Total capital	**109,121**	**107,882**

Reserves

Reserves are as follows:

	2017	2016
Legal	138,795	138,795
Occasional	5,469,982	4,920,281
Total reserves	**5,608,777**	**5,059,076**

Legal

In accordance with legal provisions, the Company must establish a legal reserve, reserving 10% of the net profits of each year, up to fifty percent (50%) of the subscribed capital, for this reserve. The reserve may be reduced to less than fifty percent (50%) of the subscribed capital, when it is intended to eliminate losses, in excess of undistributed profits. The reserve cannot be used to pay dividends, or to cover expenses or losses during the time the Company has undistributed profits.

Occasional

As a decision of the Shareholders meeting, this reserve may be increased in excess of fifty percent (50%) of the subscribed capital, which will be available to the assembly, to change its destination, as it deems it appropriate.

NOTE 16. DIVIDENDS

Paid and declared

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

Dividends payable at December 31, 2015	**61,979**
Declared ordinary	213,882
Declared preference	48,490
Subtotal dividends decreed	**262,371**
Ordinary shares paid	(209,860)
Preference shares paid	(47,581)
Others	(14)
Dividends payable at December 31, 2016 (Note 8.2.2.)	**66,895**
Declared ordinary	228,889
Declared preference	51,891
Subtotal declared dividends	**280,780**
Declared ordinary	(282,301)
Declared preference	(64,007)
Others	(17)
Dividends payable at December 31, 2017 (Note 8.2.2.)	**1,349**

After the annual closing of the financial statements, the Directors proposed the following distribution of retained earnings for 2017, which will be paid in cash and will appropriate the occasional non-taxable reserve.

The dividends to be distributed will be five hundred eighteen pesos (COP $518) per share on 581,977,548 ordinary and preferred shares, which will immediately be declared, by the Shareholders' Meeting, and will be 100% untaxed for the Shareholder, neither on income securities, nor on net profit, as established in Articles 48, 49, and 36-3 of the Tax Statute.

The dividend will be paid in cash as follows:

One hundred twenty-nine pesos, and with fifty cents (COP $ 129.50) for each share, on the following dates: April 2, 2018, July 3, 2018, October 1, 2018, and January 2, 2019.

NOTE 17. COMPREHENSIVE INCOME

The comprehensive income, of Grupo Sura, is as follows:

	Accumulated (equity)			Other comprehensive income	
	2017	2016	2015	2017	2016
Net gains or losses from changes in the fair value of equity investments (1)	(6,506)	(1,079)	(2,658)	(5,427)	1,579
Gains (losses) from participation in subsidiaries under *the equity method* (2)	1,220,359	474,102	1,033,059	746,256	(558,957)
Post- employment benefits (3)	(2,947)	(1,143)	331	(1,804)	(1,474)

Income tax associated (or equivalent) (3)	973	377	(56)	595	433
Total other comprehensive result	**1,211,878**	**472,258**	**1,030,676**	**739,620**	**(558,419)**

(1) The component of other comprehensive income, from equity investments, measured at fair value through profit or loss, represents the accumulated value of the gains or losses, from the valuation at fair value, less the values transferred to retained earnings, when these investments have been sold. Changes in fair value do not reclassify to profit or loss, for the period. This includes the portion that corresponds to the Grupo Sura, in its investments, in subsidiaries.

(2) Corresponds to the application of the variation of the participation method, of the subsidiaries.

(3) The component of new measurements of defined benefit plans, represents the accumulated value of actuarial gains or losses, excluding the values included in the net interest, of the defined benefit liability. The net value of the new measurements is transferred to the accumulated profits and does not reclassify to the results of the period.

NOTE 18. INCOME AND EXPENSES

The following is a summary of income and (expenses):

	December 2017	December 2016
Income from the Equity Method (Note 11.2)	906,936	748,767
Dividends (Note 11.1)	380,648	360,742
Losses from derivatives[1]	(141,676)	(125,931)
Income from investments, net	10,434	(7,115)
Investment income, fair value	1,214	65,940
Total	**1,157,556**	**1,042,403**

[1] Corresponds to the net income from valuation of swap derivatives, options, and forwards, which are detailed in Note 8.1 Financial Assets and 8.2 Financial Liabilities. The following is the balance of income and the valuation expense of swaps, options, and forwards:

	December 2017	December 2016
Income from the valuation of swaps, options, and forwards	146,694	105,549
Expenses from the valuation of swaps, options, and forwards	(288,370)	(231,480)
Total	**(141,676)**	**(125,931)**

The following is a breakdown of financial income (expenses) income:

	December 2017	December 2016
Exchange differences	(12,835)	143,648
Interest	(293,287)	(206,845)
Total	**(306,122)**	**(63,197)**

NOTE 19. EXCHANGE DIFFERENCES

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

	2017	2016
Income from exchange differences	59,530	253,574
Expenses from exchange differences	(72,365)	(109,926)
Total	(12,835)	143,648

The following is a breakdown of items that generated the differences in exchange:

	2017	2016
Financial liabilities and other obligations [2]	27,157	176,439
Deposit of acquisition of shares	779	(642)
Suppliers	2	(41)
Accounts receivable	(9,623)	(4,217)
Cash	(31,150)	(16,330)
Certificates of deposit at term	-	(11,561)
Total	(12,835)	143,648

The variation from exchange differences, from the previous year, it is mainly generated by:

[1] Constitution of term deposit certificates in dollars, that generate a difference in exchange of $(11,561), in 2016.

[2] Loan granted by the company Grupo Sura Finance on February 29, 2016, which includes a difference in exchange of $8,192, in a credit of USD 540 million.

Loans with other financial institutions with a total for difference in exchange of $18,965, in credits of USD 100 million.

NOTE 20. ADMINISTRATIVE EXPENSES

The administrative expenses are as follows:

	December 2017	December 2016
Sanctions*	40,247	2
Surcharges and other taxes	15,503	12,507
Industry and Commerce	8,831	8,619
Travel and representation expenses	7,459	6,565
Advertising	1,843	2,512
Insurance	1,602	1,804
Wealth tax	1,334	3,345
Others	1,134	588
Contributions	1,132	1,102
Maintenance and repairs	1,112	1,609
Commissions	873	1,861

Legal	871	7
Public services	552	399
Temporary services	348	86
Leases	316	62
Supplies and stationery	65	71
Electronic data processing	-	124
	83,222	**41,263**

* Includes $ 37,666 million, corresponding to the differences in interpretation criteria, with the DIAN, in the assessment of income taxes, for taxable years 2009 to 2012, of which COP 34,196 million was already settled and paid, in October 2017. See Note 13.

NOTE 21. HONORARIUM EXPENSES

Honorarium expenses are as follows:

	December 2017	December 2016
Consultants and advisory	7,285	17,995
Board of Directors	817	809
Auditor and external audit	317	463
Legal consultation	61	367
Appraisals	9	-
Total	8,489	19,634

NOTE 22. INTEREST

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

	December 2017	December 2016
Securities issued	136,798	112,981
Financial liabilities	155,816	93,371
Fiduciary rights	673	493
Total	293,287	206,845

The liabilities generated by these interests are recognized at amortized cost. See Note 8.2 Financial liabilities.

NOTE 23. 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.

	2017	2016
Profit for the period	755,085	835,481
Outstanding shares	469,037,260	469,037,260
Earnings per share (In Colombian Pesos)	**1,610**	**1,781**

NOTE 24. OBJECTIVES AND POLICIES IN THE MANAGEMENT OF FINANCIAL RISKS

Governance Framework of the Risk Management System

For Grupo SURA, risk management is a dynamic and interactive process; it is a fundamental component of the strategy that supports decision-making processes. Understanding risks as opportunities, setting up new businesses, exploring geographies, enhancing talent, among other aspects, are an essential part of such management.

Risk management is framed within the Risk Management Framework Policy of the SURA Business Group and the Internal Risk Management Manual. In these documents, the responsibilities of the Board of Directors, the Risk Committee, and Senior Management are established, in relationship to the Risk Management System and the framework of action of the Grupo Sura, are defined.

The following are the main risks around which the Company prioritizes and focuses its management. These are grouped into financial and operational risks.

1. Management of Financial Risks

The behavior, of the financial markets and the economies of the region, has an impact on the Company's results, its capital structure and, in general, on the performance of the portfolio's investments. This is why the Company monitors its exposure to credit, market, and liquidity risks.

Particularly, 2017 concluded with a positive result in global economic terms, with growth that continues to accelerate in the middle of the most pronounced expansion phase of the decade. It was a year that was characterized by an expansive monetary policy scenario and low inflation in most countries, there was also a decrease in unemployment in countries that had been experiencing recession and a greater risk appetite in search of more and better return.

After two years of contraction, the economic recovery of Latin America began to be evident, at the end of 2017, in response to the growing confidence of market agents, the less volatile financial conditions, the increase in the price of raw materials, and the growth in world trade, which supported the increase in external demand. At the regional level, the recovery of Brazil and Argentina stands out as a result of the generation of confidence, on the part of market agents, which was reflected in the increase in domestic consumption and investment, supported by low levels of inflation and interest rates, in the case of Brazil, and the construction of political capital in Argentina. In contrast, the performance of the Mexican economy was marred by natural disasters and high levels of inflation. Additionally, the increase in the price of raw materials favored income from exports from Chile, and to a lesser extent from Colombia. Finally, given the need for fiscal reforms in most Latin American countries, the cycle of political elections that began with Argentina and Chile in 2017 and that will continue in 2018 with Mexico, Brazil, and Colombia, will determine the course of the economic performance of the region.

The following is a breakdown of the main financial risk management, realized by the Grupo Sura:

1.1 Credit Risk Management

The credit risk management seeks to reduce the probability of incurring losses, derived from the breach of financial obligations, contracted by third parties with the Company. For this, and from the management of treasury resources, guidelines that facilitate the analysis and monitoring of issuers and counterparties, have been defined, ensuring that investments are always backed by issuers and/or managers with adequate credit strength.

At December 31, 2017, Grupo SURA's treasury investments are mostly concentrated in liquid collective portfolios, managed by managers with high credit quality, savings, and checking accounts.

In the face of credit risk, in the positions of derivative instruments, the Company has as counterpart: local and international banks, that have adequate credit ratings, all above investment grade. The following is a list of the counterparties and the credit rating (on an international scale):

Bank	Qualification
Merrill Lynch International	A +
Citibank NA, London Branch	A +
JP Morgan Chase Bank, N. A	A +
Morgan Stanley & Co International PLC	A +
BBVA S. A	BBB +

For a further detail of the financial assets, held by the Company, refer to Note 8.1 Financial Assets.

Other assets at lesser amounts, not material for the Company, are the Loans and Accounts Receivable, which correspond to loans to employees and other accounts with low credit risk. A more detailed summary, of these accounts receivable, is included in Note 8.1.

Impairment of assets and accounts receivable

The Company periodically analyzes the existence of impairment indicators and, if necessary, recognizes impairment losses in the associated account. A more detailed summary of accounting policies, including methods impairment, are in Note 3.7.

1.2 Market Risk Management

The management of this risk focuses on monitoring changes in market prices, that may affect the Company's income or the value of its investments.

The market risk in Grupo SURA is mainly generated by the following factors and activities:

- The liquidity management in the treasury, through the exposure to collective portfolios and issuers of fixed income instruments; these activities do not generate a significant market risk, due to their nature of low volatility assets.
- Financial liabilities, obtained in foreign currency, and those tied at a variable rate, which result in an exposure to exchange rate risk and interest rate.

Grupo SURA analyzes the impact that variables, such as the interest rate and the exchange rate, generate on its results, to determine if it is convenient to have hedging strategies to mitigate its volatility.

Particularly, the derivatives that were acquired during 2017, to cover the exposure of the exchange rate from the financial liabilities in dollars, generated volatility in the company's results, due to movements in the interest rate, in pesos and USD with which they are valued.

For further detail of the financial debt and derivatives, refer to Note 8.1 "Financial Assets" and Note 8.2 "Financial Liabilities".

Sensitivity analysis

The following is a sensitivity analysis aims to measure the impact on the Company's profits before taxes, derived from movements, in the exchange rate, due to exposures of the credits in dollars, and derivatives.

These sensitivities are realized, taking into account the simulated variations of +/- 10% of the dollar to peso exchange rate, as compared to the value at the end of 2017, and represent the amounts in which the Earnings Before Tax would vary, in the event said movement.

Figures in millions of pesos, with a cut-off at December 31, 2017.

Additionally, a sensitivity analysis was realized for a variation of +/- 10 PB, in the interest rate in pesos, and the impact that this would have on the valuation of the derivatives, was presented.

Sensitivity to exchange rate		
TRM 2.984	Impact on Profit before taxes 2017 against variation of + 10% in the exchange rate	Impact on Profit before taxes 2017 against variation of -10% in the exchange rate
Financial Liabilities	(190,976)	190,976
Derivatives	154,766	(150,146)
Total	**(36,210)**	**40,830**

Figures in millions of pesos, with a cutoff date of December 31, 2017.

Additionally, a sensitivity was realized, for a variation of +/- 10 PB, in the interest rate, in pesos and the impact that this would have on the valuation of the derivatives presented.

Interest rates sensitivities		
TRM 2.984	Impact on Profit before taxes 2017, against variation of + 10PB in the interest rate	Impact on Profit before taxes 2017, against variation of -10PB in the interest rate
Derivatives	4,142	(4,170)
Total	**4,142**	**(4,170)**

1.3 Liquidity Risk Management

Liquidity risk refers to the Company's ability to generate the necessary resources to comply with the obligations acquired and the operation of its business.

To manage this risk, the Grupo Sura focuses its actions within the framework of a liquidity management strategy, for the short and long-term, in accordance with the policies and guidelines, issued by the Board of Directors and Senior Management, which contemplates short-term and structural aspects, in order to ensure compliance with the obligations acquired under the conditions initially agreed upon, and without incurring cost overruns. Likewise, it monitors the cash flow in the short-term to manage the collection and payment activities from the treasury, and cash flow projections in the medium-term, in order to determine the liquidity position and anticipate the necessary measures to proper management.

In addition, in order to face eventual situations, the Company maintains lines of credit available with financial entities and has treasury investments, that could be sold as a mechanism for access to liquidity, in addition to other complementary sources of liquidity.

During 2017, Grupo SURA realized important operations, that required active liquidity management, in the Company, such as the increase in the interest in SURA Asset Management for $1,105,667 million pesos (USD 383 million), and the refinancing of the maturities of some of its obligations.

These transactions required the company to realize debt operations, such as placement in the public market of Colombian securities of ordinary bonds, in the amount of $550,000 million pesos, and the refinancing of credits with local banks, in the amount of $423,000 million pesos.

The Company also maintains investments in assets to manage liquidity. These investments are presented below:

Maturities associated with assets to manage liquidity - 2017:

2017	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial assets held to manage liquidity risk	126,352	-	-	126,352

2016	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial assets held to manage liquidity risk	540,120	-	23,091	563,211
Total	**540,120**	**-**	**23,091**	**563,211**

Figures in millions of pesos, with a cut-off at December 31, 2017.

For more details see Note 8.1 Financial Assets

Likewise, the maturities of the Company's financial obligations are presented below:

2017	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Leases	3,990	-	10,781	14,771
Derivatives	687	21,298	96,844	118,830
Other accounts payable	1,679,114	-	-	1,679,114
Financial obligations	367,934	715,444	-	1,083,378
Bonds and securities	-	399,512	1,380,281	1,779,793
Total	2,051,725	1,136,254	1,487,906	4,675,885

2016	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Leases	3,990	-	11,296	15,286
Derivatives	21,163	9,681	17,846	48,690
Other accounts payable	1,763,652	-	-	1,763,652
Financial obligations	1,247,713	-	-	1,247,713
Bonds and securities	-	101,003	885,778	986,781
Total	3,036,518	110,684	914,920	4,062,122

Figures are expressed in millions of pesos, with a cut-off of December 31, 2017.

For more details see Note 8.2 Financial Liabilities

2. Management of operational risks and other risks

Functional risks, or operational risks, refer to events that impede the normal development of the Company's operation, and that are associated with people, technology, and processes. In Grupo SURA, the management of these risks is focused on analyzing the exposure of the processes and projects, in order to propose strategies that mitigate their impacts.

Within the administration of these risks, the following are note-worthy:

- Business Continuity Risk: Grupo SURA has a response plan and financial and reputational crisis management process, which are fundamental to ensure the continuity of the Company's operations.

  Faced with operational events, the Company developed a project, in 2017, to identify critical processes for interruption events. An analysis was also realized to identify risks and interruption scenarios.

- Risk of Fraud and Corruption: Regarding the prevention of fraud and corruption, the Company has provisions and guidelines, to manage the events that may generate this type of risk, and minimize the probability of occurrence, materialization, and impact thereof.

- Risk of Money Laundering and Financing of Terrorism: Grupo SURA has an Integral System for the Prevention and Control of Money Laundering and the Financing of Terrorism - SIPLA, which establishes procedures to prevent the company from being used, without their consent or knowledge, for the management or investment of monies from illicit activities. The established procedures include due diligence, in the relationship of suppliers, investors, among other interest groups, and periodic activities of monitoring, follow-up, and screening of international restrictive lists.

- Legal-Compliance Risk: With respect to legal risk, Grupo SURA adopts the external and general guidelines, issued by the respective control entity, as well as those established internally, by its Board of Directors.

  The Company has a Compliance Department, whose main responsibility is the compliance management system, so that within the Grupo Sura, the acquired commitments are fulfilled.

- Regulatory Risk: Grupo SURA's regulatory risk management is strategic, considering that its main investments are in highly regulated and with dynamic regulatory environment sectors.

  In 2018, the Company will continue working on the implementation of the Financial Conglomerates Law, recently published by the Financial Regulation Unit - URF of the Ministry of Finance of Colombia. In addition, it will continue to monitor the possible regulatory changes in tax matters, and in the insurance sector, banking, and pension, in Latin America.

NOTE 25. CAPITAL MANAGEMENT

Grupo Sura's policy is to maintain a solid capital base, in order to preserve the confidence of investors, creditors, and the market, and sustain the future development of the business. The Company monitors the return on capital and the level of dividends paid to Shareholders.

The administration tries to maintain a balance, between the highest returns that can be obtained with higher levels of credit, advantages, and the security from a solid capital position. The return on capital obtained, in 2017, was 3.43% and 4.04%, in 2016.

Grupo Sura monitors capital using an adjusted net debt and equity index. For this purpose, the adjusted net debt is defined as the total financial liabilities (financial liabilities and issued securities), which includes loans that accrue interest, plus the proposed dividends not accrued, less cash and cash equivalents.

In order to comply with the indicators of financial indebtedness, established by the rating agencies, to measure the degree of investment in the companies, Grupo Sura seeks to keep the index below 25%. The adjusted debt-equity ratio of Grupo Sura, at December 31st, was as follows:

	2017	2016
Total financial indebtedness	2,996,772	2,298,470
Cash and equivalents	(69,298)	(451,443)
Net debt	**2,927,474**	**1,847,027**
Total assets	22,775,121	21,536,905
Adjusted debt index - equity	12,854%	8.576%

NOTE 26. DISCLOSURES ON RELATED PARTIES

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

The following is a breakdown of related parties, at December 31, 2017 and December 2016, of Grupo SURA:

a) Companies under direct or indirect control of Grupo SURA found in Note 8.2 Investments in subsidiaries.

b) Companies in which Grupo SURA has direct and indirect participation, through its subsidiaries:

Company	Type of Entity	December 2017	December 2016	Country	Functional currency
Grupo de Inversiones Suramericana S.A.	Holding Company			Parent	
Activos Estratégicos Sura A.M. Colombia S.A.S.	Holding Company	83.58%	78.71%	Colombia	Colombian Peso
Sura Investment Management Colombia S.A.S.	Holding Company	83.58%	78.71%	Colombia	Colombian Peso
SURA Asset Management España S.L.	Holding Company	83.58%	78.71%	Spain	Euro
Grupo de Inversiones Suramericana Holanda B.V.	Holding Company	83.58%	78.71%	Holland	Euro
Grupo SURA Chile Holdings I B.V.	Holding Company	83.58%	78.71%	Holland	Euro
SURA Asset Management Chile S.A.	Holding Company	83.58%	78.71%	Chile	Chilean Peso
Sura Data Chile S.A.	Company dedicated to providing data and processing services and leasing of computer equipment	83.58%	78.71%	Chile	Chilean Peso
SURA Servicios Profesionales S.A.	Company dedicated to consulting and business advice	83.58%	78.71%	Chile	Chilean Peso
Santa María Internacional S.A. (Chile)	Holding Company	0.00%	78.71%	Chile	Chilean Peso
Grupo SURA Latin American Holdings B.V.	Holding Company	0.00%	78.71%	Holland	Euro
SUAM Finance B.V.	Holding Company holder of144A/Reg S Bonds issued in April 2014	83.58%	78.71%	Curacao	US Dollar
Sura Asset Management México S.A. de C.V.	Holding Company	83.58%	78.71%	México	Mexican Peso
Sura Art Corporation S.A. de C.V.	Company dedicated to the collection of Mexican art	83.58%	78.71%	México	Mexican Peso
Sura Asset Management Perú S.A.	Holding Company	83.58%	78.71%	Perú	Peruvian Soles
Sura Asset Management Uruguay Sociedad de Inversión S.A. (Formerly Tublyr S.A.)	Holding Company	83.58%	78.71%	Uruguay	Mexican Peso
AFAP Sura S.A.	Company dedicated to the administration of pension savings funds	83.58%	78.71%	Uruguay	Uruguayan Peso

Company	Type of Entity	December 2017	December 2016	Country	Functional currency
AFP Capital S.A.	Company dedicated to the administration of pension savings funds	83.33%	78.48%	Chile	Chilean Peso
Afore Sura S.A. de C.V.	Company dedicated to managing investment companies specializing in Retirement Funds	83.58%	78.71%	México	Mexican Peso
AFP Integra S.A.	Administrator of Pension Funds	83.58%	78.70%	Perú	Soles
SURA Real Estate S.A.S.	Consulting activities of management, real estate activities realized with owned and leased	58.50%	55.09%	Colombia	Colombian Peso
Asesores Sura S.A. de C.V.	Sales of products and financial services provided	83.58%	78.71%	México	Mexican Peso
Promotora Sura AM S.A. de C.V.	Services provided for the commercialization, marketing services, and dissemination of products of any kind	83.58%	78.71%	México	Mexican Peso
Hipotecaria Sura Empresa Administradora Hipotecaria S.A.	Company dedicated to the granting of mortgage loans and other financial services	0.00%	55.09%	Perú	Peruvian Soles
Seguros de Vida Sura S.A. (Chile)	Company engaged in insurance activities related to annuities and life annuities Company engaged in insurance activities related to annuities and life annuities	83.58%	78.71%	Chile	Chilean Peso
Pensiones Sura S.A. de C.V.	Pension insurance	83.58%	78.71%	México	Mexican Peso
Seguros de Vida SURA Mexico S.A. de C.V. (Formerly Primero Seguros de Vida S.A. de C.V.)	Life insurance	83.58%	78.71%	México	Mexican Peso
Seguros Sura S.A. (Formerly Invita) (Perú)	Insurance and reinsurance of the branches of life	0.00%	54.54%	Perú	Peruvian Soles
SUAM Corredora de Seguros S.A. de C.V.	Company dedicated to all types of activities related with insurance and reinsurance	83.58%	78.71%	El Salvador	US Dollar
Disgely S.A.	Company dedicated to the commercialization goods, leases of goods, works and services	83.58%	78.71%	Uruguay	Uruguayan Peso
Corredores de Bolsa Sura S.A.	Company dedicated to the purchase and sale of securities and securities brokerage operations	83.58%	78.71%	Chile	Chilean Peso
Administradora General de Fondos Sura S.A.	Company dedicated to the administration of mutual funds and investment	83.58%	78.71%	Chile	Chilean Peso
Sura Investment Management S.A. de C.V.	Company dedicated to the operation of investment companies	83.58%	78.71%	México	Mexican Peso
Fondos Sura SAF S.A.C.	Company dedicated to the administration of mutual funds and investment	83.58%	78.71%	Perú	Soles

Company	Type of Entity	December 2017	December 2016	Country	Functional currency
Sociedad Agente de Bolsa S.A.	Stock brokers	83.58%	78.71%	Perú	Soles
Corredor de Bolsa SURA S.A.	Brokerage services	83.58%	78.71%	Uruguay	Uruguayan Peso
AFISA SURA S.A.	Company dedicated to the administration of investment funds	83.58%	78.71%	Uruguay	Uruguayan Peso
Sura Asset Management Argentina S.A.	Company dedicated to financial administration and investments	83.58%	0.00%	Argentina	Argentine Peso
InverSura Panamá Internacional S.A.	Investor	81.13%	81.13%	Panamá	US Dollar
Inversiones Sura Brasil S.A.S.	Investor	81.13%	81.13%	Colombia	Colombian Peso
Financia Expreso RSA S.A.	Conclusion of mutual contracts and investments	81.12%	81.11%	Colombia	Colombian Peso
Santa Maria del Sol S.A. (Argentina)	Investments	81.13%	81.13%	Argentina	Argentine Peso
Atlantis Sociedad Inversora S.A.	Investments	81.13%	81.13%	Argentina	Argentine Peso
Chilean Holding Suramericana SPA (Formerly RSA Chilean Holding SPA)	Investments	81.13%	81.13%	Chile	Chilean Peso
Inversiones Suramericana Chile Limitada (Formerly Inversiones RSA Chile Limitada)	Investments	81.13%	81.13%	Chile	Chilean Peso
Seguros Generales Suramericana S.A. (Colombia)	General insurance	81.12%	81.11%	Colombia	Colombian Peso
Seguros Sura S.A. (Dominican Republic)	Insurance	81.13%	81.13%	Dominican Republic	Dominican Peso
Seguros Suramericana Panamá S.A.	Insurance	81.13%	81.13%	Panamá	US Dollar
Aseguradora Suiza Salvadoreña S.A. Asesuisa	General insurance	81.13%	81.13%	El Salvador	US Dollar
Sura RE	Insurance and / or reinsurance business	81.13%	81.13%	Bermuda	US Dollar
Sura SAC Ltd.	Insurance and / or reinsurance business	81.13%	0.00%	Bermuda	US Dollar
Seguros Sura S.A (Formerly Royal & Sun Alliance Seguros (Brasil) S.A.) (Brasil)	Operations personal and damages insurance	81.13%	81.13%	Brazil	Brazilian Real
Seguros Sura S.A (Formerly Royal & Sun Alliance Seguros (Argentina) S.A.) (Argentina)	Operations of general insurance	80.67%	80.63%	Argentina	Argentine Peso
Aseguradora de Créditos y Garantías S.A.	Insurance, co-insurance and reinsurance operations in general on all types of risks	81.12%	81.12%	Argentina	Argentine Peso
Seguros Generales Suramericana S.A (Formerly RSA Seguros Chile S.A.) (Chile)	General insurance company	80.71%	80.71%	Chile	Chilean Peso
Seguros Sura, S.A de C.V. (Formerly Royal & Sun Alliance Seguros (México) S.A. de C.V.) (México)	Operation of general insurance	81.13%	81.13%	México	Mexican Peso

Company	Type of Entity	December 2017	December 2016	Country	Functional currency
Seguros Sura S.A. (Formerly Royal & Sun Alliance Seguros S.A.	General insurance	81.13%	81.13%	Uruguay	Uruguayan Peso
Operaciones Generales Suramericana S.A.S.	Investment in movable and immovable property	81.13%	81.13%	Colombia	Colombian Peso
Servicios Generales Suramericana S.A. (Colombia)	Investment in movable property, especially shares, quotas, or shares of companies	81.13%	81.13%	Colombia	Colombian Peso
Consultoría en Gestión de Riesgos Suramericana S.A.S.	Provision of consulting services in the integral risk management	81.13%	81.13%	Colombia	Colombian Peso
Servicios Generales Suramericana S.A. (Panamá)	Service of inspection, repair, purchase and sale of vehicles	81.13%	81.13%	Panama	US Dollar
Protección Garantizada LTDA	Insurance agency	49.73%	41.36%	Colombia	Colombian Peso
Servicios y Ventas Compañía Limitada	Provision of services	0.00%	80.92%	Chile	Chilean Peso
EPS y Medicina Prepagada Suramericana S.A.	Organization, guarantee and provision of health services.	81.13%	81.13%	Colombia	Colombian Peso
Servicios de Salud IPS Suramericana S.A.	Provision of medical, paramedical, and dental services	81.13%	81.13%	Colombia	Colombian Peso
Diagnóstico y Asistencia Médica S.A.	Provision of diagnostic health aids services	81.13%	81.13%	Colombia	Colombian Peso
Seguros de Vida Suramericana S.A. (Colombia)	Personal insurance	81.13%	81.13%	Colombia	Colombian Peso
Seguros de Riesgos Laborales Suramericana S.A.	Operation of the labor risk branch	81.13%	81.13%	Colombia	Colombian Peso
Asesuisa Vida, S.A. Seguros de Personas	Personal insurance	81.13%	81.13%	El Salvador	US Dollar
Seguros de Vida Suramericana S.A (Formerly RSA Seguros de Vida S.A.) (Chile)	Life Insurance Company	81.13%	81.13%	Chile	Chilean Peso
Suramericana S.A.	Investor	81.13%	81.13%	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 disposition of movable and immovable property	95.28%	95.28%	Panamá	US Dollar
Grupo SURA Finance S.A.	Any licit activity in the Cayman Islands	100.00%	100.00%	Cayman Islands	US Dollar
Sura Asset Management S.A.	Investment in movable and immovable property	83.58%	78.71%	Colombia	Colombian Peso
Habitat Adulto Mayor S.A.	Provision of health services for the elderly	82.66%	82.66%	Colombia	Colombian Peso
Arus Holding S.A.S.	Investment in movable and immovable property	100.00%	100.00%	Colombia	Colombian Peso

Company	Type of Entity	December 2017	December 2016	Country	Functional currency
Arus S.A.	Services and commercialization of products and solutions in telecommunications	100.00%	100.00%	Colombia	Colombian Peso
Enlace Operativo S.A.	Information processing services under the figure of outsourcing	100.00%	100.00%	Colombia	Colombian Peso

c) Members of the Board of Directors

This is the responsibility of the Members of the Board of Directors of Grupo SURA, to formulate the standards and guidelines of the business and to make the key decisions, which in some cases correspond to guidelines issued by its Headquarters in Colombia.

d) Directors

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

Accounts receivable of subsidiaries (Note: 8.1.1.):

	2017	2016
Grupo Sura Panamá	-	11,073
Suramericana S.A.	-	90
Grupo Sura Finance	59	59
Total	**59**	**11,222**

Accounts payable (Note 8.2.2.):

	2017	2016
Grupo Sura Finance	1,611,360	1,620,383
Intereses - Grupo Sura Finance	15,482	15,619
Inversiones y Construcciones Estratégicas[1]	32,913	22,673
Intereses - Inversiones y Construcciones Estratégicas [1]	3,322	1,440
Total	**1,663,077**	**1,660,115**

[1] These accounts payable of principal plus interest, corresponds business checking accounts, within the Company.

The transactions with economic associates were realized at normal prices and under normal market conditions.

Non-operating income

	2017	2016
Suramericana S.A.[1]	890	-

Seguros de Vida Suramericana S.A.	-	1,871

[1]Corresponds to the sale of movable property by change of venue

Non-operating expenses:

	2017	2016
Grupo Sura Finance[1]	89,229	65,967
Inversiones y Construcciones Estratégicas	2,024	-
Seguros Generales Suramericana	348	345
Seguros de Vida Suramericana	119	58
Servicios Generales Suramericana	50	45
IPS Servicios de Salud	3	2
Operaciones Generales Suramericana	15	18
	91,788	**66,435**

[1] Corresponds to interest generated by business checking accounts, between companies. The transactions with economic associates were realized at normal prices and under normal market conditions.

Benefits to Senior Level employees:

	2017	2016
Short-term employee benefits (*)	14,013	8,441
Post-employment benefits	24,215	24,407
	38,228	32,848

(*) Benefits (other than termination benefits) that are expected to be fully settled, before the twelve months following the end of the annual reporting period, in which the employees have rendered the related services.

Other related parties:

	2017	2016
Honorariums, Members of Board of Directors	817	809

NOTE 27. EVENTS AFTER TO THE REPORTING PERIOD

These Separate Financial Statements, with an annual period, ended at December 31, 2017, were prepared for the purposes of supervision, and authorized for issuance by the Board of Directors of Grupo SURA, on February 26, 2018. After that date and to the date of publication, the following significant events have occurred that do not involve adjustments to the Financial Statements, filed with the Company, ended December 31, 2017:

- On January 26, 2018, Grupo de Inversiones Suramericana S.A. (Grupo SURA) informed that it approved the inclusion in the agenda of the ordinary meeting of the General Shareholders' Meeting of a proposal corresponding to the presentation and approval of the merger commitment of Grupo SURA (absorbing company) and its foreign subsidiaries Gruposura Finance and Grupo de Inversiones Suramericana Panamá SA (absorbed companies).

  In relation to this proposal, it is important to highlight that, in line with the philosophy of the Law on Financial Conglomerates (Law 1870 of 2017), simple corporate structures should be fostered, which facilitate the functions of surveillance and control to regulators in the different jurisdictions. Likewise, this simplification of the company brings benefits, in economic and administrative terms, to Grupo SURA, its Shareholders, and interest groups.

  This transaction will not imply any statutory modification of Grupo SURA, or changes in the value of the share, or in the capital of Grupo SURA, as it is a merger in which 100% of Grupo SURA's companies are absorbed. As a result of the foregoing, there will be no share exchange ratio and the current Shareholders of Grupo SURA will not have their share of the capital, of the acquiring company, modified, in any way.

NOTE 28. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the Financial Statements of Grupo SURA, for the year ended December 31, 2017, were authorized by the Board of Directors, as stated in Meeting Minutes No. 274 of February 26, 2018, to be presented to the market.

ANALYSIS OF FINANCIAL RESULTS (Unaudited)

The following are the analyses of financial results for the period ended December 31, 2017, with comparative figures at December 31, 2016. These analyses are performed, by Management, and are not part of the Financial Statements. Expressed in millions of pesos.

	INDEX		December 2017			December 2016			INTERPRETACION	
LIQUIDITY	Solidity		4,988,684 27,763,804	=	17.97%	4,488,896 26,025,801	=	17.25%	Creditors own 17.97% at December 2017 and 17.25% at December 2016, with the shareholders owning the complement: 82.03% in December 2017 and 82.75% in December 2016.	Total liability Total asset
INDEBTEDNESS	Total		4,988,684 27,763,804	=	17.97%	4,488,896 26,025,801	=	17.25%	Of each peso that the company has invested in assets, 17.97% at December 2017 and 17.25% at December 2016, has been financed by the creditors	Total Liability Total asset
	Coverage of interest		1,048,372 293,287	=	357.46%	1,042,326 206,845	=	503.92%	The Company generated net income equal to 357.46% at December 2017 and 503.92% in December 2016, from interest paid.	Net profit + interest Financial expenses
	Leverage	Total	4,988,684 22,775,121	=	21.90%	4,488,896 21,536,905	=	20.84%	Each peso ($1.00) of owners of the Company is committed to 21.90% to December 2017 and 20.84% to December 2016.	Total liabilities with thirds Equity
		Financial Total	2,996,772 22,775,121	=	13.16%	2,298,471 21,536,905	=	10.67%	For each peso of equity, financial commitments are made at 13.16% at December 2017 and 10.67% at December 2016.	Total liabilities with financial entities Equity
PERFORMANCE	Net margin of profit		755,085 1,161,273	=	65.02%	835,481 1,042,582	=	80.14%	Net profit corresponds to 65.02% of net income in December 2017 and 80.14% of net income in December 2016.	Net profit Net income
	Return on total liabilities		755,085 22,020,035	=	3.43%	835,481 20,701,424	=	4.04%	Net results correspond to 3.43% of equity in December 2017 and 4.04% in December 2016.	Net profit Equity - profit
	Return on total assets		755,085 27,763,804	=	2.72%	835,481 26,025,801	=	3.21%	Net results with respect to total assets, correspond to 2.72% at December 2017 and 3.21 % in December 2016.	Total assets