# QUARTERLY RESULTS FOR

# Q1 2017

# GRUPO SURA (BVC: GRUPOSURA – PFGRUPSURA) CONTINUES TO PERFORM WELL, WITH SUBSIDIARY NET INCOME INCREASING BY 44.7% IN THE CASE OF SURAMERICANA AND 28.8% FOR SURA ASSET MANAGEMENT. CONSOLIDATED REVENUES FOR Q1 2017 CAME TO COP 5.0 BILLION FOR A YEAR-ON-YEAR GROWTH OF 26.7% THANKS TO HIGHER PREMIUMS AS WELL AS INVESTMENT INCOME

May 15, 2017 - Grupo de Inversiones Suramericana - Grupo SURA, reported relevant information to the regulatory authorities consisting of market information corresponding to Q1 2017, the highlights of which are as follows:

Grupo SURA's subsidiaries continued to show positive results this past quarter with subsidiary net income rising by 44.7% in the case of Suramericana and 28.8% for SURA Asset Management.

The Company posted consolidated revenues amounting to COP 5.0 billion (USD 1.7 billion), for an increase of 26.7% with net consolidated income reaching COP 405,487 million (USD 140.8 million), showing a drop of 19.9%, this mainly due to a drop in exchange gains and a non-recurrent provision expense related to a conciliatory process with DIAN (Colombian tax authority) due to differences related to expense deductions for the fiscal periods 2009-2011 and 2013. Were we to exclude the latter items, net income would have risen by 24.9%, based on the good level of results posted by our subsidiaries and an increase in revenues from associates via the equity method, which offset the higher financial expenses and the increase in the amortization of intangibles relating to the acquisitions made in recent years.

As for our subsidiaries, Suramericana, specialized in insurance and risk and trend management, produced a consolidated net income of COP 145,325 million (USD 50.5 million) for the quarter, representing a year-on-year increase of 44.7%. Suramericana continues to do well with its insurance and social security business in Colombia and Central America, while successfully incorporating the new operations acquired from RSA in 2016.

Likewise, SURA Asset Management, our specialized pension, savings and investment subsidiary, posted a consolidated net income of COP 173.239 million (USD 60.1 million) for the quarter, representing an increase of 28.8%, thanks to the growth of its voluntary pension business, a good level of performance obtained with its investments and its strict control over operating expenses.

Grupo SURA´s consolidated assets came to COP 68.7 billion (USD 23.8 billion) at the end of Q1, showing an increase of 1.2% compared to year-end 2016. Equity attributable to shareholders amounted to COP 22.4 billion (USD 7.8 billion), dropping by 1.1% given the accounting of dividends payable in 2017 and a 0.5% increase in the Group´s minimum preferred dividend as approved by the Shareholders at their Annual Meeting held on March 31, 2017.

*All figures in this report are presented in million Colombian pesos unless othewise stated.*

*Figures stated in dollars were converted from Colombian pesos using the exchange rate applicable at the end of Q1 2017 (COP 2,888.6 per USD), this as a restatement exercise only.*

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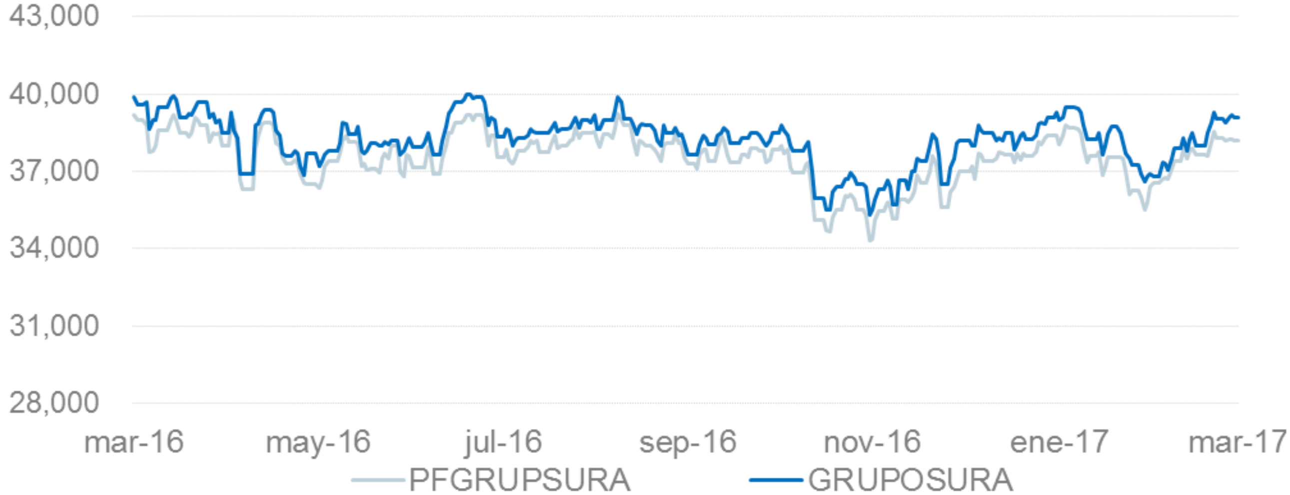
### GRUPO SURA share




| | Dec 31, 2016 | % YoY Change* |
|---|---|---|
| GRUPOSURA (COP) | **39,080** | 2.3% |
| PFGRUPSURA (COP) | **38,200** | 3.2% |
| COLCAP (Points) | **1,366** | 1.0% |

* Excluding dividends

# 1. Grupo SURA

**Grupo de Inversiones Suramericana S.A.**
**Consolidated Statement of Comprehensive Income**

Q1 2017 (Jan 1st to March 31st 2017)

(stated in COP millions)

| | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Written premiums | **3,187,135** | 2,167,856 | 47.0% |
| Ceded premiums | **(385,316)** | (195,170) | 97.4% |
| **Retained premiums (net)** | **2,801,818** | **1,972,686** | **42.0%** |
| Commission income | **545,003** | 525,348 | 3.7% |
| Revenues on services rendered | **643,940** | 558,181 | 15.4% |
| Dividends | **11,030** | 71,705 | -84.6% |
| Investment income | **609,184** | 410,906 | 48.3% |
| Equity method - Associates | **252,426** | 184,458 | 36.8% |
| Other income | **82,160** | 28,448 | 188.8% |
| Exchange difference (net) | **58,187** | 198,213 | -70.6% |
| **Total revenues** | **5,003,747** | **3,949,945** | **26.7%** |
| | | | |
| Total claims | **(2,009,655)** | (1,115,550) | 80.1% |
| Reimbursed claims | **477,916** | 123,453 | 287.1% |
| **Retained claims** | **(1,531,739)** | **(992,097)** | **54.4%** |
| Adjustments to reserves | **(538,896)** | (553,234) | -2.6% |
| Cost of services rendered | **(638,673)** | (554,698) | 15.1% |
| Administrative expense | **(879,479)** | (690,460) | 27.4% |
| Depreciation | **(18,935)** | (15,467) | 22.4% |
| Amortizations | **(70,343)** | (45,438) | 54.8% |
| Brokerage commissions | **(440,426)** | (205,054) | 114.8% |
| Fees | **(159,640)** | (128,129) | 24.6% |
| Other expense | **(56,098)** | (27,848) | 101.4% |
| Interest | **(152,474)** | (95,732) | 59.3% |
| Impairment | **(11,224)** | (10,805) | 3.9% |
| **Total expense** | **(4,497,926)** | **(3,318,962)** | **35.5%** |
| | | | |
| **Earnings before tax** | **505,821** | **630,983** | **-19.8%** |
| Income tax | **(100,334)** | (124,443) | -19.4% |
| **Net Income** | **405,487** | **506,539** | **-19.9%** |
| Earnings - parent company | **338,969** | 453,352 | -25.2% |
| Earnings - non-controlling interest | **66,518** | 53,187 | 25.1% |

** Depreciation and Amortization were reported under Administrative Expenses in previous quarterly reports. Information regarding these prior reports can be found on Grupo Sura's website in the form of an Excel spreadsheet.*

**Grupo de Inversiones Suramericana S.A.**
**Consolidated Statement of Financial Position**

Q1 2017 and Year-End 2016
(stated in COP millions)

| | Q1 2017 | Year-End 2016 | % Change |
|---|---|---|---|
| Cash and cash equivalents | **2,996,149** | 2,066,959 | 45.0% |
| Investments | **26,847,907** | 26,198,241 | 2.5% |
| Accounts receivable | **5,646,467** | 5,511,105 | 2.5% |
| Insurance reserves - reinsurers | **2,719,372** | 2,656,756 | 2.4% |
| Current tax | **600,705** | 587,073 | 2.3% |
| Deferred tax | **641,601** | 745,663 | -14.0% |
| Other assets | **382,455** | 854,431 | -55.2% |
| Investment properties | **1,008,561** | 1,033,526 | -2.4% |
| Property, plant and equipment | **1,007,582** | 1,028,690 | -2.1% |
| Goodwill | **4,505,038** | 4,506,162 | 0.0% |
| Identified intangible assets | **4,456,987** | 4,484,107 | -0.6% |
| Investments in associates | **17,840,664** | 18,144,328 | -1.7% |
| **Total assets** | **68,653,487** | **67,817,041** | **1.2%** |
| Financial liabilities | **3,414,820** | 3,705,478 | -7.8% |
| Technical reserves | **26,732,206** | 25,989,614 | 2.9% |
| Provisions for employee benefits | **356,990** | 405,816 | -12.0% |
| Other provisions | **228,822** | 247,267 | -7.5% |
| Accounts payable | **2,864,586** | 2,674,294 | 7.1% |
| Current tax | **774,693** | 750,945 | 3.2% |
| Issued securities | **6,712,882** | 6,038,924 | 11.2% |
| Other non-financial liabilities | **468,834** | 491,205 | -4.6% |
| Deferred tax | **2,014,799** | 2,117,671 | -4.9% |
| **Total liabilities** | **43,568,631** | **42,421,214** | **2.7%** |
| Equity attributable to the owners of the parent company | **22,402,905** | 22,661,228 | -1.1% |
| Non-controlling interest | **2,681,950** | 2,734,599 | -1.9% |
| **Total equity** | **25,084,856** | **25,395,827** | **-1.2%** |
| **Total equity and liabilities** | **68,653,487** | **67,817,041** | **1.2%** |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### Revenues via equity method from Associates

Revenues obtained via the equity method rose by 36.8%, mainly due to the amount of profits posted by Grupo Argos, Protección and Bancolombia, the latter due to a good level of operating performance, as well as the exchange rate effect on the tax provision which affected the net income figure for Q1 2016.

| Equity method | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Bancolombia | **148,760** | 103,753 | 43.4% |
| Grupo Argos | **10,464** | -1,492 | |
| Grupo Nutresa | **48,934** | 53,337 | -8.3% |
| Protección | **33,302** | 23,893 | 39.4% |
| Others | **10,966** | 4,968 | 120.7% |
| **Total** | **252,426** | **184,459** | **36.8%** |

*Figures stated in COP millions*

### Administrative expense

Administrative expense (excluding depreciation and amortization) reached COP 879,479 million (USD 305.3 million) for a year-on-year growth of 27.4%. In the case of Suramericana, these totaled COP 545,947 million (USD 189.5 million), for a 56.5% increase, this mainly explained by having incorporated the former RSA operations, which were not shown on the financial statements corresponding to Q1, 2016. If we were to exclude these newly acquired operations, the increase would have been just 0.5%. As for SURA AM, administrative expense came to COP 284,118 million (USD 98.6 million) showing a drop of 10.8% given lower wealth tax and the Company's efforts to rein in costs and expense, together with the effect of favorable exchange rates on converting the figures to Colombian pesos.

Wealth tax for Q1 2017 came to COP 34,993 million (USD 12.1 million) for a year-on-year decrease of 60%. The following is a breakdown of wealth tax accruing for each Company.

| Wealth Tax | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Grupo SURA | **(1.334)** | (3.345) | -60.1% |
| SURA | **(11.538)** | (27.004) | -57.3% |
| SURA AM | **(21.959)** | (56.429) | -61.1% |
| Others | **(161)** | (405) | -60.2% |
| **Total** | **(34.993)** | **(87.183)** | **-59.9%** |

*Figures stated in COP millions*

### Net Income

Grupo SURA's consolidated net income ended up at COP 405,487 million (USD 140.8 million) for the quarter, falling by 19.9%, mainly due to the drop in exchange gains on Grupo Sura´s foreign currency debt together with higher interest and amortization expense on the recently acquired companies. In spite of the above, both operating revenues and net income increased on the part of our subsidiaries as well as revenues received from associates via the equity method. Consequently, the Parent Company's net income came to COP 338.969 million (USD 117.7 million), after non-controlling interest.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Investments

Consolidated investments, including both the reserve requirement for mandatory pension funds as well as amounts underpinning insurance reserves totaled COP 26.8 billion (USD 9.3 billion), for a 2.5% increase compared to year-end 2016 this due to a higher growth in written premiums, an increase in AUM for the pension business as well as returns on the Group´s investment portfolio. The following table shows a breakdown of these investments based on their classification.

| Investments | Q1 2017 | Year-End 2016 | % Change |
|---|---|---|---|
| **Valued at market prices** | **10,422,267** | **9,932,839** | **4.9%** |
| SURA AM | **5,522,758** | 5,089,469 | 8.5% |
| Suramericana | **4,818,358** | 4,765,727 | 1.1% |
| Other subsidiaries | **81,151** | 77,643 | 4.5% |
| **Held to maturity** | **16,381,200** | **16,218,116** | **1.0%** |
| SURA AM | **10,427,747** | 10,347,775 | 0.8% |
| Suramericana | **5,953,454** | 5,870,341 | 1.4% |
| **Other investments** | **44,439** | **47,287** | **-6.0%** |
| Suramericana | **2,094** | 2,179 | -3.9% |
| Other subsidiaries | **42,345** | 45,108 | -6.1% |
| **Total** | **26,847,907** | **26,198,241** | **2.5%** |

*Figures stated in COP millions*

### Investments in associates

Investments in associates recorded a drop of 1.7% compared to year-end 2016, mainly due to the dividend distribution that took place in Q1 2017 corresponding to the profits obtained for 2016.

| Investments in associates | Q1 2017 | Year-End 2016 | % Change |
|---|---|---|---|
| Bancolombia | **7,239,293** | 7,337,334 | -1.3% |
| Grupo Argos | **4,810,259** | 4,952,061 | -2.9% |
| Grupo Nutresa | **4,691,406** | 4,716,733 | -0.5% |
| Protección | **998,777** | 1,045,581 | -4.5% |
| Others | **100,930** | 92,619 | 9.0% |
| **Total** | **17,840,664** | **18,144,328** | **-1.7%** |

*Figures stated in COP millions*

### Insurance Reserves

Insurance reserves showed a growth of 2.9% for Q1 2017, which is equal to an increase of COP 742,592 million (USD 258 million), to which SURA AM contributed COP 421,521 million (USD 146.3 million) and Suramericana COP 321,070 million (USD 111.5 million).

| Reserves | Q1 2017 | Year-End 2016 | % Change |
|---|---|---|---|
| SURA AM | **12,982,783** | 12,561,262 | 3.4% |
| Suramericana | **13,749,423** | 13,428,353 | 2.4% |
| **Total** | **26,732,206** | **25,989,614** | **2.9%** |

*Figures stated in COP millions*

## Financial liabilities

Grupo SURA's consolidated financial liabilities reached COP 10.1 billion (USD 3.5 billion) for Q1, 2017, having risen by 3.9% compared to year-end 2016. The growth in bonds was due to a new issue of ordinary bonds placed by Grupo SURA in February 2017 worth COP 550,000 million (USD 191 million). The drop in derivatives in the case of SURA AM was due to a change in the swaps held by its life insurance subsidiary in Chile which are now compensable.

| Debt | Q1 2017 | Year-End 2016 | % Change |
|---|---|---|---|
| **Bonds** | **6,278,059** | **5,830,112** | **7.7%** |
| Grupo SURA | **1,329,850** | 777,968 | 70.9% |
| SURA AM | **1,472,118** | 1,512,427 | -2.7% |
| Suramericana | **996,494** | 997,525 | -0.1% |
| Other subsidiaries | **2,479,597** | 2,542,192 | -2.5% |
| **Banks and leasing** | **3,079,111** | **3,095,893** | **-0.5%** |
| Grupo SURA | **1,224,298** | 1,262,999 | -3.1% |
| SURA AM | **1,520,498** | 1,522,099 | -0.1% |
| Suramericana | **267,466** | 236,831 | 12.9% |
| Other subsidiaries | **66,850** | 73,964 | -9.6% |
| **Repos** | **151,503** | **0** | |
| Grupo SURA | **151,503** | 0 | |
| **Derivatives** | **184,206** | **609,584** | **-69.8%** |
| SURA AM | **82,565** | 560,405 | -85.3% |
| Suramericana | **12** | 489 | -97.5% |
| Grupo SURA | **101,629** | 48,690 | 108.7% |
| **Preferred dividends** | **434,823** | **208,780** | **108.3%** |
| **Total** | **10,127,702** | **9,744,369** | **3.9%** |

*Figures stated in COP millions*

## CORPORATE SEGMENT

**CORPORATE SEGMENT**
**Main figures**

Q1 2017 (Jan 1st to March 31st 2017)
(stated in COP millions)

| | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Dividends | **8.778** | 65.757 | -86.7% |
| Investment income | **(63.208)** | (3.196) | |
| Exchange difference (net) | **73.214** | 201.319 | -63.6% |
| Revenues from Associates via equity method | **184.488** | 148.968 | 23.8% |
| Administrative expense | **(111.536)** | (120.224) | -7.2% |
| Amortizations | **(27.789)** | (31.986) | -13.1% |
| Depreciation | **(2.711)** | (2.725) | -0.5% |
| Fees | **(8.298)** | (11.056) | -24.9% |
| Interest | **(177.579)** | (104.989) | 69.1% |
| Impairment | **547** | (33) | |
| **Total expense** | **(327.411)** | **(271.012)** | **20.8%** |
| | | | |
| **Earnings (losses) before tax** | **(86.860)** | **159.800** | |
| Income tax | **(22.367)** | (39.467) | -43.3% |
| **Earnings (losses), net** | **(109.226)** | **120.332** | |
| Earnings (losses) - parent company | **(112.855)** | 116.738 | |
| Earnings (losses) - non-controlling interest | **3.629** | 3.594 | 1.0% |

Administrative expenses (excluding depreciation and amortization) on a YTD basis dropped by 7.2%, with SURA AM contributing COP 45,656 million for a drop of 44.7%; and Suramericana with COP 16,059 million, showing an increase of 8.9% as a result of having set up its new corporate headquarters for the purpose of consolidating its subsidiaries and overseeing Suramericana´s corporate strategy within the region.

The drop in fee and commission expense was mainly due to (i) the amount of non-recurring expense accruing on the issue of bonds placed by our subsidiary Grupo SURA Finance; (ii) the additional stake in Sura Asset Management purchased from General Atlantic; and (iii) the acquisition of the RSA Latin American operations on the part of Suramericana.

On the other hand, interest, rose by 69.1% due to higher levels of debt taken out by Grupo SURA and Suramericana to finance the recent acquisitions.

As for exchange differences, although the overall trend remains positive, the drop was significant compared to Q1 2016, given a lower market exchange rate for 2017 compared to when the debt was first taken out in 2016. Additionally, the volatility in exchange rates has an accounting impact in the *gains(losses) at fair value* (classified within investment income) related to the valuation of the derivatives used to hedge the payment of coupons for the debt in USD of Grupo SURA. The net impact of exchange difference and valuation of derivatives resulted in a net negative income of COP 27,886 million in the first quarter of 2016 as compared to a net positive income of COP 139,429 million in 1Q2016.

## 2. Suramericana

**Suramericana S.A.**
**Statement of Comprehensive Income**

Q1 (January 1st to March 31st) 2017
(stated in COP millions)

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| Written premiums | **2,529,516** | 1,449,187 | 74.5% |
| Ceded premiums | **(340,202)** | (175,682) | 93.6% |
| **Retained premiums (net)** | **2,189,314** | **1,273,504** | **71.9%** |
| Commission income | **87.381** | 40.532 | 115.6% |
| Services rendered | **603.131** | 516.560 | 16.8% |
| Investment income | **303.231** | 232.524 | 30.4% |
| Revenues via equity method | **929** | 599 | 55.0% |
| Other income | **77.899** | 27.584 | 182.4% |
| Exchange difference (net) | **(12,181)** | 26.922 | |
| **Total revenues** | **3,249,703** | **2,118,226** | **53.4%** |
| | | | |
| Total claims | **(1,724,314)** | (881,194) | 95.7% |
| Reimbursed claims | **477.916** | 123.453 | 287.1% |
| **Retained claims** | **(1,246,398)** | **(757,741)** | **64.5%** |
| Adjustments to reserves | **(20,893)** | (37,885) | -44.9% |
| Cost of services rendered | **(600,067)** | (517,802) | 15.9% |
| Administrative expense | **(585,136)** | (356,426) | 64.2% |
| Brokerage commissions | **(393,445)** | (153,120) | 157.0% |
| Fees | **(143,110)** | (109,733) | 30.4% |
| Other expense | **(56,098)** | (27,848) | 101.4% |
| Interest | **(31,335)** | (10,786) | 190.5% |
| Impairment | **(10,692)** | (6,169) | 73.3% |
| **Total expense** | **(3,087,174)** | **(1,977,510)** | **56.1%** |
| | | | |
| **Earnings before tax** | **162.529** | **140.716** | **15.5%** |
| Income tax | **(17,204)** | (40,285) | -57.3% |
| **Net income** | **145.325** | **100.431** | **44.7%** |
| Earnings - parent company | **144.711** | 100.420 | 44.1% |
| Earnings - non-controlling interest | **614** | 11 | |

Latin America is currently showing substantial potential in terms of its insurance markets. This entails important challenges ahead for Suramericana in 2017, the main one being the development of new market and solutions that could enhance the access to more consumers, through personal policies like Individual Life and Health, as well as property and civil responsibility. The challenge is also to boost the SME segment (small and medium-sized enterprises) which dynamizes and creates growth platforms for the economies of the region.

## Total revenues

Suramericana posted a positive level of income for Q1, 2017, thanks to the favorable conditions of the different markets in which it operates. Given its capacity as a *Multi-Latina*, the Sura brand is taking full advantage of opportunities for growth and expansion through its multi-solution and multichannel offerings. This is amply evident with the 74.5% growth in the Company's total production, which, if we were to exclude the former RSA operations acquired in 2016, would have come to 11.5%.

During this first quarter, the Non-Life segment accounted for 40.0% of the Company's total revenues, trailed by Life with 36.0%, Health Care with 22.4% and the remaining 1.7% corresponding to the corporate segment. The current projected GDP growth rates that countries within the region are currently showing are expected to boost the insurance industry, particularly the non-life lines of insurance. The firm, Ernst & Young, in its Insurance Outlook for 2017 [1]underscores the fact despite the economic slowdown that has affected the region over the last 3 years, the insurance industry has managed not only to remain profitable but also obtain positive growth rates. This was compared with the fact that in the past the success enjoyed by the insurance sector had gone hand in hand with high interest rates, rising income levels and greater market penetration. The report concluded that in spite of the differing economic conditions prevailing in the individual countries within the region, they all share a common denominator which is a scant market penetration on the part of both personal and commercial insurance.

In addition to the region's economic prospects, the company identifies a high potential for growth given the low penetration levels of these countries. For this reason, initiatives are being consolidated for the development of products and channels in the markets where the company has a presence.

Another important highlight was the 115.6% increase in commission income. Were we to exclude that of the newly acquired companies this would have come to a hefty 45.1% for the quarter. This increase is mainly due to an extraordinary commission of COP $9,000 million from reinsurance companies for the Life Insurance Company in Colombia, thanks to the good experience obtained with Personal Accident and Individual Life insurance.

On the other hand, the Company´s investment income produced a year-on-year growth of 31.1%. Were we to exclude the newly-acquired subsidiaries, this would have come to 7.0%. This increase is due to a more favorable financial climate in countries such as the Dominican Republic, thanks to the interest rates prevailing in this part of the world as well as Panama where government debt prices rose significantly. Also, in El Salvador, profits were taken off the table with certain corporate debt securities, which, together with a more optimal portfolio mix, made for higher returns.

In Colombia, financial income was affected by the appreciating Colombian peso, which had a consequent impact on dollar-denominated securities. The equity market has performed well throughout the year, with Latin American stocks gaining on average 16% in value. Furthermore, the Consumer Price Index in February rose by 1.01%, thereby driving up the value of inflation-indexed securities. With respect to exchange rate fluctuations during the quarter, countries like Colombia and Mexico saw their currencies appreciate against the dollar. The Colombian peso gained 3.8% whereas the Mexican peso rose by 9.1%

[1] Ernst & Young. 2017 Latin American insurance Outlook. Link: http://www.ey.com/Publication/vwLUAssets/ey-2017-latin-american-insurance-outlook/$FILE/ey-2017-latin-american-insurance-outlook.pdf

against the dollar However, this phenomenon produced a negative impact on our Exchange Difference Account.

## Total expense

Suramericana's total expenditure rose by 56.1% for Q1 2017. Here, the technical performance of its insurance business (reserves, claims, cost of services rendered and commissions) had a substantial effect on this account.

With regard to the claims rate, it is worthwhile noting the marked improvement obtained, with this going from 59.5% in Q1 2016 to 56.9% in Q1 2017 This decline of 257 basis points was mainly driven by a change in the Company's product mix, as a result of the recent acquisition of RSA's Latin American operations, which are particularly active in the large-scale channels. Also, the claims rate for car insurance improved by a hefty 530 basis points for the quarter, which in turn impacted Suramericana S.A.'s consolidated results, especially since this accounts for 23.4% of its total insurance production.

With regard to brokerage commissions paid out, this rose by 157% for the quarter on a total company level, whereas if we were to exclude the newly-acquired companies, this would have come to just 2.2% The low growth in this account responds to the Company's efforts to expand in large-scale Affinity and Bancassurance channels.

Finally, the other expenses account shows a higher growth due to the effects of having consolidated the accounts belonging to the former RSA operations, namely with regard to the amortization of intangibles identified in the business combination. At the same time, the growth in the interest account was due to having paid the coupons due on the bonds issued in 2016.

## Taxation

The provision for income taxes for the quarter dropped by 57.3% compared to Q1 2016, given a substantial drop in taxes due and payable on the part of the holding, as recorded in its separate financial statements. This drop was due to the effects of both current and deferred taxes. For March 2017, the provision for current tax was based on presumptive income; also the Equality Income Tax for Businesses (CREE in Spanish) was abolished with the latest tax reform which added to the results obtained in this account. On the other hand, higher dividend income receivable has increased the deferred tax account.

Furthermore, Suramericana's consolidated financial statements show the effect of a lower income tax rate (that went from 40% to 33%) as a result of the latest tax reform in Colombia, which had a positive effect on the deferred tax account given temporary differences mainly corresponding to Seguros Generales, Suramericana´s property and casualty arm.

All of the aforementioned factors, together with the life insurance companies in Colombia being exempt from income tax, have resulted in Suramericana´s consolidated income tax being largely concentrated in the corporate segment.

**Suramericana S.A.**
**Statement of Financial Position**

At March 31 2017 and December 31 2016
(stated in COP millions)

| | March 2017 | Dec 2016 | % Change |
|---|---|---|---|
| Cash and cash equivalents | **1,517,658** | 1,305,730 | 16.2% |
| Investments | **10,773,906** | 10,638,246 | 1.3% |
| Accounts receivable | **4,373,162** | 4,742,935 | -7.8% |
| Technical insurance reserves - reinsurers | **2,642,488** | 2,598,654 | 1.7% |
| Current tax | **338.673** | 286.990 | 18.0% |
| Deferred tax | **214.172** | 472.317 | -54.7% |
| Other assets | **214.250** | 180.577 | 18.6% |
| Deferred acquisition costs (DAC): | **6.077** | 6.095 | -0.3% |
| Investment properties | **673.341** | 669.565 | 0.6% |
| Property, plant and equipment | **735.348** | 741.173 | -0.8% |
| Goodwill | **543.503** | 551.903 | -1.5% |
| Identified intangible assets | **563.049** | 591.184 | -4.8% |
| Investments in associates | **45.951** | 45.932 | 0.0% |
| **Total assets** | **22,641,576** | **22,831,301** | **-0.8%** |
| Financial liabilities | **267.478** | 237.320 | 12.7% |
| Technical reserves | **13,749,423** | 13,428,353 | 2.4% |
| Provisions for employee benefits | **233.919** | 241.630 | -3.2% |
| Other provisions | **170.231** | 228.323 | -25.4% |
| Accounts payable | **2,003,097** | 2,135,409 | -6.2% |
| Current tax | **469.781** | 432.500 | 8.6% |
| Issued securities | **996.494** | 997.525 | -0.1% |
| Other non-financial liabilities | **404.605** | 424.079 | -4.6% |
| Deferred tax | **391.956** | 661.938 | -40.8% |
| **Total liabilities** | **18,686,983** | **18,787,077** | **-0.5%** |
| **Total equity** | **3,954,593** | **4,044,224** | **-2.2%** |
| **Total equity and liabilities** | **22,641,576** | **22,831,301** | **-0.8%** |

## Statement of Financial Position - Suramericana SA

The Company's Statement of Financial Position for Q1, compared to year-end 2016, shows a much more stable situation with its asset and liability accounts, thanks to the fact that the newly-acquired companies were consolidated in 2016

With regard to the asset accounts, it is worthwhile mentioning a QoQ reduction of 7.8% in accounts receivable, this due to the seasonal nature of the insurance business, since the bulk of policy renewals are concentrated in the last months of the year, and paid during the first quarter, hence the natural draw-down of this item.

On the other hand, with regard to the Company's liabilities, there was a 2.4% increase in the technical reserves account, as a result of the manner in which our business has grown and the consequent rise in retained premiums as shown below for each of our segments.

Furthermore, the financial liabilities account rose by 12.7% as a result of Seguros Generales Colombia taking out a temporary loan.

With regard to the company's deferred taxes, its net asset-to-liability ratio showed a QoQ decrease of COP 11,837 million on the liabilities side. This was due to an increase in deferred tax assets as part of Suramericana´s normal course of business, offset by lower deferred tax on the catastrophe reserve held by the Colombian company.

Finally, the Company's equity declined slightly for the quarter, as a result of drop in the COP-USD exchange rate. This phenomenon affected the consolidation in local currency of the foreign subsidiary assets abroad, with Panama being one of the most affected, with a decrease in its consolidated equity of COP $ 55,000 million.

## LIFE INSURANCE SEGMENT

The Life Insurance Segment is made up of Seguros de Vida Colombia, ARL Colombia, Asesuisa Vida El Salvador and Seguros de Vida SURA Chile, the latter included as of May 2016.

**Life Insurance Segment**
**Main figures**

Q1 (January 1st to March 31st) 2017
(stated in COP millions)

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| Written premiums | **1,011,120** | 873.722 | 15.7% |
| Ceded premiums | **(27,101)** | (24,619) | 10.1% |
| **Retained premiums (net)** | **984.019** | **849.103** | **15.9%** |
| Investment income | **188.062** | 190.689 | -1.4% |
| Exchange difference (net) | **(3,736)** | (2,477) | 50.8% |
| **Retained claims** | **(629,167)** | **(520,928)** | **20.8%** |
| Adjustments to reserves | **(25,187)** | (26,361) | -4.5% |
| Administrative expense | **(156,976)** | (166,252) | -5.6% |
| Fees | **(82,269)** | (65,610) | 25.4% |
| Brokerage commissions | **(92,780)** | (78,336) | 18.4% |
| Other expense | **(12,209)** | (11,223) | 8.8% |
| Income tax | **(1,611)** | (126) | |
| **Gains (losses), net** | **174.428** | **140.355** | **24.3%** |

The growth in written premiums in this segment continues on an uptrend, since 96.5% of this segment's solutions, in terms of their weighting in the Company´s overall insurance production (life, group life, social security, health care and workers´ compensation) recorded a double digit increase. Thanks to the acquisition of the RSA operations, group life insurance rose by 25% year-on-year, nevertheless if we were to exclude the effect of this acquisition, growth would still have been be a respectable 6%.

The slight decline in investment income compared to the same quarter last year is mainly due to inflation leveling off. However, it is important to mention the favorable performance of the UVR-indexed Government bonds which account for 20% of the Company's investment portfolio, as well as a the fact that stocks were up by 7% on the global stock markets with countries such as the United States reaching record highs, not to mention the 16% rise in Latin American stock prices One factor that had a consequent impact on this segment´s investment income from dollar-denominated securities as well as its exchange differences on its income accounts, compared to the same quarter last year, was the Colombian peso appreciating against the dollar by 1.3% for the quarter.

The retained claims rate rose by 2.59% compared to Q1 2016, given a higher amount of health care claims compared to last year, which in turn was due to an increase in average costs and a higher prevalence of respiratory diseases.

The segment's spending efficiency, with administrative expense versus written premiums dropping by 19% in Q1 2016 to 15.5% in Q1 2017, was due to a greater control over expense on the part of all the insurance companies. In keeping with the above, the Workers´ Compensation subsidiary in Colombia recorded just a 3% increase in spending compared to Q1 2016, which was well below the inflation rate.

The increase in fees and commissions for this segment, compared to the same quarter last year, corresponded to higher payments for technology in Q1 2017 as well as other fee and commission expense accruing on the growth in non-traditional channels.

The increase in fees and commissions was mainly due to the fact that the Life Insurance Company in Chile is highly dependent on the Bancassurance and Affinity channels, which affected the comparative fee and commission expense figure for Q1 2017, since this was not included in Q1 2016. Even so, were we to exclude this newly acquired company in Chile, the increase in fee and commission expense is not that relevant, standing at just 1%.

Finally, the net income figure for the Life Insurance segment rose by 24.3% compared to the previous quarter, given various business factors as well as two non-recurring events, as explained below:

- A reimbursement of COP $ 9,000 million from the reinsurance companies attending Seguros de Vida Colombia, given a lower claims rate obtained with the Individual Life solution.
- Non-recurring income of COP 20,000 million due to a favorable ruling given on a tax dispute with the Colombian tax authorities.

**Statement of Financial Position - Key Figures**

| | March 2017 |
|---|---|
| Total assets | 9,437,338 |
| Total liabilities | (7,771,097) |
| Total equity | 1,666,241 |

## Written and retained premiums

The Health Care solution, which has a 24.3% weighting in this segment´s total premiums, rose by 15% in the case of written premiums and 16% in retained premiums compared to the same quarter last year. This was mainly due to a better level of performance on the part of our insurance brokerage firms in the traditional channel in Colombia, and this solution sets itself apart from the rest of the market given the added value provided to the client as well as the cross-selling advantage to be had with other insurance solutions.

On the other hand, the Workers´ Compensation subsidiary did well with an 18% rise in revenues from a greater membership base numbering 3,065,000 at the end of the quarter as well as a higher contribution rate compared to the same quarter last year.

The 14% growth in the life insurance solution was much welcomed, especially since the company in Colombia already has a 37% share of this market. On the other hand, the Group Life solution recorded a growth of 25% compared to the first quarter of last year and included the new life insurance company in Chile, acquired in April 2016, thus affecting the basis for comparison vis-à-vis Q1 2016.

Written premiums

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| Life | **133.212** | 116.537 | 14% |
| Group Life | **171.757** | 137.661 | 25% |
| Social Security | **158.931** | 145.024 | 10% |
| Health Care | **241.963** | 209.860 | 15% |
| ARL (Workers´ Compensation) | **265.067** | 225.314 | 18% |
| Others | **40.189** | 39.327 | 2% |
| **Total** | **1,011,120** | 873.722 | 16% |

*Figures stated in COP millions*

Retained premiums

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| Life | **116.843** | 101.993 | 15% |
| Group Life | **166.793** | 133.295 | 25% |
| Social Security | **158.880** | 144.682 | 10% |
| Health Care | **238.265** | 205.974 | 16% |
| ARL (Workers´ Compensation) | **265.067** | 225.314 | 18% |
| Others | **38.170** | 37.846 | 1% |
| **Total** | **984.019** | 849.103 | 16% |

*Figures stated in COP millions*

## Retained claims and loss ratios

The retained claims increased compared to the same quarter last year due to the volume of health care, social security and workers´ compensation claims, which were offset by lower claims rates with the life, group life and other insurance solutions given the growth in life and group life insurance premiums.

The claims rate recorded by the Workers´ Compensation subsidiary for Q1 2017 rose to 59.1% compared to 54.4% for the same quarter last year, this due to higher health care costs incurred on a higher accident rate with a higher severity of such, higher disability rates and higher reserves for large loss claims given the balance of a higher claims rate sustained over the last few quarters being carried forward for the purpose of calculating the required reserves.

Finally, the increase in the claims ratio corresponding to social security insurance is due to the increase in the claims reserves and in the case of health care, due to the average cost and a higher frequency of respiratory diseases.

Retained claims

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| Life | **30.927** | 31.220 | -1% |
| Group Life | **60.858** | 55.167 | 10% |
| Social Security | **181.342** | 140.980 | 29% |
| Health Care | **157.957** | 121.982 | 29% |
| ARL (Workers´ Compensation) | **156.563** | 122.601 | 28% |
| Others | **41.520** | 48.979 | -15% |
| **Total** | **629.167** | 520.928 | 21% |

Retained claims

| | March 2017 | March 2016 |
|---|---|---|
| Life | **26.5%** | 30.6% |
| Group Life | **36.5%** | 41.4% |
| Social Security | **114.1%** | 97.4% |
| Health Care | **66.3%** | 59.2% |
| ARL (Workers´ Compensation) | **59.1%** | 54.4% |
| Others | **108.8%** | 129.4% |
| **Total** | **63.9%** | 61.4% |

## NON-LIFE INSURANCE SEGMENT

The non-life insurance segment consists of Suramericana's insurance companies in Argentina, Brazil, Chile, Colombia, El Salvador, Mexico, Panama, the Dominican Republic, and Uruguay.

**Non-Life Insurance**
**Main figures**

Q1 (January 1st to March 31st) 2017
(stated in COP millions)

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| Written premiums | **1,524,280** | 588.399 | 159.1% |
| Ceded premiums | **(315,090)** | (155,698) | 102.4% |
| **Retained premiums (net)** | **1,209,189** | **432.702** | **179.5%** |
| Investment income | **95.986** | 24.628 | 289.7% |
| Exchange difference (net) | **(5,367)** | 2.570 | |
| **Retained claims** | **(639,074)** | **(253,656)** | **151.9%** |
| Adjustments to reserves | **4.294** | (11,524) | |
| Administrative expense | **(331,771)** | (103,053) | 221.9% |
| Fees | **(76,093)** | (54,276) | 40.2% |
| Brokerage commissions | **(300,606)** | (73,586) | 308.5% |
| Other expense | **(43,711)** | (16,392) | 166.7% |
| Income tax | **17.087** | (3,208) | |
| **Gains (losses), net** | **29.126** | **(8,289)** | |
| | | | |
| **Amortization of intangibles** | **(25,030)** | **(2,968)** | |
| **Deferred tax - amortizations** | **9.306** | | |
| **Adjusted net income** | **44.850** | **(5,321)** | |

This segment´s production shows significant growth for the quarter, thanks to the operations acquired in 2016. Were we to exclude these new companies, written premiums would have risen by 8.2%. The highest individual growth rates were obtained by Sura República Dominicana with 11.1%, trailed by Sura Generales Colombia with 10.4%, due to the uptrend with car insurance in the Dominican Republic and Colombia.

In Q1 2017, there was a release of reserves for this segment given the amount of retained premiums for Q4 2016 which had a positive impact on results. However this could not be offset for the reserves set up for premiums that came into force in Q1 2017.

Investment income rose by 289.7% in Q1 2017 or 64.0%, were we to exclude that obtained by our newly-acquired subsidiaries. This growth responds to a more propitious financial climate in all those countries where this segment’s subsidiaries operate, including favorable interest and government bond rates along with a good performance for inflation-indexed securities.

On the other hand, administrative expenses and brokerage commissions year-on-year growth rates of 14.4% and 5.1% respectively, excluding the new companies acquired during 2016. Administrative expense is running above the growth in premiums, given a merger between Seguros Generales and RSA

Colombia which took place in the second half of 2016 as well as increased spending on technological investments in Panama. On the other hand, fee and commission expense improved due to a better mix of solutions, with good levels of growth in transport and fire insurance, which have lower brokerage commissions since they are mainly concentrated in the corporate or commercial segment.

This segment produced an adjusted net income of COP 44,850, upon excluding the expense corresponding to the amortization of intangibles identified in the business combination of the RSA and Seguros Banistmo Panama companies.

**Statement of Financial Position - Key Figures**

| | March 2017 |
|---|---|
| Total assets | **12,286,795** |
| Total liabilities | **(8,983,003)** |
| Total equity | **3,303,792** |

## Written and retained premiums

All solutions in this segment recorded positive growth rates for the quarter. Car, fire and transport insurance did particularly well, which, upon excluding the effects of the companies acquired in 2016, rose by 9.5%, 17.5% and 36.5%, respectively. The solutions corresponding to the "Others" account include civil liability, compliance, engineering, and life in the case of the companies in Panama and the Dominican Republic.

The growth in car insurance was due to a better market dynamics in Colombia, Panama and the Dominical Republic.

The growth in transport insurance was partly due to the new solution launched in the Dominican Republic in 2016 and which has been further driven this year with on-site brokers changing the distribution mix. Consequently, this product has fared very well so far this year, with the consequent increase in the growth rate for this type of insurance. Furthermore, we revived our transport solution in Panama in 2017, since the sector is not as cautious as it was last year with regard to writing insurance policies.

Fire insurance recorded a double-digit growth, thanks to the facultative reinsurance being taken out by our Central American companies.

Finally, the 'Others' solution saw a growth of 1.2% upon excluding the recently acquired operations, thanks to having signed a new affinity contract for the theft insurance offered by Seguros Generales Colombia.

| Written premiums | | | |
|---|---|---|---|
| | **March 2017** | March 2016 | % Change |
| Car | **591.709** | 253.213 | 133.7% |
| Fire | **251.900** | 74.487 | 238.2% |
| Mandatory Traffic Accident | **91.571** | 88.214 | 3.8% |
| Transport | **101.758** | 16.633 | 511.8% |
| Others | **589.100** | 172.486 | 3057.2% |
| Total | **1,524,280** | 588.399 | 159.1% |

Retained premiums for the different insurance solutions recorded a QoQ increase of 13.5%, excluding the effect of the newly acquired RSA operations, this as a result of higher retention rate for theft and transport insurance, in keeping with the Company's strategy.

| Retained premiums | | | |
|---|---|---|---|
| | **March 2017** | March 2016 | % Change |
| Car | **579.779** | 245.043 | 136.6% |
| Fire | **109.867** | 14.828 | 641.0% |
| Mandatory Traffic Accident | **91.323** | 80.505 | 13.4% |
| Transport | **73.230** | 11.843 | 518.3% |
| Others | **428.220** | 92.326 | 3598.0% |
| Total | **1,209,189** | 432.702 | 179.5% |

*Figures stated in COP millions*

## Retained claims and loss ratios

Retained claims for this segment showed a QoQ increase of 13.1%, which included the operations acquired in 2016. This was mainly due to a rise in claims for various branches of insurance.
Fire insurance was affected by heavy rainfall in Colombia in February, which mainly affected household coverage. Also, the claims reserve for this type of insurance was adjusted, due to the severity of an incident occurring in 2016. Consequently, the incurred loss ratio rose by 530 basis points for Q1 2017.

On the other hand, the claims rate for the mandatory traffic accident solution rose, in keeping with an increase in accidents in the Colombian market given a greater weighting of motorcycles in the number of vehicles in circulation as well as a rise in fraudulent activity.

The transport solution also showed a 29.4% increase in its claims rate for the quarter, excluding the recently-acquired operations, having expanded into different segments that have contributed to a higher claims rate. Other solutions, such as compliance insurance were also affected in Q1 2017 given major claims occurring, especially in Colombia.

Nevertheless, car insurance performed particularly well, with its claims rate falling by 530 basis points year-on-year, thanks to the strategies deployed in 2016 for the purpose of bringing down the high accident rates for this type of insurance. We expect these new initiatives to continue producing positive results this year.

Retained claims

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| Car | **373.497** | 170.837 | 118.6% |
| Fire | **51.765** | 6.195 | 735.6% |
| Mandatory Traffic Accident | **60.419** | 43.674 | 38.3% |
| Transport | **40.913** | 3.039 | 1246.2% |
| Others | **153.394** | 32.950 | 3099.3% |
| Total | **639.074** | 253.656 | 151.9% |

*Figures stated in COP millions*

**Retained claims rate**

| | March 2017 | March 2016 |
|---|---|---|
| Car | **64.4%** | **69.7%** |
| Fire | **47.1%** | **41.8%** |
| Mandatory Traffic Accident | **66.2%** | **54.2%** |
| Transport | **55.9%** | **25.7%** |
| Others | **35.8%** | **35.7%** |
| Total | **52.9%** | **58.6%** |

## HEALTH CARE SEGMENT

The Health Care Segment includes the health care providers, EPS SURA, IPS SURA and Dinamica (Diagnostic Services).

**Health Care Segment**
**Main figures**

Q1 (January 1st to March 31st) 2017
(stated in COP millions)

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| **Revenues on services rendered** | **718.057** | **607.135** | **18.3%** |
| Investment income | **4.912** | 6.195 | -20.7% |
| **Cost of services rendered** | **(636,408)** | **(534,921)** | **19.0%** |
| Administrative expense | **(73,847)** | (69,838) | 5.7% |
| Fees | **(1,555)** | (2,493) | -37.6% |
| Brokerage commissions | **(1,042)** | (1,198) | -13.0% |
| Other expense | **(176)** | (225) | -21.8% |
| Income tax | **(2,922)** | (1,927) | 51.6% |
| **Gains (losses), net** | **9.426** | **5.313** | **77.4%** |

The health care sector continued to show a robust growth, with an 18.3% QoQ increase in revenues from services rendered, thanks mainly to a rise in the membership base of EPS SURA along with a higher contribution rate. This, together with an improvement in this segment´s expense ratio dropping from 11.5% in Q1 2016 to 10.3% in Q1 2017, produced a 77.4% increase in net income for the quarter.

**Statement of Financial Position - Key Figures**

| | March 2017 |
|---|---|
| Total assets | **734.133** |
| Total liabilities | **(525,116)** |
| Total equity | **209.017** |

## Income from services rendered

Income from services rendered

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| EPS (Mandatory Health Care) | **558.275** | 474.696 | 17.6% |
| IPS (Mandatory Health Care) | **108.529** | 86.035 | 26.1% |
| Dinámica (Diagnostic services) | **51.253** | 46.405 | 10.4% |
| Total | **718.057** | 607.135 | 18.3% |

*Figures stated in COP millions*

EPS SURA is posting a good growth, with revenues increasing by 17.6% year-on-year, as a result of the growth in its membership base, namely more than 60 thousand new users for this past quarter. Furthermore, revenues from its Complementary Health Care plan also rose by 88% for the quarter, as a result of the good levels of market penetration that EPS SURA has achieved with this solution.

On the other hand, IPS SURA recorded a growth of 26.1%, this also due to the growth in EPS´ membership base, as well as the opening of the new IPS headquarters in Colombia.

In the case of Dinamica, although growth has slowed compared to previous quarters, due to a greater degree of client selectivity for the purpose of ensuring the quality of its receivables, it is still attractive with a double-digit growth in the Company's revenues.

## Cost of services rendered

Cost of services rendered

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| EPS (Mandatory Health Care) | **523.406** | 440.715 | 18.8% |
| IPS (Mandatory Health Care) | **74.757** | 59.705 | 25.2% |
| Dinámica (Diagnostic services) | **38.245** | 34.496 | 10.9% |
| Total | **636.408** | 534.915 | 19.0% |

*Figures stated in COP millions*

Claims rate

| | Mar 17 | Mar 16 |
|---|---|---|
| EPS (Mandatory Health Care) | **93.8%** | **92.8%** |

The costs of services rendered for both IPS and Dynamics remained in line with revenues for the quarter, with claims rates continuing stable for both subsidiaries. EPS SURA´s claims rate declined slightly year-on-year due to (i) an increase in costs due to a higher usage of its services; (ii) a reduction in the non-Mandatory Health Care reimbursements due to quota and cap regulations.

## CORPORATE SEGMENT (HOLDING COMPANY)

The corporate segment corresponds to the Company's Corporate Headquarters, which was set up at the beginning of 2016, for the purpose of consolidating its subsidiaries and handling Suramericana S.A. corporate strategy

**CORPORATE SEGMENT**
**Main figures**

Q1 (January 1st to March 31st) 2017
(stated in COP millions)

| | March 2017 | March 2016 | % Change |
|---|---|---|---|
| **Investment income** | **3.120** | **756** | **312.8%** |
| Exchange difference (net) | **(3,008)** | 26.938 | |
| **Revenues via equity method** | **929** | **599** | **55.0%** |
| Administrative expense | **(16,195)** | (16,472) | -1.7% |
| Fees | **(4,804)** | (6,725) | -28.6% |
| Interest | **(23,789)** | (5,527) | 330.4% |
| Impairment | **547** | (33) | |
| **Total expense** | **(44,240)** | **(28,757)** | **53.8%** |
| | | | |
| **Earnings (losses) before tax** | **(43,144)** | **(367)** | |
| Income tax | **(22,892)** | (26,704) | -14.3% |
| **Gains (losses), net** | **(66,036)** | **(27,071)** | **143.9%** |
| Earnings (losses) - parent company | **(66,036)** | (27,071) | 143.9% |
| Earnings (losses) - non-controlling interest | **0** | 0 | 0.0% |

This segment's results were affected by costs and expense incurred since 2016 with the acquisition of RSA's former operations in Latin America. These effects were mainly felt by the following 3 accounts:

- *Administrative expense:* incurred with setting up the Company's corporate headquarters, thus strengthening Suramericana´s administrative structure with functional area staff responsible for working jointly with subsidiaries in all 9 countries so as to be able to enforce Suramericana's regional strategy. This item shows a decrease of 1.7% for this past quarter, given the level of integration expense incurred in 2016.

- Fees and commissions: showing a QoQ drop of 28.6% due to the leveling off of external consultancy fees incurred with the acquisition of RSA's operations in Latin America, specifically with the changeover to the Sura brand.
- *Interest:* corresponding to the payment of the quarterly coupons due on the debt issued by the company in June 2016, to finance the acquisition of the RSA operations in 2016. The third payment of these obligations was made in March 2017.

On the other hand, the Company has several sources of income, investment income being one of the main ones. This account corresponds to the financial returns obtained from savings accounts and collective portfolios. These returns increased substantially this past quarter due to greater movements with its cash position compared to 2016 when liquidity was lower.

Finally, income tax declined by 14.3% for this past quarter, mainly due to changes in the current tax account. Current tax for the quarter was based on the Company's presumptive income, since net income was lower despite the dividends received from the Panamanian subsidiaries and Seguros de Vida Colombia. This in turn was due to an increase in tax expense that included coupon payments for the latest issue of bonds. Also the Equality Income Tax was abolished as a result of the latest tax reform which significantly reduced the provision for income tax compared to the first quarter last year.

## LATIN AMERICAN OPERATIONS

**Latin American Operations**
**Statement of Comprehensive Income**

| | Argentina | Brazil | Chile | Mexico | Uruguay |
|---|---|---|---|---|---|
| Written premiums | 270.631 | 146.469 | 326.459 | 107.501 | 62.095 |
| Ceded premiums | (29,876) | (18,071) | (101,509) | (16,833) | (3,500) |
| **Retained premiums (net)** | **240.754** | **128.398** | **224.950** | **90.668** | **58.595** |
| Commission income | 9.796 | 0 | 15.496 | 2.214 | 1.066 |
| Investment income | 32.364 | 10.041 | 4.405 | 4.510 | 4.365 |
| Other revenues | 14.043 | 1.982 | 3.032 | 4.008 | 591 |
| Exchange difference (net) | (143) | (1,372) | 2.025 | (3,573) | (577) |
| **Total revenues** | **296.814** | **139.050** | **249.908** | **97.827** | **64.039** |
| | | | | | |
| Total claims | (131,684) | (68,032) | (445,003) | (47,588) | (32,376) |
| **Retained claims** | **(131,684)** | **(60,151)** | **(107,655)** | **(40,834)** | **(23,291)** |
| Adjustments to reserves | 3.253 | 8.392 | (1,410) | (2,764) | 1.768 |
| Administrative expense | (74,261) | (38,537) | (61,736) | (22,647) | (17,937) |
| Commissions and fees | (75,738) | (56,478) | (71,738) | (32,258) | (18,577) |
| Other expense | (5,828) | 992 | (20,093) | (6,714) | (2,320) |
| **Total expense** | **(284,258)** | **(145,783)** | **(262,632)** | **(105,217)** | **(60,356)** |
| | | | | | |
| **Earnings before tax** | **12.556** | **(6,733)** | **(12,724)** | **(7,390)** | **3.683** |
| Income tax | (4,524) | (853) | 6.561 | 4.036 | (597) |
| **Net Income** | **8.032** | **(7,585)** | **(6,163)** | **(3,354)** | **3.087** |
| Earnings - parent company | 7.989 | (7,585) | (6,131) | (3,354) | 3.087 |
| Earnings - non-controlling interest | 43 | (0) | (32) | 0 | 0 |
| | | | | | |
| **Amortization of intangibles** | **(2,661)** | **(1,571)** | **(11,458)** | **(3,271)** | **(1,695)** |
| **Deferred tax - amortizations** | **931** | **707** | **3.008** | **981** | **424** |
| **Adjusted net income** | **9.719** | **(6,721)** | **2.319** | **(1,065)** | **4.358** |
| | | | | | |
| Retained premiums | 89.0% | 87.7% | 68.9% | 84.3% | 94.4% |
| Retained claims | 54.7% | 46.8% | 47.9% | 45.0% | 39.7% |
| Brokerage commissions | 28.0% | 38.6% | 22.0% | 30.0% | 29.9% |
| Tax rate | 36.03% | -12.67% | 51.57% | 54.61% | 16.20% |

The figures presented above were affected by amortization expense on the intangible assets recognized as part of the purchase price allocation (PPA) on the closing date, and although they form part of Suramericana S.A.'s separate income statement, these have been assigned to each subsidiary for consolidation purposes.

## Quarterly performance of the subsidiaries recently acquired in Latin America

- ### Argentina

Sura Argentina posted positive results for this past quarter as a result of having expanded its business, increased the profitability of its portfolio and brought down expenses.

With regard to this company's production, car insurance declined as a result of a drop with the insured values of these policies given the prevailing low tariffs that are affecting the entire market. Conversely, solutions such as fire and transport solutions obtained a significant growth thanks to new corporate business secured during the quarter. Likewise, life and personal accident insurance also did well thanks to the Affinity channel with a 38% increase in local currency in retained premiums

As part of its overall strategy, the Company is in the process of restructuring its solutions and channels so as to focus more on solutions other than car insurance. This initiative is expected to produce greater levels of profitability and lower claims rates.

One positive aspect affecting its reserves for the quarter was the release of reserves for its lines of transport, property and engineering insurance given declining claims rates for all three products based on historic frequency analysis.

Commissions and fees rose given the fact that the Affinity business is now accounting for a greater share of the Company´s overall production, and this channel commands higher levels of commissions.

Finally, with regard to its investment income account, the Company went above budget for the quarter, given a higher volume of investment assets and more favorable returns on government securities. Government securities produced a higher level of income due to a stronger market performance and a greater demand for this type of asset. Also, the Argentinian Central Bank raised the benchmark interest rate by 0.75% during in March, which produced an increase in portfolio reinvestment rates.

- ### Brazil

The overall loss sustained in this country, as previously posted, dropped by 79% as a result of a better technical result together with higher returns from its investment portfolio. The Company's technical result went from 7.4% for Q1 2016 to 12.0% in Q1 2017, mainly due to a 19% drop in the claims rate corresponding to transport insurance. Investment income rose by 184% for the quarter as a result of market prices benefiting from the drop in the benchmark interest rate.

With regard to written premiums, these increased by 49% QoQ, main due to the Affinity business as well as transport insurance. The Affinity business did well during this past quarter given a higher volume of existing theft and extended warranty insurance, as well as new businesses. Life insurance also showed a substantial upturn for the quarter with retained premiums rising by 24%, thanks to new personal accident accounts.

In terms of administrative expense, SURA Brasil recorded a drop of 26% year-on-year given the non-recurring expense recorded last year with its acquisition. Were we to exclude this non-recurring expense, the drop would have come to 7.2% year-on-year, thanks to the strict controls the Company has put into place.

Finally, with regard to fee and commission expense, this rose from 34.2% to 40.2%, given the higher volume of business transacted through the Affinity channel, and the higher fees and commissions charged compared to the other channels used by the Company.

- Chile

Net income for the Suramericana subsidiary in Chile dropped due to the catastrophic events occurring in Q1 2017 which reduced the Company´s technical margin by 3.6% vs. Q1 2016. This however was offset by a higher amount of investment income which rose by 141.3% year-on-year. This was mainly due to higher bond rates, given lower interest rates as a result of better economic prospects and the expansive monetary policy that Chile´s Central Bank is currently maintaining.

As for written premiums, it is worthwhile mentioning the good level of performance achieved with fraud insurance which rose by 85.5% year-on-year given the amount of policies that were renewed on the part of certain large-scale clients. On the other hand, new premiums corresponding to the high-volume Bancassurance accounts as well as certain corporate accounts produced a growth in household, life and commercial car insurance compared to Q1 2016. On the other hand, personal car insurance dropped year-on-year given increased tariffs with the large-scale channel. Commercial property insurance also dropped given the amount of policies issued in Q1 2016 for a term 18 months, and hence were not renewed in Q1 2017.

Retained claims were affected by the amount of catastrophic claims filed in January 2017 due to fire outbreaks in the southern-central zone of the country that mainly affected the commercial property solution which represented 20.5% of the Company's premiums in Q1 2017. The retained claims rate for this solution reached 74%, but were we to exclude the fire claims this would have come to just 29% .Having said that, the overall effect was partially offset by the favorable claims rates recorded by the Commercial Vehicle and Transport lines of insurance.

Finally, investment income performed well thanks to rising market values of securities given falling interest rates as a result of better economic prospects and the expansive monetary policy that Chile´s Central Bank is currently maintaining.

- Mexico:

SURA Mexico obtained a gratifying level of technical results for this past quarter; however, these continue to be affected by adverse conditions on the local financial market thus hampering the Company’s investment income.

The Company’s core lines of insurance performed well. Car insurance did well thanks to the amount of new government and corporate business. Fire insurance benefited from the amount of policy renewals on the part of large-scale clients such as universities, and life insurance was driven by new business in different sectors such as university, government facilities and the affinity business.

Its claim rate ended the quarter at 45.0%, which included a favorable claims rate for car insurance. Despite this, the company did record and increase in the claims rates for civil liability, transport and fire insurance. The Company also maintains a reinsurance program, which limits its capacity to retain major risks, which in turn is reflected in the total incurred claims rate.

On the other hand, its financial income was negatively affected by the fluctuating exchange rate (CLP / USD) However, the effect of the exchange rate on the Company's overall performance was partially offset by the consequent effect on liabilities relating to its dollar-denominated technical reserves.

Finally, administrative expense was higher than expected for the quarter, as a result of an increase in the Company's life insurance production, since this solution carried a higher VAT tax.

- Uruguay:

SURA Uruguay performed well for the quarter, thanks to the returns obtained on its investments, lower claims rates and better spending efficiency.

Written premiums were affected by a stagnant car insurance market, currently undergoing a soft cycle due to the currently lower tariffs, which was partially offset by the increase in the number of new policies being written, which are rising at a rate of 10%.

Furthermore, the appreciation of the Uruguayan peso against the dollar has had a negative effect on its overall production in local currency, given the amount of dollar-indexed policies it handles. Such is the case for some fire and property insurance policies.

Conversely, household insurance is doing particularly well, thanks to the added value provided to policy holders and the fact that this is mainly distributed through the large-scale channel,

Regarding the Company's claims rate, it is important to note that despite certain severe incidents reported during the quarter, it did manage to end the quarter at 39.7%. Transport, engineering and fire insurance were all affected by major claims filed due to the climatic events occurring in February 2017. However, the total claims rate for the quarter was partially offset by the appreciation of the Uruguayan peso and the restructuring of the shares held by different branches of insurance in the Company's total production.

While the appreciation of the peso has affected dollar-denominated financial assets, the overall effect is offset by the dollar-denominated liabilities held in the Company's technical reserves. Furthermore, financial income rose given interest rates falling by approximately 100 basis points and the consequent effect on market prices.

# ANNEX

The following table shows certain financial ratios obtained by Suramericana on a consolidated basis for Q1 2017 and Q1 2016.

| Ratios | Q1 2017 | Q1 2016 |
|---|---|---|
| **Current assets / current liabilities** | 1.16x | 1.13x |
| **Interest coverage** | 5.53x | 10.02x |
| **Financial leverage** | 32.0% | 39.3% |
| **Return on Equity** | 14.5% | 15.3% |

# 3. Sura Asset Management

**SURA Asset Management S.A.**
**Statement of Comprehensive Income**

Q1 (January 1st to March 31st) 2017
(stated in COP millions)

| | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Fee and commission income | **457,664** | 484,834 | -5.6% | 5.6% |
| Other investment income | **345** | 7,195 | -95.2% | -94.1% |
| Other gains and losses at fair value | **99** | 64 | 56.1% | 65.6% |
| Income from legal reserve | **80,914** | 7,021 | 1052.4% | 1201.5% |
| Income (expense) via equity method | **40,657** | 27,638 | 47.1% | 47.7% |
| Other operating revenue | **1,480** | 1,171 | 26.3% | 57.6% |
| **Operating revenue** | **581,160** | **527,924** | **10.1%** | **22.6%** |
| Gross premiums | **658,322** | 719,260 | -8.5% | -1.7% |
| Premiums ceded to reinsurers | **(45,114)** | (19,488) | 131.5% | 166.3% |
| **Net premiums** | **613,208** | **699,772** | **-12.4%** | **-6.0%** |
| Income from reserve investments | **216,323** | 139,471 | 55.1% | 70.6% |
| Earnings at fair value from reserve investments | **70,815** | 27,430 | 158% | 175% |
| Claims | **(286,418)** | (235,128) | 21.8% | 31.2% |
| Movement in premium reserves | **(518,003)** | (515,349) | 0.5% | 8.1% |
| **Total insurance margin** | **95,924** | **116,196** | **-17.4%** | **-10.8%** |
| | | | | |
| Selling expense | **(104,565)** | (102,422) | 2.1% | 13.6% |
| Deferred acquisition costs (DAC) | **(7,281)** | (2,937) | 147.9% | 367.1% |
| Operating and administrative expense | **(258,744)** | (278,940) | -7.2% | 1.7% |
| Wealth tax | **(21,959)** | (56,429) | -61.1% | -61.1% |
| **Total operating expense** | **(392,549)** | **(440,728)** | **-10.9%** | **-2.9%** |
| | | | | |
| **Operating earnings** | **284,535** | **203,392** | **39.9%** | **60.5%** |
| Financial income | **7,136** | 6,618 | 7.8% | 16.2% |
| Financial expense | **(45,817)** | (36,584) | 25.2% | 33.3% |
| (Expense) income from financial derivatives | **14,247** | 21,502 | -33.7% | -32.8% |
| (Expense) income on exchange differences | **6,395** | 14,749 | -56.6% | -59.0% |
| **Earnings before income tax** | **266,496** | 209,677 | **27.1%** | 43.4% |
| Income Tax | **(93,256)** | (75,165) | **24.1%** | 36.0% |
| **Net income (losses) for the year** | **173,239** | 134,512 | **28.8%** | 47.8% |

**SURA Asset Management S.A.**
**Statement of Financial Position**

Q1 2017 vs. Q4 2016
(stated in COP millions)

| | Q1 2017 | Q4 2016 | % Change |
|---|---|---|---|
| Financial assets | **15,950,505** | 15,437,246 | 3.3% |
| Goodwill | **3,936,105** | 3,928,830 | 0.2% |
| Other intangible assets | **2,674,433** | 2,681,723 | -0.3% |
| Investments in Associates | **1,043,650** | 1,084,301 | -3.7% |
| Investment properties | **959,429** | 984,377 | -2.5% |
| Accounts receivable | **842,168** | 627,938 | 34.1% |
| Deferred acquisition costs (DAC) | **543,742** | 539,768 | 0.7% |
| Cash and cash equivalents | **355,450** | 300,590 | 18.3% |
| Deferred tax assets | **188,866** | 213,837 | -11.7% |
| Current tax | **183,571** | 232,180 | -20.9% |
| Fixed assets | **172,589** | 174,593 | -1.1% |
| Financial assets - hedging arrangements | **32,815** | 489,368 | -93.3% |
| Reinsurance assets | **76,883** | 58,103 | 32.3% |
| Other assets | **56,433** | 56,377 | 0.1% |
| **Total assets** | **27,016,640** | 26,809,228 | 0.8% |
| Technical reserves | **12,982,783** | 12,561,260 | 3.4% |
| Issued bonds | **1,472,117** | 1,512,427 | -2.7% |
| Financial obligations | **1,520,496** | 1,522,098 | -0.1% |
| Financial liabilities - hedging arrangements | **82,565** | 560,407 | -85.3% |
| Deferred tax liabilities | **1,343,190** | 1,327,223 | 1.2% |
| Current tax liabilities | **116,332** | 189,438 | -38.6% |
| Accounts payable | **958,578** | 419,484 | 128.5% |
| Employee benefits | **86,126** | 129,085 | -33.3% |
| Deferred income liabilities (DIL) | **54,448** | 55,477 | -1.9% |
| Provisions | **62,089** | 22,763 | 172.8% |
| Other liabilities | **6,594** | 11,628 | -43.3% |
| **Total liabilities** | **18,685,315** | 18,311,290 | 2.0% |
| PARENT COMPANY EQUITY | **8,141,163** | 8,308,690 | -2.0% |
| Minority interest | **190,162** | 189,249 | 0.5% |
| **Total equity** | **8,331,324** | 8,497,939 | -2.0% |
| **Total equity and liabilities** | **27,016,640** | 26,809,228 | 0.8% |

Figures stated in dollars were converted from Colombian pesos using the exchange rate applicable at the end of Q1 2017 (COP 2,888.6 per USD), this as a restatement exercise only, and therefore said figures are not necessarily the same as the dollar figures appearing in SURA Asset Management´s accounts.

SURA Asset Management posted consolidated assets of COP 27.0 billion (USD 9.4 billion), for a growth of 0.8%, as well as a shareholders´ equity of COP 8.3 billion (USD 2.9 billion) showing a decline of 2.0% compared to year-end 2016, this due to declared dividend payments worth COP 416.625 million

The equity account was also affected by having converted dollars into Colombian pesos on the financial statements.

The following table shows how the different Latin American currencies have performed against the Colombian peso.

| Exchange rate | **Q1 2017** LC/USD | Q1 2016 LC/USD | % Change COP/LC |
|---|---|---|---|
| Chile | **655.5** | 701.0 | -3.80% |
| Mexico | **20.3** | 18.0 | -20.19% |
| Peru | **3.3** | 3.4 | -5.73% |
| Colombia | **2922.5** | 3249.0 | 0.00% |
| Uruguay | **28.4** | 31.5 | -0.36% |

**LC: Local Currency*

SURA Asset Management obtained operating income from its fund management business totaling COP 581,160 million (USD 201.4 million), showing a year-on-year increase of 22.6% at constant exchange rates, this mainly due to a good level of performance on the part of its voluntary pension business which in turn drove up the Company's commission income, as well as more favorable returns obtained from its legal reserve and the growth in revenues via the equity method.

It is important to note that AFP Protección and AFP Crecer do not form part of SURA Asset Management's consolidated financial statements given the 49.4% stake held. The income corresponding to the Company's share in both companies using the equity method came to COP 33,302 million (USD 11.5 million) for a growth of 34.8%. This increase was mainly due to an excellent level of performance with regard to investment income from the Company´s legal reserve, which rose by 79.7% year-on-year, as well an 11.4% increase in fee and commission income given an increase of 7.8% in salaries. Income was further driven by the Company´s voluntary pension business.

On the other hand, the total insurance margin for Q1 2017 came to COP 95,924 million (USD 33.2 million), for a decline of 10.8% at constant exchange rates, mainly due to a 6% reduction in premiums given the sluggish annuity market in Peru as a result of a new pension reform enabling retirees to withdraw 95.5% of their savings. Operating expense came to COP 392,549 million (USD 136.0 million) for a growth of 2.9% at constant exchange rates. This account consists mainly of selling expense amounting to COP 104,565 million (USD 36.2 million) for a growth of 13.6%, with DAC (Deferred Acquisition Costs) ending up at COP 7,281 million (USD 2.5 million), for a year-on-year increase by 367.1%, administrative expense totaled COP 258,744 million (USD 89.7 million) rising by a single digit to 1.7% and shareholders equity standing at COP 21,959 million (USD 7.6 million) for a drop of 61.1%. The increase in DAC was due to the fact that the Company is amortizing more costs and expense than those being triggered during the period.

Sura Asset Management´s consolidated cost/income ratio (operating and administrative expense/operating income plus insurance margin) came to 38% having dropped by 552 basis points mainly due to the efforts made in terms of business efficiency.

All this provided a net income of COP 173,239 million (USD 60.0 million), for a 47.8% year-on-year increase at constant exchange rates

## EBITDA

EBITDA on a YTD basis came to COP 359.291 million (USD 124.5 million), representing a year-on-year increases of 27.3% at constant exchange rates and 14.7% at real rates This was mainly affected by (i) fluctuations with the exchange rates used for each period; and (ii) higher returns obtained this year on the Company´s legal reserve.

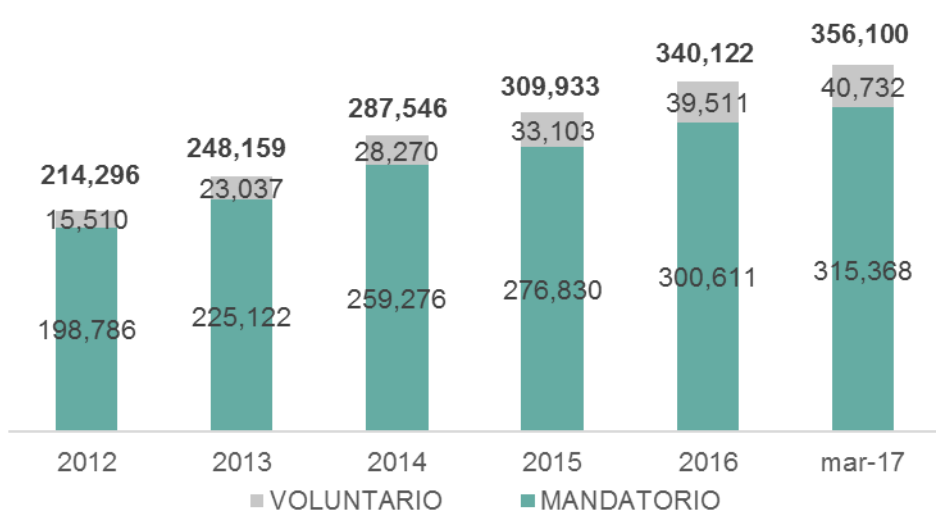
If we were to eliminate the effect of the Company´s legal reserve upon calculating EBITDA, this would have produced a year-on-year growth of 0.8% at constant exchange rates. The growth in overall EBITDA was affected by a drop in EBITDA corresponding to the Annuities segment

| | EBITDA (incl. reserve rqmt) | | | | EBITDA (excl. reserve rqmt) | | | |
|---|---|---|---|---|---|---|---|---|
| EBITDA | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **160,711** | 104,616 | 53.6% | 59.7% | **105,898** | 104,133 | 1.7% | 5.7% |
| Mexico | **102,733** | 109,971 | -6.6% | 17.0% | **86,405** | 106,557 | -18.9% | 1.6% |
| Peru | **71,783** | 86,395 | -16.9% | -11.9% | **63,339** | 84,798 | -25.3% | -20.8% |
| Uruguay | **10,693** | 11,405 | -6.2% | -5.9% | **9,364** | 9,878 | -5.2% | -4.9% |
| Protección | **33,302** | 24,711 | 34.8% | 34.8% | **33,302** | 24,711 | 34.8% | 34.8% |
| Corporate and Others | **-19,931** | -23,727 | -16.0% | -15.7% | **-19,931** | -23,727 | -16.0% | -15.7% |
| Total | **359,291** | 313,372 | 14.7% | 27.3% | **278,377** | 306,351 | -9.1% | 0.8% |

## Assets under Management

Assets under Management, including those of AFP Protección and AFP Crecer, came to COP 356.1 billion (USD 123.4 billion) for a year-on-year growth of 12.4% at constant exchange rates. This was mainly due to increases of 17.7% in the net fund flow and 336.4% in returns on investments. At the end of Q1 2017, the net fund flow came to COP 5.5 billion (USD 1.9 billion) with returns reaching COP 11.7 billion (USD 4.1 billion)

These assets belong to 19.2 million clients in Latin America.



| Assets under Management | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Chile | **117,774,262** | 108,268,958 | 8.8% | 10.7% |
| Mexico | **79,149,399** | 77,597,856 | 2.0% | 14.2% |
| Peru | **55,776,284** | 50,986,820 | 9.4% | 10.5% |
| Uruguay | **7,155,792** | 5,860,576 | 22.1% | 14.1% |
| Protección | **83,358,124** | 72,410,215 | 15.1% | 15.1% |
| El Salvador | **12,886,239** | 12,348,736 | 4.4% | 8.5% |
| **Total** | **356,100,101** | **327,473,160** | **8.7%** | **12.4%** |

| Clients (in millions) | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Chile | **1.9** | 1.9 | -1.3% |
| Mexico | **7.5** | 6.4 | 16.6% |
| Peru | **2.1** | 2.1 | -0.6% |
| Uruguay | **0.3** | 0.3 | 2.5% |
| Protección | **5.9** | 5.6 | 5.3% |
| El Salvador | **1.5** | 1.5 | 4.7% |
| **Total** | **19.2** | **17.8** | **7.9%** |

## Mandatory Pensions

**Mandatory Pension Segment** Q1 (January 1st to March 31st) 2017
**Main figures** (stated in COP millions)

| | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Fee and commission income | **411.341** | 443.447 | -7.2% | 3.8% |
| Other investment income | **82** | 533 | -84.6% | -84.1% |
| Other gains and losses at fair value | **(0)** | - | | |
| Income from legal reserve | **80.419** | 6.596 | 1119.1% | 1268.9% |
| Income (expense) via equity method | **38.136** | 24.158 | 57.9% | 58.6% |
| Other operating revenue | **4.902** | 602 | 714.5% | 853.6% |
| **Operating revenue** | **534.880** | 475.337 | 12.5% | 25.2% |
| | | | | |
| Selling expense | **(52,853)** | (49,240) | 7.3% | 20.8% |
| Deferred acquisition costs (DAC) | **(9,625)** | (6,119) | 57.3% | 109.1% |
| Operating and administrative expense | **(127,101)** | (138,357) | -8.1% | 3.3% |
| Wealth tax | **(84)** | (59) | 41.7% | 42.2% |
| **Total operating expense** | **(189,663)** | (193,774) | -2.1% | 10.6% |
| | | | | |
| **Operating earnings** | **345.218** | 281.562 | 22.6% | 34.9% |
| Financial income | **3.099** | 5.137 | -39.7% | -34.2% |
| Financial expense | **(996)** | (1,335) | -25.4% | -20.1% |
| (Expense) income from financial derivatives | **-** | - | | |
| (Expense) income on exchange differences | **(5,502)** | (2,443) | 125.2% | 157.7% |
| **Earnings before income tax** | **341.819** | 282.921 | 20.8% | 32.9% |
| Income Tax | **(80,290)** | (67,712) | 18.6% | 32.6% |
| **Net income (losses) for the year** | **261.529** | 215.209 | 21.5% | 33.0% |

## Commission income

So far this year, fee and commission income has risen by 3.8% at constant exchange rates to COP 411.341 million (USD 142.6 million), thanks to a higher wage base, which increased by an average of 3.7% throughout the region, as well as a 8.3% growth in the fund membership base, given the effect of accounts being assigned and re-assigned in Mexico between March and August 2016.

Nevertheless, this account has been negatively affected by lower economic growth in all those countries where we are present, as well as declining economic indicators, such as jobs.

In Mexico, although the commission charged on AUM decreased from 1.07% in 2016 to 1.03% in 2017, AUM increased by 12.6% at constant exchange rates which was much higher that the market average (9.8%), which explains the growth in income. 60% of this growth corresponded to the net fund flow received over the last 12 months with the remaining 40% to the returns earned on these AUM over this same period.

In Peru, the decline in income was due to a 0.5% reduction in the wage base, due to the El Niño weather phenomenon and the consequent decline with the country´s GDP and growth prospects. However, the amount to be invested in reconstruction work comes to USD 15,000 MM, which would provide the economy with an added boost. Furthermore, in March mixed commission charges were reduced from 1.23% to 0.9% in the case of case of AFP Integra.

| | YTD | | | |
|---|---|---|---|---|
| **Commission income** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **147,906** | 149,430 | -1.0% | 2.9% |
| Mexico | **151,856** | 176,353 | -13.9% | 7.9% |
| Peru | **93,586** | 100,992 | -7.3% | -1.7% |
| Uruguay | **17,993** | 16,672 | 7.9% | 8.3% |
| **Total** | **411,341** | **443,447** | **-7.2%** | **3.8%** |

*Figures stated in COP millions*

## Wage base

The wage base on a YTD basis recorded a growth of 3.7%, which is in line with the growth in salaries and wages as well as the GDP in all those countries where we are present. The decline in Peru was mainly due to the impact of the El Niño weather phenomenon on the local economy which has effectively lowered the projected GDP and driven up the unemployment rate.

In Chile, the low growth recorded remains in line with the growth in wages which normally ranges between 1.5% and 2% in times of low growth.

The increase shown, in the case of Protección, is closely related to the growth of the basic wage, which came to 7.0%.

| **YTD Wage Base** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
|---|---|---|---|---|
| Chile | **9,945,115** | 10,154,262 | -2.1% | 1.8% |
| Peru | **6,130,707** | 6,536,452 | -6.2% | -0.5% |
| Uruguay | **1,100,162** | 1,017,060 | 8.2% | 8.6% |
| Protección | **8,784,951** | 8,146,239 | 7.8% | 7.8% |
| El Salvador | 2,033,378 | 2,114,927 | -3.9% | 6.9% |
| **Total** | **27,994,313** | **27,968,940** | **0.1%** | **3.7%** |

*Figures stated in COP millions*

## Fund membership

Our mandatory pension funds now have a membership base of 17.0 million, having risen by 7.8% year-on-year.

Mexico’s pension fund membership now stands at 7.4 million, showing a growth of 16.7% as a result of pension fund accounts being assigned and reassigned in this part of the world, for the purpose of rewarding the Mexican Pension Fund Management firms for enhancing net returns, as well encouraging their efforts to sign up more workers, lower their commissions, and for said firms to promote and extend voluntary pension plans. Last year, Afore SURA received the second largest volume awarded in Mexico, this consisting of approximately 1.16 million accounts. In February and March of this year, another 205 thousand accounts were awarded representing AUM totaling USD 109 million Here, it is important to note the drop in pension fund membership in Chile and Peru, given the prevailing bidding system. AFP Integra participated in this year´s tender however AFP Prima was the one who won and currently it is Chile AFP Plan Vitales who holds the bid.

| Fund membership | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Chile | **1.7** | 1.8 | -2.4% |
| Mexico | **7.4** | 6.4 | 16.7% |
| Peru | **2.0** | 2.0 | -0.4% |
| Uruguay | **0.3** | 0.3 | 0.8% |
| Protección | **4.2** | 4.1 | 3.9% |
| El Salvador | **1.5** | 1.5 | 4.7% |
| **Total** | **17.2** | **16.0** | **7.8%** |

| Contributing members | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Chile | **1.0** | 1.0 | 2.5% |
| Mexico | **2.3** | 1.8 | 28.1% |
| Peru | **0.8** | 0.8 | -3.4% |
| Uruguay | **0.2** | 0.2 | -2.7% |
| Protección | **2.0** | 2.0 | 0.3% |
| El Salvador | **0.4** | 0.4 | 1.0% |
| **Total** | **6.6** | **6.1** | **8.3%** |

## Return on legal reserve

So far this year returns on the legal reserve corresponding to the Company´s pension business (known as *encaje* in Spanish) has risen by a hefty COP 74,544 million at constant exchange rates on a year-on-year basis, reaching a total of COP 80,419 million (USD 27.9 million). This increase is mainly explained by more buoyant financial markets in all countries except Uruguay, where returns averaged out at 4.4% compared to 5.1% in 2016.

Approximately 61% of our Mandatory Pension Funds are invested in fixed income securities with another 31% in equities, so the performance of the Company's legal reserve is directly related to how these assets perform.

The fixed-income markets performed well in Q1 2017, having gained value especially in Mexico, Peru and Chile, going well above the gains obtained last year.

As for the equity markets, prices rose on all the Latin American stock markets, especially the Chilean Stock Exchange, which so far has recorded a YTD growth of 15.2% trailed by the Mexican stock market with 6.4%

In Mexico, the average returns obtained by the Siefores (Mexican specialized pension fund investment firms) so far this year rose by 3.95%, compared to just 0.8% last year.

In Chile so far this year, mandatory pension funds produced an average return of 5.4%, compared to just 0.2% last year.

In Peru, rates of return for Q1 2017 averaged out at 2.0% compared to the 0.4% obtained for 2016.

| | YTD | | | |
|---|---|---|---|---|
| Returns on legal reserve* | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **54,317** | 479 | | |
| Mexico | **16,328** | 3,009 | 442.7% | 579.9% |
| Peru | **8,445** | 1,581 | 434.0% | 466.4% |
| Uruguay | **1,329** | 1,527 | -13.0% | -12.6% |
| **Total** | **80,419** | **6,596** | | |

*Figures stated in COP millions*

## Operating Expense

Operating expense came to COP 189.663 million (USD 65.7 million), showing a 10.6% growth at constant exchange rates.

This included higher selling expense totaling COP 52,853 million, for a growth of 20.8%, namely higher variable selling commissions as well as salaries for our own sales staff, which was increased to counteract pressure on the part of the competition.

Deferred acquisition costs (DAC) showed an increase of 109.1%, due to amortizations being higher than the actual expense triggered.

The rise in operating expense in Chile is mainly due to sales force expense given a 36.2% increase in commissions paid on higher sales volumes given a much better performance. This is in keeping with the wage-based incoming flows or deposits which rose by 36.6% year-on-year.

The increase in Mexico is mainly due to higher expense in deferred acquisition costs (DAC) which rose by 97.0%, due to a lower triggering of acquisition costs and an increase in amortizations compared to last year. The lower triggering of DAC this year is due to a lower sales performance since the year got off to a sluggish start. We expect this situation to reverse in the coming months, since at the moment there are no regulatory changes that could affect our sales.

Furthermore, we released a provision for fee and commission expense, and this was recorded in other operating income and not in acquisition expense, which again is causing deferred acquisition costs to be more negative than they actually are.

In Uruguay, the main impact was for administrative expense, which rose by 22.2% at constant exchange rates, mainly due to an increase in outsourcing services, which rose by 81.4%

The amortization of intangible assets amounting to COP 8,456 million (USD 2.9 million) was recorded in this segment, mainly due to having amortized client relations in Peru as part of the acquisition of Horizonte for COP 4,968 million (USD 1.7 million).

| Total Operating Expense | YTD Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Chile | **(63,476)** | (57,930) | 9.6% | 13.9% |
| Mexico | **(77,521)** | (87,529) | -11.4% | 11.0% |
| Peru | **(42,159)** | (42,464) | -0.7% | 5.3% |
| Uruguay | **(6,507)** | (5,852) | 11.2% | 11.6% |
| **Total** | **(189,663)** | **(193,774)** | **-2.1%** | **10.6%** |

*Figures stated in COP millions*

## Net Income

Net income at the end of Q1 2017 reached COP 261.529 million (USD 90.6 million), showing an increase of 33.0% at constant exchange rates on a year-on-year basis, this mainly due to greater legal reserve requirements coupled with higher revenues obtained via the equity method from Protección. There was a moderate increase in commission income and operating expenses, mainly due to higher sales expenses and higher DAC

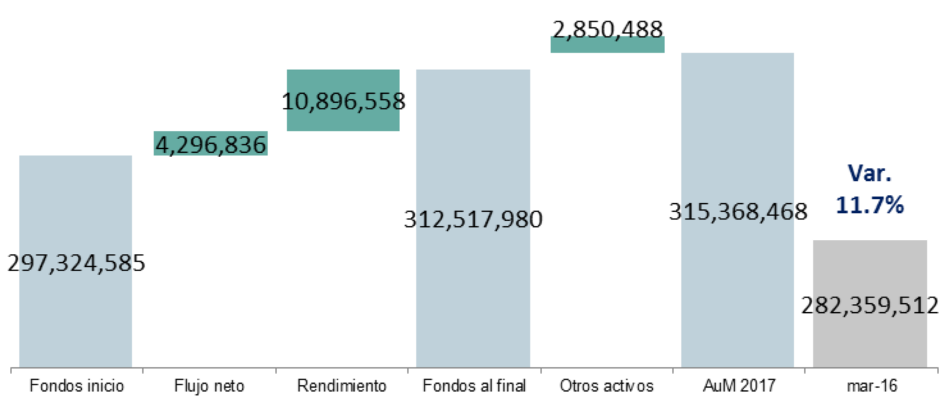
| Net Income | YTD Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Chile | **112,631** | 74,127 | 51.9% | 57.9% |
| México | **66,725** | 65,342 | 2.1% | 27.9% |
| Perú | **41,220** | 44,784 | -8.0% | -2.4% |
| Uruguay | **9,628** | 9,725 | -1.0% | -0.6% |
| Protección* | **31,325** | 21,231 | 47.5% | 47.5% |
| **Total** | **261,529** | **215,209** | **21.5%** | **33.0%** |

*Figures stated in COP millions*

*Protección: Equity method applied to AFP Protección and AFP Crecer*

## AUM - Mandatory Pension Business

AUM for our Mandatory Pension Business continued to perform well in all those countries where we are present. Upon excluding the exchange rate effect, the total growth in AUM would have reached 11.7%. The significant growth shown in Assets under Management in Mexico has more than made up for the drop in fund management commissions.



| AUM - Mandatory Pension Business | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Chile | **103,303,353** | 95,299,392 | 8.4% | 10.3% |
| Mexico | **66,177,320** | 65,822,355 | 0.5% | 12.6% |
| Peru | **49,057,572** | 45,318,812 | 8.2% | 9.3% |
| Uruguay | **6,903,209** | 5,781,755 | 19.4% | 11.5% |
| Protección | **77,040,776** | 66,985,537 | 15.0% | 15.0% |
| El Salvador | **12,886,239** | 12,348,736 | 4.4% | 8.5% |
| **Total** | **315,368,468** | **291,556,587** | **8.2%** | **11.7%** |

*Figures stated in COP millions*

## VOLUNTARY PENSION BUSINESS

**Voluntary Segment** Q1 (January 1st to March 31st) 2017
**Main figures** (stated in COP millions)

| | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Fee and commission income | **46.009** | 40.358 | 14.0% | 27.3% |
| Other investment income | **92** | (133) | -168.9% | -171.2% |
| Other gains and losses at fair value | **80** | 64 | 25.2% | 32.8% |
| Income from legal reserve | **496** | 425 | 16.7% | 44.9% |
| Income (expense) via equity method | **2.495** | 3.455 | -27.8% | -27.8% |
| Other operating revenue | **(4,449)** | (418) | 963.4% | 1000.2% |
| **Operating revenue** | **44.723** | **43.750** | **2.2%** | **13.3%** |
| Gross premiums | **255.871** | 216.370 | 18.3% | 23.2% |
| Premiums ceded to reinsurers | **(431)** | (1,369) | -68.5% | -66.6% |
| **Net premiums** | **255.440** | **215.001** | **18.8%** | **23.7%** |
| Income from reserve investments | **32.546** | (13,908) | -334.0% | -341.8% |
| Earnings at fair value from reserve investments | **61.322** | (7,944) | -871.9% | -897.6% |
| Claims | **(122,147)** | (81,480) | 49.9% | 56.0% |
| Movement in premium reserves | **(203,335)** | (91,351) | 122.6% | 132.3% |
| **Total insurance margin** | **23.826** | **20.317** | **17.3%** | **22.4%** |
| | | | | |
| Selling expense | **(34,803)** | (31,056) | 12.1% | 20.6% |
| Deferred acquisition costs (DAC) | **2.324** | 2.264 | 2.6% | 7.5% |
| Operating and administrative expense | **(39,980)** | (40,537) | -1.4% | 7.9% |
| Wealth tax | **(17)** | (15) | 11.2% | 11.6% |
| **Total operating expense** | **(72,476)** | **(69,343)** | **4.5%** | **13.7%** |
| | | | | |
| **Operating earnings** | **(3,927)** | **(5,276)** | **-25.6%** | **-18.5%** |
| Financial income | **587** | 339 | 73.2% | 93.1% |
| Financial expense | **(358)** | (1,057) | -66.1% | -63.4% |
| (Expense) income from financial derivatives | **92** | 223 | -58.8% | -57.2% |
| (Expense) income on exchange differences | **(281)** | 1.235 | -122.8% | -123.8% |
| **Earnings before income tax** | **(3,888)** | **(4,536)** | **-14.3%** | **-5.1%** |
| Income Tax | **313** | 2.231 | -86.0% | -84.0% |
| **Net income (losses) for the year** | **(3,576)** | **(2,304)** | **55.2%** | **66.7%** |

## Commission income

Our voluntary pension fund business continued to do well with commission income rising by 27.3% in local currency, on an increase of 21.1% in the AUM corresponding to our voluntary pension business. The increase in AUM is due to a 49.1% increase in net fund flows, mainly in Chile, Mexico and from Proteccion, as well as a 95.1% increase in the returns obtained from these AUM. On the other hand, the average fee for the voluntary pension fund business comes to approximately 1.0% having dropped by 15 basis points compared to last year.

| | YTD | | | |
|---|---|---|---|---|
| **Commission income** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **21,489** | 21,193 | 1.4% | 5.4% |
| Mexico | **18,493** | 16,145 | 14.5% | 43.5% |
| Peru | **3,493** | 2,732 | 27.9% | 35.6% |
| Uruguay | **691** | 288 | 139.6% | 140.5% |
| Colombia | **1,844** | - | | |
| **Total** | **46,009** | **40,358** | **14.0%** | **27.3%** |

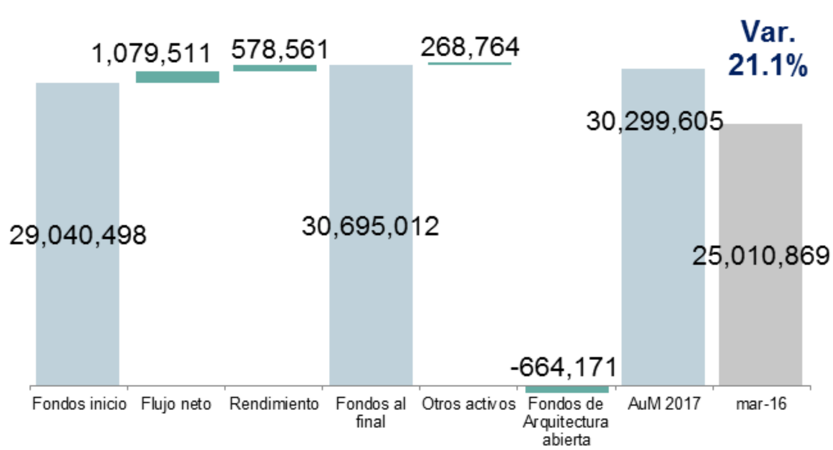
*Figures stated in COP millions*

**Colombia Includes Sura Real Estate y Sura Investment Management*

## AUM - Voluntary Pension Business

Assets under Management, including those of AFP Protección, came to COP 30.3 billion (USD 10.5 billion) for a year-on-year growth of 21.1% at constant exchange rates. This growth is explained by a 49.1% increase in the net fund flow, which reached COP 1.1 billion (USD 374.1 million) and a 95.1% increase in returns which reached COP 0.6 billion (USD 200.5 million)

These assets belong to a total of 970.421 clients in Latin America, broken down as follows:



| AUM - Voluntary Pension Business | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Chile | **9,822,524** | 8,806,935 | 11.5% | 13.5% |
| Mexico | **11,183,038** | 10,111,585 | 10.6% | 23.8% |
| Peru | **2,725,039** | 1,833,527 | 48.6% | 50.1% |
| Uruguay | **251.655** | 78.821 | 219.3% | 198.3% |
| Protección | **6,317,349** | 5,424,678 | 16.5% | 16.5% |
| **Total** | **30,299,605** | **26,255,546** | **15.4%** | **21.1%** |

*Figures stated in COP millions*

## Clients

| Clients of our Voluntary Pension Business (in thousands) | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Chile | **411.8** | 385.5 | 6.8% |
| Mexico | **200.1** | 156.1 | 28.2% |
| Peru | **41.7** | 35.2 | 18.4% |
| Uruguay | **15.1** | 8.2 | 84.6% |
| Protección | **301.7** | 268.7 | 12.3% |
| **Total** | **970.4** | **853.6** | **13.7%** |

## Net fund flows

The net fund flow indicator (used to gauge the growth in AUM) for our voluntary pension business dropped by 49.1% QoQ, based on the local currencies, and in all those countries that are upholding our strategy of investing in the growth of this business.

In Peru, the net fund flow corresponding to our Stock Brokerage firm, Corredora de Bolsa SAB) for 2016 was affected by the portfolio purchase from GPI in February, which is recorded as a deposit as part of the Net Flow account.

In Mexico, the rise in net fund flows was due to growths of 82% in our voluntary pension business, 56.1% in our retail business and 314.9% with our institutional funds, since the reserves held by SURA Seguros were admitted these totaling approximately COP 274,129 million (USD 95 million).

In Uruguay, there was also a significant growth in its net fund flows, given a better performance on the part of retail funds, which rose by 429.9% as well as having recorded the AUMs corresponding to the Stock Brokerage subsidiary, which did not exist last year.

The growth in Colombia was mainly concentrated in the voluntary pension business, given higher productivity on the part of the sales force and improved collections from the institutional business.

The growth in the net fund flow in Chile includes increases of 180.7% in its retail fund business and 120% in voluntary pensions with the stock brokerage obtaining an increase in its net flow of 523.8%.

| Net Flow - Voluntary Pension Business | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| | YTD | | | |
| Chile | **362,923** | 202,953 | 78.8% | 82.0% |
| Mexico | **491,315** | 186,441 | 163.5% | 195.0% |
| Peru | **43,569** | 315,647 | -86.2% | -86.1% |
| Uruguay | **27,067** | 3,667 | 638.1% | 589.5% |
| Protección | **154,638** | 41,704 | 270.8% | 270.8% |
| **Total** | **1,079,511** | 750,413 | 43.9% | 49.1% |

*Figures stated in COP millions*

## Returns

Returns on Assets under Management rose by 95.1% year-on-year at constant exchange rates, thanks to an improvement in market performance in almost all those countries where we are present 57% of the AUM corresponding to our voluntary pension business is invested in fixed income securities, 23% in equities and 21% in cash and others.

| Returns on Voluntary Pension Business | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| | YTD | | | |
| Chile | **322,456** | -104,592 | | |
| Mexico | **85,783** | 156,095 | -45.0% | -38.5% |
| Peru | **41,344** | 84,716 | -51.2% | -50.7% |
| Uruguay | **3,333** | 3,459 | -3.6% | -10.0% |
| Protección | **125,644** | 172,335 | -27.1% | -27.1% |
| **Total** | **578,561** | 312,012 | 85.4% | 95.1% |

*Figures stated in COP millions*

## Net premiums

Net premiums corresponding to life insurance policies incorporating savings plans, 95% of which are held in an investment fund, rose by 23.7% at constant exchange rates on a year-on-year basis. Chile accounts for 91% of the total volume for this business.

| Net premiums - policies w/ savings plans | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| | YTD | | | |
| Chile | **233,253** | 199,564 | 16.9% | 21.5% |
| Mexico | **5,081** | 430 | | |
| Peru | **17,105** | 15,007 | 14.0% | 20.9% |
| **Total** | **255,440** | **215,001** | **18.8%** | **23.7%** |

*Figures stated in COP millions*

## Insurance margin: net premiums - reserves - claims + proceeds from investments

This indicator gauges the extent to which the insurance business contributes to the Company´s income statement which in this case shows a growth of 22.4% in terms of constant exchange rates.

Chile posted a growth of 25.4%, mainly due to an increase in sales of unit linked insurance compared to 2016.

The increase in claims totaling 56.0% was due to the amounts surrendered or withdrawn from the funds in which deposits (premiums) corresponding to the insurance product incorporating savings plans are invested.

| | YTD | | | |
|---|---|---|---|---|
| **Total insurance margin** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **17,256** | 14,305 | 20.6% | 25.4% |
| Mexico | **629** | (274) | | |
| Peru | **5,942** | 6,286 | -5.5% | 0.3% |
| **Total** | **23,826** | **20,317** | **17.3%** | **22.4%** |

*Figures stated in COP millions*

## Operating Expense

Operating expense came to COP 72,476 million (USD 25.1 million) for a growth of 13.7% at constant exchange rates, which is still lower than the growth recorded in operating revenues.

The main increases here at constant exchange rates were 20.6% in sales expense, 7.5% in deferred acquisition costs and 7.9% in administrative expense.

In Chile, the increase was due to a 34.3% increase in sales expense, specifically with sales personnel due to increases in both the number of number of employees and their fixed salaries and bonuses.

In Mexico, sales expense rose by 46%, mainly as a result of the increase in commissions paid to the sales force given higher production levels, as well as administrative expense which increased by 48.5%, due to brokerage fees rising by 166.2%, these paid to outside insurance agents for their services.

In Uruguay, the increase was mainly due to sales expense rising by 118.3% due to special sales incentives.

In Colombia, the increase was mainly due to the operating and administrative expense recorded by Sura Investment Management and SURA Real Estate, this corresponding to personnel expense with salaries increasing by 315.4% and bonuses by 537.3%.

| | YTD | | | |
|---|---|---|---|---|
| **Total Operating Expense** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **(35,739)** | (33,568) | 6.5% | 10.7% |
| Mexico | **(19,585)** | (16,616) | 17.9% | 47.7% |
| Peru | **(12,726)** | (16,759) | -24.1% | -19.4% |
| Uruguay | **(3,290)** | (2,037) | 61.5% | 62.1% |
| Colombia | **(1,137)** | (364) | 212.1% | 212.1% |
| **Total** | **(72,476)** | **(69,343)** | **4.5%** | **13.7%** |

** Information corresponding to SURA Investment Management and SURA Real Estate is included in Colombia´s voluntary pension segment*

## Net Income

The net loss for this account has risen by 66.7% at constant exchange rates, and although there has been a steady stream of fee and commission income and our total insurance margin has risen significantly, we have not been able to offset the growth in selling expense which is the prime contributor to this loss. Given the substantial levels of productivity on the part of our sales force and the increase in the segment´s net fund flow, selling expense is rising by 20.6%.

Also, since we are still a growing business, the growth in sales and administrative expense has outweighed the growth in revenues in some countries, especially since we have expanded our sales forces and opened up new lines of business for the purpose of supplementing our entire range of products.

| | YTD | | | |
|---|---|---|---|---|
| **Net Income** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **(1,162)** | 1.805 | | |
| Mexico | **281** | 643 | -56.4% | -45.3% |
| Peru | **(3,113)** | (6,146) | -49.3% | -46.3% |
| Uruguay | **(2,518)** | (1,697) | 48.4% | 48.9% |
| Protección | **2.495** | 3.455 | -27.8% | -27.8% |
| Colombia | **442** | (364) | | |
| **Total** | **(3,576)** | **(2,304)** | **55.2%** | **66.7%** |

*Figures stated in COP millions*
*Protección: Equity method applied to AFP Protección and AFP Crecer*
*Colombia: Including SURA Investment and SURA Real Estate*

## INSURANCE BUSINESS WITH PROTECCION

**Insurance segment - Protección** Q1 (January 1st to March 31st) 2017
**Main figures** (stated in COP millions)

| | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Fee and commission income | **102.5** | 772.3 | -86.7% | -86.1% |
| Other investment income | **5.8** | 3.5 | 65.7% | 83.8% |
| Other gains and losses at fair value | **-** | (0,0) | -100.0% | -100.0% |
| Income from legal reserve | **-** | - | | |
| Income (expense) via equity method | **35.6** | 3.5 | 913.7% | 913.7% |
| Other operating revenue | **711.2** | 532.7 | 33.5% | 59.5% |
| **Operating revenue** | **855.0** | **1,311.9** | **-34.8%** | **-28.2%** |
| Gross premiums | **130,635.4** | 77,209.2 | 69.2% | 94.7% |
| Premiums ceded to reinsurers | **(44,908,0)** | (18,119,0) | 147.9% | 187.0% |
| **Net premiums** | **85,727.4** | **59,090.2** | **45.1%** | **66.7%** |
| Income from reserve investments | **2,584.7** | 2,533.8 | 2.0% | 14.9% |
| Earnings at fair value from reserve investments | **(149,2)** | 527.7 | -128.3% | -129.7% |
| Claims | **(37,548,0)** | (44,613,3) | -15.8% | -6.4% |
| Movement in premium reserves | **(26,539,1)** | 7,424.1 | -457.5% | -447.4% |
| **Total insurance margin** | **24,075.8** | **24,962.5** | **-3.6%** | **10.8%** |
| | **-** | - | | |
| Selling expense | **(12,990,5)** | (16,277,6) | -20.2% | -6.7% |
| Deferred acquisition costs (DAC) | **20.0** | 917.3 | | |
| Operating and administrative expense | **(15,168,6)** | (14,999,6) | 1.1% | 9.2% |
| Wealth tax | **(0,1)** | (0,1) | -51.5% | -51.3% |
| **Total operating expense** | **(28,139,2)** | **(30,360,0)** | **-7.3%** | **4.5%** |
| | | | | |
| **Operating earnings** | **(3,208,4)** | **(4,085,6)** | **-21.5%** | **-20.1%** |
| Financial income | **(3,186,7)** | 55.5 | -5846.4% | -6282.9% |
| Financial expense | **(103,9)** | (205,5) | -49.5% | -44.8% |
| (Expense) income from financial derivatives | **21.2** | 28.8 | -26.3% | -23.4% |
| (Expense) income on exchange differences | **24.6** | 9.5 | 158.7% | 10.2% |
| **Earnings before income tax** | **(6,453,1)** | **(4,197,4)** | **53.7%** | **57.3%** |
| Income Tax | **4,029.5** | (136,5) | -3051.5% | -263419.4% |
| **Net income (losses) for the year** | **(2,423,6)** | **(4,333,9)** | **-44.1%** | **-41.0%** |

### Net premiums

Net premium revenues in Chile, Mexico and Peru reached COP 85.727 billion, (USD 29.7 million) for a year-on-year growth of 66.7% at constant exchange rates.

The increase in premiums in Peru was due to the income obtained from the disability and survivors insurance policy, as well as a new individual life insurance solution.

In Mexico, premiums increased on a higher volume of group insurance policies being written, thanks to the efforts of our sales staff. It is also important to note that group insurance is the latest addition to SURA Mexico´s value-added offering. Large-scale businesses here included Banobras, GobiernoSLP, Telecom, Hospital Civil de Gdl.

| | YTD | | | |
|---|---|---|---|---|
| Net premiums | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **23.564** | 22.249 | 5.9% | 10.1% |
| Mexico | **47.962** | 32.512 | 47.5% | 84.8% |
| Peru | **14.201** | 4.330 | 228.0% | 247.9% |
| **Total** | **85.727** | **59.090** | **45.1%** | **66.7%** |

*Figures stated in COP millions*

## Reserves

Reserves are higher than last year given the increase in premiums.

The increase in reserves in Mexico corresponds to a higher volume of written premiums as well as annualized premiums being recorded as of October 2016, which is why the figures are not completely comparable given the change in the methodology used.

Higher reserves were also set up in Peru given the new line of disability and survivors insurance and the fact that last year reserves were released on the products being run-off.

| | YTD | | | |
|---|---|---|---|---|
| Reserves | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **(58)** | 5.113 | | |
| Mexico | **(21,573)** | (3,752) | 475.0% | 620.4% |
| Peru | **(4,908)** | 6.063 | | |
| **Total** | **(26,539)** | **7.424** | | |

*Figures stated in COP millions*

## Retained claims

Retained claims fell by 6.4% year-on-year based on constant exchange rates

The decrease in Peru is explained by certain contracts expiring and high-loss business being run-off, especially the former disability and survivors insurance.

Mexico reported higher-than-estimated losses on its institutional business. The most salient of these being Scotiabank, Caja Morelia, OPCIPRES, INEA, BIMBO.

| | YTD | | | |
|---|---|---|---|---|
| Retained claims | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **(17,794)** | (20,086) | -11.4% | -7.9% |
| Mexico | **(16,975)** | (16,210) | 4.7% | 31.2% |
| Peru | **(2,779)** | (8,317) | -66.6% | -64.6% |
| **Total** | **(37,548)** | **(44,613)** | **-15.8%** | **-6.4%** |

*Figures stated in COP millions*

## Insurance Margin: net premiums - reserves - claims + proceeds from investments

This indicator, which measures the real contribution of the insurance business to our overall results, shows a 10.8% growth in constant exchange rates.

The decrease in Chile was due to having released reserves in 2016 and set up higher reserves 2017 given the amount of premiums being written.

The decrease in Mexico was due to having set up higher reserves.

The growth in Peru obeyed the amount of policies being written for this segment coupled with lower claims or losses.

| | YTD | | | |
|---|---|---|---|---|
| **Total Insurance Margin** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **7.194** | 7.948 | -9.5% | -5.9% |
| Mexico | **10.083** | 13.575 | -25.7% | -6.9% |
| Peru | **6.799** | 3.440 | 97.6% | 109.6% |
| **Total** | **24.076** | **24.963** | **-3.6%** | **10.8%** |

*Figures stated in COP millions*

## Operating Expense

While operating expense rose by 4.5% at constant exchange rates last year, this year selling expense has dropped by 6.7% at constant exchange rates with operating and administrative expenses also declining by 9.2%.

The increase in operating expense in Mexico was due to (i) selling expenses, rising by 44%, given a 61.2% increase in commissions paid to the sales force, this in keeping with the growth in written premiums; and (ii) administrative expenses increasing by 112.2%. The increase in administrative expenses was partly due to delinquent accounts being written off, as well as an increase in fines and sanctions for the late reporting of information to the regulatory authorities as well as an increase in the contributions made by our insurance companies to the National Insurance and Bonding Commission.

The drop in Chile was due to lower selling expense given lower bonuses and commissions paid to the sales force. In Peru it was mainly due to selling expense declining by 65.5% as well as operating and administrative expenses falling by 71.3%, mainly brokerage fees with a drop of 69.3% and administrative personnel expense with another 83.8%. In Uruguay, the decrease was mainly in selling expense, with salaries and compensation paid to the sales force dropping by 51.4%

| | YTD | | | |
|---|---|---|---|---|
| **Total Operating Expense** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **(9,550)** | (13,482) | -29.2% | -26.4% |
| Mexico | **(17,412)** | (13,656) | 27.5% | 59.7% |
| Peru | **(781)** | (2,705) | -71.1% | -69.4% |
| Uruguay | **(354)** | (473) | -25.3% | -25.0% |
| El Salvador | **(43)** | (44) | -1.8% | 9.2% |
| **Total** | **(28,139)** | **(30,360)** | **-7.3%** | **4.5%** |

*Figures stated in COP millions*

## Net Income

The accumulated net loss for this business has declined by 41% at constant exchange rates. Nevertheless, expenses continue to be higher than our insurance margin, since these new businesses are still at an incipient stage.

| | YTD | | | |
|---|---|---|---|---|
| Net Income | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **(3,534)** | (4,404) | -19.76% | -16.59% |
| Mexico | **(4,676)** | (577) | 709.96% | 914.81% |
| Peru | **6.029** | 908 | 563.8% | 604.1% |
| Uruguay | **(318)** | (303) | 5.0% | 5.4% |
| El Salvador | **44** | 39 | 13.9% | 26.6% |
| Protección | **31** | 4 | 778.0% | 778.0% |
| **Total** | **(2,424)** | **(4,334)** | **-44.1%** | **-41.0%** |

*Figures stated in COP millions*

## LIFE ANNUITY BUSINESS

**Life Annuity Segment** Q1 (January 1st to March 31st) 2017

**Main figures** (stated in COP millions)

| | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Other operating revenue | **120** | 43 | 182.9% | 202.3% |
| **Operating revenue** | **120** | **43** | **182.9%** | **202.3%** |
| Gross premiums | **271.816** | 425.681 | -36.1% | -31.1% |
| Premiums ceded to reinsurers | **225** | - | | |
| **Net premiums** | **272.040** | **425.681** | **-36.1%** | **-31.1%** |
| Income from reserve investments | **181.192** | 150.846 | 20.1% | 31.3% |
| Earnings at fair value from reserve investments | **9.642** | 34.846 | -72.3% | -70.7% |
| Claims | **(126,723)** | (109,034) | 16.2% | 26.9% |
| Movement in premium reserves | **(288,129)** | (431,422) | -33.2% | -27.8% |
| **Total insurance margin** | **48.022** | **70.917** | **-32.3%** | **-27.7%** |
| | **-** | - | | |
| Selling expense | **(3,471)** | (5,428) | -36.1% | -32.2% |
| Deferred acquisition costs (DAC) | **-** | - | | |
| Operating and administrative expense | **(22,094)** | (25,127) | -12.1% | -6.4% |
| Wealth tax | **-** | - | | |
| **Total operating expense** | **(25,565)** | **(30,555)** | **-16.3%** | **-11.0%** |
| **Operating earnings** | **22.577** | **40.404** | **-44.1%** | **-40.1%** |
| Financial income | **658** | 246 | 167.4% | 188.3% |
| Financial expense | **(307)** | (513) | -40.3% | -36.2% |
| (Expense) income from financial derivatives | **4.889** | 7.936 | -38.4% | -36.0% |
| (Expense) income on exchange differences | **(97)** | (2,616) | -96.3% | -96.2% |
| **Earnings before income tax** | **27.721** | **45.456** | **-39.0%** | **-34.8%** |
| Income Tax | **(7,685)** | (4,414) | 74.1% | 87.8% |
| **Net income (losses) for the year** | **20.035** | **41.042** | **-51.2%** | **-47.9%** |

## Net premiums

Net premium revenues in Chile, Mexico and Peru reached COP 272 billion, (USD 94.3 million) for a year-on-year decline of 31.1% at constant exchange rates. In Peru, the decline in written premiums has been due to the new legislation allowing for 95.5% of all pension funds to be withdrawn. This has led to the life annuity market shrinking by 46% (Q1 2017 vs. Q1 2016). However we maintain our 17% share of this market, ranking in third place in March.

The decrease in Chile was due to lower sales given the greater focus on the sales rate of this product; the decrease in Mexico, on the other hand, was for purely strategical reasons since we are now implementing outside sales advisory services which has reduced the activities of our own sales personnel, coupled with competition pressure from BBVA and Banorte, who have been locked in a price war since the beginning of this year.

| | YTD | | | |
|---|---|---|---|---|
| Net premiums | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **181,852** | 261,840 | -30.5% | -27.8% |
| Mexico | **52,276** | 81,098 | -35.5% | -19.2% |
| Peru | **37,912** | 82,743 | -54.2% | -51.4% |
| **Total** | **272,040** | **425,681** | **-36.1%** | **-31.1%** |

## Reserves

Reserves fell by 27.8% at constant exchange rates given the low growth in net premiums. The decline in Peru was caused by a lower volume of premiums being written compared to last year, given the passing of new legislation allowing the over 65s to withdraw up to 95.5% of their pension funds.

| | YTD | | | |
|---|---|---|---|---|
| Reserve Movements | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **(178,240)** | (265,820) | -32.9% | -30.3% |
| Mexico | **(80,030)** | (87,030) | -8.0% | 15.2% |
| Peru | **(29,858)** | (78,572) | -62.0% | -59.7% |
| **Total** | **(288,129)** | **(431,422)** | **-33.2%** | **-27.8%** |

## Retained claims

Retained claims rose by 26.9% at constant exchange rates compared to the same period last year. This increase was mainly obtained in Chile and Peru.

| | YTD | | | |
|---|---|---|---|---|
| Retained claims | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **(44,788)** | (32,442) | 38.1% | 43.5% |
| Mexico | **(23,114)** | (24,529) | -5.8% | 18.1% |
| Peru | **(58,821)** | (52,063) | 13.0% | 19.8% |
| **Total** | **(126,723)** | **(109,034)** | **16.2%** | **26.9%** |

## Insurance Margin: net premiums - reserves - claims + proceeds from investments

This indicator gauges the extent to which the life annuity business contributes to the Company´s income statement which in this case shows a decline of -27.7% based on constant exchange rates.

The decrease recorded was mainly due to the decrease in premiums along with an increase in claims

Mexico recorded a growth of 101.8 % due to higher returns on the investments underpinning reserves given a higher level of inflation compared to last year.

| | YTD | | | |
|---|---|---|---|---|
| **Total Insurance Margin** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **21,508** | 24,332 | -11.6% | -8.1% |
| Mexico | **10,314** | 6,402 | 61.1% | 101.8% |
| Peru | **16,200** | 40,182 | -59.7% | -57.2% |
| **Total** | **48,022** | **70,917** | **-32.3%** | **-27.7%** |

## Operating Expense

Operating expenses decreased by 11.0% at constant exchange rates so far this year, mainly due to decreases of 32.2% in selling expense and 6.4% in administrative expense.

The decrease in Peru was mainly recorded in the administrative expense account, given reflected in lower impairment expense on its investment portfolio, which decreased by 75.8% (COP 3,412.1).

| | YTD | | | |
|---|---|---|---|---|
| **Total Operating Expense** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **(9,915)** | (10,629) | -6.7% | -3.0% |
| Mexico | **(1,549)** | (2,024) | -23.4% | -4.1% |
| Peru | **(14,101)** | (17,902) | -21.2% | -16.4% |
| **Total** | **(25,565)** | **(30,555)** | **-16.3%** | **-11.0%** |

## Net Income

Net income for this business has declined by 47.9% at constant exchange rates so far this year, given a lower volume of premiums being written.

| | YTD | | | |
|---|---|---|---|---|
| **Net Income** | **Q1 2017** | **Q1 2016** | **% Change** | **% Change excl. foreign exchange effects** |
| Chile | **11,653** | 13,457 | -13.4% | -10.0% |
| Mexico | **5,959** | 3,451 | 72.6% | 116.3% |
| Peru | **2,423** | 24,133 | -90.0% | -89.3% |
| **Total** | **20,035** | **41,042** | **-51.2%** | **-47.9%** |

These assets belong to a total of 151,294 clients in Latin America, broken down as follows:

| Insurance policy-holders (in thousands) | Q1 2017 | Q1 2016 | % Change |
|---|---|---|---|
| Chile | 43.0 | 44.5 | -3.3% |
| Mexico | 48.2 | 60.8 | -20.7% |
| Peru | 56.3 | 59.8 | -5.9% |
| Uruguay | 0.1 | 0.0 | |
| Protección | 2.7 | 2.3 | 18.1% |
| El Salvador | 1.0 | 1.3 | -25.4% |
| **Total** | 151.3 | 168.7 | -10.3% |

*Including holders of life annuities and insurance policies with Protección as well as insurance policies incorporating savings plans and mortgages*

The decline in Mexico and El Salvador is due to having debugged the client data bases and consolidated the CRM information

## CORPORATE SEGMENT

**CORPORATE SEGMENT**
**Main figures**

Q1 (January 1st to March 31st) 2017
(stated in COP millions)

| | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Fee and commission income | 211 | 256 | -17.6% | -12.6% |
| Other investment income | 165 | 6.792 | -97.6% | -97.0% |
| Other gains and losses at fair value | 20 | - | | |
| Income from legal reserve | - | - | | |
| Income (expense) via equity method | (10) | 21 | -146.0% | -146.0% |
| Other operating revenue | 196 | 413 | -52.6% | -43.2% |
| **Operating revenue** | **582** | **7.482** | **-92.2%** | **-90.4%** |
| | | | | |
| Operating and administrative expense | **(54,847)** | **(60,341)** | **-9.1%** | **-4.0%** |
| Wealth tax | (21,859) | (56,355) | -61.2% | -61.2% |
| **Total operating expense** | **(76,706)** | **(116,695)** | **-34.3%** | **-32.4%** |
| | | | | |
| **Operating earnings** | **(76,124)** | **(109,213)** | **-30.3%** | **-29.2%** |
| Financial income | 5.978 | 841 | 611.1% | 604.9% |
| Financial expense | (44,052) | (33,473) | 31.6% | 40.0% |
| (Expense) income from financial derivatives | 9.245 | 13.315 | -30.6% | -30.6% |
| (Expense) income on exchange differences | 12.250 | 18.564 | -34.0% | -35.9% |
| **Earnings before income tax** | **(92,703)** | **(109,967)** | **-15.7%** | **-12.3%** |
| Income Tax | (9,622) | (5,134) | 87.4% | 63.9% |
| **Net income (losses) for the year** | **(102,325)** | **(115,101)** | **-11.1%** | **-8.3%** |

## Operating Expense

Operating expense declined by 32.4% at constant exchange rates for Q1 2017

The Corporate segment in Colombia represents the lion´s share of this expense, given the wealth tax and surtaxes recorded in this account for a value of COP 21,859 million (USD 7.6 million), for a drop of 61.2%, all of which was posted in Q1 2016

In Chile, Mexico and Peru, these expenses were mainly due to amortizations of intangibles, specifically client relations and corporate personnel expenses in Chile and Mexico.

Amortized intangibles came to COP 27,788,7 million (USD 9.5 million), for an increase of 2.1% at constant exchange rates. Were we to exclude the amount of amortizations, operating expense would have come to COP 48,917 million (USD 17.0 million)

| | YTD | | | |
|---|---|---|---|---|
| Operating Expense | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **(13,583)** | (15,172) | -10.5% | -6.9% |
| Mexico | **(8,121)** | (10,004) | -18.8% | 1.7% |
| Peru | **(9,030)** | (8,829) | 2.3% | 8.5% |
| Uruguay | **(2,288)** | (1,943) | 17.8% | 18.2% |
| Corporate and Others | **(43,684)** | (80,747) | -45.9% | -45.9% |
| **Total** | **(76,706)** | **(116,695)** | **-34.3%** | **-32.4%** |

*Figures stated in COP millions*

## Net Income

The loss in this segment declined by 8.3% at constant exchange rates, mainly due to lower wealth tax.

It is worthwhile noting the gains obtained from financial derivatives as well as the favorable exchange differences produced by the appreciation of local currencies over recent months.

Financial expense also rose on higher debt, as recorded in the corporate segment.

The decrease in Chile was due to the exchange rate expense recorded in 2016.

Were we to exclude the expense corresponding to the amortization of intangibles, the overall loss would have come to USD 74,536 million (USD 25.5 million)

| | YTD | | | |
|---|---|---|---|---|
| Net income Income | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
| Chile | **(5,183,6)** | (26,642,0) | -80.5% | -79.8% |
| Mexico | **(5,911,3)** | (398,7) | | |
| Peru | **(6,661,6)** | (6,538,5) | 1.9% | 8.1% |
| Uruguay | **(1,784,9)** | (1,345,4) | 32.7% | 33.1% |
| Corporate and Others | **(82,783,7)** | (80,176,4) | 3.3% | 6.0% |
| **Total** | **(102,325,1)** | **(115,100,9)** | **-11.1%** | **-8.3%** |

*Figures stated in COP millions*

## RECURRING NET INCOME:

The following table in no way portrays the actual financial statements of SURA Asset Management but rather helps to demonstrate the effect of non-recurring items on the Company´s net income.

The figures for each year are based on the exchange rates applicable for said periods.

| *In millions of US dollars* | 2012 | 2013 | 2014 | 2015 | Year-End 2016 | Q1 2017 | Q1 2016 |
|---|---|---|---|---|---|---|---|
| **Net income - IFRS** | 336.8 | 238.2 | 204.7 | 183.2 | 202.3 | **59.3** | **41.4** |
| Minority interest | -134.2 | -5.2 | -3.9 | -5.7 | -7.8 | **-0.8** | **-2.2** |
| **Net income - IFRS (excl. minority interest)** | **202.7** | **233.0** | **200.9** | **177.5** | **194.5** | **58.5** | **39.2** |
| **Adjustments for non-recurring expense** | | | | | | | |
| Wealth tax payable on the part of SURA AM - Colombia | | | | -23.3 | -18.6 | **-7.5** | **-17.4** |
| Dividends - Protección | | | 17.4 | | | | |
| Impact of wealth tax on equity method applied to Protección | | | | -2.5 | -2.0 | **-1.7** | **-1.9** |
| Issue of international bonds | | | -11.0 | | | | |
| Bank Guarantee | | -33.2 | | | | | |
| Reversal of provision set up by Sura-AM Colombia | | | | 23.2 | | | |
| **Recurring net income - IFRS** | **202.7** | **266.2** | **194.5** | **180.2** | **215.1** | **67.8** | **58.5** |
| **Non-cash items** | | | | | | | |
| Amortization of Intangibles (ING and Invita) | -52.9 | -54.5 | -54.5 | -41.2 | -34.4 | **-9.4** | **-9.1** |
| Deferred tax on intangibles (ING and Invita) | 13.9 | 14.3 | -14.0 | 19.7 | 4.1 | **2.6** | **2.5** |
| Amortization of intangibles (Horizonte) | | -5.8 | -8.79 | -7.14 | -6.85 | **-1.75** | **-1.69** |
| Deferred tax on intangibles (Horizonte) | | 1.7 | 2.6 | 2.0 | 1.9 | **0.5** | **0.5** |
| Income (expense) on exchange difference | -3.3 | 37.4 | 10.1 | 25.2 | 1.1 | **2.2** | **4.5** |
| Income (expense) from derivatives | 0.0 | 0.0 | -26.2 | -30.0 | 17.6 | **4.9** | **6.6** |
| **Net income after non-recurring and non-cash items** | **245.0** | **273.1** | **285.3** | **211.7** | **231.6** | **68.7** | **55.2** |
| Returns on legal reserve* | 84.1 | 30.8 | 75.6 | 27.2 | 30.5 | **27.7** | **2.2** |
| **Net income after non-recurring and non-cash items - EXCL RESERVE RQMT** “Excluding Protección´s legal reserve | **160.9** | **242.3** | **209.7** | **184.5** | **201.1** | **41.1** | **53.0** |
| Equity | 3,935.3 | 3,927.8 | 3,729.3 | 2,875.0 | 2,832.0 | **2,887.2** | **2,884.7** |
| Legal reserve | | 486.0 | 678.9 | 617.2 | 647.6 | **707.4** | **670.6** |
| **Equity excl. legal reserve** | **3,935.3** | **3,441.8** | **3,050.4** | **2,257.8** | **2,184.4** | **2,179.8** | **2,214.1** |
| **Return on equity excl. legal reserve** | **4.1%** | **7.0%** | **6.9%** | **8.2%** | **9.2%** | **8.7%** | **8.3%** |
| **Return on legal reserve** | | **6.3%** | **11.1%** | **4.4%** | **4.7%** | **7.9%** | **1.7%** |

## ANNEX

### EBITDA per Individual Business (in COP million)

| EBITDA - Mandatory Pension Business | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange |
|---|---|---|---|---|
| Chile | **149,546.3** | 96,897.8 | 54.3% | 60.4% |
| Mexico | **99,984.3** | 97,927.5 | 2.1% | 27.9% |
| Peru | **66,706.1** | 70,581.4 | -5.5% | 0.3% |
| Uruguay | **13,697.1** | 13,249.6 | 3.4% | 3.8% |
| Protección | **31,325.1** | 21,231.2 | 47.5% | 47.5% |
| **Total** | **361,259.0** | **299,887.6** | **20.5%** | **32.6%** |
| Legal reserve | **80,418.8** | 6,596.4 | | |
| **EBITDA (excl. reserve rqmt)** | **280,840.2** | **293,291.2** | **-4.2%** | **5.4%** |

| EBITDA - Voluntary Pension Business | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Chile | **26.9** | 1,592.9 | -98.3% | -98.2% |
| Mexico | **501.9** | 635.2 | -21.0% | -1.0% |
| Peru | **(2,404.5)** | (7,182.0) | -66.5% | -64.5% |
| Uruguay | **(2,377.2)** | (1,555.1) | 52.9% | 53.4% |
| Protección | **3,277.5** | 3,090.6 | 6.0% | 6.0% |
| **Total** | **(975.5)** | **(3,418.4)** | **-71.5%** | **-69.4%** |

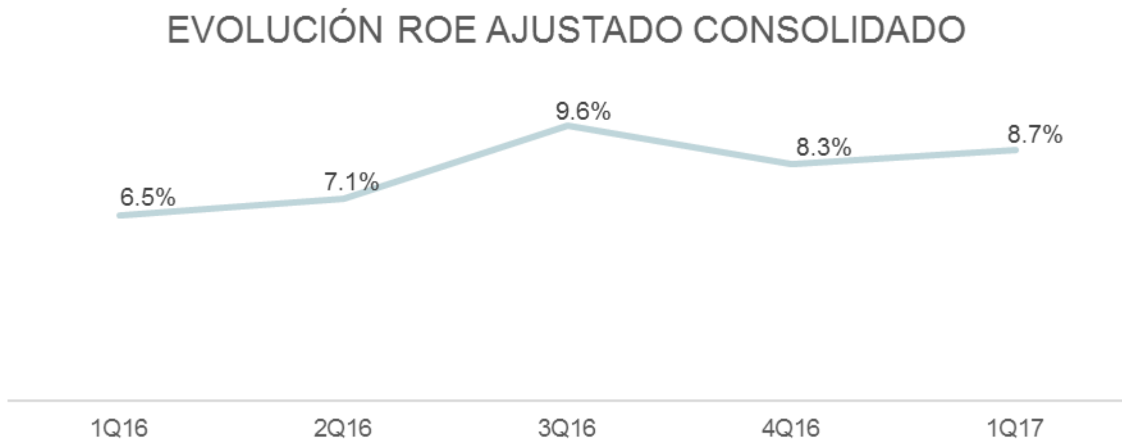
| EBITDA Insurance Business - incl. Protección | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Chile | **(4,887.8)** | (4,229.0) | 15.6% | 20.1% |
| Mexico | **(6,377.1)** | 393.0 | | |
| Peru | **6,056.0** | 812.1 | 645.8% | 691.1% |
| Uruguay | **(316.2)** | (422.9) | -25.2% | -25.0% |
| Corredora Salvador | **58.3** | 50.2 | 16.1% | 16.5% |
| Protección | **30.8** | 3.5 | 778.0% | 778.0% |
| Total | **(5,436.0)** | **(3,393.1)** | **60.2%** | **61.9%** |

| EBITDA Life Annuities | Q1 2017 | Q1 2016 | % Change | % Change excl. foreign exchange effects |
|---|---|---|---|---|
| Chile | **12,139.2** | 14,078.5 | -13.8% | -10.4% |
| Mexico | **8,821.7** | 4,415.3 | 99.8% | 150.3% |
| Peru | **3,240.8** | 23,062.3 | -85.9% | -85.1% |
| Total | **24,201.7** | 41,556.2 | -41.8% | -37.6% |

# ROE

Sura Asset Management's consolidated ROE came to 7.6%. If we were to adjust net income by unwinding the amortization of intangible assets, ROE would have come to 8.7%

The pension fund management firms in the various countries are producing positive returns, given the maturity and robustness of their respective businesses. On the other hand, some life insurance companies and mutual fund management firms are still producing negative returns, since they are so new and still at an incipient stage.




| Sector | Company | Country | ROE |
|---|---|---|---|
| Pension fund management firms | AFP Capital | Chile | 17.2% |
| | AFORE SURA | Mexico | 19.3% |
| | AFP Integra | Peru | 19.4% |
| | AFAP SURA | Uruguay | 54.0% |
| | AFP Proteccion | Colombia | 22.4% |

*ROE corresponding to Chile, Mexico and Peru has been adjusted for the amortization of intangible assets*

| Sector | Company | Country | ROE |
|---|---|---|---|
| Voluntary pensions | Administradora General de Fondos S.A. | Chile | 32.1% |

| Sector | Company | Country | ROE |
|---|---|---|---|
| Insurance & Life Annuities | Life Insurance | Chile | 5.4% |
| | Life Insurance | Mexico | 0.5% |
| | SURA Pensions | Mexico | 36.0% |
| | SURA Insurance | Peru | 14.9% |
| | Insurance Brokerage Firm | El Salvador | 43.9% |

## AUM Performance Comparison - SURA versus the Rest of the Industry

| Chile | AUM - SURA | AUM - The Rest of the Industry | Market Share | Position / Total | YoY Growth - SURA | YoY Growth - The Rest | 5-YR CAGR - SURA | 5-YR CAGR - The Rest |
|---|---|---|---|---|---|---|---|---|
| Mandatory Pension Funds | **33,185** | 167,406 | **19.8%** | 4 / 6 | **4.4%** | 6.5% | **8.3%** | 10.6% |
| Voluntary Pension Funds | **890** | 6,424 | **13.8%** | 3 / 6 | **2.6%** | 4.6% | **1.1%** | 10.5% |
| Life Insurance | **992** | 4,882 | **20.3%** | 1 / 17 | **25.4%** | 19.1% | **26.6%** | 22.2% |
| Life Annuities | **1,247** | 39,695 | **3.1%** | 9 / 17 | **38.3%** | 11.4% | **110.0%** | 11.2% |
| FFMM | **1,833** | 47,316 | **3.9%** | 9 / 18 | **25.1%** | 9.6% | **30.1%** | 11.8% |
| Banking | **-** | 136,138 | **0.0%** | 0 / 24 | **N/A** | 4.4% | **N/A** | 9.0% |
| **Total** | **38,147** | **401,861** | **9.5%** | 4 / 37 | **6.6%** | **6.7%** | **10.2%** | **12.0%** |

AUM in the case of Insurance and Annuities correspond to reserves; in the case of Banking these are term deposits and savings accounts
CAGR: Compound average growth rate In the case of Annuities, CAGR is calculated from when the product was launched 45 months ago

| Mexico | AUM - SURA | AUM - The Rest | Market Share | Position / Total | YoY Growth - SURA | YoY Growth - The Rest | 5-YR CAGR - SURA | 5-YR CAGR - The Rest |
|---|---|---|---|---|---|---|---|---|
| Mandatory Pension Funds | **19,818** | 130,255 | **15.2%** | 3 / 11 | **9.9%** | 8.1% | **14.2%** | 13.4% |
| Voluntary Pension Funds | **240** | 4,045 | **5.9%** | 4 / 11 | **37.5%** | 20.4% | **46.8%** | 27.2% |
| Life Insurance | **20** | 23,292 | **0.1%** | 27 / 40 | **175.2%** | 16.4% | **36.8%** | 13.9% |
| Life Annuities | **476** | 11,462 | **4.2%** | 6 / 9 | **19.6%** | 9.1% | **15.1%** | 11.8% |
| FFMM | **2,109** | 98,182 | **2.1%** | 10 / 28 | **21.0%** | 5.3% | **14.4%** | 7.9% |
| Banking | **0** | 75,508 | **0.0%** | 0 / 39 | **N/A** | 8.0% | **N/A** | 5.3% |
| **Total** | **22,663** | **342,743** | **6.6%** | 6 / 78 | **11.3%** | **8.0%** | **16.7%** | **19.2%** |

Voluntary pensions include social security funds
* AUM in the case of Insurance and Annuities correspond to reserves; in the case of Banking these are term deposits and savings accounts
*Voluntary pensions include social security funds
CAGR: Compound average growth rate In the case of Mandatory Funds, CAGR is calculated from when the product was launched 45 months ago.

| Uruguay | AUM - SURA | AUM - The Rest | Market Share | Position / Total | YoY Growth - SURA | YoY Growth - The Rest | 5-YR CAGR - SURA | 5-YR CAGR - The Rest |
|---|---|---|---|---|---|---|---|---|
| Mandatory Pension Funds | **2,204** | 12,377 | **17.8%** | 2 / 4 | **13.4%** | 14.6% | **18.3%** | 18.6% |
| FFMM | **0** | 312 | | | | 6.4% | | 16.4% |
| Banking | **0** | 507 | | | | 51.1% | | 46.7% |
| **Total** | **48** | 48 | | | **81.5%** | 81.5% | **146.2%** | 146.2% |

CAGR: Compound average growth rate In the case of Mandatory Funds, CAGR is calculated from when the product was launched 45 months ago

| El Salvador | AUM - SURA | AUM - The Rest | Market Share | Position / Total | YoY Growth - SURA | YoY Growth - The Rest | 5-YR CAGR - SURA | 5-YR CAGR - The Rest |
|---|---|---|---|---|---|---|---|---|
| Mandatory Pension Funds | **4,384** | 9,315 | **47.1%** | 2 / 2 | **8.2%** | 7.8% | **9.0%** | 8.5% |
| Banking | **0** | **7,499** | | 0/13 | **N/A** | **3.9%** | **N/A** | **2.3%** |
| **Total** | **4,384** | **16,814** | **26.1%** | 2 / 14 | **9.9%** | **6.1%** | **9.0%** | **5.5%** |

| Peru | AUM - SURA | AUM - The Rest of the Industry | Market Share | Position / Total | YoY Growth - SURA | YoY Growth - The Rest | 5-YR CAGR - SURA | 5-YR CAGR - The Rest |
|---|---|---|---|---|---|---|---|---|
| Mandatory Pension Funds | **16,139** | 40,350 | **40.0%** | 1 / 4 | **8.5%** | 9.7% | **17.1%** | 10.7% |
| Voluntary Pension Funds | **95** | 280 | **34.0%** | 2 / 4 | **57.5%** | 55.9% | **18.0%** | 11.3% |
| Life Insurance | **98** | 705 | **13.9%** | 3 / 9 | **13.5%** | 15.5% | **20.7%** | 21.6% |
| Life Annuities | **1,177** | 5,747 | **20.5%** | 3 / 7 | **4.9%** | 6.5% | **12.9%** | 15.8% |
| FFMM | **384** | 7,556 | **5.1%** | 5 / 8 | **53.8%** | 20.2% | **18.2%** | 13.1% |
| Banking | **-** | 43,907 | **0.0%** | 0 / 16 | **N/A** | -0.8% | **N/A** | 10.4% |
| Municipal and rural savings banks | | | | | | | | |
| **Total** | **17,892** | **98,544** | **18.2%** | 3 / 26 | **9.1%** | **5.3%** | **16.9%** | **11.1%** |

AUM corresponding to the Insurance and Annuity business consist of reserves;

| Colombia | AUM - SURA | AUM - The Rest of the Industry | Market Share | Position / Total | YoY Growth - SURA | YoY Growth - The Rest | 5-YR CAGR - SURA | 5-YR CAGR - The Rest |
|---|---|---|---|---|---|---|---|---|
| Mandatory Pension Funds | **23,007** | 63,561 | **36.2%** | 2 / 4 | **13.7%** | 14.3% | **12.4%** | 12.9% |
| Voluntary Pension Funds | **2,012** | 5,553 | **36.2%** | 1 / 9 | **15.9%** | 12.3% | **10.6%** | 7.6% |
| Severance Funds | **1,169** | 3,078 | **38.0%** | 2 / 4 | **13.5%** | 12.9% | **10.2%** | 10.2% |
| Life Insurance | **0** | 823 | **0.0%** | 0 / 18 | **N/A** | 12.6% | **N/A** | 15.7% |
| Life Annuities | **0** | 3,655 | **0.0%** | 0 / 10 | **N/A** | 122.9% | **N/A** | 15.5% |
| FFMM | **0** | 22,313 | **0.0%** | 0 / 38 | **N/A** | 17.2% | **N/A** | 13.1% |
| Banking | **0** | **95,129** | **0.0%** | 0 / 23 | **N/A** | **14.3%** | **N/A** | **14.6%** |
| **Total** | **26,187** | **194,111** | **13.5%** | 2 / 26 | **13.9%** | **14.7%** | **23.6%** | **13.6%** |

* AUM in the case of voluntary pension funds include trust funds

## Accounting Equivalences - Income Statement

The following is a glossary of accounts reported by Grupo Sura in its Consolidated Income Statements and their equivalences as reported by SURA Asset Management

| GRUPO SURA's CONSOLIDATED INCOME STATEMENT | SURA AM´s CONSOLIDATED INCOME STATEMENT |
|---|---|
| Written premiums | Gross premiums |
| Ceded premiums | Premiums ceded to reinsurers |
| **Retained premiums (net)** | **Net premiums** |
| Commission income | Fee and commission income |
| Revenues on services rendered | Other operating revenue |
| Dividends* | Other investment income + net realized gains and losses on available-for-sale financial assets + revenues from investments underpinning insurance reserves + financial income* |
| Investment income * | Other investment income + net realized gains and losses on available-for-sale financial assets + revenues from investments underpinning insurance reserves + financial income* |
| Gains (losses) at fair value | Other gains and losses at fair value + gains and losses on investments underpinning insurance reserves + income from legal reserves + (expense) income from financial derivatives* |
| Gains (losses) via equity method from subsidiaries | Income (expense) via equity method |
| Gains (losses) on sale of investments* | Other investment income + net realized gains and losses on available-for-sale financial assets + revenue from investments underpinning insurance reserves + financial income* |
| Income on investment properties* | Other investment income + net realized gains and losses on available-for-sale financial assets + revenue from investments underpinning insurance reserves + financial income* |
| Other income | Other operating revenue |
| **Total revenues** | |
| | |
| Total claims | |

| | |
|---|---|
| Reimbursed claims | |
| **Retained claims** | Claims |
| Net production reserves | Movement in premium reserves |
| Cost of services rendered | Total operating expense * |
| Administrative expense * | Total operating expense * |
| Employee benefits * | Total operating expense * |
| Fees * | Total operating expense * |
| Brokerage commissions | Total operating expense * |
| Amortizations | Total operating expense * |
| Depreciation | Total operating expense * |
| Other expense | Total operating expense * |
| Interest | Financial expense |
| Exchange difference (net) | (Expense) income on exchange differences |
| Impairment * | Total operating expense * |
| **Total expense** | |
| | |
| **Earnings (losses) before tax** | |
| Income tax | Income Tax |
| **Earnings (losses), net** | **Net income (losses) for the year** |
| Earnings (losses) - parent company | Controlling interest |
| Earnings (losses) - non-controlling interest | Non-controlling interest |

* Items are not reconciled on an individual basis, but rather as groups of several items, such as

| | |
|---|---|
| Dividends + Investment income + Gains (losses) on sales of investments + Income from investment properties. | Other investment income + net realized gains and losses on available-for-sale financial assets + revenues from investments underpinning insurance reserves + financial income |
| Cost of services rendered + Administrative expense + Employee benefits + Fees + Brokerage Commissions + Amortizations + Depreciation + Other expense + Impairment | Total operating expense |

## SURA ASSET MANAGEMENT: Statement of Comprehensive Income and Sub-Consolidated Statement of Financial Position (Grupo Sura Format)

**SURA Asset Management S.A.**
**Statement of Comprehensive Income**

From January 1st to March 31st
(stated in COP millions)

| | Mar 2017 | Mar 2016 | % Change |
|---|---|---|---|
| Written premiums | **658,322** | 719,260 | -8.5% |
| Ceded premiums | **(45,114)** | (19,488) | 131.5% |
| **Retained premiums (net)** | **613,208** | **699,772** | -12.4% |
| Commission income | **457,664** | 484,834 | -5.6% |
| Revenues on services rendered | **93** | 182 | -48.7% |
| Dividends | **1,987** | 4,583 | -56.6% |
| Investment income | **387,871** | 204,718 | 89.5% |
| Equity method - Associates | **40,657** | 27,638 | 47.1% |
| Other income | **1,375** | 405 | 239.2% |
| Exchange difference (net) | **6,395** | 14,749 | -56.6% |
| **Total revenues** | **1,509,251** | **1,436,881** | **5.0%** |
| | | | |
| Total claims | **(286,418)** | (235,128) | 21.8% |
| Reimbursed claims | **0** | 0 | 0.0% |
| **Retained claims** | **(286,418)** | **(235,128)** | 21.8% |
| Adjustments to reserves | **(518,003)** | (515,349) | 0.5% |
| Cost of services rendered | **0** | 0 | 0.0% |
| Administrative expense | **(330,901)** | (367,406) | -9.9% |
| Brokerage commissions | **(46,980)** | (51,934) | -9.5% |
| Fees | **(14,721)** | (16,451) | -10.5% |
| Other expense | **0** | 0 | 0.0% |
| Interest | **(45,287)** | (36,137) | 25.3% |
| Impairment | **(444)** | (4,799) | -90.8% |
| **Total expense** | **(1,242,755)** | **(1,227,204)** | **1.3%** |
| | | | |
| **Earnings before tax** | **266,496** | **209,677** | **27.1%** |
| Income tax | **(93,256)** | (75,165) | 24.1% |
| **Net Income** | **173,239** | **134,512** | **28.8%** |
| Earnings - parent company | **171,028** | 127,401 | 34.2% |
| Earnings - non-controlling interest | **2,211** | 7,111 | -68.9% |

**SURA Asset Management S.A.**
**Statement of Financial Position**

At march 31st 2017 and year-end 2016
(stated in COP millions)

| | Mar 2017 | Dec 2016 | % Change |
|---|---|---|---|
| Cash and cash equivalents | 355,450 | 300,591 | 18.3% |
| Investments | 15,950,505 | 15,437,244 | 3.3% |
| Accounts receivable | 842,169 | 627,939 | 34.1% |
| Technical insurance reserves - reinsurers | 76,884 | 58,101 | 32.3% |
| Current tax | 183,572 | 232,179 | -20.9% |
| Deferred tax | 188,868 | 213,838 | -11.7% |
| Other assets | 89,247 | 545,745 | -83.6% |
| Investment properties | 959,429 | 984,376 | -2.5% |
| Property, plant and equipment | 172,589 | 174,593 | -1.1% |
| Goodwill | 3,936,106 | 3,928,830 | 0.2% |
| Identified intangible assets | 3,218,177 | 3,221,492 | -0.1% |
| Investments in associates | 1,043,651 | 1,084,299 | -3.7% |
| **Total assets** | **27,016,647** | **26,809,228** | **0.8%** |
| Other financial liabilities | 1,603,063 | 2,082,504 | -23.0% |
| Technical reserves | 12,982,783 | 12,561,262 | 3.4% |
| Provisions for employee benefits | 86,127 | 129,084 | -33.3% |
| Other provisions | 25,124 | 22,715 | 10.6% |
| Accounts payable | 958,648 | 419,532 | 128.5% |
| Current tax | 153,228 | 189,438 | -19.1% |
| Issued securities | 1,472,118 | 1,512,427 | -2.7% |
| Other non-financial liabilities | 61,040 | 67,103 | -9.0% |
| Deferred tax | 1,343,189 | 1,327,223 | 1.2% |
| **Total liabilities** | **18,685,320** | **18,311,286** | **2.0%** |
| Equity attributable to the owners of the parent company | 8,141,165 | 8,308,695 | -2.0% |
| Non-controlling interest | 190,162 | 189,247 | 0.5% |
| **Total equity** | **8,331,327** | **8,497,942** | **-2.0%** |
| **Total equity and liabilities** | **27,016,647** | **26,809,228** | **0.8%** |