



# Q2 2018

**QUARTERLY EARNINGS REPORT**  
**GRUPO SURA**



**GRUPO SURA (BVC: GRUPOSURA - PFGRUPSURA) increased its net income by 8.6% for the first half of this year and 64.8% for the quarter, thanks to the operating results and a favorable foreign exchange effect.**

August 14, 2018 Grupo de Inversiones Suramericana - Grupo SURA, has released its earnings report for the first half of 2018, the highlights of which are as follows:

**Consolidated revenues reflect the strategic decisions adopted by the Company as well as the current volatility of the financial markets**, with total revenues amounting to COP 9.6 trillion showing a drop of 3.2% given declines with retained premiums (-8.6%) and investment income (-25.6%).

**Total expenses continue to fall** and are now standing at COP 8.7 trillion (for a decline of 4.2%), thanks to improved revenues on positive levels of operating performance.

**Consolidated net income reached COP 691,914 million (+8.6%)** on a YTD basis and COP 381,761 million (+ 64.8%) for the quarter.

**SURA Asset Management posted COP 291,031 million in net income (+ 15.7%)**, this due to:

A good level of operating performance:

- Commission income continued on an uptrend for a 7.9% growth in local currency, with increases of 6.8% and 17.1% for its mandatory and voluntary pension lines of business respectively.
- Operating expense dropped 0.3% in local currency, mainly due to the amount of non-recurring expense posted in 2017.

Net income was mainly affected by lower returns obtained from the Company's legal reserves on its mandatory pension business, which saw a decline of 85.8% along with lower revenues obtained via the equity method (AFP Protection) which also fell by 34% given this same effect

On the other hand, there was a favorable foreign exchange effect, which went from COP -33,340 million to COP 7,670 million

Lower income tax was due to less deferred tax accruing on lower returns from the Company's legal reserves.

**Suramericana produced a net income of COP 259,292 million (-11%)** due to:

A good level of operating performance which drove up the Company's technical result by 8.5%:

- Retained earned premiums rose by 0.5%, given the decision to adopt a more moderate profile in terms of the Company's long-term risk exposure with its branch of social security insurance.
- The health care segment continued to do well driving revenues from services rendered growth of 24.8% which was well above the 19.9% in its related cost.
- The retained claims rate went from 55.6% to 54.4% for an improvement of 120 bp.

Administrative expenses remained well controlled having increased by just 2.4% which was lower than the current level of inflation throughout the region.

Investment income was adversely affected by lower inflation in Colombia as well as the current volatility on the capital markets, having dropped by 10.6%.

Higher taxes due to non-recurring deferred taxes in 2017: the tax rate used to calculate the tax provision on the Company's catastrophic reserve was updated in 2017, triggering a one-time freeing up of this reserve.

**Grupo Sura (Holding Company) and other subsidiaries contributed to the final consolidated net income figure with COP 142,041 million (+50.4%), thanks to:**

- Lower administrative expenses (-48.1%), given non-recurring expense accruing in 2017.
- Positive foreign exchange effect accounting for COP 74,419 million having gone from COP -93,480 million to COP -19,061 million.
- Drop in the amount of revenues received via the equity method (-8.3%), mainly due to lower quarterly earnings on the part of Bancolombia and Grupo Argos.

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*All figures in this report are shown in millions of Colombian pesos unless otherwise stated. Figures stated in dollars were converted to Colombian pesos using the exchange rate applicable at the end of Q2 2017 (COP 2,930.80 per USD), this as a restatement exercise only.*

# 1. Grupo SURA

## Grupo de Inversiones Suramericana S.A.

### Consolidated Statement of Comprehensive Income

(stated in millions of Colombian pesos)

	Jun-2018	Jun-2017	%Var	Q2 2018	Q2 2017	%Var
Written premiums	6,316,897	6,826,547	-7.5%	3,235,292	3,729,643	-13.3%
Ceded premiums	(1,028,678)	(1,040,916)	-1.2%	(658,046)	(676,612)	-2.7%
<b>Retained premiums (net)</b>	<b>5,288,219</b>	<b>5,785,631</b>	<b>-8.6%</b>	<b>2,577,245</b>	<b>3,053,031</b>	<b>-15.6%</b>
Commission income	1,218,903	1,122,684	8.6%	608,146	574,861	5.8%
Revenues from services rendered	1,617,185	1,333,583	21.3%	844,814	689,643	22.5%
Dividends	3,747	11,256	-66.7%	3,072	2,164	42.0%
Investment income	843,467	1,133,623	-25.6%	557,725	594,376	-6.2%
Equity method - Associates	454,397	515,910	-11.9%	246,841	263,485	-6.3%
Other revenues	129,959	178,588	-27.2%	73,241	92,925	-21.2%
Exchange difference (net)	69,662	(132,802)		(49,525)	(191,135)	-74.1%
<b>Total revenues</b>	<b>9,625,539</b>	<b>9,948,473</b>	<b>-3.2%</b>	<b>4,861,560</b>	<b>5,079,349</b>	<b>-4.3%</b>
Total claims	(3,986,340)	(3,901,483)	2.2%	(2,081,405)	(1,954,026)	6.5%
Reimbursed claims	889,206	849,645	4.7%	535,357	369,372	44.9%
<b>Retained claims</b>	<b>(3,097,135)</b>	<b>(3,051,839)</b>	<b>1.5%</b>	<b>(1,546,048)</b>	<b>(1,584,654)</b>	<b>-2.4%</b>
Adjustments to reserves	(355,678)	(1,086,853)	-67.3%	(96,071)	(593,203)	-83.8%
Cost of services rendered	(1,508,193)	(1,268,797)	18.9%	(787,639)	(655,621)	20.1%
Administrative expense	(1,718,547)	(1,735,774)	-1.0%	(865,648)	(869,020)	-0.4%
Depreciation	(40,516)	(37,826)	7.1%	(20,497)	(19,490)	5.2%
Amortizations	(139,958)	(140,100)	-0.1%	(67,915)	(72,330)	-6.1%
Brokerage commissions	(952,469)	(898,108)	6.1%	(489,760)	(455,650)	7.5%
Fees	(362,084)	(339,434)	6.7%	(198,658)	(181,737)	9.3%
Other expense	(212,871)	(166,028)	28.2%	(118,892)	(86,941)	36.8%
Interest	(289,674)	(320,753)	-9.7%	(142,144)	(168,591)	-15.7%
Impairment	(1,760)	(12,380)	-85.8%	(1,222)	(1,540)	-20.6%
<b>Total expense</b>	<b>(8,678,885)</b>	<b>(9,057,891)</b>	<b>-4.2%</b>	<b>(4,334,494)</b>	<b>(4,688,778)</b>	<b>-7.6%</b>
<b>Earnings before tax</b>	<b>946,654</b>	<b>890,582</b>	<b>6.3%</b>	<b>527,066</b>	<b>390,571</b>	<b>34.9%</b>
Income tax	(254,741)	(270,343)	-5.8%	(145,306)	(169,334)	-14.2%
<b>Net income from continuing operations</b>	<b>691,914</b>	<b>620,239</b>	<b>11.6%</b>	<b>381,760</b>	<b>221,236</b>	<b>72.6%</b>
Net income from discontinued operations	(0)	16,851		(0)	10,367	
<b>Net Income</b>	<b>691,914</b>	<b>637,091</b>	<b>8.6%</b>	<b>381,760</b>	<b>231,604</b>	<b>64.8%</b>
Earnings - parent company	594,767	536,064	11.0%	325,785	197,095	65.3%
Earnings - non-controlling interest	97,146	101,027	-3.8%	55,975	34,509	62.2%

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

At June 30th 2018 and December 31st 2017  
(stated in COP millions)

	June 2018	December 2017	%Var
Cash and Cash Equivalents	1,782,925	1,588,289	12.3%
Investments	26,086,612	26,926,217	-3.1%
Accounts receivable	6,061,255	6,253,472	-3.1%
Insurance reserves - reinsurers	2,988,390	3,214,320	-7.0%
Current tax	454,442	235,212	93.2%
Deferred tax	81,207	161,246	-49.6%
Other assets	345,741	272,515	26.9%
Investment properties	958,613	1,031,538	-7.1%
Property, plant and equipment	1,123,011	1,154,229	-2.7%
Available-for-sale non-current assets	31,008	36,711	-15.5%
Goodwill	4,492,927	4,768,779	-5.8%
Identified intangible assets	4,129,668	4,532,439	-8.9%
Investments in associates	18,497,327	18,833,942	-1.8%
<b>Total assets</b>	<b>67,033,127</b>	<b>69,008,910</b>	<b>-2.9%</b>
Financial liabilities	2,177,745	2,206,050	-1.3%
Technical reserves	25,220,388	26,195,224	-3.7%
Provisions for employee benefits	418,201	515,751	-18.9%
Other provisions	235,820	286,230	-17.6%
Accounts payable	3,107,086	2,883,602	7.8%
Current tax	679,305	546,820	24.2%
Issued securities	7,757,049	7,836,685	-1.0%
Other non-financial liabilities	545,102	612,938	-11.1%
Deferred tax	1,509,734	1,699,049	-11.1%
<b>Total liabilities</b>	<b>41,650,429</b>	<b>42,782,349</b>	<b>-2.6%</b>
Equity attributable to the owners of the parent company	23,141,061	23,829,521	-2.9%
Non-controlling interest	2,241,636	2,397,040	-6.5%
<b>Total equity</b>	<b>25,382,697</b>	<b>26,226,561</b>	<b>-3.2%</b>
<b>Total equity and liabilities</b>	<b>67,033,127</b>	<b>69,008,910</b>	<b>-2.9%</b>

## Consolidated Net Income

The following table shows a breakdown of the parent's consolidated net income based on the amounts contributed by each of its subsidiaries as well as the different income and expense accounts corresponding to Grupo SURA as a Holding Company. The main factors here included:

- Net income for Suramericana dropping by COP 31,905 million mainly due to lower investment income (declining by COP 61,004 million) coupled with higher taxes (which rose by COP 34,077 million), this in contrast with underwriting profit (relating to policy underwriting) which saw an increase of COP 77,506 million.
- SURA AM increased its net income by COP 39,149 million, due to the amount of non-recurring expense incurred in 2017 (the COFECCE sanction and wealth tax) along with favorable exchange differences and derivative appraisals that offset lower returns from the Company's legal reserves as well as a drop in revenues obtained via the equity method (which was also affected by lower reserve returns).
- A drop in the amount of revenues obtained from associates via the equity method given lower levels of net income posted by Bancolombia and Grupo Nutresa.
- The change in the income tax figure is due to lower amount of current income tax accruing on a different time scale than last year.
- The drop in administrative expense was due to the amount of non-recurrent expense incurred last year such as the provision set up as a result of a settlement with the Colombian Tax Authorities in the amount of COP 37,666 million as well as wealth tax totaling COP 1,334 million Administrative expense over the last twelve months amounts to COP 86,822 million.
- The effect of exchange differences plus appraisals of hedging derivatives declined compared to the first half of 2017.
- The decrease in the "Others" account, was mainly due to the proceeds obtained from the sale of non-strategic assets belonging to Grupo SURA in 2017.

Consolidated Net Income	jun-18	jun-17	%Var	\$Var	Q2-2018	2T2017	%Var	\$Var
Suramericana	<b>259,292</b>	291,197	-11.0%	(31,905)	<b>158,702</b>	145,872	8.8%	12,830
SURA AM	<b>290,581</b>	251,432	15.6%	39,149	<b>158,547</b>	78,193	102.8%	80,354
Grupo SURA (Holding) and Others:	<b>142,041</b>	94,462	50.4%	47,579	<b>64,512</b>	7,539	755.7%	56,973
Equity Method*	<b>386,026</b>	421,070	-8.3%	(35,044)	<b>200,953</b>	210,231	-4.4%	(9,278)
Interest	<b>(165,746)</b>	(164,143)	1.0%	(1,603)	<b>(80,188)</b>	(89,022)	-9.9%	8,834
Taxes	<b>(26,840)</b>	(38,889)	-31.0%	12,049	<b>(28,251)</b>	(49,037)	-42.4%	20,786
Administrative Expense**	<b>(33,823)</b>	(65,146)	-48.1%	31,323	<b>(18,496)</b>	(13,661)	35.4%	(4,835)
Exchange Difference + Derivative	<b>(19,061)</b>	(93,480)	-79.6%	74,419	<b>(9,260)</b>	(65,550)	-85.9%	56,290
ARUS + Habitat	<b>(356)</b>	3,118		(3,474)	<b>527</b>	2,151	-75.5%	(1,624)
Other	<b>1,841</b>	31,932	-94.2%	(30,091)	<b>(773)</b>	12,427		(13,200)
<b>Consolidated Net Income</b>	<b>691,914</b>	<b>637,091</b>	<b>8.6%</b>	<b>54,823</b>	<b>381,761</b>	<b>231,604</b>	<b>64.8%</b>	<b>150,157</b>

\* Revenues obtained from AFP Protección via the equity method are included in SURA AM's net income figure.

\*\* The Administrative Expense account includes Administrative Expense, Employee Benefits and Fees.



## Revenues from Associates via Equity Method

Equity Method	June 2018	June 2017	%Var	Q2-2018	Q2-2017	%Var
Bancolombia	<b>272,099</b>	308,464	-11.8%	<b>144,597</b>	159,704	-9.5%
Grupo Argos	<b>23,445</b>	26,105	-10.2%	<b>11,098</b>	15,641	-29.0%
Grupo Nutresa	<b>86,205</b>	82,879	4.0%	<b>43,701</b>	33,945	28.7%
AFP Protección	<b>51,049</b>	79,618	-35.9%	<b>37,218</b>	46,316	-19.6%
Others	<b>21,599</b>	18,844	14.6%	<b>10,227</b>	7,878	29.8%
<b>Total</b>	<b>454,397</b>	<b>515,910</b>	<b>-11.9%</b>	<b>246,841</b>	<b>263,484</b>	<b>-6.3%</b>

## Investments in associates

Investments in Associates	June 2018	December 2017	%Var
Bancolombia	<b>7,696,996</b>	7,782,717	-1.1%
Grupo Argos	<b>4,888,885</b>	4,917,510	-0.6%
Grupo Nutresa	<b>4,741,488</b>	4,913,993	-3.5%
AFP Protección	<b>1,077,867</b>	1,120,043	-3.8%
Others	<b>92,092</b>	99,679	-7.6%
<b>Total</b>	<b>18,497,327</b>	<b>18,833,942</b>	<b>-1.8%</b>

## Financial Liabilities

Grupo SURA (Holding Company)	June 2018	December 2017	%Var
Grupo Sura - Bonds	<b>1,328,047</b>	1,329,041	-0.1%
Grupo SURA Finance - Bonds	<b>2,487,245</b>	2,531,161	-1.7%
Banks and leasing	<b>1,088,845</b>	1,124,402	-3.2%
<b>Debt</b>	<b>4,904,137</b>	<b>4,984,604</b>	<b>-1.6%</b>
Derivatives	<b>294,453</b>	187,791	56.8%
Preferred Dividends	<b>460,525</b>	450,752	2.2%
<b>Total Financial Liabilities</b>	<b>5,659,115</b>	<b>5,623,147</b>	<b>0.6%</b>
<b>Cash and Cash Equivalentents</b>	<b>9,139</b>	<b>77,173</b>	<b>-88.2%</b>

SURA AM	June 2018	December 2017	%Var
Bonds	<b>2,487,867</b>	2,531,164	-1.7%
Banks and leasing	<b>455,639</b>	562,017	-18.9%
<b>Debt</b>	<b>2,943,506</b>	<b>3,093,181</b>	<b>-4.8%</b>
Derivatives	<b>31,461</b>	50,652	-37.9%
<b>Total Financial Liabilities</b>	<b>2,974,967</b>	<b>3,143,833</b>	<b>-5.4%</b>

Suramericana	June 2018	December 2017	%Var
Bonds	<b>993,365</b>	994,565	-0.1%
Banks and leasing	<b>261,427</b>	251,541	3.9%
<b>Suramericana</b>	<b>1,254,792</b>	<b>1,246,106</b>	<b>0.7%</b>
Derivatives	<b>13,398</b>	1,206	
<b>Total Financial Liabilities</b>	<b>1,268,190</b>	<b>1,247,312</b>	<b>1.7%</b>

## 2. Suramericana

### Suramericana S.A.

#### Statement of Comprehensive Income

(Stated in COP millions)

From January 1st to June 30th

From March 31st to June 30th

	jun-18	jun-17	%Var	Q2 2018	Q2 2017	%Var
Written premiums	5,484,009	5,619,873	-2.4%	2,893,763	3,090,357	-6.4%
Ceded premiums	(945,976)	(995,529)	-5.0%	(605,329)	(655,327)	-7.6%
<b>Retained premiums (net)</b>	<b>4,538,033</b>	<b>4,624,343</b>	<b>-1.9%</b>	<b>2,288,434</b>	<b>2,435,030</b>	<b>-6.0%</b>
Reserves net of production	(59,232)	(166,437)	-64.4%	(26,538)	(145,544)	-81.8%
<b>Retained earned premiums</b>	<b>4,478,801</b>	<b>4,457,907</b>	<b>0.5%</b>	<b>2,261,897</b>	<b>2,289,486</b>	<b>-1.2%</b>
Total claims	(3,357,377)	(3,418,842)	-1.8%	(1,760,790)	(1,690,751)	4.1%
Reimbursed claims	889,206	849,645	4.7%	535,357	369,372	44.9%
<b>Retained claims</b>	<b>(2,468,171)</b>	<b>(2,569,197)</b>	<b>-3.9%</b>	<b>(1,225,433)</b>	<b>(1,321,379)</b>	<b>-7.3%</b>
Net commissions	(647,013)	(619,593)	4.4%	(337,458)	(311,714)	8.3%
Income from services rendered	1,554,081	1,245,213	24.8%	810,571	627,829	29.1%
Cost of services rendered	(1,421,810)	(1,186,240)	19.9%	(741,190)	(611,671)	21.2%
Other operating income/expense	(348,368)	(270,741)	28.7%	(187,435)	(133,553)	40.3%
<b>Technical result</b>	<b>1,147,520</b>	<b>1,057,349</b>	<b>8.5%</b>	<b>580,951</b>	<b>538,999</b>	<b>7.8%</b>
Fees	(82,196)	(85,179)	-3.5%	(45,753)	(45,443)	0.7%
Administrative expense	(1,142,841)	(1,115,629)	2.4%	(576,873)	(567,174)	1.7%
Amortization and depreciation	(79,587)	(79,942)	-0.4%	(37,943)	(40,753)	-6.9%
Impairment	(928)	(12,137)	-92.4%	(604)	(1,445)	-58.2%
<b>Underwriting profit</b>	<b>(158,033)</b>	<b>(235,539)</b>	<b>-32.9%</b>	<b>(80,221)</b>	<b>(115,816)</b>	<b>-30.7%</b>
Dividends	1,174	501	134.4%	1,029	237	334.7%
Investment income	515,079	576,083	-10.6%	281,636	287,439	-2.0%
Interest	(46,584)	(59,797)	-22.1%	(22,683)	(28,463)	-20.3%
Other non-operating income / expense	37,078	65,294	-43.2%	34,436	40,615	-15.2%
<b>Earnings (losses) before tax</b>	<b>348,714</b>	<b>346,542</b>	<b>0.6%</b>	<b>214,197</b>	<b>184,013</b>	<b>16.4%</b>
Income tax	(89,422)	(55,345)	61.6%	(55,495)	(38,141)	45.5%
<b>Earnings (losses), net</b>	<b>259,292</b>	<b>291,197</b>	<b>-11.0%</b>	<b>158,702</b>	<b>145,871</b>	<b>8.8%</b>
Earnings (losses) - parent company	258,948	289,974	-10.7%	158,659	145,263	9.2%
Earnings (losses) - non-controlling interest	343	1,223	-71.9%	43	609	-92.9%



## Statement of Comprehensive Income – Suramericana S.A.

The Company netted a 7.8% increase in its Technical Result for this past quarter. This was due to a positive level of performance on the part of its Healthcare segment having obtained a 29.1% rise in revenues from services rendered, thereby offsetting the decline in written premiums. This decrease is mainly explained by the fact that we did not take part in the social security insurance tender held in Colombia. Other factors that had a negative effect on the company's consolidated production included the impact of the fluctuating exchange rate of the Argentine peso against the Colombian peso (having produced a depreciation of 29% so far this year), as well as a decline in the amount of written premiums on the part of Sura Chile for its branches of fire and household insurance. Were we to exclude the impact of Sura Colombia not having participated in the social security insurance tender, the drop in premiums would have come to 0.9%.

Furthermore, the 7.3% reduction in Retained claims drove up the Company's technical result. This reduction was mainly due to Sura Colombia deciding not to take part in a social security insurance tender as well as to a much improved claims rate with Mandatory Road insurance, this due to current market dynamics and the Company's strategies to improve the claims rate for this particular line of insurance.

With regard to the other operating expenses account, the 40.3% increase was due to the non-recurring revenues obtained in 2017, as a result of tax refund for both the Worker's Compensation as well as Life Insurance subsidiaries in Colombia.

Investment income declined by 2.0%, this mainly due to the investment portfolios corresponding to the life insurance segment, that are CPI-indexed given the nature of the segment's liabilities and which have been affected by lower inflation in Colombia compared to the same period last year (3.20% for Q2 2018 versus 3.99% for Q2 2017). This result was partially offset by a positive level of financial performance for the investment portfolios held by the Property and Casualty Insurance segment.

As for our insurance subsidiaries, these reported higher earnings before income tax, which in turn increased the income tax to be paid. In fact, the amount of tax due also rose this past quarter given the seasonal nature of the taxable dividends received by Suramericana S.A. Finally, the Company produced an 8.8% growth in net income for the quarter, this due to a good level of technical and financial performance on the part of these subsidiaries.

## Statement of Financial Position – Suramericana S.A.

Suramericana S.A.

At June 30, 2018 and December 31, 2017

Statement of Financial Position

(figures stated in COP millions)

	jun-18	dec-17	%Var
Cash and Cash Equivalents	1,118,067	1,202,405	-7.0%
Investments	12,206,688	12,024,607	1.5%
Accounts receivable	5,082,475	5,614,477	-9.5%
Insurance reserves - reinsurers	2,890,844	3,146,949	-8.1%
Current tax	240,866	141,496	70.2%
Deferred tax	64,303	93,354	-31.1%
Other assets	105,482	112,235	-6.0%
Deferred acquisition costs	742,658	822,694	-9.7%
Investment properties	5,407	4,306	25.6%
Property, plant and equipment	867,112	883,286	-1.8%
Goodwill	531,521	567,624	-6.4%
Identified intangible assets	452,941	538,442	-15.9%
Investments in associates	46,724	49,173	-5.0%
<b>Total assets</b>	<b>24,355,088</b>	<b>25,201,048</b>	<b>-3.4%</b>
Financial liabilities	274,825	252,747	8.7%
Technical reserves	14,781,265	15,263,959	-3.2%
Provisions for employee benefits	285,230	332,445	-14.2%
Other provisions	204,456	252,275	-19.0%
Accounts payable	2,275,165	2,355,281	-3.4%
Current tax	436,618	348,587	25.3%
Issued securities	993,365	994,565	-0.1%
Other non-financial liabilities	473,957	539,464	-12.1%
Deferred tax	296,031	360,766	-17.9%
<b>Total liabilities</b>	<b>20,020,912</b>	<b>20,700,090</b>	<b>-3.3%</b>
<b>Total equity</b>	<b>4,334,177</b>	<b>4,500,958</b>	<b>-3.7%</b>
<b>Total equity and liabilities</b>	<b>24,355,088</b>	<b>25,201,048</b>	<b>-3.4%</b>

Suramericana S.A.'s consolidated assets came to COP 24.4 trillion, for a drop of 3.4% compared to year-end 2017. This mainly corresponded to the seasonal nature of the insurance business, with policy renewals being mainly concentrated during the last few months of the year, payments of which follow on during the first half of the following year. Intangible assets, which represented a greater weighting on the Company's balance sheet with the growth of the property and casualty segment in Latin America, declined by 15.9% compared to year-end 2017 due to having amortized this type of asset.

Deferred tax as part of the balance sheet accounts, showed a drop given the aforementioned effect produced by the seasonal nature of the dividends received during the year. At the same time, the current tax accounts rose due to higher earnings on the part of the Sura subsidiaries, as well as a higher amount of taxable dividends received by Suramericana S.A.

On the other hand, Suramericana's consolidated equity declined by 3.7% compared to year-end 2017 given COP 176,265 million in dividends paid out during this first quarter, coupled with the impact that the appreciation of the Colombian peso against other regional currencies had on the overall consolidation, which in turn negatively affected the Other Comprehensive Income accounts.

## 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.

Life Insurance (stated in COP millions)	From January 1st to June 30th			From March 31st to June 30th		
	jun-18	jun-17	%Var	Q2 2018	Q2 2017	%Var
Written premiums	2,097,616	2,116,312	-0.9%	1,091,495	1,105,193	-1.2%
Ceded premiums	(74,586)	(58,241)	28.1%	(43,199)	(31,140)	38.7%
<b>Retained premiums (net)</b>	<b>2,023,030</b>	<b>2,058,071</b>	<b>-1.7%</b>	<b>1,048,296</b>	<b>1,074,052</b>	<b>-2.4%</b>
Reserves net of production	(35,366)	(50,545)	-30.0%	(33,357)	(25,358)	31.5%
<b>Retained earned premiums</b>	<b>1,987,664</b>	<b>2,007,526</b>	<b>-1.0%</b>	<b>1,014,939</b>	<b>1,048,695</b>	<b>-3.2%</b>
Total claims	(1,330,138)	(1,404,477)	-5.3%	(670,778)	(732,668)	-8.4%
Reimbursed claims	101,076	93,215	8.4%	56,866	50,573	12.4%
<b>Retained claims</b>	<b>(1,229,062)</b>	<b>(1,311,262)</b>	<b>-6.3%</b>	<b>(613,912)</b>	<b>(682,095)</b>	<b>-10.0%</b>
Net commissions	(180,760)	(178,384)	1.3%	(88,464)	(96,648)	-8.5%
Income from services rendered	547	452	20.8%	296	252	17.3%
Cost of services rendered	0	0	0.0%	0	0	0.0%
Other operating income/expense	(269,436)	(216,834)	24.3%	(147,645)	(119,430)	23.6%
<b>Technical result</b>	<b>308,953</b>	<b>301,498</b>	<b>2.5%</b>	<b>165,214</b>	<b>150,774</b>	<b>9.6%</b>
Fees	(35,459)	(37,532)	-5.5%	(19,404)	(21,176)	-8.4%
Administrative expense	(326,554)	(314,375)	3.9%	(169,906)	(156,720)	8.4%
Amortization and depreciation	(4,814)	(3,991)	20.6%	(2,318)	(2,161)	7.2%
Impairment	(1,270)	(2,392)	-46.9%	(875)	1,057	
<b>Underwriting profit</b>	<b>(59,144)</b>	<b>(56,792)</b>	<b>4.1%</b>	<b>(27,290)</b>	<b>(28,226)</b>	<b>-3.3%</b>
Dividends	909	416	118.5%	790	193	309.7%
Investment income	329,085	382,564	-14.0%	178,633	194,724	-8.3%
Interest	(10)	(82)	-88.0%	(10)	(79)	-87.8%
Other non-operating income / expense	(15,484)	17,566		(11,092)	1,021	
<b>Earnings (losses) before tax</b>	<b>255,356</b>	<b>343,672</b>	<b>-25.7%</b>	<b>141,031</b>	<b>167,633</b>	<b>-15.9%</b>
Income tax	(1,970)	(4,058)	-51.5%	(1,025)	(2,447)	-58.1%
<b>Earnings (losses), net</b>	<b>253,386</b>	<b>339,614</b>	<b>-25.4%</b>	<b>140,006</b>	<b>165,186</b>	<b>-15.2%</b>

Indicators	jun-18	jun-17	Q2 2018	Q2 2017
% Ceded*	3.6%	2.8%	4.0%	2.8%
% Retained Incurred Claims*	61.8%	65.3%	60.5%	65.0%
% Net Commissions*	9.1%	8.9%	8.7%	9.2%
% Administrative Expense	16.4%	15.7%	16.7%	14.9%

\* Measured against retained earned premiums

### Life Insurance

#### Statement of Financial Position

	jun-18
Total assets	10,374,510
Total liabilities	8,452,981
Total equity	1,921,529

This segment produced a 9.6% growth in its Technical Result for the quarter. Although production dropped by 3.2% due to not having taken part in the social security insurance tender in Colombia, retained claims declined by 10.0%, thereby boosting the segment's overall performance.

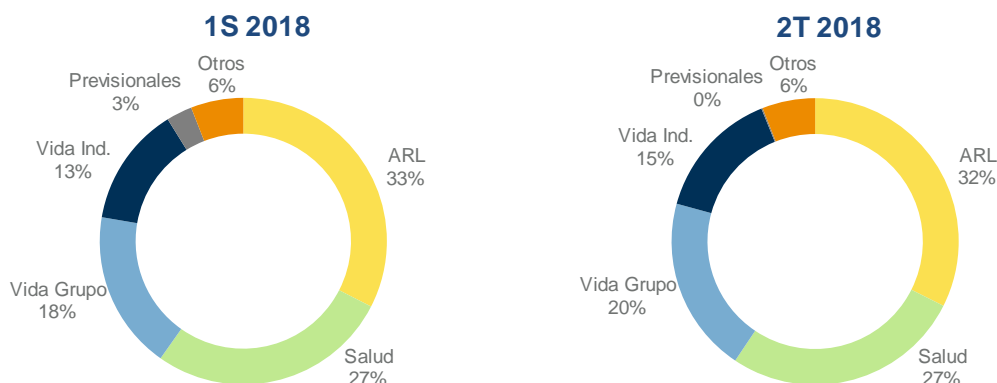
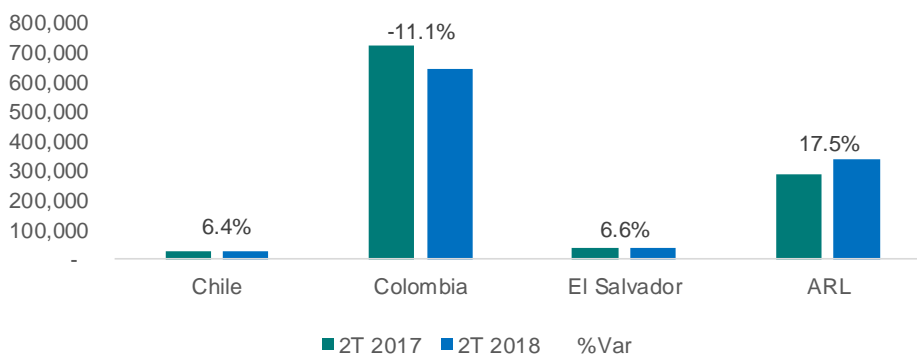
The decline with written premiums for this segment was due to not having taken part in the social security insurance tender held in Colombia specifically on the part of our local Life Insurance subsidiary, as well as a slowdown with new production for our Individual Life, Education and Pension solutions. Were we to eliminate the effect of not having participated in the social security insurance tender, premiums for this segment would have risen by 11.3%. This was partially offset by year-on-year growths of 17.5% in revenues from the Workers' Compensation subsidiary (ARL), 22.5% in health care premiums and 16.8% in group life premiums.

On the other hand, the 10.0% drop in retained claims on a year-on-year basis was mainly due to having freed up the claims reserves corresponding to the social security insurance business. Conversely, administrative expense rose by 8.4% for the quarter, this due to the fact that, on a comparative basis, the bulk of this expense was incurred earlier in 2017 during the first quarter, as opposed to the second quarter this year. However, this has been offset on a YTD basis and the overall growth in administrative expense so far this year comes to 3.9%

The investment portfolios corresponding to the life insurance segment, which are CPI-indexed given the nature of its liabilities, have been affected by lower inflation in Colombia in Q2 2018 compared to the same period last year (3.20% for Q2 2018 versus 3.99% for Q2 2017). Furthermore, government bond yield curves lost ground in both COP and the inflation-indexed UVR rate, and the correction suffered by the emerging markets adversely affected investment income. Finally, the trade war between the US and China, the measures taken by the Central Banks in the US and Europe as well as the decisions made on the part of OPEC triggered a downward turn on the international bond and equity markets.

Finally, the change in other operating and non-operating revenues / expense is due to a tax refund received by the Workers' Compensation and Life Insurance subsidiaries in 2017 on the amount of wealth tax paid under a tax stability agreement which in June 2017 came to COP 25,888 million.

### Subsidiary Growth Rates in Retained Premiums



## Premiums and claims per solution

	Jun-18	Jun-17	Var%	Q2 2018	Q2 2017	% Var	%Var Ex - Fx	
<b>Individual Life</b>	Written Premiums	313,059	293,395	6.7%	175,942	160,184	9.8%	9.9%
	Retained Premiums	273,001	256,907	6.3%	153,499	140,064	9.6%	9.6%
	Retained Claims	86,604	68,745	26.0%	43,392	37,839	14.7%	14.7%
	% Retained Claims Rate	32%	27%		28%	27%		
<b>Group Life</b>	Written Premiums	376,995	336,451	12.1%	218,024	186,602	16.8%	16.4%
	Retained Premiums	362,110	330,825	9.5%	208,078	183,918	13.1%	12.7%
	Retained Claims	136,121	119,988	13.4%	67,471	67,260	0.3%	-0.1%
	% Retained Claims Rate	38%	36%		32%	37%		
<b>Pension</b>	Written Premiums	59,019	329,575	-82.1%	1,584	170,644	-99.1%	-99.1%
	Retained Premiums	58,935	329,496	-82.1%	1,521	170,616	-99.1%	-99.1%
	Retained Claims	94,906	372,680	-74.5%	14,973	189,356	-92.1%	-92.1%
	% Retained Claims Rate	161%	113%		985%	111%		
<b>Health Care</b>	Written Premiums	561,005	477,198	17.6%	288,176	235,234	22.5%	22.6%
	Retained Premiums	551,135	469,459	17.4%	282,979	231,194	22.4%	22.4%
	Retained Claims	384,666	312,433	23.1%	207,566	155,160	33.8%	33.8%
	% Retained Claims Rate	70%	67%		73%	67%		
<b>ARL (Workers' Comp)</b>	Written Premiums	658,221	554,129	18.8%	339,711	289,062	17.5%	17.5%
	Retained Premiums	658,221	554,129	18.8%	339,711	289,062	17.5%	17.5%
	Retained Claims	399,679	325,860	22.7%	210,547	169,297	24.4%	24.4%
	% Retained Claims Rate	61%	59%		62%	59%		
<b>Other</b>	Written Premiums	129,317	125,564	3.0%	68,057	63,467	7.2%	8.3%
	Retained Premiums	119,628	117,255	2.0%	62,508	59,199	5.6%	6.6%
	Retained Claims	127,085	111,557	13.9%	69,963	63,183	10.7%	11.0%
	% Retained Claims Rate	106%	95%		112%	107%		

## Written and retained claims

The growth posted by the Workers' Compensation subsidiary is due to higher contribution rates on the part of corporate clients classified in risk categories IV and V. On the other hand, the amount of Group Life premiums produced during this past quarter rose thanks to higher sales in the Colombian bancassurance channel. The individual life insurance solution showed a growth of 9.8% compared to Q2 2017, this driven by a new Individual life solution that was launched by the Colombian subsidiary.

## Retained claims and retained claims rates

The retained claims rate for this past quarter improved compared with the same period last year (60.5% vs. 65.0%), this mainly due to a nominal reduction in social security insurance claims, and specifically in the Group Life solution given the amount of production recorded for this past quarter via the mass marketing channel, which represents 70.1% of the total production for this solution.

## Property and casualty insurance segment

This segment contains the non-life insurance solutions provided by our Property and Casualty insurance companies in Colombia, El Salvador, Panama, the Dominican Republic, Argentina, Brazil, Chile, Mexico and Uruguay.

Property and Casualty Insurance Segment (stated in COP millions)	From January 1st to June 30th			From March 31st to June 30th		
	jun-18	jun-17	%Var	Q2 2018	Q2 2017	%Var
Written premiums	3,397,526	3,542,183	-4.1%	1,811,706	2,017,903	-10.2%
Ceded premiums	(875,128)	(964,483)	-9.3%	(565,314)	(649,393)	-12.9%
<b>Retained premiums (net)</b>	<b>2,522,398</b>	<b>2,577,699</b>	<b>-2.1%</b>	<b>1,246,391</b>	<b>1,368,510</b>	<b>-8.9%</b>
Reserves net of production	(23,866)	(115,891)	-79.4%	6,819	(120,186)	
<b>Retained earned premiums</b>	<b>2,498,532</b>	<b>2,461,808</b>	<b>1.5%</b>	<b>1,253,210</b>	<b>1,248,324</b>	<b>0.4%</b>
Total claims	(2,086,446)	(2,067,304)	0.9%	(1,122,561)	(987,685)	13.7%
Reimbursed claims	792,607	761,204	4.1%	480,870	322,079	49.3%
<b>Retained claims</b>	<b>(1,293,839)</b>	<b>(1,306,101)</b>	<b>-0.9%</b>	<b>(641,691)</b>	<b>(665,606)</b>	<b>-3.6%</b>
Net commissions	(464,770)	(439,569)	5.7%	(247,743)	(213,850)	15.8%
Other operating income/expense	(154,542)	(146,241)	5.7%	(70,984)	(71,988)	-1.4%
<b>Technical result</b>	<b>585,384</b>	<b>569,901</b>	<b>2.7%</b>	<b>292,795</b>	<b>296,882</b>	<b>-1.4%</b>
Fees	(43,465)	(41,354)	5.1%	(22,910)	(20,557)	11.4%
Administrative expense	(586,059)	(595,845)	-1.6%	(291,010)	(299,417)	-2.8%
Amortization and depreciation	(68,074)	(71,825)	-5.2%	(32,223)	(36,482)	-11.7%
Impairment	1,300	(10,436)		627	(1,707)	
<b>Underwriting profit</b>	<b>(110,914)</b>	<b>(149,559)</b>	<b>-25.8%</b>	<b>(52,720)</b>	<b>(61,280)</b>	<b>-14.0%</b>
Dividends	264	85	211.9%	239	44	443.2%
Investment income	171,270	180,040	-4.9%	92,977	86,460	7.5%
Interest	(1,490)	(3,321)	-55.1%	(685)	(1,296)	-47.1%
Other non-operating income / expense	45,204	35,990	25.6%	35,630	27,267	30.7%
<b>Earnings (losses) before tax</b>	<b>104,334</b>	<b>63,234</b>	<b>65.0%</b>	<b>75,440</b>	<b>51,195</b>	<b>47.4%</b>
Income tax	(37,223)	589		(33,859)	(16,499)	105.2%
<b>Earnings (losses), net</b>	<b>67,111</b>	<b>63,823</b>	<b>5.2%</b>	<b>41,582</b>	<b>34,696</b>	<b>19.8%</b>
<b>Amortization of intangibles</b>	<b>(46,503)</b>	<b>(49,953)</b>		<b>(21,780)</b>	<b>(24,923)</b>	
<b>Amortizations of deferred tax</b>	<b>13,552</b>	<b>15,076</b>		<b>6,290</b>	<b>5,769</b>	
<b>Adjusted net income</b>	<b>100,063</b>	<b>98,700</b>	<b>1.4%</b>	<b>57,072</b>	<b>53,850</b>	<b>6.0%</b>

Indicators	jun-18	jun-17	Q2 2018	Q2 2017
% Ceded	25.8%	27.2%	31.2%	32.2%
% Retained incurred claims*	51.8%	53.1%	51.2%	53.3%
% Net commissions*	18.6%	17.9%	19.8%	17.1%
% Administrative expense*	23.5%	24.2%	23.2%	24.0%
Combined ratio	104.4%	106.1%	108.5%	109.7%

\* Measured against retained earned premiums

	jun-18
Total activos	12,871,250
Total pasivos	9,440,757
Total patrimonio	3,430,492



This segment was affected by a 10.2% drop in written premiums, mainly due to the fluctuating exchange rate for the Argentinean peso, which had a consequent impact on the consolidated figures. In local currency, Suramericana’s subsidiary in Argentina posted a 23% growth in written premiums. The Chilean subsidiaries also posted a 13% drop in revenues due to policies coming into full force and effect after being issued and the decision not to renew an existing contract for household insurance. At the same time, mandatory road insurance declined in Colombia, this due to the Company’s present strategy designed to reduce the claims rate for this solution. This was offset by a good level of performance with the car insurance solution offered by the Sura subsidiaries in Colombia, Brazil and Panama, as well as with the UBER business in Mexico.

Retained earned premiums rose by 0.4%, due to lower production reserves being set up on lower retained production volumes, especially in the case of our Chilean subsidiary. On the other hand, the claims reimbursement account rose compared to the same period last year, due to an increase in claims severity which is nevertheless covered through current reinsurance agreements.

In spite of the drop in overall production, this segment managed to post a drop of just 1.4% in its technical result, thanks to the level of performance obtained by the car insurance solution throughout the region.

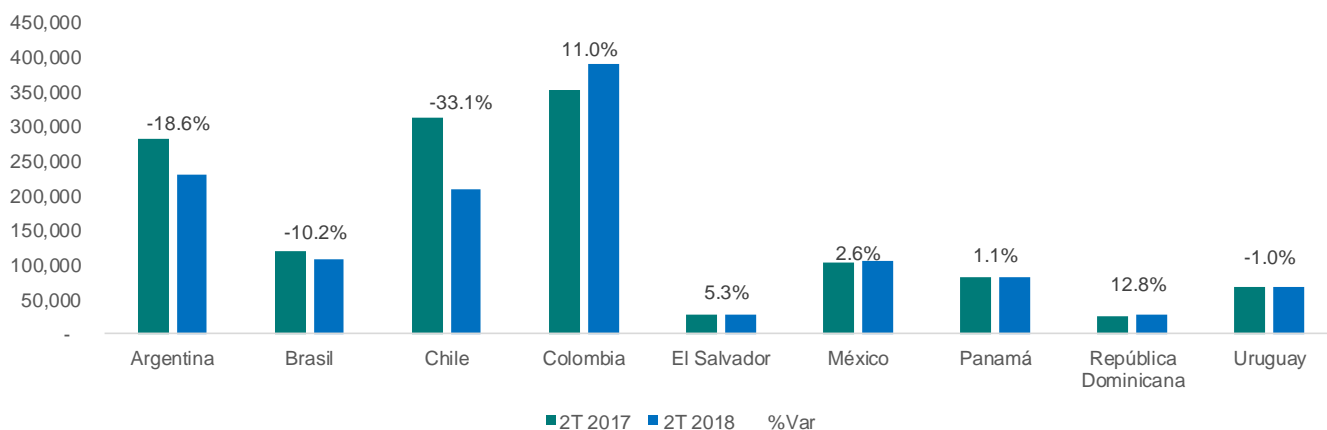
The other non-operating revenues account rose by 30.7% for the quarter, having freed up a total of COP 14,901 million in reserves underpinning lawsuits involving our Brazilian subsidiary, and that are allowed to be freed up, in accordance with applicable regulations and the current status of these proceedings.

With regard to financial revenues, the investment portfolios belonging to this segment performed well during this past quarter, mainly due to increased yields obtained in Argentina, Chile and Mexico. This circumstance was triggered by their local currencies losing ground to the dollar, as well as higher inflation recorded in both Argentina and Chile. This allowed the Sura subsidiaries to invest in securities offering higher returns, thereby compensating for the price drops with certain existing securities.

Generally speaking, these improved levels of operating performance on the part of our subsidiaries, together with an increase in deferred taxes in some countries due to movements with our technical reserves and legislative changes, produced an increase in taxes compared to the previous quarter.

Consequently, net income for this segment after deducting amortizations of intangible assets recognized from prior acquisitions, dropped by 6.0% for the quarter. This was mainly due to higher claim reimbursements on the part of our reinsurer, lower administrative expense, and higher financial income.

### Subsidiary Growth Rates in Retained Premiums

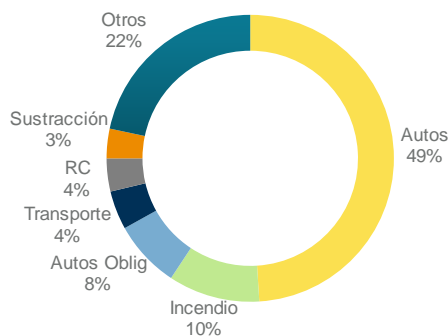


Figures in COP millions

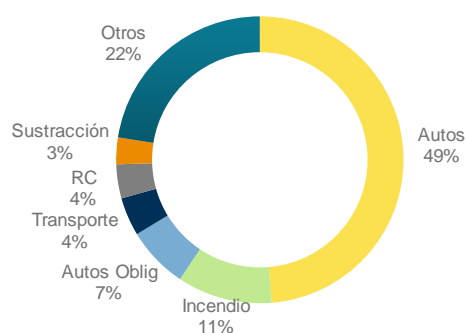
## Premiums and claims per solution

		Jun-2018	Jun-2017	% Var	Q2 2018	Q2 2017	% Var	%Var Ex- Fx
<b>Car</b>	Written Premiums	1,295,452	1,254,313	3.3%	641,401	662,604	-3.2%	8.3%
	Retained Premiums	1,235,788	1,228,776	0.6%	606,670	654,517	-7.3%	3.7%
	Retained Claims	759,806	759,127	0.1%	374,506	395,437	-5.3%	7.0%
	% Retained Claims Rate	61%	62%		62%	60%		
<b>Fire</b>	Written Premiums	631,881	760,311	-16.9%	373,694	507,746	-26.4%	-25.4%
	Retained Premiums	259,733	308,472	-15.8%	133,340	198,644	-32.9%	-31.0%
	Retained Claims	91,276	100,404	-9.1%	51,831	42,673	21.5%	28.4%
	% Retained Claims Rate	35%	33%		39%	21%		
<b>Mandatory Road</b>	Written Premiums	204,938	200,104	2.4%	95,566	107,737	-11.3%	-12.2%
	Retained Premiums	192,241	195,715	-1.8%	86,723	103,596	-16.3%	-17.2%
	Retained Claims	126,969	131,118	-3.2%	59,095	68,045	-13.2%	-13.3%
	% Retained Claims Rate	66%	67%		68%	66%		
<b>Transport</b>	Written Premiums	143,635	167,153	-14.1%	72,700	84,519	-14.0%	-3.4%
	Retained Premiums	110,015	117,529	-6.4%	54,044	61,659	-12.4%	-0.6%
	Retained Claims	49,865	48,452	2.9%	24,469	22,922	6.7%	27.0%
	% Retained Claims Rate	45%	41%		45%	37%		
<b>Contractual Performance</b>	Written Premiums	80,076	84,174	-4.9%	40,074	43,015	-6.8%	7.7%
	Retained Premiums	33,436	32,313	3.5%	16,625	16,257	2.3%	20.7%
	Retained Claims	17,049	23,901	-28.7%	7,025	18,244	-61.5%	-58.4%
	% Retained Claims Rate	51%	74%		42%	112%		
<b>Civil Liability</b>	Written Premiums	128,287	125,971	1.8%	67,355	66,464	1.3%	8.7%
	Retained Premiums	93,767	94,666	-0.9%	47,702	50,138	-4.9%	3.8%
	Retained Claims	53,265	52,452	1.6%	28,614	26,185	9.3%	25.8%
	% Retained Claims Rate	57%	55%		60%	52%		
<b>Theft</b>	Written Premiums	91,271	89,221	2.3%	41,292	40,648	1.6%	-0.8%
	Retained Premiums	84,043	80,965	3.8%	37,534	33,316	12.7%	9.4%
	Retained Claims	24,101	27,932	-13.7%	12,230	16,369	-25.3%	-26.9%
	% Retained Claims Rate	29%	34%		33%	49%		
<b>Other</b>	Written Premiums	821,988	860,935	-4.5%	479,623	505,169	-5.1%	2.1%
	Retained Premiums	513,374	519,265	-1.1%	263,753	250,382	5.3%	20.2%
	Retained Claims	171,507	162,715	5.4%	83,920	75,730	10.8%	18.9%
	% Retained Claims Rate	33%	31%		32%	30%		

1S 2018



2T 2018



## Written and retained premiums

The segment recorded a 10.2% decline in premiums for Q2 2018, mainly due to the aforementioned exchange rate fluctuations of Latin American currencies against the Colombian peso. Furthermore, our Chilean subsidiary showed a change with its fire insurance solution for Q2 2017, given the amount of confirmed policies which are expected to be issued over the coming months. This has been offset by a good level of performance on the part of our car insurance in the majority of the countries where we are present, as well as the amount of new clients we are attracting. This, in addition to higher revenues being obtained with the individual car insurance in Argentina, mandatory road insurance in Chile, and the UBER business in Mexico.

## Retained claims and retained claims rate

Retained claims corresponding to the first quarter of the year improved compared to the same period in 2017 (51.2% vs 53.3%) given the aforementioned exchange rate fluctuations, which in turn had a positive effect on consolidated claims throughout the region. The retained claims rate for this segment went from 49% for Q2 2017 to 61% in Q2 2018, mainly due to the increase in the retained claims rate on the part of Sura Mexico which climbed from 49.6% to 54.7% due to a greater frequency of claims filed with regard to transport and group life insurance. Furthermore, the Brazilian subsidiary made changes to the methodology used to calculate its technical reserves for salvage expense, which led to reserves being freed up which positively affected the subsidiary's claims rate.

## Health Care Segment

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

Health Care Segment (stated in COP millions)	From January 1st to June 30th			From March 31st to June 30th		
	jun-18	jun-17	%Var	Q2 2018	Q2 2017	%Var
Income from services rendered	<b>1,804,828</b>	1,488,633	21.2%	<b>941,591</b>	770,577	22.2%
Cost of services rendered	<b>(1,571,014)</b>	(1,314,706)	19.5%	<b>(817,192)</b>	(678,298)	20.5%
Other operating income/expense	<b>5,475</b>	5,368	2.0%	<b>3,019</b>	2,869	5.2%
Net commissions	<b>(1,938)</b>	(2,441)	-20.6%	<b>(855)</b>	(1,452)	-41.1%
<b>Technical result</b>	<b>237,350</b>	<b>176,854</b>	<b>34.2%</b>	<b>126,562</b>	<b>93,695</b>	<b>35.1%</b>
Fees	<b>(5,972)</b>	(3,819)	56.4%	<b>(3,865)</b>	(2,264)	70.7%
Administrative expense	<b>(184,384)</b>	(149,419)	23.4%	<b>(96,117)</b>	(77,185)	24.5%
Amortization and depreciation	<b>(5,594)</b>	(3,299)	69.6%	<b>(2,836)</b>	(1,686)	68.2%
Impairment	<b>(254)</b>	(686)	-62.9%	<b>70</b>	(613)	
<b>Underwriting profit</b>	<b>41,145</b>	<b>19,631</b>	<b>109.6%</b>	<b>23,815</b>	<b>11,948</b>	<b>99.3%</b>
Investment income	<b>7,764</b>	9,344	-16.9%	<b>4,079</b>	4,526	-9.9%
Interest	<b>(2,059)</b>	(3,120)	-34.0%	<b>(1,182)</b>	(1,168)	1.2%
Other non-operating income / expense	<b>3,261</b>	3,482	-6.3%	<b>1,520</b>	1,684	-9.7%
<b>Earnings (losses) before tax</b>	<b>50,111</b>	<b>29,338</b>	<b>70.8%</b>	<b>28,232</b>	<b>16,989</b>	<b>66.2%</b>
Income tax	<b>(4,687)</b>	(6,447)	-27.3%	<b>(2,084)</b>	(3,525)	-40.9%
<b>Earnings (losses), net</b>	<b>45,424</b>	<b>22,890</b>	<b>98.4%</b>	<b>26,149</b>	<b>13,464</b>	<b>94.2%</b>

Indicators	jun-18	jun-17	Q2 2018	Q2 2017
% Cost of services rendered	<b>87.0%</b>	88.3%	<b>86.8%</b>	88.0%
Expense ratio	<b>10.2%</b>	10.0%	<b>10.2%</b>	10.0%

### Statement of financial position

	jun-18
Total assets	<b>1,017,987</b>
Total liabilities	<b>731,016</b>
Total equities	<b>286,971</b>

Net income for this segment rose by 94.2% on a year-on-year basis, to COP 26,149 million. This was mainly due to a 22.2% increase in revenues from services rendered, as well as an improvement of 124 basis points in this segment's cost ratio thanks to greater efficiencies which have maintained stable levels of expense compared to the same quarter last year.

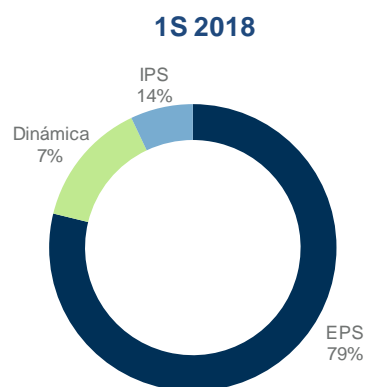
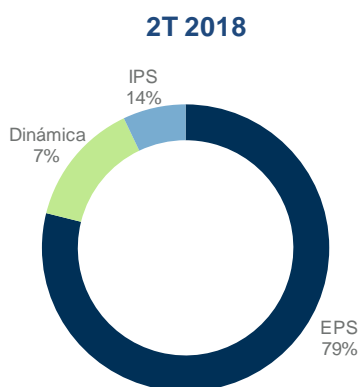
The growth in services rendered was due to an increase in mandatory health care subscribers, providing a 24.5% increase in revenues for the mandatory health care plan and another 63.1% increase in the case of the complementary health care plan. On the other hand, lower costs for this segment obeyed two main reasons: an improved level of performance for the non-mandatory medical accounts and higher collections of receivables owing by the Colombian Social Security system. On the other hand, the Company's Diagnostic

Imaging Provider, Dinámica, reduced its costs by 232 basis points given tariff increases coming into full force and effect in 2018.

This level of performance was partially offset by lower investment income, having dropped by 9.9% due to lower inflation, as previously mentioned. The investments held by our Mandatory Healthcare Subsidiaries are mainly CPI-indexed and are therefore appraised at market prices.

## Revenues and expenses from services rendered

	jun-18	jun-17	% Var	Q2 2018	Q2 2017	% Var	
<b>EPS</b>	Revenues from services rendered	1,422,466	1,158,757	22.8%	742,822	600,482	23.7%
	Cost of services rendered	1,302,392	1,080,861	20.5%	678,908	557,455	21.8%
	% Cost / Revenues	92%	93%		91%	93%	
<b>IPS</b>	Revenues from services rendered	255,364	225,024	13.5%	132,222	116,495	13.5%
	Cost of services rendered	178,869	154,398	15.8%	92,238	79,641	15.8%
	% Cost / Revenues	70%	69%		70%	68%	
<b>Dinámica</b>	Revenues from services rendered	126,998	104,852	21.1%	66,547	53,599	24.2%
	Cost of services rendered	89,753	79,447	13.0%	46,046	41,202	11.8%
	% Cost / Revenues	71%	76%		69%	77%	



## Holding Company Segment

The Holding segment mainly includes our Corporate Headquarters and the debt held by Suramericana S.A.

Segmento Holding (stated in COP millions)	From January 1st to June 30th			From March 31st to June 30th		
	jun-18	jun-17	%Var	2T 2018	2T 2017	%Var
Other operating income/expense	8,701	5,306	64.0%	4,914	4,322	13.7%
<b>Technical result</b>	<b>8,701</b>	<b>5,306</b>	<b>64.0%</b>	<b>4,914</b>	<b>3,137</b>	<b>56.6%</b>
Fees	(5,230)	(11,286)	-53.7%	(3,006)	(6,482)	-53.6%
Administrative expense	(36,141)	(48,361)	-25.3%	(16,724)	(32,302)	-48.2%
Amortization and depreciation	(387)	(275)	40.6%	(196)	(140)	40.0%
Impairment	(11)	530		(6)	(16)	-61.3%
<b>Underwriting profit</b>	<b>(33,069)</b>	<b>(54,086)</b>	<b>-38.9%</b>	<b>(15,018)</b>	<b>(35,803)</b>	<b>-58.1%</b>
Dividends	(3,243)	(3,457)	-6.2%	(3,243)	(3,457)	-6.2%
Investment income	6,034	3,288	83.5%	5,388	1,353	298.2%
Interest	(38,197)	(45,654)	-16.3%	(18,529)	(21,865)	-15.3%
Other non-operating income / expense	(12,638)	(1,111)		(6,853)	1,897	
<b>Earnings (losses) before tax</b>	<b>(81,113)</b>	<b>(101,019)</b>	<b>-19.7%</b>	<b>(38,255)</b>	<b>(57,875)</b>	<b>-33.9%</b>
Income tax	(31,740)	(37,027)	-14.3%	(16,786)	(14,134)	18.8%
<b>Earnings (losses), net</b>	<b>(112,853)</b>	<b>(138,046)</b>	<b>-18.2%</b>	<b>(55,041)</b>	<b>(72,010)</b>	<b>-23.6%</b>

The most representative accounts in the Holding segment are corporate office expense, interest on the bonds issued by Suramericana S.A. as well as taxes. With regard to fees and administrative expense, the drop compared to Q2 2017 was due to the payment of non-recurring items occurring in said period. This included the annual payment of software licenses in the amount of COP 8,200 million, through a regional contract aimed at harnessing synergies. Furthermore, in Q2 2017 COP 1,200 million was allocated to property retrofittings with another COP 4,670 million corresponding to Industry and Commerce tax as a result of the increase in the Company's capital back in 2016.

Lower interest payments for Q2 2018 compared to Q1 2018 was due to lower inflation prevailing in Colombia which had a consequent effect on the CPI-indexed coupons for the bonds issued by Suramericana. On the other hand, investment income rose as a consequence of the Colombian peso depreciating against the dollar, which had a beneficial effect on the positions held by the Company in foreign currency.

The Company's tax provision rose by 18.8% for the quarter, due to higher dividends received during the period from the Inversura Panama companies in April and the life insurance and workers' compensation subsidiaries in June.



### 3. SURA Asset Management

	JUN 18	JUN 17	% Var	%Var Ex - Fx
Fee and commission income	1,020,708	936,080	9.0%	7.9%
Income from legal reserve	18,595	128,104	-85.5%	-85.8%
Income (expense) via equity method	60,790	91,535	-33.6%	-34.0%
Other operating income	9,066	15,823	-42.7%	-44.3%
<b>Operating Revenues - Pension &amp; Fund Mgmt</b>	<b>1,109,158</b>	<b>1,171,543</b>	<b>-5.3%</b>	<b>-6.4%</b>
<b>Total insurance margin</b>	<b>124,873</b>	<b>100,454</b>	<b>24.3%</b>	<b>19.4%</b>
<b>Operating expense</b>	<b>(756,438)</b>	<b>(748,571)</b>	<b>1.1%</b>	<b>-0.3%</b>
<b>Operating earnings</b>	<b>477,593</b>	<b>523,426</b>	<b>-8.8%</b>	<b>-10.1%</b>
Financial income (expense)	(56,701)	(82,361)	-31.2%	-30.2%
Income (expense) - derivatives and exch. difference	7,670	(33,340)	-123.0%	-123.2%
<b>Earnings (losses) before tax</b>	<b>428,562</b>	<b>407,725</b>	<b>5.1%</b>	<b>2.8%</b>
Income tax	(140,135)	(177,063)	-20.9%	-21.5%
<b>Net income from continuing operations for the period</b>	<b>288,427</b>	<b>230,661</b>	<b>25.0%</b>	<b>20.9%</b>
Net income from discontinued operations for the period	2,604	20,771	-87.5%	-87.3%
<b>Net income (losses) for the period</b>	<b>291,031</b>	<b>251,432</b>	<b>15.7%</b>	<b>12.4%</b>
Amortization of intangibles	37,450	36,935	1.4%	0.0%
<b>Adjusted net income</b>	<b>328,481</b>	<b>288,367</b>	<b>13.9%</b>	<b>10.8%</b>

#### YTD Results

Amid good levels of operating performance on the part of its different lines of business during the first half of the year, coupled with a certain amount of volatility present on the securities markets, SURA Asset Management posted COP 1.0 trillion in **commission income** for a year-on-year growth of 7.9%, with its Pension and Voluntary Savings Fund Management subsidiaries posting growths of 6.8% and 17.1% respectively compared to the same period last year. In spite of reductions in the amounts of commission charged for the mandatory pension business, given new regulations in certain countries, growth was mainly driven by a 6.0% year-on-year increase in the wage base along with a growth in Assets Under Management which in the case of Mexico came to 12.3% (commission charged on AUM). It is worthwhile noting that these growth rates surpass the GDP growth rates recorded by the different regional economies, thus evidencing a good deal of progress made with this particular business and the corresponding level of performance attained. As for the voluntary savings business, commission income rose on the back of a 18.6% growth in AUM, again evidencing a substantial level of performance.

It is important to note that AFP Protección and AFP Crecer do not form part of the consolidation of SURA Asset Management's financial statements given the 49.4% stake held, and therefore the revenues received from both companies via the equity method, that is to say COP 51,049 million declined by 34.4%. This was mainly due to lower returns obtained from the Company's legal reserves, which fell by 93.7% year-on-year.

During the first half of the year, the capital markets were affected by substantial volatility, especially the stock market which performed poorly due to political, commercial and economic events that upset the global markets, thus affecting the Company's funds which have a greater exposure to international equities. During the second quarter of this year, market volatility continued to have a negative effect on the returns obtained from the Company's reserves, which dropped by 85.8% compared to last year. Nevertheless, and in spite of the prevailing volatility, it is important to highlight the positive alpha that our funds have obtained, that is to say 68.6% of our AUM command a 12-month positive alpha.

**Total operating expense** came to COP 756,438 million, showing a 0.3% growth. It is worthwhile pointing out that certain non-recurring expense was recorded in 2017, in fact in June 2017, a provision was set up to cover the COFECE sanction in the amount of COP 41,161 million, which at year-end was adjusted downwards to COP 20,581 million. Furthermore, the amortization of the Santander acquisition in Chile and Mexico was completed in 2017, for a total of COP 11,681 million. These acquisitions were carried out by ING prior to its Latin American operations being acquired by Grupo SURA, and whose intangibles appeared on local books. Finally, wealth tax in Colombia was totally paid off which in June 2017 came to COP 21,938 million.

Were we to exclude the aforementioned non-recurring expense, the growth in the Company's total operating expense would have come to 10.4%, which is in keeping with the forecast increase in administrative expense, duly adjusted to the budgeted figure, this mainly due to higher selling expense.

**Selling expense** rose by 9.2%, mainly in Mexico, where this account rose by 42.6% year-on-year. This has been a consequence of our strategy to reinforce our sales personnel in Mexico which is boosting our efforts to provide our clients with comprehensive assistance throughout the entire process. Another important item worth mentioning was the amount of expense incurred with the earthquake that struck Mexico last year. With regard to **administrative expense**, we saw a growth of 0.8% (11.6% upon excluding the aforementioned non-recurring items), this mainly due to the amount being invested in new projects, mainly increasing the staff manning our Investment Management Unit, where we have been able to recruit qualified personnel to lend weight to our operations.

**Operating earnings**, on the other hand, declined by 10.1%, this mainly because of the low returns obtained from the Company's legal reserves, which also affected the amount of revenues received from AFP Proteccion via the equity method. At the end of the first half of 2018, the return on investments (legal reserve) was lower than that expected at the beginning of the year (approximately within one standard deviation). This is consistent with the performance of the financial markets given substantial levels of volatility throughout the year. It is important to note that for the same period last year, the return on investment (namely from the Company's legal reserves) surpassed that expected for said year (approximately one standard deviation).

In terms of financial expense, we saw a decline of 30.2% due to having restructured the debt corresponding to an issue of bonds placed in 2017. Derivatives and exchange differences also performed well given the corresponding exchange rate effect. There was also a 21.5% drop in taxes given lower deferred tax incurred on lower returns from the Company's legal reserves.

Finally, net income came to COP 291,031 million for a year-on-year growth of 12.4%.

## Corporate Expense

Total corporate spending at the end of Q2 2018 came to COP 108,920 million, having declined by 13% compared to the same period last year, mainly due to the decrease with wealth tax and other taxes and rates offset by higher expense with other important projects such as the Investment Management Unit. The expense incurred with our new Investment Management Unit corresponds to the amounts being invested in reinforcing the core and non-core areas of this business, in keeping with our ongoing strategy aimed at gaining greater efficiency with our savings and investment products.

The corporate expense account includes expenditure corresponding to operating our different businesses, which are not directly managed from our Corporate Headquarters. This includes the amortization of intangible assets, taxes, direct operating costs (SAP) and expense incurred by our new Investment Management Unit. Upon excluding the aforementioned items, expense on the part of our Corporate Headquarters came to COP 33,389 million showing a growth of 1.2%.

Corporate Segment and Others	Jun-18	Jun-17	Var. %	%Var Ex - Fx
<b>Corporate Operating Expense and Other</b>	<b>(108,920)</b>	<b>(125,647)</b>	<b>-13.3%</b>	<b>-13.0%</b>
- Companies and Others*	<b>(3,861)</b>	(4,306)	-10.3%	-13.2%
+ Personnel Expense both Corporate and Per Country	<b>(455)</b>	(1,492)	-69.5%	-68.4%
<b>Corporate Expense</b>	<b>(105,514)</b>	<b>(122,833)</b>	<b>-14.1%</b>	<b>-13.7%</b>
<b>Corporate Expense - Non-Managed Ops.</b>				
Wealth tax	<b>(46)</b>	(22,086)	-99.8%	-99.8%
Amortization of intangibles	<b>(51,842)</b>	(51,631)	0.4%	0.1%
Taxes and rates	<b>(12,266)</b>	(11,362)	8.0%	9.0%
Non-recurring expense (project related)	<b>(1,618)</b>	(2,350)	-31.1%	-30.4%
Support area expense	<b>(408)</b>	(423)	-3.5%	0.0%
Operating expense - IM Unit	<b>(5,945)</b>	(1,670)	256.0%	266.8%
<b>Corporate headquarter expense</b>	<b>(33,389)</b>	<b>(33,311)</b>	<b>0.2%</b>	<b>1.2%</b>

\* Including SURA Data Chile, SURA Servicios profesionales S.A, Promotora SURA AM S.A DE C.V, SURA Art Corporation S.A and Asesores SURA S.A DE C.V.

## Earnings per Individual Business

At a segment level, we saw a significant decrease in net income for the Mandatory Pension business which was mainly due to lower returns obtained from the corresponding legal reserves. The drop with the Voluntary Savings segment obeyed the growth in selling and new project expense for this line of business, this in keeping with our ongoing strategy of providing superior assistance to all our clients. The Life Annuity business also posted a decrease given the divestiture of the corresponding subsidiary in Chile. On the other hand, corporate expense showed the effect of the exchange rate, having paid off the wealth tax due as well as a lower financial expense given the restructuring of the Company's debt.

	JUN 18	JUN 17	% Var	%Var Ex - Fx
<b>Consolidated Net Income</b>	<b>291,031</b>	<b>251,432</b>	<b>15.7%</b>	<b>12.4%</b>
Mandatory pensions	<b>423,234</b>	473,605	-10.6%	-11.8%
Voluntary savings	<b>(13,887)</b>	(13,742)	1.1%	0.7%
Insurance & Annuities	<b>26,536</b>	46,723	-43.2%	-43.8%
Exchange Rate Effect	<b>18,871</b>	(33,548)	156.2%	156.1%
Corporate Expense	<b>(108,874)</b>	(102,496)	6.2%	5.3%
Wealth tax	<b>(46)</b>	(21,860)	99.8%	-99.8%
Financial expense	<b>(63,693)</b>	(87,975)	-27.6%	-26.7%
Others	<b>8,890</b>	(9,276)	195.8%	204.4%

## Quarterly Earnings Q2 2018

	Q2-2018	Q2-2017	% Var	%Var Ex - Fx
Fee and commission income	508,623	475,603	-1.8%	9.4%
Income from legal reserve	7,544	47,190	-2.2%	-83.6%
Income (expense) via equity method	41,896	50,878	-0.2%	-17.9%
Other operating income	4,997	11,278	-1.0%	-687.0%
<b>Operating Revenues - Pension &amp; Fund Mgmt</b>	<b>563,061</b>	<b>584,948</b>	<b>-1.7%</b>	<b>-1.8%</b>
<b>Total insurance margin</b>	<b>78,885</b>	<b>44,181</b>	<b>-1.1%</b>	<b>73.8%</b>
<b>Operating expense</b>	<b>(381,877)</b>	<b>(390,400)</b>	<b>-1.7%</b>	<b>22.2%</b>
<b>Operating earnings</b>	<b>260,069</b>	<b>238,730</b>	<b>-1.5%</b>	<b>11.1%</b>
Financial income (expense)	(25,270)	(43,258)	-11.4%	-33.2%
Income (expense) - derivatives and exch. difference	(19,077)	(54,104)	0.4%	-64.7%
<b>Earnings (losses) before tax</b>	<b>215,722</b>	<b>141,369</b>	<b>-0.4%</b>	<b>53.5%</b>
Income tax	(60,363)	(81,215)	-1.9%	-23.5%
<b>Net income from continuing operations for the period</b>	<b>155,358</b>	<b>60,153</b>	<b>0.2%</b>	<b>-81.4%</b>
Net income from discontinued operations for the period	3,362	18,039	0.5%	-81.4%
<b>Net income (losses) for the period</b>	<b>158,720</b>	<b>78,192</b>	<b>0.2%</b>	<b>101.3%</b>

Net income for Q2 2018 came to COP 158,720 million for a growth of 94.0% compared to the same quarter last year given the good level of operating performance obtained

- Commission income amounted to COP 508,623 million, for an increase of 7.5%.
- Returns from the Company's legal reserves declined by 83.6% due to prevailing levels of market volatility.
- Revenues received via the equity method fell by 17.9% this due mainly to lower returns on the legal reserves corresponding to AFP Protección.
- Selling expense rose by 11.3%, mainly in Mexico given the larger sales force required in this part of the world
- Administrative expense fell by 4.8% given the non-recurring items mentioned above.

## Statement of Financial Position

Financial assets dropped by 6.9% compared to year-end 2017 mainly due to the currency conversion effect. The same applies to goodwill and other intangible assets which declined by 6.1% and 7.5% respectively. Liabilities decreased having settled various financial obligations and taken out hedges against currency conversion effects. All of this led to a decline with our equity figure, given dividend payments and the aforementioned currency conversion effects for this past quarter.

	JUN 18	DIC 17	Var%
<b>Total Activo</b>	<b>24,625,197</b>	<b>25,550,327</b>	<b>-3.6%</b>
<b>Total Pasivo</b>	<b>16,051,259</b>	<b>16,256,068</b>	<b>-1.3%</b>
<b>Total Patrimonio</b>	<b>8,573,938</b>	<b>9,294,259</b>	<b>-7.8%</b>

Figures stated in COP millions

At the end of Q2, 2018, SURA Asset Management held a consolidated debt of COP 2.8 trillion, having declined by 3.7% given the amount of financial obligations that were settled this past quarter.

It is important to note that the Asset accounts include the balance of the Company's legal reserves which at the end of Q2 2018 came to COP 2.2 trillion.

## EBITDA

EBITDA came to COP 593,138 million for a decline of 12.4%. This was negatively affected by lower returns from the Company's legal reserves as well as lower revenues received via the equity method from Protección, the latter also affected by lower returns from its own legal reserve. Were we to eliminate the effect of these lower returns on EBITDA, the overall growth would have come to 5.2%.

EBITDA	YTD			
	jun-18	jun-17	%Var	%Var Ex - Fx
Chile	<b>225,307</b>	267,425	-15.7%	-19.9%
México	<b>216,429</b>	183,272	18.1%	18.8%
Perú	<b>119,203</b>	146,410	-18.6%	-17.3%
Uruguay	<b>25,267</b>	29,822	-15.3%	-10.4%
Protección	<b>13,784</b>	33,285	-58.6%	-58.6%
Corporativo y Otros	<b>-6,852</b>	7,969		
<b>Total</b>	<b>593,138</b>	<b>668,184</b>	<b>-11.2%</b>	<b>-12.4%</b>
Return on Legal Reserve	<b>18,595</b>	128,104	-85.5%	-85.8%
<b>EBITDA ex. Legal Reserve</b>	<b>574,543</b>	<b>540,079</b>	<b>6.4%</b>	<b>5.2%</b>

The Net Debt / EBITDA ratio comes to 1.7x thus showing an appropriate level of indebtedness. Furthermore, our EBITDA (LTM)/ Interest ratio amounts to 8.7x, again showing a good level of debt-servicing capacity.

## Assets under management (AUM)

Assets Under Management, including those of AFP Protección and AFP Crecer, came to COP 397.2 trillion for a year-on-year growth of 8.4% at constant exchange rates. Assets under Management have also been negatively impacted by poor returns from the Company's legal reserves so far this year, but still managed to score a growth given the good levels of performance seen this first half of the year.

AUM	YTD			
	jun-18	jun-17	%Var	%Var Ex - Fx
Chile	<b>121,291,159</b>	121,245,145	0.0%	2.5%
México	<b>74,862,211</b>	76,258,882	-1.8%	10.2%
Perú	<b>56,890,958</b>	56,031,714	1.5%	6.8%
Uruguay	<b>8,514,364</b>	8,549,884	-0.4%	14.7%
Protección	<b>97,562,855</b>	88,149,414	10.7%	10.7%
El Salvador	<b>14,567,951</b>	13,909,141	4.7%	9.0%
Investment Management Unit	<b>32,811,087</b>	28,496,873	15.1%	19.8%
<b>Total</b>	<b>397,159,285</b>	<b>382,706,530</b>	<b>3.8%</b>	<b>8.4%</b>

Our Investment Management Unit, which has its own staff handling its operations in Chile, Mexico, Peru, Colombia and Uruguay, is managed on a regional level and posts its assets independently.

Sura's client base at the end of Q2 2018 numbered 19.6 million throughout Latin America, for a year-on-year growth of 2.7%.

Clients (in millions)	jun-18	jun-17	%Var
Chile	<b>1.8</b>	1.9	-2.1%
México	<b>7.8</b>	7.4	5.1%
Perú	<b>1.8</b>	2.1	-10.1%
Uruguay	<b>0.3</b>	0.3	1.3%
Protección	<b>6.2</b>	5.9	5.2%
El Salvador	<b>1.6</b>	1.6	4.3%
<b>Total</b>	<b>19.6</b>	<b>19.1</b>	<b>2.7%</b>

## ROE / ROTE

At the end of Q2 2018, the Company posted a Return on Equity of 8.7%, duly adjusted for the amortization of intangibles, thereby improving upon the 7.8% recorded for the same period last year. Return on Tangible Equity, duly adjusted for intangible equity, came to 35.3%, which is the same as that posted last year. These adjusted figures show the level of profitability obtained from the Company's operations.

## Mandatory Business

### Statement of Comprehensive Income

	<b>JUN 18</b>	<b>JUN 17</b>	<b>% Var</b>	<b>%Var Ex - Fx</b>
Fee and commission income	<b>907,443</b>	841,589	7.8%	6.8%
Income from legal reserve	<b>18,458</b>	126,702	-85.4%	-85.7%
Income (expense) via equity method	<b>52,490</b>	86,182	-39.1%	-39.5%
Other operating income	<b>2,177</b>	3,263	-33.3%	-32.4%
<b>Operating Revenues - Pension &amp; Fund Mgmt</b>	<b>980,568</b>	<b>1,057,737</b>	<b>-7.3%</b>	<b>-8.2%</b>
<b>Operating Expense</b>	<b>(430,970)</b>	<b>(429,489)</b>	<b>0.3%</b>	<b>-0.4%</b>
<b>Operating earnings</b>	<b>549,598</b>	<b>628,244</b>	<b>-12.5%</b>	<b>-13.6%</b>
Financial income (expense)	<b>7,131</b>	5,859	21.7%	19.9%
Income (expense) - derivatives and exch. difference	<b>4,533</b>	(6,473)	-170.0%	-170.5%
<b>Earnings (losses) before tax</b>	<b>561,262</b>	<b>627,630</b>	<b>-10.6%</b>	<b>-11.6%</b>
Income tax	<b>(138,028)</b>	(154,025)	-10.4%	-11.2%
<b>Net income (losses) for the period</b>	<b>423,234</b>	<b>473,605</b>	<b>-10.6%</b>	<b>-11.8%</b>

## YTD Results

Q2 2018 saw improved economic activity in all those countries where we are present, with the wage bases for the individual countries recording generally higher growths at constant exchange rates compared to previous periods, especially in Chile and Peru where growths of 4.5% and 5.5% were obtained respectively, thereby driving up our commission income by 6.8%. In the case of Mexico, where the commission charged is based on the amount of AUM held, we also saw a spike of 12.3% in assets under management in spite of lower market returns.

SURA AM's legal reserves performed exceptionally well last year and although we had not expected this to continue at the same levels this year, we did not expect returns to sink so much, on the back of different situations relating to the global economy, including the present trade war that has triggered substantial levels of market volatility. Returns were lower across the board for all of the different types of assets but mainly equities, given the political and economic issues that have arisen. Investments in fixed income and equities account for around 90% of our AUM.

Operating expense fell by 0.4%, this mainly due to the COFECE sanction and the amortization of the Santander acquisition. Were we to eliminate these one-time effects, operating expense would have risen by 13.0%, given higher administrative expense in Chile and Mexico given the amount of new projects being undertaken and the expense of re-locating our staff given the earthquake that rocked Mexico City last year. Selling expense, on the other hand, rose by 16.3%, mainly in Mexico, where our strategy is to become more competitive by strengthening our sales function, this mainly to ensure the sustainability of our mandatory pension business.



	Net Income			
	jun-18	jun-17	%Var	%Var Ex - Fx
Chile	<b>148,842</b>	187,139	-20.5%	-24.4%
México	<b>135,153</b>	98,577	37.1%	38.0%
Perú	<b>74,434</b>	86,743	-14.2%	-12.8%
Uruguay	<b>21,413</b>	26,120	-18.0%	-13.3%
Protección	<b>43,392</b>	75,026	-42.2%	-42.2%
<b>Total</b>	<b>423,234</b>	<b>473,605</b>	<b>-10.6%</b>	<b>-11.8%</b>

## Chile

- Commission income rose by 4.4% in keeping with a 4.5% increase in the wage base. The contribution rate at the end of Q2 2018 came to 57.9%.
- Selling expense declined by 7.0% compared to last year, given cutbacks to the sales channel.
- Administrative expense rose by 12.1%, due to two specific reasons: higher spending on new projects and higher indemnity costs which were incurred during a different quarter in 2017. As for recurring expense, we managed to obtain savings compared to last year.
- In keeping with our efforts to get nearer to our clients and provide them with superior assistance, recently our pension fund management subsidiaries in Chile implemented an innovative benefits program for the members of a local trade association, helping both contributors and retirees to have more savings options at their disposal, get to know more about their pensions and savings, the status of their accounts, the multifunds offered along with other important topics relating to pension education.

## México

- Commission income rose by 9.9%, mainly due to a 9.6% increase in AUM in the form of fund member contributions and accumulated returns. Our client base in this part of the world also increased, going from 7.4 million at the end of Q2 2017 to 7.8 million at the end of the same period this year, this thanks to the excellent results obtained by Afore SURA with assigning and reassigning the accounts that the Mexican regulator awarded during the first quarter of 2018. It is worthwhile pointing out that these accounts are awarded to the Mexican Pension Fund Management firms offering the best returns, client service and operating efficiencies.
- The growth in selling expense was due to higher sales given the newly transferred accounts in the Mexican Pension Fund industry (1.5 million accounts) for a growth of 29.3% compared to 2017 on an industry-wide level. Furthermore, we now have more sales personnel in this part of the world, with our sales force increasing by 15.8%, which in turn have produced a 23.6% increase in revenues from the increase in AUM, thereby upholding our strategy of seeking a neutral netting without triggering a growth in sales activity for the entire pension fund industry.
- Administrative expense, excluding the provision for the COFECE sanction and the amortization associated with the Santander acquisition, recorded an increase of 18.0% at the end of Q2 2018. This growth corresponds to higher regulatory expense, having recruited more investment management staff as a key element of our business strategy, advertising expense being incurred earlier than for last year, as well as higher lease expense given the need to relocate our staff given the earthquake that struck Mexico in 2017 and the consequent damage to our office building.

## Perú

- The growth in commission income for our Peruvian subsidiary came to 7.2%, given higher commission income charged on AUM as well as other income corresponding to collections carried out as a result of a new Sovereign Debt Rescheduling Law. The wage base in this part of the world

rose by 5.5%, which is a very positive factor given the fact that the contribution rates has been lower than that of last year given the stagnation of the formal job market.

- Selling expense rose by 6.7%, in keeping with the higher sales obtained with the line of voluntary pensions.
- Administrative expense remained in keeping with those of last year, having increased slightly by 1.6% given a hefty investment in projects aimed at revamping our Pension Fund Management subsidiary, updating the core system and launching a new program aimed at getting closer to our clients.

## Uruguay

- Commission income fell by 1.7%, due to a drop in the fund management commission rate that went from 1.99% for the first half of 2017 to 1.89% for the same period this year. This reduction was carried out by the Uruguayan Fund Management subsidiary itself and not due to any regulatory changes that were subsequently introduced. Furthermore, in June 2018 there was a delay on the part of one of our larger employer clients in paying their contributions into the fund, thereby causing a drop in the amount of commission income for said month, hence the change on a year-on-year basis. These contributions were duly received in July.
- Although the figures for at the end of the first half of this year show a decline given the drop in commission income, our pension fund management business managed to net a 22% increase with new members while recording a 16% reduction with accounts transferring out to other pension fund management firms.
- As for operating expense, there was no significant change with respect to last year, with selling expense rising by 3% and administrative expense falling by 0.3%. The fact that no change has been observed due to higher inflation this year or fluctuations with the exchange rate is due to the subsidiary having restructured its costs, as a result of certain regulatory changes introduced in January 2018. This included reductions in personnel, leasing and miscellaneous expense. This cost restructuring came about as result of a new regulatory framework for the Uruguayan social security system, mainly with the pension fund management firms starting this year, whereby commission charges were reduced by Senior Management (so as not to go 50% higher than those of the Pension Fund Management firm charging the lowest commissions).

## AFP Protección and AFP crecer

- Income obtained by SURA Asset Management from AFP Protección and AFP Crecer corresponds to that posted via the equity method which came to COP 43,391 million in the case of the mandatory pension business, which showed a decline of 40.7% due to lower returns received on their legal reserves.
- Fee and commission income posted a growth of 2.3%, driven by an average 8.5% growth in the wage base compared to the previous year.
- Selling expense fell by 0.9% due to having restructured our sales channels, so as to drive our overall productivity in this regard.
- Administrative expense rose by 7.6%, which was in line with inflation plus amounts invested in new projects and technological advances benefiting the Company.

## Quarterly Earnings Q2 2018

Net income for Q2 2018 came to COP 214,582 million, for an increase of 3.0% compared to the same quarter last year.

- Commission income rose by 7.7% to COP 452,389 million.
- Returns from legal reserves showed a decline of 83.5% given prevailing levels of market volatility.
- Revenues obtained via the equity method declined by 28.9% mainly due to the drop in the amount of returns received by AFP Protección on its legal reserve.
- Selling expense rose by 18.5%, given higher sales mainly in Mexico and Peru.
- Administrative expense fell by 13.5% given the effect of the non-recurring items mentioned above

	Q2-2018	Q2-2017	% Var	%Var Ex - Fx
Fee and commission income	452,389	430,248	-1.8%	7.7%
Income from legal reserve	7,449	46,284	-2.3%	-83.5%
Income (expense) via equity method	34,244	48,046	-0.3%	-28.9%
Other operating income	661	(1,721)	-3.0%	-133.4%
<b>Operating Revenues - Pension &amp; Fund Mgmt</b>	<b>494,742</b>	<b>522,856</b>	<b>-1.7%</b>	<b>-3.3%</b>
<b>Operating expense</b>	<b>(219,884)</b>	<b>(239,826)</b>	<b>-1.7%</b>	<b>-6.1%</b>
<b>Operating earnings</b>	<b>274,858</b>	<b>283,026</b>	<b>-1.6%</b>	<b>-0.9%</b>
Financial income (expense)	2,885	3,756	-2.9%	-20.9%
Income (expense) - derivatives and exch. difference	5,943	(971)	0.5%	-712.2%
<b>Earnings (losses) before tax</b>	<b>283,686</b>	<b>285,811</b>	<b>-1.6%</b>	<b>1.2%</b>
Income tax	(69,104)	(73,735)	-1.7%	-3.8%
<b>Net income (losses) for the period</b>	<b>214,582</b>	<b>212,076</b>	<b>-1.6%</b>	<b>3.0%</b>

## Wage Base

The wage base on a YTD basis recorded a growth of 6.0%, which is in line with the growth in salaries and wages as well as the GDP growth rates in all those countries where we are present.

- In Chile, this level of growth is in keeping with the average wage/salary increase.
- The increase posted in Peru is mainly due to the growth in its economy.
- The increase shown in the case of AFP Protección is mainly explained by the growth in the wage base.

	Wage Base YTD			
	jun-18	jun-17	%Var	%Var Ex - Fx
Chile	21,580,295	19,645,631	9.8%	4.5%
Perú	12,940,174	12,466,005	3.8%	5.5%
Uruguay	2,076,382	2,113,748	-1.8%	3.9%
Protección	19,671,955	18,124,742	8.5%	8.5%
El Salvador	4,177,908	4,081,535	2.4%	4.9%
<b>Total</b>	<b>60,446,715</b>	<b>56,431,661</b>	<b>7.1%</b>	<b>6.0%</b>

## Assets under management (AUM) – Mandatory pension business

The AUM of the mandatory pension business performed well in all those countries where we are present, with a total growth of 6.8% in spite of the low returns on investment throughout this year.

AUM did particularly well in Mexico, where a 9.6% growth was reported, this being the main revenue driver in this part of the world.

	Mandatory Business AUM			
	jun-18	jun-17	%Var	%Var Ex - Fx
Chile	110,106,735	109,866,009	0.2%	2.6%
México	72,365,235	74,128,030	-2.4%	9.6%
Perú	53,246,107	53,318,422	-0.1%	5.1%
Uruguay	8,075,670	8,230,115	-1.9%	13.0%
Protección	89,914,450	81,494,050	10.3%	10.3%
El Salvador	14,567,951	13,909,141	4.7%	9.0%
<b>Total</b>	<b>348,276,149</b>	<b>340,945,767</b>	<b>2.2%</b>	<b>6.8%</b>

## Voluntary Savings Business

### Statement of Comprehensive Income

	JUN 18	JUN 17	% Var	%Var Ex - Fx
Fee and commission income	112,691	94,154	19.7%	17.1%
Income from legal reserve	137	1,402	-90.2%	-90.7%
Income (expense) via equity method	7,789	5,303	46.9%	46.9%
Other operating income	2,484	1,091	127.7%	135.5%
<b>Operating Revenues - Pension &amp; Fund Mgmt</b>	<b>123,100</b>	<b>101,950</b>	<b>20.7%</b>	<b>18.2%</b>
<b>Total insurance margin</b>	<b>29,746</b>	<b>28,778</b>	<b>3.4%</b>	<b>-1.7%</b>
<b>Operating Expense</b>	<b>(160,646)</b>	<b>(146,943)</b>	<b>9.3%</b>	<b>6.7%</b>
<b>Operating earnings</b>	<b>(7,799)</b>	<b>(16,214)</b>	<b>-51.9%</b>	<b>-51.9%</b>
Financial income (expense)	12	21	-44.0%	-46.3%
Income (expense) - derivatives and exch. difference	521	(150)	-448.2%	-441.1%
<b>Earnings (losses) before tax</b>	<b>(7,266)</b>	<b>(16,343)</b>	<b>-55.5%</b>	<b>-55.5%</b>
Income tax	(6,691)	1,158	-677.9%	-700.2%
<b>Net income from continuing operations for the period</b>	<b>(13,958)</b>	<b>(15,186)</b>	<b>-8.1%</b>	<b>-8.3%</b>
Net income from discontinued operations for the period	71	1,444	-95.1%	-95.0%
<b>Net income (losses) for the period</b>	<b>(13,887)</b>	<b>(13,742)</b>	<b>1.1%</b>	<b>0.7%</b>

### YTD Results

The growth in fee and commission income came to 17.1%, while total expense rose by 6.7%. Revenues received via the equity method are those relating to the voluntary pension business corresponding to AFP Protección, showing a growth of 46.9% given the growth obtained in AUM. Nevertheless, the overall loss comes to COP 13,887 million having increased by 0.7%, this largely due to higher income tax accruing. It is worthwhile noting the efforts of both Peru and Uruguay in reducing their negative levels of performance by 99.1% and 63.4% respectively.

	Net Income			
	jun-18	jun-17	%Var	%Var Ex - Fx
Chile	(14,275)	(8,079)	76.7%	68.1%
México	(4,865)	(1,831)	165.6%	167.3%
Perú	(36)	(4,217)	-99.1%	-99.1%
Uruguay	(1,657)	(5,219)	-68.3%	-66.4%
Protección	330	1,955	-83.1%	-83.1%
Colombia	6,677	3,649	83.0%	83.0%
Argentina	(60)			
<b>Total</b>	<b>(13,887)</b>	<b>(13,742)</b>	<b>1.1%</b>	<b>0.7%</b>

### Chile

- Commission income rose by 10.1%, given higher AUM and improved commission income as well as higher revenues from having redistributed said AUM. High-conviction multiasset funds have been a decisive factor for this to have occurred.
- The total insurance margin fell by 1.7% given lower sales of unit-linked products given prevailing levels of market volatility and lower returns which have prompted higher withdrawals.
- As for selling expense, this fell by 11.0% due to a reduced sales force and lower sales.
- Administrative expense rose by 16.3%, given higher spending allocated to the voluntary savings segment (unit-linked) as well as higher amounts being invested.

- Generally speaking the market is growing at a much slower rate compared to the same period last year. Chile is going through a stage in which clients are preferring to invest in real estate given lower returns on the capital markets.

## México

- The growth in commission income corresponding to the voluntary pension business came to 10.6%, in the light of a 24.8% increase in AUM for this segment. Lower average fees prevail in the retail segment, since clients are more averse to risk given local election issues as well as global factors that have caused people to turn to investment funds that charge lower commissions.
- The 0.5% decrease in selling expense is due to the retail segment where incoming AUM are showing a discreet growth of just 4.7%.
- Administrative expense rose by 7.1% including investments in new projects.

## Perú

- Commission income performed very well indeed, almost doubling the figure reported last year for a year-on-year growth of 92.7%. This was due to higher levels of sales obtained through a much better product mix. So far this year we have launched three new funds.
- Higher sales have entailed higher selling expense which rose by 4.3%, all of which have given us a much more robust level of operating earnings
- Administrative expense increased by 24.8% given spending on new projects as well as a recent reclassification of expense.

## Uruguay

- Commission income increased by 109.5%, mainly due to the 41% growth in the AUM corresponding to the different lines of business in this part of the world.
- Selling expense showed a decline of 54.5% mainly due to reductions in our sales force as well as the fact that this year we adjusted our sales incentive plans which entailed greater expense compared to last year.
- In turn, administrative expense posted a growth of 22.6% given the amount of expense being reassigned between our subsidiaries in Uruguay.

## Colombia

The voluntary savings segment in Colombia now includes the figures being posted by our new Investment Management Unit, which includes 70% of the earnings obtained by SURA Real Estate and a 50% of the revenues received via the equity method from Unión para la Infraestructura (UPI)

Furthermore, revenues reported via the equity method corresponding to the voluntary pension funds offered by AFP Proteccion came to COP 7,146 million for an increase of 53.4% this mainly due to the growth recorded in AUM.

## Unidad Investment Management

In 2013, SURA Asset Management set up the SIM (SURA Investment Management) team of staff, as the first move towards building up an interdisciplinary regional team for the “across-the-board” handling of SURA Asset Management’s voluntary savings business throughout the region.

As part of its work plan over these past few years, SIM has helped to create significant efficiencies, raised cross-cutting standards, formed centers of excellence to address the specific issues affecting different asset classes, among other important contributions towards furthering the Company’s positioning in this field.

SURA Asset Management is firmly committed to furthering the Company’s strategic planning and purpose and consequently has decided to drive the Asset Management business with the newly created Investment Management Unit while appointing a full-time executive team under the direction of its Chief Executive Officer, Pablo Sprenger. This team of staff is made up of more than 150 investment professionals all of whom have proven success in attracting and managing the capital and assets belonging to third parties.

This Unit currently manages a total of COP 31.9 billion in Assets Under Management and is pursuing a business plan that seeks to expand our presence throughout the region as well as the rest of the world, thereby leveraging our unique capability to be present in the main Latin American markets.

The Company expects to continue investing in this Unit's Operating Model and Technological Architecture during the second half of this year, so as to reinforce our operating capabilities and build a platform to support our growth plans, thereby ensuring that we continue to provide added value as we tread the path to further our sustainable growth.

## Quarterly Results Q2 2018

	JUN 18	JUN 17	% Var	%Var Ex - Fx
Fee and commission income	55,957	45,120	-1.8%	25.2%
Income from legal reserve	95	906	-0.8%	-90.0%
Income (expense) via equity method	7,124	2,807	0.0%	153.7%
Other operating income	1,157	1,837	-1.0%	-63.8%
<b>Operating Revenues - Pension &amp; Fund Mgmt</b>	<b>64,332</b>	<b>50,671</b>	<b>-1.6%</b>	<b>27.8%</b>
<b>Total insurance margin</b>	<b>14,797</b>	<b>11,523</b>	<b>-1.9%</b>	<b>23.2%</b>
<b>Operating expense</b>	<b>(80,440)</b>	<b>(74,134)</b>	<b>-1.8%</b>	<b>8.7%</b>
<b>Operating earnings</b>	<b>(1,311)</b>	<b>(11,940)</b>	<b>-10.4%</b>	<b>-87.8%</b>
Financial income (expense)	508	(149)	1.9%	-432.9%
Income (expense) - derivatives and exch. difference	362	34	-1.3%	106.5%
<b>Earnings (losses) before tax</b>	<b>(441)</b>	<b>(12,055)</b>	<b>-26.2%</b>	<b>-95.1%</b>
Income tax	(3,370)	845	-498.7%	-539.9%
<b>Net income from continuing operations for the period</b>	<b>(3,811)</b>	<b>(11,209)</b>	<b>-5.3%</b>	<b>-64.6%</b>
Net income from discontinued operations for the period	(833)	1,043	2.4%	-180.1%
<b>Net income (losses) for the period</b>	<b>(4,644)</b>	<b>(10,166)</b>	<b>-4.0%</b>	<b>-53.2%</b>

Net income for this past quarter came to COP -4,644 million thereby decreasing the overall loss by 53.2% compared to the same quarter last year.

- Commission income rose by 25.2% to COP 55,957 million.
- Revenues received via the equity method rose by 153.7% given higher AUM volumes for the Voluntary Pensions offered by AFP Protection.
- Selling expense declined by 9.4%, due to lower sales mainly in Chile and Peru.
- Administrative expense recorded a growth of 22.6%, given amounts invested in new projects, mainly by the newly formed Investment Management Unit

## Assets Under Management (AUM) - Voluntary Pension Business

Assets Under Management came to COP 48.9 trillion, for a growth of 21.2% this as a result of the growth and advances made with this line business. It is important to note that all those countries that report AUM corresponding to their Savings and Investment lines of business as well as those of the newly formed Investment Management Unit are recorded under the consolidated AUM figure in all those parts of the world where the aforementioned Unit is present. Where AUM is replicated by both of the aforementioned lines of business, this is eliminated from the total AUM reported.

<u>Voluntary Savings AUM</u>	<u>iun-18</u>	<u>iun-17</u>	<u>%Var</u>	<u>%Var Ex - Fx</u>
Chile	11,184,424	11,379,136	-1.7%	0.7%
México	2,496,976	2,130,851	17.2%	31.6%
Perú	3,644,850	2,713,292	34.3%	41.3%
Uruguay	438,694	319,769	37.2%	58.0%
Protección	7,648,405	6,655,363	14.9%	14.9%
Investment Management Unit	32,811,087	28,496,873	15.1%	23.5%
<b>Total</b>	<b>48,883,136</b>	<b>41,760,763</b>	<b>17.1%</b>	<b>21.2%</b>



## 4. Appendix

### Grupo SURA – Separate Financial Statements

#### Grupo de Inversiones Suramericana S.A Separate Income Statement

De January 1st to June 30th

	jun-18	jun-17	Var%
Dividendos	406,031	380,417	6.7%
Income from investments	622	9,397	-93.4%
Loss at fair value, net	(59,463)	(32,346)	83.8%
Revenues via equity method, net	428,463	439,827	-2.6%
Income from sale of investments, net	364	1,214	-70.0%
Exchange differences, net	39,249	(70,763)	-155.5%
Other income	53	3,541	-98.5%
<b>Total Revenues</b>	<b>815,318</b>	<b>731,287</b>	<b>11.5%</b>
Administrative expenses	(17,876)	(51,974)	-65.6%
Employee benefits	(10,752)	(9,513)	13.0%
Fee	(3,763)	(3,149)	19.5%
Depreciations	(647)	(549)	17.9%
Interest	(139,595)	(137,379)	1.6%
<b>Total expense</b>	<b>(172,633)</b>	<b>(202,564)</b>	<b>-14.8%</b>
<b>Profit before tax</b>	<b>642,685</b>	<b>528,722</b>	<b>21.6%</b>
Income tax	(26,813)	(38,183)	-29.8%
<b>Net profit</b>	<b>615,873</b>	<b>490,539</b>	<b>25.6%</b>
	<b>jun-18</b>	<b>dec-17</b>	<b>Var%</b>
Assets	27,786,190	27,763,804	0.1%
Liabilities	5,415,146	4,988,684	8.5%
Equity	22,371,044	22,775,121	-1.8%

The net income of the separate financial statements of Grupo SURA decreased by 17.1%, which highlights the following accounts:

- **Dividends** increase 6.7% in line with decreed dividends for Bancolombia, Grupo Argos y Grupo Nutresa.
- **The revenues via equity method** from subsidiaries decrease 2.6% due to the lower profits of Suramericana which are partially offset by SURA AM's profit growth.
- **Gain at fair value + Exchange difference:** reflects the net impact of our debt in foreign currency, which improved from COP -103,109 MM in 1H2017 to COP -20,214 MM in 1H2018.
- **Administrative expenses** decrease 65.6% reflecting non-recurring expenses recorded in 2017: DIAN process provision for COP 37,666 MM and wealth tax for COP 1,334 MM.



## Suramericana S.A. (Separate Individual Statement)

Suramericana S.A (Separate) (stated in COP millions)	January 1st to June 30th			March 31st to June 30th		
	jun-18	jun-17	%Var	Q2 2018	Q2 2017	%Var
Earnings from subsidiaries via equity method	<b>372,822</b>	424,978	-12.3%	<b>219,406</b>	217,939	0.7%
Interest	<b>455</b>	1,889	-75.9%	<b>307</b>	706	-56.5%
Gains at fair value	<b>6,034</b>	3,288	83.5%	<b>5,389</b>	1,353	298.3%
Other revenues	<b>395</b>	947	-58.3%	<b>(368)</b>	389	
Exchange difference (net)	<b>(12,915)</b>	(1,503)	759.3%	<b>(6,453)</b>	1,501	
<b>Total income</b>	<b>366,791</b>	<b>429,599</b>	<b>-14.6%</b>	<b>218,281</b>	<b>221,888</b>	<b>-1.6%</b>
Administrative expense	<b>(16,380)</b>	(21,451)	-23.6%	<b>(6,718)</b>	(16,941)	-60.3%
Employee benefits	<b>(19,726)</b>	(20,626)	-4.4%	<b>(10,085)</b>	(10,389)	-2.9%
Fees	<b>(5,151)</b>	(11,224)	-54.1%	<b>(2,952)</b>	(6,451)	-54.2%
Depreciation	<b>(387)</b>	(275)	40.7%	<b>(196)</b>	(140)	40.0%
Interest	<b>(37,012)</b>	(44,548)	-16.9%	<b>(17,928)</b>	(21,345)	-16.0%
<b>Total expense</b>	<b>(78,656)</b>	<b>(98,124)</b>	<b>-19.8%</b>	<b>(37,879)</b>	<b>(55,266)</b>	<b>-31.5%</b>
<b>Earnings (losses) before tax</b>	<b>288,135</b>	<b>331,475</b>	<b>-13.1%</b>	<b>180,402</b>	<b>166,622</b>	<b>8.3%</b>
Income tax	<b>(27,125)</b>	(35,548)	-23.7%	<b>(16,089)</b>	(15,663)	2.7%
<b>Earnings (losses), net</b>	<b>261,010</b>	<b>295,927</b>	<b>-11.8%</b>	<b>164,313</b>	<b>150,959</b>	<b>8.8%</b>

### Suramericana S.A (Separate)

#### Main Figures Statement of Financial Position

	jun-18
Total assets	<b>5,649,121</b>
Total liabilities	<b>1,317,350</b>
Total equity	<b>4,331,772</b>