

1Q – 2018

Results  
Presentation

## DISCLAIMER

The forward-looking statements contained herein are based on Management's current forecasts and outlook

For better illustration and decision-making, figures for Suramericana, SURA Asset Management and its subsidiaries are administrative rather than accountant, and therefore may differ from those presented to entities officers. Thus, Grupo de Inversiones Suramericana assumes no obligation to update or correct the information contained in this presentation.

## AGENDA

# Grupo SURA

**Consolidated Results**

# Suramericana

**Insurance, Trends and Risk Management**

# SURA Asset Management

**Pensions, Savings and Asset Management**



# Grupo SURA

Consolidated  
Results 1Q 2018

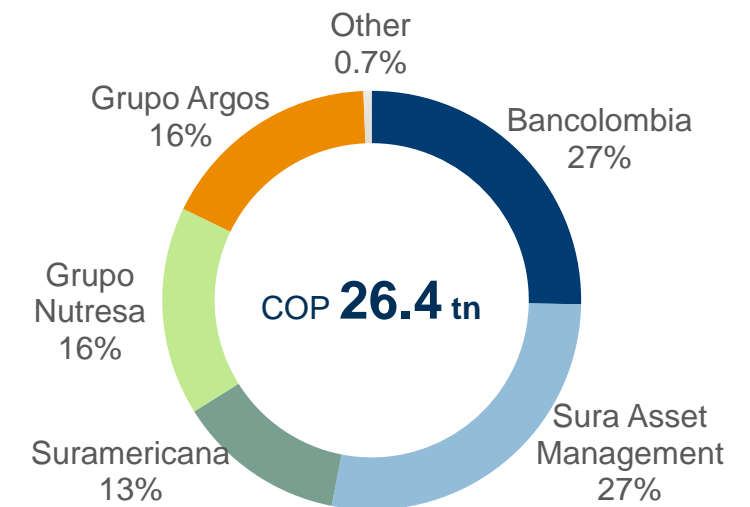
# HIGHLIGHTS »

## GRUPO SURA



- Good operating results, affected by capital markets performance.
- Total revenues of **COP 4.8 tn (-2.2%)**.
  - Investment income decreases COP 253,497 MM (-47.0%) affected by lower returns in capital markets.
  - Retained premiums decrease (-0.8%) due to lower life annuity sales, insurance with savings products and non-participation in Colombia's D&S insurance bidding process.
  - Revenues via equity method are lower by COP 44,870 MM (-17.8%).
- Focus on efficiency: total expenses decrease 0.6% due to lower adjustments to reserves (-47.4%), control of administrative expenses (-1.6%) and lower interest (-3.0%).
- Consolidated net income reaches COP 310,153 MM (-23.5%) and net income attributable to shareholders of COP 268,982 MM (-20.6%).
- Consolidated financial debt\* of COP 8.98 tn, with a 4% reduction compared to 2017YE.
- Focus on efficient capital allocation, seeking a balance between risk, return and efficient use of capital
  - Sales agreement for the Life Annuity business in Chile for USD 230 MM aprox. And non-participation in Colombia's D&S insurance bidding process.

## INVESTMENT PORTFOLIO \*



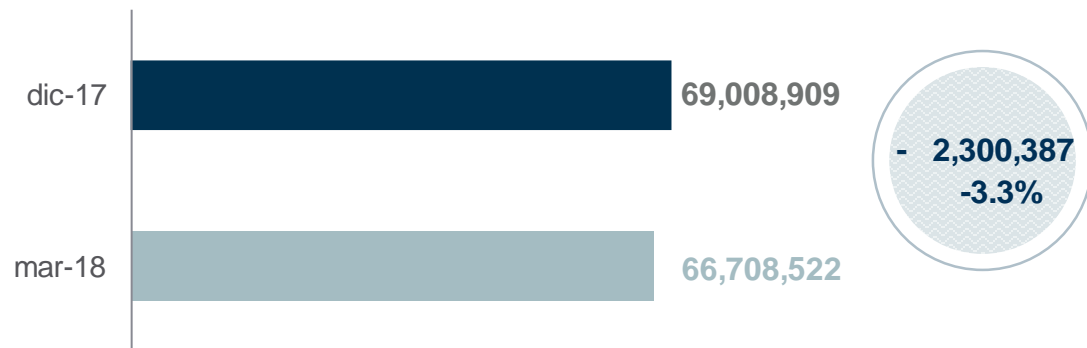
*Considering Suramericana and SURA Asset Management at 1x P/BV, listed companies at market value.*

\*Deuda financiera consolidada excluyendo el valor presente de los dividendos preferenciales y los derivados

# STATEMENT OF FINANCIAL POSITION »

## CONSOLIDATED

### Assets »



### Assets

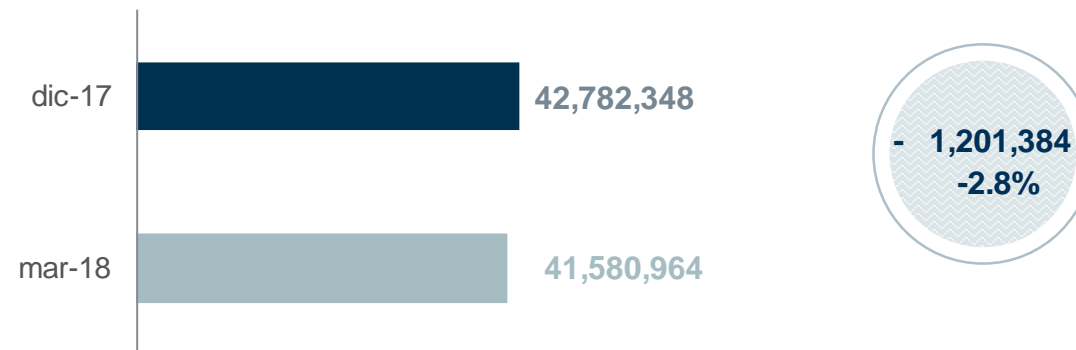
- Investments: -3.0% or COP -818,321 MM due to lower returns at investment portfolios of insurance companies and pension funds.
- Goodwill + intangibles: -5.5% or COP -513,776 MM due to fx.
- Investments in associates: -3.5% or COP -652,208 MM explained by dividend payment.

### Liabilities

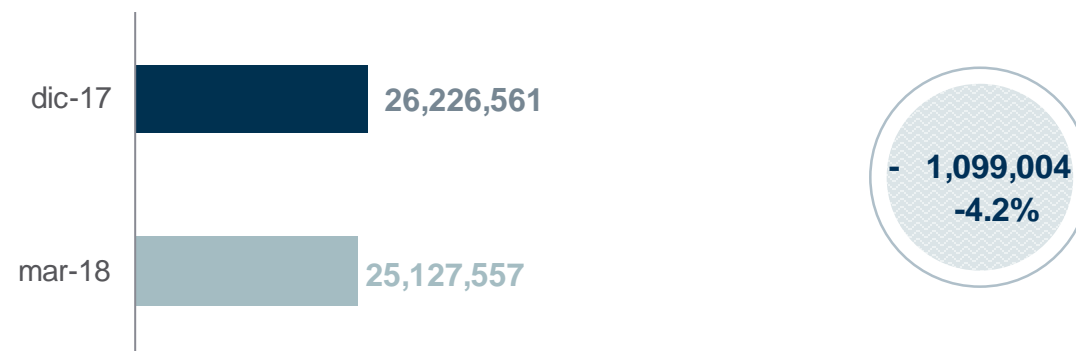
- Insurance technical reserves: -3.0% or COP -793,296 MM due to seasonality.
- Financial liabilities and issued securities: -2.0% or COP -201,894 MM because of conversion effects due to COP revaluation.

Figures in COP million

### Liabilities »



### Total Equity»



# STATEMENT OF FINANCIAL POSITION

## DEBT

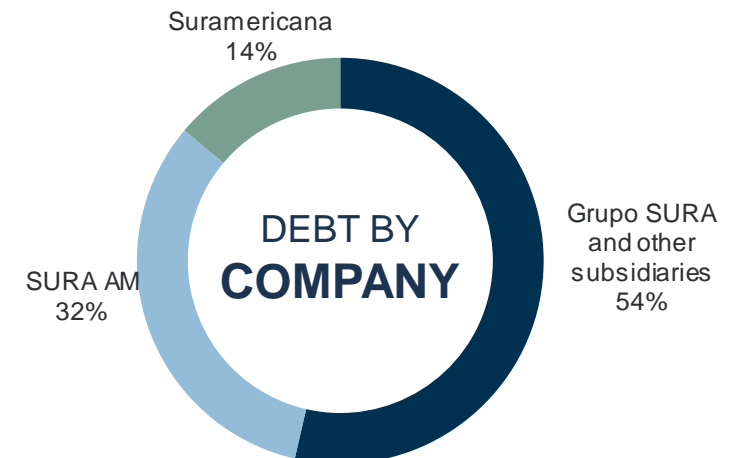
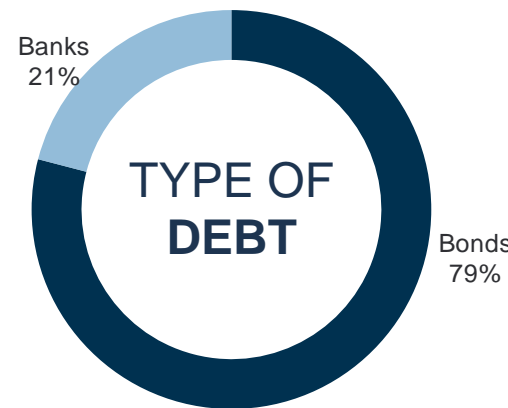
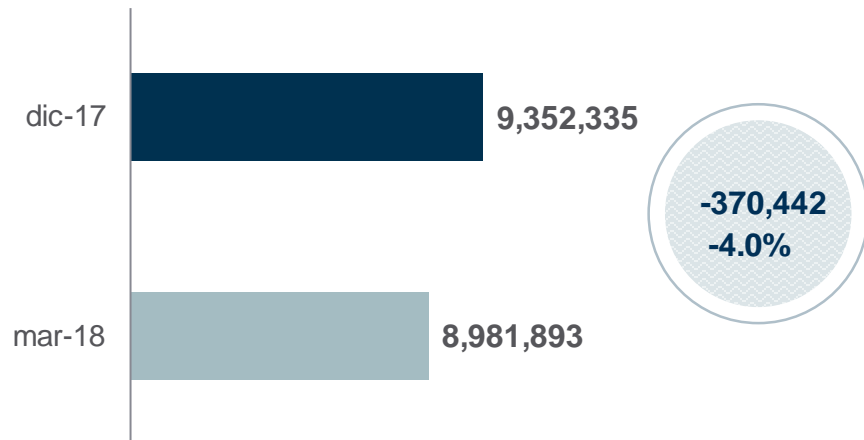
**Grupo SURA's unconsolidated Financial Debt: COP 4.7 trillion\***



- ◆ COP 79.7%
- ◆ USD 20.3%

\*\*Includes hedges at the agreed rates

### Consolidated Financial Debt »

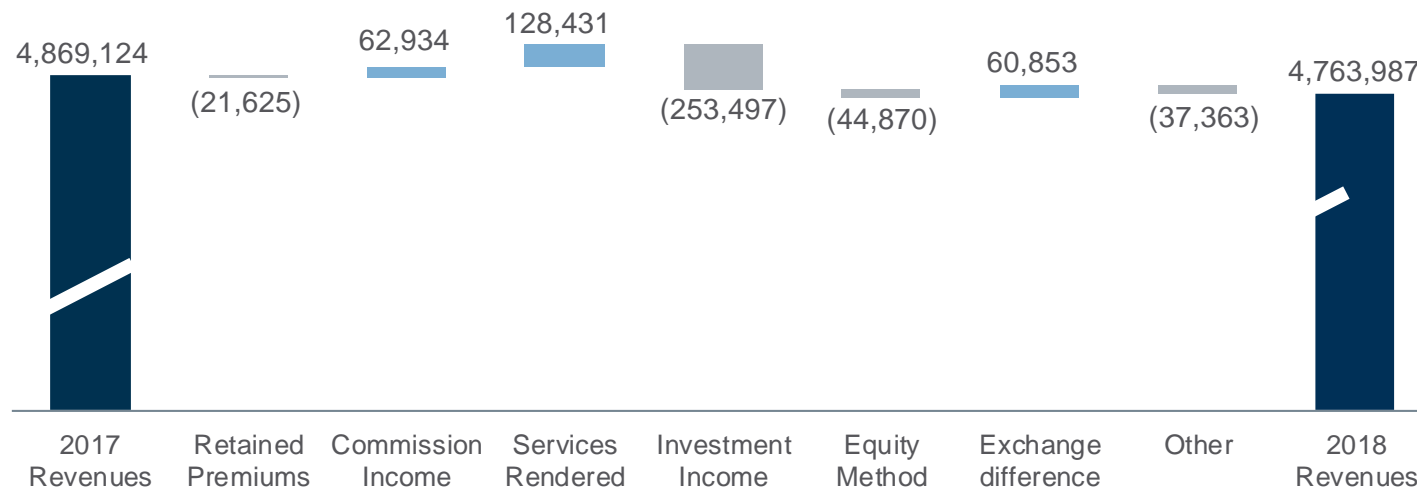
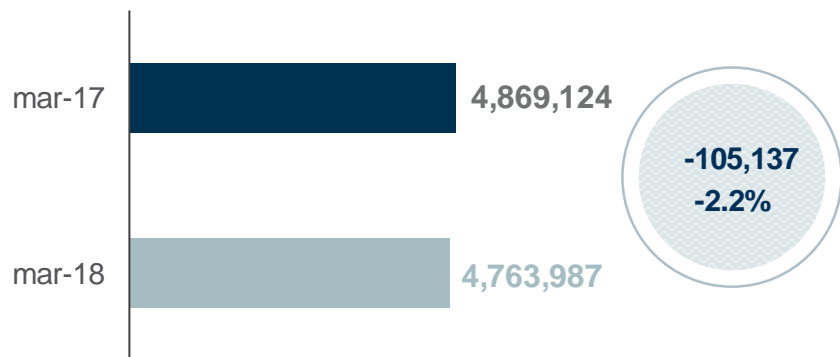


# STATEMENT OF COMPREHENSIVE INCOME »

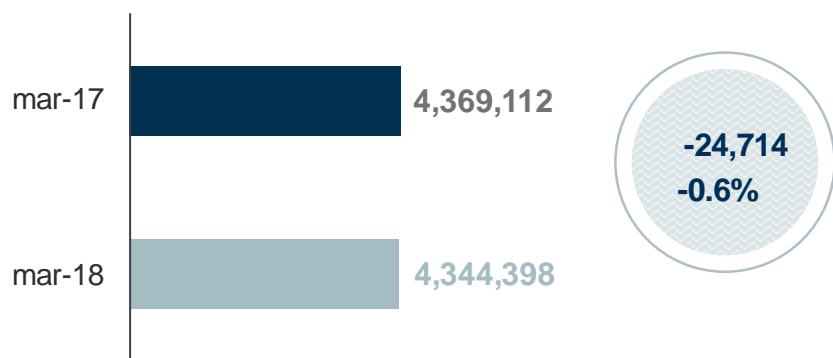
## CONSOLIDATED

Var%: -0.8% +11.5% +19.9% -47.0% -17.8% +104.3% -39.4% -2.2%

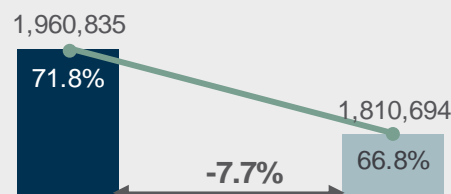
### Total Revenues »



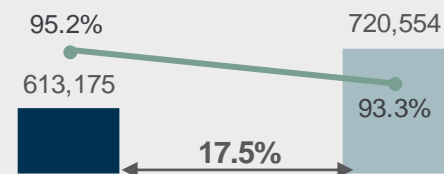
### Total Expenses »



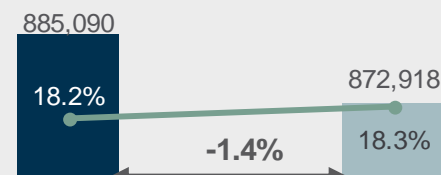
#### Claims + Reserve Adj: % Retained Premiums



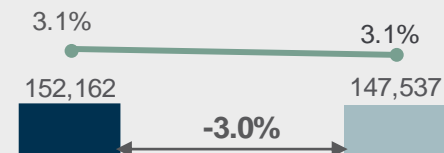
#### Services Rendered: Costs / Revenues



#### Admin. Expenses: % of Total Revenues



#### Interest Expense: % of Total Revenues



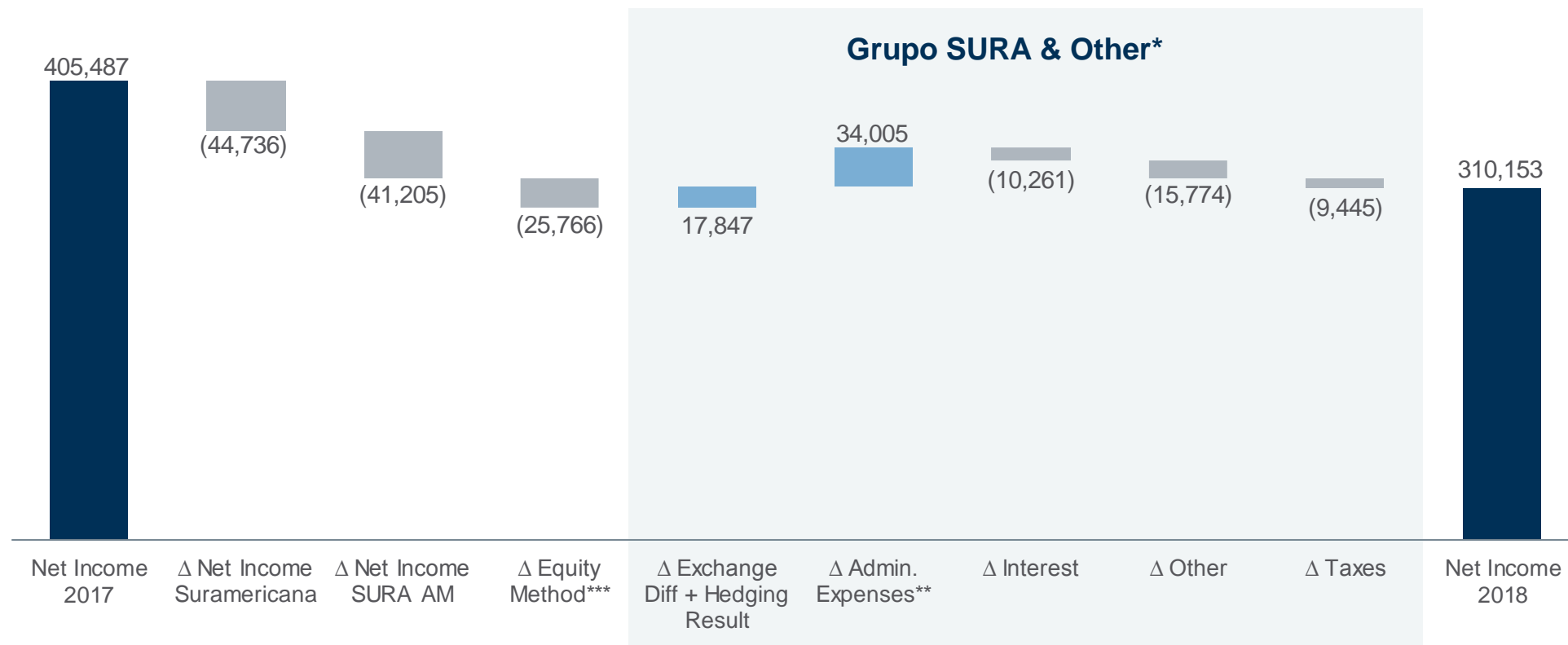
Figures in COP million

■ 2017  
■ 2018



# STATEMENT OF COMPREHENSIVE INCOME »

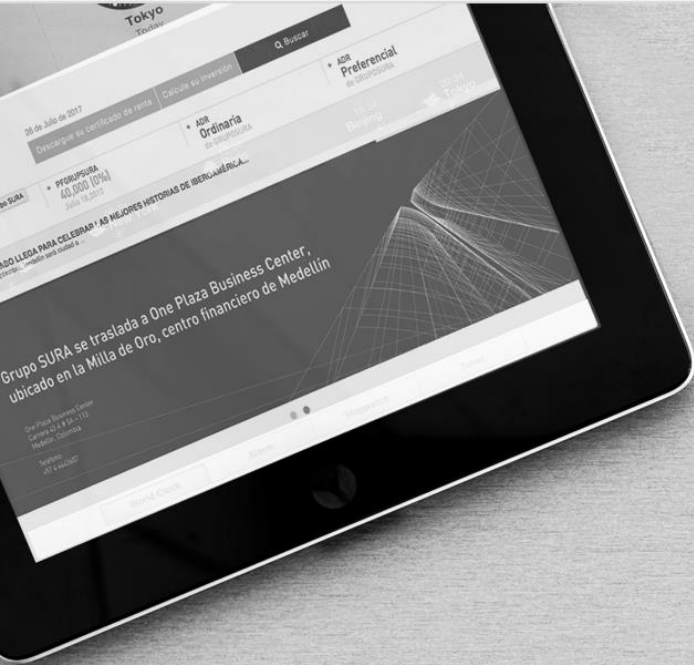
## CONSOLIDATED NET INCOME



\* Grupo SURA and Other (GS) includes Grupo SURA Grupo SURA Finance, Grupo SURA Panamá, Habitat and Arus.

\*\* GS Admin. Expenses includes Administrative Expenses, Employee Benefits and Fees at Grupo SURA and Other level. Includes expense related to conciliation process with DIAN in 2017.

\*\*\* Equity method from associates at Grupo SURA doesn't include AFP Protección since its already accounted in SURA AM's net income



**SURA INSURANCE,  
TRENDS AND RISK  
MANAGEMENT**  
SURAMERICANA S.A

**CONSOLIDATED RESULTS**

# HIGHLIGHTS »

## SURAMERICANA

- Retained premiums of COP 2.2 tn (+2.8%), growing 8.0% excluding the effect of the D&S Insurance. Revenues from health services rendered maintain positive dynamics (+20.8%).
- Improvement in technical and underwriting results driven by lower claims ratio (-175 bps) and a control in costs of services rendered (+18.5%) and administrative expenses (+1.0%).
- Business segments with good operating performance impacted by investments income:
  - **Life:** growth in premiums of 11.2% (excluding Pension D&S Insurance) and improvement in efficiency (-30 bps) contrast with lower investment income (-19.9%).
  - **P&C:** retained premiums +5.5% and improvement of 270 bps in Combined Ratio due to lower claims ratio (-41 bps) and control in technical and administrative expenses. Adjusted net income -4.1% due to lower investment income and higher taxes.
  - **Health:** net income doubles (+104.5%) driven by good revenue dynamics (+ 20.2%) and lower claims (-130 bps).
- **Net Income:** COP 100,590 MM decreasing 30.8% (COP -44,736 MM vs. 1Q2017) due to lower investment income (COP -58,872 MM vs. 1Q17) and higher taxes in P&C company in Colombia.

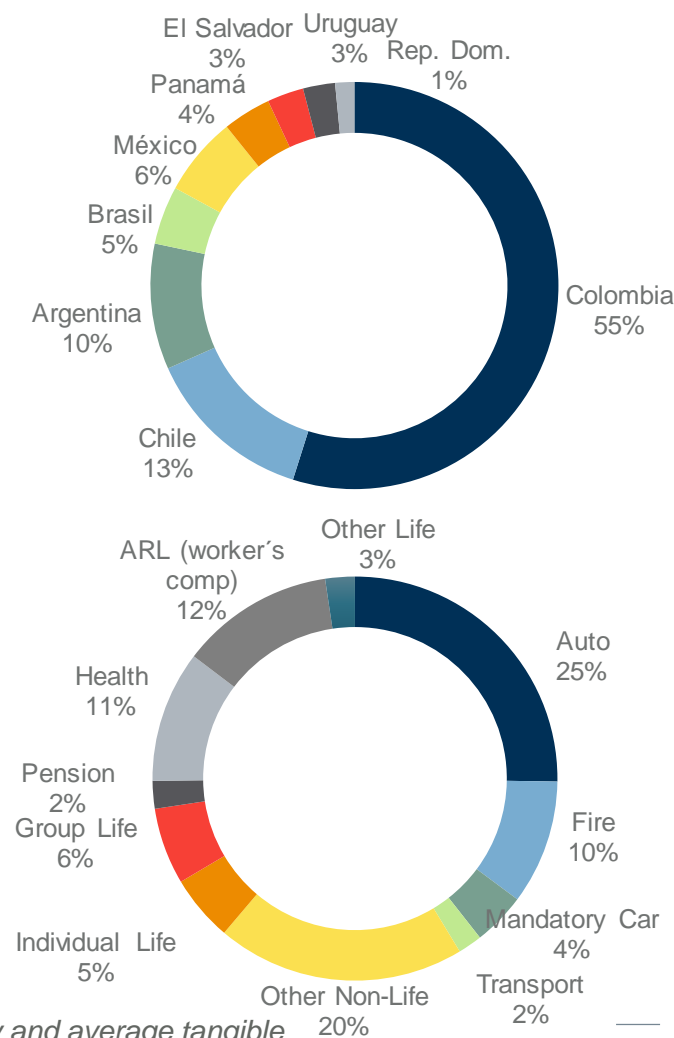
ADJUSTED ROE\*

**13.0%**

ADJUSTED ROTE\*

**17.8%**

### % WRITTEN PREMIUMS

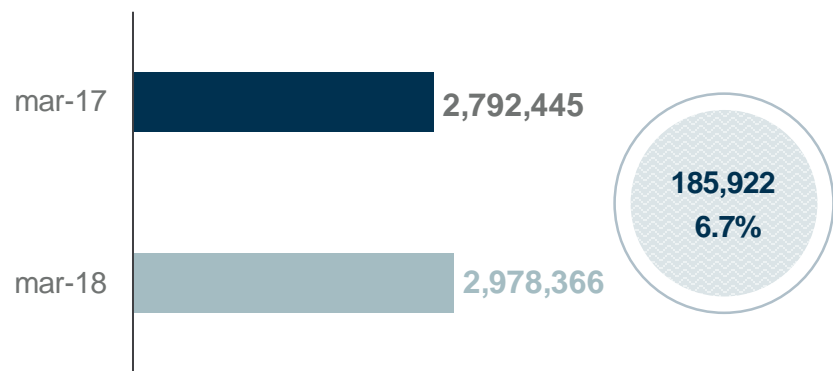


\*\* ROE and ROTE with net income adjusted for amortization of intangibles associated to acquisitions, divided by average equity and average tangible equity.

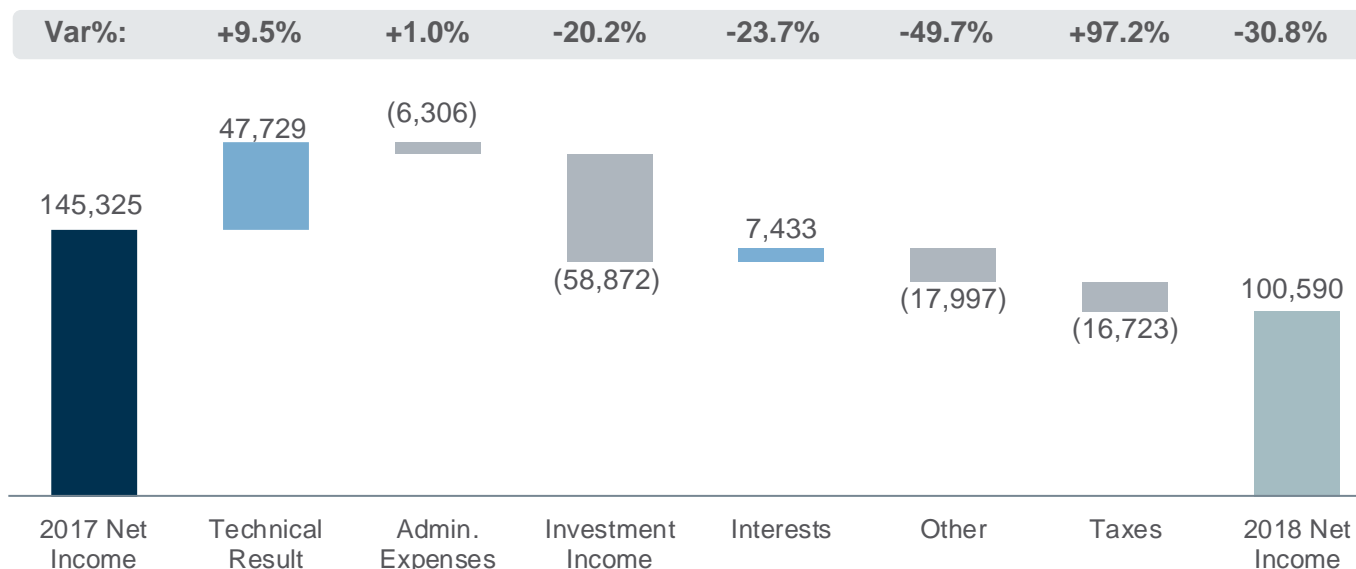
# STATEMENT OF COMPREHENSIVE INCOME »

## CONSOLIDATED

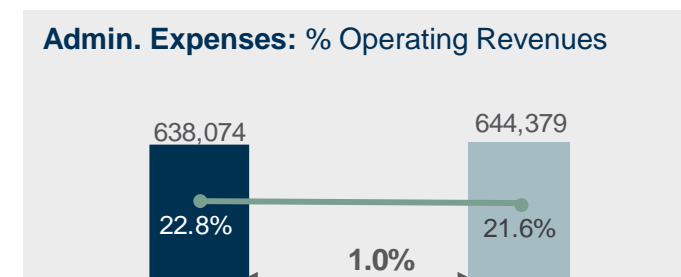
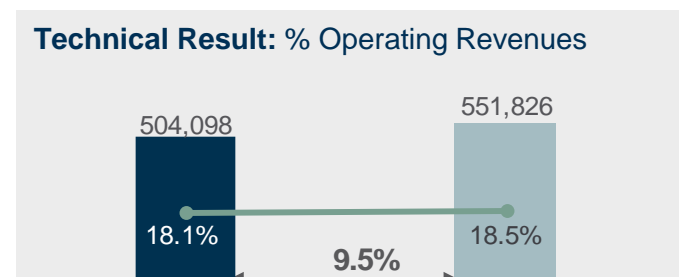
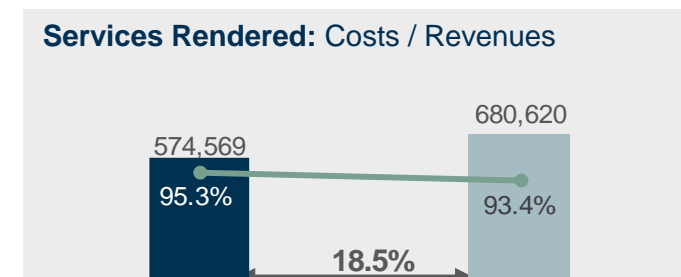
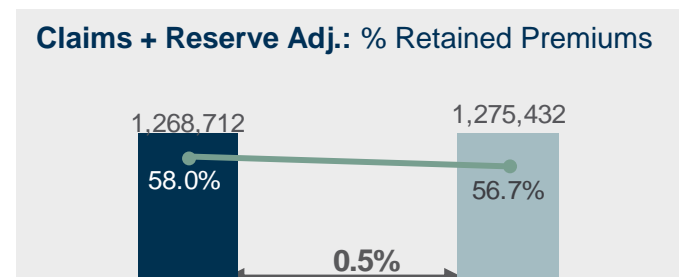
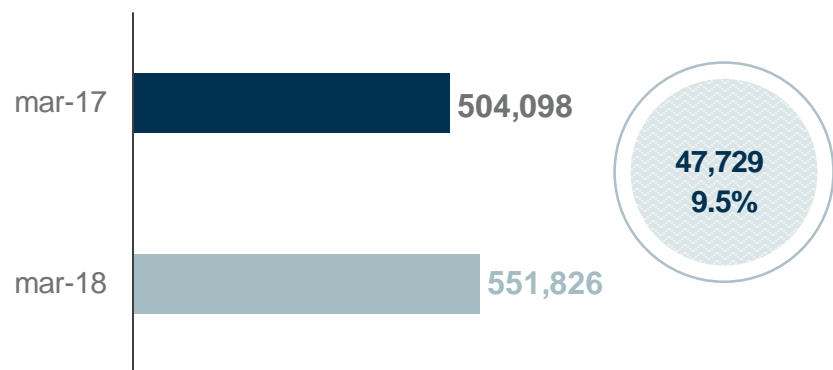
### Operating Revenues\* »



\* Retained premiums + Revenues on services rendered

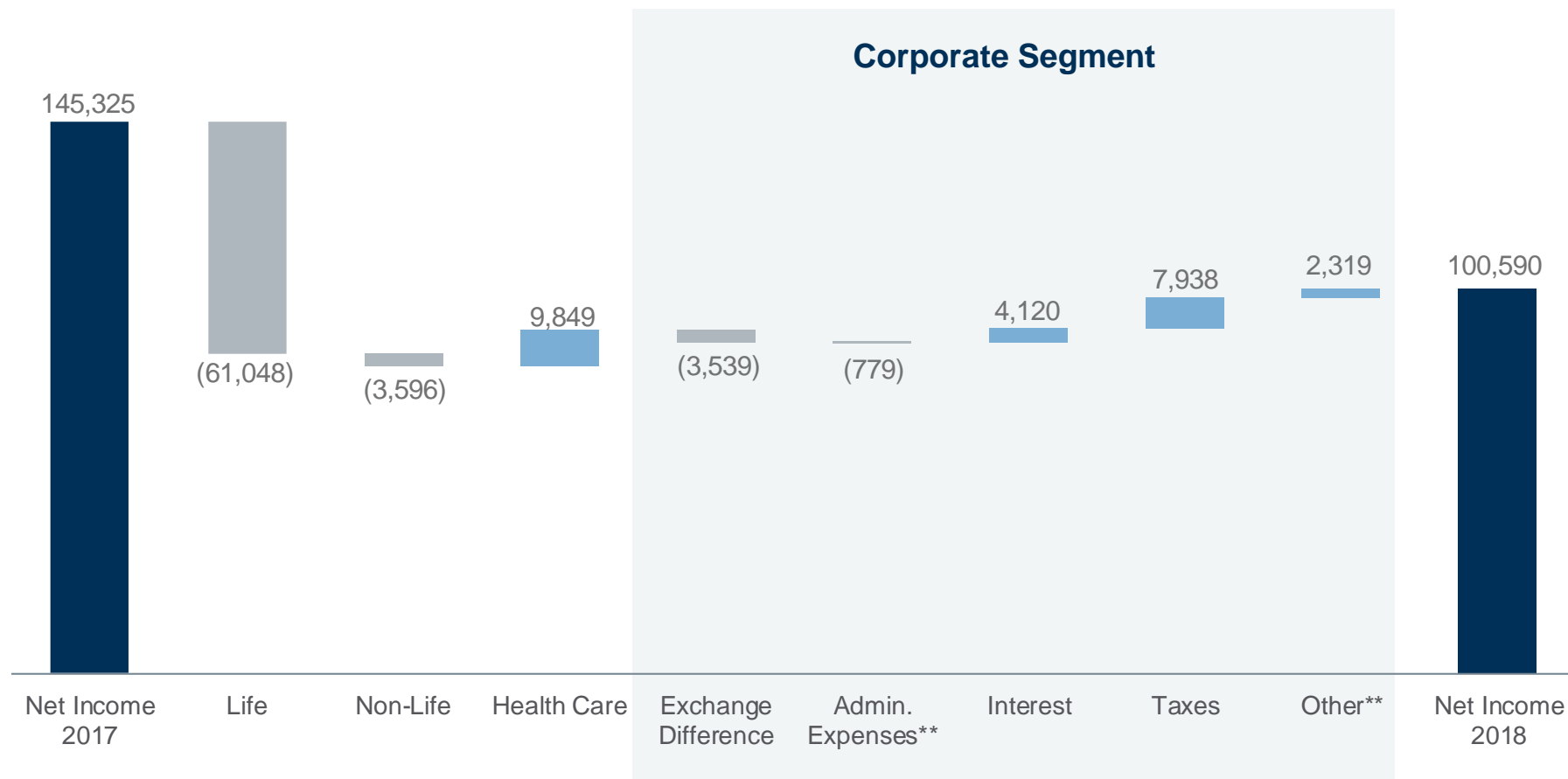


### Technical Result »



# STATEMENT OF COMPREHENSIVE INCOME »

## CONSOLIDATED FIGURES SURAMERICANA S.A.



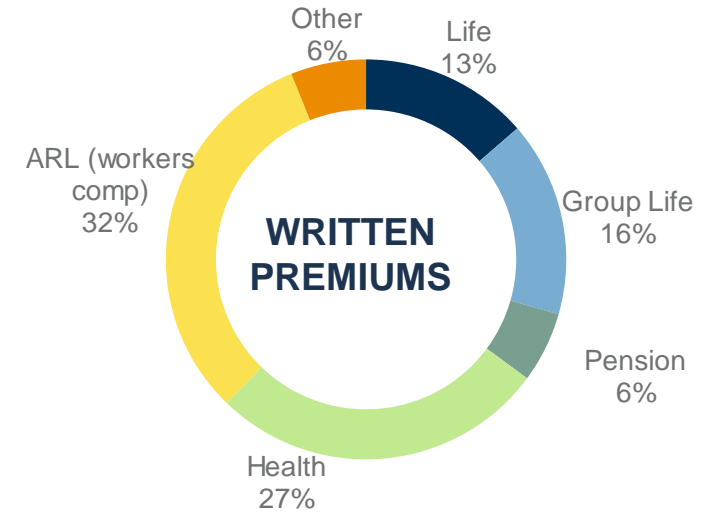
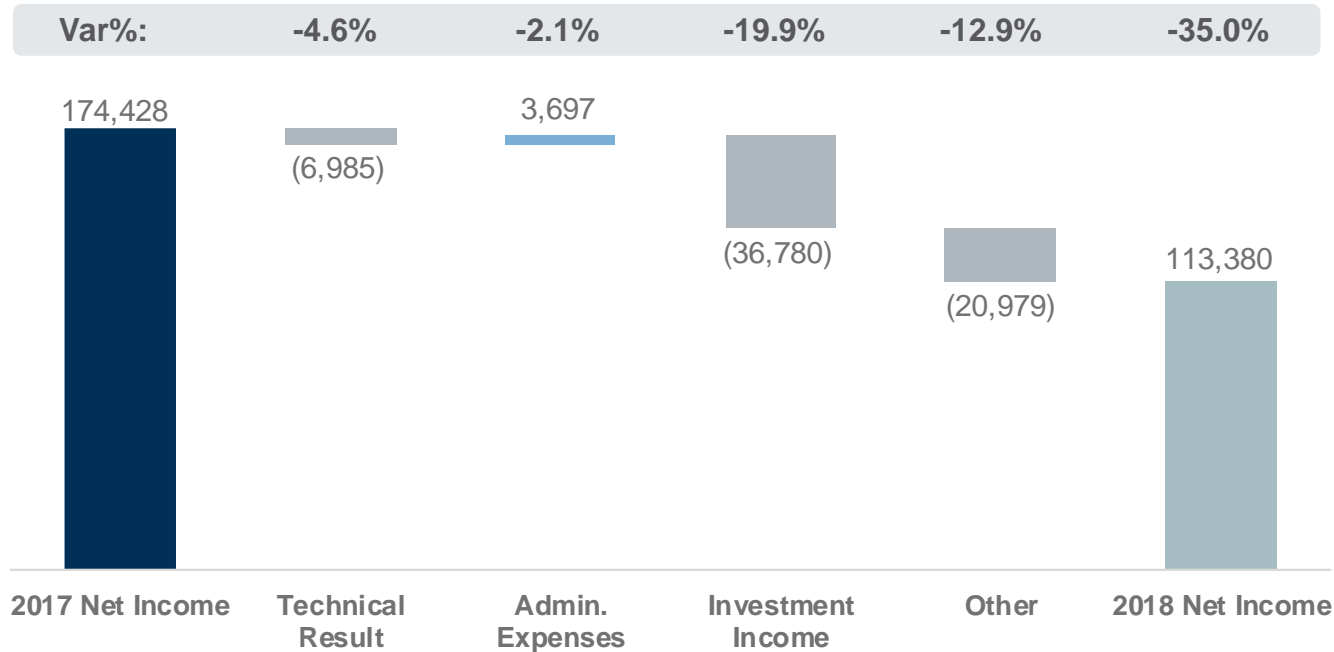
\* Admin. Expenses includes Administrative Expenses, Employee Benefits and Fees of the corporate segment.

\*\*\*"Other" variation mainly corresponds to other income and expenses of the corporate segment, as well as the variation in the net income of the "Other" segment, which includes the support operations of Suramericana SA.

# SURA INSURANCE, TRENDS AND RISK MANAGEMENT »



## LIFE INSURANCE SEGMENT



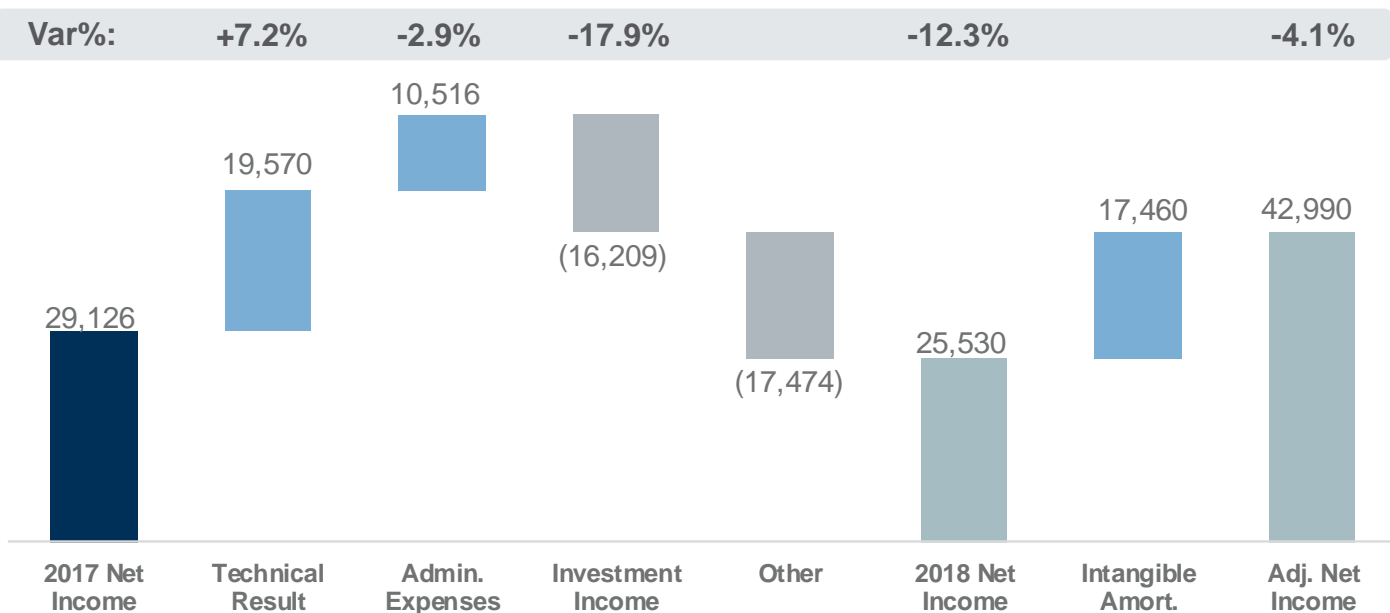
- Retained premiums -0.9%; excluding Pension D&S premiums +11.2%.
- Retained claims ratio improves by 80 bps.
- Increase in technical expenses related to promotion and prevention at the ARL (workers' compensation company).
- Administrative expense ratio improves by 30 bps.
- Net income affected by investment income and non-recurring income in 2017.

	Premiums		Retained Claims Ratio	
	mar-18	%Var	mar-18	mar-17
Life	<b>137,117</b>	2.9%	<b>36.2%</b>	26.5%
Group Life	<b>158,972</b>	6.1%	<b>44.6%</b>	35.9%
Pension	<b>57,435</b>	-63.9%	<b>139.2%</b>	115.4%
Health	<b>272,829</b>	12.8%	<b>66.0%</b>	66.0%
ARL (workers comp)	<b>318,510</b>	20.2%	<b>59.4%</b>	59.1%
Other	<b>61,259</b>	-1.3%	<b>100.0%</b>	83.3%
<b>Total</b>	<b>1,006,121</b>	<b>-0.5%</b>	<b>63.1%</b>	<b>63.9%</b>

# SURA INSURANCE, TRENDS AND RISK MANAGEMENT »

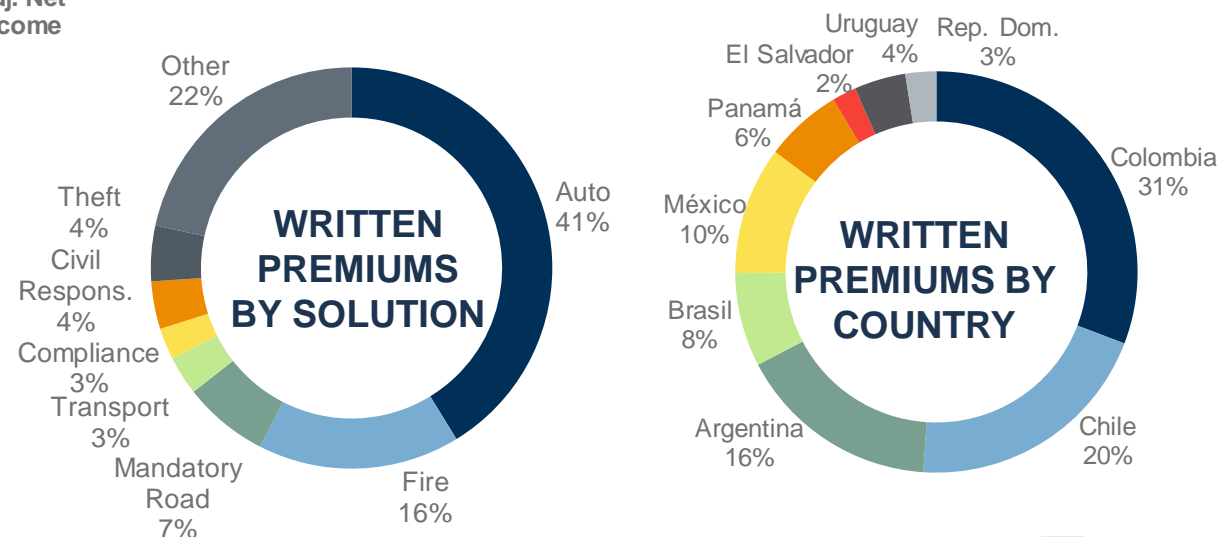


## NON-LIFE (P&C) SEGMENT



	Premiums		Retained Claims Ratio	
	mar-18	%Var	mar-18	mar-17
Auto	654,051	10.5%	61.2%	63.3%
Fire	258,187	2.2%	31.2%	52.6%
Mandatory Road	109,372	18.4%	64.3%	68.5%
Transport	49,978	2.9%	25.5%	24.3%
Compliance	40,002	-2.8%	59.6%	35.2%
Civil Respons.	60,932	2.4%	53.5%	59.0%
Theft	70,935	-14.2%	45.4%	45.7%
Other	342,364	-3.8%	35.1%	32.4%
<b>Total</b>	<b>1,585,821</b>	<b>4.0%</b>	<b>51.1%</b>	<b>53.0%</b>

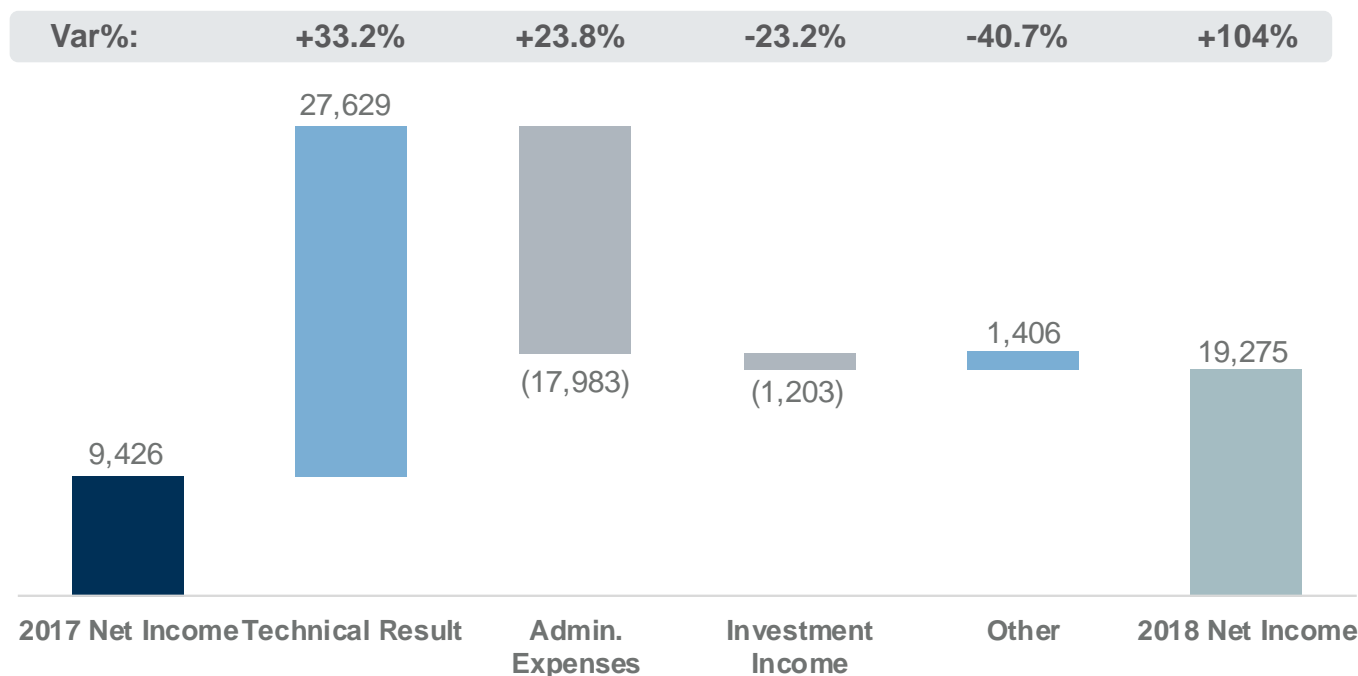
- Retained premiums growth (+5.5%) affected by:
  - Brazil: non renewal of Affinity business.
  - Argentina: devaluation of ARS vs. COP; premiums +23% in ARS vs. -4% in COP.
- Lower claims ration (-190 bps) with improvements in Auto and fire.
- Combined ratio improves 270 bps reaching 104.7%, thanks to a higher technical margin and control in administrative expenses (-2.9%).
- Investment income (-17.9%).
- “Other”: explained by variation of COP 20,452 MM in taxes.



Figures in COP Million

# SURA INSURANCE, TRENDS AND RISK MANAGEMENT »

## HEALTH CARE SEGMENT



	Services rendered		Claims Ratio	
	mar-18	%Var	mar-18	mar-17
EPS	<b>679,644</b>	21.7%	<b>91.7%</b>	93.8%
IPS	<b>123,142</b>	13.5%	<b>70.4%</b>	68.9%
Dinámica	<b>60,451</b>	17.9%	<b>72.3%</b>	74.6%
<b>Total</b>	<b>863,237</b>	<b>20.2%</b>	<b>87.3%</b>	88.6%

- Technical result reached COP 110,788 MM growing 33.2%.
  - Revenues (+20.2%) due to a higher number of affiliates which reached 2.8 million (+12%) and the growth in revenues from complementary attention plans or PAC (+65.9%).
  - Decrease of 130 bps in cost ratio explained by lower POS inclusions and disability claims at EPS, together with an improvement in the ratio at Dinámica.
- Higher administrative expenses due to an increase in personnel staff to attend the higher number of affiliates.
- Investment income mainly affected by lower inflation
- Net income doubles because of better operating performance





## **SURA ASSET MANAGEMENT**

CONSOLIDATED RESULTS

### SURA AM Consolidated

- Sale agreement of life annuity business in Chile for USD 230 MM aprox.
- **Net operating revenues -11.9%**
  - Commission income: +6.4%
  - Income from legal reserve -87%
  - Revenues via Equity Method -54%
  - Total insurance margin -23%
- **Net income -28.3%**
- **Total AUM : COP 393 tn (+10.3%)**
- **Clients: 19.2 MM (+0.6%)**

Adjusted ROE\*

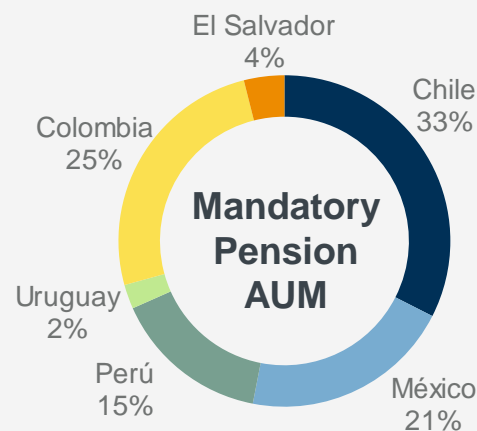
**7.6%**

Adjusted ROTE\*

**32.7%**

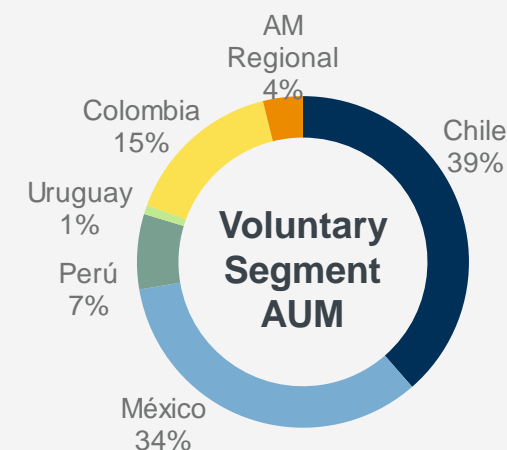
### Mandatory Pensions

- **Commission income +6.0% in 1Q18 vs. +3.8% in 1Q17 and +3.7% en 1Q17.**
- Return on legal reserve decreasing on consolidated level and affecting equity method.
- Continued effort on efficiency: administrative expenses grow 6.9%.
- **Net income -23.4% vs 1Q2018**
- **Mandatory AUM: COP 346 tn (+19%)**



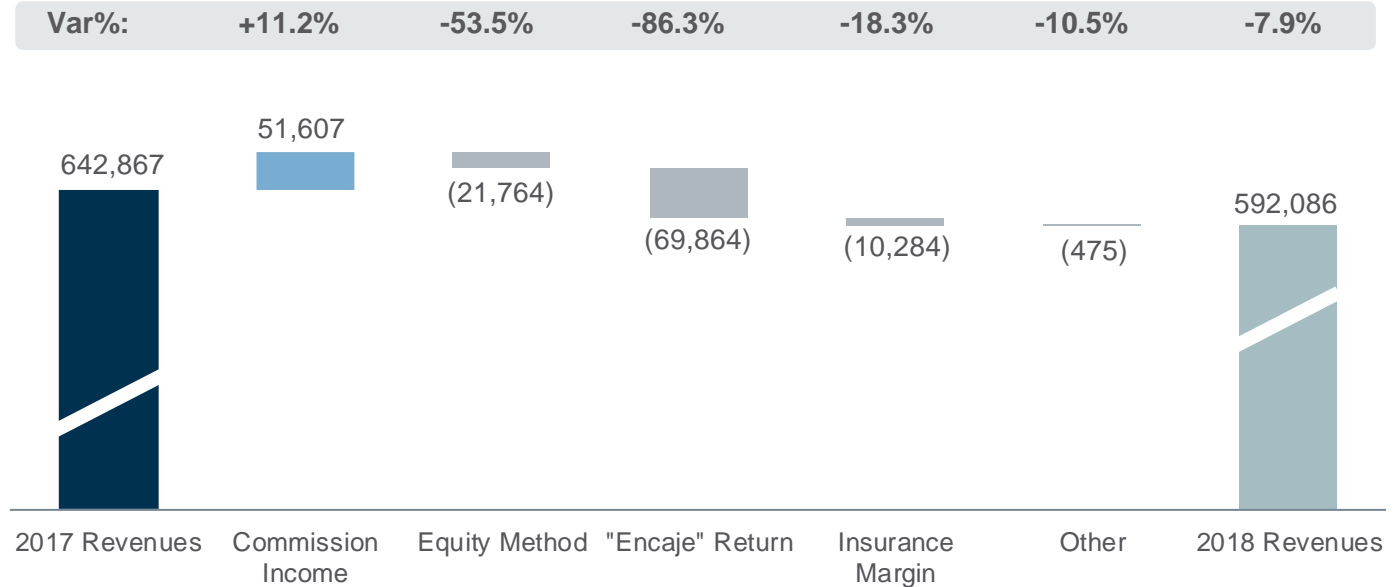
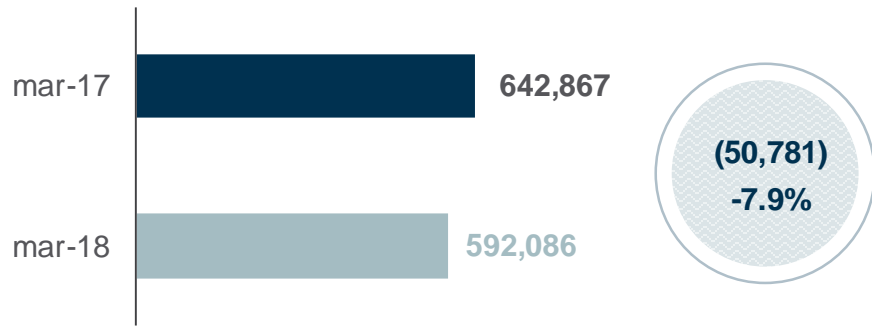
### Voluntary Savings

- **Continued growth in revenues and positive net flow:**
  - Commission income (+10%)
  - Net Flow reaches COP 555,683 MM (-25.9%)
- **AUM of COP 47.4 tn (+20%):**
  - Savings and Investments (S&I) +16.5%
  - Investment Management +19.8% or +24.1% without AUM for S&I unit

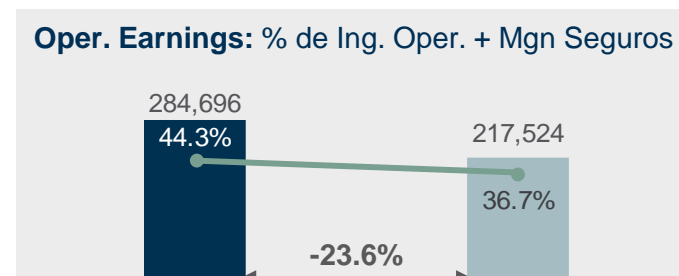
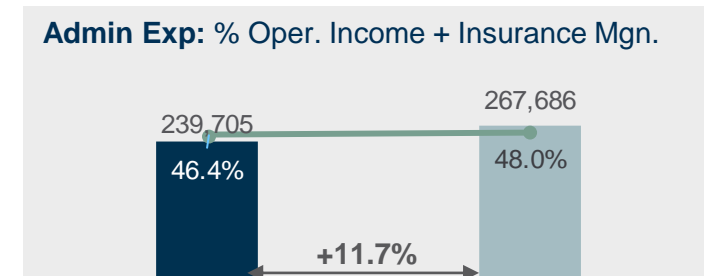
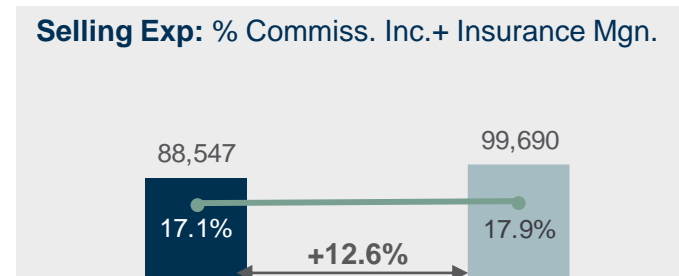
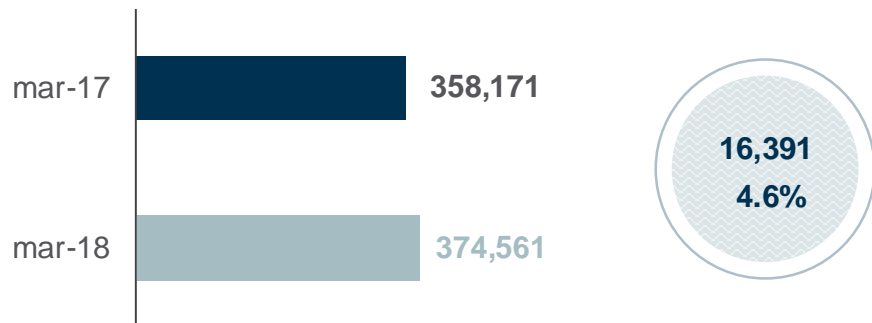


\* ROE y ROTE with net income adjusted for intangible amortization related to acquisitions.

### Operating Income + Insurance Margin»



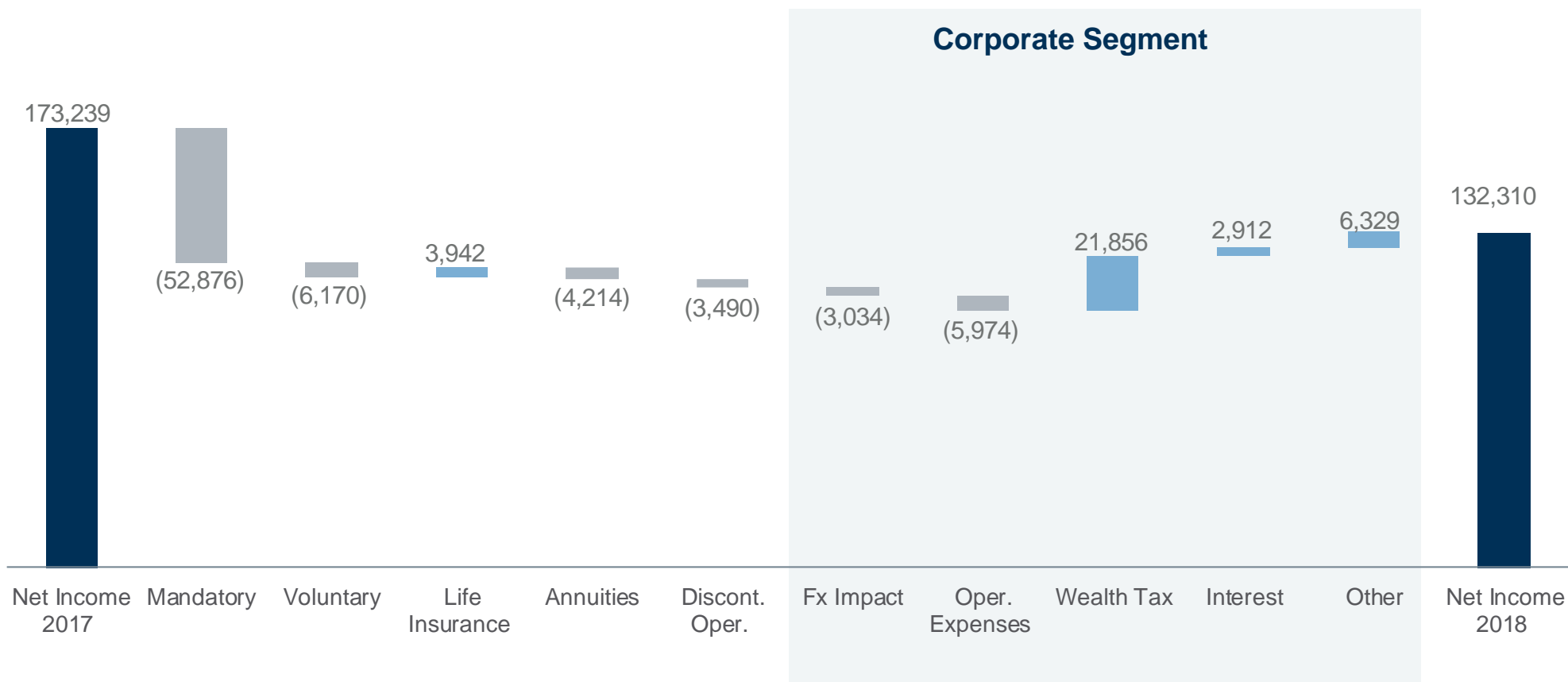
### Operating Expense»



Figures in COP million. Variations in real exchange rates

# STATEMENT OF COMPREHENSIVE INCOME »

## CONSOLIDATED FIGURES – SURA ASSET MANAGEMENT

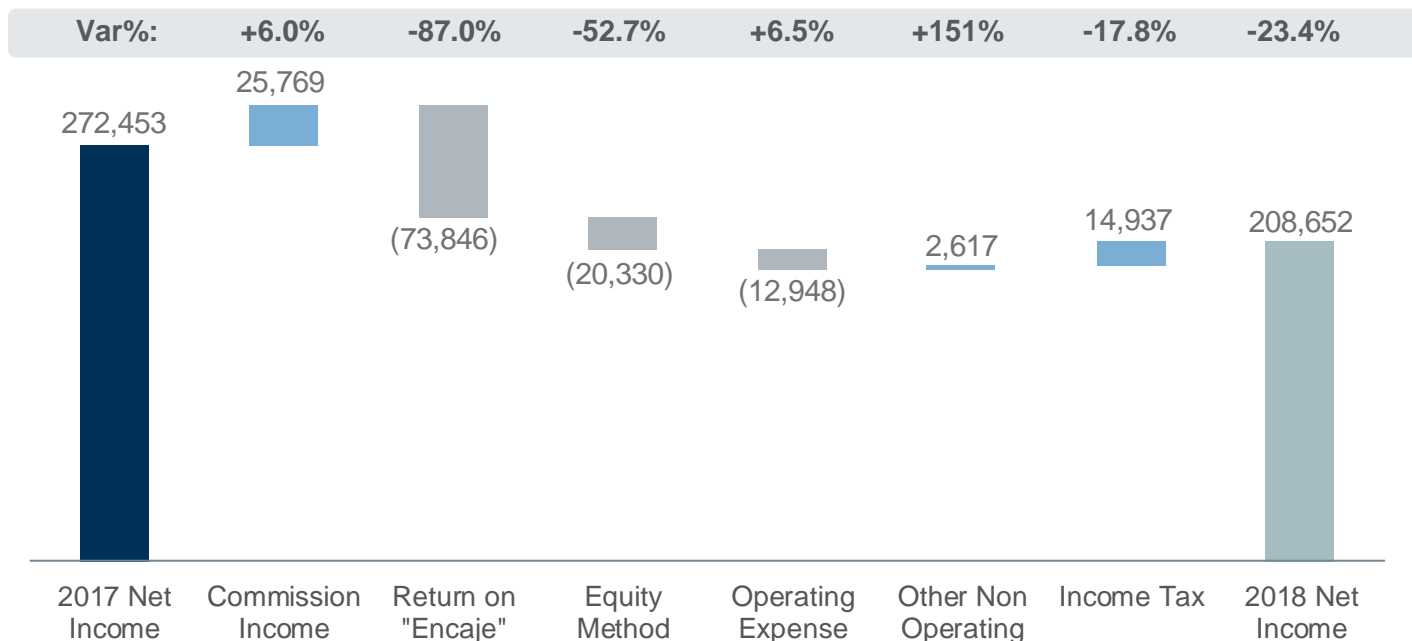


\*Fx Impact = Exchange difference + Gains (losses) at fair value.

\*\*Others include income from corporate investments, income taxes that showed a decrease of COP 5,600 million compared to 2017.

# SURA ASSET MANAGEMENT »

## MANDATORY PENSIONS BUSINESS

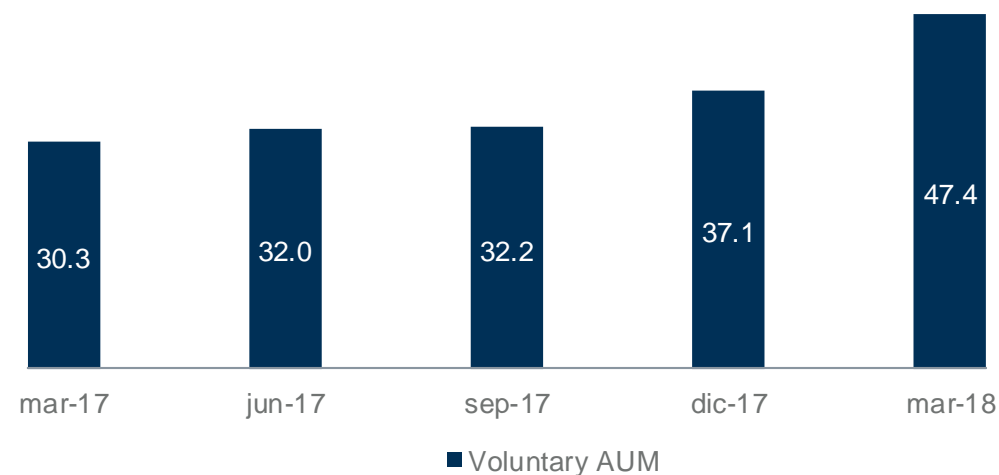


Variations in COP MM	Net Income	Net Income excl. Encaje
Chile	(33,672)	16,064
México	(1,991)	11,375
Perú	604	5,496
Uruguay	(11)	1,405

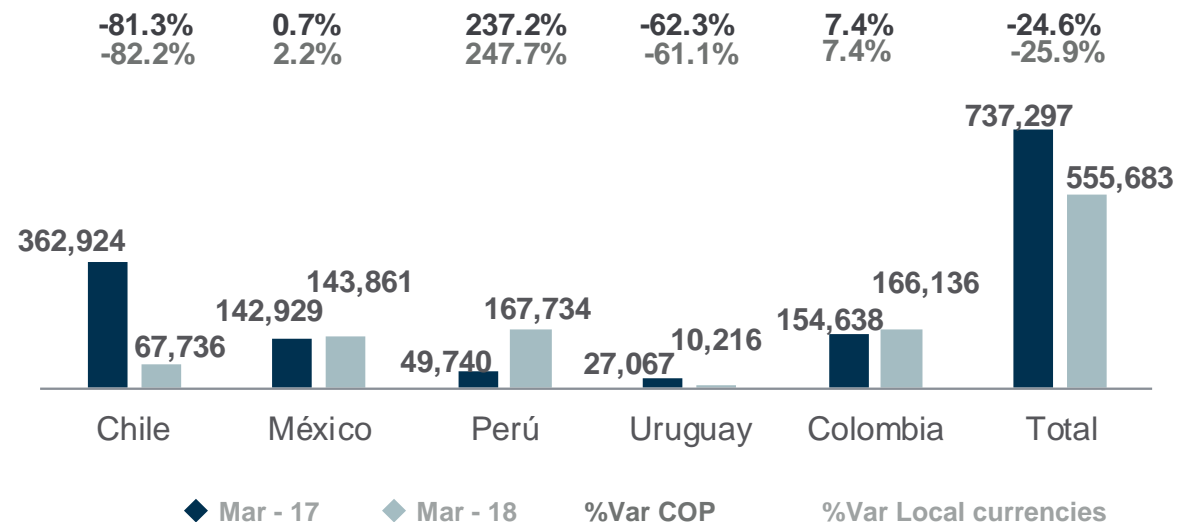
- AUM reached COP 345 tn (+9.1%), driven by a positive net flow in the quarter of COP 4.1 tn.
- Salary base: COP 30 tn (+5.5%); Perú (+5.5%) and AFP Protección (+7.8%) are highlighted growing above inflation.

- Commission income (+6.0%) with a higher dynamism than previous quarters driven by growth in México (+10.3%)
- Significant impact from a lower income from "encaje" at all operations.
- Total EBITDA reached COP 294,898 MM (-21.6%); or COP 283,889 MM (-2.6%) when measured excluding "encaje" return.

### VOLUNTARY SAVINGS AUM



### NET FLOW



- Voluntary business continues its growth strategy: clients reach 1.1 MM and grow 12.3%.
- AUM reach COP 47.4 tn with a 16.5% growth in Savings and Investments and 19.8% in the Investment Management unit.
- Positive net flow in all countries reaching COP 555,683 MM despite market volatility.

- Commission income of COP 56,734 MM (+9.7%).
- Total insurance margin (-18.6%) impacted by lower sales of Unit Linked insurance in Chile.
- Variations in net income explained by:
  - Equity method (COP -1,830 MM),
  - DAC (COP -2,681 MM) and income tax (COP -3,670 MM)

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CFO: RICARDO JARAMILLO

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Gerente IR:  
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