Separate Financial Statements of Grupo de Inversiones Suramericana S.A.

At September 30th of 2018 with comparative figures at September 30th and December 31st of 2017

RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNTS

The Directors are required to prepare Financial Statements, for each financial period, that reasonably present the Company's financial position, results, and cash flows, at September 30, 2018, with comparative figures at September 30th and December 31st of 2017. For the preparation of these Financial Statements, the Directors are required to:

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

The Directors confirm, that the accounts meet the above requirements.

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

David Bojanini Garcia President	Luis Fernando Soto Salazar Public Accountant Professional Card 16951-T

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

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

That for the issuance of the Statement of Financial Position, at September 30, 2018, and of the Income Statement, for the year, as well as, the Statement of Other Comprehensive Income, Changes in Equity Statement, and the Cash flows Statement, for the year ended on that date, which are in compliance with the norms, are made available to Shareholders and Third Parties, and whose information, contained in them, have been previously verified.

Said affirmations, explicit and implicit, are the following:

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

Integrity: All economic events have been recognized.

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

Valuation: All elements have been recognized, in the appropriate amounts.

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

In accordance with Article 46 of Law 964 of 2005, in my capacity as Legal Representative of Grupo de Inversiones Suramericana S.A., the Financial Statements, and other reports relevant to the public, related to the fiscal year ended September 30, 2018 and September 30th and December 31st of 2017, do not contain defects, inaccuracies, or errors, that prevent the knowledge of the true financial situation and the operations of the Company.

David Bojanini Garcia
President

Luis Fernando Soto Salazar
Public Accountant
Professional Card 16951-T

AUDITORS REPORT

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
At September 30, 2018 (with comparative figures at December 31, 2017)
(*Expressed as millions of Colombian Pesos*)

Assets	Note	September 2018	December 2017
Cash and cash equivalents	6	15,018	69,298
Investments	7.1.3	14,605	17,664
Trade and other account receivables	7.1	21,951	19,824
Accounts receivable related parties and associates	7.1.1	403,132	39,450
Current tax assets	9	27,799	-
Other financial assets	7.1.2	137,184	76,674
Other non-financial assets		244	244
Property and equipment		25,280	25,984
Investments in associates	10.1	14,392,658	14,395,418
Investments in subsidiaries	10.2	13,523,975	13,119,248
Total assets		28,561,846	27,763,804
Liabilities			
Other financial liabilities	7.2	1,237,678	1,216,979
Provisions for employee benefits		31,837	34,871
Other provisions	11	3,470	205,035
Trade and other accounts payable	7.2.3	3,845	14,687
Accounts payable to related parties	7.2.2	191,163	1,664,427
Current tax liabilities	9.1	32,730	33,338
Securities issued	12	4,347,361	1,779,793
Deferred tax liabilities	9.2	37,907	39,554
Total liabilities		5,885,991	4,988,684
Equity			
Share capital issued		109,121	109,121
Share premium		3,290,767	3,290,767
Retained earnings		11,750,501	11,799,493
Other comprehensive income interest		722,756	1,211,878
Reserves		6,062,398	5,608,777
Profit for the period		740,312	755,085
Total equity		22,675,855	22,775,121
Total equity and liabilities		28,561,846	27,763,804

The Notes are an integral part of these Financial Statements.

David Bojanini Garcia
Legal Representative

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

Mariana Milagros Rodríguez
Auditor
T.P. 112752-T
Designated by Ernst & Young Audit S.A.S. TR-530
(See my report of November 14, 2018)

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
At September 30, 2018 (with comparative figures at September 30, 2017)
(*Values expressed in millions of Colombian Pesos, except net profit per share*)

		Accumulated		Quarter	
	Note	September 2018	September 2017	September 2018	September 2017
Dividends	10.1, 14	406,031	380,648	-	231
Income from investments, net	14	924	9,798	302	401
Loss (profit) at fair value, net	14	(52,287)	(121,054)	7,176	(88,708)
Profit from *the Equity Method* of subsidiaries, net	10.2,14	692,749	690,465	264,286	250,638
Income from investments sales, net	14	364	1,214	-	-
Exchange differences, (Net)	15	(27,830)	18,924	(67,079)	89,687
Other income		20	3,558	(33)	17
Total income		**1,019,971**	**983,553**	**204,653**	**252,266**
Administrative expenses	16	(25,482)	(57,320)	(7,606)	(5,346)
Employee benefits		(15,854)	(13,883)	(5,102)	(4,370)
Fees	17	(5,774)	(5,012)	(2,011)	(1,863)
Depreciation		(974)	(858)	(327)	(309)
Interest	18	(216,222)	(213,303)	(76,627)	(75,924)
Total expenses		**(264,306)**	**(290,376)**	**(91,673)**	**(87,812)**
Profit before tax		**755,665**	**693,177**	**112,980**	**164,455**
Income tax	9	(15,353)	(6,678)	11,460	31,505
Net profit from continuing operations		**740,312**	**686,499**	**124,439**	**195,960**
Earnings per share					
Earnings per share	19	1,578	1,464	265	418

The Notes are an integral part of these Financial Statements.

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GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
At September 30, 2018 (with comparative figures at September 30, 2017)
Expressed in millions of Pesos.

		Accumulated		Quarter	
	Note	September 2018	September 2017	September 2018	September 2017
Profit for the period		740,312	686,499	124,439	195,959
Other comprehensive income, losses in equity instruments of equity, net of taxes		(13,886)	(4,796)	(11,025)	(651)
Total other comprehensive income not reclassified to profit or loss, net of tax		(13,886)	(4,796)	(11,025)	(651)
Loss on cash flow hedges, net of tax		9,236	-	9,236	-
Participation of other comprehensive income of associates and joint ventures accounted for using *the Equity Method* that is reclassified to profit or loss, net of tax	10.2	(484,471)	308,259	235,833	(175,726)
Total other comprehensive income reclassified to profit and loss		(475,235)	308,259	245,069	(175,726)
Total other comprehensive income		(489,121)	303,463	234,044	(176,377)
Total comprehensive income		251,191	989,962	358,483	19,582

The Notes are an integral part of these Financial Statements.

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GRUPO DE INVERSIONES SURAMERICANA S.A.
STATEMENT OF CHANGES IN EQUITY– SEPARATE
At September 30, 2018 (with comparative figures at September 30, 2017)
(*Expressed in millions of Pesos*)

	Note	Issued capital	Share premium	Retained earnings	Other comprehensive income	Legal reserves	Occasional reserves	Profit for the period	Total Equity
Balance at January 1, 2017		107,882	3,307,663	11,754,545	472,257	138,795	4,920,281	835,481	21,536,904
Issuance of shares	10	1,238	209,189						210,427
Other comprehensive income		-	-	-	303,463	-	-	-	303,463
Participation in subsidiaries accounted for under *the Equity Method*	8.2	-	-	-	308,259	-	-	-	308,259
Losses of equity instruments		-	-	-	(4,796)	-	-	-	(4,796)
Net income		-	-	-		-	-	686,499	686,499
Total net comprehensive income for the period		**-**	**-**	**-**	**303,463**	**-**	**-**	**686,499**	**989,962**
Transfer to retained earnings		-	-	835,481	-	-	-	(835,481)	-
2016 Profit distribution in accordance with the Minutes No. 22, of the Shareholder's Meeting of March 31, 2018:									
Dividends recognized as distributions for owners (488 pesos per share)	11	-	-	(280,780)	-	-	-	-	(280,780)
Donations for social projects		-	-	(5,000)	-	-	-	-	(5,000)
Reserves for the protection of investments		-	-	(549,701)	-	-	549,701	-	-
Minimal dividends, preference shares	10	-	(226,085)	44,948	-	-	-	-	(181,137)
Balance at September 30, 2017		109,120	3,290,767	11,799,493	775,720	138,795	5,469,982	686,499	22,270,376

The Notes are an integral part of these Financial Statements.

GRUPO DE INVERSIONES SURAMERICANA S.A.
STATEMENT OF CHANGES IN EQUITY– SEPARATE
At September 30, 2018 (with comparative figures at September 30, 2017)
(*Expressed in millions of Colombian Pesos*)

	Issued capital	Share premium	Retained earnings	Other participation in equity	Legal reserves	Occasional reserves	Total reserves	Profit for the period	Equity attributable to the owners of the controlling	Total Equity
Balance at January 1, 2018	109,121	3,290,767	11,799,493	1,211,878	138,795	5,469,982	5,608,777	755,085	22,775,121	22,775,121
Other comprehensive income	-	-	-	(489,122)	-	-	-	-	(489,122)	(489,122)
Financial instruments with changes to the OCI	-	-	-	(13,887)	-	-	-	-	(13,887)	(13,887)
Participation in subsidiaries accounted for under *the Equity Method*	-	-	-	(484,472)	-	-	-	-	(484,472)	(484,472)
Losses of equity instruments	-	-	-	9,237	-	-	-	-	9,237	9,237
Net income	-	-	-	-	-	-	-	767,593	767,593	767,593
Total net comprehensive income for the period	-	-	-	(489,122)	-	-	-	767,593	278,471	278,471
Transfer to retained earnings	-	-	755,085	-	-	-	-	- 755,085	-	-
2017Profit distribution in accordance with the Minutes No. 23, of the Shareholder's Meeting of March 23, 2018:	-	-	-	-	-	-	-	-	-	-
Dividends recognized as distributions for owners (518 pesos per share)	-	-	(301,465)	-	-	-	-	-	(301,465)	(301,465)
Reserves for the protection of investments	-	-	(453,621)	-	-	453,621	453,621	-	-	-
Minimal dividends, preference shares	-	-	20,314	-	-	-	-	-	20,314	20,314
Impact of new accounting standards	-	-	(5,476)	-	-	-	-	-	(5,476)	(5,476)
Impact or merger of subsidiaries (GIS Panamá – Finance)	-	-	(63,829)	-	-	-	-	(27,281)	(91,110)	(91,110)
Balance at September 30, 2018	109,121	3,290,767	11,750,501	722,756	138,795	5,923,603	6,062,398	740,312	22,675,855	22,675,855

The Notes are an integral part of these Financial Statements.

David Bojanini Garcia
Legal Representative

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T.P. 16951-T

Mariana Milagros Rodríguez
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(See my report of November 14, 2018)

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE CASH FLOWS STATEMENT
At September 30, 2018 (with comparative figures at September 30, 2017)
(Values expressed millions of Colombian Pesos)

	Note	September 2018	September 2017
Net income		740,312	686,499
Adjustments to reconcile net income			
Adjustments for income tax expenses	9	15,353	6,678
Adjustments for financial costs		216,222	213,303
Adjustments for decreases from accounts receivable from trade sources		(2,126)	(4,901)
Adjustments for increases in other accounts payable from operating activities		(411,945)	(359,711)
Adjustments for increases in accounts payable from trade sources		(8,341)	(20,624)
Adjustments for depreciation and amortization expenses		974	859
Adjustments for provisions		(3,035)	30,242
Adjustments for losses from unrealized foreign currency		(39,999)	(72,525)
Adjustments for fair value profit	18	82,877	121,054
Adjustments for undistributed profits from application of *the Equity Method*	10	(692,749)	(690,465)
Variations of investments	18	(364)	(1,214)
Total adjustments to reconcile net income		**(843,134)**	**(777,304)**
Net cash flows from operations		**(102,822)**	**(90,805)**
Dividends received, associates		490,143	463,117
Income tax paid		(43,990)	(11,698)
Other non-financial assets		875	(13,020)
Net cash flows from operating activities		**344,206**	**347,595**
Cash flows from (used in) investing activities			
Cash flows from loss of control of subsidiaries or other businesses	10.1	4,829	-
Cash flows used to obtain control of subsidiaries or other businesses	10.1, 10.2	(847,440)	(1,079,056)
Other charges from the sale of equity or debt instruments of other entities	18	364	1,214
Other payments to acquire equity or debt instruments of other entities		(10,827)	-
Imports from the sale of property, plant and equipment		16	13,498
Purchase of property and equipment		(286)	(304)
Payments derived from future contracts, forward contracts, options and swap agreements (swaps)		(24,340)	(60,955)
Collections from future contracts, forward contracts, options and swap contracts (swaps)		1,496	35,129
Net cash flows from (used in) investing activities		**(876,187)**	**(1,090,475)**
Cash flows from financing activities			
Payments from issuance of shares		20,314	29,291
Proceeds from loans		4,291,883	2,056,816
Reimbursement of loans		(3,506,851)	(1,287,249)
Payment of financial lease liabilities		(1,238)	(379)
Dividends paid	13	(150,621)	(346,323)
Interest paid		(178,328)	(181,352)
Other inflows (outflows) of cash		(2,500)	(2,500)
Net cash flows from financing activities		**472,660**	**268,302**
Increases (decreases,) net of cash and cash equivalents, before the changes in the exchange rate		**(59,322)**	**(474,578)**
Impact of variations in the exchange rate on cash and cash equivalents			
Impact of variations in the exchange rate on cash and cash equivalents		5,042	30,559
Net increase of cash and cash equivalent		**(54,280)**	**(444,019)**
Cash and cash equivalents at beginning of period	6	69,298	451,443
Cash and cash equivalents at end of period		**15,018**	**7,424**

The Notes are an integral part of these Financial Statements.

David Bojanini Garcia
Legal Representative

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GRUPO DE INVERSIONES SURAMERICANA S.A.
NOTES FOR THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS

For the period ended at September 30, 2018, with comparative figures at December 31, 2017, the figures of the Statement of Financial Position, and at September 30, 2017, the figures of the Income Statement, Statement of Other Comprehensive Income, and Changes in Equity Statement, and Statement of Cash Flows. (Expressed in millions of Colombian Pesos, excluding foreign currency values and number of shares)

NOTE 1. REPORTING ENTITY

Grupo de Inversiones Suramericana S.A., was established in connection with the spin-off of Compañía Suramericana de Seguros S.A., according to Public Deed No. 2295 of 24 December 1997 of the 14th Notary, in Medellin, formalized accounting on 1 January 1998; the principal domicile is in the city of Medellin, at Carrera 43ª #5ª - 113, Floor 15, but may have branches, agencies, offices, and representations in other places in the country and abroad, when determined by the Board of Directors. The duration of the Company is until the year 2097.

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

The fiscal year will be adjusted to the calendar year, annually, with effect at the thirty-first (31) of December. The Company is subject to exclusive control by the Financial Superintendence of Colombia, as it is registered in the National Registry of Securities and Issuers (RNVE) as a securities issuer.

Corporative Profile:

Grupo de Inversiones Suramericana S.A., (hereafter, the Company and in conjunction with its subsidiaries "Grupo SURA") is a multi-Latin Company listed on the Colombia Stock Exchange (BVC) and is registered in the ADR program - Level I in the United States. It is also the only Latin American company in the sector Diversified Financial Services, which is part of the *Dow Jones* Sustainability Index, with which companies that stand out worldwide for its best practices in economic, environmental, and social issues, are recognized. This entity has awarded the *bronze recognition*, in 2016, which represents the second company in the world, in this sector, with the highest standards in this area. Grupo SURA classifies its investments in two ways: strategic, focused in the sectors of finance services, insurance, pensions, savings, and investment, and investments in portfolio that are, primarily, in the sectors of processed foods, cement, energy, ports, real estate, and infrastructure.

The Companies that are part of portfolio investment Grupo SURA (Suramericana S.A., Sura Asset Management S.A., Bancolombia S.A., Grupo Nutresa S.A., and Grupo Argos S.A.), have extended their presence to other countries and regions in Latin America and the United States, and to a lesser degree, Asia.

The investments in the financial services sector includes a 46.01% from the shares with voting rights (equivalent to a share capital of 24.38%) of Bancolombia, where Grupo SURA is the largest shareholder, with a share of 81.13% of the capital of Suramericana S.A., the company that groups together insurance companies. The remaining 18.87% of the share capital of Suramericana belongs to German insurance company Münchener Rückversicherungs-Gesellschaft Munich, known as "Munich Re." In addition, Grupo SURA directly holds 76.47% share capital of Sura Asset Management S.A., and 7.11% through Grupo de Inversiones Suramericana Panamá S.A., a company that groups together investments in the sector of pensions, savings, and investments in the region.

The remaining 16.42% of the share capital of Sura Asset Management S.A. is held by other local and international shareholders.

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

The investments in segment cement, concrete, energy, ports, coal mines, and the real estate sector, includes a stake of 35.22% of shares with voting rights (equivalent to a participation of 26.75% of the share capital) of Grupo Argos S.A., where Grupo SURA is also the majority Shareholder. Grupo Argos S.A. is both the controlling Shareholder of Cementos Argos S.A., Celsia S.A. E.S.P., and Odinsa S.A.

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1. STATEMENT OF COMPLIANCE

The Condensed Separate Financial Statements have been prepared in accordance with Accounting Standards and Financial Reporting accepted in Colombia (NCIF), established by Law 1314 of 2009, regulated by the Unified Regulatory Decree 2420 of 2015, amended by Decree 2496 of 2015 and 2131 of 2016. IFRS are based on the International Financial Reporting Standards (IFRS), along with the interpretations issued by the International Accounting Standards Board – as it is known by the acronym in English - IASB, translated in an official manner and authorized by the International Accounting Standards Board (IASB), contained in the "2015 Red Book Version", published by the International Accounting Standards Board (IASB - as it is known by the acronym in English).

The application of said International Standards, in Colombia, is subject to certain exceptions, established by the regulator, and contained in Decree 2420 of 2015, and amending. These exceptions vary depending on the type of company, for Suramericana, the following applies:

- Article 2.2.1 of Decree 2420 of 2015, added to by Decree 2496, of the same year, and modified by Decree 2131 of 2016, establishes that the determination of the post-employment benefits for future retirement pensions or disability, under the requirements of IAS 19, nevertheless requires the disclosure of the calculation of pension liabilities,, in accordance with the parameters established in Decree 1625 of 2016, Articles 1.2.1.18.46 and following and, in the case of partial pension commutations, in accordance with the provisions of Number 5 of Article 2.2.8.8.31 of Decree 1833 of 2016, informing the variables used and the differences with the calculation realized, in the terms of the technical framework under NCIF.

2.2. FINANCIAL STATEMENTS FOR INTERIM PERIODS

The Condensed Separate Financial Statements, for the nine-month period, ended September 30, 2018, have been prepared in accordance with IAS 34 Interim Financial Reporting, and therefore, do not include all the information and disclosures required for Annual Financial Statements. Consequently, these Interim Financial Statements should be read in conjunction with the Annual Separate Financial Statements of Grupo SURA at December 31, 2017.

2.3. BASIS FOR MEASUREMENT

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

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

2.4. UPDATE OF ACCOUNTING POLICIES

The Board of Directors of Grupo SURA, upon recommendation of the Audit and Finance Committee, approved an update of the accounting policies, on the recognition of income from contracts with customers and the impairment methodologies, applied to financial assets, in order to standardize the scope in IFRS 15 and IFRS 9 respectively, which came into force as of January 1, 2018.

Faced with the income policy (IFRS 15), this update will allow the classification of the income obtained by the Company, in accordance with the activities, realized, to satisfy the obligations acquired contractually, with customers, regardless of whether they are stipulated in a single contract. Impact associated with this change in insurers, are presented where the separation of income received, from insurance premiums income from complementary services (assistance) is required, considering that there are different performance obligations to be met by clients. However, this change will only have an impact on the presentation of the Financial Statements. In the Companies of the outsourcing segment, an impact of $(2,445) million is presented, due to the restatement of the standard.

In relation to the prospective impairment policy (IFRS 9), the methodology is based on the relevance of impacting the Company's results, for the losses associated with the credit risk of the financial assets, from the initial moment of their recognition, in the balance sheet, instead of waiting for an event or contingency that evidences its deterioration to occur, as is the case with the incurred loss methodology, established in the previous standard (IAS 39). The prospective methodology corresponds to the estimated loss that can be foreseen, from the initial moment in which the financial asset is recognized, based on the probability of exposure and real guarantees that the company has, and presents a net impact of taxes on equity of $(3,032).

Hyperinflation Argentina

In recent years, the Argentine economy has shown high inflation rates, which has grown significantly in the Second Quarter of 2018, due to tariff adjustments in public services, the devaluation of the Argentine Peso, and seasonal factors. Although the measurement has not been totally consistent in recent years, and different indexes have coexisted, the data suggest that the cumulative inflation of the last three years has recently exceeded 100%, with which IAS 29 becomes mandatory as of July 1, 2018.

The Board of Directors of Grupo SURA approved the inclusion of the new hyperinflationary accounting policy, for applying adjustments, for inflation, in accordance with IAS 29 of Financial Information of hyperinflationary economies. Due to the operational complexity, as well as the collection of information, given the nature of the adjustments for inflation, to date, Grupo SURA is quantifying the impacts of applying the new policy to companies whose functional currency is the Argentine peso. The Interim Financial Statements, at September 30, 2018, do not include any impact, due to the application of IAS 29. However, according to preliminary calculations, Management believes that the impact on the Financial Statements are immaterial.

Leases

The Board of Directors approved the change in the Lease Accounting Policy, with the purpose of reflecting the new IFRS 16 of Leases, proposed by the International Accounting Standards Board (IASB), adopted in Colombia through Decree 2496 of 2015, and modified by Decree 2131 of 2016.

This change in accounting policies will be effective, as of January 1, 2019, and will be reflected in the assets for rights-of-use, and liabilities for leases.

2.5. PRESENTATION OF FINANCIAL STATEMENTS

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

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

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, established below, have been applied consistently in the preparation of the Financial Statements, prepared in accordance with the Accounting and Financial Information Standards, accepted in Colombia (NCIF), unless otherwise indicated.

The following are the significant accounting policies that the Grupo SURA applies in the preparation of its Separate Financial Statements:

3.1. CASH AND CASH EQUIVALENTS

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

3.2. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Impairment of financial assets at amortized cost:
For assets amortized cost, impairment is assessed using the model of credit losses expected.

The periodicity of the impairment is calculated monthly and the model depends on the financial asset time:

Commercial portfolio of clients:
The deterioration model, of the client portfolio, shows a percentage of impairment, applicable to the portfolio of companies, by the range of days in default; for this, historical information, available, in each company should be used to calculate the percentage of deterioration with which the portfolio will be impacted in the future. The number of periods of historical information used are sufficient to respond to the

behavior of the payment of the clients, taking care that there is a balance in the statistics of the information and the changes in the payment behavior of the clients.

Investments:
To determine the impairment of financial assets, the following is taken into account:

- Instruments, whose issuer is a Government, or an entity backed by the Government, and which are issued in the functional currency of the country, where that Government exercises sovereignty, will not deteriorate.

- Instruments without significant variation in the level of credit risk, from the moment of purchase: for these, the impairment will be determined, based on the probability of occurrence of a credit risk event, in the next 12 months, after the reporting date.

- Instruments, with significant variation, in the level of credit risk, from the moment of purchase: for these, the impairment will be determined, based on the probability of occurrence of a credit risk event, during the whole life of the instrument.

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

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

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

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

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

Derivative financial instruments:
Changes in the fair value of derivative contracts held for trading are included in the profit (loss) from financial operations in the Statement of Comprehensive Income. Certain derivatives embedded in other financial instruments (embedded derivatives) are treated as separate derivatives when their risk and characteristics

are not closely related to the principal contract and are not recorded at fair value with unrealized gains and losses included in income.

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

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

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

- The financial liability: is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under conditions that are potentially unfavorable.
- An equity instrument: is any contract that evidences assets of residual interest in an entity, after deducting all of its liabilities (net assets).

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

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

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

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

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

Subsequent measurement of a financial liability caused by a compound financial instrument:
Grupo de Inversiones Suramericana S.A. must measure posteriorly to initial recognition financial liabilities at amortized cost.

3.3. TAX ASSETS AND LIABILITIES

It understands the value of taxes mandatory general in favor of the State and by the company, by way of private payments that are determined on the tax bases of the fiscal period, according to the tax rules of national and National territorial governance.

3.3.1. CURRENT

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

3.3.2. DEFERRED

The deferred income tax is recognized using *the Liability Method* calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and future compensation of tax credits and unused tax losses to the extent that there is probability of availability of future taxable income against which, they can be imputed.
Deferred taxes are not discounted.

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

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

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

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

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

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

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

3.4. FAIR VALUE

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

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

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

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

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

*** Measurement of assets or liabilities**

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

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

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

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

*** Measurement of non-financial liabilities**

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

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

*** Fair value at initial recognition**

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

*** Valuation Techniques**

Grupo SURA uses the following valuation techniques:

- *Market approach*: This technique is mainly used in the valuation of investment properties and fixed assets whose subsequent measurement has been defined by Grupo SURA as a re-evaluated model. It is also used in financial assets that have been defined according to the business model at fair value and that present an active market.
- *Income approach:* this valuation technique is used for financial assets and liabilities determined at fair value and that do not present an active market.
- *Cost approach:* A valuation technique that reflects the amount that would be required at present to replace the service capacity of an asset (often referred to as current replacement cost).

3.5. INVESTMENTS

3.5.1. SUBSIDIARIES

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

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

3.5.2. ASSOCIATES

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

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

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

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

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

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

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

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

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

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

When the significant influence over the associate, Grupo SURA measures and recognizes any residual investment keep it at fair value. The difference between the book value of the associate (taking into account the relevant items of other comprehensive income) and the fair value of the retained residual investment, with the value from its sale is recognized in profit or loss.

3.6. IMPAIRMENT OF ASSETS

Grupo SURA must ensure that its operating assets, i.e. property and equipment and intangible assets and investments in which they are accounted for a value that is not higher than their recoverable value, i.e. their book value does not exceed the value that can be recovered through their continuous use or sale. If this is the case, Grupo SURA must recognize a loss for impairment of the asset.

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

3.7. PROVISIONS AND CONTINGENCIES

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

Grupo SURA recognizes the provisions in the statement of financial position; by the best estimate of the required disbursement, that is, the value for which Grupo SURA must settle the obligation in the reporting period; Considering the risks and uncertainties surrounding this estimate.

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

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

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

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

3.8. CURRENCY

3.8.1. FUNCTIONAL AND PRESENTATION

The Financial Statements of Grupo SURA currency is the Colombian Peso, and they have been rounded off to the nearest unit, which is also the functional currency and presentation currency of Grupo SURA S.A.

3.8.2 FOREIGN CURRENCY

Transactions in foreign currencies are initially recorded at the exchange rate of the functional currency prevailing at the date of the transaction. Subsequently, monetary assets and liabilities in foreign currencies are translated at the exchange rate of the functional currency prevailing at the closing date of the period;

non-monetary items that are measured at fair value are translated using the exchange rates at the date when fair value and non-monetary items that are measured at amortized cost are translated using the exchange rates prevailing determined to date of the original transaction.

3.9. ORDINARY INCOME

Dividend income
Grupo SURA recognizes dividend income when:

a) the right of the entity, to receive the payment of the dividend, is established;
b) it is probable that the entity receives the economic benefits, associated with the dividend; and
c) the value of the dividend can be measured reliably.

Measurement of income

Grupo SURA measures income at the fair value of the consideration received or receivable.

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

3.10. EARNINGS PER SHARE

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

3.11. EVENTS AFTER THE REPORTING PERIOD

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

Events after the reporting period that involve adjustments

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

Events after the reporting period that do not involve adjustments

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

Dividend or surplus to the owner

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

On-going business hypothesis

Grupo Sura must prepare the Financial Statements, on the going concern hypothesis, provided that, after the reporting period, the Administration determines, that it does not intend to liquidate, or cease, its activities, or that it has no other alternative, that will proceed in one of these ways.

3.12. RELATED PARTIES

The following are considered related parties:

1. The companies that make up the **Grupo Empresarial SURA** ("The Companies").
2. The **associated companies**.
   It will only apply for transactions that are considered **unusual** (outside of the ordinary course of business of the company) **and materials.**

   In any case, it must be ensured, that the recurring transactions are realized, under competitive market conditions, and are recognized, in full, in the Financial Statements. For purposes of this document, the definition of associated companies, contained in the Accounting Policy for Investments in Associates, will be applied.
3. The Members of the Board of Directors (principals and alternates).
4. The Legal Representatives, excluding the Judicial Legal Representatives and Proxies.
5. The Personnel of Senior Management, specifically, the first two levels of the organization (including Executive Directors of Audit and Corporate or General Secretaries).
6. The close relatives of the Members of the Boards of Directors, the Legal Representatives, and the Personnel of Senior Management, that is, their spouses or permanent companions, as well as the persons within the first degree of consanguinity, first of affinity or only civil.

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

Aligned with the International Accounting Standards, and aware that each Company Group will be responsible for identifying transactions between related associated parties, with their businesses, the operations that will, at minimum, be considered, within the present policy are:

- Purchases or sales of products
- Purchases or sales of real estate and other assets
- Loans between companies, in effect at the close of the accounting period
- Leases, where there is a formalization, through a contract
- Provision or reception of services, where there is remuneration, reciprocity, and formalization, through a contract
- Transfers, in which a company generates development or research, exclusively for another entity, and there is remuneration, reciprocity, and formalization, through a contract
- Transfers realized, in accordance with financing agreements, (including loans and equity contributions, in cash or in kind)
- Granting of collateral guarantees and warranties
- Settlement of liabilities, on behalf of the entity, or by the entity, on behalf of that related party
- Other commitments and contracts, where there is reciprocity and remuneration

- Transactions, (including compensation and benefits) with members of the Boards of Directors, Legal Representatives, and Senior Management Personnel, which correspond to the first two levels of the organization, that is, to people of the highest hierarchical level of the Companies, responsible of the ordinary course of business, and for devising, executing, and controlling the objectives and strategies of the companies; Auditors and Corporate or General Secretaries are included. (It must be transactions with the company, in which the Senior Manager works)
- Transactions within the Company, in which one of the Senior Managers, described above, and their spouse or permanent companion, or their relatives, within the first degree of consanguinity, first of affinity, or solely civil
- Dividends decreed

<u>Materiality of transactions</u>

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

For the purposes of determining materiality, the following factors shall be taken into account:

- Legal, accounting, and tax compliance, in all jurisdictions
- Specific conditions agreed upon with minority Shareholders
- Amount of the operation, which will be defined in the specific policies or procedures of the Companies
- Realization of conditions, other than market conditions, due to a particular event
- Disclosure to regulatory or supervisory authorities
- Reporting requirements, to Senior Management and/or Board of Directors

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

NOTE 4. STANDARDS ISSUED WITHOUT EFFECTIVE APPLICATION

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

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

IFRS 16: Leases

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

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

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

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

IFRS 17: Insurance contracts

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

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

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

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

NOTE 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND CAUSES OF UNCERTAINTY IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

Accounting estimates and assumptions

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

a) Revaluation of property for own use and investment properties
The fair value of land and buildings is based on periodic evaluations, realized by qualified external appraisers, as well as internally.

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

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

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

d) The useful life and residual values of the properties, plant and equipment and intangibles
Grupo SURA must review the useful lives of all properties and equipment and intangibles, at least at the end of each accounting period. The effects of changes in estimated life are recognized prospectively, during the remaining life of the asset.

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

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

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

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

NOTE 6. CASH

Cash and cash equivalents correspond to:

	September 2018	December 2017
National currency	**14,307**	**69,099**
Bank	1	1
Checking bank accounts	425	297
Savings bank accounts	7,394	57,931
Restricted cash[1]	1,502	1,502
Fiduciary rights	4,985	9,368
Foreign currency	**711**	**199**
Bank	13	16
Checking bank accounts	698	183
Total cash and cash equivalents	**15,018**	**69,298**

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

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

NOTE 7. FINANCIAL INSTRUMENTS

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

ASSETS WHOSE FAIR VALUES APPROXIMATED TO THE BOOK VALUE

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

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

FINANCIAL INSTRUMENTS AT AN AGREED RATE

The value of fixed income assets, valued at amortized cost, is calculated by comparing market interest rates when it was first recognized with current market rates for similar financial instruments. The estimated fair value of time deposits is based on discounted cash flows using current interest rates, in the money market, debt, with a similar credit risk and maturity.

FAIR VALUE HIERARCHY

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

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

LEVEL 1 - PRICES LISTED IN ACTIVE MARKETS

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

LEVEL 2 - MODELED WITH OBSERVABLE MARKET ENTRY DATA

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

LEVEL 3 - MODELED WITH NON-OBSERVABLE ENTRY DATA

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

FINANCIAL LIABILITIES WHOSE FAIR VALUE APPROXIMATES THE BOOK VALUE

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

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

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

The follow is a breakdown of financial assets and liabilities that Grupo SURA possesses at September 30, 2018 and December 2017.

7.1. FINANCIAL ASSETS

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

September 2018

Current	Note	Financial assets at amortized cost	Financial assets at fair value – Income	Financial assets at fair value – Equity	Other financial assets (cash)	Total
Cash and cash equivalents	6	-	-	-	13,516	13,516
Accounts receivable		21,951	-	-	-	21,951
Accounts receivable from related parties	7.1.1	403,132	-	-	-	403,132
Other financial assets	7.1.2	-	-	-	-	-
Total current financial assets		**425,083**	**-**	**-**	**13,516**	**438,599**

Non-current	Note	Financial assets at amortized cost	Financial assets at fair value – Income	Financial assets at fair value – Equity	Other financial assets (cash)	Total Note
Restricted cash	7.1.3	-	-	-	1,502	1,502
Investments	7.1.3	-	-	14,605	-	14,605
Other financial assets	7.1.2	-	137,184	-	-	137,184
Total non-current financial assets		**-**	**137,184**	**14,605**	**1,502**	**153,291**
Total financial assets		**425,083**	**137,184**	**14,605**	**15,018**	**591,890**

December 2017

Current	Note	Financial assets at amortized cost	Financial assets at fair value – Income	Financial assets at fair value – Equity	Cash and cash equivalents	Total
Cash and cash equivalents	6	-	-	-	69,298	69,298
accounts receivable		19,824	-	-	-	19,824
Accounts receivable from related parties	7.1.1	39,450	-	-	-	39,450
Other financial assets	7.1.2	-	16,409	-	-	16,409
Total current financial assets		**59,274**	**16,409**	**-**	**69,298**	**144,981**

Non-current	Note	Financial assets at amortized cost	Financial assets at fair value – Income	Financial assets at fair value – Equity	Cash and cash equivalents	Total
Investments	7.1.3	-	-	17,664	-	17,664
Other financial assets	7.1.2	-	60,265	-	-	60,265
Total non-current financial assets		**-**	**60,265**	**17,664**	**-**	**77,929**
Total financial assets		**59,274**	**76,674**	**17,664**	**69,298**	**222,910**

7.1.1. ACCOUNTS RECEIVABLE RELATED PARTIES

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

	September 2018	December 2017
Bancolombia S.A.	119,588	-
Inversiones Argos S.A.	37,604	17,789
Grupo Nutresa S.A.	45,824	21,601
Total dividends receivable, associates	203,016	39,390
Sura Asset Management S.A.	152,402	-
Suramericana S.A.	47,668	-
Total dividends receivable, subsidiaries	200,070	-
Grupo Sura Finance[1]	-	60
Total deposits for share acquisition	-	60
Seguros de Vida Suramericana S.A.	11	-
Seguros de Riesgos Laborales S.A.	21	-
Planeco S.A.	14	
Total transferred to companies	46	-
Total accounts receivable from related parties and current associates	403,132	39,450

[1] At December 31, 2017, this amount corresponds to the account receivable from Grupo SURA Finance and Grupo de Inversiones Suramericana Panamá S.A., for acquisition of shares. By September 2018, this value is eliminated as a reciprocal operation, due to the merger realized in July 2018.

7.1.2. OTHER FINANCIAL ASSETS

A breakdown of other financial assets is listed below:

Asset	September 2018	December 2017
Swaps from exchange rates	26,086	29,071
Swaps from interest rates	3,316	5,458
Options from exchange rates	107,782	42,145
Total assets from derivatives operations	137,184	76,674

7.1.3. INVESTMENTS

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

	September 2018			December 2017		
	# Shares	% Part.	Fair value	# Shares	% Part.	Fair value
Enka S.A.	1,973,612,701	16.76%	14,605	1,973,612,701	16.76%	17,664

7.2. FINANCIAL LIABILITIES

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

	Note	September 2018	December 2017
Accounts payable for related parties	7.2.2	191,163	1,664,427
Other financial liabilities	7.2	1,237,678	1,216,979
Securities issued	12	4,347,361	1,779,793
Trade and other accounts payable	7.2.3	3,845	14,687
Total financial liabilities		5,780,047	4,675,886

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

September 2018

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases (Financial leasing) Note 8(*)	-	-	5,280	5,280
Derivatives(*)	-	4,852	-	4,852
Accounts payable	3,845	-	-	3,845
Accounts payable, related parties	191,163	-	-	191,163
Shares issued	192,005	83,156	-	275,161
Total current liabilities	387,013	88,008	5,280	480,301

Non-current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases (Financial leasing) Note 8 (*)	-	-	9,076	9,076
Derivatives(*)	-	227,577	-	227,577
Securities issued	4,347,361	-	-	4,347,361
Other financial liabilities(*)	715,731	-	-	715,731
Total non-current liabilities	5,063,092	227,577	9,076	5,299,745
Total financial liabilities	5,450,105	315,585	14,356	5,780,046

December 2017

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases (Financial leasing) Note 8(*)	-	-	3,990	3,990
Derivatives(*)	-	687	-	687
Accounts payable	14,687	-	-	14,687
Accounts payable, related parties	1,664,427	-	-	1,664,427
Other financial liabilities(*)	298,974	-	-	298,974
Total current liabilities	1,978,088	687	3,990	1,982,765

Non-current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases (Financial leasing) Note 8(*)	-	-	10,780	10,780
Derivatives	-	118,143	-	118,143
Securities issued	1,779,793	-	-	1,779,793
Financial obligations(*)	715,444	68,961	-	784,405
Total non-current liabilities	2,495,237	187,104	10,780	2,693,121
Total financial liabilities	4,473,325	187,791	14,770	4,675,886

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

7.2.1. OTHER FINANCIAL LIABILITIES

A breakdown of other financial liabilities is as follows:

Entity	Currency	Rate	Term (days)	2018	2017
BBVA - España	USD	Libor + 1.25% /1.5%	1,006	-	298,974
Banco de Bogotá S.A.	COP	CPI +2.93%	730	-	287,705
Bancolombia S.A.	COP	IBR + 2.18%	1,080	-	200,343
Bancolombia S.A.	COP	IBR + 2.24%	1,080	-	227,396
Bancolombia S.A.	COP	IBR + 2.05%	1,800	477,303	-
Helm Bank - Panamá	USD	2.55%	180	53,344	-
Banco Nacional de México S.A.	USD	Libor + 0.62%	1,400	238,427	-
Bancolombia S.A.- Panamá	USD	2.33%	91	133,904	-
Bancolombia S.A. - Panamá	USD	3.25%	60	4,758	
Subtotal financial obligations				**907,736**	**1,014,418**
Repo operations				83,156	68,960
Financial Leasing (leasing) Note 8	COP	7.89%	5,478	14,357	14,771
Derivatives[1]				232,429	118,830
Total other financial liabilities				**1,237,678**	**1,216,979**

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

	September 2018	December 2017
Swaps from exchange rates	133,548	105,002
Options from exchange rates	94,636	13,828
Forwards from exchange rates	4,245	-
Total liabilities from operating derivatives	**232,429**	**118,830**

Hedge accounting

Grupo Sura applies hedge accounting, prospectively, at September 2018. The company defined cash flow hedge accounting, with the objective of covering the debt of the dollar bonds, brought in after the merger with the Company, Grupo Sura Finance. The hedge consists of a structure, composed of a set of financial derivatives that include cross-currency swap and call options. The hedge takes the valuation of the derivative to other comprehensive income, and covers the difference in exchange, of the bonds in the Income Statement.

7.2.2. ACCOUNTS PAYABLE TO RELATED ENTITIES

Corresponds to the payment of short-term dividends for shares decreed at the shareholders' meeting held on March 23, 2017 and accounts payable to subsidiaries:

	September 2018	December 2017

Ordinary shares	122,920	1,343
Preference shares	29,272	6
Sub-total	152,192	1,349
Accounts payable to current subsidiaries (See Note 21)	38,971	1,663,078
Total accounts payable to related parties	191,163	1,664,427

7.2.3. TRADE ACCOUNTS PAYABLE AND OTHER ACCOUNTS PAYABLE

The breakdown of commercial current accounts payable is as follows:

	September 2018	December 2017
Suppliers	1,496	1,778
Others	2,349	2,613
Accounts payable from sales of investments	-	10,296
Total trade accounts payable	3,845	14,687

NOTA 8. FINANCIAL LEASES

The value of leasing, recognized as liabilities, is as follows:

	September 2018	December 2017
Current financial leases	5,280	3,990
Non-current financial leases	9,076	10,780
Total financial leases	14,356	14,770

The following is a breakdown of financial leases:

Entity	Currency	Rate	Term (Days)	2018	2017
Leasing (financial Leasing)	COP	7.89%	5,478	14,356	14,770

The financial lease agreements, corresponds to the lease of the offices in the One Plaza Building, for the transfer of the Headquarters, of the Company Grupo SURA.

Restrictions

To date, there are no restrictions, or conditions, in financial lease contracts, regarding the distribution of dividends, additional indebtedness, or new lease agreements.

NOTE 9. TAXES

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

	Note	September 2018	December 2017
Current tax asset		27,799	-
Current tax liability	9.1	32,730	33,338
Deferred tax liability	9.2	37,907	39,554

9.1. CURRENT INCOME TAX

a. Current tax recognized in the Statement of Financial Position

	September 2018	December 2017
Current income tax assets		
Income tax and complementaries	9,197	-
Local taxes	1,934	-
Withholding tax	15,170	-
Tax surplus	1,498	-
	27,799	**-**

	September 2018	December 2017
Current income tax liabilities		
Income tax and complementaries	27,935	31,353
Local taxes	4,769	1,947
Sales taxes, payable	26	38
	32,730	33,338

The current tax is compensated annually for purposes of presentation in the Financial Statements.

b. Tax recognized in profit and loss for the period

	September 2018	September 2017
Current tax expenses	(14,708)	(24,260)
Current deferred tax expenses		
Constitution/reversal of temporary differences	(645)	17,582
Income (expenses) tax	**(15,353)**	**(6,678)**

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c. Reconciliation of the effective tax rate

The reconciliation of the effective tax rate, of the Group, applicable for the years ended September 30th of 2018 and 2017, respectively, is as follows:

	September 2018		September 2017	
	Rate	Balance	Rate	Balance
Profit before tax		755,665		693,177
Tax on income by applying the local tax rate	37%	(279,596)	40%	(277,271)
Tax effect of:				
Non-deductible expenses	9%	(69,058)	11%	(77,974)
Others	4%	(28,613)	7%	(46,382)
Untaxed income	28%	211,548	33%	228,310
Untaxed dividends	20%	150,366	24%	166,639
Income tax	**2%**	**(15,353)**	**1%**	**(6,678)**

The effective tax rate, for the Company was 2%, for the Third Quarter of 2018, and 1% for the Third Quarter of 2017. This variation corresponds mainly to the non-taxed dividend.

d. Movement of balances of deferred taxes

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

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

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

9.2. DEFERRED TAX

a. Movement and deferred tax balances

The net asset/liability for deferred income tax, consists of the following items:

	2018				2017		
	Balance at September 30, 2018	Recognized on OCI	Recognized in profit and loss	Balance at December 31, 2017	Balance at September 30, 2017	Recognized in profit and loss	Balance at December 31, 2016
Financial instruments	(30,376)	(2,292)	(6,141)	(21,943)	(23,989)	(40,467)	16,478
Property and equipment	4,837	-	(210)	5,047	5,108	(764)	5,872
Employee benefits	(9,518)	-	1,428	(10,946)	(7,900)	2,806	(10,706)
Provision ICA	-	-	-	-	-	1,343	(1,343)
Financial Obligations	(12,220)	-	(12,687)	467	(450)	1,984	(2,434)
Subsidiary dividends	85,184	-	18,255	66,929	75,930	17,516	58,414
Net	**37,907**	**(2,292)**	**645**	**39,554**	**48,699**	**(17,582)**	**66,281**

9.3. TAX MATTERS IN COLOMBIA

The provisions in force, applicable to the Company, stipulate that:

Tax on Dividends

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

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

For natural persons, who are tax residents in Colombia, the dividend tax will have a maximum rate of 10%, that will fall to the non-taxed dividends, and 35% with respect to the dividends, distributed as taxed.

Presumptive tax

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

Excesses, of the presumptive income, on the ordinary income, incurred, may be compensated with the ordinary income, obtained within five years, following its occurrence.

Transfer Prices

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

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

Sales tax

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

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

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

Law 1819, in its Article 194, indicated that the periods to request deductible, will be of three bimonthly periods, immediately following the period of its causation.

NOTE 10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

10.1 INVESTMENTS IN ASSOCIATES

General information on investments in associates

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

		September 2018			December 2017		
Investment	Economic Activity	% Participation	% voting rights	# Shares	% Participation	% voting rights	# Shares
Bancolombia S.A.(*)	Global bank	24.39%	46.02%	234,545,239	24.38%	46.01%	234,486,286
Grupo Argos S.A.(*)	Cement, energy, real-estate, and ports	26.75%	35.53%	229,295,179	26.78%	35.56%	229,534,810
Grupo Nutresa S.A.	Foods and processed	35.17%	35.17%	161,807,155	35.17%	35.17%	161,807,155

(*) Right to vote: The percentage with voting rights, at September 2018 and December 2017, of Bancolombia S.A. it is 46.02% and 46.01%, and Grupo Argos S.A is 35.53%, and 35.56%, respectively. This taking into account the issuance of preferred shares, without voting rights issued by this associate.

Balance of investments

The following is a breakdown of the investments at September 30, 2018 and December 31, 2016:

Investment	September 2018	December 2017
Bancolombia S.A.	5,594,878	5,592,906
Grupo Argos S.A.	4,510,389	4,515,121
Grupo Nutresa S.A.	4,287,391	4,287,391
Total	**14,392,658**	**14,395,418**

Dividends received

Dividends received from the following issuers (See Note 14):

	September 2018	September 2016
Bancolombia	239,176	222,856
Grupo Argos S.A.	75,207	71,156
Grupo Nutresa S.A.	91,648	86,405
Others	-	231
Total	406,031	380,648

FINANCIAL INFORMATION OF ASSOCIATES

Herewith, is an overview of assets, liabilities, equity, and income from operations of each of the associated companies included in the Financial Statements, for the period to September 30, 2018 and December 2017 are as follows:

September 2018	Location	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A.	Colombia	206,655,328	-	181,788,315	-	24,867,013	8,004,872	1,753,044	37,936	1,790,980
Grupo Argos S.A.	Colombia	6,549,836	40,357,099	7,648,405	14,978,580	24,279,950	10,565,898	863,853	(453,785)	410,068
Grupo Nutresa S.A.	Colombia	2,759,336	10,593,046	1,903,110	3,294,903	8,154,369	6,609,298	388,131	(915,822)	(527,691)

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

The investments in associates, of Grupo SURA, listed on the Colombia Stock Exchange and with high liquidity; the market price of the shares at September 30, 2018, and December 2017, in the stock market, is as is listed below:

Associate	September 2018	December 2017
Bancolombia S.A.	7,481,993	7,029,899
Inversiones Argos S.A.	3,737,511	4,792,687
Grupo Nutresa S.A.	3,915,733	4,501,475

Movement of investments in associates:

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

Additions[1]	1,972	97	-	2,069
Derecognition	-	(4,829)	-	(4,829)
At September 30, 2018	**5,594,878**	**4,510,389**	**4,287,391**	**14,392,658**

[1] Additions correspond to the shares of Grupo de Inversiones Suramericana Panamá, in Bancolombia and Grupo Argos.

Restrictions

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

10.2. INVESTMENTS IN SUBSIDIARIES

General information on investments in subsidiaries

The following is a breakdown of the entities over which Grupo SURA possesses direct control at September 30, 2018 and December 2017:

			Percentage of property		
Company	Country	Economic Activity	September 2018	December 2017	Date Established
Sura Asset Management S.A.	Colombia	Investor	83.58%	83.58%	15/09/2011
ARUS Holding S.A.S.	Colombia	Investments	100%	100%	11/07/2012
ARUS S.A.	Colombia	Technology	100%	100%	16/08/1988
Enlace Operativo S.A.	Colombia	Services	100%	100%	31/05/2006
Inversiones y Construcciones Estratégicas S.A.S.	Colombia	Investments	100%	100%	30/08/2007
Grupo de Inversiones Suramericana Panamá S.A.	Panama	Investments	-	100%	29/04/1998
Grupo SURA Finance S.A.	Cayman Islands	Any lawful activities in the Cayman Islands	-	100%	18/03/2011
Suramericana S.A.	Colombia	Investments	81.13%	81.13%	25/05/1999
Sura Ventures	Panama	Investments	100%	-	21/02/2018

Balance of investments

The detail of the balance of investments in subsidiaries by *the Equity Method* as of September 30, 2018 and December 2017, is as follows:

Company	September 2018	December 2017
Sura Asset Management S.A.	9,638,260	9,256,905
Suramericana S.A.	3,601,332	3,641,569
Inversiones y Construcciones Estratégicas S.A.S.	150,193	149,622
Arus Holding S.A.	67,089	66,822
SURA Ventures S.A.	62,724	-
Arus S.A.	3,388	3,451
Enlace Operativo S.A.	989	879
Total	**13,523,975**	**13,119,248**

Assets, liabilities, equity, and results of the subsidiaries

Assets, liabilities, equity, and income of each of the Company's subsidiaries, included in the Financial Statements for the period of September 30, 2018 and December 2017, are as follows:

September 2018	Asset	Liability	Equity	Income	Other comprehensive income
Sura Asset Management S.A. (*)	25,331,126	16,371,758	8,959,368	478,269	(431,982)
Arus Holding S.A.S.	69,682	39	69,643	1,872	(1,594)
ARUS S.A.	92,448	61,083	31,364	315	-
Enlace Operativo S.A.	23,525	6,280	17,245	2,059	-
Inversiones y Construcciones Estratégicas S.A.S.	155,387	5,194	150,193	1,336	(765)
Suramericana S.A. (*)	24,455,744	20,010,192	4,445,553	394,540	(319,316)
Sura Ventures S.A.	105,521	8,934	96,586	(31)	(14,569)

*Figures taken from the Consolidated Financial Statements

December 2017	Asset	Liability	Equity	Income	Other comprehensive income
Sura Asset Management S.A. (*)	25,550,403	16,256,072	9,294,331	614,352	673,130
Arus Holding S.A.S.	69,369	4	69,366	7,768	-
ARUS S.A.	84,104	53,073	31,031	5,204	-
Enlace Operativo S.A.	20,293	4,967	15,325	3,281	-
Inversiones y Construcciones Estratégicas S.A.S.	155,106	5,484	149,622	10,226	3,389
Suramericana S.A. (*)	25,194,422	20,693,463	4,500,958	505,269	173,448
Grupo de Inversiones Suramericana Panamá S.A.	972,795	923,067	49,727	(25,762)	(567)
Grupo SURA Finance S.A.	2,502,571	2,531,229	(28,658)	(3,217)	107
Sura Ventures S.A.	-	-	-	-	-

**Figures taken from the Consolidated Financial Statements*

The Equity Method of subsidiaries

The following is a breakdown of profit or (loss) from *the Equity Method,* as of September 30th of 2018 and 2017:

Subsidiary	September 2018	September 2017
Sura Asset Management S.A.	399,724	337,448
Suramericana S.A.	320,087	317,378
Arus Holding S.A.S.	1,803	4,179
Inversiones y Construcciones Estratégicas S.A.S.	1,336	16,156

Enlace Operativo S.A.	118	153
ARUS S.A.	16	107
Grupo SURA Finance S.A.	(2,109)	(2,332)
Sura Ventures S.A.	(3,054)	-
Grupo de Inversiones Suramericana Panamá S.A.	(25,172)	17,376
Total	**692,749**	**690,465**

Movement of investments in subsidiaries

The movement of investments in subsidiaries, is as follows:

	Asset	Liability (Note 11)	Equity	Other comprehensive income
Balance at January 1, 2017	**10,891,236**	**(266,259)**	**-**	**474,102**
Purchases[1]	1,080,983	25,514	-	-
Dividends	(437,225)	(29,759)	-	-
Equity variation	686,368	59,889	-	746,257
Income/expenses from the Equity Method	897,886	9,050	906,936	-
Balance at December 31, 2017	**13,119,248**	**(201,565)**	**-**	**1,220,359**
Additions[1]	845,371	-	-	-
Dividends	(421,882)	(19,999)	-	-
Equity variation	(752,256)	262,309	-	(489,947)
Income/expenses from the Equity Method	720,030	(27,281)	692,749	-
Split GIS Panamá – Ventures[2]	13,464	(13,464)	-	-
Closing balance at September 30, 2018	**13,523,975**	**-**	**692,749**	**730,412**

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

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

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

[2] On February 21, 2018, the split in Grupo de Inversiones Suramericana Panamá S.A., was approved and a new company was created, beneficiary of the split, named SURA VENTURES S.A. The capital of the new company, which was constituted , is paid for with the assignation of part of the capital of Grupo de Inversiones Suramericana Panamá S.A.

[3] As a result of the merger, the investment of Grupo de Inversiones Suramericana Panamá, in SURA Asset Management, in the amount of $824,069, was transferred, and capitalizations realized of SURA Ventures, during the year, in the amount of $21,032.
The impact of the merger of Grupo Sura Panama and Grupo Sura Finance, in the Financial Statements of Grupo Sura, separated into equity, is $(63,829) and the gain for the year is $ (27,281).

Impairment of Investments in Subsidiaries

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

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

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

1. Loss on operation or negative cash flows in the current period, compared to budgeted.

2. Increases during the year in the interest rates associated with investments and debt. Information: Investments in securities with indexed rates, agreed rates of debt acquired with banks.

3. Significant changes in the technological environment, defined as the risk associated with losses arising from the technology (hardware or software) or the use thereof. Information: Significant decrease in the production associated to the technology or high exposure to the risk of hackers.

4. Significant changes in the legal environment, established as losses by sanctions or claims due to non-compliance with contractual rules or obligations.

5. Significant changes in the regulatory environment. Referring to the negative implications on a company derived from changes in the regulatory framework where it operates. They can be: Mortality tables or taxes, such as CREE.

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

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

8. Significant reduction in the use of installed capacity.

9. Generation of new debt

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

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

For December 2017, the investments in subsidiaries of Sura Finance B.V., Grupo de Inversiones Suramericana Panamá, and Grupo Sura Finance have a deficit, in the results of the companies. Said deficit, will be covered by Grupo de Inversiones Suramericana S.A., in an eventual liquidation of the companies, therefore, a provision is recognized for said deficit (Note 11).

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

NOTE 11. PROVISIONS

PROVISIONS FOR CONTINGENCIES

The following is a summary of provisions:

Company	September 2018	December 2017
Grupo de Inversiones Suramericana Panamá (1)	-	172,907
Grupo Sura Finance (1)	-	28,658
Subtotal other	-	201,565
Dirección Nacional de Impuesto y Aduanas (DIAN – Customs) (2)	3,470	3,470
Total	3,470	205,035

(1) The balance of provisions, at December 31, 2017, corresponds to recognition of contingencies due to the deficit in the outcome of the Grupo de Inversiones Suramericana Panamá y Grupo Sura Finance.

The recognition is rooted in the application of the calculation methods of participation on the percentage of holdings of companies that is 100%, and the degree of administrative dependence on these companies.

At September 2018, the balance is zero, due to the merger registry of its subsidiaries Grupo de Inversiones Suramericana Panamá S.A. ("GIS Panama") and Gruposura Finance ("GS Finance"), which took place on July 31, 2018.

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

Based on the provisions of Law 1819 of 2016 on Tax Reform, the Company realizes the analyses to realization reconciliation process with the DIAN, with respect to the value of the processes described above, for an estimated COP 37,666 million, which was provisioned in the Financial Statements of the Company and of which COP 34,196 million were already paid in October 2017. This procedure will be subject to the regulations issued by the National Government, on the occasion of the reform. The mentioned procedure will allow a solution to the differences with the tax authority, without implying acceptance of any responsibility on the part of the Company, who maintains its criterion against the interpretation of the tax norm that gave origin to the difference. At March 31, 2018 and December 31, 2017, $3,470, is provisioned.

NOTE 12. SECURITIES ISSUED

The following is an overview of the securities issued:

	September 2018	December 2017
Outstanding bonds[1]	3,886,750	1,329,041
Preference shares[2]	460,611	450,752
Total securities issued	**4,347,361**	**1,779,793**

[1] Outstanding Bonds:

The following is a breakdown of bonds issued:

Securities Issued	Maturity	Date Issued	Maturity Date	Amortized cost		Fair Value	
				September 2018	December 2017	September 2018	December 2017
Bonds	4 Years	07-may-16	07-may-20	100,596	100,651	103,312	102,881
Bonds	5 Years	07-may-14	07-may-19	104,306	104,346	105,210	105,475
Bonds	9 Years	07-may-14	07-may-23	225,398	225,327	235,606	234,022
Bonds	10 Years	07-may-14	07-may-24	54,531	54,431	56,540	56,508
Bonds	16 Years	07-may-14	07-may-30	100,835	100,809	104,711	106,678
Bonds	20 Years	25-nov-09	25-nov-29	96,181	96,281	115,864	117,657
Bonds	40 Years	25-nov-09	25-nov-49	95,097	95,289	131,577	135,781
Bonds	5 Years	23-feb-17	23-feb-22	194,589	194,515	199,882	199,402
Bonds	7 Years	23-feb-17	23-feb-24	165,687	165,936	168,590	167,735
Bonds	12 Years	23-feb-17	23-feb-29	191,107	191,455	190,107	194,972
Bonds	10 Years	18-May-11	18-May-21	906,995	-	947,766	-
Bonds	10 Years	29-Apr-16	29-Apr-26	1,651,429	-	1,704,463	-
Total Bonds issued				**3,886,751**	**1,329,040**	**4,063,628**	**1,421,111**

(*) The increase in these securities, issued, with respect to the previous year, is explained, by the recognition of these liabilities, as a result of the merger with Grupo Sura Finance, at July 31, 2018. In view of the fact that these bonds are issued in dollars , Grupo Sura decided to apply hedge accounting as of September 2018, the effects of which are taken to other comprehensive income and to the income statement. The coverage structure was made with swaps and options. (See note 7.2.1 Other financial liabilities).

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

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

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

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

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

See the impacts that this transaction had, in the Statement of Changes in Equity.

NOTE 13. DIVIDENDS

Paid and declared

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

Dividends payable at December 31, 2016	**66,895**
Declared ordinary	228,889
Declared preference	51,891
Subtotal declared dividends	**280,780**
Ordinary shares paid	(282,301)
Preference shares paid	(64,007)
Others	(17)
Dividends payable at December 31, 2017 (Note 7.2.2.)	**1,349**
Declared ordinary	242,961
Declared preference	58,503
Subtotal declared dividends	**301,464**
Ordinary shares paid	(121,276)
Preference shares paid	(29,217)
Others	(128)
Dividends payable at September 30, 2018 (Note 7.2.2.)	**152,192**

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

The dividend to be distributed will be five hundred eighteen pesos (COP $518) per share on 581,977,548 ordinary and preferred shares, which was immediately caused was decreed by the Shareholders Assembly and will be 100% not encumbered for the shareholder, nor by title of income or as an occasional gain, as established in articles 48, 49 and 36-3 of the Tax Statute.

The dividend will be paid in cash as follows:
One hundred twenty-nine pesos with fifty cents (COP $129.50) for each share, on the following dates: April 2, 2018, July 3, 2018, October 1, 2018, and January 2, 2019.

NOTE 14. INCOME AND EXPENSES

The following is a summary of income and expenses:

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2017
Income from the Equity Method (Note 8.2)	692,749	690,465	264,286	250,638
Dividends (Note 8.1)	406,031	380,648	-	231
Losses from derivatives[1]	(52,287)	(121,054)	7,176	(88,708)
Income from investments (net)	924	9,798	302	401
Investment income, fair value	364	1,214	-	-
Total	1,047,781	961,071	271,764	162,562

[1] Corresponds to the net income from valuation of swap derivatives, options, and forwards, which are detailed in Note 7.1 Financial Assets and 7.2 Financial Liabilities. The following is the balance of income and the valuation expense of swaps, options, and forwards:

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2017
Income from the valuation of swaps, options, and forwards	117,452	147,290	7,329	114,305
Expenses from the valuation of swaps, options, and forwards	(169,739)	(268,344)	(153)	(203,013)
	(52,287)	(121,054)	7,176	(88,708)

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

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2017
Exchange differences (Note 15)	(27,830)	18,924	(67,079)	89,687
Interest (Note 18)	(216,222)	(213,303)	(76,627)	(75,924)
Total	(244,052)	(194,379)	(143,706)	13,763

NOTE 15. EXCHANGE DIFFERENCES

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

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2017
Income from exchange differences	222,570	59,580	40,226	(1,561)
Expenses from exchange differences	(250,400)	(40,654)	(107,305)	91,248
Total	(27,830)	18,924	(67,079)	89,687

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

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2017
Cash	5,042	(30,559)	(715)	(865)
Deposit of acquisition of shares	759	942	101	(705)
Accounts receivable	(5,709)	(10,137)	(7,167)	7
Financial liabilities and other obligations [1]	44,578	58,675	13,193	91,246
Suppliers	(14)	3	(5)	4
Shares issued	(72,486)	-	(72,486)	-
Total	(27,830)	18,924	(67,079)	89,687

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

[1] Loan granted, by the Sura Finance Group Company, on February 29, 2016, which includes a difference in exchange of COP $53,626 at September 30, 2018, in a credit of USD 540 million. Said loan generated a difference in exchange up to July 31, 2018 that realized the registration of a merger of subsidiaries Grupo de Inversiones Suramericana Panamá S.A. ("GIS Panama") and Gruposura Finance ("GS Finance"), and loans with other financial institutions, for a total exchange difference of COP $(9,163) from 4 credits for USD 144,600 million.

NOTE 16. ADMINISTRATIVE EXPENSES

The administrative expenses are as follows:

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2017
Surcharges and other taxes	(8,069)	(1,597)	(1,345)	(370)
Travel and representative expenses	(5,095)	(5,575)	(1,839)	(1,304)
Others	(2,912)	(902)	(105)	(169)
Industry and trade	(2,824)	(4,846)	(1,297)	(1,260)
Contributions	(2,219)	(1,072)	(1,128)	(329)
Fees	(1,694)	(1,130)	(747)	(428)
Publicity	(725)	(664)	(234)	(231)
Maintenance and repairs	(555)	(754)	(64)	(241)
Utilities	(406)	(401)	(123)	(130)
Seasonal services	(377)	(213)	(321)	(67)
Legal	(343)	(870)	(335)	(738)
Leases	(241)	(222)	(60)	(60)
Stationary and supplies	(18)	(46)	(7)	(15)
Insurance	(4)	(28)	(1)	(4)
Tax to equity	-	(1,334)	-	-
Sanctions*	-	(37,666)	-	-
Total	(25,482)	(57,320)	(7,606)	(5,346)

* In 2017, $37,666 million are included, which correspond to the differences in interpretation criteria, with the DIAN, in the assessment of income taxes, for taxable years 2009 to 2012, of which COP34,196 million, have already been settled and paid, in the month of October 2017. See Note 11.

NOTE 17. HONORARIUM EXPENSES

Honorarium expenses are as follows:

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2017
Consultants and advisory	(4,731)	(4,106)	(1,666)	(1,538)
Board of Directors	(716)	(610)	(266)	(208)
Auditor and external audit	(273)	(226)	(79)	(91)
Legal consultation	(54)	(61)	-	(26)
Appraisals	-	(9)	-	-
	(5,774)	(5,012)	(2,011)	(1,863)

NOTE 18. INTEREST

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

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2018
Securities issued	127,553	100,781	58,449	35,505
Financial liabilities	88,324	112,084	18,010	40,169
Fiduciary rights	345	438	168	250
Total	216,222	213,303	76,627	75,924

Liabilities generated by these interests are recognized at amortized cost. See Note 7.2 Financial liabilities.

NOTE 19. EARNINGS PER SHARE

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

	Accumulated		Quarterly	
	September 2018	September 2017	September 2018	September 2017
Profit for the period	740,312	686,499	124,439	195,960
Outstanding shares	469,037,260	469,037,260	469,037,260	469,037,260
Earnings per share (In Colombian Pesos)	**1,578**	**1,464**	**265**	**418**

NOTE 20. OBJECTIVES AND POLICIES IN THE MANAGEMENT OF FINANCIAL RISKS

Financial Risks

The performance of the financial markets and the economies of the region have effects on the operation of the business and, therefore, on its financial results. This means that the Company has management systems that allow it to monitor exposure to credit, market, and liquidity risk, from treasury management and investment portfolios.

The Company's risk management is framed under the Risk Management Framework Policy of Grupo Empresarial Sura and the Internal Risk Management Manual of Grupo SURA, which establish the responsibilities of the Board of Directors, the Risk Committee and Senior Management regarding the Risk Management System and defines the Company's action framework in this area. Likewise, these documents provide guidelines for the Company's own risks, associated to its business model, and derivatives of its strategy, as well as the risks of its investments. These are managed by each business unit, taking into account their level of experience and expertise. The work of Grupo SURA focuses on developing appropriate interaction mechanisms to track their profiles and how they manage their risks.

20.1 Credit risks

Credit risk management seeks to reduce the probability of incurring losses arising from the non-fulfillment of the financial obligations contracted by third parties with the Company.

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

To manage this risk, from the management of treasury resources, guidelines have been defined, which facilitate the analysis and monitoring of issuers and counterparts, ensuring that investments are always backed by issuers and / or managers with adequate credit strength.

20.1.2. Methods used to measure risk

The Company's risk entities analyze counterparties, issuers, and managers, in order to evaluate their credit backing and deliver the investment limits that are considered, by the treasury.

20.1.3. Summary of quantitative data on the entity's risk exposure

At the end of the Quarter, Grupo SURA’s available resources and treasury investments are mostly concentrated in liquid collective portfolios managed by high credit quality managers and demand deposits in savings and current accounts.

For further details, please refer to **Note 6. Cash**

20.2. Liquidity risk

The liquidity risk refers to the ability of the Companies to generate the resources to fulfill the obligations acquired and the operation of their business.

20.2.1. Description of objectives, policies, and processes for risk management

To manage this risk, Grupo SURA focuses its actions within the framework of a liquidity management strategy for the short and long-term in accordance with the policies and guidelines issued by the Board of Directors and the Senior Management, which deal with short-term aspects and structural, in order to ensure compliance with the obligations acquired, under the conditions initially agreed upon and without incurring any surcharges.

20.2.2. Methods used to measure risk

In order to manage this risk, Grupo SURA advises its actions within the framework of a liquidity management strategy for short and long-term in accordance with the policies and guidelines issued by the Board of Directors and Senior Management, which deal with short-term and structural, in order to ensure compliance with the obligations acquired, under the conditions initially agreed upon and without incurring any costs. It also realizes cash flow follow-ups in the short-term to manage collection and payment activities from the treasury and cash flow projections over the medium-term in order to determine the liquidity position and anticipate the necessary measures to adequate management.

In addition, in order to deal with possible conjunctures, the Company maintains available credit lines with financial institutions and has treasury investments that could be sold as liquidity access mechanism, in addition to other complementary sources of liquidity.

20.2.3. Description of changes in risk exposure

During the Third Quarter, there were no relevant changes of exposure to risk.

20.2.4. Summary of quantitative data on the entity's risk exposure

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

For more details please refer to Note 6. Cash.

20.3. Market Risks

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

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

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

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

20.3.1. **Exchange Rate Risk**

Exchange rate risk is the probability that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in exchange rates. The Company is exposed to this risk insofar as, it has assets and liabilities denominated in foreign currency.

20.3.1.1. Description of objectives, policies, and processes for risk management
To manage this risk, the Company monitors its exposures in accordance with the policies and guidelines, issued by the Board of Directors and, if necessary, determines the suitability of having a coverage scheme.

20.3.1.2 Methods used to measure risk
The exchange rate risk management carried out from the Company's treasury focuses on the analysis of the convenience of hedging to neutralize the impacts of exchange rate variations on its results and thus reduce exposures to this risk.

20.3.1.3. Description of changes in risk exposure
During the Quarter in question, some credit operations were carried out in dollars, which, in turn, were accompanied by hedges with derivative instruments that allowed mitigating exposure to the risk of the exchange rate in its entirety. In particular, during the month of July, one of the aforementioned credit operations was accompanied by the negotiation of a SWAP Cross Currency that allowed the conversion of all dollar flows into Colombian pesos. Additionally, a portion of a credit subscribed in dollars that expired in September was traded and a forward was negotiated to convert that debt to pesos, thus mitigating the exposure to the risk of exchange rate in its entirety with said operations.

20.3.1.4 Summary of quantitative data on the entity's risk exposure
With regard to financial liabilities, the Company maintains several hedging strategies for loans acquired in foreign currency, in order to reduce the potential impacts of a devaluation of the Colombian Peso.

For more details please refer to Note 7.1.2. Other financial assets and Note 7.2.1. Other financial liabilities.

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

20.3.2.1. Description of objectives, policies, and processes for risk management
To manage the exposure to this risk, the Company monitors its exposures and, if necessary, determines the convenience of having a coverage scheme, periodically monitored and aligned with the guidelines issued by its Board of Directors.

20.3.2.2. Methods used to measure risk
The management of the interest rate risk that is realized by the Company's treasury, focuses on the analysis of the convenience of hedging to neutralize the impacts that can have the variations of interest rate on its results and thus reduce exposures to this risk.

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

20.3.2.4. Summary of quantitative data on the entity's risk exposure
The Company maintains hedging strategies for loans acquired at a variable rate, with the objective of reducing potential impacts due to increases in the local and foreign interest rate.

For more details please refer to Note 7.1.2. Other financial assets and Note 7.2.1. Other financial liabilities.

20.3.3. Stock price risk
Share price risk is the risk that the fair value of a financial instrument fluctuates, as a result of changes in the prices of variable asset taxes.

20.3.3.1. Description of objectives, policies, and processes for risk management
For the management of this risk, from the management of treasury resources, guidelines have been defined to facilitate the analysis and monitoring of how variations in the market prices of the instruments that it holds could affect the Company.

20.3.3.2. Methods used to measure risk
The internal risk management system considers the process of assessing how changes in market prices affect the Company's revenues, or the value of its investments.

20.3.3.3. Description of changes in methods used to measure risk
During the Quarter, credit operations were realized in dollars, which in turn were fully hedged with financial derivatives, mitigating the risk of the exchange rate in its totality.

20.3.3.4. Summary of quantitative data on the entity's risk exposure
Given the nature of the portfolio and investments, exposures to this risk are not material.

For more details please refer to Note 7.1.3. Investments

NOTE 21. DISCLOSURES ON RELATED PARTIES

Subsidiaries, key management personnel, as well as entities over which key management personnel can exercise control and post-employment benefit plans, for the benefit of employees are considered related parties.

The following is a breakdown of related parties, as of September 30, 2018 and December 2017, of Grupo SURA:

a) Companies under direct or indirect control of Grupo SURA found in Note 10.2 Investments in subsidiaries.

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

Company	Type of Entity	September 2018	December 2017	Country	Functional Currency
Grupo de Inversiones Suramericana S.A.	Holding Company		Parent		

Activos Estratégicos Sura A.M. Colombia S.A.S.	Holding Company	83.58%	83.58%	Colombia	Colombian Peso
Sura Investment Management Colombia S.A.S.	Holding Company	83.58%	83.58%	Colombia	Colombian Peso
SURA Asset Management España S.L.	Holding Company	83.58%	83.58%	Spain	Euro
Grupo de Inversiones Suramericana Holanda B.V.	Holding Company	0.00%	83.58%	Holland	Euro
Grupo SURA Chile Holdings I B.V.	Holding Company	83.58%	83.58%	Holland	Euro
Sura Asset Management Perú S.A.	Holding Company	83.58%	83.58%	Chile	Chilean Peso
Sura Data Chile S.A.	Vehicle dedicated to the provision of data processing services and leasing of computer equipment	83.58%	83.58%	Chile	Chilean Peso
SURA Servicios Profesionales S.A.	Vehicle dedicated to business consulting and counseling	83.58%	83.58%	Chile	Chilean Peso
SUAM Finance B.V.	Holding Company holder of144A/Reg S Bonds issued in April 2014	83.58%	83.58%	Curacao	Dollar
Sura Asset Management México S.A. de C.V.	Holding Company	0.00%	83.58%	Mexico	Mexican Peso
Sura Art Corporation S.A. de C.V.	Company dedicated to the collection of Mexican art	83.58%	83.58%	Mexico	Mexican Peso
Sura Asset Management Perú S.A.	Holding Company	83.58%	83.58%	Peru	Peruvian Sol
Sura Asset Management Uruguay Sociedad de Inversión S.A.	Holding Company	83.58%	83.58%	Uruguay	Uruguayan Peso
AFAP Sura S.A.	Company dedicated to the administration of pension savings funds	83.58%	83.58%	Uruguay	Uruguayan Peso
AFP Capital S.A.	Company dedicated to the administration of pension savings funds	83.58%	83.58%	Chile	Chilean Peso
Afore Sura S.A. de C.V.	Company dedicated to managing investment companies specializing in Retirement Funds	83.33%	83.33%	Mexico	Mexican Peso
AFP Integra S.A.	*Administrator of Pension Funds*	83.58%	83.58%	Peru	Peruvian Sol
SURA Real Estate S.A.S.	Consulting activities of management, real estate activities	83.58%	83.58%	Colombia	Colombian Peso

	realized with owned and leased				
Asesores Sura S.A. de C.V.	Sales of products and financial services provided	63.58%	58.50%	Mexico	Mexican Peso
Promotora Sura AM S.A. de C.V.	Services provided for the commercialization, marketing services, and dissemination of products of any kind	83.58%	83.58%	Mexico	Mexican Peso
WM Asesores en inversiones S.A de C.V.	*Management consulting services*	83.58%	83.58%	Mexico	Mexican Peso
Seguros de Vida Sura S.A. (Chile)	Society engaged in insurance activities, related to life annuities and life	83.58%	0.00%	Chile	Chilean Peso
Pensiones Sura S.A. de C.V.	*Pension insurance*	83.58%	83.58%	Mexico	Mexican Peso
Seguros de Vida SURA Mexico S.A. de C.V.	Life insurance	83.58%	83.58%	Mexico	Mexican Peso
SUAM Corredora de Seguros S.A. de C.V.	Company dedicated to all types of activities related with insurance and reinsurance	83.58%	83.58%	El Salvador	Dollar
Disgely S.A.	*Company dedicated to the commercialization goods, leases of goods, works and services*	83.58%	83.58%	Uruguay	Uruguayan Peso
Corredores de Bolsa Sura S.A.	Company dedicated to the purchase and sale of securities and securities brokerage operations	83.58%	83.58%	Chile	Chilean Peso
Administradora General de Fondos Sura S.A.	*Company dedicated to the administration of mutual funds and investment*	83.58%	83.58%	Chile	Chilean Peso
Sura Investment Management S.A. de C.V.	Company dedicated to the operation of investment companies	83.58%	83.58%	Mexico	Mexican Peso
Fondos Sura SAF S.A.C.	Company dedicated to the administration of mutual funds and investment	83.58%	83.58%	Peru	Peruvian Sol
Sociedad Agente de Bolsa S.A.	Stock brokers	83.58%	83.58%	Peru	Peruvian Sol
Corredores de Bolsa SURA S.A.	*Brokerage services*	83.58%	83.58%	Uruguay	Uruguayan Peso

AFISA SURA S.A.	*Company dedicated to the administration of investment funds*	83.58%	83.58%	Uruguay	Uruguayan Peso
Aura Asset Management Argentina S.A.	Company dedicated to the administration of investment funds	83.58%	83.58%	Argentina	Argentinian Peso
NBM Innova, S.A. de C.V.	Provision of all kinds of services for the management, promotion, dissemination, and marketing of all types of goods and services.	83.58%	83.58%	Mexico	Mexican Peso
InverSura Panamá Internacional S.A.	*Investor*	83.58%	0.00%	Panama	Dollar
Inversiones Sura Brasil S.A.S.	Investor	81.13%	81.13%	Colombia	Colombian Peso
Financia Expreso RSA S.A.	Conclusion of mutual contracts and investments	81.13%	81.13%	Colombia	Colombian Peso
Santa Maria del Sol S.A. (Argentina)	Investments	81.12%	81.12%	Argentina	Argentinian Peso
Atlantis Sociedad Inversora S.A.	Investments	81.13%	81.13%	Argentina	Argentinian Peso
Chilean Holding Suramericana SPA	Investments	81.13%	81.13%	Chile	Chilean Peso
Inversiones Suramericana Chile Limitada	Investments	81.13%	81.13%	Chile	Chilean Peso
Seguros Generales Suramericana S.A. (Colombia)	General insurance	81.13%	81.13%	Colombia	Colombian Peso
Seguros Sura S.A. (Dominican Republic)	*Insurance*	81.12%	81.12%	Republica Dominicana	Dominican Peso
Seguros Suramericana S.A. (Panama)	*Insurance*	81.13%	81.13%	Panama	Dollar
Aseguradora Suiza Salvadoreña S.A. Asesuisa	*General insurance*	81.13%	81.13%	El Salvador	Dollar
Sura RE Ltd.	*Insurance and/or reinsurance business*	81.13%	81.13%	Bermuda	Dollar
Sura SAC Ltd.	*Insurance and/or reinsurance business*	81.13%	81.13%	Bermuda	Dollar
Seguros Sura S.A (Brazil)	*Operations personal and damages insurance*	81.13%	81.13%	Brazil	Brazilian Real
Inversiones SURA Brasil Participacoes LTDA	*Investor*	81.13%	81.13%	Brazil	Brazilian Real
Seguros Sura S.A. (Argentina)	*General insurance*	81.13%	0.00%	Argentina	Argentinian Peso
Aseguradora de Créditos y Garantías S.A.	Insurance, co-insurance and reinsurance operations in general on all types of risks	80.67%	80.67%	Argentina	Argentinian Peso

Seguros Generales Suramericana S.A (Chile)	General insurance company	81.12%	81.12%	Chile	Chilean Peso
Seguros Sura, S.A. de C.V. (Mexico)	*Operation of general insurance*	81.11%	80.71%	Mexico	Mexican Peso
Seguros Sura, S.A. (Uruguay)	*General insurance company*	81.13%	81.13%	Uruguay	Uruguayan Peso
Operaciones Generales Suramericana S.A.S.	*Investment in movable and immovable property*	81.13%	81.13%	Colombia	Colombian Peso
Servicios Generales Suramericana S.A. (Colombia)	Investment in movable property, especially shares, quotas, or shares of companies	81.13%	81.13%	Colombia	Colombian Peso
Consultoría en Gestión de Riesgos Suramericana S.A.S.	*Provision of consulting services in the integral risk management*	81.13%	81.13%	Colombia	Colombian Peso
Servicios Generales Suramericana S.A. (Panamá)	Service of inspection, repair, purchase and sale of vehicles	81.13%	81.13%	Panama	Dollar
Protección Garantizada LTDA	Insurance agency	81.13%	81.13%	Colombia	Colombian Peso
EPS y Medicina Prepagada Suramericana S.A.	Organization, guarantee and provision of health services.	49.74%	49.73%	Colombia	Colombian Peso
Servicios de Salud IPS Suramericana S.A.	*Provision of medical, paramedical, and dental services*	81.13%	81.13%	Colombia	Colombian Peso
Diagnóstico y Asistencia Médica S.A.	*Provision of diagnostic health aids services*	81.13%	81.13%	Colombia	Colombian Peso
Seguros de Vida Suramericana S.A. (Colombia)	*Personal insurance*	81.13%	81.13%	Colombia	Colombian Peso
Seguros de Riesgos Laborales Suramericana S.A.	Operation of the labor risk branch	81.13%	81.13%	Colombia	Colombian Peso
Asesuisa Vida, S.A. Seguros de Personas	Personal insurance	81.13%	81.13%	El Salvador	Dollar
Seguros de Vida Suramericana S.A. (Chile)	Life Insurance Company	81.13%	81.13%	Chile	Chilean Peso
Suramericana S.A.	*Investor*	81.13%	81.13%	Colombia	Colombian Peso
Inversiones y Construcciones Estratégicas S.A.S.	Investor	81.13%	81.13%	Colombia	Colombian Peso
Grupo de Inversiones Suramericana Panamá S.A.	Investment in securities	100.00%	100.00%	Panama	Dollar
Planeco Panamá S.A.	*Acquisition and disposition of movable and immovable property*	0.00%	100.00%	Panama	Dollar

SURA Ventures S.A.	Investor	95.28%	95.28%	Panama	Dollar
Grupo SURA Finance S.A.	*Any licit activity in the Cayman Islands*	100.00%	0.00%	Cayman Islands	Dollar
Sura Asset Management S.A.	Investment in movable and immovable property	0.00%	100.00%	Colombia	Colombian Peso
Habitat Adulto Mayor S.A.	Provision of health services for the elderly	83.58%	83.58%	Colombia	Colombian Peso
Arus Holding S.A.S.	Investment in movable and immovable property	82.66%	82.66%	Colombia	Colombian Peso
Arus S.A.	*Services and commercialization of products and solutions in telecommunications*	100.00%	100.00%	Colombia	Colombian Peso
Enlace Operativo S.A.	Information processing services under the figure of outsourcing	100.00%	100.00%	Colombia	Colombian Peso

c) Members of the Board of Directors

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

d) Directors

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

Accounts receivable of subsidiaries (Note: 7.1.1.):

	September 2018	December 2017
Sura Asset Management S.A.	152,402	59
Suramericana S.A.	47,668	-
Planeco S.A.	14	-
	200,084	59

Accounts payable (Note 7.2.2.):

	September 2018	December 2017
Inversiones y Construcciones Estratégicas[1]	34,410	32,913

Intereses - Inversiones y Construcciones Estratégicas[1]	4,561	3,322
Grupo Sura Finance[1]	-	1,611,360
Intereses - Grupo Sura Finance[1]	-	15,483
	38,971	1,663,078

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

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

Non-operating income:

	September 2018	September 2017
Suramericana S.A.[1]	-	890

Non-operating expenses:

	September 2018	September 2017
Inversiones y Construcciones Estratégicas [1]	1,332	1,459
Operaciones Generales Suramericana	13	9
Seguros Generales Suramericana	8	22
Servicios de Salud IPS Suramericana	7	2
Grupo SURA Finance[1]	-	66,529
Seguros de Vida Suramericana S.A.	-	82
Servicios Generales Suramericana	-	34
	1,360	68,137

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

Employee benefits, Senior Management:

	September 2018	September 2017
Short-term employee benefits*	5,577	12,562

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

	September 2018	September 2017
Honorariums, Members of Board of Directors	715	610

NOTE 22. EVENTS SUBSIQUENT TO THE REPORTING PERIOD

These Separate Financial Statements for Interim Periods, ended September 30, 2018, were prepared for the purposes of supervision, and authorized for issuance by the Board of Directors of Grupo SURA, on October 25, 2018. After that date and to the date of publication, herewith is a presentation of relevant information:

- On October 23, 2018, Grupo de Inversiones Suramericana S.A. (Grupo SURA), reported that its subsidiaries Suramericana S.A. (Suramericana) and SURA Asset Management S.A. (SURA AM) proceeded with the closing of the purchase and sale of all the shares of the Mexican insurance company, Seguros de Vida SURA Mexico S.A. of C.V., thus materializing the transfer of ownership of said shares, from SURA AM to Suramericana.

- On October 2, 2018, Grupo SURA reported on the completion of the legal authorization process, in the sale of Seguros de Vida SURA Mexico, advanced by two of its subsidiaries, which had been informed to the market, as of November 15, 2017. The National Insurance and Bonding Commission of Mexico definitively authorized the purchase and sale of its subsidiaries Suramericana S.A. (Buyer), and SURA Asset Management S.A. (Seller), subscribed over the totality of the shares, of the Mexican insurer, Seguros de Vida SURA Mexico S.A. of C.V.

NOTE 23. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the Financial Statements of Grupo SURA, for the interim period, ended September 30, 2018, were authorized by the Board of Directors, as stated in Meeting Minutes No. 286 of October 25, 2018, to be presented to the market.

ANALYSIS OF FINANCIAL RESULTS (Unaudited)

The following are the analyses of financial results, for the period ended September 30, 2018, with comparative figures, at September 30th and December 31st of 2017. These analyses, are performed by Management, and are not part of the Financial Statements. Expressed in millions of pesos

	INDX		September 2018			September / December 2017			INTERPRETACION	
LIQUIDITY	Solidity		5,885,991			4,988,684			Creditors own 20.61% at September 2018 and 17.97% at December 2017, with the Shareholders owning the complement: 79.39% in September 2018 and 82.03% in December 2017.	Total liability
				=	20.61%		=	17.97%		
			28,561,846			27,763,804				Total asset
INDEBTEDNESS	Total		5,885,991			4,988,684			Of each peso that the company has invested in assets, 20.61% at September 2018 and 17.97% at December 2017, has been financed by the creditors	Total Liability
				=	20.61%		=	17.97%		
			28,561,846			27,763,804				Total asset
	Coverage of interest		956,534			899,802			The Company generated net income equal to 442.39% at September 2018 and 421.84% in December 2017, from interest paid.	Net profit + interest
				=	442.39%		=	421.84%		
			216,222			213,303				Financial expenses
	Leverage									
		Total	5,885,991			4,988,684			Each peso ($1.00) of owners of the Company is committed to 25.96% to September 2018 and 21.90% to December 2017.	Total liabilities with thirds
				=	25.96%		=	21.90%		
			22,675,855			22,775,121				Equity
	Financial Total		5,585,039			2,996,772			For each peso of equity, financial commitments are made at 24.63% at September 2018 and 13.16% at December 2017.	Total liabilities with financial entities
				=	24.63%		=	13.16%		
			22,675,855			22,775,121				Equity
PERFORMANCE	Net margin of profit		740,312			686,499			Net profit corresponds to 72.58% of net income in September 2018 and 69.80% of net income in September 2017.	Net profit
				=	72.58%		=	69.80%		
			1,019,971			983,553				Net income

	740,312			686,499				Net profit
Return on total liabilities		=	3.37%		=	3.12%	Net results correspond to 3.12% of equity in September 2018 and 3.12% in September 2017.	
	21,935,543			22,020,035				Equity - profit
	740,312			686,499				
Return on total assets		=	2.59%		=	2.47%	Net results with respect to total assets, correspond to 2.59% at September 2018 and 2.47% in September 2017.	
	28,561,846			27,763,804				Total assets