

Consolidated Financial Statements
of Grupo de Inversiones Suramericana S.A.
at December 31, 2018, with comparative figures at
December 31, 2017

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RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNTS

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

- Select appropriate accounting policies and apply them consistently.
- Present information, including accounting policies, that are 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, which 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 CONSOLIDATED FINANCIAL STATEMENTS

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

That for the issuance of the Statement of Financial Position, at December 31, 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, and 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 December 31, 2018 and December 31, 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

AUDITOR REPORT

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2018 (with comparative figures at December 31, 2017)

(Values expressed in millions of Colombian pesos)

	Note	December 2018	December 2017
Assets			
Cash and cash equivalents	7 - 8.1	1,878,040	1,575,609
Investments	8.1	22,696,482	26,923,245
Trade and other accounts receivable	8.1	6,547,376	6,213,746
Accounts receivable, related parties	8.1	102,081	39,726
Technical reserves of insurance, reinsurer parties	10.1	3,562,157	3,214,320
Inventories	11	10,886	14,347
Current tax assets	12	308,039	235,212
Non-current assets held for sale	18	5,539,261	36,711
Other financial assets	8.1 -13	318,287	145,709
Other non-financial assets	21.1	144,323	112,460
Investment properties	14	156,847	1,031,538
Properties and equipment	15	1,235,912	1,154,229
Intangible assets other than goodwill	16.2	4,397,823	4,532,439
Goodwill	16.1	4,798,703	4,768,779
Investments accounted for using the equity method	17.2	19,170,040	18,833,942
Deferred tax assets	12	207,115	161,246
Total assets		71,073,372	68,993,258
Liabilities			
Other financial liabilities	8.3	2,141,755	2,206,008
Trade and other accounts payable	8.3	3,253,165	2,866,570
Accounts payable to related entities	8.3	77,348	2,378
Technical reserves	10.4	22,199,074	26,195,224
Current tax liabilities	12	580,672	546,782
Provisions for employee benefits	20	539,787	500,099
Non-current liabilities held for sale	18	4,871,855	-
Other non-financial liabilities	21.2	594,311	606,608
Other provisions	22.1	249,558	307,294
Securities issued	8.3, 23	8,305,019	7,836,685
Deferred tax liabilities	12	1,359,916	1,699,049
Total liabilities		44,172,460	42,766,697

GRUPO DE INVERSIONES SURAMERICANA S.A.
STATEMENT OF FINANCIAL POSITION

At December 31, 2018 (with comparative figures at December 31, 2017)
(Values expressed in millions of Colombian pesos)

Equity			
Share capital issued	24.1	109,121	109,121
Share premium	24.2	3,290,767	3,290,767
Net income		1,182,880	1,256,254
Retained earnings		13,465,897	12,955,902
Other equity interest	26	2,519,357	2,765,373
Reserves	24.3	3,905,725	3,452,104
Equity attributable to the holders of the controlling interest		24,473,747	23,829,521
Non-controlling interest	27	2,427,165	2,397,040
Total equity		26,900,912	26,226,561
Total assets and liabilities		71,073,372	68,993,258

The Notes are an integral part of the 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 February 28, 2019)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED INCOME STATEMENT

Year that ended on December 31, 2018 (with comparative figures at December 31, 2017)
(Values expressed in millions of Colombian pesos except net earnings per share)

	Note	December 2018	December 2017
Premiums issued	10.2	13,264,954	13,562,047
Premiums		12,936,557	13,265,768
Complementary insurance services		328,397	296,279
Premiums ceded	10.2	(2,530,106)	(2,355,413)
Retained premiums (net)		10,734,848	11,206,634
Commission income	29.1	2,503,860	2,352,154
Provision of services	30.1	3,407,145	2,809,297
Dividends	31	5,824	27,125
Investment income	31	1,040,699	856,116
Earnings at fair value	31	415,179	676,650
Profit from interest, <i>the Equity Method</i> , associates	17.2	1,058,183	1,051,408
Profits from the sale of investments	31	13,953	126,187
Income from investment properties	14	24,259	30,884
Other income	32.1	269,196	334,726
Total income		19,473,146	19,471,181
Total claims	10.3	(7,616,796)	(8,123,121)
Reimbursement claims	10.3	1,748,992	1,824,359
Retained claims		(5,867,804)	(6,298,762)
Production reserves, net	10	(678,355)	(1,127,816)
Costs for the provision of services	30.2	(3,239,205)	(2,669,022)
Administrative expenses	34	(1,748,422)	(1,807,484)
Employee benefits	20.4	(1,893,291)	(1,805,360)
Fees	35	(840,794)	(743,264)
Broker commissions	29.2	(1,770,630)	(1,741,205)
Amortization	16	(277,283)	(288,361)
Depreciation	15	(83,801)	(78,584)
Other expenses	32.2	(512,223)	(416,355)
Interest	31	(625,240)	(638,632)
Exchange differences (net)	31	(233,287)	(71,445)
Impairment		(23,171)	(16,836)
Total expenses		(17,793,506)	(17,703,126)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED INCOME STATEMENT

Year ended on December 31, 2018 (with comparative figures at December 31, 2017)

(Securities expressed in millions of Colombian pesos except Net income per share expressed in Colombian pesos)

	Note	December 2018	December 2017
Pre-tax profits		1,679,640	1,768,055
Income tax	12	(273,289)	(460,849)
Profit, net continuing operations		1,406,351	1,307,206
Profit, net discontinued operations	18	(63,063)	147,410
Neta profit		1,343,288	1,454,616
Controlling income		1,182,880	1,256,254
Non-controlling income	27	160,408	198,362
Earnings per share			
Net income per share	36 35	2,522	2,678

The Notes are an integral part of the Financial Statements.

David Bojanini Garcia
Legal Representative

Luis Fernando Soto Salazar
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T.P. 16951-T

Mariana Milagros Rodríguez
Auditor
T.P. 112752-T
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TR-530
(See my report of February 28, 2019)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Year ended December 31, 2018 (with comparative figures at December 31, 2017)
(Values expressed in millions of Colombian pesos)

	Note	December 2018	December 2017
Profit for the period		1,343,288	1,454,616
Other comprehensive income, losses of investments in equity instruments, net of taxes	26	(5,793)	(92)
Other comprehensive income, profit from revaluation, net of taxes	26	17,587	137,402
Other comprehensive income, losses from new measurements of defined benefit plans, net of taxes	26	370	(11,740)
Total other comprehensive income that will not be reclassified to the results of the period, net of taxes		12,164	125,570
Profit (loss) for translation exchange differences, net of taxes	26	(1,999)	696,287
Loss for cash flow hedges, net of taxes	26	(99,165)	3,233
Profit from hedges of derivatives of net investments abroad, net of taxes	26	615	-
Participation of other comprehensive income of associates and joint ventures, accounted for using <i>the equity method</i> , that will be reclassified to income for the period, net of taxes	26	(173,913)	121,520
Total other comprehensive income that will be reclassified to the results		(274,462)	821,040
Total other comprehensive income		(262,298)	946,610
Total comprehensive income		1,080,990	2,401,226
Comprehensive income attributable to:			
Controlling interest		936,864	2,107,658
Non-controlling interest		144,126	293,568

The Notes are an integral part of the Financial Statements.

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Designated by Ernst & Young Audit S.A.S.
TR-530
(See my report of February 28, 2019)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ending on December 31, 2018 (with comparative figures December 31, 2017)

(Values expressed in millions of Colombian pesos)

		Issued capital	Share premium	Retained earnings	Other interest in equity (OCI)	Occasional Reserve	Legal reserve	Total reserves	Net income	Equity attributable to controlling interest	Non- controlling interests	Total equity
Balance at January 1, 2017	Note	107,882	3,307,663	12,302,406	1,913,969	3,446,050	138,795	3,584,845	1,444,463	22,661,228	2,734,599	25,395,827
Issuance of shares		1,239	209,189	-	-	-	-	-	-	210,428	99	210,527
Other comprehensive income	26	-	-	-	851,404	-	-	-	-	851,404	95,206	946,610
Reserves for revaluation of property and equipment		-	-	-	111,897	-	-	-	-	111,897	25,505	137,402
Adjustment for translation of net foreign investments		-	-	-	627,581	-	-	-	-	627,581	68,706	696,287
Financial instruments with changes to the OCI		-	-	-	(1,275)	-	-	-	-	(1,275)	1,183	(92)
Losses from new measurements of defined benefit plans, net of taxes		-	-	-	(9,735)	-	-	-	-	(9,735)	(2,005)	(11,740)
The equity method of associates recognized in equity		-	-	-	119,923	-	-	-	-	119,923	1,597	121,520
Hedges of cash flows of derivative instruments		-	-	-	3,013	-	-	-	-	3,013	220	3,233
Net income		-	-	-	-	-	-	-	1,256,254	1,256,254	198,362	1,454,616
Total net comprehensive income for the period		-	-	-	851,404	-	-	-	1,256,254	2,107,658	293,568	2,401,226
Transfer to retained earnings		-	-	1,444,463	-	-	-	-	(1,444,463)	-	-	-
Dividends recognized as distributions to shareholders (488 pesos per share)		-	-	(280,780)	-	-	-	-	-	(280,780)	(100,732)	(381,512)
Donations for social projects		-	-	(5,000)	-	-	-	-	-	(5,000)	(821)	(5,821)
Reserves for protection of investments	24	-	-	(549,701)	-	549,701	-	549,701	-	-	3	3
Excess paid in the acquisition of non-controlling interests	27	-	-	-	-	(682,442)	-	(682,442)	-	(682,442)	(396,615)	(1,079,057)
Minimum dividends, preference shares	25	-	(226,085)	44,948	-	-	-	-	-	(181,137)	-	(181,137)
Increases (decreases) from other equity changes		-	-	(434)	-	-	-	-	-	(434)	(133,061)	(133,495)
Balance at December 31, 2017		109,121	3,290,767	12,955,902	2,765,373	3,313,309	138,795	3,452,104	1,256,254	23,829,521	2,397,040	26,226,561

GRUPO DE INVERSIONES SURAMERICANA SA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ending on December 31, 2018 (with comparative figures December 31, 2017)

(Values expressed in millions of Colombian pesos)

		Issued capital	Share premium	Retained earnings	Other equity Participation (OCI)	Legal reserves	Occasional reserves	Total reserves	Net income	Equity attributable to controlling interest	Non- controlling interests	Total equity
Balance at January 1, 2018	Note	109,121	3,290,767	12,955,902	2,765,373	138,795	3,313,309	3,452,104	1,256,254	23,829,521	2,397,040	26,226,561
Other comprehensive result	26	-	-	-	(246,016)	-	-	-	-	(246,016)	(16,282)	(262,298)
Reserve for revaluation of properties and equipment		-	-	-	14,943	-	-	-	-	14,943	2,644	17,587
Adjustment for conversion of net investment abroad		-	-	-	1,987	-	-	-	-	1,987	(3,986)	(1,999)
Financial instruments with changes to the OCI		-	-	-	(5,641)	-	-	-	-	(5,641)	(152)	(5,793)
Losses due to new measurements of defined benefit plans net of taxes		-	-	-	336	-	-	-	-	336	3. 4	370
Participation method associated recognized in the equity		-	-	-	(174,226)	-	-	-	-	(174,226)	313	(173,913)
Coverage of flows - Derivative instruments		-	-	-	(83,914)	-	-	-	-	(83,914)	(15,251)	(99,165)
Net investment coverage abroad		-	-	-	499	-	-	-	-	499	116	615
Earnings from the year		-	-	-	-	-	-	-	1,182,880	1,182,880	160,408	1,343,288
Total Net Income for the period		-	-	-	(246,016)	-	-	-	1,182,880	936,864	144,126	1,080,990
Transfer to accumulated earnings		-	-	1,256,254			-	-	(1,256,254)	-	-	-
Distribution of results 2017												
Dividends recognized as distributions to owners (518 pesos per share)	25	-	-	(301,464)	-	-	-	-	-	(301,464)	(104,704)	(406,168)
Reserves for investment protection	24	-	-	(453,621)	-	-	453,621	453,621	-	-	-	-
Application effect new accounting standards	27	-	-	(5,438)	-	-	-	-	-	(5,438)	(704)	(6,142)
Dividend minimum preference shares		-	-	30,471	-	-	-	-	-	30,471		30,471
Increases (decreases) due to other changes, Equity		-	-	(16,207)	-	-	-	-	-	(16,207)	(8,593)	(24,800)
Balance at December 31, 2018		109,121	3,290,767	13,465,897	2,519,357	138,795	3,766,930	3,905,725	1,182,880	24,473,747	2,427,165	26,900,912

The Notes are an integral part of the 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 February 28, 2019)

GRUPO DE INVERSIONES SURAMERICANA SA
CONSOLIDATED CASH FLOWS STATEMENT

Year that ended on December 31, 2018 (with comparative figures at December 31, 2017)
(Values expressed in millions of Colombian pesos)

	Note	December 2018	December 2017
Period utility		1,343,28 8	1,454,616
Adjustments to reconcile net income			
Adjustments for income tax expenses	12	273,289	460,849
Adjustments for financial costs		577,453	634,599
Adjustments for decreases (increases) in inventories		3,461	(512)
Adjustments for decreases (increases) in accounts receivable, insurance activity		(66,551)	(653,824)
Adjustments for the decrease of accounts receivable from trade sources		(279,248)	(151,076)
Adjustments for increases in other accounts receivable from operating activities		24,704	13,149
Adjustments for the increase of accounts payable from trade sources		1 18,321	65.3 63
Adjustments for the increase (decrease) in accounts payable, insurance activity		266,404	212,318
Adjustments for depreciation and amortization expenses		550,377	540,015
Adjustments for impairment of value recognized in the profit and loss for the period		23,171	16,836
Adjustments for provisions		(17,128)	142,380
Adjustments for unrealized losses from foreign currency		(1,665,921)	(1,321,279)
Adjustments for fair value profit		(426,958)	(733,096)
Adjustments for undistributed profits from the application of <i>the equity method</i>	17	(1,058,184)	(1,051,408)
Other adjustments from items other than cash (Assessments of investments at amortized cost)		(149,041)	85,959
Adjustments for losses (Profit s) from the disposal of non-current assets		(658,253)	(434)
Other adjustments for the impact on cash are cash flows from investments or financing (Valuation of investments at fair value)		(1,052,703)	(971,308)
Variations of reserves		(4,343,987)	(348,959)
Total adjustments to reconcile net income		(7,880,792)	(3,060,426)
Net cash flows from operations		(6,537,504)	(1,605,810)
Dividends received, associates		438,236	527,785
Income tax paid (reimbursed)		(552,882)	(402,223)
Other non-financial assets		(96,606)	213,781
Net cash flows from operating activities		(6,748,756)	(1,266,465)
Cash flows from (used in) investment activities			
Cash flows from the loss of control of subsidiaries or other businesses		18,790	-
Cash flows used to obtain control of subsidiaries or other businesses		(2,069)	(1,082,705)
Other charges from the sale of equity or debt instruments of other entities		14,290,428	12,184,711
Other payments to acquire equity or debt instruments of other entities		(9,869,502)	(10,567,069)
Imports from the sale of property, plant and equipment		41,387	85,186
Purchase of property and equipment		(149,317)	(134,545)
Amounts from sales of intangible assets		36,863	136,282
Purchase of intangible assets		(313,222)	(298,233)
Resources for sales of other long-term assets		837,901	407,725
Purchases of other long-term assets		(416)	(320,112)
Payments derived from forward, forward, options, and swap contracts (swaps)		(268,811)	(81,018)
Collections from future contracts, forward contracts, options, and swap agreements (swaps)		10,074	86,158
Dividends received Financial instruments	8.1	1,507	607
Interest received		856,530	692,173
Net cash flows from (used in) investment activities		5,490,144	1,109,161

The Notes are an integral part of the Financial Statements.

GRUPO DE INVERSIONES SURAMERICANA SA
CONSOLIDATED CASH FLOWS STATEMENT

Years ending on December 31, 2018 (with comparative figures December 31, 2017)
(Values expressed in millions of Colombian pesos)

	Note	December 2018	December 2017
Cash flows from financing activities			
Amounts from the issuance of shares		30,471	29,390
Proceeds from loans		5,312,758	4,440,372
Loan repayments		(2,976,655)	(3,774,639)
Payment of financial lease liabilities		(11,810)	949
Dividends paid	13	(331,136)	(447,078)
Interest paid		(462,523)	(556,687)
Other cash inflows (outflows)		-	(24,463)
Net cash flows from financing activities		1,561,106	(334,054)
Increase (decrease) liabilities, net of cash and cash equivalents, before impact of changes in the exchange rate		302,431	(491,350)
Impact of variations in the exchange rate on cash and cash equivalents			
Net increase in cash and cash equivalents		302,431	(491,350)
Cash and cash equivalents at the beginning of the period	7	1,575,609	2,066,959
Cash and cash equivalents at the end of the period	7	1,878,040	1,575,609

The Notes are an integral part of the Financial Statements.

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GRUPO DE INVERSIONES SURAMERICANA SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended December 31, 2018 (with comparative figures at December 31, 2017)
(Values expressed in millions of Colombian pesos except for the net profit per share and exchange rates expressed in Colombian pesos)

NOTE 1. REPORTING ENTITY

Grupo de Inversiones Suramericana S.A., as the result of the spin-off of Compañía Suramericana de Seguros S.A., according to Public Deed No. 2295 of December 24, 1997 of Notary 14, in Medellín, formalized on January 1, 1998. The main domicile is in the city of Medellín, at Carrera 43ª # 5ª – 113, Floor 13 – 15, but may have branches, agencies, offices, and representations in other places, in the Country, and abroad, as determined by its 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 on the thirty-first (31st) of December. The Company is subject to exclusive control by the Superintendencia Financiera de Colombia (Financial Superintendence of Colombia), as it is registered in the National Registry of Securities and Issuers (RNVE), as a securities issuer and recently, derived from the Law of 1870, Ley para la Supervisión y Regulación de Conglomerados Financieros (Law for the Supervision and Regulation of Financial Conglomerates), the Company, as the Parent of the Conglomerado Financiero SURA and all those that comprise it, will be supervised by the Superintendence itself.

Corporate profile:

Grupo de Inversiones Suramericana S.A., (hereinafter the Company and together with its affiliates and subsidiaries "Grupo SURA"), is the holding Company of a Financial Conglomerate that offers, services in eleven countries of Latin America, with the superior purpose of creating well-being and sustainable development for people, organizations, and society. The Company has been listed since 1945, on the Colombian Stock Exchange (BVC). In addition, it is registered in the ADR program - Level I, in the United States. Grupo SURA is the only Latin American Company, in the Miscellaneous Financial Services and Capital Markets sector, which is part of the Dow Jones Sustainability World Index (DJSI), that globally recognizes companies with best practices in economic, environmental, and social matters.

The subsidiaries, and strategic investments, that are part of Grupo SURA's portfolio are: Suramericana, specialized in insurance, trends, and risk management, present in nine countries of the region, and SURA Asset Management, experts in the pension, savings, investment, and asset management industry, in Latin America, with operations in six markets. Likewise, it is the largest non-controlling shareholder of Grupo Bancolombia, the sector leader, in Colombia and Central America. Grupo SURA also has industrial investments, with interests in Grupo Nutresa (processed foods), and Grupo Argos (cement, energy, and infrastructure). The portfolio is complemented by companies that identify growth potential and eventual synergies to leverage growth and transform strategic investments.

Investments in the Financial Services Sector include 81.13% of the share capital of Suramericana S.A., the Company that groups together insurance companies. The remaining 18.87% of the share capital of Suramericana belongs to the German insurance Company, Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft Munich, known as "Munich Re." Additionally, Grupo SURA owns an 83.58% stake in SURA Asset Management Colombia S.A., Company in the pension, savings, and investment segments. The remaining 16.42% of the share capital, of Sura Asset Management S.A., belongs to other local and international shareholders. In addition, the Company has a stake of 46.1 2% of shares, with voting rights (equivalent to a stake of 24. 44% of equity interest) of Bancolombia, where Grupo SURA is the largest shareholder.

Investments, in the processed food segment of the industrial sector, include a 35.17% share of the share capital of Grupo Nutresa S.A., the largest processed food conglomerate, in Colombia, where Grupo SURA is also the largest shareholder.

The investments in 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.

Grupo SURA also has a Corporate Venture Program in the verticals of fintech, insurtech, and healthtech, through which it makes investments, focused on companies with innovative solutions and disruptive models, that contribute to the transformation and sustainability of the portfolio.

Strengths of the entity

1) Financial strength:

- a. **Cash flows, diversified by Country and sector.** Grupo SURA obtains most of its cash flow from dividends paid by a diversified group of companies, that come from various industries and countries, in the region. In recent years, these companies have paid dividends both consistently and growing, with increases of at least the inflation rate, measured by the Consumer Price Index (CPI).
- b. **This solid Financial Situation gives it a degree of international investment and supports the Group's strategy, in the region:** Adequate levels of capital and cash generation capacity, of its investments, allow Grupo SURA to adequately comply with its acquired obligations, contribute to business consolidation and profitability plans, and to continue with the strategic capital allocation plans.
- c. **Important multi-product, multi-segment and multi-channel business position in some countries, in the region:** The consolidation of Grupo SURA's position in the region allows it to offer a more complete portfolio of financial services, in all geographies, taking advantage of alliances between business and the possibility of additional knowledge, experiences, and capabilities, and by capitalizing on the benefits derived from economies of scale. All this, under the support of a solid common brand.

2) Corporate Venture:

To achieve a timely transformation, leveraged in new technologies and innovative models, that strengthen the competitiveness and profitability, Grupo SURA has a Corporate Venture program "SURA Ventures", through which opportunities, in the financial services industry, are evaluated and the responses that new players offer with regard to the challenges imposed by the environment, such as technological developments in financial and insurance matters, to establish alliances with actors that promote significant transformations in, Grupo SURA and its businesses. At December 31, 2018, Grupo SURA has invested, through SURA Ventures, a total of 32.3 million dollars, in 11 companies, and an investment fund.

3) Commitment to best practices, good corporate governance, and sustainable development:

The Good Governance Code was implemented in 2002 and annual reports on this matter have been published, as of 2005. Our Corporate Governance System is based on the corporate principles of equity, respect, responsibility, and transparency, together with a firm commitment to the region and its people. The Code of Good Governance complies with high international standards and embodies the philosophy and norms that govern the management of relations between the Administration, the Board of Directors, shareholders, investors, and other groups of interest, in the development of the Company. In addition, as part of the commitment to Sustainability and the development of the Corporate Responsibility Model, Grupo SURA, and its subsidiaries, participate in social development projects, with institutional contributions and corporate volunteering, through the Fundación Suramericana. These initiatives promote the development of people's capacities and help to improve the quality of lives of vulnerable communities.

4) Human talent:

At Grupo SURA, human talent is the key to achieving objectives, it represents its greatest differentiator, and is the principle and source of transformation, for the competitiveness and sustainability, of the Companies. For the Company, our being and respect, responsibility, transparency, and equity, are the values that constitute the fundamental basis of our culture.

Grupo SURA has people with great experience, knowledge, and an ability to adapt and react in a timely manner to changes in the environment. Likewise, it has an extensive management team, in which most of the members have held senior management positions, in several industries, and even in the public sector, many of them have been linked to Grupo SURA, or related companies, during their careers.

Business Strategy

A review of the strategic direction, that Grupo SURA made, led to the construction of a higher purpose, for all the Companies of the SURA Financial Conglomerate: **"creating well-being and sustainable development for people, organizations, and society."** Likewise, this review, led Grupo SURA, in an effort to set the goal of being the

leading Latin American group, in the financial services sector, known for its ability to evolve and generate superior value for shareholders and society, along with the other Companies that contribute and make up the Conglomerate.

In this sense, these are **strategic priorities** for Grupo SURA; the **opportune transformation**, leveraged in new technologies and innovative models, that strengthen its competitiveness and financial strength, which allows for the continuance of capital allocation plans, responding with the acquired obligations, and contribute to the consolidation and profitability plans of the companies, and **the creation of value** that exceeds the expectations of the clients, and other interest groups, based on the differentiating elements that allow for the anticipation of solutions, scenarios, and better ways of accompanying them , throughout the different stages of their lives.

Grupo SURA defined six pillars that support the execution of its strategy. These constitute, in turn, the focus and strengths of the organization, accompany, and add value, to its strategic investments:

- **Management of financial resources:** This is the coordination of the cycle of financial resources, of the Business Group, through: i) an effective alignment in the attainment of resources, and the definition of an adequate capital structure, ii) the allocation of capital, based on agreed criteria, aligned with the Group's Business Strategy and, iii) Asset investment management, monitoring, and measurement, in an effort to guarantee the generation of value.
- **Human talent and culture:** Human talent is a differentiating element in which organizational capacities are developed, and which are the principles and source of transformation for the competitiveness and sustainability, of the companies of Grupo SURA. Culture is a set of characteristics that guarantee coherence in the philosophy, principles, and style of management and leadership, of the Organization. It is a way of doing things, on a day to day basis. In order to guarantee the sustainability of the businesses, the companies work together for the development of their leaders and for the strengthening of the Group's conscience and culture, which in turn, promotes the exchange of diversity, the generation of projects and joint initiatives, and that enhances human talent, as a differentiating strategic factor.
- **Internal and external alliances:** This includes the actions, synergies, and articulations, that make the Companies more competitive and efficient, for the purpose of creating well-being and sustainable development. For this, Grupo SURA supports the transformation of its strategic investments, enabling the generation of internal and external alliances, which strengthen them, and prepare them to respond to the challenges, posed by a competitive environment.
- **Innovation and entrepreneurship:** Innovation is understood as the transformation and creation of businesses and processes, that generate value, based on a culture that stimulates and enables the permanent development of skills and abilities, such as creativity and experimentation. For its part, entrepreneurship is considered as the creation of companies, and the investment and acceleration of new companies, which contribute to the sustainability of Grupo SURA's portfolio. In this regard, it seeks to consolidate an investment portfolio that responds to the challenges of the digital era, and that contributes to the transformation and creation of new businesses, with innovative models.

- **Knowledge:** It is the holistic understanding of the industry, through the analysis and systematic visualization of the environment, as well as trends. It also involves the articulation of information and instruction of organizations to generate skills that facilitate better decision making. This allows us to anticipate, be sustainable, and stay current, and fulfill the aspiration, linked to the strategy.

A breakdown of the management of each of the elements of the strategy, is described in Chapters of the Management Report.

Managers

The Board of Directors has seven Members, appointed at the Annual Meetings of the Shareholders Assembly, in accordance with the provisions of the Corporate Bylaws.

The members of the current Board of Directors were appointed for a period of two years, by the General Assembly of Shareholders in an ordinary meeting that took place on March 23, 2018. The term of office, of each Member of the Board, expires in the month of March of 2020. The directors may be appointed for additional periods, without restrictions, until reaching a maximum age of 72 years.

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

First name	Position
Luis Fernando Alarcón Mantilla (1)	Independent Member, Chairman of the Board.
Jaime Bermúdez Merizalde (1)	Independent Member, Vice President of the Board
Sergio Michelsen Jaramillo (1)	Independent Member
Alejandro Piedrahita Borrero	Equity Member
Carlos Ignacio Gallego Palace	Equity Member
Jorge Mario Velásquez Jaramillo	Equity Member
Carlos Antonio Espinosa Soto (1)	Independent Member
<i>(1) Independent member, in accordance with Colombian Law</i>	

Committees of the Board of Directors

Sustainability and Corporate Governance Committee

Composed by 3 members of the Board of Directors, namely Carlos Ignacio Gallego Palacio, Sergio Michelsen Jaramillo and Jorge Mario Velasquez Jaramillo. The CEO attends as a guest. The Committee meets at least twice a year, and has responsibilities to the Directors, the Board of Directors, the Administration, and the sustainability and good governance, of the Company.

Appointments and Remuneration Committee

Composed by 3 members of the Board of Directors, namely Jorge Mario Velásquez Jaramillo, Carlos Ignacio Gallego Palacio, Luis Fernando Alarcón Mantilla, they meet at least twice a year. Their duties are framed within the following subjects: guidelines in the matter of human talent, strategies for the retention and development of human talent, a succession plan, performance evaluations of Senior Management and CEO of the Company, guidelines for the

remuneration of the Directors, as well as of the Administrators, according to their individual performance and performance within the Company.

Risk Committee

Composed by 3 members of the Board of Directors, namely Jaime Bermúdez Merizalde, Alejandro Piedrahita Borrero and Sergio Michelsen Jaramillo, they meet, at least twice a year. The responsibilities are attributed to the risk management of the Company, including: analyzing and assessing the ordinary risk management, of the Company, in terms of limits, risk profile, profitability, and capital mapping, proposing to the Board of Directors, the Risk Policy of the Company, as well as submitting to the Board of Directors, proposals for the delegation rules for the approval of the different types of risk.

Audit and Finance Committee

Composed of 3 independent members of the Board of Directors, namely Luis Fernando Alarcón Mantilla, Jaime Bermúdez Merizalde and Carlos Antonio Espinosa Soto, they meet at least 4 times a year and have the responsibility to generate and promote a culture of supervision, in the Company.

A breakdown of the functions, of the Committees of the Board of Directors, are defined, in their respective regulations, available to the public on the Company's website (www.gruposura.com).

Executive Team

The current Executive Directors are:

First name	Position
David Bojanini García	President (CEO)
Jhon Jairo Vásquez López	Corporate Auditor
Ricardo Jaramillo Mejía	Vice President of Corporate Finance (CFO)
Tatyana María Orozco de la Cruz	Vice President Corporate Affairs (CAO)
Juan Luis Múnera Gómez	Vice President of Corporate Legal Affairs (CLO)

Principal Shareholders

The following table contains information related to the share composition, of the Company, at December 31, 2018, in accordance with the Shareholders Registry Book:

Shareholders	Number shares	of % Part.
Grupo Argos S.A.	129,721,643	22.29%
Grupo Nutresa S.A.	61,386,550	10.55%
Fondo de Pensiones Obligatorias Porvenir Moderado	53,994,536	9.28%
Fondo de Pensiones Obligatorias Protección Moderado	53,878,550	9.26%
Cementos Argos S.A.	28,183,262	4.84%
Fondo de Pensiones Obligatorias Colfondos Moderado	18,745,691	3.22%
Fondo Bursátil Ishares COLCAP	14,959,150	2.57%
Fundación Grupo Argos	10,685,767	1.84%
Colombiana de Comercio S.A. Corbeta and/or Alkosto S.A.	10,000,000	1.72%
Old Mutual Fondo de Pensiones Obligatorias – Moderate	8,399,866	1.44%
Norges Bank-CB New York	8,295,843	1.43%
Minority shareholders (1)	183,726,690	31.56%
TOTAL	581,977,548	100%

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

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

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Statement of compliance

The Consolidates 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, 2170 of 2017, and 2483 of 2018. The 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), at December 31, 2016.

The following guidelines, that the Company applies, are included in the aforementioned decrees, and constitute exceptions to IFRS, as issued by the IASB:

- Article 4 of Decree 2131 of 2016, modified Part 2 of Book 2 of Decree 2420 of 2015, added by Decree 2496 of 2015, allowing the determination of post-employment benefits of future pensions, future retirement or disability, under the requirements of IAS 19. However, it requires the disclosure of the calculation of pension liabilities, in accordance with the parameters established in Decree 1625 of 2016, Articles 1.2.1.18.46 et seq., and in the case partial of pension commutations, in accordance with the provisions of Paragraph 5 of Article 2.2.8.8.31 of Decree 1833 of 2016, informing over the variables used and the differences with the calculation realized, in the terms of the technical framework, under NCIF.

2.2. Bases of measurement

The Financial Statements have been prepared on the historical cost basis, with the exception of the following important items, included in the Statement of Financial Position:

Financial instruments measured at fair value.

Investment properties measured at fair value and real estate for own-use at fair value.
Assets and liabilities that are measured at cost or amortized cost.

Financial assets, and liabilities, measured at fair value, correspond to those that are classified in the category of assets and liabilities, at fair value, through results, and those equity investments, measured at fair value, through equity, all financial derivatives, and assets and liabilities recognized, that are designated as hedged items in a fair value hedge, as well as whose book value is adjusted with changes in fair value, attributed to the risks covered.

The Consolidated Financial Statements are presented in Colombian pesos, and the figures are expressed in millions of Colombian pesos, and have been rounded to the nearest unit, except for the net profit per share, and the representative exchange rate, that are expressed in Colombian pesos, and currencies (for example, dollars, euros, Chilean peso, Dominican peso, Mexican peso, nuevos soles, Argentine peso, reales, and Uruguayan pesos).

2.3. Presentation of Financial Statements

Grupo SURA presents the Statement of Financial Position, in order of liquidity.

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

2.4. Principles of consolidation

Subsidiaries

The Consolidated Financial Statements include the Financial Statements of Grupo SURA, and its subsidiaries, at December 31, 2018 and 2017, and for the years ending on these dates. Grupo SURA consolidates the assets, liabilities and financial results of the entities over which it exercises control.

A subsidiary is an entity controlled, directly or indirectly, by any of the Companies that make up Grupo SURA. The control exists when any of the Group Companies has the power to direct the relevant activities of the subsidiary, which are generally operating and financing activities, for the purpose of obtaining benefits from its activities, and is exposed, or is entitled, variable yields of the same.

The Consolidated Financial Statements of Grupo SURA are presented in Colombian pesos, which is both the functional currency and the presentation currency of Grupo SURA, the controlling Company. Each subsidiary, of Grupo SURA, determines its own functional currency and includes the items in its Financial Statements, using that functional currency.

The Financial Statements of the subsidiaries, for purposes of consolidation, are prepared under the accounting policies of Grupo SURA, and are included in the Consolidated Financial Statements, from the date of acquisition until the date on which Grupo SURA loses control of it.

Assets, liabilities, equity, income, costs, expenses, and intra-group cash flows are eliminated in the preparation of the Consolidated Financial Statements.

When the Grupo SURA loses control over a subsidiary, any residual interest it holds is measured at fair value, Profit s or losses arising from this measurement are recognized in profit or loss.

Investments in associates

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

At the acquisition date, the excess of the cost of acquisition, over the share, in the net fair value of the identifiable assets, liabilities, and contingent liabilities, assumed by the associate or joint venture, is recognized as goodwill. Goodwill is included in the carrying amount of the investment.

The results, assets, and liabilities, of the associate, are incorporated in the Consolidated Financial Statements using *the equity method*. *The equity method* is applied from the date of acquisition until the significant influence on the entity is Profit.

The participation in profit or loss, of an associate, is presented in the Income Statement, net of taxes, and non-controlling interests, in the subsidiaries of the associate or joint venture, interest in changes, recognized directly in equity and in the other comprehensive income, of the associate, is presented in the Statement of Changes in Equity, as well as in the other consolidated comprehensive income.

Dividends, received in cash, from the associate are recognized by reducing the book value of the investment.

Grupo SURA periodically analyzes the existence of indicators of impairment of value and, if necessary, recognizes losses due to the impairment of the investment, in the associate. Impairment losses are recognized in profit or loss and are calculated as the difference between the book value and the recoverable value of the associate or joint venture, this being the greater between the value in use, and its fair value, minus the necessary costs for its sale.

When the significant influence on the associate is Profit, Grupo SURA measures and recognizes any residual investment that remains, in it at its fair value. The difference between the book value of the associate (taking into account the corresponding 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.

Joint Ventures

A joint venture is recognized when the contractual agreement is structured through a separate vehicle and gives it rights over the net assets of the agreement, and no rights over the assets and obligations, related to the agreement.

When a joint venture is realized, it must recognize, in the Consolidated Financial Statements, its participation in a joint venture, as an investment, and it must be accounted for using *the equity method*, in accordance with the accounting policy of Investments in Associates and Joint Ventures.

Non-controlling interest

Non-controlling interest, in net assets, of the consolidated subsidiaries, are presented separately, within the equity of Grupo SURA. The results for the period, and other comprehensive income, are also attributed to non-controlling and controlling interests.

Purchases or sales, of the participation of subsidiaries, to non-controlling interest, that do not imply a loss of control, are recognized directly in equity.

2.5. Reclassifications

Some of the figures and disclosures, in relation to December 31, 2017, presented in these Financial Statements, for comparison purposes, may present variations compared to published information to this date. The Administration of Grupo SURA considers that these adjustments do not affect the information, published previously.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Business combinations and goodwill

A business combination is a transaction, or other event, in which an acquirer obtains control of one or more businesses.

Grupo SURA considers business combinations, those operations through which the union of two or more entities, or economic units, takes place in a single entity or group of companies.

Business combinations are accounted for by *the acquisition method*. The identifiable assets acquired, liabilities, and contingent liabilities, assumed from the acquiree, are recognized at fair value at the acquisition date, and acquisition costs are recognized in profit or loss, and goodwill is an asset in the Consolidated Statement of Financial Position.

The consideration, transferred, is measured as the value-added of the fair value, at the date of acquisition, of the assets delivered, the liabilities incurred, or assumed, and the equity instruments, issued by Grupo SURA, including any contingent consideration, to obtain control of the acquired.

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest, and when applicable, the fair value of any participation previously held in the acquiree, the net value of the assets acquired, the liabilities, and contingent liabilities assumed on the date of acquisition. The profit or loss, resulting from the measurement of the previously held share, may be recognized in profit or loss or other comprehensive income, as appropriate. In previous periods reported, the acquirer could have recognized, in other comprehensive income, the changes in the value of its participation in the equity of the acquiree. If so, the amount that was recognized in other comprehensive income should be recognized on the same basis as it would be required, if the acquirer had directly disposed of the previous participation, held in

equity. When the consideration transferred is lower than the fair value of the net assets of the acquiree, the corresponding Profit is recognized, in profit or loss, on the acquisition date.

For each business combination, at the acquisition date, the Grupo SURA chooses to measure the non-controlling interest by the proportional part of the identifiable assets acquired, the liabilities, and contingent liabilities, assumed of the acquired Company, or their fair value.

Any contingent consideration, of a business combination, is classified as a liability or equity, and is recognized, at fair value, on the date of acquisition. Subsequent changes in the fair value of a contingent consideration, classified as a financial liability, are recognized in profit or loss or in other comprehensive income, when it is classified as equity, it is not remeasured, and its subsequent settlement is recognized in equity. If the consideration does not qualify as a financial liability, it is measured, in accordance with the applicable IFRS.

The goodwill acquired, in a business combination, is assigned, at the acquisition date, to the cash generating units (CGU) of Grupo SURA, which are expected to benefit from the combination, regardless of whether other assets or liabilities of the acquired Company are assigned to those units.

When goodwill is part of a cash-generating unit and part of the operation, within that unit is sold, the goodwill, associated with the sold operation, is included in the book value of the operation, at the time of determining the profit or loss, of the disposition, of the operation. The goodwill, that is derecognized, is determined, based on the percentage sold of the operation, which is the ratio of the book value of the operation sold, to the book value of the cash generating unit.

3.2. 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.

3.3. Financial instruments

Financial assets

Grupo SURA recognized, initially, at fair value, the 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.

A financial asset, is classified as such, and is measured at amortized cost, using the effective interest rate method, if the asset is maintained within a business model whose objective is to maintain it, in order to obtain the contractual cash flows and contractual terms thereof, and on specific dates, cash flows that are only payments of capital and interest, on the value of outstanding capital. Notwithstanding the foregoing, Grupo SURA may designate a financial asset as irrevocably measured, at fair value, through profit or loss.

Financial assets are recognized on the closing date of the transaction and are recorded in the same account where the valuation of the same is included, for those assets valued at fair value.

Financial assets are recognized on the closing date of the transaction and are recorded in the same account where the valuation of the same is included, for those assets valued at fair value.

Accounts receivable from clients and insurance

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, are not subject to impairment values, since the fair value includes the valuation.

Impairment of financial assets

Amortized cost:

For assets at amortized cost, impairment is evaluated using *the expected credit loss model*. The periodicity of the impairment is calculated monthly, and the model depends on the time of financial assets:

Commercial portfolio of clients:

The impairment 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 impairment 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 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.

Reinsurance:

The objective of the analysis and validation realized, with the model, is an effort to review the evolution and financial position.

The model has 2 sections, the first is made up of quantitative indicators and the second is a qualitative indicator.

For the calculation of the percentage of the deterioration, a function is constructed by tranches, in which it assigns a percentage of impairment to each, rating from 0 to 10. This impairment is 100% for companies rated between 0 and 2, moving to a root type function for qualifications, between 2 and 8.5.

Coinsurance:

To calculate the impairment for this type of instruments, the following methodology is applied:

1. The net value between the accounts receivable and accounts payable of a co-insurer is identified.
2. The impairment is applied to the co-insurer's result, by insurance height default, between the accounts payable owed to a co-insurer and the account receivable from the same co-insurer at a given time.

This methodology is used considering the immateriality of the co-insurance accounts receivable and the effectiveness of the portfolio management models that reflect the effectiveness of the management of each Company.

Business model of Grupo SURA

Fair Value

The structural portfolio has alternative investments which, due to their nature, do not meet the requirements to be classified at amortized cost, therefore, they must be classified at fair value with an impact in the Income Statement. These include, but are not limited to, fixed-income securities with prepayment options, private equity funds, and structured products, among others. This type of investment may be acquired, with the objective of matching liabilities and maintaining them for a prolonged period, so that they may be part of the Company's structural portfolio.

Reasonable Value with changes in Integral result (OCI)

In the initial recognition, Grupo SURA can irrevocably designate an equity instrument of other companies, that is not held for trading, such as at fair value with changes in Other Comprehensive Income (OCI), This means that in its subsequent measurements, the changes in the fair value will not impact the Income Statement, but the assets of the Company.

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 amortized cost.

The impacts of derecognizing a financial liability are recognized in the Income Statement, as well as through the amortization process, under the effective interest rate method, which is included as financial cost, in the Income Statement.

Financial instruments, that contain both a liability and equity component (compound financial instruments), must be recognized and accounted for separately. The liability component is determined by the fair value of the future cash flows and the residual value is assigned 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 expires. 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.

At the time of signing 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.

Hedge accounting:

Covered item:

In Grupo SURA, a hedged item can be a recognized asset or liability, a firm commitment not recognized, a highly probable projected transaction, or a net investment in a foreign operation.

Type of coverage:

In Grupo SURA, the following types of coverage are identified:

- Fair value hedges: fair value hedges are hedges of the Company's exposure to changes in the fair value of a recognized asset or liability, or an unrecognized firm commitment, or an identified portion of that asset, liability, or firm commitment, which is attributable to a particular risk and could impact profit or loss.
- Cash flow hedge: the cash flow hedge is a hedge of the exposure to the variability of cash flows, attributable to a particular risk, associated with a recognized asset or liability, or a highly probable projected transaction that could affect profit or loss.
- Hedges of net investment in foreign currency: are hedges of the exchange rate risk, that arises from a net investment in a foreign currency. The difference, that results from the process of conversion and integration of the Financial Statements, is covered.

Measurement of effectiveness

The determination of the application of hedge accounting is based on an expectation of future effectiveness (prospective), whose objective is to ensure that there is sufficient evidence to support an expectation of high efficiency, and a real effectiveness evaluation (retrospective).

Measurement

Grupo SURA initially measures the hedging instruments at fair value. As a characteristic of derivatives, the fair value on the initial date is zero, except for some options.

Subsequent measurements of hedging instruments must be at fair value.

The best evidence of fair value is quoted prices. in an Asset market.

Recognition:

Fair value coverage:

If a fair value hedge meets, during the period, the documentation requirements, it is accounted for as follows:

- a. The Profit or loss from re-measuring the hedging instrument. at fair value. must be recognized in profit or loss.
- b. The Profit or loss. of the hedged item. that is attributable to the hedged risk. must be adjusted by the carrying amount of the hedged item. and recognized in the results of the period. This applies even if the hedged item is measured at cost.

Cash flow hedge:

- a. The separate component of equity, associated with the hedged item, must be adjusted to be equal (in absolute terms) to the amount that is least, between:
 - a. The accumulated result of the hedging instrument, from the beginning of the hedge.
 - b. The cumulative change, in fair value (present value), of the expected future cash flows of the hedged item, from the beginning of the hedge.
- b. Any remaining Profit or loss, on the hedging instrument, or its designated component (which does not constitute an effective hedge), must be recognized in the results of the period.
- c. If the risk management strategy, documented by the Company, for a particular hedging relationship, excludes from the evaluation of the effectiveness of the hedge, to a specific component of the Profit or loss, or to related cash flows of the hedging instrument, the component excluded from the Profit or loss, must be recognized in the results of the period.

On the other hand, if a cash flow hedge meets the documentation requirements during the period, it should be accounted for as follows:

- The part of the Profit or loss, of the hedging instrument, that is determined to be an effective hedge, must be recognized in other comprehensive income.
- The ineffective part of the Profit or loss, of the hedging instrument, must be recognized in the results of the period.

Coverage of a net investment in foreign currency:

Hedge accounting may only apply to the exchange differences that arise between the functional currency of the foreign business and the functional currency of the controlling entity.

The hedged item may be an amount of net assets equal to, or less than, the book value of the net assets, of the foreign business that is included in the Consolidated Financial Statements of the controlling entity.

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 liability 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 Profit s, separately from the instrument components.

Incremental costs related to the issuance of preference shares

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

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

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.

3.4. Insurance activities

Under IFRS 4, the insurer may continue to use non-uniform accounting policies for insurance contracts, (as well as for deferred acquisition costs and related intangible assets), of the subsidiaries. Although IFRS 4 does not exempt the Group from complying with certain implications of the criteria, established in paragraphs 10 to 12 of IAS 8.

Specifically, the Company:

- Will not recognize, as a liability, the provisions for future claims, when they arise from non-existent insurance contracts at the end of the reporting period (such as provisions for catastrophes or stabilization).
- Will carry out the adequacy tests of liabilities.
- Will eliminate a liability for an insurance contract (or part of it) from the Statement of Financial Position when, and only when, it is extinguished, that is, when the obligation specified in the contract is settled or canceled or has expired.
- Will not compensate (i) assets for reinsurance contracts with the related insurance liabilities, or (ii) expenses, or revenues, from reinsurance contracts with income, or expenses, respectively, of the related insurance contracts.
- Will consider if its assets have impairment due to reinsurance.

The insurance risk is significant, only if an insured event can cause an insurer to pay a significant amount, for additional benefits, under any scenario. Additional benefits refers to amounts that would exceed those that would be paid, in the event that an event did not occur. The analysis of significant risk is realized, contract by contract.

According to the characteristics of our products, the portfolio is classified under the concept of an insurance contract. It is important to note that once a contract is classified as an Insurance Contract, its classification is maintained during its term, including if the insurance risk is significantly reduced during its term.

Among permitted practices, and policies, are the mandatory performance of sufficient liability tests and impairment tests, of reinsurance assets. Among the prohibited practices, and policies, are the constitution of catastrophic reserves, maintained or established compensation reserves, or contingents and off-set reinsurance assets and liabilities.

Classification of products in accordance with IFRS 4 of Insurance Contracts

Grupo SURA considers the following criteria established by IFRS 4 for the classification of its insurance portfolios:

Insurance Contracts: Those contracts where the Company (the insurer) has accepted a significant insurance risk from the counterparty (insured) by agreeing to compensate it in case an adverse event not certain and future affects the insured. It is considered that there is a significant insurance risk when the benefits paid in case of occurrence of the event materially differ from those in case of non-occurrence. Insurance contracts include those in which financial risks are transferred as long as the insurance risk component is more significant.

Investment Contracts: Those contracts where the insured transfers the significant financial risk, but not this insurance. The definition of financial risk includes the risk of a future change in some or any combination of the following variables: interest rate, price of financial instruments, price of commodities, rates of exchange rates, price or rate indexes, risk of credit or credit risk index or other non-financial variable, as long as the variable is not specific to one of the parties to the contract.

Reinsurance and co-insurance operations

REINSURANCE

Grupo SURA considers reinsurance as a contractual relationship between an insurer and reinsurer, in which the first overall yields, or in part, the reinsurer, the risks assumed or to its policyholders.

Premiums corresponding to ceded reinsurance are registered according to the terms of reinsurance contracts and under the same criteria for direct insurance contracts.

Ceded reinsurance contracts do not relieve Grupo SURA of its obligations to policyholders. Grupo SURA does not make compensation for the assets for reinsurance liabilities for insurance contracts generated and presented for separately in the Statement of Financial Position.

COINSURANCE

Grupo SURA considers coinsurance as concurrency agreed two or more insurers in covering the same risk; for co-insurance contracts, the responsibility of each insurer to the insured is limited to its percentage stake in the business.

Grupo SURA's recognized in the Statement of Financial Position the balance derived from insurance operations based on the participation percentage agreed upon, in the insurance contract.

IMPAIRMENT OF REINSURANCE AND COINSURANCE

Grupo SURA considers that an asset for reinsurance and coinsurance is impaired and reduces its book value and recognizes the effects on the result, if, and only if:

- There is objective evidence, as a result of an event that occurred after the initial recognition of the asset for reinsurance, that the ceding may not receive all imports due to him according to the terms of the contract; and
- That event has an impact, that can be measured reliably, over the amounts that the transferor will receive, from the reinsurance Company.

Assets, for reinsurance contracts, are evaluated for minimum impairment, once a year, to detect any event that may cause impairment to the value. The catalysts may include legal disputes with

third parties, changes in capital and surplus levels, modifications to counterparty credit ratings, and historical experience, with respect to the collection of the respective reinsurance companies. In the case of insurance companies, of Grupo SURA, there is no impairment of assets from reinsurance contracts.

Liabilities for insurance contracts

The liabilities from insurance contracts represent for Grupo SURA 's the best estimate of future payments to be made for the risks assumed in insurance obligations; which are measured and recognized through technical reserves. The reserves for Grupo SURA are:

- a. Ongoing Risk Reserve: is one that is made for the fulfillment of future obligations arising from commitments under policies in effect on the date of calculation. The current ongoing risk reserve is made up of for the unearned premium reserve and the reserve for insufficient premiums.

The unearned premium reserve represents the portion of current written policies' premiums and premiums for policies with future onset.

The reserve for insufficient premium compliments the unearned premium, to the extent that the premium is not sufficient to cover the unexpired risks and expenses not incurred.

- b. Mathematical Reserve: is one, that is established to meet the payment of the obligations assumed in the individual life insurance, and in the benefits, whose premium has been calculated on a level basis, or insurance whose benefit is paid, in the form of income.
- c. Insufficient Asset Reserve: is one that is established to compensate for the failure that could arise, to cover expected liabilities flows that make up the Mathematical Reserve with flows of assets of the insurance Company.
- d. Pending Losses Reserve: is one that is established to meet the payment of claims occurred once advised or to ensure coverage of those not notified, at the date of calculation. The reserve for outstanding claims is composed of the reserve of foreclosed claims and the reserve of unforeseen events.

The reserve of foreclosed claims corresponds to the amount of resources to earmarked for the insurer to meet future claim payments that have already occurred, once these have been notified, like expenses associated with these at the date of calculation of the reserve.

Reserves, of unforeseen events, represents an estimate of the amount of resources that the insurer must allocate to cover future payments for claims that have already occurred, at the date of calculation of this reserve, but which have not yet been notified to the insurance Company or for which there is not enough information.

- e. Embedded derivatives: Embedded derivatives in insurance contracts are separated if not considered to be closely related to the main insurance contract and do not meet the definition of an insurance contract.

These embedded derivatives are presented separately in the category of the financial instruments and are measured at fair value through profit or loss.

- f. Liabilities adequacy test

Technical provisions recorded are regularly subject to a reasonability test, in order to determine their adequacy on the basis of projections of all future cash flows of existing contracts. If, as a result of this test, it is shown that they are inadequate, they are adjusted against income for the year.

For the realization of the reserve adequacy test, the future contractual cash flows measured based on the best available estimates are used. Cash flows consider both assets and liabilities over time and are discounted considering the rate of return associated with the investment portfolio that supports the provisions and the reinvestment assumptions of the Company.

The methodology of the adequacy test of reserves, and assumptions, includes the following instances:

- Projection of contractual cash flows, using assumptions, based on the best estimates available at the time of the projection. The assumptions are reviewed periodically and approved by the Model and Assumptions Committee, and by the Company's risk department.
- Generation of return rate scenarios (considering the investment-divestment dynamics of each subsidiary of the Company).
- Discount of the commitment flows (in order to obtain the current value, of the same).
- Calculation of the 50th percentile, of the present values, and comparison with the posted reserves. In the case of Mexico and Peru, where the contracts do not present optionality's (they are symmetrical). The projection of the flows is symmetric. However, in the case of Chile, where there are non-symmetric contracts, (for example, flexible with guaranteed rates), stochastic projections are realized, and then the 50th percentile is determined.

Among the assumptions used to prove sufficiency of reserves are:

Operative Assumptions:

- Fugue, Partial Rescues, Collection Factors (do not apply in Life Annuities): periodical analysis of experience is realized, in which it is sought to incorporate the most recent behavior, to the assumption. The analyzes are realized by a family of homogeneous products.
 - Operating Expenses: annually, the assumptions of operating expenses are reviewed to consider the best estimated expenditure levels (based on portfolio volume and level of expenses). An important tool for defining the assumption is the Company's annual strategic planning.
 - Mortality tables: the mortality tables developed by the Company, are used for the life annuity portfolio, while for the rest of the life insurance portfolio, given that there is not enough experience for the construction of a proprietary table, the assumption is derived, based on mortality tables, provided by the reinsurance Company.
- Financial Assumptions: the reinvestment model generates the return rate scenarios, based on the updated assumptions of both the market and the investment, at the closing date of the report. The assumptions of the reinvestment model are:
 - Scenarios of Zero Rate Government Coupon: together with the Spreads index, it is used to value the assets available for investment/reinvestment

- Projected spread rate: applies to zero coupon rates
 - Multiplicative factors of spread
 - Depreciation factor: is applied to real estate and shares
 - Projected flows of liabilities and assets
- g. Expected favorable returns (EEF): Grupo SURA recognizes the future payments to be realized for the favorable experience in terms of claims and continuity that are agreed at the start of the insurance contracts through the recognition of a provision.

Deferred income liabilities (DIL)

Corresponds to the deferral of paying income, in such a way, that it covers maintenance expenses and a level of profit, in the periods in which these affiliates become non-contributors, or in pensioners, to whom, by regulation, cannot be charged for the administration of their funds and/or payment of pensions, while in fiscal matters, the income is recognized in its entirety, in the year in which it is received.

Deferred acquisition costs-DAC

Corresponds to the deferral of the acquisition cost, of new clients, for insurance and pension contracts. For international standards, an amortizable intangible asset can be recognized, which represents the right of the Company to obtain benefits from the management of the investments of its affiliates, and is amortized, to the extent that the Company recognizes the income derived during the period in which a customer maintains their investment in the Company.

Deferred acquisition costs are directly related to the issuance of an insurance contract and give the contractual right to obtain economic benefits, during the provision of services.

3.5. Inventories

Grupo SURA recognizes inventories at the date on which the risks, and inherent benefits of the properties, of the same, are assumed.

The measurement of the value of the inventories will be realized at two points: The initial measurement will be recognized at cost, and the subsequent measurement, at the end of each year, will be recognized at the lower value between the cost and the net realizable value.

Initial measurement of inventory

Grupo SURA will measure inventories, initially, in this manner: purchase price plus import costs, plus non-recoverable paid taxes, plus transportation costs, less discounts or rebates.

Subsequent measurement of inventory

For products that are going to be sold or commercialized, Grupo SURA will realize the subsequent measurement by the lessor, between the cost and the net realizable value.

Grupo SURA will recognize inventories when they are sold, at their book value, as costs for the period in which the corresponding income is recognized and will apply the method of valuation of the weighted average cost.

3.6. Taxes

The tax structure of each Country in which they are located Grupo SURA companies, regulatory frameworks and the plurality of operations that develop companies, each Company makes taxable taxes, fees, and contributions of national and territorial.

Income tax

Income tax

Current

The assets and liabilities for current income tax for the period are measured values expected to be recovered or paid to the tax authority. The expense for income tax is recognized with the current tax clearance, realized between for taxable income and accounting profit or loss affected 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.

Deferred

The deferred income tax is recognized using the liability method calculated on temporary differences between the carrying amounts assets and liabilities and its tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, future compensation of tax credits and unused tax losses to the extent that it is probable availability profit future tax against which they can be imputed. Deferred taxes are not discounted.

Deferred tax 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 the accounting profit nor taxable profit or loss; and the case for Deferred tax liabilities when it arises from the initial recognition of goodwill.

Deferred tax liabilities, related to investments in subsidiaries, 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 deferred taxes assets related to investments in subsidiaries, associates, and interests in joint ventures, are recognized only to the extent that it is probable that temporary differences will be reversed, in the near future and is likely that the availability of future taxable profit, of these deductible differences, will be charged.

The book value of deferred tax assets, for is reviewed, at each reporting date, are reduced to the extent that it is no longer probable that sufficient taxable profit will be available, in totality, or in 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 will be recover.

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

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

Current assets and liabilities, for income tax, are also offset, if they relate to the same taxation authority, and there is an intention to be settled, for the net value, or to realize the asset and settle the liability, simultaneously.

Grupo SURA will offset deferred tax assets, with deferred tax liabilities if, and only if:

- a) There is a legal recognition of the right to compensate, before the tax authorities, the amounts recognized in those items. and
- b) Deferred tax assets and liabilities are derived from the income tax, corresponding to the same tax authority, which are:
 1. the same entity or fiscal subject. or
 2. different entities, or subjects, for tax purposes, that claim, either to liquidate the current fiscal assets and liabilities for their net amount, or to realize the assets and to pay the liabilities simultaneously, in each of the future periods in which it is expected to liquidate, or recover significant amounts of assets or liabilities, for deferred taxes.

3.7. Expenses paid in advance

This represents disbursements for future expenses, which are recognized in the Income Statement, at the time the goods and services are received.

3.8. Non-current assets held for sale and discontinued operations

Non-current assets, and groups of assets, held for disposal, are classified as held for sale if their book value will be recovered through a sale transaction, rather than through continued use. These assets, or groups of assets, are presented separately, as current assets and liabilities, in the Statement of Financial Position, for the lesser of the book value, or fair value, minus the costs to sell, and are not depreciated or amortized, from the date of its classification.

This condition is met if the asset, or group of assets, are available, in their current conditions, for immediate sale, the sale transaction is highly probable, and it is expected to be finalized within the year following the classification date.

Grupo SURA considers, as discontinued operations, a component of a Company that has been arranged, or classified as held for sale, which could represent a line of business or a geographical area of separate major operations, is part of a single coordinated plan to have a line of business, or a geographical area of separate operations, or is a subsidiary acquired for the exclusive purpose of reselling it.

Income, costs, and expenses, from a discontinued operations are presented separately from those of continuing activities, in a single item, after income tax, in the Consolidated Comprehensive Income Statement of the current period and the comparative period of the previous year, even if the Grupo SURA retains a non-controlling interest in the subsidiary after the sale.

3.9. Investment Properties

Grupo SURA defines as investment properties, land and buildings, maintained to obtain income through operating leases, or that are used to generate goodwill.

Grupo SURA will initially measure investment properties at cost, that is, including all costs directly related to the acquisition of this type of asset.

In its subsequent measurement, Grupo SURA measures the investment properties, under the Fair Value model, that is, taking as a reference the price that would be received for selling the asset, in an orderly transaction, between market participants, at a given measurement date.

The fair value of the properties was determined, based on observable transactions in the market, due to the nature of the properties, (land and buildings), which have similar transactions in the market, complying with a valuation model as indicated in IFRS 13 Fair value measurement. (See Note 14 Investment properties).

The increases, and decreases, generated in investment property, due to changes in fair value, must be recognized by Grupo SURA in the Income Statements.

Grupo SURA will evaluate if there are changes in the condition of use of an asset classified as investment property, which implies that it should be reclassified, or transferred, to another group of assets in the Financial Statements of Grupo SURA. Additionally, it must evaluate the existence of an asset classified as operating, when it meets the conditions to be classified as an investment property.

Derecognition or withdrawals

Grupo de Inversiones Suramericana S.A. will derecognize an investment property, when sold, or when the investment property is permanently withdrawn from use, and no future economic benefits are expected from its disposal, or when the property is surrendered, in a financial leasing.

The loss, or Profit, resulting from the withdrawal or disposal of an investment property, in books, of the asset, and will be recognized in the results for the period in which the withdrawal or derecognition takes place.

3.10. Property and equipment

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

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

Grupo SURA will measure real estate (land and buildings) after recognition, under a revaluation model, that is, at its fair value, which would be the price that would be received for selling the asset in an orderly transaction, between market participants. a certain measurement date. The fair value of the property and equipment was determined by independent experts, with recognized professional capacity, and current experience.

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

Grupo SURA must realize, at least every four years, technical appraisals to ensure that the book value of the asset does not differ significantly from its fair value. Revaluation increases will usually

be credited to other comprehensive income in the Income Statement and will be accumulated as a separate component of the equity called "revaluation surplus".

Decreases in assets must be carried as the lower value of the balance of other comprehensive income, if there is, if not, directly to profit and loss.

Depreciation

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

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

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

Useful lives

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

Buildings	20 to 100 years
Technology team	3 to 10 years
Medical equipment	6 to 17 years
Furniture and fixtures	6 to 10 years
Vehicles	4 to 10 years

Property improvements to the validity of the contract or useful life whichever is less.

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

3.11. Intangible assets

An intangible asset is an identifiable asset, of a non-monetary nature, and without physical appearance, which is expected to generate economic benefits for more than one accounting period. Intangible assets, acquired separately, are initially measured at cost. The cost of intangible assets acquired in business combinations is their fair value at the acquisition date. After initial recognition, intangible assets are accounted for at cost minus any accumulated amortization and any accumulated loss due to impairment.

The useful lives of intangible assets are determined as finite or indefinite. Intangible assets with finite useful lives are amortized over their useful life linearly and evaluated to determine whether they had any impairment whenever there are indications that the intangible asset might have suffered such impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each period. Changes in the expected useful

life or the expected pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the income statement.

Intangible assets with indefinite useful lives are not amortized, but are tested annually to determine whether impairment suffered, either individually or at the level of the CGU. The assessment of indefinite life is reviewed annually to determine whether the indefinite life remains valid. If not, the change in useful life from indefinite to finite is realized prospectively.

The Profit s or losses, that arise when an intangible asset is derecognized, are measured as the difference between the value obtained in the provision, and the book value of the asset, and are recognized in the Income Statement, in the profit or loss for the period.

3.12. Investments

3.12.1. Subsidiaries

A subsidiary is a controlled entity, directly or indirectly, by any of the companies that make up Grupo SURA Control exists when one of the group companies has 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 the yields variables, of the same.

3.12.2. Associates and joint ventures

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

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

- Has, directly or indirectly, 20% or more of the voting power in the Company, unless it can be shown that such influence does not exist through the management bodies; or
- Even if directly or indirectly ownership less than 20% of the voting power in the Company, you can clearly demonstrate that there is significant influence through the governing bodies.

Representation in the management body of the Company or associate;

- Participation in the determination of policies and decisions on dividends and other distributions;
- Transactions of relative importance with the associate;
- Exchange of management personnel; or
- Providing essential technical information

Investments are initially recognized at the cost of the transaction and are subsequently measured to the Equity Method.

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

Dividends received in cash from the associate or joint venture are recognized as a lower value of the investment.

Grupo SURA periodically analyzes the existence of impairment indicators and, if necessary, recognizes impairment losses on the investment in the associate or joint venture. Impairment losses are recognized in profit or loss for the period and are calculated as the difference between the recoverable value of the associate or joint venture, which is the higher of the value in use and its fair value less costs to sell, and its value in books.

When significant influence of the associate or joint control over the joint venture is Profit, Grupo SURA measures and recognizes any residual investment held in it at its fair value. The difference between the book value of the associate or joint venture (taking into account, the corresponding items of other comprehensive income) and the fair value of the residual investment retained, with the value from its sale, is recognized in the income for the period.

3.13. Impairment of non-financial assets

At each reporting date, the Grupo SURA evaluates whether there is any indication that an asset may be impaired in its value. The Grupo SURA estimates the recoverable value of the asset or cash-generating unit, at the time it detects a sign of impairment, or annually for goodwill, intangible assets with an indefinite useful lives, and those that are not yet in use.

The recoverable value of an asset is the higher value between the fair value minus the costs of sale, either of an asset or of a cash generating unit, and its value in use, and is determined for an individual asset, except that the asset does not generate cash flows, that are substantially independent of those of other assets, or groups of assets, in this case the asset should be grouped to a cash generating unit. When the carrying amount of an asset, or a cash-generating unit, exceeds its recoverable value, the asset is considered impaired, and the value is reduced to its recoverable amount.

When calculating the value in use, the estimated cash flows, whether from an asset or a cash-generating unit, are discounted to their present value through a pre-tax discount rate that reflects market considerations of the value of money, in time, and the specific risks of the asset. To determine fair value minus costs to sell an appropriate valuation model, is used.

Impairment losses, on the value of continuing operations, are recognized in the Income Statement in the income statement section, in those expense categories that correspond to the function of the impaired asset. Impairment losses, attributable to a cash-generating unit, are initially allocated to the goodwill and, once this is exhausted, proportionally, based on the carrying amount of each asset, to the other non-current assets of the cash-generating unit.

The impairment of the value for goodwill is determined by evaluating the recoverable value of each cash-generating unit (or group of cash-generating units) related to the goodwill. Impairment losses related to goodwill cannot be reversed in future periods.

For assets, in general, excluding goodwill, at each presentation date, an assessment is realized, as to whether there is any indication that previously recognized impairment losses are no longer present, or have decreased. If there is such an indication, Grupo SURA makes an estimate of the recoverable value of the asset, or the cash generating unit. An impairment loss of the previously recognized value is reversed only if there was a change in the assumptions used to determine the recoverable value of an asset, from the last time the last impairment loss was recognized. The reversal is limited, so that the book value of the asset does not exceed its recoverable amount, nor does it exceed the book value that would have been determined, net of depreciation, if an impairment loss had not been recognized for the asset, in previous years. Such a reversal is recognized in the Income Statement.

3.14. Fair value

Fair value is the price that would be received to sell an asset for or paid for transferring a liability in an orderly transaction between market participants at the measurement date. The fair value of all assets and financial liabilities is determined at the date of the presentation of Financial Statements for recognition or disclosure in the Notes to the Financial Statements.

The fair value is determined:

- Based on quoted prices in markets or identical assets for liabilities that the Company can access on the measurement date (Level 1)
- Based on valuation techniques commonly used for market participants using variables other than quoted prices that are observable for the assets or liabilities, directly or indirectly (Level 2)
- Based on internal valuation techniques of discounted cash flows or other valuation models for Grupo SURA using estimated variables unobservable for the asset or liability, in the absence of variables observed in the market (Level 3).

Judgments include data, such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could impact the fair value of financial instruments reported.

To measure fair value, Grupo SURA will determine all the following elements:

- a) Asset, or specific liability, object of the measurement (in a manner consistent with its unit of account).
- b) For a non-financial asset, the valuation premise that is suitable for measurement
- c) The principal market (or more advantageous) for the asset or liability
- d) The appropriate valuation technique(s) for the measurement, considering the availability of data with which the variables, that represent the assumptions that the market participants will use, when setting the price of the asset, and liability, and the level of the fair value hierarchy in which the variables are classified.

Measurement of the asset or liability

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

The characteristics of the asset or liability, in the same way that the market participants would consider them, to fix the price of said 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 those characteristics would be taken into account by market participants

Measurement of 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 outstanding, and that the participant who received the liability would require to satisfy the obligation.

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

Fair value in the initial recognition

When Grupo SURA acquires an asset, or assumes a liability, the price paid (or the price of the transaction) is an entry price. Because the companies do not necessarily sell assets, at the prices paid to acquire them, and analogously, the 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 focus: this technique is mainly used in the valuation of investment properties and fixed assets whose subsequent measurement has been defined by the Grupo SURA as a reassessed model. It is also used in financial assets, that have been defined according to the business model, at fair value, and that present an asset market
- Approach of income: this valuation technique is used for financial assets and liabilities, determined at fair value, and that do not present an asset market
- Cost approach: A valuation technique that reflects the amount that would be required, at the present time, to replace the service capacity of an asset (often referred to as the current replacement cost).

3.15. Leases

The determination of whether an agreement constitutes, or contains, a lease, is based on the essence of the agreement, at its start date, whether compliance with the agreement depends on the use of an asset, or specific assets, or whether the agreement grants a right to use the asset. Leases are classified as financial and operating leases. A lease is classified as financial when substantially, all the risks and benefits, inherent to ownership of the leased asset, are transferred to the lessee, otherwise it is classified as an operating lease.

Assets, borrowed under finance leases, are recognized and presented as assets in the Statement of Financial Position, at the beginning of the lease, for the fair value of the leased asset, or the present value of the minimum lease payments, whichever is less.

The assets leased under finance leases are depreciated over the useful life of the asset, using the straight-line method. However, if there is no reasonable certainty that the Grupo SURA will obtain the property at the end of the term of the lease, the asset is depreciated over its estimated

useful life, or over the term of the lease, whichever is less. Lease payments are divided between interest and debt reduction. The finance charges are recognized in the Income Statement.

Payments for operating leases, including the incentives received, are recognized as expenses in the Income Statement on a straight-line basis, over the term of the lease.

Leasing contracts, classified as financial, will generate the recognition of an item of property and equipment, and will apply all the measurement criteria established for that group of assets, in the accounting policy of property and equipment.

For the Grupo SURA, if a lease is not classified as financial, it must be classified as operating, and all the fees paid for the leased assets, will be recognized as expenses, in the results.

3.16. Employee benefits

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

Short-term benefit

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

Long-term benefits

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

A long-term benefit liability is recognized, as follows:

- a) the present value of the defined benefit obligation, at the end of the reporting period
- b) minus the fair value, at the end of the reporting period, assets of the plan (if any) with which the obligations are directly settled.

Changes due to the valuation of long-term employee benefits are recognized in profit or loss.

Post-employment benefits

Post-employment benefits are all those remunerations granted to the employee, but which are subsequent to the period of employment, and which will be granted once that stage is completed. In Grupo SURA there are post-employment benefits of:

- Defined contribution plan: under which the obligation is limited to the fixed contributions paid to an external Company, or fund. It is recognized once the employee has rendered

their services, during a period and the expense is recognized in the period, at its nominal value

- Defined benefit plan: where Grupo SURA has a legal, or implicit obligation, to respond for payments of the benefits under its charge, and require the use of an actuarial calculation, in order to effect the recognition of the obligation for defined benefits, on the basis of actuarial assumptions.

Actuarial profits and losses, in the defined benefit plans, are recognized in other comprehensive income, and the remaining changes in the valuation, of the defined benefits, are recognized in the Income Statement.

Long-term and post-employment benefits are discounted with the rates of government bonds, issued by each of the countries, considering the dates of the flows in what Grupo SURA expects to make the disbursements. This rate is used, since there are no rates referring to high quality corporate bonds.

Termination benefits

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

3.17. Provisions and contingencies

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

Grupo SURA recognizes the provisions in the Statement of Financial Position, for the best estimate of the required disbursement, that is, the value for which Grupo SURA must settle the obligation, in the reported period, taking into account the risks and uncertainties surrounding said estimate.

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

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

Grupo SURA defines 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 because: a) it is not probable to satisfy it, an outflow of resources, that incorporate economic benefits, will be required or b) the value of the obligation cannot be measured with sufficient reliability and classifies as contingent asset, that asset that arises from past events, whose existence will be confirmed, by the occurrence, or non-occurrence, of uncertain future events.

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

3.18. Operating segments

An operating segment is a component of Grupo SURA that develops business activities, from which it can obtain income, and incur costs and expenses, over which financial information is available, and whose operating results are reviewed regularly by the highest authority in the decision-making process, of operating decisions of Grupo SURA, to decide on the allocation of resources to the segments and evaluate their performance.

The financial information of the operating segments is prepared under the same accounting policies used in the preparation of the consolidated Financial Statements of Grupo SURA.

3.19. Income

Grupo SURA recognizes ordinary income when the transfer of risks and benefits occurs, that is, when the service is provided, or at the time of delivery of the goods, to the extent that the economic benefits are likely to enter the Grupo SURA, and the income can be measured reliably. Income is measured at the fair value of the consideration received, or receivable, excluding taxes or other obligations. The discounts that are granted are recorded as a lower value of the income.

The following specific recognition criteria must also be met, before income is recognized.

Income from ordinary activities, associated with the operation, is recognized, considering the degree of termination of the final benefit for the period in which it is reported. The outcome of a transaction can be estimated reliably when all of the following conditions are met:

- The value of income from ordinary activities can be measured reliably.
- It is likely that the entity receives the economic benefits associated with the transaction.
- The degree of completion of the transaction, at the end of the reporting period, can be measured reliably, and
- The costs, already incurred in the provision, as well as those that remain to be incurred until completed, can be measured reliably.

Grupo SURA calculates the degree of completion of a service provided through:

The proportion of services performed on the total of services committed to perform.

- The proportion represented by the costs incurred and executed over the total estimated costs.
- To this end, costs incurred to date will only include the costs derived from the services rendered up to that date. and regarding the estimated total costs of the transaction, only the costs for services that have been or will be provided will be included.

Measurement of income

Grupo SURA must measure revenues at the fair value of the consideration received or receivable.

The amount of income arising from a transaction is generally determined by agreement between the Company and the buyer or user of the asset.

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

The following specific recognition criteria must also be met before income is recognized.

3.19.1. Income from written premiums

Income for premiums issued is recognized at the time the policies are issued, except for those corresponding to the periods that begin later or that exceed the year, which are caused at the beginning of the term or in the year following the initiation of the validity. Revenue from premiums accepted in reinsurance is incurred at the time of receiving the corresponding account statements of the reinsurers.

The unearned premiums are calculated separately for each individual policy to cover the remaining part of the written premiums.

3.19.2. Revenue administrator of occupational risks

The occupational risk manager estimates the value of the mandatory contributions taking into account the workers who were affiliated during all or part of the period (news of income and retirement), the base salary of contribution and the risk class, reported in the last self-assessment or in the affiliation. When the employer does not report any news, the estimated value of the contribution cannot be less than the sum quoted in the last self-assessment form of contributions.

3.19.3. Dividend income

Grupo SURA recognizes dividend income when it has the right to receive payment, which is generally when dividends are decreed, except when the dividend represents a recovery of the cost of the investment. Dividend income is not recognized when the payment is realized to all shareholders in the same proportion in shares of the issuer.

3.19.4 Commission income

Fee income is generally recognized with the provision of the service. Those that arise from the negotiations, or participation in the negotiations of a third-party transaction such as the disposition of the acquisition of shares or other securities, or the purchase or sale of business, are recognized in the completion of the underlying transaction.

Portfolio or portfolio fees and management advice and other services are recognized based on the services applicable to the contract when the service is rendered.

Asset management fees related to investment funds and contract investment rates are recognized on a pro-rata basis during the period of service provision. The same principle applies to asset management, financial planning and custody services that are continuously realized over a prolonged period of time. The fees charged and paid by banks for the payment of services are classified as fee income and commission expenses.

3.19.5 Investment income

The accrual of interest on financial assets measured at amortized cost is recognized in profit or loss in accordance with the projected cash flows.

3.19.6 Outsourcing companies

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

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

3.19.7 Revenue from health entities

The health companies of Grupo SURA, as delegates of the Resource Manager of the General System of Social Security in Health (ADRES) for the collection of the contributions of the Mandatory Health Plan, receive a per capita value for the provision of services for each affiliate, which is called the capitation payment unit - UPC, which is modified annually by the National Council for Social Security in Health and recognizes the income from this concept. Likewise, the Company records as income, the per capita value for promotion and prevention recognized by the General System of Social Security in Health in each return and compensation statement once the respective compensation process has been completed.

Revenues from contracts for additional health plans, that is, prepaid medicine and supplementary plans, are caused to the extent that they expire.

3.20. Earnings per share

Basic earnings per share are calculated by dividing the results of the period, attributable to holders of outstanding shares, by the weighted average number of ordinary shares outstanding, during the period. The foregoing, taking into account that the dividends of the preference shares are recognized in the liabilities of the Company.

3.21. Currency

3.21.1. Functional

Items included in the Financial Statements of each of Grupo SURA entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional and presentation of the Consolidated Financial Statements of Grupo SURA currency is the Colombian Peso, which is the currency of the primary economic environment in which it operates, also due to the currency that influences the cost and revenue structure.

The Financial Statements are presented in millions of Colombian pesos and have been rounded to the nearest unit.

3.21.2 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.

All exchange differences are recognized in the Statement of Comprehensive Income except for exchange differences arising from the translation of foreign operations recognized in other comprehensive income; until the disposal of the foreign operation to be recognized in profit or loss.

For the presentation of the Consolidated Financial Statements of Grupo SURA, the assets and liabilities of foreign operations, including goodwill and any adjustment to the fair value of the assets and liabilities arising from the acquisition, are translated into Colombian Pesos at the rate exchange rate at the closing date of the reporting period. Income, costs and expenses and cash flows are translated at average exchange rates for the period. Equity is converted to the historical rate.

3.22 Events after the reporting period

Grupo SURA defines the following aspects, for the events that occurred after the reporting:

Events after the reporting period that involve adjustments

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

Events after the reporting period that do not involve adjustments

Grupo SURA should not modify the figures in the Financial Statements as a result of this type of events. However, if the event is material, Grupo SURA will reveal the nature of the event, and an estimate of the financial effect, 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 upon, after the reporting period.

On-going business hypothesis

Grupo SURA will prepare the Financial Statements on the On-going business hypothesis, provided that, after the reporting period, the administration does not determine that it intends to liquidate, or cease its activities, or that it has no alternative, but to proceed in one of these ways.

3.23. Related parties

The following are considered related parties:

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

Only applies 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 made, 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 declared

Materiality of transactions

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.

3.24 Hyperinflation

A hyperinflationary economy occurs when:

- (a) the general population prefers to conserve its wealth, in the form of non-monetary assets, or in a relatively stable foreign currency. The amounts, of local currency obtained, are invested immediately, to maintain the purchasing power of the same
- (b) the general population does not take into account the monetary amounts, in terms of local currency, but sees them in terms of another relatively stable foreign currency. The prices can be established in this other currency.
- (c) Sales and purchases of credit, take place at prices that compensate for the loss of purchasing power, expected during the postponement, even when the period is short
- (d) interest rates, wages, and prices are linked to the evolution of a price index; and
- (e) the cumulative rate of inflation, in three years approaches, or exceeds 100%

The Financial Statements of Grupo SURA must be expressed in terms of the current unit of measurement, on the closing date of the reporting period. This criterion is equally applicable to the comparative figures corresponding to the previous period, required by the policy of the presentation of Financial Statements.

Re-expressing items of the Statement of Financial Position:

- Monetary items, and other items, expressed at market value at the end of the year, have no adjustment.
- Items that are contractually adjusted, with reference to inflation, as indexed bonds, are modified, according to the terms of the contract.
- Non-monetary items recorded at cost, are updated by the evolution of the price index from the acquisition, until the date of the presentation of the Financial Statements.
- Non-monetary items, recorded at fair value, are updated by the movement of the price index, from its last valuation, to the date of presentation of the Financial Statements.
- Equity items are restated, by the evolution of the price index, from its date of contribution or recognition, until the date of presentation of the Financial Statements.

Re-expressing items of the Statement of Comprehensive Income and Statement of Cash Flows:

- All items, of income and expenses, must be restated, with the evolution in the price index, from its recognition date, until the date of presentation of the Financial Statements.

- Expenses, for depreciation and amortization, are adjusted on the same basis of the asset, with which they are related.
- All items in the Statement of Cash Flows are updated, to be expressed in the current unit of measurement, at the date of presentation of the Financial Statements.

In the case of subsidiaries whose functional currency corresponds to that of a hyperinflationary economy, all items in the Financial Statements are translated, at the closing exchange rate, corresponding to the presentation period. In this case, the comparative figures are presented in the same way as they were presented in the previous periods, taking into account that they are converted into the Colombian peso (COP), whose currency corresponds to that of a non-hyperinflationary economy, as provided in the Number (b) of Paragraph 42 of IAS 21. Considering the above, during the time that Grupo SURA is applying the re-expression and conversion procedures, determined by IAS 29, it will assume, as realized, all of the conversion effects associated with the subsidiaries that are in this position.

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

The preparation of the Consolidated 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

Grupo SURA records real estate. (land and buildings). at fair value. and changes in it are recognized in other comprehensive income of the equity, and in the Income Statement, in the case of investment properties.

The revaluation increase, of assets for own use, will be recognized directly in other comprehensive income, and will be accumulated in equity, as a revaluation surplus. The revaluation is calculated every four years.

When the carrying amount of an asset, is reduced, as a result of a revaluation, such decrease shall be recognized in the profit and loss, for the period. However, the decrease will be recognized in other comprehensive income, to the extent that there is a credit balance, in the revaluation

surplus, in relation to that asset. The decrease recognized in other comprehensive income, reduces the accumulated value in the equity, denominated revaluation surplus.

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 asset 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) Impairment of goodwill

The determination of impairment of goodwill requires an estimation of the value in use of cash-generating units to which goodwill has been allocated it said. The calculation of value in use requires management to estimate the future cash flows of the CGU and appropriate discount rate to calculate the present value. When the actual future cash flows are lower than expected, there may be a loss for impairment.

e) The useful life and residual values of property, equipment, and intangibles

Grupo SURA shall review the useful lives of all property and equipment and intangible assets at least at the end of each accounting period. The effects of changes in the estimated life are recognized prospectively over the remaining life of the asset.

f) 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:

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

g) Employee benefits

The measurement of obligations for post-employment benefits, and defined benefits, includes the determination of key actuarial assumptions that allow for the calculation of the value of the

liability. Among the key assumptions are the discount and inflation rates, salary increases, among others.

In order to discount the benefits to employees, the rate of the TES Type B Bonds, of the Colombian Government, is used at the end of the period in which it is reported, since this rate reflects the currency, and the estimated term of payment, of the obligations for post-employment benefits and defined benefits and corresponds to the rate that best indicates market returns.

h) Technical reserves - Insurance contracts

Technical reserves of insurance contracts, and annuities, are recognized on the basis of the best estimated assumptions. Additionally, as all insurance contracts are subject to an annual test of adequacy of liabilities, which reflects the best estimated future flows of the Administration. In the case of insufficiency, the assumptions could have been updated and remain fixed until the next revision or insufficiency, whichever occurs first.

As described in the Deferral of Acquisition Expenses Section, certain expenses are deferred and amortized over the term of the contracts. In the event that the assumptions of future profitability of the contracts do not materialize, the amortization of the costs is accelerated, affecting the Income Statement of the period.

The main assumptions, used in the calculation of technical reserves are: mortality, morbidity, longevity, return on investments expenses, exit and collection rates, rescue rates, and discount rates.

The assumptions of mortality, morbidity, and longevity are based on the standards of the local industries, of each subsidiary, and are adjusted to reflect the Company's own exposure to risk when appropriate, and when the historical information is sufficiently in depth, to perform substantiated experience analyzes that alter industry estimates. Longevity assumptions are introduced through factors of future improvement of mortality rates.

For the assumptions of rates of return, the investment product of the assets, that support the technical reserves of the insurance contracts, based on the market conditions, at the date of subscription of the contract, as well as the future expectations on the evolution of the economic and financial conditions of the markets in which it operates, and the Company's investment strategy.

The assumptions of expenses are constructed, based on the levels of expenditures in force, at the time of signing the contract and are adjusted for the expectation of increase, from inflation in the cases, in which it corresponds.

The exit, collection, and rescue rates are constructed, based on analysis of personal experience of each one of the subsidiaries, and product, or family of products.

The discount rates are based on the current rates for the corresponding industry, and market, and adjusted for the exposure to the subsidiary's own risk.

In the case of insurance contracts, with savings components, based on units of the fund (Unit-Linked), the commitments are determined based on the value of the assets that support the provisions, which arise from the value of each of the funds in which are the deposits of the policies.

i) Impairment of financial assets

To calculate the impairment of financial assets, the future cash flows, of the respective financial asset, of the group, must be estimated. See Note 3.3 of Financial instruments, in the impairment section.

j) Participation in other entities

A subsidiary is an entity controlled by one of the companies of Grupo SURA. Control exists when any of the Group's companies has the power to direct the relevant activities of the subsidiary, which are generally operating and financing activities, for the purpose of obtaining benefits from its activities and is exposed, or entitled, to the variable yields of the same.

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

A joint venture is an agreement whereby two or more parties maintain joint control.

The investments, that Grupo SURA classifies as subsidiaries, associates, or joint ventures, is because it considers that it exercises control, significant influence, or joint control, that is, the power to intervene in the financial or operational decisions of another Company. In cases where Grupo SURA does not have the required percentage for the classification of an investment in a specific category, this classification is given, because Grupo SURA has representation in the management body, which allows it to have control.

The information on assumptions and estimated uncertainties, that have a significant risk, resulting in a material adjustment, in the year ended December 31, 2018 and 2017, is included in the following Notes:

- Note 6. Business combinations: acquisition of subsidiaries: fair value is measured provisionally
- Note 10. Insurance Contracts: assumptions for calculating reserves
- Note 12. Taxes: availability of future taxable profits against those which the compensation for losses, obtained in previous periods, can be used.
- Note 17. Investments in subsidiary assumptions, to determine that subsidiaries are controlled
- Note 19. Impairment of assets: key assumptions for the recoverable amount, including the recoverability of development costs
- Note 22. Provisions and contingent liabilities: recognition and measurement of provisions and contingencies: key assumptions related to the probability and magnitude of an outflow of economic resources, and
- Note 20.2 Long-term benefits and Note 20.3 Defined benefits: key actuarial assumptions

The following notes include additional information about the assumptions realized when measuring fair values:

- Note 8. Financial instruments.
- Note 14. Investment properties

Judgements

The information on the critical judgments, in the application of accounting policies, that have the most important effect on the amount, recognized in the Financial Statements, is described below:

- Note 10. Insurance contracts: determination of whether Grupo SURA acts as agent or principal in insurance contracts
- Note 14. Investment Properties: Classification of investment property

- Note 17. Investments in Subsidiaries, Associates, and Joint Ventures: determination of the existence of control in subsidiaries, including the review of pension funds, managed by Grupo SURA
- Note 9. Leases: determination of whether an agreement contains a lease and lease classification.
- Note 29. Income and expenses for commissions: determination of whether the Group acts as agent in the transaction, and not as principal.

NOTE 5. NORMS ISSUED WITHOUT EFFECTIVE APPLICATION

IFRS 16: Leases

IFRS 16 was issued by the IASB, in January 2016, and replaces IAS 17, IFRIC 4, SIC 15 and SIC 27, which, in Colombia, it is adopted, through Decree 2170 of 2017, effective as of January 1, 2019.

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.

The standard includes two recognition exemptions for tenants:

1. Leasing of low-value assets (for example, personal computers)
2. 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.

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 lessors will continue to classify all of their leases, using the same classification principles of IAS 17, between financial and operating leases.

Transition from Grupo SURA to IFRS 16

For the transition to IFRS 16 Grupo Sura used the option of not expressing the comparative information, recognizing the cumulative effect of the initial application, as of January 1, 2019. In the initial recognition, it will recognize a lease liability, equivalent to the present value, of is paid remaining minimums, discounted at the incremental rate, for loans of the lessee, on the transition date, and an asset for a value equal to the lease liability, adjusted for any expense paid in advance recognized in the Statement of Financial Position.

The Group also chooses to use the following practical solutions:

- No re-expression of the contracts that are going to expire in the next 12 months, from the initial date of application
- Application of a single rate, for leases with similar characteristics
- Exclusion of the initial costs of the asset, for the right to use

- Use of retrospective reasoning to analyze if extensions of terms are possible
- The standard will not apply to contracts that were not previously identified, that contained a lease applying IAS 17 and IFRIC 4.

During 2018, the Group has realized a detailed assessment of the impact of IFRS 16. The impact of the adoption, of this new standard, does not generate significant changes, in the Financial Statements of Grupo Sura.

During 2018, Grupo SURA has realized a detailed evaluation of the impacts of the application of IFRS 16. As a result of this evaluation, and the implementation of the standard, the recognition of right of use, is estimated for the transition period, which may increase total assets by approximately 0.95%, based on total assets, at December 31, 2018. Additionally, it is estimated, that the total liability may increase, by approximately 1.53%, due to the valuation of the future fees, charged at present value.

Grupo SURA did not realize the early application of this rule. As mentioned in the previous paragraph, the detailed percentages, correspond to estimates, the final figures, determined by the impacts of the implementation, will be recorded in the Financial Statements, during the year 2019.

The Group did not realize an early adoption of this rule. The final figures of the impacts from the adoption from this new standard, will be recorded, on January 1, 2019.

IFRS 17: Insurance contracts

In May 2017, the IASB issued IFRS 17, a new Comprehensive Accounting Standard, for insurance contracts, covering the 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.

Transfer of Investment Property - Amendments to IAS 40

These amendments provide some clarifications for cases in which a Company must transfer properties, including properties under construction or investment properties. These amendments establish that a change in use occurs when the property begins to meet, or fails to meet, the

definition of investment property and there is evidence of such a change. A simple change in the intention to use the property, by the Administration, does not constitute evidence of a change in use. Companies must apply the amendments, prospectively, for changes in use, that occur from the period in which these amendments begin to be applied. Companies must reevaluate the classification of property held, as of that date and, if applicable, and reclassify it to reflect current conditions at that time. This amendment is included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective at January 1, 2019. The Group will apply the amendments when they are effective, taking into account that the Group is currently in line with these clarifications, and are not expected to have an impact, on the Financial Statements.

Annual improvements 2014 - 2016 (issued in December 2016)

Some of these improvements are included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of January 1, 2019, and include:

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

The amendments are intended to resolve issues that arise as a result of the implementation of the new financial instruments standard, IFRS 9, prior to the implementation of IFRS 17 "Insurance contracts", which replaces IFRS 4. These amendments introduce two options for entities that issue insurance contracts: a temporary exemption from the application of IFRS 9 and an overlay approach. A Company may choose the overlay approach, when it adopts IFRS 9, and apply this retrospective approach to the financial assets, designated in the transition to IFRS 9. The Group restates comparative information, reflecting the overlap approach, if and only if, it opted for re-expressing the comparative information, in the application of IFRS 9. These amendments are not applicable to the Group.

IFRIC 22 Transactions in Foreign Currency and Advance Considerations

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

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

IFRIC22 was introduced into the Colombian accounting framework, through Decree 2483 of 2018, taking into account that the Group's current practice is in line with this interpretation, the Group does not expect any impact of this, in its Financial Statements.

Annual improvements 2015 - 2017 (issued in December 2017)

These improvements were introduced in the Colombian accounting framework, through Decree 2483 of 2018, and include:

IFRS 3 Business Combinations

The amendments clarify that when an entity obtains control of a business, in a joint operation, it applies the requirement for a business combination, reached in stages, including the prior remeasurement of the interest held on the assets and liabilities of the joint operation, at fair value. In doing so, the acquirer will replenish these, in full, prior to having interest in the joint operation.

IFRS 11 Joint Agreements

A party that participates but does not have joint control of a joint operation, can obtain control of the joint operation, in which the activity of the joint operation constitutes a business, as defined in IFRS 3. The amendments clarify that the interest, previously held in the joint operation, should not be remedied.

IAS 12 Income Tax

The amendments clarify that the income tax, as a result of dividends, that are linked more directly to past transactions or events that generate distributable profits, than distribution to shareholders. Therefore, an entity recognizes the consequences of dividend income tax on results, or other comprehensive income, or equity agreements, where the entity originally recognized these events or past transactions.

When an entity applies these amendments for the first time, it then applies it to income tax, as a result of dividends, recognized on or after the start of the most recent comparative period, taking into account that the Group's current practice is in line with these amendments, the Group does not expect any effect of this in its Financial Statements.

IAS 23 Loan Costs

These amendments clarify that an entity treats, as a part of generic loans, any loan realized, in order to develop a qualified asset, when substantially, all the activities necessary to prepare this asset for its intended use or sales, are complete.

An entity applies these amendments to the borrowing costs, incurred on or after, the beginning of the reporting period, in which the entity first applied these amendments, taking into account that the Group's current practice is in line with these amendments, the Group does not expect any effect of this in its Financial Statements.

NOTE 6. BUSINESS COMBINATIONS**6.1 Business combinations realized in the current period of 2018**

On February 28, 2018, the Company entered into an agreement with the Fundación Institución de Alta Tecnología Médica "IATM" (Institution of High Medical Technology), for the acquisition of three operational offices, as well as other related assets and liabilities. As a result of the operation, the Company seeks to consolidate itself in the business of diagnostic aids. in the city of Medellín. The effective date. for accounting effects of the business combination. was November 1, 2018.

Currently, the Company is advancing the allocation of the purchase price - Purchase Price Allocation, in accordance with IFRS 3 "Business Combinations". The following are the definitive and provisional fair values, of the identifiable assets and liabilities, of the business, at the date of obtaining control. These will be subject to modifications and adjustments, to the extent that the process of allocation of the purchase price is completed, which is permitted to up to one year after the acquisition date:

Fair value	
at November 1, 2018	
Identifiable assets	
Trade accounts receivable	1,894
Inventories	46
Properties, plant and equipment	14,800
On hand	805
Investments	2
Intangible assets ⁽¹⁾	68
Total identifiable assets	17,615
Identifiable liabilities	
Financial obligations	848
Suppliers	148
Other Liabilities	275
Laboral obligations	395
Accounts payable	671
Total identifiable liabilities	2,337
Net assets and liabilities	15,278

(1) Provisional Fair value given that it is in the process of identifying intangible assets.

The value of provisional goodwill, included in the line of intangible assets, amounts to:

	Fair value at November 1, 2018
Consideration transferred ⁽²⁾	22,599
Provisional fair value of identifiable assets and liabilities	(15,278)
Commercial credit generated in the acquisition (Note 21.1)	7,321

(2) The value of the consideration transferred was partially canceled in cash, before December 31, 2018.

The provisional goodwill is attributed to the Company's expansion strategy and the synergies expected from the integration with the current operations. Goodwill has not presented variations from the date of acquisition until the period ended December 31, 2018. According to what is indicated in Subparagraph C, Number 2 of Article 74 and Paragraph 3 of Article 143 of the Tax Statute, goodwill, determined in this business combinations, is not subject to amortization for tax purposes.

Transaction costs, related to the acquisition of the business, are not significant, which were recognized as other operating expenses, in the Comprehensive Income Statement at December 31, 2018.

6. 2 . Business combinations realized in the period 2017

The Company Hábitat Adulto Mayor S.A. acquired, on May 23, 2017, the assets of the Company Inversiones el Ciruelo. This Company is a geriatric home, dedicated to the care of the elderly.

The assignment of the price paid for the transactions was realized in accordance with IFRS, in particular IFRS3 - Business Combinations. For the purpose of the analysis, IFRS3 adopts the definition of fair value, defined in IFRS13 - Measurement of Fair Value.

IFRS 13 indicates that the measurement of fair value assumes the greatest and best use of the asset, by market participants, considering the use that is physically possible, legally permissible, and financially feasible, at the date of measurement.

In the determination of the PPA (allocation of the price paid for its acronym in English), the process was based on the guidelines of the NCIF, in particular these rules:

- IFRS3-Business Combinations
- IFRS 13-Measurement of Fair Value
- IFRS 9-Financial Instruments
- IAS39-Financial Instruments: Recognition and Measurement

Accordingly, the identifiable assets acquired, and liabilities assumed, by Company, were measured at fair value acquired. For such purposes, an analysis was realized on the items involved in the transaction.

In this way, the administration identified a list of customers, as intangible assets, to be recognized separately from goodwill. This customer list represents the customer database from el Ciruelo and now will be part of the Company Hábitat. The list of customers has been classified as an intangible asset with a finite useful life.

The following table summarizes the allocation of the price paid:

Description	Value
Property and Equipment	109
Advances	58
Inventory	18
Portfolio	157
List of customers (Note 16.2)	1,413
Improvement in property and equipment	1,213
Amortization list of clients	(79)
Property and equipment depreciation	(27)
Accounts payable	(10)
Withholdings of the business	(103)
	2,749
Value paid	4,036
Goodwill (Note 16 1)	1,287

The deferred tax, associated with the transaction, is 43 million, at December 2017.

NOTE 7. CASH AND EQUIVALENTS

The cash and cash equivalents of Grupo SURA and its subsidiaries correspond to:

	December 2018	December 2017
Cash and bank	7,886	8,064
National banks	881,941	824,276
Foreign Banks	348,922	321,295
Cash equivalent (*)	547,497	342,919
Cash and cash equivalents	1,786,246	1,496,554
Restricted cash (**)	91,794	79,055
Cash and cash equivalents in the Statement of Cash Flows	1,878,040	1,575,609

(*) Include checks, special investment funds, fiduciary rights, and other cash equivalents .

Balances at banks accrue interest at variable rates, based on daily bank deposit rates. Short-term loans are realized for variable periods of between one day and three months, according to the immediate cash needs of Grupo SURA, and its subsidiaries, and accrue interest at the applicable short-term loan rates.

Restricted cash ()**

The restricted cash that is presented at the cut-off date is as follows:

Breakdown of the restriction	Country	Restricted cash value 2018
Securities in legal proceedings	El Salvador	203
Legal processes realized in bank accounts	Colombia	89,188
Funds destined for the payment of taxes administered by the SUNAT	Peru	214
Hedge fund commissions - Foreign broker	Peru	2,189
Total		91,794

Breakdown of the restriction	Country	Restricted cash value 2017
Securities in legal proceedings	Dominican Republic	309
Hedge fund commissions - Foreign broker	Peru	826
Institutional retirement pension funds	Colombia	1,033
Legal processes realized in bank accounts	Colombia	76,887
Total		79,055

NOTE 8. FINANCIAL INSTRUMENTS

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

Assets whose fair value approximates 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.

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.

Financial liabilities whose fair value approximates book value

In the case of those obligations that have a short-term maturity, the book value approximates the fair value.

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 value corresponds to an approximation of its fair value.

8.1. Financial assets

Current and non-current financial assets current, by type of financial asset, are as follows:

December 2018

Current	Note	Financial assets at amortized cost	Financial assets at fair value		Other financial assets (cash)	Total
			Results	Equity		
Cash and cash equivalents	7	-	-	-	1,786,246	1,786,246
Investments	8.1.1	42,398	7,386,017	-	-	7,428,415
Accounts receivable	8.1.2	6,432,494	-	-	-	6,432,494
Accounts receivable, related parties (1)		102,081	-	-	-	102,081
Derivatives (other financial assets)		-	13,596	-	-	13,596
Total		6,576,973	7,399,613	-	1,786,246	15,762,832

Current	Note	Financial assets at amortized cost	Financial assets at fair value		Other financial assets (cash)	Total
			Results	Equity		
Restricted cash (*)	7	-	-	-	91,794	91,794
Investments	8.1.1	11,643,648	3,401,688	222,731	-	15,268,067

Accounts receivable	8.1.2	114,882	-	-	-	114,882
Derivatives (other financial assets)		-	304,691	-	-	304,691
Total		11,758,530	3,706,379	222,731	91,794	15,779,434

Financial assets		18,335,503	11,105,992	222,731	1,878,040	31,542,266
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December 2017

Current	Note	Financial assets at amortized cost	Financial assets at fair value		Other financial assets (cash)	Total
			Results	Equity		
Cash and cash equivalents	7	-	-	-	1,496,554	1,496,554
Investments	8.1.1	29,298	9,525,314	-	-	9,554,612
Accounts receivable	8.1.2	6,213,297	-	-	-	6,213,297
Accounts receivable, related parties (1)		39,726	-	-	-	39,726
Derivatives (other financial assets)		-	22,001	-	-	22,001
Total		6,282,321	9,547,315	-	1,496,554	17,326,190

Current	Note	Financial assets at amortized cost	Financial assets at fair value		Other financial assets (cash)	Total
			Results	Equity		
Restricted cash (*)	7	-	-	-	79,055	79,055
Investments	8.1.1	14,907,394	2,326,572	134,667	-	17,368,633
Accounts receivable	8.1.2	449	-	-	-	449
Derivatives (other financial assets)		-	123,708	-	-	123,708
Total		14,907,843	2,450,280	134,667	79,055	17,571,845

Financial assets		21,190,164	11,997,595	134,667	1,575,609	34,898,035
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(1) Accounts receivable, from related parties, corresponds to pending dividends receivable, from associated companies, and are as follows:

(2)

	December 2018	December 2017
Grupo Bancolombia S.A.	59,952	-
Grupo Nutresa S.A.	22,912	21,601
Grupo Argos S.A.	18,802	17,789
Protección S.A.	137	-
Others	278	336
Total dividends receivable	102,081	39,726

The maturities of the financial assets are as follows:

December 2018	Less than a year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Cash and cash equivalents	1,786,246	214	203	91,377	1,878,040
Investments	7,428,415	4,180,416	1,127,203	9,960,448	22,696,482
Accounts receivable	6,432,494	7,856	28,423	78,603	6,547,376
Accounts receivable, related parties	102,081	-	-	-	102,081
Other financial assets	13,596	134,976	-	169,715	318,287
Total	15,762,832	4,323,462	1,155,829	10,300,143	31,542,266

December 2017	Less than a year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Cash and cash equivalents	1,496,554	-	2,168	76,887	1,575,609
Investments	9,554,612	3,310,342	3,345,700	10,712,591	26,923,245
Accounts receivable	6,213,297	449	-	-	6,213,746
Accounts receivable, related parties	39,726	-	-	-	39,726
Other financial assets	22,001	60,266	-	63,442	145,709
Total	17,326,190	3,371,057	3,347,868	10,852,920	34,898,035

The hierarchy of fair value is as follows:

December 2018	Level 1	Level 2	Level 3	Total
Investments	7,820,459	3,149,304	40,673	11,010,436
Derivatives (other financial assets)	-	318,287	-	318,287
Total	7,820,459	3,467,591	40,673	11,328,723

December 2017	Level 1	Level 2	Level 3	Total
Investments	9,356,911	2,567,380	62,262	11,986,553
Derivatives (other financial assets)	63,443	82,266	-	145,709
Total	9,420,354	2,649,646	62,262	12,132,262

The details of the fair value determination:

Level 1 Prices quoted in active markets

Level 1 entry data is quoted prices, not adjusted, in active markets, for identical assets. An active market is one in which transactions for an asset or liability occur frequently, and with sufficient volume to generate information prices.

At this level are the classified investments, and derivatives, whose price is quoted on stock exchanges, and which are classified as high marketability.

Level 2 - Modeling with market observable input data

These are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly, or indirectly. The input data includes:

- Quoted prices for similar assets or liabilities in active markets

- Quoted prices for identical or similar assets or liabilities, but in markets that are not active, and input data other than quoted prices, for example, interest or term rates.

Level 3 - Modeling with unobservable input data

Level 3 input data is not observable for the asset and liability. It can be used to determine fair value, when observable inputs are not available. These valuations reflect assumptions that the business unit would take into account, in which the market participants will be using, for example, returns on shares not listed on the stock exchange.

The following table shows the valuation techniques, used to determine the fair values, within Level 3 of the hierarchy, together with the unobservable variables, used in the valuation models:

Description	Valuation techniques	Unobservable variable	Description
Assets			
Negotiable or designated			
Low marketability shares	Attributed cost	Market price	Low marketability Shares
Time deposits	Internal rate of return	Market rate	Time deposits

Financial assets, by Country, are as follows:

December 2018	Argentina	Bermuda	Brazil	Chile	Colombia	Curacao	Spain	Holland	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Cash and cash equivalents	10,327	8,986	10,172	562,328	941,266	-	659	-	150,182	59,227	40,804	18,136	64,664	11,289	1,878,040
Investments	483,399	42,353	243,347	6,614,169	9,701,235	-	-	-	3,575,583	578,905	822,583	83,419	298,574	252,915	22,696,482
Derivatives	-	-	-	-	318,287	-	-	-	-	-	-	-	-	-	318,287
Trade and other accounts receivable	469,795	5,153	448,523	1,966,446	2,598,868	-	-	-	444,478	217,324	46,350	138,827	112,873	200,821	6,649,457
Total	963,521	56,492	702,042	9,142,942	13,559,656	-	659	-	4,170,242	855,456	909,737	240,382	476,111	465,025	31,542,266

December 2017	Argentina	Bermuda	Brazil	Chile	Colombia	Curacao	Spain	Holland	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Cash and cash equivalents	27,068	20,228	5,655	178,637	877,664	453	2,005	76	200,924	72,348	86,698	18,139	70,144	15,570	1,575,609
Investments	612,573	13,644	276,673	11,106,739	10,056,813	-	-	-	3,068,739	521,842	690,809	69,042	264,664	241,707	26,923,245
Derivatives	-	-	-	81,848	63,861	-	-	-	-	-	-	-	-	-	145,709
Trade and other accounts receivable	587,788	5,271	397,301	1,797,021	2,481,774	-	-	-	392,486	163,534	39,383	120,360	91,394	177,160	6,253,472
Total	1,227,429	39,143	679,629	13,164,245	13,480,112	453	2,005	76	3,662,149	757,724	816,890	207,541	426,202	434,437	34,898,035

8.1.1. Investments

The breakdown of investments is as follows:

	December 2018	December 2017
National issuers	11,376,750	15,964,070
Treasury securities - TES	4,665,059	3,901,511
Foreign issuers	3,903,389	4,281,075
Legal reserve pension fund - Investments at fair value, with changes in profit and loss	2,372,063	2,323,177
Other Securities issued by the national government	374,100	438,380
Other	31,120	26,621
Impairment of equity investments instruments, through other comprehensive income (Note 8 .2)	(21,054)	(11,259)
Impairment (Note 8 .2)	(4,945)	(330)
Total	22,696,482	26,923,245

The movement of the investment account, is as follows:

Balance at January 1, 2017	26,198,241
Additions	10,568,094
Derecognition	(12,059,131)
Interest	(692,565)
Impairment	(9,591)
Valuation (net) of financial assets	764,341
Valuation of equity investments	(91)
Dividends received	(607)
Amortized cost valuation	845,120
Exchange differences	1,309,434
Balance at December 31, 2017	26,923,245
Additions	9,869,502
Derecognition	(14,276,475)
Interest	(856,530)
Impairment	(9,749)
Valuation (net) of financial assets	386,501
Valuation of equity investments	(17,589)
Dividends received	(1,507)
Amortized cost valuation	1,038,750
Exchange differences	(359,666)
Balance at December 31, 2018	22,696,482

8.1.2. Trade and other accounts receivable

Following is a breakdown of accounts receivable, at December 31:

	December 2018	December 2017
Insurance activity	4,765,597	4,701,193
Debtors	802,449	613,530
Payments of customers, consumption accounts	369,783	327,326
Various	362,563	240,678

Judicial deposits	246,653	276,110
Commissions	126,145	139,498
Payments on behalf of customers, housing	67,331	54,681
Credits portfolio	44,105	38,441
To employees	20,387	16,359
Advances to contracts and suppliers	13,545	12,297
Securities broker Company	6,121	5,108
Leases	2,961	12,848
Sale of goods and services	9	-
Impairment of other loan portfolio items	(199)	(221)
General Impairment (provision)	615	(573)
Impairment (provision) accounts receivable, consumption	(3,388)	(1,836)
Impairment (provision) other accounts receivable	(25,452)	(23,483)
Impairment (provision) accounts receivable, insurance activity	(76,228)	(69,961)
Impairment (provision) trade accounts, receivable	(174,391)	(129,299)
Interest	-	1,050
Total	6,547,376	6,213,746

8.2. Impairment of financial assets

A breakdown, of the impairment of financial assets, is:

	December 2018	December 2017
Impairment accounts receivable	280,273	225,373
Impairment and investments	25,999	11,589
Total	306,272	236,962

Then, a reconciliation of the impairment of financial assets is realized:

	Accounts receivable	Investments	Total
Balance at December 31, 2016	228,207	2,189	230,396
Additions Impairment of the period	65,071	10,984	76,055
Valuation and other adjustments	(19,100)	-	(19,100)
Recoveries	(49,135)	(1,493)	(50,628)
Exchange differences	330	(91)	239
Balance at December 31, 2017	225,373	11,589	236,962
Additions Impairment of the period	73,060	17,089	90,149
Valuation and other adjustments	(2,979)	(4,796)	(7,775)
Recoveries	(16,443)	-	(16,443)
Exchange differences	1,262	2,117	3,379
Balance at December 31, 2018	280,273	25,999	306,272

Impaired financial assets, due to maturities, includes:

December 2018

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Impairment of portfolio	98,381	158,657	12,140	11,095	280,273

Impairment of investments	13,737	1,240	-	11,022	25,999
Total	112,118	159,897	12,140	22,117	306,272

December 2017

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Impairment of portfolio	81,187	68,118	33,743	42,325	225,373
Impairment of investments	10,983	606	-	-	11,589
Total	92,170	68,724	33,743	42,325	236,962

8.3. Financial liabilities

The following are the financial liabilities of Grupo SURA:

	Note	December 2018	December 2017
Other financial liabilities	9.3.1.	2,141,755	2,206,008
Trade and other accounts payable	9.3.2.	3,253,165	2,866,570
Accounts payable, related entities	13	77,348	2,378
Securities issued	12	8,305,019	7,836,685
Total		13,777,287	12,911,641

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

December 2018

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases	-	-	18,794	18,794
Derivatives	-	52,078	-	52,078
Accounts payable	3,253,119	-	-	3,253,119
Accounts payable, related parties	77,348	-	-	77,348
Other financial liabilities	903,734	4,264	-	907,998
Securities issued	104,278	-	-	104,278
Total	4,338,479	56,342	18,794	4,413,615

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases	-	-	85,357	85,357
Derivatives	-	115,133	-	115,133
Accounts payable	46	-	-	46
Other financial liabilities	962,395	-	-	962,395

Securities issued	8,200,741	-	-	8,200,741
Total	9,163,182	115,133	85,357	9,363,672

Financial liabilities	13,501,661	171,475	104,151	13,777,287
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December 2017

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases	-	-	32,487	32,487
Derivatives	-	1,893	-	1,893
Accounts payable	2,866,537	-	-	2,866,537
Accounts payable related parties	2,378	-	-	2,378
Financial obligations	1,033,548	68,961	-	1,102,509
Securities issued	-	-	-	-
Total	3,902,463	70,854	32,487	4,005,804

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases	-	-	67,324	67,324
Derivatives	-	168,794	-	168,794
Accounts payable	33	-	-	33
Financial obligations	833,001	-	-	833,001
Securities issued	7,836,685	-	-	7,836,685
Total	8,669,719	168,794	67,324	8,905,837

Financial liabilities	12,572,182	239,648	99,811	12,911,641
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The maturities of the financial liabilities are breakdown ed below:

2018	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Leases	18,794	54,879	30,478	104,151
Derivatives	52,078	115,133	-	167,211
Other accounts payable	3,253,119	46	-	3,253,165
Accounts payable, related parties	77,348	-	-	77,348
Financial obligations	907,998	959,084	3,311	1,870,393
Bonds and securities	104,278	2,068,182	6,132,559	8,305,019
Total	4,413,615	3,197,324	6,166,348	13,777,287

2017	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Leases	32,487	56,543	10,781	99,811
Derivatives	1,893	79,974	88,820	170,687
Other accounts payable	2,866,538	32	-	2,866,570
Accounts payable, related parties	2,378	-	-	2,378
Financial obligations	1,102,510	833,000	-	1,935,510
Bonds and securities	-	546,889	7,289,796	7,836,685
Total	4,005,806	1,516,438	7,393,387	12,911,641

The following is the hierarchy of fair value, for liabilities measured at fair value:

2018	Level 1	Level 2	Level 3	Total
Other financial liabilities *	4,264	-	-	4,264
Derivatives	-	167,211	-	167,211
Total	4,264	167,211	-	171,475

2017	Level 1	Level 2	Level 3	Total
Other financial liabilities *	68,961	-	-	68,961
Derivatives	-	170,687	-	170,687
Total	68,961	170,687	-	239,648

(*) Corresponds to repo operations

A breakdown of financial liabilities, by Country:

December 2018	Argentina	Bermuda	Brazil	Chile	Colombia	Curacao	Spain	Holland	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Financial obligations (*)	-	-	-	8,310	1,852,076	-	-	-	-	24	-	9,757	226	-	1,870,393
Derivatives (*)	-	-	-	3	167,208	-	-	-	-	-	-	-	-	-	167,211
Leases (*)	-	-	-	-	58,780	-	-	-	-	45,371	-	-	-	-	104,151
Trade and other accounts payable	180,787	23,141	197,953	1,164,661	1,093,081	-	503	11	250,512	72,091	61,869	89,041	53,672	65,842	3,253,165
Accounts payable, related entities	1	-	-	318	76,903	-	-	-	-	-	1	-	125	-	77,348
Securities issued	-	-	-	-	8,305,019	-	-	-	-	-	-	-	-	-	8,305,019
Total	180,788	23,141	197,953	1,173,292	11,553,067	-	503	11	250,512	117,486	61,871	98,798	54,023	65,842	13,777,287

December 2017	Argentina	Bermuda	Brazil	Chile	Colombia	Curacao	Spain	Holland	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Financial obligations (*)	-	-	-	61,758	1,813,785	-	-	-	-	47,331	695	11,942	-	-	1,935,510
Derivatives (*)	-	-	-	-	170,687	-	-	-	-	-	-	-	-	-	170,687
Leases (*)	-	-	-	8,244	43,685	-	-	-	-	47,882	-	-	-	-	99,811
Trade and other accounts payable	217,723	23,486	120,351	1,015,442	975,081	5	113	298	219,490	66,974	52,763	77,388	46,313	51,142	2,866,570
Accounts payable, related entities	1	-	743	172	1,363	-	-	-	-	-	-	-	99	-	2,378
Securities issued	-	-	-	-	3,894,108	1,411,415	-	-	-	2,531,162	-	-	-	-	7,836,685
Total	217,724	23,486	121,094	1,085,616	6,898,708	1,411,420	113	298	219,490	2,693,349	53,458	89,330	46,412	51,142	12,911,641

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

8.3.1. Other financial liabilities

A breakdown of other financial liabilities is as follows:

	Note	December 2018	December 2017
Finance leases	9	104,151	99,811
Financial derivatives	13	167,211	170,687
Financial obligations	(1)	1,870,393	1,935,510
Total		2,141,755	2,206,008

(1) The following is the movement of financial obligations:

Initial balance at January 1, 2017	2,977,932
Additions	2,677,463
Payments	(3,317,057)
Interest payments	(556,687)
Cause of interests	136,097
Exchange differences	17,762
Final balance at December 31, 2017	1,935,510
Additions	2,813,443
Payments	(2,577,302)
Interest payments	(835,573)
Cause of interests	557,578
Exchange differences	(2 3.263)
Final balance at December 31, 2018	1,870,393

Grupo SURA has not had defaults of capital, interest, or other breaches, with respect to liabilities, during 2018 and 2017.

(1) A breakdown of maturities and the composition of the obligations, for the years ended December 31, 2018 and 2017, are as follows:

December 2018

Financial entity	Interest rate	Expiration	2018
BBVA S.A.	7.70%	2020	69,734
Bancolombia S.A.	IBR + 4.40%	2020	824
Factoring Bancolombia S.A	N / A	2019	1,697
Bancolombia S.A.	29.08%	2019	67
Bancolombia S.A.	29.08%	2019	16
Bancolombia S.A.	29.08%	2019	7
Banco de Bogotá S.A.	Fixed Rate 5.70%	2019	35,940
Banco Popular S.A.	IBR 1M + 1.25%	2019	36,035
Banco Popular S.A.	IBR 1M + 1.90%	2019	11,337
Banco Popular S.A.	IBR 1M + 1.61%	2019	5,024

Bancolombia S.A.	DTF + 0.72%	2019	161,615
Citigroup Global Market	Fixed 5.55%	2019	95,594
Citigroup Global Market	Fixed 5.55%	2019	70,365
Bancolombia S.A.	DTF + 1.82%	2019	10,137
Bancolombia S.A.	DTF + 1.82%	2019	91,237
Banco de Chile	0.00%	2019	1,426
Itaú Corpbanca Colombia S.A.	DTF + 1.65%	2019	3,009
Bancolombia S.A.	DTF + 1.82%	2019	91,237
Bancolombia S.A.	0.00%	2019	23
Bancolombia S.A.	29.08 EAR	2019	9
Bancolombia S.A.	IBR + 3.15%	2028	4,123
Bancolombia S.A.	IBR + 2.87%	2022	3,517
Bancolombia S.A.	DTF + 1.63%	2019	1,239
Bancolombia S.A.	IBR + 2.05%	2023	477,547
Bancolombia S.A.	5.36%	2020	145,395
Bancolombia Panamá	3.22%	2019	14,986
IBM	LIBOR + 0.62%	2022	260,946
Sobregiros/Operaciones repo	N / A	N / A	4,264
Banco Popular S.A.	IBR 1M + 1.90%	2019	4,030
Itaú S.A. (Panamá)	0.05503	2019	9,757
Itaú Corpbanca Colombia S.A.	IBR 1M + 1.37%	2019	30,149
Banco Comercial AV Villas S.A.	IBR 1M + 1.17%	2019	15,072
Banco de América Central S.A.	22.08	2019	226
Sobregiros Contables	N / A	N / A	24
Bancolombia S.A.	DTF TA + 1.25%	2019	88,458
Bancolombia S.A.	DTF TA + 1.37%	2019	33,881
Banco de Bogotá S.A.	IBR 1M + 0.018	2019	21,105
Banco de Bogotá S.A.	IBR 1M + 0.018	2019	20,100
Banco de Bogotá S.A.	IBR 1M + 0.0154	2019	20,091
Banco de Bogotá S.A.	IBR 1M + 0.019	2019	15,075
Banco de Bogotá S.A.	IBR 1M + 0.017	2019	15,075
Total			1,870,393

December 2017

Financial entity	Interest rate	Expiration	2017
BBVA España	Libor + 1.25% /1.5%	2020	298,974
Banco de Bogotá S.A.	IBR + 2.40%	2019	287,705
Bancolombia S.A.	IBR + 2.24%	2020	227,396
Bancolombia S.A.	IBR + 2.18%	2020	200,343
Banco de Bogotá S.A.	IPC + 2.85%	2018	159,999
BBVA S.A.	7.70%	2020	104,491
Banco de Bogotá S.A.	DTF + 1.39%	2018	91,501
Sobregiros/Operaciones repo	N / A	N / A	80,920
Banco de Bogotá S.A.	IBR + 1.78%	2018	61,958
Banco de crédito del Perú	TEA 2.090%	2018	46,837
Banco Popular S.A.	IBR 1M + 2.0%	2018	36,068

Banco de Bogotá S.A.	IBR + 1.78%	2018	34,999
Banco de Bogotá S.A.	N / A	2018	33,880
Bancolombia Panamá	Libor + 0.9%	2018	29,618
Banco de Bogotá S.A.	IBR 3M + 3.21%	2018	25,133
Banco Popular S.A.	CPI + 4%	2018	25,133
Banco de Bogotá S.A.	IBR 3M + 2.80%	2018	20,106
Bancolombia S.A.	IBR 1M + 2.0%	2018	15,080
Itaú Corpbanca Colombia S.A.	CPI + 4%	2018	15,080
Bancolombia S.A.	IBR 1M + 2.05%	2018	15,080
Itaú Corpbanca Colombia S.A.	3.35%	2018	11,941
Banco Popular S.A.	IBR 1M + 3%	2018	11,361
Bancolombia S.A.	IBR 1M + 2.0%	2018	11,057
Bancolombia S.A.	IBR 1M + 2.14%	2018	10,053
Bancolombia S.A.	IBR 1M + 2.85%	2018	10,053
Banco Popular S.A.	IBR 1M + 2.0%	2018	10,053
Bancolombia Panamá	Libor + 0.9%	2018	8,970
Bancolombia S.A.	IBR + 3.20%	2018	7,003
Banco de Bogotá S.A.	N / A	2018	5,225
Banco Popular S.A.	CPI + 4%	2018	5,027
Banco AV Villas S.A.	IBR 1M + 3.20%	2018	5,026
Bancolombia S.A.	8.58%	2022	4,522
Bancolombia S.A.	IBR + 3.30%	2018	4,519
Banco Popular S.A.	CPI + 4%	2018	4,012
Bancolombia S.A.	IBR + 3.79%	2018	3,352
Bancolombia Panamá	Libor + 0.9%	2018	2,992
Bancolombia Panamá	Libor + 0.95%	2018	2,400
Bancolombia Panamá	Libor + 0.8%	2018	1,792
Bancolombia Panamá	Libor + 0.95%	2018	1,559
Bancolombia S.A.	7.01%	2018	1,506
Bancolombia S.A.	IBR + 4.40%	2020	1,336
Factoring Bancolombia	0%	2019	902
Bancolombia S.A.	IBR + 4.30%	2022	511
Bancolombia S.A.	29.08%	2019	17
Bancolombia S.A.	29.08%	2019	12
Bancolombia S.A.	29.08%	2019	7
Bancolombia S.A.	29.08%	2019	1
Total			1,935,510

8.3.2. Trade and other accounts payable

The following is a breakdown of accounts payable:

	December 2018	December 2017
Reinsurers external current account	1,119,571	885,824
Commissions	557,148	516,856
Suppliers	328,756	277,139

Settled claims, payable	148,908	139,216
Services	145,046	117,324
Coinsurers current ceded account	141,349	100,653
Contributions, retirement pensions	132,438	108,803
Various	99,672	177,092
Fees	95,900	71,184
Premiums ceded, payable	60,040	44,779
Withholdings	57,930	48,835
Fosyga	48,374	40,988
Direct deposit policies	34,987	45,962
Premiums collected	26,541	25,185
Withholdings and payroll contributions	25,750	29,996
Services	23,117	17,627
Obligations in favor of life insured	22,507	45,738
Affiliates and beneficiaries	21,757	19,202
Pension funds	20,477	16,345
Checks drawn, not cashed	19,661	25,590
Premiums to be collected from co-insurance provided	16,473	7,896
National road prevention fund	12,424	11,438
Institutions that provide health services	11,427	14,148
Chamber of compensation of SOAT	10,677	9,735
Insurance premiums	10,265	5,511
Policy requests	9,467	8,355
Health promoting entities	8,855	7,729
Official creditors, or state entities	8,753	5,758
Current co-insurers account, accepted	6,252	4,406
Deposits withheld for internal reinsurers	5,405	5,133
Family compensation fund, ICBF and SENA	4,857	4,390
Other deposits	4,150	5,367
Publicity and propaganda	3,793	10,575
Dividends payable to life insured	3,770	4,321
National Fire Fund (Fondo nacional de bomberos)	1,355	987
Colpensions	1,215	1,022
Occupational hazard risks	801	610
Leases	797	861
Accounts payable, in joint operations	659	266
Sustainability rate of RUNT	415	365
Insurance	359	343
Others	319	212
Travel expenses	250	14
Judicial	114	161
Outsourcing companies, current account	89	534
"Financial Superintendence of Colombia"	70	-
Guaranteed by automatic disaffiliation	68	68
Maintenance and repairs	64	102
Trade unions	62	122
Companies cedents, current account	12	-

Other associations	10	10
Over other transactions	5	8
Employee funds	4	1,092
Cooperate	-	692
Legal expenses	-	1
Total	3,253,165	2,866,570

NOTE 9. LEASES

9.1. Finance leases

9.1.1. Financial obligations

The value of the lease, recognized as a liability, at December 31st is as follows:

	Note	December 2018	December 2017
Current financial leases	8.3	18,794	32,487
Non-current financial leases	8.3	85,357	67,324
Total financial leases (*)		104,151	99,811

(*) The movement of financial leases is:

Initial balance at January 1, 2017	117,960
Payments	(20,557)
Leasing payments	949
Cause of interest	3,675
Exchange differences	(318)
Final balance at December 31, 2017	99,811
Additions	37,255
Payments	(41,590)
Cause of interest	5,342
Exchange differences	3,333
Final balance at December 31, 2018	104,151

A breakdown of financial leases, is as follows:

December 2018

Financial entity	Interest rate	Expiration	December 2018
Bancolombia Panamá	Libor + 3.35%	2023	45,371
Leasing Bancolombia S.A.	IBR + 3.07	2028	20,030
Coltefinanciera S.A.	7.890%	2031	14,216
Leasing Bancolombia S.A.	19.16%	2023	8,192
HP Financial Services Colombia LLC	19,160%	2022	2,790
Sucursal Colombia			
Itaú BBA Colombia	IBRM + 3,250	2023	2,137
Banco de Occidente	19,160%	2021	1,555
Banco de Chile	2,658%	2020	1,527
Banco de Chile	3.252%	2020	1,254
Itaú BBA Colombia S.A.	DTF + 2.9%	2019	1,194

Itaú BBA Colombia S.A.	DTF + 2.9%	2020	1,052
Banco de Chile	3.178%	2020	616
Banco de Chile	1,244%	2020	613
Banco de Chile	2,767%	2020	598
Banco de Chile	2.670%	2020	592
Banco de Chile	0.514%	2020	491
Leasing Bancolombia S.A.	0.710%	2019	428
Banco de Chile	2,906%	2020	386
Leasing Bancolombia S.A.	DTF + 5.5%	2019	269
Banco de Chile	2.805%	2020	267
Banco de Chile	2,287%	2020	231
Banco de Chile	2.813%	2020	177
Banco de Chile	1.045%	2020	96
Banco de Chile	5.662%	2020	37
Renting Colombia S.A.S	19,160%	2019	25
Leasing Bancolombia S.A.	0.310%	2019	4
Leasing Bancolombia S.A.	5.280%	2019	2
Leasing Bancolombia S.A.	0.580%	2019	1
			104,151

December 2017

Financial entity	Interest rate	Expiration	December 2017
Bancolombia Panamá	Libor + 3.25%	2019	47,882
Corficolombiana S.A.	7.890%	2031	14,771
Leasing Bancolombia S.A.	DTF + 5.5 MV	2018	7,198
Leasing Bancolombia S.A.	DTF + 5.5 MV	2018	5,170
Itaú S.A.	DTF + 2.9%	2019	3,837
Banco de Chile	2.930%	2020	2,754
Banco de Chile	1,800%	2020	2,557
Banco de Occidente S.A.	6.420%	2019	1,933
Banco de Chile	1,800%	2020	1,778
Bancolombia S.A.	6.422%	2021	1,665
Banco de Bogotá S.A.	2.930%	2020	1,459
Leasing Bancolombia S.A.	DTF + 5.5 MV	2018	1,315
HP Financial Services Colombia LL	-	2019	1,167
Leasing Bancolombia S.A.	DTF + 5.5 MV	2018	726
Banco de Chile	2.930%	2020	713
Leasing Bancolombia S.A.	DTF + 5.5 MV	2018	665
Leasing Bancolombia S.A.	DTF + 5.5 MV	2019	626
Leasing Bancolombia S.A.	DTF + 5.5 MV	2019	575
Banco de Chile	2.810%	2020	385
Leasing Bancolombia S.A.	DTF + 5.5 MV	2019	377
Banco de Chile	2.910%	2020	376
Banco de Bogotá S.A.	2.930%	2020	373
Banco de Bogotá S.A.	2.810%	2020	278
Leasing Bancolombia S.A.	DTF + 5.5 MV	2019	250

Banco de Bogota S.A.	2.910%	2020	206
Leasing Bancolombia S.A.	1,000%	2019	144
Leasing Bancolombia S.A.	DTF + 5.5 MV	2019	115
Leasing Bancolombia S.A.	1,000%	2019	99
Leasing Bancolombia S.A.	1,000%	2019	77
Leasing Bancolombia S.A.	1,000%	2019	71
Leasing Bancolombia S.A.	1,000%	2019	50
Leasing Bancolombia S.A.	0.000%	2019	45
Leasing Bancolombia S.A.	1,000%	2019	42
Leasing Bancolombia S.A.	0.000%	2019	36
Renting Colombia S.A.S	6.420%	2018	28
Leasing Bancolombia S.A.	1,000%	2018	27
Bancolombia S.A.	DTF + 2.56	2019	20
Leasing Bancolombia S.A.	3,000%	2018	11
Leasing Bancolombia S.A.	1,000%	2019	10
			99,811

9.1.2. Properties and equipment in financial leasing

At December 31st, the book value of property and equipment, under a financial lease, is:

	Land	Buildings	Transportation equipment	Office equipment	Appliances and accessories	Machinery and medical equipment	Total
Cost							
Cost at January 1, 2017	-	59,681	61,755	13,291	20,406	8,140	163,273
Additions	-	-	-	1,939	-	-	1,939
Provisions (-)	-	(4,190)	-	(2,838)	-	(1,535)	(8,563)
Other changes	-	66	(365)	(148)	1,980	-	1,533
Cost in books as of December 31, 2017	-	55,557	61,390	12,244	22,386	6,605	158,182
Accumulated depreciation and impairment							
Accumulated depreciation and impairment at January 1, 2017	-	(2,493)	(26,605)	(8,933)	(6,977)	(2,738)	(47,746)
Depreciation of the period	-	(641)	(6,869)	(3,454)	-	-	(10,964)
Provisions (-)	-	799	-	-	(2,397)	189	(1,409)
Other changes	-	85	1,397	2,824	(841)	-	3,465
Accumulated depreciation and impairment at December 31, 2017	-	(2,250)	(32,077)	(9,563)	(10,215)	(2,549)	(56,654)
Leased property and equipment at December 31, 2017	-	53,307	29,313	2,681	12,171	4,056	101,528

	Land	Buildings	Transportation equipment	Office team	Appliances and accessories	Machinery and medical equipment	Total
Cost							
Cost as of January 1, 2018	-	55,557	61,390	12,244	22,386	6,605	158,182
Additions	2,625	27,659	-	8,405	-	-	38,689
Provisions (-)	-	-	-	(5,191)	-	(2,804)	(7,995)
Advances	-	-	-	-	-	-	-
(-) Transfer to investment property	-	(40,167)	-	-	-	-	(40,167)
(+) Transfer of investment property	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	(1,158)	-	(1,158)
Cost in books at December 31, 2018	2,625	43,049	61,390	15,458	21,228	3,801	147,551
Accumulated depreciation and impairment							
Depreciation at January 1, 2018	-	(2,250)	(32,077)	(9,563)	(10,215)	(2,549)	(56,654)
Depreciation / Amortization	-	833	(3,426)	(1,972)	(2,637)	-	(7,202)
Provisions	-	-	-	6,221	-	609	6,830
Exchange differences	-	-	-	-	737	-	737
Accumulated depreciation and impairment at December 31, 2018	-	(1,417)	(35,503)	(5,314)	(12,115)	(1,940)	(56,289)
Property and equipment under finance leases, at December 31, 2018	2,625	41,632	25,887	10,144	9,113	1,861	91,262

9.1.3. Detail of minimum payments

The following is a breakdown of the terms of financial leases:

	Minimum payments due 2018	Present value of the minimum payments 2018	Future interest charges of 2018
To one year	20,548	18,794	1,753
More than a year and up to five years	73,585	63,410	10,175
More than five years	23,998	21,947	2,052
Total, leases	118,131	104,151	13,980

	Minimum payments due 2017	Present value of the minimum payments 2017	Future interest burden for 2017
To one year	36,657	32,488	4,169
More than a year and up to five years	62,882	56,140	6,742
More than five years	13,022	11,183	1,839
Total leases	112,562	99,811	12,751

9.1.4. Most significant financial leases

The most significant leases are the leasing of the aircraft, through its subsidiary Planeco, with Bancolombia Panama, and the lease of the One Plaza building, of the Company Headquarters of Grupo SURA, and the land of Autosura Medellin.

Grupo de Inversiones Suramericana, realizes financial leases of computer equipment and communications, through its subsidiaries Arus and Operational Link, in order to cover the contracts for the provision of services with customers, and for own-use. Licenses and software programs are also leased under financial leasing.

The following is a breakdown of the most significant financial leases, and the balances included in the results of these:

Contract	Description	Value recognized in results (different from contingent quotas)	Contingent leases included in the results
999633	Airplane lease	5,491	-
50733	Building lease of One Plaza	1,865	194
92027	Medellin Land	1,620	1,914
COL000168-09	Internal renovation data center	245	-
9887076	Furniture for offices	151	-
126184	Remodeling floor 6	139	-
118404	Remodeling floors 7, 8, 9, and 10	130	-
9880667	Furniture for offices	128	-
217714	COMFANDI	47	-
4489	Read operations backof	43	-
214512	Habitat Los Bernal		
215639	Bancolombia F-0001-01	19	-
211807	Comfenalco C-U043-02	16	-
213375	Comfenalco C-U043-02	15	-
147608	Colombina C-U065-01	15	-
214792	Magnetic resonance equipment	8	-
216806	Comfenalco C-U043-02	8	-
216320	Comfenalco C-U043-02	3	-
151932	SKC C-U061-03	2	-
157421	E6 Voluson ultrasound system	1	4
	Biomedical equipment	-	1
		9,946	2,113

Restrictions:

To date there are no restrictions or conditions in financial lease contracts.

9.2. Operating leases

The most significant operating lease agreements are:

- Branch properties Sura del Poblado, Salud Sura Sao Paulo, IPS Sura Sandiego, IPS Sura los Molinos, Medellín Autosura warehouses, and Edificio Centro Empresarial Metropolitano.
- Real estate where the operative and Administrative Headquarters of the Companies Enlace Operativo y Arus.

A breakdown of the minimum payments, for operating leases, is shown below:

	December 2018	December 2017
To one year	87,999	44,010
More than a year and up to five years	223,907	65,391
More than five years	46,764	65,527
Total leases	358,670	174,928

Below are the operating lease expenses, recorded in the companies of Grupo SURA (Note 34):

	December 2018	December 2017
Suramericana (Consolidated)	77,016	74,595
Sura Asset Management (Consolidated)	50,658	47,594
Arus Consolidated	931	793
Grupo de Inversiones Suramericana	378	316
Hábitat Adulto Mayor	27	-
Inversiones y Construcciones Estratégicas S.A.S.	-	2
	129,010	123,300

Restrictions

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

NOTE 10. INSURANCE CONTRACTS

10.1. Technical reserves part reinsurers

Reinsurance

Reinsurance assets represent the benefits derived from insurance contracts, at the date of the Statement of Financial Position.

	December 2018	December 2017
Reinsurance of notified claims	1,939,373	1,796,229
Reinsurance of risk-in-progress	1,431,267	1,297,282
Reinsurance of unnotified claims	191,273	119,113
Reinsurance deposits	244	1,696
Technical reserves of insurance, reinsurer parties	3,562,157	3,214,320

Grupo SURA has a diversification of its insurance risk, by operating in different lines, and having a broad presence, in international markets.

Grupo SURA applies a system of procedures and limits that allow it to control the level of concentration of insurance risk. It is a common practice to use reinsurance contracts as an element to mitigate the risk of insurance, derived from concentrations or accumulations of guarantees higher than the maximum levels of acceptance.

The insurers of Grupo SURA have transferred part of the risk of their insurance contracts to the reinsurance companies, in order to share possible claims presented.

10.2. Premiums

Net premiums obtained by Grupo SURA, and its subsidiaries, for the years ended December 31st, are as follows:

	December 2018	December 2017
Life insurance contracts	5,553,910	6,121,249
Non-life insurance contracts	7,711,044	7,440,798
Premiums issued	13,264,954	13,562,047
Life insurance contracts - reinsurer party	(286,455)	(245,540)
Non-life insurance contracts - reinsurer party	(2,243,651)	(2,109,873)
Ceded premiums	(2,530,106)	(2,355,413)
Total net premiums	10,734,848	11,206,634

Bonuses, by country, are as follows:

December 2018	Life insurance contracts	Non-life insurance contracts	Premiums issued	Life insurance contracts - reinsurer party	Non-life insurance contracts - reinsurer party	Ceded premiums	Total net premiums
Argentina	-	961,110	961,110	-	(119,848)	(119,848)	841,262
Bermuda	-	69	69	-	(23,387)	(23,387)	(23,318)
Brazil	-	567,955	567,955	-	(144,268)	(144,268)	423,687
Chile	1,012,452	1,937,839	2,950,291	(47,585)	(776,319)	(823,904)	2,126,387
Colombia	3,902,067	2,431,773	6,333,840	(124,553)	(791,344)	(915,897)	5,417,943
Mexico	430,107	643,067	1,073,174	(63,741)	(141,822)	(205,563)	867,611
Panama	-	450,846	450,846	-	(70,228)	(70,228)	380,618
Dominican Republic	-	252,208	252,208	-	(125,874)	(125,874)	126,334
El Salvador	209,284	149,292	358,576	(50,575)	(20,328)	(70,903)	287,673
Uruguay	-	316,885	316,885	-	(30,234)	(30,234)	286,651
Total	5,553,910	7,711,044	13,264,954	(286,454)	(2,243,652)	(2,530,106)	10,734,848

December 2017	Life insurance contracts	Non-life insurance contracts	Premiums issued	Life insurance contracts - reinsurer party	Non-life insurance contracts - reinsurer party	Ceded premiums	Total net premiums
Argentina	-	1,212,273	1,212,273	-	(140,928)	(140,928)	1,071,345
Bermuda	-	25,760	25,760	-	(25,757)	(25,757)	3
Brazil	-	544,326	544,326	-	(70,597)	(70,597)	473,729

Chile	1,119,852	1,694,821	2,814,673	(31,670)	(731,313)	(762,983)	2,051,690
Colombia	4,517,276	2,229,279	6,746,555	(172,495)	(751,919)	(924,414)	5,822,141
Mexico	293,613	615,684	909,297	-	(136,611)	(136,611)	772,686
Panama	-	424,554	424,554	-	(64,939)	(64,939)	359,615
Dominican Republic	-	250,214	250,214	-	(136,938)	(136,938)	113,276
El Salvador	190,508	140,788	331,296	(41,375)	(23,242)	(64,617)	266,679
Uruguay	-	303,099	303,099	-	(27,629)	(27,629)	275,470
Total	6,121,249	7,440,798	13,562,047	(245,540)	(2,109,873)	(2,355,413)	11,206,634

10.3. Claims withheld

Losses incurred by Grupo SURA and subsidiaries for the years ended December 31, 2018 and 2017 are as follows:

	December 2018	December 2017
Total claims	7,616,796	8,123,121
Claim reimbursement	(1,748,992)	(1,824,359)
Losses withheld	5,867,804	6,298,762

Losses per Country are Breakdown ed as follows:

December 2018	Life insurance	Non-life insurance	Total losses	Life insurance	Non-life insurance	Claim reimbursement	Total losses withheld
Argentina	-	538,830	538,830	-	(88,242)	(88,242)	450,588
Bermuda	-	9	9	-	-	-	9
Brazil	-	229,620	229,620	-	(75,561)	(75,561)	154,059
Chile	804,383	543,438	1,347,821	(1,213)	(133,565)	(134,778)	1,213,043
Colombia	2,364,118	1,794,201	4,158,319	(188,569)	(860,716)	(1,049,285)	3,109,034
Mexico	217,249	519,617	736,866	-	(255,123)	(255,123)	481,743
Panama	-	152,119	152,119	-	(9,459)	(9,459)	142,660
Dominican Republic	-	124,917	124,917	-	(66,670)	(66,670)	58,247
El Salvador	97,351	59,205	156,556	(37,203)	(792)	(37,995)	118,561
Uruguay	-	171,739	171,739	-	(31,879)	(31,879)	139,860
Total	3,483,101	4,133,695	7,616,796	(226,985)	(1,522,007)	(1,748,992)	5,867,804

December 2017	Life insurance	Non-life insurance	Total losses	Life insurance	Non-life insurance	Claim reimbursement	Total losses withheld
Argentina	-	549,882	549,882	-	(5,538)	(5,538)	544,344
Brazil	-	304,943	304,943	-	(87,664)	(87,664)	217,279
Chile	805,822	1,244,372	2,050,194	(529)	(843,534)	(844,063)	1,206,131
Colombia	2,767,686	1,492,759	4,260,445	(151,363)	(511,964)	(663,327)	3,597,118
Mexico	107,968	342,896	450,864	-	(101,339)	(101,339)	349,525
Panama	-	153,976	153,976	-	(35,638)	(35,638)	118,338

Dominican Republic	-	102,827	102,827	-	(41,841)	(41,841)	60,986
El Salvador	78,298	46,607	124,905	(22,327)	(1,695)	(24,022)	100,883
Uruguay	-	125,085	125,085	-	(20,927)	(20,927)	104,158
Total	3,759,774	4,363,347	8,123,121	(174,219)	(1,650,140)	(1,824,359)	6,298,762

10.4. Technical reserves insurance contracts

Technical reserves

The items contained in the technical reserves are divided into:

- Reserves for claims: are provisions established to reflect the estimated cost of claims that have occurred and have not been paid. In this category, the following, are included:
- Claim reserve: corresponds to liabilities and direct settlement expenses for reported losses. The reserve is recognized on the date on which the insured and/or the beneficiary notifies the occurrence, of the covered loss, and is subject to a monthly recalculation.
- Reserve of unforeseen events (IBNR): this reserve is created to reflect those incidents that have occurred, but which at the date of the reporting period have not been reported by the insured and/or beneficiary.
- Reserves for future commitments: are provisions established to reflect future commitments expected, with the insured. In this category are included:
- Mathematical reserves for insurance (excludes annuities): insurance reserves are calculated on the basis of the actuarial method, taking the current conditions of the insurance contracts. The liability is determined as the sum of the present value of expected future benefits, the handling of claims, and the administration expenses of the policies, options, and guarantees, and the usefulness of the investments of assets that support said liabilities, which are directly related to the contract, minus the discounted value of the premiums that are expected to be required to meet future payments based on the valuation assumptions used.
- Mathematical reserves for annuities: are calculated on the basis of the present value of the future benefits, committed to under the contract, and the direct operational expenses in which the Company will incur for the payment of the contract commitments.
- Reserve of unearned premiums: are constituted for short-term insurance (both collective and individual) in which the periodicity of premium payment differs from the validity of the coverage and consequently, a premium has been received for future risk, which must be provisioned. The provision is determined as the premium paid net of expenses and is amortized over the term of coverage.
- Reserves for deposit components (savings) in life insurance or reserve fund value: For Unit Linked, and flexible products, the savings component is added to the

reserve. (According to the periodicity of payment of the premium, the value of the expense is increased by the concept of the savings, delivered by the insured.)

- **Other reserves** : Grupo SURA may recognize as "other", those reserves that are not covered in the descriptions developed above, and that are permitted under the guidelines of their accounting policies.

The companies of the Group, that are in the insurance business are:

	Colombia	Chile	Mexico	Peru	Argentina	Brazil	Uruguay	Panama	Dominican Republic	El Salvador
Life insurance										
Seguros de Vida Suramericana S.A.	X									
Seguros de Riesgos Profesionales Suramericana S. A	X									
Seguros de Vida Sura S.A.		X								
Seguros de Vida Sura México S.A. de C.V.			X							
Pensiones Sura S.A. de C.V.			X							
Asesuisa Vida S.A.										X
Seguros Sura S.A.				X						
Seguros de Vida Suramericana S.A.		X								
Non-life insurance										
Seguros Generales Suramericana S.A.	X									
Seguros Suramericana Panamá S.A.								X		
Seguros Sura S.A.									X	
Aseguradora Suiza Salvadoreña S.A.										X
Seguros Sura (México) SA de C.V.			X							
Seguros Sura S.A.					X					
ACG Aseguradora de Créditos y Garantías S.A.					X					
Seguros Sura S.A.						X				
Seguros Sura S.A.							X			

The technical reserves of Grupo SURA, and its subsidiaries, are the following:

	December 2018	December 2017
Mathematical reserves	7,245,583	11,287,761
Reserve of unearned premiums	8,157,054	8,103,252
Reserve of unnotified claims (IBNR)	1,370,629	1,585,659
Reserve of reported claims	4,940,024	4,772,739
Special reserves	184,542	161,815
Other reserves	301,242	283,998
Total insurance technical reserves	22,199,074	26,195,224

Grupo SURA considers that the sufficiency of premiums is an element of special importance and its determination is supported by specific computer applications.

The treatment of benefits, as well as the adequacy of provisions, are basic principles of insurance management. The technical provisions are estimated by the actuarial teams in the different countries.

The movement and effects in the measurement of insurance liabilities and reinsurance, are as follows:

	Liabilities for insurance contracts	Assets from insurance contracts	Net
At December 31, 2017	26,195,224	3,214,320	22,980,904
Changes in reserves	678,355	420,188	258,166
Adjustments for conversion	(84,443)	(72,351)	(12,092)
Adjustments for monetary correction	99,013	-	99,013
Reclassification as held for sale, Chile	(4,689,075)	-	(4,689,075)
Business combinations	-	-	-
At December 31, 2018	22,199,074	3,562,157	18,636,917

	Liabilities for insurance contracts	Assets by insurance contracts	Net
At December 31, 2016	25,989,614	2,659,751	23,329,863
Changes in reserves	1,127,816	608,319	519,497
Adjustments for conversion	2,954,646	2,797	2,951,849
Adjustments for monetary correction	131,478	0	131,478
Derecognition of operation, SURA Perú	(4,008,330)	(56,547)	(3,951,783)
At December 31, 2017	26,195,224	3,214,320	22,980,904

Technical reserves, by Country, are as follows:

Country	December 2018	December 2017
Argentina	843,234	988,860
Bermuda	32,300	16,983
Brazil	460,965	452,988
Chile	6,005,302	11,196,089
Colombia	10,358,338	9,756,956
Mexico	3,155,974	2,612,360
Panama	499,440	446,716
Dominican Republic	201,984	150,013
El Salvador	368,055	343,865
Uruguay	273,482	230,394
Total insurance technical reserves	22,199,074	26,195,224

NOTE 11. INVENTORIES

Inventory is as follows:

	December 2018	December 2017
Materials, spare parts, and accessories	9,817	8,556
Other inventories *	1,028	5,308
Goods not manufactured by the Company	41	483
Total	10,886	14,347

The Company uses the weighted average method to determine the cost of the inventory.

(*) Includes, among others, contracts in execution, hospital inventories, etc.

Restrictions

The Company does not have committed inventories as a guarantee of liabilities, and there are no restrictions that could prevent its sale or trading.

NOTE 12. TAXES

12 .1. Applicable norms

Current and applicable tax provisions, establish that the nominal rates of income tax for 2018 and 2017, applicable to Grupo SURA and its subsidiaries, located in Colombia, and to its subsidiaries located in Chile, Peru, Argentina, Brazil, Uruguay, Mexico, Panama, Dominican Republic, El Salvador and Spain, are the following:

Country	2018	2017	Country	2018	2017
Colombia ¹	37%	40%	Mexico	30%	30%
Chile	27%	25.5%	Panama	25%	25%
Peru	29.5%	29.5%	Dominican Republic	27%	27%
Argentina	30%	35%	El Salvador	25%	25%
Brazil	45%	45%	Spain	25%	25%
Uruguay	25%	25%			

¹ L to the surcharge fee is included 6% in 2017 and 4% in 2018.

Colombia: Taxable income is taxed at the rate of 33% for income tax, except for taxpayers who, by express provision, have special rates, and 10% income from occasional profits.

Law 1819 of 2016 increased the general rate of income tax to 34%, for 2017, and 33% for the following years, additionally created a surtax for income, and supplementary taxes of 6% and 4%, for taxable years 2017 and 2018 , respectively, the latter, applicable to taxable bases of \$ 800 million and above. Likewise, it is presumed that in 2017 and 2018, liquid income may not be less than 3.5% of the net assets on the last day of the immediately preceding taxable year after exclusion of certain items admitted by the Law, as is the case of the equity value of investments in national shares.

Financing Law (Law 1943 of 2018)

The following are the most important modifications to the Colombian tax system for 2019, introduced by Law 1943 of December 29, 2018:

The tax rate is gradually reduced, going from 33% to 32% in 2020, 31% in 2021, and as of 2022 going forward at 30%.

A surtax of income tax, and additional taxes, was created, of 4% in 2019, and 3% in both 2020 and 2021, for financial institutions.

The presumptive tax rate decreases to 1.5% in 2019 and 2020, and as of 2021, it will be 0%.

The value of the tax discount, for taxes paid abroad, is recognized, based on the value of the dividends received, minus the assignable costs and expenses multiplied by the effective rate at which the profits were submitted, in the country of origin.

A withholding is created on dividends of 7.5%, corresponding to untaxed dividends, applicable in the first distribution of profits. For taxable dividends, the 7.5% rate will be applied, once the tax rate for the period is reduced. Dividends received by the Holding Companies, in Colombia and the Business Groups, are exempt from this withholding. This withholding is transferable to the natural person and/or Company abroad.

An additional tax of 15% is established for resident natural persons on dividends exceeding \$10 million.

Those responsible for sales tax may deduct income tax, VAT, paid for fixed assets acquired, constructed, formed, or imported, in the year in which the payment is made, or any of the following periods.

A Régimen de Companies Holding (Holding Companies Regime) (CHC) is created for companies whose main purpose is the holding of securities, in shares or participations, in national and/or foreign companies, provided that direct or indirect participation of more than 10% of the capital of 2 or more companies, for a minimum period of 12 months, and have human and material resources to carry out the activity (3 employees and their own management) . Dividends received by the HCC, from foreign entities, will be exempt from income.

Presumption is established for the Controlled Foreign Corporations ("CFC"), when it is determined that, if the active income, of the CFC, represents 80% or more of the total income, the totality of income, costs and deductions, corresponding to active income.

100% of taxes paid are deductible. The Industry and Commerce tax can be chosen to be used as a tax deduction, and the 50% effectively paid .

A 3-year estate tax is created for nationals or foreigners, or foreign companies, who own wealth, in the country, of more than 5,000 million, as of January 1, 2019.

Criminal norms are created by the omission of assets, or inclusion of non-existent liabilities, fraud or tax evasion. The criminal proceedings can only be initiated by the director of the DIAN, or its special delegates, and they may abstain, when there are differences of interpretation, of reasonable interpretation criteria. Likewise, it may be also extinguished, once the declaration is corrected, and the payment of taxes, sanctions, and corresponding interests, is made, when the value of undeclared assets or nonexistent liabilities, does not exceed the 8,500 SMMLV.

Chile: In Chile, the law implemented, separate systems for "return of capital" and "income from work." The first, are taxed First Category Tax, which mainly affects businesses. Since the publication of Law No. 20.780 in September 2014, and after Law No. 20.899, in February 2016, two tax systems are born; Attributed Regime (Art. 14 A), whose rate. as of the year 2017. will be 25%, and the partially integrated Regime (Art 14 B), whose tax rate. for the year 2017. will be 25.5%. and for the years 2018 and the next, will amount to 27%. The general system will be a partially integrated regime, while certain taxpayers may opt for the attributed regime. The tax rate for the year 2018 is 27%, on the tax base, which is calculated by making additions, or decreases, ordered by the Income Law, in its Articles 29 to 33. The first category tax paid may be charged against final taxes (Global Supplementary Tax or Additional Tax), with the obligation to return 35%, as a fiscal debit (Not applicable when Chile maintains a treaty to avoid double taxation, with another country), which taxes, all of the income of natural persons, resident in the country; or the additional, that taxes the income of Chilean source, of natural and legal persons, residing outside the country, as the case may be.

In terms of transfer prices, this has been incorporated in Article 41 E of the Income Tax Law ("LIR"), as amended on September 27, 2012, there defined the values, prices, and returns that must be present for operations with related parties, abroad. Within the formal obligations are the sworn statement, supporting documentation, depending on the amount of the operation, and report Country by Country, at 2016.

Peru: The income tax rate as of December 31, 2017, and 2016, was 29.5%, on taxable income, after calculating the participation to the workers, which, according to what is established by the current regulations, is calculated, in the case of the Company, applying a rate of 5%, on the net taxable income.

The Country applies the tax transparency regime Entidades Controladas del Exterior (Controlled Entities Abroad) where the liability income, generated by non- domiciled controlled entities is attributed to taxpayers, in Peru, at the time they are generated. The income tax paid by non-domiciled controlled entities may be used as a credit against the tax.

The Transfer Pricing norms include the preparation of the Transfer Pricing Technical Study and the Transfer Pricing Informative Sworn Statement, with respect to its operations or transactions with related companies. The Country-by-Country reporting obligations are included as a master report.

Mexico: Income tax (ISR) is a direct tax on the profit obtained; that is, by the difference between the income and the deductions authorized in the fiscal year. This tax must be paid, on a monthly basis (on account of the annual tax), to the Tax Administration Service, or to the Authorized Offices of the Federal Entities. During fiscal years 2017 and 2018, the income tax rate applicable in Mexico is 30%. Additionally, the participation of workers, in tax profits, is established, at a percentage of 10%. Tax losses can be compensated for, in a period not exceeding 10 years.

The legal entities residing, in Mexico, that carry out transactions with related parties and who are resident in Mexico, and abroad, have the obligation to verify that said transactions have been agreed to, in accordance with the *arm's length principle*. In the same way, the informative declaration, Country by Country and master report, has already been incorporated.

Brazil: In Brazil, there is a category of taxes, on gross income and net income. On gross income, there are social contributions to the global rate of 4.65%, after deduction of claims paid, in accordance with Law 9.718 of 1998.

Regarding taxes on net income, taxes are levied at a rate of 15%, as income tax, plus 10% on the portion of the taxable income exceeding R \$240,000, per fiscal year, in accordance with Decree 3.000 of 1999. There is also a social contribution, on net income, at a 20% tariff, in effect, until December 2018. Afterwards, this rate will return to 15%, in accordance with Law 13.169 of 2015.

At 2012, the norms, related to the transfer pricing regime applicable to transactions, realized with related parties, domiciled abroad, and third parties domiciled, in tax havens were included.

Argentina: Regarding tax matters, there are 3 levels of taxes: national taxes, provincial, and municipal taxes. The income tax is applied, at the current rate of 35%, on the estimated taxable income. The law 27.430, published on 12/29/2017, establishes modifications to the Imp. Law, to profits, among them, the modification of the tax rate for capital companies, which will be 30%, for the years beginning 01/01/2018, and until 12/31/2019, and will be reduced to 25%, for subsequent years. Dividends that are distributed, with an aliquot of 7%, or 13%, for the aforementioned periods, are also taxed, respectively. The Deferred Tax Method is applied at the local level and IFRS.

There is an alternative minimum tax equivalent to 1% on assets held, at the end of the fiscal period. Tax losses can be charged for a period of 5 years.

The transfer pricing regime applies to transactions with related parties from abroad and the Country-by-Country report is available, as well as the legislation contemplates the Regime of Controlled Entities from abroad.

Panama: In accordance with current tax regulations, undistributed profits, attributable to local operations of the Insurers, registered under the laws of the Republic of Panama, would be subject to a complementary tax of 4%, on undistributed profits, and a tax on dividends from 10%, at the time of distribution, subtracting, in this case, 4% of the complementary tax withheld, and paid from those profits distributed in dividends.

Law No. 8 of March 15, 2010, eliminates the so-called Alternate Calculation of Income Tax (CAIR) and replaces it with another form of presumed taxation of income tax, obliging any legal entity, that accrues income in excess to B /1,500,000, to determine, as the taxable base, of said tax, the sum that is greater between: (a) the net taxable income, calculated by the ordinary method, established in the Fiscal Code, and the net taxable income, that results, from applying, to the total of taxable income, 4.67%. This Law also modifies the general rates of Income Tax (ISR). The companies dedicated to insurance activities in Panama will pay income tax, based on 25%.

Legal persons who incur losses by reason of the tax calculated under the presumed method or that, due to the application of said presumed method, its effective rate exceeds the tax rates applicable for the fiscal period in question, may request the Directorate General of Revenue that is authorized to calculate the tax under the traditional method.

Dominican Republic: The Dominican Republic's tax code, as amended, establishes that the income tax payable, will be the highest, that is based on the net taxable income, or 1% of the

assets, subject to taxes. The income tax rate, established by Law 253-12, is 27%. If tax losses occur, the taxpayer may be compensated within 5 years, following the year of generation of the loss.

Likewise, the Law includes important modifications on transactions with related entities, and the obligation to include in the studies of transfer prices, and informative declaration of the transactions realized, with related parties, also included in the concept of non-deductible expenses, the thin capitalization, applicable to the debts with entities from abroad, where the debt-capital ratio cannot be greater than 3/1.

El Salvador: The entities, incorporated in El Salvador, pay Income Tax, for the income obtained in the country, in accordance with the Law on Income Tax, contained in the Legislative Decree No. 134 of December 18, 1991, effective, January 1992. According to this Law, legal entities, domiciled or not, will calculate their tax, applying to the taxable income, the rate of thirty percent (30%), except for the companies that have obtained taxable income, less than, or equal to, one hundred fifty thousand dollars (\$150,000.00), which will apply the rate of twenty-five percent (25%), excluding, in addition to said calculation, that income, that would have been subject to the definitive withholding of income tax in the legal percentages, established in the Law.

Uruguay: The principal taxes, that apply in Uruguay, in accordance with the current regulations, Ordinance Text of 1996 (Titles 4, 6, 10, 14, 7, and 8), are Income Tax, Wealth Tax, VAT, and Personal Income Tax (Personal Income Tax) - IRNR (Non-resident income tax). The corresponding rates are 25% of Income Tax, 1.5% of Equity, 22% VAT, and between 7 and 12% of Personal Income Tax (IRPF) - IRNR (Non-Resident Income Tax). The base of the income tax is territorial, considering some exceptions of income outside the Country, considered as a foreign source, and not subject to tax.

On the other hand, the insurers are responsible for paying Income Tax, whose rate varies between 5 and 7%, depending on the portfolio (1996 Ordinance Text Title 6), and the National Blood Tax, whose rate is 2%, on the premiums issued.

Transfer pricing regulation is included in the income tax rule, based entirely on the arm's length principle and the OECD guidelines.

Bermuda: In Bermuda, there are no taxes on profits, income, dividends, or capital gains, nor withholding taxes on such concepts. The benefits can be accumulated, and it is not obligatory to pay dividends. If direct taxes are applied, there is the possibility of accessing legal stability contracts, until the year 2035. Although there are no taxes on corporate income, income from investments, derived from sources abroad, may be subject to a tax of retention in origin. The interest, generated for deposits in foreign currency, are exempt from taxes.

Spain: Companies, residing in Spain, are taxed on their worldwide income, at a rate of 25%, and in the event of tax losses generated in the taxable period, there is the ability to offset, in future periods, with certain limitations.

The Spanish standard includes the arm's length principle and information requirement for transactions with related parties abroad. With regard to OECD, guidelines have been included in the Country by Country report, and master file, where only the latter should be informed, only when required by the tax authority.

Through the promulgation of Law 27/2014, of November 27, of the Corporation Tax, changes were introduced to corporation tax, among which are mainly:

Regime of foreign securities holding entities

This regime allows the Foreign Securities Holding Entities ("ETVE") to apply the exemption method, to the income obtained from participations, in non-resident entities, that meet certain requirements.

One of the main changes, introduced by the regulation, is the increase to 20 million euros (up to now, 6 million euros), the minimum amount of the investment to access this regime, when a minimum 5% participation is not available.

However, this new limit does not apply to those entities that were already applying the ETVE regime in tax periods, that began prior to January 1, 2016, and have been complying, with the quantitative limit of 6 million euros, in their investees.

12.2. Current taxes

The following is a breakdown of assets and liabilities from income tax at December 31, 2018 and December 31, 2017:

	December 2018	December 2017
Current tax assets		
Income tax	67,131	39,627
Local taxes	18,259	11,337
Withholdings	29,687	5,386
Sales tax	62,479	74,956
Tax in favor	51,882	64,801
Contributions	65,716	23,200
CREE tax receivable	856	849
Others	12,029	15,056
Total assets for current taxes	308,039	235,212

	December 2018	December 2017
Current tax liabilities		
Income tax and complementaries	198,669	202,528
Local taxes	21,379	29,188
Sales tax, payable	318,924	278,107
Wealth tax	36	(5)
Others	41,664	36,964
Total liability for current taxes	580,672	546,782

The current tax balances by Country are as follows:

December 2018	Argentina	Brazil	Chile	Colombia	Spain	Holland	Mexico	Panama	Peru	Republic	El Salvador	Uruguay	Total
Current tax assets	21,307	3,922	82,574	(12,932)	-	27	123,830	13,076	57,638	-	2,689	15,908	308,039
Current tax liabilities	46,696	9,862	244,090	(28,031)	23	-	172,425	3,607	66,307	20,887	14,837	29,969	580,672
Current tax, net	(25,389)	(5,940)	(161,516)	15,099	(23)	27	(48,595)	9,469	(8,669)	(20,887)	(12,148)	(14,061)	(272,633)

December 2017	Argentina	Brazil	Chile	Colombia	Spain	Holland	Mexico	Panama	Peru	Republic	El Salvador	Uruguay	Total
Current tax assets	4,095	4,090	110,858	(50,582)	-	-	104,312	9,471	38,501	-	930	13,537	235,212
Current tax liabilities	25,151	10,784	181,512	112,602	482	-	152,224	2,883	2,925	18,618	9,781	29,820	546,782
Current tax, net	(21,056)	(6,694)	(70,654)	(163,184)	(482)	-	(47,912)	6,588	35,576	(18,618)	(8,851)	(16,283)	(311,570)

12.3. Tax recognized in the results for the period

The expense for current tax and deferred tax:

	December 2018	December 2017
Current tax expense	(501,221)	(408,616)
Current tax	(543,767)	(408,616)
Adjustment of previous periods	42,546	-
Deferred tax expense	227,932	(52,233)
Constitutions / reversal of temporary differences	232,219	(52,233)
Deferred tax adjustments	(2,470)	-
Exchange rates	(1,817)	-
Tax expense	(273,289)	(460,849)

Grupo SURA considers that the accumulated tax obligations are adequate, for all fiscal years, opened based on the evaluation of many factors, including interpretations of tax laws and previous experience.

12.4. Reconciliation of the effective rate

		December 2018		December 2017
Profit before tax		1,679,640		1,768,055
Income tax by applying the local tax rate	32%	(536,863)	34%	(595,433)
Plus, tax impact from:				
Elimination in consolidated results	22%	(373,744)	23%	(400,307)
Non-deductible expenses	16%	(271,972)	11%	(197,147)
Tax income	26%	(444,780)	15%	(258,344)
Tax losses	1%	(11,084)	5%	(89,719)
Amortization of intangibles	0%	(69)	0%	(4,017)
Adjustments in exchange rates	1%	(10,107)	1%	(18,764)
Inflationary impacts	5%	(80,507)	0%	-
Others	2%	(26,911)	2%	(43,738)
Minus the tax effect of:				
Untaxed income	-33%	560,313	-26%	451,045
Untaxed dividends	-23%	380,503	-20%	346,032
Tax losses	0%	1,662	-1%	17,073
Amortization of intangibles	0%	130	-1%	23,208
Tax deductions	0%	6,294	0%	2,521
Adjustments in exchange rates	0%	8,291	0%	3,457

Inflationary impacts	0%	1,125	3%	(53,835)
Elimination in consolidated results	-3%	48,994	0%	-
Exempt income	-21%	361,078	-12%	209,855
Tax discounts	0%	1,721	-2%	36,370
Judicial stability agreements	-1%	25,042	0%	-
Exchange differences	-3%	50,544	0%	-
Others	-2%	37,050	-6%	110,894
Income tax		(273,289)		(460,849)
Effective rate	16.27%		26.07%	
Profit, discontinued operations		(46,472)		59,082
Income tax	1%	(16,591)	1%	(16,312)
Effective rate	17.29%		26.96%	
Tax on paid earnings		552,882		402,223
Effective cash rate	32.92%		22.75%	

The reconciliation of the effective rate by Country is as follows:

2018													
	Total	Colombia	Argentina	Chile	Mexico	Brazil	El Salvador	Panama	Dominican Republic	Bermuda	Peru	Uruguay	Spain
Profit, before tax	1,679,640	649,984	21,110	342,840	350,805	17,516	16,774	52,736	9,097	70	190,205	30,088	(1,585)
Income tax from applying the local tax rate	(536,863)	(240,494)	(6,374)	(92,567)	(105,241)	(7,882)	(5,032)	(13,184)	(2,456)	(0)	(56,110)	(7,522)	-
Tax impact, net	263,574	279,021	(23,288)	10,194	5,598	(8,700)	(1,734)	9,350	437	0	(6,359)	945	-
Income tax	(273,289)	38,527	(29,662)	(82,373)	(99,643)	(16,583)	(6,766)	(3,834)	(2,019)	(0)	(62,469)	(8,467)	-
Effective rate	16.27%	(5.93%)	140.51%	24.03%	28.40%	94.67%	40.34%	7.27%	22.19%	0.00%	32.84%	28.14%	0.00%
Profit, discontinued operations	(46,472)			(46,472)									
Income tax	(16,591)			(16,591)									
Effective rate of discontinuous operation	(1.0%)			(4.8%)									
Tax on paid earnings	552,882	166,575	26,351	67,851	165,568	-	8,851	8,432	2,242	-	93,070	13,390	551
Effective cash rate	32.92%	25.63%	124.83%	19.7%	47.20%	0.00%	52.77%	15.99%	24.65%	0.00%	48.93%	44.50%	(34.74%)

2017													
	Total	Colombia	Argentina	Chile	Mexico	Brazil	El Salvador	Panama	Dominican Republic	Bermuda	Peru	Uruguay	Spain
Profit, before tax	1,768,055	677,449	37,923	324,772	346,363	1,424	27,643	64,981	1,401	(137)	301,641	59,765	(75,170)
Income tax from applying the local tax rate	(595,433)	(270,980)	(15,128)	(84,441)	(107,606)	(641)	(8,293)	(25,282)	(378)	(0)	(67,753)	(14,941)	10
Tax impact, net	134,584	137,699	3,191	1,231	6,337	(939)	97	17,139	(347)	0	(25,750)	(4,075)	1
Income tax	(460,849)	(133,281)	(11,936)	(83,210)	(101,269)	(1,579)	(8,195)	(8,144)	(725)	(0)	(93,503)	(19,017)	11
Effective rate	26.07%	19.67%	31.48%	25.62%	29.24%	110.91%	29.65%	12.53%	51.77%	0.00%	31.00%	31.82%	0.01%
Profit, discontinued operations	59,082										59,082		
Income tax	(16,312)										(16,312)		
Effective rate of discontinuous operation	(0.9%)										(0.9%)		
Tax on paid earnings	402,223	156,404	11,434	(10,940)	128,901		8,959	19,177	1,832	-	64,399	22,132	(75)
Effective cash rate	22.75%	23.09%	30.15%	(3.37%)	37.22%	0.00%	32.41%	29.51%	130.73%	0.00%	21.35%	37.03%	0.10%

12.5. Deferred taxes

The balance of deferred tax assets and liabilities at December 31, 2018 and December 31, 2017 is:

	December 2018			December 2017		
	Asset deferred tax	Deferred tax liability	Net	Asset deferred tax	Deferred tax liability	Net
Financial assets	13,145	7,005	6,140	(11,805)	51,404	(63,209)
Employee benefits	20,997	-	20,997	4,641	-	4,641
Investments	3,906	94,724	(90,818)	316	226,980	(226,664)
Intangibles	(53,278)	957,832	(1,011,110)	(2,822)	1,138,583	(1,141,405)
Other non-financial assets	(878)	-	(878)	(423)	(1,501)	1,078
Other liabilities	44,953	35,958	8,995	37,312	(218,523)	255,835
Financial liabilities	66,415	281,846	(215,431)	32	430,798	(430,766)
Tax losses	108,454	(7,607)	116,061	130,981	16,138	114,843
Properties and equipment	(24,151)	49,066	(73,217)	(4,614)	65,437	(70,051)
Technical reserves of insurance	27,552	(58,908)	86,460	7,628	(10,267)	17,895
Total, deferred tax	207,115	1,359,916	(1,152,801)	161,246	1,699,049	(1,537,803)

The following are the tax balances, by Country:

December 2018	Argentina	Brazil	Chile	Colombia	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Deferred tax assets											
Financial assets	4,278	4,362	-	1,246	2,663	-	-	596	-	-	13,145
Employee benefits	255	1,416	-	12,672	6,654	-	-	-	-	-	20,997
Investments	(3,261)	-	27	3,554	3,622	-	-	(36)	-	-	3,906
Intangibles	(26,370)	(3,571)	168	-	(26,740)	-	-	3,235	-	-	(53,278)
Other non-financial assets	-	-	-	14	(892)	-	-	-	-	-	(878)
Other liabilities	3,440	13,597	263	606	25,443	-	-	1,601	3	-	44,953
Financial liabilities	1,049	-	-	65,366	-	-	-	-	-	-	66,415
Tax losses	-	39,127	7,119	56,689	5,519	-	-	-	-	-	108,454
Properties and equipment	(584)	-	17	(8,719)	(10,490)	-	-	(4,375)	-	-	(24,151)
Technical reserves of insurance	28,948	(3,789)	(2,464)	(1)	1,874	-	-	2,984	-	-	27,552
Total, deferred tax assets	7,755	51,142	5,130	131,427	7,653	-	-	4,005	3	-	207,115
Deferred tax liabilities											
Financial assets	-	-	237,826	(246,225)	16,160	-	-	-	(50)	(706)	7,005
Employee benefits	-	-	-	11,521	(28,007)	-	-	-	(171)	-	(16,657)
Investments	-	-	(80)	(202,631)	298,076	-	(641)	-	-	-	94,724
Intangibles	-	-	115,523	525,131	-	4,773	253,255	-	17,912	41,238	957,832
Other non-financial assets	-	-	31,780	39,672	(13,523)	-	(8,158)	-	(286)	3,130	52,615
Other liabilities	-	-	-	272,594	-	-	9,252	-	-	-	281,846
Financial liabilities	-	-	-	(2,116)	-	(1,259)	-	-	-	(4,232)	(7,607)
Tax losses	-	-	307,873	(275,433)	14,454	1,607	1,485	-	195	(1,115)	49,066
Properties and equipment	-	-	(122,922)	75,119	-	269	-	-	(15,473)	4,099	(58,908)
Total, deferred tax liabilities	-	-	570,000	197,632	287,160	5,390	255,193	-	2,127	42,414	1,359,916
Net deferred tax	7,755	51,142	(564,870)	(66,205)	(279,507)	(5,390)	(255,193)	4,005	(2,124)	(42,414)	(1,152,801)

Deferred taxes 2017	Colombia	Chile	Mexico	Peru	Argentina	Brazil	Uruguay	Panama	Dominican Republic	El Salvador	Total
Intangibles	(10,861)	(377,452)	(417,024)	-	(52,456)	(6,679)	(12,215)	(6,042)	2,797	(16,617)	(896,549)
Investments	(247,397)	-	-	(224,937)	(850)	-	(32,915)	-	(3)	-	(506,102)
Other liabilities	7,581	(440,167)	112,553	(15,646)	9,040	33,968	(5,842)	-	1,306	41	(297,166)
Properties and equipment	(64,683)	(3,981)	(18,547)	(1,422)	(2,305)	-	2,288	(1,475)	(4,195)	(226)	(94,546)
Technical reserves of insurance	(81,271)	40,969	(31,381)	-	46,948	-	(3,070)	(255)	3,420	11,581	(13,059)
Financial liabilities	951	14,223	15,208	-	-	-	-	-	-	279	30,661
Employee benefits	29,957	8,035	1,748	-	498	-	212	-	-	-	40,450
Financial assets	60,258	(9,336)	18,222	(33,555)	2,323	4,081	1,728	-	1,103	135	44,959
Tax losses	24,327	64,348	13,813	8,627	-	42,434	-	-	-	-	153,549
Assets (liabilities) for deferred taxes, net	(281,138)	(703,361)	(305,408)	(266,933)	3,198	73,804	(49,814)	(7,772)	4,428	(4,807)	(1,537,803)

Deferred tax for unused tax losses and credits:

The deferred tax balance, for tax losses originated in the Companies of Colombia, Chile, Mexico, Peru, and Brazil. This Company presents a balance of \$34,631. These are imprescriptible credits, that is to say, that they do not expire, according to the fiscal laws of Brazil. According to a study realized, by the Company, it is estimated that this amount will be recovered from the year 2019.

In the case of Mexico, tax credits were generated mainly between the 2008 and 2011 periods and are valid for 10 years.

The tax credits, generated in Chile, correspond to the companies Seguros de Vida, Holding Spa, and Inversiones Chile Ltda. Generated, between the periods 2013 and 2016, are credits, that according to the established in the Chilean fiscal regulation, do not expire.

In the case of Colombia, the deferred asset tax, for tax losses, arises in Seguros Generales Suramericana S.A., due to the possibility of compensation of losses, and tax surpluses, that the Company owns, at the end of 2018 .

Deferred Tax Assets Not Recognized

The group presents tax losses of \$65 billion, primarily from the companies in Mexico and Peru. Additionally, in Colombia, \$48 billion, is presented, as tax credits, associated with tax deductions.

The previous items do not present an asset balance, for deferred taxes, derived from the analysis, and the low probability of recovery, realized by the Companies' administration, this, in relation to Mexico and Peru. In the case of Colombia, the explanation is given, from impact of the internal legislation, that limits the use, of the same.

In the case of Grupo SURA, there are no deferred tax assets recognized in relation to tax losses, to date, and no expectation of the recovery or tax profit, in future periods.

12.6 Deferred tax movements

	December 2018	December 2017
Initial balance, net liability	1,537,803	1,372,008
Deferred tax expense recognized in the Results for the period	(232,219)	52,233
Adjustments from previous periods	2,470	-
Adjustments for exchange rates	1,817	-
Income tax on other comprehensive income	(29,233)	34,278
Impact due to the variation in the exchange rates of foreign currency	(127,837)	79,284

Final balance, net liability

1,152,801

1,537,803

NOTE 13. DERIVATIVE INSTRUMENTS

13.1 Assets for trading operations

Grupo SURA uses derivative financial instruments such as swaps, forwards, and options, in order to hedge the risks of the exchange rate, interest rate, and cash flows. Such derivative financial instruments are initially recognized (on the date the derivative contract is entered into) and subsequently, (when their value is updated), by their fair values.

Any profit or loss, arising from changes in the fair value of the derivatives, is charged directly to profit or loss, except for the effective portion that can be generated from the cash flow hedges, which is recognized in the other comprehensive income, and that can subsequently be reclassified to the results, when the hedged item affects said comprehensive income.

For the years ended December 31, 2018 and December 31, 2017, Grupo SURA has derivatives accounted for as financial assets and financial liabilities, in accordance with the positive or negative result, of its fair value, respectively.

The balance of the derivative financial assets and liabilities of Grupo SURA, and its subsidiaries, is as follows:

	2018	2017	2018	2017	2018	2017	2018	2017
	Swap		Forward		Options		Total	
Assets								
Negotiation contracts								
Interest rates	3,711	5,458	-	-	-	-	3,711	5,458
Exchange rates	-	29,071	4,192	5,612	-	-	4,192	34,683
Negotiation assets	3,711	34,529	4,192	5,612	-	-	7,903	40,141
Hedge contracts								
Interest rates	93,318	-	-	-	23,833	-	117,151	-
Exchange rates	193,233	63,423	-	-	-	42,145	193,233	105,568
Hedge assets	286,551	63,423	-	-	23,833	42,145	310,384	105,568
Total Asset	290,262	97,952	4,192	5,612	23,833	42,145	318,287	145,709
Liability								
Negotiation contracts								
Interest rates	-	-	-	-	-	-	-	-
Exchange rates	-	105,002	47,364	1,206	-	13,828	47,364	120,036
Negotiation liabilities	-	105,002	47,364	1,206	-	13,828	47,364	120,036
Hedging contracts								
Interest rates	50,427	-	-	-	36,363	-	86,790	-
Exchange rates	33,057	50,651	-	-	-	-	33,057	50,651
Hedge liabilities	83,484	50,651	-	-	36,363	-	119,847	50,651
Total Liability derivatives	83,484	155,653	47,364	1,206	36,363	13,828	167,211	170,687
Net position	206,778	(57,701)	(43,172)	4,406	(12,530)	28,317	151,076	(24,978)

The derivative instruments, contracted by Grupo SURA, and its subsidiaries, are generally traded in the national financial markets, and in over-the-counter markets, in international markets. Derivative instruments have favorable conditions net (assets), or unfavorable (liabilities), as a result of fluctuations in foreign currency exchange rates and in the interest rate market, or other variables related to the conditions. The cumulative amount of the fair values, of the assets and liabilities, in derivative instruments, may vary significantly from time to time.

Herewith are the movements of the derivatives:

	Asset Position	Liability Position	Net position
Balance at December 31, 2016	631,093	609,586	21,507
Additions	56,088	11,892	44,196
Payments	(602,148)	(515,990)	(86,158)
Valuation (*)	57,874	63,449	(5,575)
Exchange differences	2,802	1,750	1,052
Balance at December 31, 2017	145,709	170,687	(24,978)
Additions	205,725	(63,086)	268,811
Payments	38,882	48,956	(10,074)
Fair value Results	52,835	24,157	28,678
OCI fair value	(3,436)	97,199	(100,635)
Exchange differences	(121,428)	(110,702)	(10,726)
Balance at December 31, 2018	318,287	167,211	151,076

13.2 Hedge Accounting

Hedge accounting in the subsidiary Grupo Sura

At September 2018, Grupo SURA decided to apply cash flow hedge accounting, in order to reflect in the Financial Statements, the reality of the hedging function on the dollar, debts of the Company. The hedges include financial derivatives such as cross currency swaps and options.

Hedge accounting mitigates the difference in exchange for the debts, covered in the Income Statement, and takes the remaining variation from the valuation of the derivative to other comprehensive income, which is downloaded periodically, in the Income Statement. For further details see Note 17.1 Investments in subsidiaries, Note 23. Securities and Note 19 of Income and expenses.

Review of the effectiveness of the coverage and economic relationship between the hedged item and the hedging instrument:

Grupo SURA covered the following items, for the following amounts:

- Bonds from the merger of Grupo SURA Finance, in the amount of USD300 million, with a structure of 24 cross currency swaps and 10 call options
- Principal and interest of financial debt, with Banamex, of USD80 million, covered with cross currency swaps.

In order to qualitatively assess the effectiveness of the hedging relationship, it is monitored on a quarterly basis, during the term of the hedge relationship, time as follows:

- The economic relationship: The value of the defined hedged item and value the hedged instrument, designated in this hedging relationship, will change systematically and opposite, in response to movements in the USD/COP exchange rate, which is the hedged risk. Therefore, it can be concluded that there is an inverse and linear economic relationship between the two.
- Non-dominance of credit risk: The Company will monitor, on a quarterly basis, that there are no significant decreases in the credit rating of its counterparty, in order to maintain the high probability of future compliance with the flows of the derivative, designated as a hedge.
- Proportional coverage ratio: Whenever, during the term of the hedge relationship, the USD/COP exchange rate is below USD/COP 4,000. The coverage ratio between the hedged item and the hedging instrument will be one to one, fully compensating the exchange rate risk, generated by the principal of the issuance of debt, denominated in foreign currency (USD) for the Company.

Hedge accounting in the subsidiary Sura Asset Management

Sura Asset Management realized coverage of the bonds, from the merger with SUAM Finance with a structure that includes:

- Cash flow hedges (exposure of the fluctuation of the exposure, of the exchange rate in the financial obligations)
- Hedges of the net investment, in an operation abroad

The items covered correspond to:

- The face value \$ 350 million, of which the hedge is projected at 82.86% for \$290 million, defined as exposure risk.
- Bonds in the amount of USD 500 million

The subsidiary, SURA Asset Management, whose functional currency is the Colombian peso, realized a merger with its subsidiary SUAM Finance, a Company that held dollar bonds. As a result of the acquisition of these bonds, SURA Asset Management defined the application of hedge accounting through the use of a Principal Only Swap (POS), which covers the impact of the difference in exchange, and the probability of complying with the payment of dividends. This structure was defined, taking into account that it generates the least negative effect on the debt/ebitda ratio, protects the nominal of the net investments abroad, and reduces the risk on the cash flow. As an effect of this structure, the valuation of the Cash Flow hedge, for the component corresponding to USD / COP, and in the other currencies, as hedging of Net Foreign Investments, goes to the OCI, and the component in ERI, will be the exchange difference of the intrinsic value of the swap, that will fit exactly, with the difference in exchange for the debt.

Objectives of Financial Risk

This risk strategy is generated by the intention to have a foreign exchange hedge for the financial instrument of debt, in foreign currency (bonds issued in USD, and their net investments abroad denominated in CLP, MXN, PEN, UYU currencies), in accordance with internal policies and risk appetite of treasury, within the framework of the Company's Risk Management, minimizing

exposure to fluctuations, in macroeconomic conditions, and the impact of its variation in the Financial Statements. The risks that are managed are mainly market, liquidity, and credit, especially the exchange rate factor.

A bond issued in dollars, has a market risk exposure - exchange rate factor, due to the volatility in the price of the USD, and the currencies of the countries where Sura AM has investments or receives income: Mexico, Colombia, Peru, Chile, and Uruguay. For this reason, different types of financial hedges, realized with derivative instruments such as forwards, futures, options, swaps, among others, were analyzed, with the CCS being the chosen one.

With respect to credit risk of the counterpart, it is represented by the possibility of breach of contractual obligations, when valuation is in favor of Sura AM, resulting in a financial loss, for the Company. In order to improve management, and administration, a syndication of the hedging instrument was realized, analyzing the financial and technical capacity of the banks with which it was intended to organize, emphasizing institutions with high credit quality and limiting concentration to through maximum limits of investments per entity, with fundamental criteria of security and liquidity. The result is diversification into 4 international banks, with signed ISDA's.

On the other hand, the Liquidity Risk Management was realized through the hedge cost analysis and identifying coverage portfolios, that will maximize the risk reduction through the minimization of hedge costs strategies, which will generate a tolerable pressure on the cash flow, the capital structure, and the return on investments (dividends). The financial planning, and cash management exercises, with policies for permanent monitoring of cash flow and working capital needs, guarantee an adequate financial flexibility that minimizes the liquidity risk, derived from the cost of this instrument.

Fair Value Hierarchy

The Grupo SURA derivatives are valued at fair value which have a Level 2 hierarchy. The options values are obtained by discounting present value with market rates or using Black-Scholes methodology.

NOTE 14. INVESTMENT PROPERTIES

The investment properties, in Grupo SURA, are recorded at fair value, and are listed below:

	December 2018	December 2017
Land	49,074	102,125
Buildings	107,773	929,413
Total	156,847	1,031,538

The movement of investment properties is as follows:

	Land	Buildings	Total
Investment properties at January 1, 2017	298,429	735,097	1,033,526
Acquisition for purchases	21,080	302,746	323,826
Impairment losses recognized in the results	-	(36)	(36)
Provisions (-)	-	-	-
Derecognition	(224,526)	(205,846)	(430,372)
Transfers of inventories and real estate, occupied by the owner	(1,895)	(3,034)	(4,929)

Reclassification of non-current assets, held for sale	-	-	-
Earnings from fair value adjustments	4,564	29,883	34,447
Acquisition of business combinations	-	-	-
Exchange rate impacts	4,473	70,603	75,076
Investment properties at December 31, 2017	102,125	929,413	1,031,538
Acquisition for purchases	-	321	321
Impairment losses recognized in results	(1,898)	(61)	(1,959)
Provisions (-)	-	-	-
Derecognition	-	-	-
Transfers of inventories and real estate, occupied by the owner	(18,265)	(13,181)	(31,446)
Reclassification of non-current assets, held for sale	(32,002)	(773,050)	(805,052)
Earnings from fair value adjustments	1,450	12,288	13,738
Acquisition of business combinations	-	-	-
Exchange rate impacts	(2,336)	(47,957)	(50,293)
Investment properties at December 31, 2018	49,074	107,773	156,847

Appraisers

The appraisal of investment properties is realized by the following appraisers:

- Elkin Ruiz Real Estate, Civil Engineer of the Universidad National, Plant Design of Lehigh University in Pennsylvania, and Chemical Engineer of the Universidad of Antioquia, is a Member of the Propiedad Raiz de Medellín.
- Banco Ciudad de Argentina.
- Tribunal Fiscal de la Nación, Argentina
- Appraisals and inspections of the Istmo, S.A (Avaistmo), Panama City, Panama, a Company with more than 10 years in the appraisal market.
- Real Source, independent appraiser, registered with the Superintendencia de Valores y Seguros (SVS) de Chile and Guillermo Rosselot Iriarte, RUT 6.874.683-3, architect, independent appraiser, also registered with the SVS of Chile .
- Engineer, Jesús José Gómez Cabrera, of the firm Regner Basurco Jimenez - Consulting Engineers, registration of the Colegio de Ingenieros 49108, Centro de Peritaje RD No 082-2014-Vivienda/VMCS-DNC, registration in the SBS of Peru, with Res. No 6293-2013.

Income from investment properties

The income from investment properties, at December 31, 2018 and 2017, is as follows:

	December 2018	December 2017
Lease income	12,480	14,755
Profit or loss on sale of investment properties	-	367
Income by valuation	11,779	15,762
Income from investment properties	24,259	30,884

The characteristics of the investment properties, are the following:

Asset	2018	Restrictions (Yes / NO)	Leased
Millenium (Building)	71,744	Do not	Yes
Lote Everfit Indulana (Land)	32,278	Do not	Yes
Paseo Las Palmas - Rent (Building)	21,724	Do not	Yes
Lote Santa Lucia - Rionegro (Land)	8,938	Do not	Yes
Nueva Los Leones (Building)	4,253	Do not	Yes
Building and parking lots – Torre Sura (Building)	3,971	Do not	Yes
Lots 1, 3, 2 A, 2B (Land)	2,197	Do not	Yes
Coyancura (Building)	2,005	Do not	Yes
Terrenos Barranquilla (Land)	1,787	Do not	Yes
Land (aliquot) Torre Sura (Land)	1,473	Do not	Yes
Local Bancario B2 (Building)	1,138	Do not	Yes
San Martin 876 (Building)	1,079	Do not	Yes
Office 101 C (Building)	640	Do not	Yes
San Lorenzo 876 (Building)	567	Do not	Yes
PH World Trade Center, Hotel Sercotel Princess H-501 (Building)	437	Do not	Yes
Edificio local 24 Apoquindo 4830 (Building)	416	Do not	Yes
Premises and garages Edificio Grupo Colombia, Pereira, Colombia (Building)	369	Do not	Yes
Terreno Ubicado En Cerro Azul Hacienda Country Club Lote B-26 (Land)	359	Do not	Yes
San Irineo Building, Argentina (Building)	297	Do not	Yes
PH Suite, Hotel Coronado Edif. E H-205 (Building)	222	Do not	Yes
Parking (Building)	189	Do not	Yes
Oficina Edificio Camacol, Medellín, Colombia (Building)	168	Do not	Yes
Local food center # 1 (Building)	106	Do not	Yes
Mar Del Plata (Building)	101	Do not	Yes
Local food center # 2 (Building)	98	Do not	Yes
Local food center # 4 (Building)	95	Do not	Yes
Local food center # 3 (Building)	93	Do not	Yes
Agüero (Building)	43	Do not	Yes
Warehouse 26 (Building)	29	Do not	Yes
Velez Sarsfield 30Cba (Building)	24	Do not	Yes
Av.V.Fertil/Medusas Uf -6- Pinama (Building)	7	Do not	Yes
Pampayastasud (Building)	1	Do not	Yes
Total investment properties	156,847		

Asset	2017	Restrictions (Yes / NO)	Leased
Nueva las Condes (Building)	212,951	Do not	Yes
Torre Santa Maria (Building)	124,395	Do not	Yes
Alsace (Building)	120,048	Do not	Yes
Torre Apoquindo (Building)	85,807	Do not	Yes
Suecia 211 (Building)	82,207	Do not	Yes
Millenium (Building)	66,264	Do not	Yes
Isidora Magdalena (Land)	56,215	Do not	Yes

Isidora Foster (Building)	35,746	Do not	Yes
Diez (Building)	34,591	Do not	Yes
Lote Everfit Indulana (Land)	34,176	Do not	Yes
Small Service (Building)	34,059	Do not	Yes
Pionero (Building)	32,463	Do not	Yes
Seis (Building)	29,879	Do not	Yes
WTC (Building)	23,059	Do not	Yes
Paseo Las Palmas – Rent (Building)	19,905	Do not	Yes
Las Bellotas (Building)	9,606	Do not	Yes
Lote Santa Lucia - Rionegro (Land)	8,440	Do not	Yes
Nueva Los Leones (Building)	4,605	Do not	Yes
Building and parking lots - Torre Sura (Building)	3,796	Do not	Yes
Pionero 2 (Of 402 + 404) (Building)	2,473	Do not	Yes
Coyancura (Building)	1,527	Do not	Yes
Land (aliquot) Torre Sura (Land)	1,408	Do not	Yes
Lots 1, 3, 2 A, 2B (Land)	1,333	Do not	Yes
San Martin 876 (Building)	1,298	Do not	Yes
Local Bancario B2 (Building)	1,086	Do not	Yes
San Lorenzo 876 (Building)	1,067	Do not	Yes
Oficina 101 C (Building)	611	Do not	Yes
P.H. World Trade Center, Hotel Sercotel Princess H-501 (Building)	504	Do not	Yes
Premises and garages Edificio Grupo Colombia, Pereira, Colombia (Building)	353	Do not	Yes
PH Suite, Hotel Coronado Edif. E H-205 (Building)	328	Do not	Yes
Land Located In Cerro Azul Hacienda Country Club Lot B-26 (Land)	303	Do not	Yes
Parking (Building)	180	Do not	Yes
Oficina Edificio Camacol, Medellín, Colombia (Building)	159	Do not	Yes
Mar Del Plata (Building)	153	Do not	Yes
Local food center # 1 (Building)	101	Do not	Yes
Local food center # 2 (Building)	94	Do not	Yes
Local food center # 4 (Building)	91	Do not	Yes
Local food center # 3 (Building)	89	Do not	Yes
Agüero (Building)	80	Do not	Yes
Velez Sarsfield 30Cba (Building)	46	Do not	Yes
Warehouse 26 (Building)	28	Do not	Yes
Av.V.Fertil/Medusas Uf -6- Pinama (Building)	12	Do not	Yes
Pampayastasud. (Building)	2	Do not	Yes
Total investment properties	1,031,538		

Fair value hierarchy

All the investment properties have a Level 2, in the hierarchy of fair value. The methodology used for both years, was the market approach.

The fair values of such valuations are supported by market evidence and represent the values by which the assets could be bought, and sold, between an interested and duly informed buyer and seller, in a transaction, in conditions of mutual independence, and in the valuation date, in accordance with the standards of the Comité de Normas Internacionales de Valuación and IFRS 13 Fair Value. The properties are valued each year, and the profits and losses, at fair value, are recorded in the Income Statement.

Restrictions

Grupo SURA has no restrictions on the possible disposition or sale of its investment properties, nor contractual obligations to buy, build, or develop investment properties, or to perform repairs, maintenance tasks, and/or extensions.

NOTE 15. PROPERTY AND EQUIPMENT

A breakdown of properties and equipment, of Grupo de Inversiones Suramericana is, as follows:

	December 2018	December 2017
Land	344,570	334,369
Buildings	563,578	525,482
Vehicles	52,422	50,517
Office equipment	38,555	34,836
Information equipment	113,480	92,791
Appliances and accessories	9,660	17,724
Machinery and medical equipment	39,114	-
Constructions-in-progress	32,800	30,114
Leasehold improvement rights	41,733	35,459
Other property and equipment	-	32,937
Total	1,235 ,912	1,154,229

The movement of the properties and equipment, of Grupo SURA, is as follows:

	Land	Buildings	Transportation equipment	Office equipment	Informatic team	Appliances and accessories	Machinery and medical equipment	Constructions in progress	Lease improvements	Total
Cost	-									
Cost at January 1, 2018	343,099	595,275	93,560	61,506	253,166	37,971	51,257	32,018	86,328	1,554,180
Additions	4,170	43,583	4,720	14,414	45,205	917	7,761	20,235	7,540	148,545
Provisions (-)	(11,773)	(7,712)	(1,054)	489	(5,009)	252	2,613	(29,391)	(182)	(51,767)
Advances	-	1,694	-	-	-	-	-	8,834	-	10,528
(-) Transfer to investment property	(2,089)	(105)	-	-	-	-	-	-	-	(2,194)
(+) Transfer of investment property	-	8	-	-	-	-	-	-	-	8
Reclassification of non-current assets held for sale	11,817	15,203	-	-	-	-	-	-	-	27,020
Reevaluation of property and equipment	10,389	(20,780)	-	-	-	-	-	-	-	(10,391)
Exchange differences	(4,113)	10,154	5,838	155	3,079	409	27	1,104	(3,488)	13,165
Book value at December 31, 2018	351,500	637,320	103,064	76,564	296,441	39,549	61,658	32,800	90,198	1,689,094
Accumulated depreciation and impairment										
Accumulated depreciation and impairment at January 1, 2018	(8,347)	(72,112)	(43,538)	(31,948)	(160,391)	(26,604)	(18,345)	-	(38,666)	(399,951)
Depreciation	-	(12,843)	(7,502)	(6,327)	(35,177)	(3,692)	(5,496)	-	(12,764)	(83,801)
Provisions (-)	-	8,050	2,059	232	331	(2,317)	1,305	-	(10,311)	(651)
Reclassification of non-current assets held for sale	1,417	-	-	-	-	-	-	-	-	1,417
(-) Transfer to investment property	-	13	-	-	-	-	-	-	-	13
Exchange differences	-	3,150	(1,661)	34	12,276	2,724	(8)	-	13,276	29,791
Accumulated depreciation and impairment at December 31, 2018	(6,930)	(73,742)	(50,642)	(38,009)	(182,961)	(29,889)	(22,544)	-	(48,465)	(453,182)
Right-of-use at December 31, 2018	344,570	563,578	52,422	38,555	113,480	9,660	39,114	32,800	41,733	1,235,912

	Land	Buildings	Vehicles	Office equipment	Informatic team	Appliances and accessories	Other properties and equipment	Constructions in progress	Leasehold rights improvements	Total
Cost										
Cost at January 1, 2017	273,368	535,706	91,229	66,629	222,159	62,557	48,094	34,761	47,995	1,382,498
Additions	1,214	30,234	8,833	8,765	47,378	525	6,922	14,958	8,589	127,418
Provisions (-)	(6,378)	(53,589)	(6,301)	(3,555)	(22,482)	(21,828)	(387)	(779)	(673)	(115,972)
Revaluation (Note 26.1)	80,613	97,855	-	-	-	-	-	-	-	178,468
Exchange differences	1,988	1,368	(351)	325	917	-	(34)	8	(464)	3,757
Other changes	(8,089)	(13,912)	172	321	5,193	4,786	-	(18,834)	8,373	(21,990)
Cost in books at December 31, 2017	342,716	597,662	93,582	72,485	253,165	46,040	54,595	30,114	63,820	1,554,179
Accumulated depreciation and impairment										
Accumulated depreciation and impairment at January 1, 2017	-	(62,316)	(36,608)	(37,945)	(138,617)	(34,019)	(17,365)	-	(17,926)	(344,796)
Depreciation of the period	-	(12,884)	(9,928)	(5,068)	(29,230)	(2,912)	(7,850)	-	(10,712)	(78,584)
Provisions (-)	-	5,493	3,354	2,985	14,640	13,043	366	-	-	39,881
Impairment of the period	(1,654)	(1,129)	-	(10)	(130)	-	(218)	-	-	(3,141)
Exchange differences	-	(401)	106	(474)	(758)	-	32	-	397	(1,098)
Other changes	(6,693)	(943)	11	2,863	(6,279)	(4,428)	3,377	-	(120)	(12,212)
Accumulated depreciation and impairment at December 31, 2017	(8,347)	(72,180)	(43,065)	(37,649)	(160,374)	(28,316)	(21,658)	-	(28,361)	(399,950)
Property and equipment at December 31, 2017	334,369	525,482	50,517	34,836	92,791	17,724	32,937	30,114	35,459	1,154,229

After analyzing the signs of Impairment, it was determined that there is no evidence of impairment, for all the elements of the properties and equipment, at the date of presentation of this report. There are no restrictions related to properties and equipment.

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

NOTE 16. INTANGIBLE ASSETS

The classification of the intangible assets, of Grupo SURA, at the end of December 31st, is as follows:

	December 2018	December 2017
Goodwill	4,798,703	4,768,779
Intangible assets other than goodwill	4,397,823	4,532,439
Total intangible assets, including goodwill	9,196,526	9,301,218

16.1 Goodwill

A breakdown of goodwill, is as follows:

Company	December 2018			December 2017		
	Cost	Impairment	Net	Cost	Impairment	Net
Acquisitions realized to ING (*)	3,928,320	-	3,928,320	3,909,070	-	3,909,070
AFP Horizonte	262,569	-	262,569	250,951	-	250,951
Seguros de Vida SURA México S.A. de C.V.	-	-	-	14,419	-	14,419
Arus S.A.	25,429	-	25,429	25,429	-	25,429
Aseguradora Suiza Salvadoreña S.A. (Asesuisa)	90,791	(25,017)	65,774	83,367	(22,973)	60,394
Seguros Sura S.A. República Dominicana	14,942	-	14,942	13,720	-	13,720
Seguro Suramericana Panamá	54,555	-	54,555	50,094	-	50,094
Seguros Generales Suramericana S.A.	159,749	-	159,749	168,462	-	168,462
Seguros Colombia S.A.	109,300	-	109,300	93,650	-	93,650
Seguros Sura S.A.	41,500	-	41,500	44,636	-	44,636
Seguros Sura	31,220	-	31,220	28,763	-	28,763
Seguros Sura S.A. de C.V. Uruguay	104,058	-	104,058	107,904	-	107,904
El Ciruelo	1,287	-	1,287	1,287	-	1,287
Total	4,823,720	(25,017)	4,798,703	4,791,752	(22,973)	4,768,779

(*) Includes the goodwill paid in the acquisition of the following companies:

- AFP Capital S.A. (Chile)
- Afore SURA S.A. de C.V. (Mexico)
- AFP Integra S.A. (Peru)
- AFAP SURA S.A. (Uruguay)
- SURA Investment Management Mexico S.A. de C.V. (Mexico)
- Fondos SURA SAF S.A.C. (Peru)
- Corredora de Bolsa SURA S.A, (Chile) and Administradora General de Fondos S.A. (Chile)

In addition to business combinations, arising in the period, goodwill is adjusted in each cut-off date, taking into account the provisions of Paragraph 47 of IAS 21, which indicates that goodwill should be expressed in the same functional currency of the business abroad, and that it becomes the presentation currency, at the closing exchange rate.

The following is a breakdown of goodwill, by Country:

	December 2018	December 2017
Chile	1,927.11 5	2,032,227
Peru	1,353,842	1,293,946
Mexico	955,553	894,774
Uruguay	249,405	258,622
Colombia	136,016	120,365
El Salvador	65,774	60,395
Panama	54,555	63,814
Brazil	41,500	44,636
Dominican Republic	14.943	-
Total	4,798.703	4,768,779

The movement of goodwill is as follows:

Cost at January 1, 2018	4,791,752	Cost at January 1, 2017	4,529,262
Additions	-	Additions	1,287
Exchange differences	31,968	Exchange differences	261,203
Cost at December 31, 2018	4,823,720	Cost at December 31, 2017	4,791,752
Impairment at January 1, 2018	(22,973)	Impairment at January 1, 2017	(23,100)
Exchange differences	(2,044)	Exchange differences	127
Impairment at December 31, 2018	(25,017)	Impairment at December 31, 2017	(22,973)
Goodwill, net 2018	4,798,703	Goodwill, net 2017	4,768,779

16.2 Intangible assets other than goodwill

A breakdown of the movements, of the intangible assets, of Grupo SURA, is as follows:

	Acquired brands	Intangible assets related to clients	Software and computer applications	Rights	Licenses and franchises	Other intangible assets	Total
Cost							
Cost at January 1, 2017	130,899	3,705,190	264,379	31,746	26,103	1,646,605	5,804,922
Business combinations	-	-	-	-	-	-	-
Additions	-	12,986	113,681	-	427	1,461,599	1,588,693
Provisions (-)	-	(138,676)	(41,430)	-	-	(10,057)	(190,163)
Exchange rate differences	9,454	196,420	24,880	288	(439)	(1,193,490)	(962,887)
Cost in books at December 31, 2017	140,353	3,775,920	361,510	32,034	26,091	1,904,657	6,240,565
Accumulated depreciation and impairment							
Accumulated depreciation and impairment at January 1, 2017	(1,152)	(738,048)	(129,578)	(12,238)	(9,156)	-	(890,172)
Amortization for the period (Note 8)	-	(227,401)	(54,442)	(5,167)	(1,351)	(1,773,385)	(2,061,746)
Additions	-	-	-	-	-	-	-
Provisions (-)	-	36,536	17,504	-	-	-	54,040
Exchange rate differences	(1,597)	(43,015)	(20,087)	(447)	1,111	1,253,787	1,189,752
Accumulated depreciation and impairment at December 31, 2017	(2,749)	(971,928)	(186,603)	(17,852)	(9,396)	(519,598)	(1,708,126)
Intangible assets other than goodwill at December 31, 2017	137,604	2,803,992	174,907	14,182	16,695	1,385,059	4,532,439

	Acquired brands	Intangible assets related to clients	Software and computer applications	Rights	Licenses and franchises	Other intangible assets	Total
Cost							
Cost at January 1, 2018	140,353	3,775,920	361,510	32,034	26,091	1,904,657	6,240,565
Business combinations	-	-	-	-	-	-	-
Additions	3,669	24,880	123,383	-	8,780	1,265,752	1,426,464
Provisions (-)	-	(10,435)	(30,222)	2,234	(8,753)	115,283	68,107
Exchange rate differences	(5,111)	20,117	(3,799)	-	872	(1,180,239)	(1,168,160)
Cost in books at December 31, 2018	138,911	3,810,482	450,872	34,268	26,990	2,105,453	6,566,976
Accumulated depreciation and impairment							
Accumulated depreciation and impairment at January 1, 2018	(2,749)	(971,928)	(186,603)	(17,852)	(9,396)	(519,598)	(1,708,126)
Amortization of the period	-	(213,641)	(57,413)	(5,176)	(1,941)	(1,740,574)	(2,018,745)
Additions	-	-	87	-	650	-	737
Provisions (-)	-	10,435	20,620	-	-	126	31,181
Exchange rate differences	(246)	(18,092)	7,436	(1,535)	144	1,538,093	1,525,800
Accumulated depreciation and impairment at December 31, 2018	(2,995)	(1,193,226)	(215,873)	(24,563)	(10,543)	(721,953)	(2,169,153)
Intangible assets other than goodwill and DAC at December 31, 2018	135,916	2,617,256	234,999	9,705	16,447	1,383,500	4,397,823

The following are the useful lives of the most significant intangibles:

Company	Relationship with clients	Total useful life (years)	Remaining useful life (years)
SURA AM	AFP Capital (Chile)	27	21.0
	Corredora de Bolsa SURA S.A. y Administradora General de Fondos S.A. (Chile)	10	4.0
	Seguros de Vida SURA S.A. (Chile)	14	8.0
	AFP Integra (Perú)	30	24.0
	Wealth Management SURA S.A. (Perú)	4	0.0
	AFAP Sura S.A. (Uruguay)	23	17.0
	Afore Sura S.A. de C.V. (México)	27	21.0
	Seguros Sura S.A. (Perú)	15	9.0
	AFP Integra (Perú) AFP Horizonte	17	11.0
	Sociedad Agente de Bolsa Sura S.A. (Perú)	4	1.0
SURA	Seguros Suramericana S.A de (antes Banistmo Panamá)	9	5.7
	Aseguradora Suiza Salvadoreña S.A. Asesuisa (Salvador)	14	7.0
	Arus S.A. (Colombia)	66	10.0
	Seguros Sura S.A. (Brasil)	5	2.2
	Seguros Generales Suramericana S.A. (Chile)	7	4.3
	Seguros Generales Suramericana S. A.	5	2.3
	Seguros Sura S.A. (Argentina)	10.6	7.9
	Seguros Sura S.A. de C.V (México)	4	1.4
	Seguros Sura S.A. (Uruguay)	16	13.5
Hábitat	Client list, el Ciruelo	3	1.5
Affinity Contracts			
SURA	Insurance Sura S.A. (Brazil)	3	0.3
	Seguros Generales Suramericana S.A. (Chile)	2.3	0.0
	Seguros Generales Suramericana SA	1.8	0.0
	Seguros Sura S.A. (Argentina)	1.9	0.0
	Seguros Sura S.A. de C.V (México)	1.7	0.0
	Seguros Sura S.A. (Uruguay)	1.9	0.0
Non-competition rights			
SURA	Seguros Suramericana S.A de Panamá	5	2.7
Brands			
SURA AM	AFP Capital (Chile) (*)	Indefinite	Indefinite
	AFP Integra (Perú) (*)	Indefinite	Indefinite
	AFAP SURA S.A. (Uruguay)	1	-
	AFP Integra (Perú) AFP Horizonte	3	-
SURA	Seguros Sura S.A. (Argentina) (*)	Indefinite	Indefinite
	Seguros Sura S.A. de C.V (México) (*)	Indefinite	Indefinite

(*) These assets have an indefinite useful life since, once the Purchase Price Allocation (PPA) was realized, it was not possible to determine a foreseeable limit of the period over which the asset is expected to generate inflows of net cash flows, for the entity. Each year, Grupo SURA realizes an evaluation of whether these intangible assets continue with an indefinite useful life, or if there is evidence of impairment. (See Note 19. Impairment of non-financial assets).

Below is the book value of the brands with indefinite useful lives:

Brands	Country	Valuation of currency	Value in local currency	Total
ACG	Argentina	Argentine Pesos	37	3,166
Answer	Argentina	Argentine Pesos	45	3,850
Insurance Argentina			82	7,016
Hogar Master	Mexico	Mexican pesos	8	1,328
Top driver	Mexico	Mexican pesos	2	332
Insurance Mexico			10	1,660
AFP Capital	Chile	Chilean peso	18	82,379
AFP Integra	Peru	Peruvian Sol	47	44,832

Restrictions

To date there are no restrictions on the intangible assets of Grupo SURA.

NOTE 17. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

17.1.Subsidiaries

The following is a breakdown of the subsidiaries of Grupo SURA, at the date of the reporting period:

CORPORATE					
Suramericana S.A.					
				December 2018	December 2017
Activity:	Investor	Asset		5,943,209	5,692,263
Location :	Medellin	Liability		1,120,547	1,201,762
Country:	Colombia	Equity		4,822,662	4,490,501
Constitution date:	May 25, 1999	Profit		527,830	504,888
		Participation		81.13%	81.13%
Inversura Panamá Internacional S.A. (1)					
				December 2018	December 2017
Activity:	Investor	Asset		-	374,310
Location :	Panama City	Liability		-	5
Country:	Panama	Equity		-	374,305
Constitution date:	December 23, 2002	Profit		-	(2,192)
		Participation		0.00%	81.13%
Inversiones Sura Brasil S.A.S. (1)					
				December 2018	December 2017
Activity:	Investor	Asset		-	238,882
Location :	Medellin	Liability		-	1
Country:	Colombia	Equity		-	238,881
Constitution date:	December 4, 2015	Profit		-	(874)
		Participation		0.00%	81.13%
Arus Holding S.AS.					
				December 2018	December 2017
Activity:	Investment in securities and real estate property	Asset		74,414	69,369
Location :	Medellin	Liability		121	3
Country:	Colombia	Equity		74,293	69,366
Constitution date:	July 11, 2012	Profit		6,508	7,768
		Participation		100.00%	100.00%
Inversiones y Construcciones Estratégicas S.A. S					
				December 2018	December 2017
Activity:	Investor	Asset		155,418	155,106
Location :	Medellin	Liability		5,159	5,484
Country:	Colombia	Equity		150,259	149,622
Constitution date:	August 30, 2007	Profit		1,591	10,226
		Participation		100.00%	100.00%
Grupo de Inversiones Suramericana Panamá S.A. (2)					
				December 2018	December 2017
Activity:	Investment in negotiable papers	Asset		-	972,795
Location :	Panama City	Liability		-	923,068
Country:	Panama	Equity		-	49,727
Constitution date:	April 29, 1998	Profit		-	(25,762)
		Participation		0.00%	100.00%
Planeco Panamá S.A.					
				December 2018	December 2017
Activity:	Acquisition and disposition of movable and immovable property	Asset		28,191	29,298
Location :	Panama City	Liability		45,371	55,807
Country:	Panama	Equity		(17,180)	(26,509)
Constitution date:	December 12, 2012	Profit		(5,508)	(7,525)
		Participation		95.28%	95.28%
SURA Ventures S.A.					

			December 2018	December 2017
Activity:	Investment in negotiable papers	Asset	118,863	-
Location :	Panama City	Liability	10	-
Country:	Panama	Equity	118,853	-
Constitution date:	February 21, 2018	Profit	(8,719)	-
		Participation	100.00%	0.00%

GrupoSura Finance S.A. (2)

			December 2018	December 2017
Activity:	Any lawful activity in the Cayman Islands	Asset	-	2,502,571
Location :	Cayman Islands	Liability	-	2,531,229
Country:	Cayman Islands	Equity	-	(28,658)
Constitution date:	March 18, 2011	Profit	-	(3,217)
		Participation	0.00%	100.00%

Inversiones Suramericana Colombia S.A. S

			December 2018	December 2017
Activity:	Holding mutual contracts and investments.	Asset	1,632	3,319
Location :	Bogotá	Liability	6	18
Country:	Colombia	Equity	1,626	3,301
Constitution date:	July 15, 1970	Profit	(2,234)	(3,429)
		Participation	81.12%	81.12%

Santa Maria del Sol S.A.

			December 2018	December 2017
Activity:	Investments	Asset	8,064	7,449
Location :	Buenos Aires	Liability	14	19
Country:	Argentina	Equity	8,050	7,430
Constitution date:	April 11, 1991	Loss / Profit	(100)	77
		Participation	81.13%	81.13%

Atlantis Sociedad Inversora S.A.

			December 2018	December 2017
Activity:	Investments	Asset	4,330	4,028
Location :	Buenos Aires	Liability	11	50
Country:	Argentina	Equity	4,319	4,013
Constitution date:	June 26, 1992	Loss / Profit	(73)	24
		Participation	81.13%	81.13%

Chilean Holding Suramericana SPA

			December 2018	December 2017
Activity:	Investments	Asset	46,693	44,926
Location :	Santiago, Chile	Liability	53,866	50,280
Country:	Chile	Equity	(7,173)	(5,354)
Constitution date:	October 16, 2012	Profit	(2,071)	(1,774)
		Participation	81.13%	81.13%

Inversiones Suramericana Chile Limitada

			December 2018	December 2017
Activity:	Investments	Asset	39,669	41,465
Location :	Santiago, Chile	Liability	217	228
Country:	Chile	Equity	39,452	41,237
Constitution date:	October 25, 2012	Profit	345	(160)

			Participation	81.13%	81.13%
Investments SURA Brasil Participacoes LTDA					
			December 2018	December 2017	
Activity:	Investor	Asset	222,975	-	
Location :	Sao Paulo	Liability	164	-	
Country:	Brazil	Equity	222,811	-	
Constitution date:	March 16, 2018	Profit	(21)	-	
			Participation	81.13%	0.00%
Sura Asset Management S.A.					
			December 2018	December 2017	
Activity:	Investment in real and personal property	Asset	8,646,725	7,180,525	
Location :	Medellin	Liability	3,558,644	1,599,686	
Country:	Colombia	Equity	5,088,081	5,580,839	
Constitution date:	September 15, 2011	Profit	254,976	221,154	
			Participation	83.58%	83.58%
Strategic Assets Sura AM Colombia S.A.S.					
			December 2018	December 2017	
Activity:	Holding Company	Asset	132	131	
Location :	Medellin	Liability	-	2	
Country:	Colombia	Equity	132	129	
Constitution date:	April 25, 2013	Profit	3	5	
			Participation	83.58%	83.58%
Sura Investment Management Colombia S.A.S.					
			December 2018	December 2017	
Activity:	Holding Company	Asset	12,608	6,685	
Location :	Medellin	Liability	521	407	
Country:	Colombia	Equity	12,087	6,278	
Constitution date:	June 23, 2015	Profit	729	1,180	
			Participation	83.58%	83.58%
SURA Asset Management Spain S.L.					
			December 2018	December 2017	
Activity:	Holding Company	Asset	5,542,110	5,331,043	
Location :	Madrid	Liability	708	619	
Country:	Spain	Equity	5,541,402	5,330,424	
Constitution date:	September 28, 2011	Profit	(848)	967	
			Participation	83.58%	83.58%
Investment Group Suramericana Holanda B.V. (3)					
			December 2018	December 2017	
Activity:	Holding Company	Asset	-	5,120,196	
Location :	Amsterdam	Liability	-	43	
Country:	Holland	Equity	-	5,120,153	
Constitution date:	October 12, 2011	Profit	-	(306)	
			Participation	0.00%	83.58%
Grupo SURA Chile Holdings I B.V.					
			December 2018	December 2017	
Activity:	Holding Company	Asset	2,699,386	2,592,886	
Location :	Amsterdam	Liability	11	1,384	

Country:	Holland	Equity	2,699,375	2,591,502
Constitution date:	July 7, 1993	Profit	(734)	(505)
		Participation	83.58%	83.58%

SURA Asset Management Chile S.A.

			December 2018	December 2017
Activity:	Holding Company	Asset	3,517,185	3,208,846
Location :	Santiago, Chile	Liability	37,116	21,228
Country:	Chile	Equity	3,480,069	3,187,618
Constitution date:	August 1, 2002	Profit	451,963	90,209
		Participation	83.58%	83.58%

Sura Data Chile S.A.

			December 2018	December 2017
Activity:	Vehicle dedicated to the provision of data processing services and leasing of computer equipment	Asset	9,261	10,256
Location :	Santiago, Chile	Liability	2,788	3,537
Country:	Chile	Equity	6,473	6,719
Constitution date:	August 1, 2002	Profit	100	394
		Participation	83.58%	83.58%

SURA Servicios Profesionales S.A.

			December 2018	December 2017
Activity:	Vehicle dedicated to consulting and business advice	Asset	31,305	34,989
Location :	Santiago, Chile	Liability	12,745	18,002
Country:	Chile	Equity	18,560	16,987
Constitution date:	August 1, 2002	Profit	2,422	2,351
		Participation	83.58%	83.58%

SUAM Finance B.V. (3)

			December 2018	December 2017
Activity:	Holding Company of the 144A / Reg S bonds issued in April 2014	Asset	-	1,432,862
Location :	Curacao	Liability	-	1,496,394
Country:	Curacao	Equity	-	(63,532)
Constitution date:	December 01, 2014	Profit	-	(73,364)
		Participation	0.00%	83.58%

Sura Asset Management México S.A. de C.V.

			December 2018	December 2017
Activity:	Holding Company	Asset	1,077,844	1,002,420
Location :	Mexico DF	Liability	438	177
Country:	Mexico	Equity	1,077,406	1,002,243
Constitution date:	April 17, 2013	Profit	233,970	229,637
		Participation	83.58%	83.58%

Sura Art Corporation S.A. de C.V.

			December 2018	December 2017
Activity:	Society dedicated to collect Mexican works of art	Asset	42,443	38,902
Location :	Mexico DF	Liability	73	81
Country:	Mexico	Equity	42,370	38,821
Constitution date:	December 20, 2011	Profit	217	171
		Participation	83.58%	83.58%

Sura Asset Management Peru S.A.				
			December 2018	December 2017
Activity:	Holding Company	Asset	153,111	286,011
Location :	Lima	Liability	4,835	64,388
Country:	Peru	Equity	148,276	221,623
Constitution date:	July 4, 2013	Profit	87,951	133,147
		Participation	83.58%	83.58%

Sura Asset Management Uruguay Sociedad de Inversión S.A.				
			December 2018	December 2017
Activity:	Holding Company	Asset	210,783	218,779
Location :	Uruguay	Liability	2,525	4,025
Country:	Uruguay	Equity	208,258	214,754
Constitution date:	July 2nd 2013	Profit	13,517	25,559
		Participation	83.58%	83.58%

VOLUNTEER MANDATORIES

AFAP Sura S.A.				
			December 2018	December 2017
Activity:	Company dedicated to the administration of pension savings funds.	Asset	117,225	102,116
Location :	Montevideo	Liability	19,511	21,382
Country:	Uruguay	Equity	97,714	80,734
Constitution date:	March 27, 1995	Profit	43,883	44,989
		Participation	83.58%	83.58%

AFP Capital S.A.				
			December 2018	December 2017
Activity:	Company dedicated to the administration of social security funds	Asset	3,057,843	3,334,661
Location :	Santiago, Chile	Liability	608,121	582,530
Country:	Chile	Equity	2,449,722	2,752,131
Constitution date:	January 16, 1981	Profit	257,187	292,234
		Participation	83.33%	83.33%

Afore Sura S.A. de C.V.				
			December 2018	December 2017
Activity:	Company dedicated to the administration of investment companies specialized in Retirement Funds	Asset	1,686,904	1,512,587
Location :	Mexico DF	Liability	242,039	216,568
Country:	Mexico	Equity	1,444,865	1,296,019
Constitution date:	December 17, 1996	Profit	261,897	257,279
		Participation	83.58%	83.58%

AFP Integra S.A.				
			December 2018	December 2017
Activity:	Pension Funds Administrator	Asset	1,435,319	1,402,909
Location :	Lima	Liability	250,194	249,423
Country:	Peru	Equity	1,185,125	1,153,486
Constitution date:	May 19, 1993	Profit	150,616	181,830
		Participation	83.58%	83.58%

VOLUNTEERS				
Corredores de Bolsa Sura S.A.				
			December 2018	December 2017
Activity:	Company dedicated to the purchase and S.A. le of securities and securities brokerage operations	Asset	102,567	138,860
Location :	Santiago, Chile	Liability	48,624	77,695
Country:	Chile	Equity	53,943	61,165
Constitution date:	February 4, 2008	Profit	(2,800)	(2,595)
		Participation	83.58%	83.58%
General Fund Manager Sura S.A.				
			December 2018	December 2017
Activity:	Society dedicated to managing mutual and investment funds	Asset	49,550	82,698
Location :	Santiago, Chile	Liability	14,946	49,829
Country:	Chile	Equity	34,604	32,869
Constitution date:	July 9, 2008	Profit	3,395	7,764
		Participation	83.58%	83.58%
Sura Investment Management S.A. de C.V.				
			December 2018	December 2017
Activity:	Company dedicated to the operation of investment companies	Asset	89,798	63,350
Location :	Mexico DF	Liability	22,809	15,881
Country:	Mexico	Equity	66,989	47,469
Constitution date:	February 13, 1998	Profit	(22,548)	(14,586)
		Participation	83.58%	83.58%
Sura Funds S.A. F S.A.C.				
			December 2018	December 2017
Activity:	Company dedicated to managing mutual and investment funds	Asset	26,812	13,663
Location :	Lima	Liability	5,275	4,751
Country:	Peru	Equity	21,537	8,912
Constitution date:	December 7, 2004	Profit	(1,335)	(6,111)
		Participation	83.58%	83.58%
Sociedad Agente de Bolsa S.A.				
			December 2018	December 2017
Activity:	Stock brokers	Asset	12,483	12,011
Location :	Lima	Liability	1,096	941
Country:	Peru	Equity	11,387	11,070
Constitution date:	September 25, 2015	Profit	(3,628)	(3,458)
		Participation	83.58%	83.58%
Corredor de Bolsa SURA S.A.				
			December 2018	December 2017
Activity:	Intermediation services	Asset	4,498	8,272
Location :	Montevideo	Liability	2,752	3,122
Country:	Uruguay	Equity	1,746	5,150
Constitution date:	December 01, 2014	Profit	(5,016)	(6,038)
		Participation	83.58%	83.58%
AFISA SURA S.A.				

			December 2018	December 2017
Activity:	Company dedicated to the administration of investment funds	Asset	6,779	7,155
Location :	Montevideo	Liability	1,605	2,241
Country:	Uruguay	Equity	5,174	4,914
Constitution date:	January 19, 2011	Profit	(448)	(4,621)
		Participation	83.58%	83.58%

Sura Asset Management Argentina S.A.

			December 2018	December 2017
Activity:	Company dedicated to financial and investment management	Asset	1,384	26
Location :	Buenos Aires	Liability	100	26
Country:	Argentina	Equity	1,284	-
Constitution date:	October 11, 2017	Profit	(165)	(18)
		Participation	83.58%	83.58%

WM Asesores en inversiones S.A. de C.V.

			December 2018	December 2017
Activity:	Management consulting services	Asset	6,998	-
Location :	Mexico DF	Liability	593	-
Country:	Mexico	Equity	6,405	-
Constitution date:	May 02, 2018	Profit	(777)	-
		Participation	83.58%	0.00%

LIFE

NBM Innova, S.A. de C.V.

			December 2018	December 2017
Activity:	Provide all kinds of services for the management, promotion, dissemination and marketing of all kinds of goods and services.	Asset	367	-
Location :	Mexico DF	Liability	762	-
Country:	Mexico	Equity	(395)	-
Constitution date:	May 13, 2018	Profit	(1,596)	-
		Participation	83.58%	0.00%

Seguros de Vida Suramericana S.A.

			December 2018	December 2017
Activity:	Insurance of people	Asset	6,827,592	7,253,468
Location :	Medellin	Liability	5,331,046	5,839,942
Country:	Colombia	Equity	1,496,546	1,413,526
Constitution date:	August 4, 1947	Profit	280,505	351,110
		Participation	81.13%	81.13%

Seguros de Riesgos Laborales Suramericana S.A.

			December 2018	December 2017
Activity:	Operation of the labor risks branch	Asset	3,040,069	2,634,197
Location :	Medellin	Liability	2,477,379	2,095,313
Country:	Colombia	Equity	562,690	538,884
Constitution date:	November 9, 1995	Profit	212,448	186,316
		Participation	81.13%	81.13%

Asesuisa Vida, S.A. Seguros de Personas

			December 2018	December 2017
Activity:	Insurance of people	Asset	391,777	369,422
Location :	San Salvador	Liability	303,861	287,273
Country:	El Salvador	Equity	87,916	82,149
Constitution date:	December 5, 2001	Profit	16,340	18,923
		Participation	81.13%	81.13%

Seguros de Vida Suramericana S.A. (Chile)

			December 2018	December 2017
Activity:	Life insurance Company	Asset	84,721	76,949
Location :	Santiago, Chile	Liability	45,895	34,662
Country:	Chile	Equity	38,826	42,287
Constitution date:	November 21, 2012	Loss / Profit	(1,254)	33
		Participation	81.13%	81.13%

Seguros de Vida Sura S.A.

			December 2018	December 2017
Activity:	Company engaged in insurance activities, related to life annuities and life	Asset	4,492,029	10,323,517
Location :	Santiago, Chile	Liability	4,150,841	9,203,966
Country:	Chile	Equity	341,188	1,119,551
Constitution date:	January 12, 1989	Profit	133	53,961
		Participation	83.58%	83.58%

Pensiones Sura S.A. de C.V.

			December 2018	December 2017
Activity:	Pension insurance	Asset	2,467,380	2,030,137
Location :	Mexico DF	Liability	2,296,724	1,895,032
Country:	Mexico	Equity	170,656	135,105
Constitution date:	May 12, 1997	Profit	24,203	24,633
		Participation	83.58%	83.58%

Seguros de Vida SURA Mexico S.A. de C.V.

			December 2018	December 2017
Activity:	Life insurance	Asset	318,711	270,155
Location :	Mexico DF	Liability	279,362	230,058
Country:	Mexico	Equity	39,349	40,097
Constitution date:	December 1, 2014	Profit	(1,855)	(1,808)
		Participation	81.13%	83.58%

SUAM Corredora de Seguros S.A. de CV

			December 2018	December 2017
Activity:	Company dedicated to all kinds of activities related to insurance and reinsurance	Asset	805	733
Location :	San Salvador	Liability	44	87
Country:	El Salvador	Equity	761	646
Constitution date:	May 7, 2013	Profit	52	164
		Participation	83.58%	83.58%

Disgely S.A.

			December 2018	December 2017
Activity:	Company dedicated to market merchandise, leases of goods, works and services.	Asset	1,950	2,148
Location :	Montevideo	Liability	38	168

Country:	Uruguay	Equity	1,912	1,980
Constitution date:	December 01, 2014	Profit	2	(617)
		Participation	83.58%	83.58%

Sura Seguros de Rentas Vitalicias S.A.

			December 2018	December 2017
Activity:	Ensure on a premium basis, the insurance and reinsurance operations of life risks in all current or future types, insurance of pension or income, personal accidents, health or others that guarantee the person within or at the end of a term .	Asset	5,745,868	-
Location :	Santiago, Chile	Liability	4,889,671	-
Country:	Chile	Equity	856,197	-
Constitution date:	November 06, 2018	Profit	44,861	-
		Participation	83.58%	0.00%

NON-LIFE

Seguros Generales Suramericana S.A.

			December 2018	December 2017
Activity:	General securities	Asset	4,474,981	3,750,880
Location :	Medellin	Liability	3,544,606	2,870,049
Country:	Colombia	Equity	930,375	880,831
Constitution date:	December 12, 1944	Profit	76,620	77,079
		Participation	81.12%	81.12%

Seguros Sura S.A.

			December 2018	December 2017
Activity:	Insurance	Asset	407,746	313,228
Location :	Santo Domingo	Liability	340,491	272,548
Country:	Dominican Republic	Equity	67,255	40,680
Constitution date:	July 17, 1986	Profit	7,078	676
		Participation	81.13%	81.13%

Seguros Suramericana Panamá S.A.

			December 2018	December 2017
Activity:	Insurance	Asset	1,065,189	1,169,686
Location :	Panama City	Liability	643,218	547,873
Country:	Panama	Equity	421,971	621,813
Constitution date:	July 11, 1972	Profit	48,902	48.104
		Participation	81.13%	81.13%

Aseguradora Suiza Salvadoreña S.A. Asesuiza

			December 2018	December 2017
Activity:	General securities	Asset	335,120	304,142
Location :	San Salvador	Liability	145,964	123,856
Country:	El Salvador	Equity	189,156	180,286
Constitution date:	November 14, 1969	Loss / Profit	(6,383)	361
		Participation	81.13%	81.13%

Sura RE Ltd.

			December 2018	December 2017
Activity:	Insurance and/or reinsurance business	Asset	107,917	57,468

Location :	Hamilton	Liability	58,202	42,276
Country:	Bermuda	Equity	49,715	15,192
Constitution date:	December 08, 2015	Profit	(275)	(462)
		Participation	81.13%	81.13%

Sura S.A. C Ltd.

			December 2018	December 2017
Activity:	Insurance and/or reinsurance business	Asset	2,761	1,904
Location :	Hamilton	Liability	1,323	933
Country:	Bermuda	Equity	1,438	971
Constitution date:	July 26, 2017	Profit	346	(13)
		Participation	81.13%	81.13%

Seguros Sura S.A. (Brasil)

			December 2018	December 2017
Activity:	Operation in people and damage insurance	Asset	1,089,518	1,050,691
Location :	Sao Paulo	Liability	858,814	804,552
Country:	Brazil	Equity	230,704	246,139
Constitution date:	August 31, 1973	Profit	934	(155)
		Participation	81.13%	81.13%

Insurance Sura S.A. (Argentina)

			December 2018	December 2017
Activity:	Insurance operations in general	Asset	1,188,803	1,446,021
Location :	Buenos Aires	Liability	1,038,542	1,250,744
Country:	Argentina	Equity	150,261	195,277
Constitution date:	July 13, 1912	Loss / Profit	(8,309)	29,155
		Participation	80.67%	80.67%

Aseguradora de Créditos y Garantías S.A.

			December 2018	December 2017
Activity:	Insurance, coinsurance and reinsurance operations in general on all types of risks	Asset	112,782	87,275
Location :	Buenos Aires	Liability	100,861	73,930
Country:	Argentina	Equity	11,921	13,345
Constitution date:	March 20, 1959	Profit	92	(3,270)
		Participation	81.12%	81.12%

Seguros Generales Suramericana S.A. (Chile)

			December 2018	December 2017
Activity:	General insurance Company	Asset	4,028,011	4,196,792
Location :	Santiago, Chile	Liability	3,192,338	3,325,728
Country:	Chile	Equity	835,673	871,064
Constitution date:	April 15, 1905	Profit	10,341	(3,595)
		Participation	81.11%	80.71%

Seguros Sura, S.A. de C.V. (México)

			December 2018	December 2017
Activity:	Insurance operations in general	Asset	1,222,297	1,432,476
Location :	Mexico DF	Liability	880,336	1,119,239
Country:	Mexico	Equity	341,961	313,237
Constitution date:	October 1, 1941	Profit	3,494	(7,082)
		Participation	81.13%	81.13%

Seguros Sura S.A. (Uruguay)				
			December 2018	December 2017
Activity:	General securities	Asset	632,397	602,676
Location :	Montevideo	Liability	387,919	331,371
Country:	Uruguay	Equity	244,478	271,305
Constitution date:	November 7, 1994	Loss / Profit	(7,748)	13,545
		Participation	81.13%	81.13%

HEALTH

EPS y Medicina Prepagada Suramericana S.A.

			December 2018	December 2017
Activity:	Organization, guarantee and provision of health services.	Asset	929,647	721,194
Location :	Medellin	Liability	672,146	524,958
Country:	Colombia	Equity	257,501	196,236
Constitution date:	January 31, 1990	Profit	57,993	31,823
		Participation	81.13%	81.13%

Servicios de Salud IPS Suramericana S.A.

			December 2018	December 2017
Activity:	Provision of medical, paramedical and dental services	Asset	97,554	89,141
Location :	Medellin	Liability	81,549	75,537
Country:	Colombia	Equity	16,005	13,604
Constitution date:	December 19, 1996	Profit	3,095	1,660
		Participation	81.13%	81.13%

Diagnóstico y Asistencia Médica S.A.

			December 2018	December 2017
Activity:	Provision of diagnostic health aids services	Asset	118,086	82,334
Location :	Medellin	Liability	64,342	50,348
Country:	Colombia	Equity	53,744	31,986
Constitution date:	February 24, 1994	Profit	7,359	5,986
		Participation	81.13%	81.13%

Hábitat Adulto Mayor S.A.

			December 2018	December 2017
Activity:	Provision of health services for the elderly.	Asset	57,670	50,075
Location :	The star	Liability	29,964	21,884
Country:	Colombia	Equity	27,706	28,191
Constitution date:	July 24, 2007	Loss / Profit	(457)	1,187
		Participation	82.66%	82.66%

OUTSORCING

Arus S.A.

			December 2018	December 2017
Activity:	Services and commercialization of products and solutions in telecommunications	Asset	100,046	84,104
Location :	Medellin	Liability	64,330	53,073
Country:	Colombia	Equity	35,716	31,031
Constitution date:	August 16, 1988	Profit	4,652	5,204
		Participation	100.00%	100.00%

Enlace Operativo S.A.				
			December 2018	December 2017
Activity:	Information processing services under the figure of outsourcing.	Asset	28,354	20,293
Location :	Medellin	Liability	10,473	4,968
Country:	Colombia	Equity	17,881	15,325
Constitution date:	May 31, 2006	Profit	2,695	3,281
		Participation	100.00%	100.00%
OTHERS				
Operaciones Generales Suramericana S.A.S.				
			December 2018	December 2017
Activity:	Investment in real and personal property	Asset	131,637	127,864
Location :	Medellin	Liability	65,117	74,119
Country:	Colombia	Equity	66,520	53,745
Constitution date:	July 24, 1964	Profit	(9,653)	(8,278)
		Participation	81.13%	81.13%
Servicios Generales Suramericana S.A.				
			December 2018	December 2017
Activity:	Investment in personal property, especially of shares, quotas or parts of companies.	Asset	589,140	506,017
Location :	Medellin	Liability	329,183	240,956
Country:	Colombia	Equity	259,957	265,061
Constitution date:	December 6, 2002	Profit	25,712	11,045
		Participation	81.13%	81.13%
Consultoría en Gestión de Riesgos Suramericana S.A.S.				
			December 2018	December 2017
Activity:	Provision of consulting services in comprehensive risk management	Asset	19,193	14,995
Location :	Medellin	Liability	15,939	12,676
Country:	Colombia	Equity	3,254	2,319
Constitution date:	April 15, 1996	Profit	933	293
		Participation	81.13%	81.13%
Servicios Generales Suramericana S.A. (Panamá)				
			December 2018	December 2017
Activity:	Service inspection, repair, purchase and S.A. le of vehicles.	Asset	651	419
Location :	Panama City	Liability	360	263
Country:	Panama	Equity	291	156
Constitution date:	August 2, 2012	Profit	110	11
		Participation	81.13%	81.13%
Protección Garantizada LTDA (4)				
			December 2018	December 2017
Activity:	Insurance placement agency.	Asset	-	2,479
Location :	Bogotá	Liability	-	889
Country:	Colombia	Equity	-	1,590
Constitution date:	November 10, 2005	Profit	-	1,555
		Participation	0.00%	49.73%
SURA Real Estate S.A.S.				

			December 2018	December 2017
Activity:	Management consulting activities, real estate activities realized with own or leased property	Asset	3,186	3,426
Location :	Bogotá	Liability	2,097	2,383
Country:	Colombia	Equity	1,089	1,043
Constitution date:	February 9, 2016	Loss / Profit	(753)	588
		Participation	63.52%	58.50%
Asesores Sura S.A. de C.V.				
			December 2018	December 2017
Activity:	Sale of products and provision of financial services	Asset	16,235	11,175
Location :	Mexico DF	Liability	12,242	8,516
Country:	Mexico	Equity	3,993	2,659
Constitution date:	October 17, 2000	Profit	1,009	660
		Participation	83.58%	83.58%
Promotora Sura AM S.A. de C.V.				
			December 2018	December 2017
Activity:	Provision of marketing services, promotion and dissemination of products of any kind	Asset	8,310	6,734
Location :	Mexico DF	Liability	4,107	3,851
Country:	Mexico	Equity	4,203	2,883
Constitution date:	October 23, 2013	Profit	965	1,086
		Participation	83.58%	83.58%

The Information of the Subsidiaries are taken from the separate financial statements.

Changes in the participation of investments in subsidiaries

Year 2018

On February 21, 2018, the scission in Panama, called SURA VENTURES S.A., was approved. The capital, of the new Company, that is constituted, is paid with the allocation of part of the capital of Grupo de Inversiones Suramericana Panamá S.A, leaving the authorized capital of SURA VENTURES S.A, for USD 27,094,024.

On March 16, 2018, with the registration, before the local Ministry of Finance, Inversiones Sura Brasil, a Company domiciled, and governed, by the laws of the Republic of Brazil, was formally incorporated. Its purpose is to facilitate the development of business and investment of Suramericana, in Latin America, and particularly in this country. The participation of Suramericana, in this Company, corresponds to 100% of its capital, indirectly, since the ownership of the property is through its Colombian subsidiaries, Inversiones Sura Brasil S.A.S and Operaciones Generales Suramericana S.A.S.

On March 23, 2018, Suramericana S.A. capitalized its subsidiary Sura Re, with USD 10,300,000, so that it could reach the minimum capital, required to start the registration process, as a reinsurer, and the subsequent acceptance of risks, assigned by its related companies. With the transfer of

these resources, Sura Re reached a capital of USD 15,800,000, which has been contributed, in full, directly by Suramericana S.A.

In April 2018, Chilean Holding Suramericana SpA bought 28,742 shares, as a result of the change in Chile in Seguros Generales, which has ceased to be a shareholder of FCMI Chilean Holdings LTD, whose value, increased the investment by 809,058,558 Chilean pesos.

On May 2, 2018, WM Asesores en Inversiones S.A. de C.V. was incorporated, in Mexico City, with an indefinite duration, whose corporate purpose will be to provide professional and administrative services of portfolio management, making investment decisions, in the name of, and on account of third parties, as well as advice on investment in securities, analysis and issuance of investment recommendations in an individualized manner. Said Company will be subject to the supervision of the National Banking and Securities Commission.

On May 25, 2018 AZ S.A.S., a shareholder of Sura Real Estate S.A.S., transferred 602 ordinary shares to Sura Investment Management Colombia S.A.S., by virtue of the purchase and sale of said shares, in the amount of 1,260,000,000 Pesos (COP), which corresponds to a value, per share, of 2,093,023.26. Pesos (COP).

In Sura Real Estate S.A.S, an issuance of 10 shares was realized, of which Sura Investment Management (Subsidiary of Sura Asset Management Colombia) acquired 7 shares, at a nominal value of one thousand pesos (\$ 1,000).

³ On July 31, 2018 Grupo de Inversiones Suramericana Holanda merged with Grupo SURA AE Chile Holding I B.V. Likewise, Suam Finance BV merged with Sura Asset Management S.A.

On September 12, 2018, Sura Asset Management México S.A. pays the totality of the approved capital, in the Company NBM Innova Mexico, of 5,000,000 (five million) ordinary, nominative shares, with a nominal value of \$1.00 Peso, a variable capital increase, of which, 2,999,900 was already had.

⁴ On October 8, the liquidation certificate of the subsidiary Protección Garantizada Ltda. was registered at the Cámara de Comercio de Bogotá (Chamber of Commerce of Bogotá).

On November 6, 2018, the amendment of bylaws and division Seguros de Vida Sura S.A., was approved, and the existence and approval of the bylaws of Sura Seguros de rentas vitalicias S.A., and the reduction of its capital of \$104,044,176,916, were approved, the share capital in the amount of \$53,382,647,403, divided into 32,307,143 shares of the same series, all nominative, of equal value, and without nominal value, fully subscribed and paid.

¹ On December 31, pursuant to the Company reorganization project, Suramericana S.A. absorbed, through a merger process, its subsidiaries Inversiones Sura Brasil S.A.S. and Inversura Panamá Internacional, of which it was the sole shareholder. As a result of this merger, Suramericana S.A. became a direct shareholder of 99.99% of Inversiones Sura Brasil Participações Ltda, 99.99% of Seguros Sura Republica Dominicana S.A., and 100% of Seguros Suramericana Panamá S.A., subsidiaries that until then owned, through these vehicles, investment. On the same date, through a process of an equity spin-off, Suramericana absorbed 97.11% shareholding, that until then, Seguros Suramericana Panamá S.A., held in Aseguradora Suiza Salvadoreña S.A. (Asesuiza).

Company changes

– ² Grupo SURA (Panama and Finance)

Grupo de Inversiones Suramericana S.A. ("Grupo SURA") through Public Deed No. 1715, granted on August 1, 2018, at the Second Notary Public of Medellín, the merger statute reform was formalized, in which Grupo SURA acted as the absorbing Company of its subsidiaries Grupo de Inversiones Suramericana Panamá S.A. ("GIS Panama") and Gruposura Finance ("GS Finance"). In this respect, and after obtaining the authorization of the Financial Superintendence of Colombia, through Resolution No. 0890 of July 13, 2018, notified on July 17, 2018, the merger commitment, approved by the respective companies, was realized public. Organs of the companies involved in their meetings of March 23, 2018. In accordance with the foregoing, Grupo SURA will proceed to register the public deed in the Mercantile Registry of the Chamber of Commerce, of Medellín.

The assets and liabilities of the absorbed companies, and of Grupo SURA, have been taken at their value recorded in the most recent Separate Financial Statements available.

The variation in equity accounts, in the Consolidated Financial Statements, of Grupo SURA, is \$ (63,829) and the profit for the year is \$ (27,281).

– SURA AM and SURA (Insurance Mexico)

On July 11, 2018, SURA Asset Management, as part of the purchase and sale process, realized by the Mexican insurer Seguros de Vida Sura Mexico S.A. de C.V. ,to Suramericana S.A. (buyer), the Governing Board of the National Insurance and Bonding Commission of Mexico, authorized preliminarily, the transaction , subject to compliance with some necessary regulatory requirements, for the final authorization, and on which both parties are advancing.

The execution of the contract is also subject to the favorable resolution of the Federal Commission of Economic Competition of Mexico (COFECE), and to the fulfillment of the suspensive conditions ,agreed between the parties. The changes in the Consolidated Financial Statements, will be realized, once the approval of the COFECE has been obtained.

– Life Insurance and Occupational Risk Insurance Suramericana (ARL SURA)

On July 3, 2018, the Board of Directors, of its subsidiaries Seguros de Vida Suramericana S.A., and Seguros de Riesgos Laborales Suramericana S.A. (ARL SURA), authorized their directors to advance a merger operation. in which the former will absorb ARL SURA, with the objective of generating greater capital efficiency, thanks to the complementarity of the financial structure, that both companies have.

The process will be subject to compliance, with the corresponding legal procedures, approvals by the governing bodies, of each of the companies, and the favorable pronouncement of the Financial Superintendence of Colombia. The changes in the Consolidated Financial Statements will be realized once the approval of the regulatory entities has been obtained .

- **Sura Asset Management and SUAM Finance B.V. (SURA AM and Finance)**

Grupo de Inversiones Suramericana S.A. (Grupo SURA) reports, that its subsidiary Sura Asset Management S.A. (SURA AM), domiciled in Colombia, duly completed the merger process, through which Sura AM absorbed the subsidiary SUAM Finance B.V. (Absorbed Company), domiciled in Curacao.

Impacts of the merger: SURA AM was the sole shareholder of the Absorbed Company, so there was no exchange of shares, or shares of capital, nor effects on the Consolidated Financial Statements of Sura AM and Grupo SURA.

Year 2017

- On April 4, 2017, 127,464 shares of IFC of Sura Asset Management S.A., were purchased in the amount of \$ 1,079,056 million, increasing the stake in this Company, by 4.8717%.
- On July 26, 2017, the Company SURA SAC Ltda., a segregated accounts Company, domiciled in Bermuda, was incorporated. The South American share, in this Company, is direct, and corresponds to 100% of its capital. The value of the initial investment, in this Company, was USD 200,000.
- The Company, Services and Sales Company Ltda., was declared in the process of liquidation, therefore, from 2017, it deteriorated by 100%.
- The Company Inversiones SURA Brasil S.A.S, was declared in a liquidation process, in December 2017, the Company is dissolved, and in a state of liquidation, as evidenced in the extract of Meeting Minutes Number 05 of the Extraordinary Meeting, held on November 29, 2017, its current state was reported to the Chamber of Commerce, on December 21, 2017.

Relevant events in the subsidiaries in 2017

Purchase of Seguros de Vida Sura México

On November 15, 2017, Suramericana S.A. entered into a share purchase agreement with the purpose of becoming the owner, directly and indirectly, of all outstanding shares of the Mexican insurer Seguros de Vida SURA S.A., an operation that was owned by its related SURA Asset Management S.A., in that Country. The agreed upon price was US \$ 20,598,943.93, which corresponds to \$ 61,467 million Colombian pesos.

Sale Insurance Seguros Sura Perú e Hipotecaria Sura

In May 2017, a sale agreement was signed with Intercorp for 100% of the shares of Seguros SURA Perú and Hipotecaria Sura, a transaction in which SURA Asset Management transferred its 69.3% stake in Seguros Sura Perú, and Sura Asset Management Peru, transfers 100% of the shares of Hipotecaria Sura.

This decision is realized after analyzing the new regulatory context of Peru, that allows focusing business in this Country, specifically in the stage of accumulation of capital of clients, in AFP Integra, as well as in the acceleration of the savings and investment business, and asset management.

The effective date of the sale, of Seguros Sura Perú and Hipotecaria Sura, was on October 1, 2017, the date on which the control of these entities was transferred to Intercorp.

17.2 Investments accounted for using the equity method

The balance of investments in associates and joint ventures is as follows:

	Note	December 2018	December 2017
Investments in associates	17.2.1	19,163,946	18,829,782
Joint ventures	17.2.2	6,094	4,160
Total Investments accounted for using the equity method		19,170,040	18,833,942

	Note	December 2018	December 2017
Income using <i>the equity method</i> in associates	17.2.1	1,056,995	1,060,919
Income using <i>the equity method</i> in joint ventures	17.2.2	1,18 8	(9,511)
Total income by method of participation of investments accounted for using the equity method	Note	1,058.183	1,051,408

17.2.1 Investment in associates

A breakdown of the associated companies, of Grupo SURA, at the date of the reporting period, is as follows:

				December 2018			December 2017		
Companies	Main activity	Country	%Participa tion	% right to vote	# Shares	%Particip ation.	% right to vote	# Shares	
Associates:									
Grupo Bancolombia S.A. (*)	Universal banking	Colombia	24.44%	46.12%	235,098,823	24.44%	46.11%	235,039,870	
Grupo Argos S.A. (*)	Cement, energy, real estate and ports	Colombia	26.75%	35.53%	229,295,179	26.78%	35.56%	229,534,810	
Grupo Nutresa S.A.	Food and processed	Colombia	35.17%	35.17%	161,807,155	35.17%	35.17%	161,807,155	
Administradora de Fondos de Pensiones y Cesantías Protección S.A.	Pension and severance fund	Colombia	49.36%	49.36%	12,541,088	49.36%	49.36%	12,541,088	
Sodexo Soluciones de Motivación S.A.	Services	Colombia	49.00%	49.00%	261,342	49.00%	49.00%	261,342	
Sodexo Colombia S.A.	Services	Colombia	35.00%	35.00%	1,604,015	35.00%	35.00%	1,604,015	
Promotora de Proyectos	Logistics services	Colombia	16.77%	16.77%	5,769,024	16.77%	16.77%	5,769,024	
Inversiones DCV S.A.	Shareholder registration management	Chile	34.82%	34.82%	3,431	34.82%	34.82%	3,431	

Fondos de Cesantías Chile I S.A.	Pension and severance fund	Chile	22.60%	22.60%	62,401	22.60%	22.60%	62,401
Servicios de Administración Previsional S.A.	Voluntary funds	Chile	22.64%	22.64%	168,806	22.64%	22.64%	168,806
ARS Palic Salud S.A.	Administration and sale of health plans	Dominican Republic	30.00%	30.00%	247,665	30.00%	30.00%	247,665
Subocol S.A.	Marketing of spare parts for vehicle repair	Colombia	50.00%	50.00%	492	50.00%	50.00%	492
Brinks de Colombia S.A. ¹	Transport	Colombia	-	-	-	18.62%	18.62%	3,377,445
Acsendo S.A.S.	Investments	Colombia	25.80%	25.80%	63,570	25.80%	25.80%	63,570
Joint ventures								
Interejecutiva de Aviación S.A.S.	Air Transport Administration	Colombia	33.00%	33.00%	1,500,000	33.00%	33.00%	1,500,000
Unión Para La Infraestructura S.A.S.	Background	Colombia	50.00%	50.00%	-	50.00%	50.00%	-

(^{*)} **Voting rights:** The percentage, with voting rights, at September 2018, of Bancolombia S.A. and Grupo Argos, is 46.12% and 35.53%, respectively, the foregoing, taking into account the issuance, of preference shares, without voting rights, issued by this associate. For other investments in associates, the percentage of participation is equal to the right to vote.

¹ Despite not having more than 20% participation, in the investment of Brinks de Colombia S.A., was realized through Servicios Generales Suramericana S.A.

Investment balances

The following are the balances of associates:

Investment in associates	December 2018	December 2017
Bancolombia SA	8,214,022	7,788,286
Grupo Argos S.A.	5,057,575	4,917,510
Grupo Nutresa S.A.	4,696,943	4,913,993
Administradora of Fondos of Pensiones and Cesantías Protección S.A.	1,121,113	1,120,041
Others	74,293	89,953
Total	19,163,946	18,829,782

Financial information of the associates (Securities issuers)

Assets, liabilities, equity, and profit for the period, of each of the associated companies, included in the Consolidated Financial Statements of the Company, at December 31, 2018 and December 31, 2017, are as follows:

December 2018									
Location	Asset Current	Asset non-current	Current Liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income

Bancolombia S.A.	Colombia	220,113,618	-	193,458,393	-	26,655,225	11,098,768	2,786,435	656,710	3,443,145
Grupo Argos S.A.	Colombia	6,851,955	41,862,398	7,029,847	16,111,769	25,572,737	14,314,013	1,194,118	514,817	1,708,935
Grupo Nutresa S.A.	Colombia	2,821,049	10,702,648	2,042,730	3,146,237	8,334,730	9,016,066	508,755	(859,633)	(350,878)
Administradora de Fondo de Pensiones y Cesantías Protección S.A.	Colombia	2,172,208	-	675,135	-	1,497,073	1,387,294	201,997	3,138	205,134
Sodexo Servicios de Beneficios e Incentivos Colombia S.A.	Colombia	149,840	-	144,375	-	5,464	-	1,202	-	1,202
Sodexo Colombia S.A.	Colombia	125,444	-	99,787	-	25,657	-	3,849	-	3,849
Inversiones DCV S.A.	Chile	35	19,675	35	-	19,675	3,212	3,183	-	3,183
Servicios de Administración Previsional S.A.	Chile	65,339	47,633	67,521	493	44,959	124,938	54,695	-	54,695
ARS Palic Salud S.A.	Dominican Republic	293,974	-	185,638	-	108,335	-	32,502	-	32,502
Subocol S.A.	Colombia	4,735	-	3,301	-	1,433	-	717	-	717
Ascendo S.A.S	Colombia	880	53	325	1,702	(1,094)	-	1,290	-	1,290
Interejecutiva de Aviación S.A.S.	Colombia	106,726	-	92,163	-	14,563	-	6,191	-	6,191
Unión Para La Infraestructura S.A.S.	Colombia	5,366	-	2,877	-	2,489	8,975	2,386	-	2,386

December 2017

Associate	Location	Asset Current	Asset non-current	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	40,816,318	7,107,746	16,153,054	24,305,637	14,572,084	905,088	330,935	1,236,023
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
Administradora de Fondo de Pensiones y Cesantías Protección S.A. *	Colombia	2,086,574	-	624,348	-	1,462,226	-	343,319	-	343,319
Sodexo Servicios de Beneficios e Incentivos Colombia S.A.	Colombia	142,540	-	135,790	-	6,750	-	161	-	161
Sodexo Colombia S.A.	Colombia	112,227	-	95,730	-	16,496	-	14,141	-	14,141
Inversiones DCV S.A.	Chile	19,787	-	579	-	19,208	-	3,630	-	3,630
Servicios de Administración Previsional S.A.	Chile	108,239	-	44,829	-	63,410	-	51,135	-	51,135
ARS Palic Salud S.A.	Dominican Republic	271,459	-	178,564	-	92,895	-	26,118	-	26,118
Subocol S.A.	Colombia	3,720	-	2,416	-	1,304	-	(30)	-	(30)

Brinks de Colombia S.A.	Colombia	150,453	-	60,808	-	89,645	-	16,032	-	16,032
Ascendo S.A.S	Colombia	11,881	758	3,348	89	9,201	5,698	(8,302)	-	(8,302)

** Figures taken from the Consolidated Financial Statements*

Investments in associates of Grupo SURA, listed on the Colombian Stock Exchange (BVC), presented a lower closing price per share, at the end of 2018, compared to the previous year, evidencing a decrease, except for Bancolombia S.A. and Fondos de Pensiones y Cesantías Protección S.A., as shown below .

Associate	December 2018	December 2017
Bancolombia S.A.	30,400	29,980
Grupo Argos S.A.	16,900	20,880
Grupo Nutresa S.A.	23,500	27,820
Fondo de Pensiones y Cesantías Protección S.A. (*)	105,094	87,349

Likewise, the fundamentals of these issuers, behave positively, and with interesting growth prospects, supported by the investments and growth plans, realized in recent years.

(*) The share of Protección, despite being quoted on the stock exchange, is classified as low-margin stock in the Colombian securities market, which implies that the formation of prices, on the asset does not represent the best reference, on the economic value, of this Company.

Associate movement	Bancolombia S.A.	Grupo Argos S.A.	Grupo Nutresa S.A.	Administradora de Fondos de Pensiones y Cesantías Protección S.A.	Other	Total
Balance at December 31, 2016	7,337,334	4,952,061	4,716,733	1,045,581	87,565	18,139,274
Additions	-	-	-	-	3,648	3,648
Profit from the equity method	639,023	87,174	147,770	151,843	35,109	1,060,919
Property Variation	35,311	(58,727)	135,894	10,955	(2,227)	121,206
(-) Dividends	(223,382)	(62,998)	(86,405)	(88,338)	(29,215)	(490,338)
Adjustment in conversion	-	-	-	-	(4,927)	(4,927)
Balance at December 31, 2017	7,788,286	4,917,510	4,913,992	1,120,041	89,953	18,829,782
Additions	1,973	97	-	-	-	2,070
Derecognition	-	(4,829)	-	-	(13,960)	(18,789)
Profit from the equity method	649,905	108,671	177,696	86,209	32,451	1,054,932
Property Variation	13,659	111,335	(303,099)	5,430	(40)	(172,715)
(-) Dividends	(239,801)	(75,209)	(91,648)	(90,823)	(26,709)	(524,190)
Adjustment in conversion	-	-	-	256	(7,400)	(7,144)
Balance at December 31, 2018	8,214,022	5,057,575	4,696,941	1,121,113	74,295	19,163,946

Restrictions and commitments

At the cut-off date, there are no restrictions or commitments, with investments in associates.

17.2.2 Joint Ventures

The following is a breakdown of the cost of investments December 31, 2018 and December 31, 2017:

	Interejecutiva	UPI	Total
Balance at December 31 2016	3,816	1,238	5,054
Reclassification	-	(137)	(137)
Profit from the equity method	(813)	1,130	317
(-) Dividends	-	(1,074)	(1,074)
Balance at December 31 2017	3,003	1,157	4,160
Profit from the equity method	2,064	1,188	3,251
Property Variation	(212)	-	(212)
(-) Dividends	-	(1,105)	(1,105)
Balance at December 31 2018	4,855	1,240	6,094

At the cut-off date there are no restrictions on investments, in joint ventures.

NOTE 18. DISCONTINUED OPERATIONS

On November 19, 2018, the Chilean Financial Market Commission, authorized the spin-off of the annuities business of **Seguros de Vida SURA S.A. (SURA Chile)**, a subsidiary of SURA AM, for which the reclassification of the discontinued operation is realized, at November 2018. The calculation of the determination of the profit of the sale, of the discontinued operation of annuities, in Chile, is detailed below.

	December 2018	December 2017
Adjustment to the lesser book value vs. fair value	(189,862)	-
Reclassification exchange, differences recognized in other comprehensive income	79,916	-
Net income of Sura Seguros de Rentas Vitalicias S.A. (*)	44,863	59,082
Distribution of Segmentos Sura Data y Servicios Profesionales de Chile	(1,973)	(2,347)
	(67,056)	56,735
Discontinued operation, Peru	-	80,846
Impact from conversion	3,993	9,829
Discontinued operations	(63,063)	147,410

(*) Below is a breakdown of the operations, of this item:

	December 2018	December 2017
Other operating income	145	168

Gross premiums	151,159	774,890
Income from investments, for reserves	366,630	227,715
Profit and loss, at fair value of investments, that support reserves	24,355	22,645
Claims	(241,162)	(200,297)
Movements of premium reserves	(165,397)	(747,387)
Total insurance margin	135,585	77,566
Operational expenses of sales	(9,922)	(9,406)
Administrative operating expenses	(26,910)	(29,404)
Total operating expenses	(36,832)	(38,810)
Operating Profit	98,898	38,924
Financial expenses	(124)	(74)
Expenses for financial derivatives	(37,151)	36,821
Expenses for exchange difference	(169)	(277)
Operating income, before taxes	61,454	75,394
Income tax	(16,591)	(16,312)
Profit for the period	44,863	59,082

The following are the discontinued operations in the balance sheet:

	December 2018	December 2017
Sura AM (b)	5,535,811	-
Suramericana (a)	3,450	36,711
Total Asset	5,539,261	36,711
Sura AM (b)	4,871,855	-
Total liability	4,871,855	-

(a) the balance in Suramericana corresponds to assets available for sale, in general services that come from the acquisition of RSA.

The group of assets, classified as held for sale, corresponds to land and buildings that are intended to sell for a period of less than 1 year.

This is composed of several properties, owned by the Companies, Seguros Generales Suramericana S.A and Servicios Generales Suramericana, for each Company we have:

- En Seguros Generales Suramericana S.A: The largest number of properties for sale are real estate, that enter into the Company, with the merger with RSA, corresponding to properties, mostly located in the city of Cartagena. In 2018, real estate was sold for \$6,525, obtaining a sale profit of \$ 821.
- Servicios Generales Suramericana S.A: At December 31, 2017, for the payment agreement entered into by a customer of the financial services area, in which, to cover the debt with the Company, a house located in the Nogal neighborhood of Medellín, is delivered. Previously, it was a requirement to present this property within the group of assets for disposal, held for sale, the securities received, according to an independent appraisal at October 30, 2017. The carrying amount of this property is \$653.

Restrictions

At December 31, 2018, Seguros Generales Suramericana S.A. owns 2 assets that were received in payment, and that are classified as held for sale which are: 1 Lot, Urb. El campo del barrio Ceballos, for \$ 828, value invaded by third parties, and the second floor of circular house 73B # 77-45 for \$198, which has a clause, with the owner that it cannot be used by the Company, until the previous owner dies.

Losses for impairment of the value, related to the group of assets for disposal

According to the previous paragraph, these assets have a commercial value of \$ 1,026, but they were totally impaired, in 2016, historically due to the problems presented of the same.

(b) The following is a breakdown of the available-for-sale transactions, presented in Sura Asset Management, corresponding to Revix:

	Balance
Asset	
Investments	4,817,009
Investment properties	865,084
Deferred tax assets	28,685
Assets for hedging transactions	10,521
Other assets	6,666
Non-current assets available for sale	(192,154)
	5,535,811
Liability	
Technical reserves	4,689,075
Financial liabilities (leasing)	41,096
Deferred tax liabilities	133,229
Current tax liabilities	412
Accounts payable	8,043
	4,871,855

NOTE 19. IMPAIRMENT OF THE VALUE OF NON-FINANCIAL ASSETS

19.1. Impairment of investments in subsidiaries and associates

The identification of signs of impairment is a key step in the evaluation process, since it will mark the need to perform, or not perform an impairment test.

As established in IAS 36- Paragraph 9: The entity will evaluate, at the end of each reporting period, whether there is any indication of impairment of an asset. If this indication exists, the entity will estimate the recoverable amount of the asset.

In accordance with IAS 36, "Impairment of Assets". The subsidiaries and associates of Grupo SURA must consider the following facts and circumstances, to establish whether or not there are signs of impairment.

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

2. Increases during the year, in 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, derived from technology (hardware or software), or the use thereof. Information: Significant decrease in production, associated with technology, or high exposure to the risk of hackers
4. Significant changes in the legal environment, established as losses, due to sanctions or demands, due to non-compliance with norms or contractual 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.
6. Changes in the competitive environment. Information: How much market share is profit (measuring growth and loss ratio), new competitors or aggressiveness of current and compliance in sales, commercial part
7. Significant changes, in the form or extent, in 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. Cessation or significant reduction, that is not a mere fluctuation, of the demand or necessity of the services rendered, with the asset.
11. For investments in associates, listed on the Colombian Stock Exchange (BVC), internal valuation models are used.

Annually, the existence of impairment in investments is evaluated if some of the aforementioned indicators is present. Therefore, it will be necessary to estimate the recoverable amount of the asset.

19.2 Impairment of the Goodwill

Goodwill acquired through the purchase of ING assets

Goodwill acquired through business combinations and brands, with indefinite useful lives, have been assigned to the following Cash Generating Units (CGUs), in order to check for Impairment:

- AFP Capital S.A. (Chile)
- Afore Sura S.A. de C.V. (México)
- AFP Integra S.A. (Perú)
- AFAP Sura S.A. (Uruguay)
- Sura Investment Management México S.A. de C.V. (México)
- Fondos Sura SAF S.A.C. (Perú)
- Corredora de Bolsa Sura S.A.(Chile) and Administradora General de Fondos S.A. (Chile).\

These entities represent the operating companies, that at the time of the business combination, were relevant, and where Sura Asset Management manages, controls, and projects its business in the region.

The methodology for estimating the Value of Use: the use value of the Group's CGUs was estimated through the application of the income approach.

General assumptions, for the application of the income approach: the calculation of the value of use, for all CGUs, is sensitive to the following hypotheses:

- *Time horizon:* The time horizon of the projection that corresponds to the estimated duration, of the businesses of the CGUs, under analysis.
- *Projection horizon:* Given the current macroeconomic conditions, and the characteristics and maturity of the businesses of the different CGUs, under analysis, together with the available information, the following explicit forecasting horizons have been considered:
 - o Corredora de Bolsa Sura S.A. and Administradora General de Fondos Sura S.A: 5 years
 - o AFP Capital S.A.: 5 years
 - o Afore Sura S.A. de CV: 5 years
 - o Sura Investment Management Mexico S.A. de CV: 5 years
 - o AFP Integra S.A.: 5 years
 - o Sura Funds SAF S.A.C.: 5 years
 - o FAP Sura S.A.: 5 years

It is understood that, in general terms, at the end of said term, the CGUs under analysis, will achieve the maturity of their respective businesses, and the consequent stabilization of cash flows.

- *Residual value:* In view of the expectation that CGUs, under analysis, continue to operate and generate positive cash flows, beyond the projection period, a perpetuity has been estimated, as mentioned above. This value is what is known as residual or terminal value.

In order to estimate the residual value, the normalized cash flow has been projected in perpetuity, adjusted in accordance with expectations of growth thereof, defined based on the guidelines suggested in the application standard.

- *Exercise closure:* The closing date for the year considered in the financial projections of the CGUs, at the date of analysis, is December 31st of each year, which coincides with the closing date of the Financial Statements, of the legal entities related to said CGUs.
- *Monetary Unit:* Sura Asset Management S.A., and its Subsidiaries, have estimated their flows in the functional currency of their businesses in each market, in line with what is defined by the applicable norms.
- *Discount rate:* Projected cash flows, in current values, are discounted at nominal discount rates in the local currency of each CGU, considering inflation variables and own risk premiums for each CGU, according to its Country.

The discount rates, applied in the projections, consider the costs of equity (Ke) for each UGE, including the return of the US Treasuries to 10 years, the risk premium for the equity markets (Equity Risk Premium), the Country risk, the beta of the sector, and the difference between local long-term inflation, and that expected, for the US economy. Considering the above, and depending on the Country and sector, of the Company, the discount rates range between 7.5% and 11.6%

Taxes of Income Tax: The projected cash flows were estimated after taxes. For these purposes, the income tax rates, in force, in each Country were applied, at December 31, 2018. This amounted to 27% in Chile, 30% in Mexico, 29.5% in Peru, and 25% in Uruguay.

- *Macroeconomic assumptions :* the financial projections of the CGUs, under analysis, have been prepared in light of the macroeconomic variables, projected by external information sources.

The following assumptions were used to test the Impairment of the brands:

- *Projection Horizon:* for the estimation of the use value of the brands, an indefinite useful life was considered, according to the trajectory and positioning of the brands, and the market participant approach assumed. For this reason, an explicit 5-year projection was realized for the brands AFP Capital and AFP Integra, respectively, and then the present value of a perpetual net royalty flow, was calculated, considering an increase of 3.8% for AFP Capital, and 3.6% for AFP Integra, nominal in local currency, in the long-term of the stabilized flow.
- *Income projection:* To estimate the use value of the AFP Capital and AFP Integra Brands, the operating income generated by the AFP Capital and AFP Integra business, respectively, was considered. This is income from commissions and returns on reserve requirements, both corresponding to the mandatory and voluntary pension business.
- *Market Royalties and Attributes of Brands:* For the purposes of applying the Royalties Saving methodology ("Relief from Royalty"), a market royalty rate was estimated. Additionally, in order to define the royalty applicable to brands, from the estimated market royalty range, the positioning and relative strength of the brand, was taken into account, based on the following attributes:
 - o *Momentum:* The current, and potential state, of future development of the brands was considered.
 - o *Recognition:* According to market studies, the degree of spontaneous knowledge or awareness that the public has about brands was evaluated.
 - o *Loyalty:* According to market studies, the degree of customer loyalty to brands was evaluated.
 - o *Market share:* According to market studies, the market share of the brands, in the Chilean and Peruvian markets, was analyzed .
 - o *Longevity:* According to studies, that the Company has, the age of the brands, in the Chilean and Peruvian markets was evaluated.

Based on the above procedures, an applicable royalty of 1.05% was estimated, for AFP Capital and AFP Integra.

Taxes

For the purpose of calculating the flow of royalties net of income tax, the current tax rates were used and amount to 27% in Chile and 29.5% in Peru.

Goodwill of Arus and Enlace Operativo

In the preparation of the Consolidated Financial Statements, the Company realized the impairment test of its acquired goodwill, through business combinations of the Cash Generating Unit (CGUs), Arus and Enlace Operativo, in order to verify impairment.

General assumptions in estimating fair value

The calculation of the use value for the Cash Generating Unit is sensitive to the following hypotheses:

- The valuation of the Company is realized through the discounted free cash flow method.
- For this valuation, the historical Financial Statements of the Company, in accordance with the Accounting and Financial Information Standards (NCIF), were taken as a basis.
- *Projection horizon:* Given the current macroeconomic conditions, and the characteristics and maturity of the businesses, of the different Cash Generating Units, under analysis, together with the available information, an explicit projection horizon of 5 years has been considered

It is understood that, after this period, the Cash Generating Unit under analysis will achieve the maturity of its business, and the consequent stabilization of cash flows.

- The figures for 2019 are based on the budget prepared by the Company's Management, submitted to the Board of Directors.
- The economic projections were taken from the "Focus Economics" report, published by Latin Focus.

Income:

- At 2020, the Company's revenues grow at a rate, equivalent to the expected growth of the Colombian economy (Real GDP), plus projected inflation (CPI).
- The composite rate, of income growth, between 2018 and 2022, is 9.2%.

Costs and expenses

- Selling costs, excluding depreciation and amortization (D & A), were projected as a proportion of revenues, according to the administration's budget for 2019. A constant proportion of 77.9% is assumed.
- Administrative and selling expenses, excluding R&D, were projected, as a proportion of revenues, according to the administration's budget for 2019. A constant proportion of 3.2% is assumed.
- Employee benefits grow at a rate equivalent to the expected CPI, plus 2%. In 2019, a 24% growth has been budgeted, with respect to 2018, due to new projects that were awarded at the end of 2018, and will be executed, mainly in 2019. Additionally, it is expected to fill current vacancies in the administrative area.

Taxes:

- Taxes are modeled independently, for the case of this business plan, payment is always realized for ordinary tax.
- The rates, corresponding to the tax reform, approved in December 2018, are taken.

Working capital:

- Working capital is modeled in line with the historical trend, that is, using the respective days of rotation, for each account, calculated as the average of days between 2017 and 2018.
 - o Debtors: 112 days
 - o Inventory: 18 days
 - o Suppliers: 54 days

CAPEX and Non-Cash Charges

- The Company must make investments of fixed and intangible assets to meet the needs of customers. Accordingly, CAPEX, and intangibles. were projected with a proportion of sales, based on the results of 2018.
 - o It assumes an investment in PP & E equivalent to 8.4% of sales.
 - o An investment in intangibles is assumed at the equivalent of 1.3% of sales.
- Depreciation was projected. as a proportion of property, plant and equipment. according to the administration's budget for 2019.
- Amortizations were projected. as a proportion of the Company's intangible balance. according to the administration's budget for 2019.

WACC and perpetuity:

- For the valuation, a mobile WACC was used, adjusting to the dynamics, of the capital structure of the Company:
 - o The cost of average equity for the explicit valuation period was 14.2%.
 - o The average cost of debt before taxes is 12%.
 - o The average WACC for the explicit valuation period is 12.6%. Perpetuity was discounted with a rate of 12.8%.
- It assumes a nominal growth in perpetuity of 6%.

Conclusion

- Under the review of the data, presented at December 2018, there are no changes in indicators that imply an impairment of the Company's recoverable value.
- Based on the valuation of cash flows realized, it can be identified, that the recoverable value of the Company is higher than the value recorded in the accounting of Arus Holding S.A. and Grupo SURA.
- By contrasting the valuation of cash flow, with comparable multiples of value of the sector, it is evident that the valuation is within a prudent range, and therefore reinforces the evidence of non-impairment mentioned above.

- Given the sensitivities realized to the valuation by cash flows, it can be determined that there exists a space, with regard to the valuation assumptions, to affirm that there is no evidence of impairment of the recoverable value of the Company.

Goodwill of Aseguradora Suiza Salvadoreña S.A. Asesuiza

Suramericana S.A. acquired, in 2012, the companies Seguros Sura S.A. de República Dominicana, and Aseguradora Suiza Salvadoreña S.A. The previous transactions were realized through a business combination, that resulted in the goodwill registry, at the Suramericana S.A. level, of said intangible assets.

Methodology used to calculate Impairment

- Amount to be allocated: Value in use of the Company.
- Net assets acquired, to book value
- Excess to be assigned: this is the amount to be allocated, minus the net assets acquired at book value.
- Total Intangible Assets: is the value of the intangible assets, owned by the Company.

Conclusion:

Once the existence of impairment was assessed, in 2013 there was an impairment of \$ 25,017 million at the end of 2018, which has been changing annually. due to changes in the exchange rate, from the time that the intangible is recorded, in the functional currency of the business abroad, and becomes the presentation currency, at the closing exchange rate. See Note 16.1 Intangible assets, goodwill.

Seguros Sura Panamá (formerly Seguros Banistmo S.A.)

On August 31, 2015, Suramericana SA, acquired 100% of the voting rights of the acquired Seguros Suramericana de Panamá (formerly Seguros Banistmo SA) in Panama through the purchase of 1,000,000 shares, the transaction was closed in USD 96,495,801.

Methodology used to calculate Impairment

Amount to be allocated: Value in use of the Company.

- Net assets acquired, to book value
- Excess to be assigned: this is the amount to be allocated, minus the net assets acquired at book value.
- Total Intangible Assets: is the value of the intangible assets, owned by the Company

Conclusion:

Under the review of the data, presented at December 2018, there are no changes in indicators that imply an impairment of the Company's recoverable value.

Goodwill acquired through the purchase of RSA operations. in Latin America

Goodwill, acquired through business combinations for acquisitions and mergers, realized during 2016, were assigned, according to the price allocation process, PPA (Purchase Price Allocation, for its acronym in English), realized for each of the following geographies:

- Argentina
- Brazil
- Chile
- Colombia

- Mexico
- Uruguay

Methodology used to calculate impairment

Calculation of value in use (Company value): the valuation of each of the companies was realized on September 30, 2018. This valuation was realized, according to the methodology defined in the Company, and whose main premises are:

- The present value of the estimate, of future dividend flows, that the Company expects to obtain, which were discounted, to September 30, 2018.
- The projection of future flows was based on the plans, approved by the Board of Directors, and on medium and long-term assumptions, made by the Administration.
- The capital costs, defined by Suramericana S.A, for each company, such as the discount rate of future flows

The calculation of the recoverable value, for all the subsidiaries of Suramericana, was higher than the accounting surplus, at the time of the business combination. It is for the foregoing, that for 2018, there is no accounting impairment, for any of the operations of Suramericana S.A.

Estimates used to measure the recoverable amount of the CGUs:

As indicated in IAS 36 - Impairment of Assets, herewith are the disclosures of each of the information requirements, on the estimates used to measure the recoverable amount of the cash generating units, based on value in use:

- **Key assumptions on which management has based its dividend projections:**

The impairment of goodwill is realized through a discounted dividend model. This model, which complies with standard financial and valuation methodologies in the industry, considers the future estimate of dividends for each of the companies, discounting present flows with a rate that reflects the risk estimation of each operation.

For the projections, the budget, prepared by the administration of each Country, for 2019, was taken into account. For the subsequent 8 years, (with the exception of the General Insurance Company in Colombia, where only 4 more years of projection are included), such indicators are projected as growth in premiums, claims, commissions, administrative expenses, financial income, taxes, among others. The main balance sheet accounts are also projected, as well as the capital requirements of each Company, in order to arrive at the dividend flow, used in the valuation.

- **Description of the approach, used by Management, to determine the value assigned to each key hypothesis:**

The projection assumptions, used for each Company, consider the historical averages, latest figures reported by each subsidiary, assumptions of the strategic plan approved by the Board of Directors for 2019, as well as the best estimate of the administration, on future performance for the main financial variables and business operations.

For the acquired subsidiaries, the historical Financial Statements, audited under the local standard, that are reported in a regulatory manner, are taken into account, which reflect the financial performance of the acquired operations.

- **Period over which management has projected cash flows :**

The projections are realized, based on the 2019 operating budget, and subsequently, the Income Statements, balance sheet, and free cash flow, are projected for the years 2020 – 2027, except for the Compañía de Seguros Generales in Colombia, where a projection period of 2020-2023 was achieved. Eight years of an explicit projection period are used, in addition to the budget, for the current year, and the closing estimate of 2018, considering this period, as reasonable for the operations, to reach a state of greater maturity and that the strategy, and address, of Suramericana, at the regional level. As of 2027, 2023 for Seguros Generales, a terminal value is calculated, considering the present value of future flows growing at a constant rate, defined according to the nominal economic growth of each Country.

- **The growth rate, used to extrapolate the dividend projections, beyond the period covered :**

The growth rates, in premiums, issued during the explicit projection period, reflect factors such as the historical growth of each subsidiary, the historical growth of the insurance industry in each Country, as well as the estimated nominal economic growth projected for each of the countries. During this period, the annual growth rates, composed of income, are some points above economic growth, considering the low penetration levels of the insurance industry, in the markets where Suramericana operates. The terminal growth rate, for the calculation of perpetuity, assumes that the insurance industry grows, in line with the GDP of the Country, and that each subsidiary of Suramericana manages to maintain its respective market share.

- **The discount rate applied to the cash flow projections :**

The discount rates, used in the valuation were determined through the Capital Asset Pricing Model (CAPM), which considers variables such as the risk-free rate, the equity market risk premium, as well as the own risk of the insurance segments, in which each subsidiary participates. Likewise, premiums risks are considered, for each of the geographies and devaluation risk, measured by long-term inflation differentials, taking into account that the discount rates obtained, are expressed in the local currency, in nominal terms.

Assumptions used for goodwill impairment tests

The following is a breakdown of the assumptions, used to calculate the use-value:

Subsidiary	Financial year-end	Monetary unit	Horizon Projection	Discount rate	Macroeconomic assumptions (1)	Rates of growth of the flows (2)
Argentina	Rating 9/30/2018	at ARS	10 years	Vector*	Growth GDP: 2.0% / Inflation: 15.9%	12.20%
Brazil	Rating 9/30/2018	at BRL	10 years	13.94%	Growth GDP: 2.5% / Inflation: 4.0%	6.70%
Chile	Rating 9/30/2018	at CLP	10 years	9.43%	Growth GDP: 3.2% / Inflation: 3.0%	6.30%

Mexico	Rating 9/30/2018	at	MXN	10 years	11.91%	Growth GDP: 2.5% / Inflation: 3.6%	6.30%
Uruguay	Rating 9/30/2018	at	UYU	10 years	14.35%	Growth GDP: 2.7% / Inflation: 6.8%	9.30%
General	Rating 9/30/2018	at	COP	6 years	11.13%	Growth GDP: 3.2% / Inflation: 3.1%	6.60%
Panama	Rating 9/30/2018	at	USD	10 years	10.99%	Growth GDP: 4.9% / Inflation: 1.9%	7.30%
Dominican Republic	Rating 9/30/2018	at	DOP	10 years	13.68%	Growth GDP: 4.7% / Inflation: 4.1%	8.70%
El Salvador	Rating 9/30/2018	at	USD	10 years	13.75%	Growth GDP: 2.3% / Inflation: 1.9%	4.40%

Figures in millions

(1) Average figures, during the horizon projection.

(2) Terminal growth rate.

* Vector: For the Argentine Company, given its context of high inflations, we manage a vector of cost of capital per year, to discount the respective flows. This methodology seeks to reflect in the discount rate, the projected movements in inflation rates, which are incorporated into the Company's financial projections. The vector used for the valuation of the Company at September 2018 is:

	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	20273
Sura Argentina	24.03%	30.23%	25.99%	23.69%	22.55%	22.55%	22.55%	22.55%	22.55%	22.55%

Goodwill of el Ciruelo

According to the qualitative, and quantitative, analysis used to identify indications of impairment of the goodwill of Hábitat Adulto Mayor S.A., due to the purchase of el Ciruelo, recently realized, we conclude, that the aforementioned Company does not present any indication of impairment, and no evidence is found, on which the contrary can be sustained.

The companies that have not been acquired, but that have been incorporated within the Grupo SURA, do not present Impairment indicators.

NOTE 20. EMPLOYEE BENEFITS

The following is a breakdown of the benefits to Grupo SURA employees:

	Note	December 2018	December 2017
Short-term	20.1	420,422	371,779
Long-term	20.2	56,319	52,647
From termination (*)		565	359
Post-employment	20.3	62,481	75,314
Total		539,787	500,099

(*) Corresponds to labor indemnities in Seguros SURA S.A. Panamá

20.1 Short-term benefits

Among the short-term benefits of Grupo de Inversiones Suramericana, are the following:

- to) Social security and mandatory benefits: accrued monthly, according to the legal norms of each Country. Payments are realized, in accordance with the requirements of the law.
- b) Short-term incentive performance bonus (ICP): accrued monthly, based on an estimate of percentage of compliance, is paid in the month of March, of each year and are entitled, within other considerations, to all officials who have met previously fixed objectives, and to the extent that communicated corporate objectives are met, in a timely manner.
- c) Other benefits: Correspond to benefits such as vacation bonus, extralegal service premiums, and Christmas bonus, which are charged to expenses, to the extent that the service or benefit is provided.

A breakdown of short-term benefits, is as follows:

	December 2018	December 2017
Bonuses (Current)	118,011	105,335
Current provisions for employee benefits	113,768	114,298
Vacations	69,063	61,201
Severance	48,751	42,272
Extralegal bonus	46,408	30,315
Work well-being aids	15,051	1,489
Interest on severance	5,787	5,111
Payroll, payable	3,414	3,940
Legal premiums	169	7,818
Total	420,422	371,779

20.2 Long-term benefits

The following is a description of the long-term benefits of the Grupo de Inversiones Suramericana:

- Seniority premium: This benefit is paid to the employee, every five years, and ranges from 18 to 44 days of salary, according to the time worked. The payment is realized, according to the following table:

Years of service	Salary Days
5	18
10	29
15	34
20, 25, 30 and 35	44

- Performance Bonus: The performance compensation system is a recognition of the effort of all employees, to achieve the Company's objectives, and continue to generate value, which is defined, based on a scheme of clear, measurable, and achievable performance indicators. These Indicators are defined, at the beginning of each year and must be aligned with the strategic direction of the Company, as well as with the various activities and human competencies, required to achieve the Company's objectives. This includes a measurement period, evaluation scheme, monitoring and adjustments, and definition of indicators.

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

- Productivity Premium Advisors: The benefit is delivered to the compliance of five-year seniority, if and only if, the assessor has met the minimum averages of commissions, that appear in the following table:

commissions		
Service time (years)	Premium %	Minimum average (SMMLV)
5	45%	9
10	45%	12
15	45%	14
20	45%	16
25	45%	18
30	45%	21
35 and every five years	45%	24

- Unemployment and interest for severance pay of the Company: According to Colombian labor standards, employees who were affiliated before the entry into force of Law 50 of 1990, have the right to receive, at the end of the employment contract, one month of current salary, for each year of service, and proportionally by fraction of a year, as unemployment assistance, for any reason that terminates employment, including: retirement, disability, death, etc. The benefit is settled at the time of retirement of the employee, based on the last salary earned. There may be distributions before the withdrawal date, at the request of the worker, which are not mandatorily distributable.

With the entry into force of Law 50 of 1990, the Colombian Government allowed companies, subject to the approval of their employees, to transfer their obligation of unemployment assistance to private pension funds.

Here are the long-term benefits:

	December 2018	December 2017
Seniority premium	28,44 9	25,192
Retro-active severance	10,358	10,358
Premiums of productivity	821	812
Bank of bonds	16,691	16,2 85
Total	56,319	52,647

The following shows the movement of long-term profits of Grupo SURA:

	Bank of bonds	active	Retro-severance	Seniority premium	Premiums of productivity	Total
Initial balance at January 1, 2017	26,933		5,011	9,736	455	42,135
New measurements	749		5,983	13,750	362	20,844

Financial assumptions	1,619	866	4,566	155	7,206
Payments realized by the plan	(13,172)	(1,502)	(1,948)	(160)	(16,782)
Exchange differences	156	-	(912)	-	(756)
Present value of obligations at December 31, 2017	16,285	10,358	25,192	812	52,647
New measurements	8,615	-	995	-	9,610
Financial assumptions	6,587	2,418	5,065	282	14,352
Payments realized by the plan	(15,071)	(2,418)	(2,849)	(273)	(20,611)
Exchange differences	275	-	46	-	321
Present value of obligations at December 31, 2018	16,691	10,358	28,449	821	56,319

The main actuarial assumptions, used to determine the obligations for the long-term benefit plans, are the following:

	Bank of Bonds		Seniority premium		Retro-active Severance		Premiums of productivity	
	2018	2017	2018	2017	2018	2017	2018	2017
Discount rate (%)	5.75% 32.6% Argentina	3.06%	2.68% - 9.37%	3.06% -7.60%	5.75%	3.06%	5.75%	3.06%
Annual salary increase rate (%)	---	---	4.50% - 5.18%	4.50% -5.50%	4.50%	4.50%	4.50%	4.50%
Annual inflation rate (%) LP	3.0% -3.5% 27.5% Argentina	3.0% -4.0%	3.0% - 4.15%	3.0% -4.0%	3.00%	4.00%	3.00%	4.00%
Mortality table	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08

The following tables show the sensitivity of the effect of a variation of 0.5%, on the discount rate and 0.5% on the salary increase, for bonus bank benefits, retro-active severance, seniority premiums, and productivity bonuses:

2018

Bank of bonds

Discount rate	Current value of benefits	Sensitivity variation
Increase in the discount rate	16,608	52
Decrease in the discount rate	16,712	(52)

Retro-active Severance

Discount rate	Current value of benefits	Sensitivity variation
Increase in the discount rate	10,124	234
Decrease in the discount rate	10,602	(244)

Salary increase	Current value of benefits	Sensitivity variation
Increase in the inflation rate	10,777	(419)
Decrease in the inflation rate	9,952	407

Seniority premium

Discount rate	Current value of benefits	Sensitivity variation
Increase in the discount rate	27,532	733
Decrease in the discount rate	29,428	(781)

Salary increase	Current value of benefits	Sensitivity variation
Increase in the inflation rate	29,410	(800)
Decrease in the inflation rate	27,540	759

Premium of productivity

Discount rate	Current value of benefits	Sensitivity variation
Increase in the discount rate	800	21
Decrease in the discount rate	844	(23)

Salary increase	Current value of benefits	Sensitivity variation
Increase in the inflation rate	884	(63)
Decrease in the inflation rate	770	51

2017

Bank of bonds

Discount rate	Current value of benefits	Sensitivity variation
Increase in the discount rate	15,288	(533)
Decrease in the discount rate	15,449	539

Retro-active Severance

Discount rate	Current value of benefits	Sensitivity variation
Increase in the discount rate	10.100	2 58
Decrease in the discount rate	10.628	(270)

Salary increase	Current value of benefits	Sensitivity variation
Increase in the inflation rate	10,819	(460)
Decrease in the inflation rate	9.913	446

Seniority premium

Discount rate	Current value of benefits	Sensitivity variation
Increase in the discount rate	24,205	369
Decrease in the discount rate	26,670	(281)

Salary increase	Current value of benefits	Sensitivity variation
Increase in the inflation rate	26,797	(122)
Decrease in the inflation rate	23,977	123

Premium of productivity

Discount rate	Current value of benefits	Sensitivity variation
Increase in the discount rate	794	18
Decrease in the discount rate	831	(19)

Salary increase	Current value of benefits	Sensitivity variation
Increase in the inflation rate	862	(50)
Decrease in the inflation rate	766	46

20.3 Post-employment benefits

The following describes the post-employment benefits of Grupo de Inversiones Suramericana:

- Retirement bonus: corresponds to a single amount, defined by the deliverable Company, at the time of retirement.
- Retirement pensions: it is a benefit that is paid to an employee after completing his/her period of employment, and which is recognized directly by the Company.

Article 4 of Decree 2131 of 2016 modified Part 2 of Book 2 of Decree 2420 of 2015 added by Decree 2496 of 2015, allowing the determination of post-employment benefits for future retirement or disability pensions at December 31, 2016, under the requirements of IAS 19. However, they must disclose, in the Notes to their Financial Statements, the calculation of the pension liabilities charged, in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutations, in accordance with the provisions of the Decree 1833 of 2016, informing the variables used, and the differences with the calculation realized, in the terms of the Normative Technical Framework, contained in Decree 2420 of 2015, modified by Decree 2496 of 2015, and its amendments. Below are the variables, used in the calculation of retirement pensions, in compliance with this requirement of the law.

The following are the post-employment benefits:

	December 2018	December 2017
Retirement bonus	41,112	54,597
Retirement pensions	21,369	20,717
Total	62,481	75,314

20.3.1 Defined benefit plans

The following shows the movement of the post-employment benefits of Grupo SURA:

	Retirement benefit	Assets of the plan	Net profit	Retirement pension	Total
Present value of obligations at January 1, 2017	54,235	2,193	52,042	15,672	67,714
Cost of the present service	2,371	-	2,371	-	2,371
Income or (expenses) from interest	4,108	-	4,108	836	4,944
New measurements	3,059	13,471	(10,412)	4,456	(5,956)
Actuarial profits or losses, due to changes in: Actuarial Assumptions	2,016	-	2,016	10,231	12,247
Payments realized by the plan	(6,102)	-	(6,102)	(2,023)	(8,125)
Exchange differences	10,563	(11)	10,574	(8,455)	2,119
Present value of obligations at December 31, 2017	70,250	15,653	54,597	20,717	75,314
Cost of the present service	2,396	-	2,396	7	2,403
Income or (expenses) from interest	3,274	1,178	2,096	1,124	3,220
New measurements	1,207	11,045	(9,838)	108	(9,730)
Actuarial profits or losses, due to changes in: Financial assumptions	(696)	-	(696)	1,348	652
Actuarial profits or losses, due to changes in: Actuarial Assumptions	(420)	-	(420)	13	(407)
Payments realized by the plan	(6,669)	-	(6,669)	(2,245)	(8,914)
Other changes	(641)	84	(725)	-	(725)
Exchange differences	371	-	371	297	668
Present value of obligations at December 31, 2018	69,072	27,960	41,112	21,369	62,481

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

	Employee Retirement Benefit		Retirement Pension	
	2018	2017	2018	2017
Discount rate (%)	5.00% -9.33%	3.06% -5.51%	2.68% - 2.95%	3.27%
Annual salary increase rate (%)	4.40% - 4.69%	4.0% - 5.09%	---	---
Rate of future increase in annual pension (%)	---	---	3.50%	4.00%
Annual inflation rate (%)	3.00% -3.50%	3.50% -4.0%	3.50%	4.00%
Mortality tables (**)	RV - 08	RV - 08	RV - 08	RV - 08

(**) *Valid Mortgage Tax Rates Table*

Sensitivity analysis

The following table shows the effect of variation between 0.5% and 1.00%, in the inflation rate, in the discount rate, and in the rate of future pension increase.

Retirement bonus

2018

Discount rate	Current value of benefits	Sensitivity variation	Cost of the current service
Current study	69,072		2,396
Increase in the discount rate	65,726	453	1,029
Decrease in the discount rate	67,319	(502)	1,039

Rate of inflation	Current value of benefits	Sensitivity variation	Cost of the current service
Current study	69,072		2,396
Increase in the inflation rate	66,143	(331)	773
Decrease in the inflation rate	65,150	292	771

2017

Discount rate	Current Value of benefits	Sensitivity variation
Current study	70,329	
Increase in the discount rate	69,810	520
Decrease in the discount rate	70,758	(429)

Rate of inflation	Current value	Sensitivity variation
Current study	70,329	
Increase in the CPI	61,678	8,651
Decrease in the CPI	61,366	8,963

Retirement Pension

2018

Discount rate	Current value of benefits	Sensitivity variation (*)
Current study	21,369	
Increase the discount rate	20,772	597
Decreased the discount rate	22,009	(640)

Rate of increase of the benefit	Current value of benefits	Sensitivity variation (*)
Current study	21,369	
Increase in the rate of increase of the benefit	22,066	(697)
Decrease in the rate of increase of the benefit	20,714	655

2017

Discount rate	Current value of benefits	Sensitivity variation (*)
Current study	20,717	
Increase the discount rate	20,031	615
Decreased the discount rate	21,302	(656)

Rate of increase of the benefit	Current value of benefits	Sensitivity variation (*)
Current study	20,717	
Increase in the rate of increase of the benefit	21,345	(700)
Decrease in the rate of increase of the benefit	19,985	660

(*) The effect of the variation, corresponds to a greater or lesser value of the obligation, with its respective counterpart, in other comprehensive income, before taxes, if the sensitivity is realized on actuarial variables, or to the Income Statement before taxes, for the other variables.

Comparative calculation of retirement pensions, according to the requirements established in Colombia. See note 2.1. Compliance Statement

The following is the comparative of the benefit to post-employment employees from retirement pensions and the calculation under International Financial Reporting Standards:

	December 2018	December 2017
Pension liabilities under IFRS	21,369	20,717
Local Pension liability	19,298	19,057
Difference	2,071	1,660

20.3.2 Defined contribution plans

The Grupo SURA realized contributions, to defined contribution plans, recognized as expenses, in the results of the period for 2018 in the amount of \$ 88,403, and 2017 for \$89,712 million.

20.4 Expenditure for employee benefits

Below are the expenses for employee benefits, for 2018 and 2017:

	December 2018	December 2017
Salaries	(662,609)	(642,262)
Commissions	(207,035)	(203,597)
Bonuses	(201,178)	(198,716)
Comprehensive salary	(137,611)	(128,624)
Other benefits to employees (*)	(104,421)	(83,307)
Contributions for pensions	(88,403)	(89,712)
Legal premiums	(77,835)	(75,058)
Vacations	(51,815)	(48,956)
Contributions for health	(51,169)	(45,282)
Extralegal bonus	(46,518)	(43,694)
Family compensation contribution funds, ICBF and SENA	(38,997)	(36,792)
Compensation	(36,322)	(37,909)
Vacation bonuses	(33,358)	(28,728)
Severance	(30,737)	(28,806)
Food subsidies	(20,229)	(20,115)
Employee profit-sharing	(20,219)	(18,600)
Staff training	(17,453)	(15,630)
Insurance	(10,622)	(7,047)
Allocations and provisions to employees	(8,623)	(7,795)
Severance agents	(8,447)	(9,441)
Retirement bonuses	(7,088)	(2,896)
Seniority premiums	(6,529)	(8,253)
Transportation assistance	(6,013)	(5,178)
Retirement pensions	(5,736)	(7,702)
Extra hours	(3,627)	(2,938)
Interest on layoffs	(2,289)	(2,031)
Subsidy benefit	(2,205)	(1,737)
Disabilities	(2,106)	(1,562)
Travel expenses	(1,230)	(1,049)
Interest over severance agents	(1,214)	(1,200)
Bonus bank	(930)	-
Sports and recreation expenses	(550)	(465)
Representation	(95)	(201)
Union contributions	(45)	(43)
Operational risk	(33)	(34)
Total	(1,893,291)	(1,805,360)

(*) Includes expenses of assistance and labor welfare

NOTE 21. OTHER NON-FINANCIAL ASSETS AND LIABILITIES

21.1 Other non-financial assets

The other non-financial assets are as follows:

	December 2018	December 2017
Expenses paid in advance ¹	41,261	39,379
Non-proportional contract cost ²	47,462	28,044
Artwork	38,328	35,491
Others	9,951	9,546
Other assets acquired ³	7,321	-
Total	144,323	112,460

¹ The balance corresponds mainly to insurance contracts acquired in the Company.

² Non-proportional contracts allow limiting claims and exposure to catastrophes.

³ The balance corresponds to excess value paid for the purchase of the Fundación Institución de Alta Tecnología Médica (High Medical Technology Institution Foundation) "IATM". See Note. 6.1. Business combination

21.2 Other non-financial liabilities

Below is a breakdown of the other non-financial liabilities:

	December 2018	December 2017
Deferred commission (1)	295,948	282,120
Obligations in favor of insurance intermediaries	186,430	217,070
Others (2)	18,157	29,010
Premium residues	35,746	27,026
Retainers and advances received	26,975	26,367
Income received in advance	31,035	24,896
Consortiums and temporary unions	20	119
	594,311	606,608

(1) The balance includes reinsurance commissions and deferred income commissions, from fund management companies.

Deferred income commissions (DIL)

Given that the Mandatory Pension Saving product generates certain administration costs, even when no administration fees are received, it is necessary to establish the rational that supports the recognition of the income, in such a way that the financing of said costs in time. For this reason, the Deferred Income Tax (DIL) Provision is established.

The objective of the DIL is to defer the income of contributing members, in the periods in which these affiliates become non-contributors, or in pensioners, to whom by regulation cannot be charged, for the administration of their funds and/or pension payments.

The foundation of this arises because, under the condition of non-contributor, these affiliates do not generate any income that allows them to face the costs. For this purpose, a provision is created, whose constitution takes place as long as the Company makes the corresponding collection, and its release is given as the aforementioned cost is incurred.

DIL calculation methodology

The provision is calculated with a periodicity, at least quarterly. The currency of calculation is the currency in which the collections and commitments, of the Company, are fixed. For those subsidiaries in which the provision is calculated in a unit indexed by inflation, the provision is restated in legal tender, at the equivalent exchange rate, between said currency and the indexed unit for inflation of the closing period, of the balance or closing month.

The provision is calculated, based on the estimated cost of the non-contributors and the cost of the pensioners, who are not charged for the administration of their funds and/or the pension payment, discounted at the rate of a Corporate AAA Bond, without prepayment options.

The following is the movement of the deferred commission to the cut-off date:

	Reinsurance commissions	Deferred income commissions (DIL)	Total
Deferred income commission at January 1, 2017	557,425	55,477	612,902
Constitution	10,371	735	11,106
Exchange rate differences	15,784	3,324	19,108
Amortization	(360,624)	(372)	(360,996)
Deferred income commission at December 31, 2017	222,956	59,164	282,120
Constitution	422,085	1,917	424,002
Exchange rate differences	(8,240)	206	(8,034)
Amortization	(401,042)	(1,098)	(402,140)
Deferred income commission at December 31, 2018	235,759	60,189	295,948

- (2) This includes, among others, the following concepts: commissions received, payments from individuals, cash surpluses, consortiums and temporary unions, and income received for third-parties.

NOTE 22. CONTINGENT PROVISIONS AND LIABILITIES

22.1 Provisions

The following is a breakdown of the provisions of Grupo SURA, at December 2018 and 2017:

Current	December 2018	December 2017
Lawsuits and litigation	206,720	262,063
Other provisions	42,144	44,534
Provisions for restructuring	694	697
	249,558	307,294

The movement of claims and litigation provisions, others and provisions, from IFRS 37, of Grupo SURA, at the cut-off date, is:

	Provision for restructuring	Provisions for legal processes *	Other various provisions**	Total
Initial balance at January 1, 2017	-	156,436	90,831	247,267
New provisions	697	114,757	3,547	119,001
Increase in existing provisions	-	8	-	8
Provisions used	-	(42,868)	(49,356)	(92,224)
Increase (decrease) by transfers and other changes	-	(84)	-	(84)
Exchange differences	-	33,814	(488)	33,326
Final balance at December 31, 2017	697	262,063	44,534	307,294
New provisions	-	3,060	982	4,042
Increase in existing provisions	-	1,012	175	1,187
Acquisitions realized through business combinations	-	100	-	100
Provisions used	-	(23,813)	(2,884)	(26,697)
Reverted provisions, not used	(3)	(24,821)	-	(24,824)
Decrease due to loss of control of a subsidiary	-	(90)	-	(90)
Exchange differences	-	(10,791)	(663)	(11,454)
Final balance at December 31, 2018	694	206,720	42,144	249,558

(*) Includes, among others, the following concepts:

* The balance of the contingency provision, includes the recognition of contingencies, as a consequence of the deficit, in the results of the associated Company Planeco Panamá S.A. The recognition originates in the application of the calculation of the equity methods, on the percentage of holdings of the Company, that It is 25%.

In Seguros Sura S.A. de Brazil, there are litigations for tax processes, with the Federal Justice of Brazil, a lawsuit by the COFINS questioning invoicing, according to Law N° 9.718 / 98. The amount is \$ 147,653.

** The other miscellaneous provisions, include costs and expenses, payable by EPS and Medicina Prepagada Suramericana SA, costs that include disabilities, glosses, and maternity leave, among others.

The following are provisions, by Country:

	December 2018	December 2017
Brazil	157,031	196,574
Colombia	51,551	51,447
Mexico	35,138	53,026
Chile	3,288	2,244
Uruguay	1,614	2,074
Argentina	929	1,894
Panama	8	8
El Salvador	-	27
Total	249,558	307,294

22.2 Contingent liabilities

Possible and remote judicial contingencies are those that, when performing the legal analysis of the probabilities of success, it is evident that there are medium and low possibilities of obtaining a condemnatory sentence. At December 2018, there are medium or low possibilities of generating an egresses for the Company. The possible or contingent judicial contingencies at December 31, 2018, which are not provisioned, have an estimated value of \$ 131,469 million pesos.

The following eventual classification processes are the most significant that the Company has.

- Seguros Generales Suramericana S.A. de Colombia has a claim with Interbolsa S.A. for a loss payment covered by a civil liability policy. The value of the claim is \$ 30,000.
- In Seguros Sura S.A. de Brazil, there is a civil lawsuit for the development of non-contracted hedges worth \$ 41,620.

NOTE 23. SECURITIES ISSUED

The following is a summary of debt instruments issued:

	December 2018	December 2017
Outstanding shares (1)	7,844,320	7,385,933
Preference shares (2)	460,699	450,752
Total	8,305,019	7,836,685

(1) Outstanding bonds:

- On February 23, 2017, Grupo SURA placed, in the public stock market, \$ 550,000 in ordinary bonds, Series A5 at a rate of 7.21%, with maturity in 2022, Series C7, at a rate of CPI + 3.19%, with maturity in 2029, and Series C12, with an CPI rate of + 3.58%, due in 2024.
- On June 22, 2016, Suramericana issued ordinary bonds in local markets; the amount issued was one trillion pesos (\$ 1,000,000), distributed in 4 series (4, 7, 10 and 15 years), and all indexed to inflation, and quarterly interest payments. The proceeds, from the placement of the Ordinary Bonds, will be allocated, one hundred percent (100%), to the replacement of Sudamericana's financial liabilities.
- March 31, 2016, Grupo de Inversiones Suramericana S.A., issued, in the local markets, \$100,000, in ordinary series C6 bonds, with an CPI + 3.55% rate, due in 2020.
- In the month of April 2014, through its subsidiary, Sura Asset Management Finance B.V., placed bonds of \$1,492,000 million, with a 10-year fixed rate of 4.875% (T + 230bps), and an oversupply of 8.6 times the amount offered.

- On May 7, 2014, Grupo Inversiones Suramericana S.A., issued COP 650,000 ordinary bonds, in local markets, in four tranches, where the first three, were indexed to the CPI, with a quarterly coupon, and the last, indexed to the IBR, with a monthly coupon.
 - o A five-year tranche, for a total value of COP 103,278, with an interest rate of CPI + 3.24%;
 - o A nine-year tranche, for a total value of COP 223,361, with an interest rate of CPI + 3.08%;
 - o A sixteen-year tranche, for a total value of COP 100,000, with an interest rate of CPI + 4.15%; And
 - o A two-year tranche, for a total value of COP 223,361, with an interest rate of IBR + 1.20. This section expired in May 2016.
- May 11, 2011, the subsidiary Grupo Sura Finance, placed in the international capital market, ordinary bonds for USD 300 million, equivalent to \$578,049 million pesos, for a period of 10 years. The aforementioned issue was fully guaranteed by Grupo de Inversiones Suramericana S.A., as the Parent.
- On November 25, 2009, Grupo de Inversiones Suramericana S.A. issued, in the local markets, COP 250,000 of ordinary bonds, in three tranches, indexed to the CPI, with a quarterly coupon.
 - o A ten-year tranche, for a total value of COP 54,500, with an interest rate of the CPI + 4.40%;
 - o A twenty-year tranche, for a total value of COP 98,000, with an interest rate of CPI + 5.90%; And
 - o A forty-year tranche, for a total value of COP 97,500, with an interest rate of CPI + 6.98%.

Below is a Breakdown of the bonds issued:

Maturity	Maturity date	Amortized cost		Fair value	
		December 2018	December 2017	December 2018	December 2017
29-Apr-16 (*)	29-Apr-26	1,781,904	1,634,001	1,857,840	1,794,022
17-Apr-14	17-Apr-24	1,631,179	1,496,387	1,616,832	1,592,778
11-Apr-17	14-Apr-27	1,129,653	1,034,770	1,060,470	1,056,018
18-May-11 (*)	18-May-21	978,285	897,169	1,028,386	963,381
22-Jun-16	22-Jun-26	303,774	303,892	324,033	322,245
22-Jun-16	22-Jun-31	287,303	287,517	306,881	308,437
22-Jun-16	22-Jun-23	255,818	255,780	273,466	267,953
7-May-14	7-May-23	225,381	225,327	238,476	234,022
23-Feb-17	23-Feb-22	194,615	194,515	199,336	199,402

23-Feb-17	23-Feb-29	191,200	191,456	194,207	194,972
23-Feb-17	23-Feb-24	165,787	165,936	171,565	167,735
22-Jun-16	22-Jun-20	147,608	147,376	150,206	150,336
7-May-14	7-May-19	104,278	104,346	104,784	105,475
7-May-14	7-May-30	100,825	100,809	106,897	106,678
7-May-16	7-May-20	100,689	100,651	102,490	102,881
25-Nov-09	25-Nov-29	96,256	96,281	116,768	117,657
25-Nov-09	25-Nov-49	95,138	95,289	133,296	135,781
7-May-14	7-May-24	54,627	54,431	55,992	56,508
		7,844,320	7,385,933	8,041,925	7,876,281

(*) Grupo SURA realized a merger with Grupo SURA Finance, at July 31, 2018. Because Finance bonds are issued in dollars, Grupo SURA decided to apply hedge accounting, at September 2018, the effects of which are carried to the other comprehensive income and the Income Statement. The hedge structure was realized with swaps and options. For more details see Note 13. Derivative Instruments and Note 17.1 Investments in subsidiaries.

(2) Preferential shares

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

- On March 31, 2017, the Shareholders' Meeting approved the amendments to the Issuance and Placement of Preferred Shares Regulations, issued in 2011, which establish the payment of a preferential minimum dividend equivalent to one percent (1%) per annum, on 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 operation, most recently approved by the General Meeting, including, but not limited to, issuances and public offerings, private issues, capitalization of credits, 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 payments, 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.

In addition, the Board of Directors of the Company, set the subscription price of the preferred shares at thirty-five thousand nine hundred and seventy-three COP (\$35,973) Pesos and would be delivered as payment of dividends in shares.

This entailed an increase in liabilities of \$226,085 and its counterpart was a decrease in equity in the premium issued.

Likewise, on March 31, 2017, the Board of Directors of the Company, set at thirty-five thousand nine hundred and seventy-three pesos (\$ 35,973), the subscription price of the preference shares that would be delivered as payment of dividends, in shares.

The movements of the debt instruments, issued for December 31, 2018 and December 31, 2017 are as follows:

	Bonuses	Preference shares	Total
At December 31, 2016	5,830,111	208,813	6,038,924
Additions (**)	1,574,469	214,125	1,788,594
Interest caused	437,008	32,134	469,142
Payments	(432,706)	(4,320)	(437,026)
Exchange differences	(22,949)	-	(22,949)
At December 31, 2017	7,385,933	450,752	7,836,685
Interest caused	345,952	9,947	355,899
Payments	(357,763)	-	(357,763)
Exchange differences	470,198	-	470,198
At December 31, 2018	7,844,320	460,699	8,305,019

(**) Additions of the preference shares include the value recorded in the equity and in the liability for this transaction.

NOTE 24 EQUITY

24.1. Issued capital

The authorized capital of the Company is constituted by 600,000,000 shares of the nominal value \$187.50 pesos for each one. The share and paid capital, at December 31, 2018 and 2017, was 581,977,548 shares.

	December 2018	December 2017
Authorized shares	600,000,000	600,000,000
Subscribed and paid shares:		
Ordinary, with nominal value	469,037,260	469,037,260
With a preference dividend, without voting rights	112,940,288	112,940,288
Total shares	581,977,548	581,977,548
Subscribed and paid capital (nominal value)	109,121	109,121

For the breakdown of the shareholders, see Note 1. Reporting entity.

24.2. Issuance premium

The balance of the account at December 31, 2018 and 2017 is 3,290,767. It includes the highest paid on nominal value of the shares that are charged when disposing of them. E n 2017 the excess of the minimum dividend proposed by the preference shares was recorded.

24.3. Reserves

The reserves consists of the following concepts:

	December 2018	December 2017
Legal Reserve (1)	138,795	138,795
Occasional Reserve (2)	3,766,930	3,313,309
Total reserves	3,905,725	3,452,104

¹ Legal reserve:

In compliance with Article 452 of the Código de Comercio de la República de Colombia (Commercial Code of the Republic of Colombia), which establishes that public limited companies will constitute a legal reserve, that will amount to at least fifty percent of the share capital, formed with ten percent of net profits of each reporting. The constitution, of said reserves, will be mandatory until it reaches 50% of the share capital. The legal reserve fulfills two special objectives, increasing and maintaining the capital of the Company, and absorbing losses generated in the operation. Therefore, its value cannot be distributed in dividends for shareholders.

² Occasional Reserves:

Occasional reserves include the following components:

- In 2018, a value of \$ 5,923,603, and of \$ 5,469,982 in 2017, corresponding to the appropriations, realized by the Shareholders Assembly, which are available when considered with a specific destination.
- Other reserves for a value of -\$2,156,673 in 2018, and of -\$2,156,673 in 2017, corresponding to the excesses paid, in the acquisition of non-controlling shares of the pension administrator business. This is recognized as a liability, in the separate financial Statements of the insurance companies, monitored by the Superintendencia Financiera de Colombia (Financial Superintendence of Colombia), but is not allowed, under the Norma de Contabilidad de Información Financiera (Accounting Standard of Financial Statements), accepted in Colombia, for the Consolidated Financial Statement, and therefore is eliminated from the liability.

NOTE 25. DIVIDENDS PAID AND DECLARED

The dividends paid and decreed, at the cut-off date are:

Dividends payable at December 31, 2016	67,935
Ordinary declared	329,621
Preference declared	51,891
Subtotal dividends declared	381,512
Paid ordinary shares	(383,062)

Paid preference shares	(64,007)
Subtotal dividends paid	(447,069)
Dividends payable at December 31, 2017 (Note 8.3)	2,378
Ordinary declared	347,665
Preference declared	58,503
Subtotal dividends paid	406,168
Paid ordinary shares	(287,378)
Paid preference shares	(43,820)
Subtotal dividends paid	(331,198)
Dividends payable at December 31, 2018 (Note 8.3)	77,348

NOTE 26. OTHER COMPREHENSIVE INCOME

Below is the other comprehensive income from the accumulated, and for the period:

Note			December 2018			December 2017		
			Total	Other comprehensive income	Non-controlling interest OCI	Total	Other comprehensive income	Non-controlling interest OCI
Initial comprehensive income	balance	other	3,101,666	2,765,373	336,293	2,157,599	1,913,969	243,630
Revaluation assets	26.1		17,587	14,943	2,644	137,402	111,897	25,505
Losses (profits) actuarial plans (post-employment)	26.2		370	336	3. 4	(11,740)	(9,735)	(2,005)
Financial instruments measured at fair value with changes in the OCI	26.3		(5,793)	(5,641)	(152)	(92)	(1,275)	1,183
Exchange differences from investments in associates and subsidiaries	26.4		(1,999)	1,987	(3,986)	696,287	627,581	68,706
Hedges with cash flow derivatives	26.5		(99,165)	(83,914)	(15,251)	3,233	3,013	220
Hedges with derivatives of net investments abroad	26.6		615	499	116	-	-	-
Surplus for the equity method of associates	26.7		(173,913)	(174,226)	313	121,520	119,923	1,597
Other comprehensive income			(262,298)	(246,016)	(16,282)	946,610	851,404	95,206
Final comprehensive income, equity	balance	other	2,839,368	2,519,357	320,011	3,104,209	2,765,373	338,836

26.1. Component: properties by the revaluation method

The component of other comprehensive income of properties, associated with the measurement by revaluation, represents the accumulated value of the profits, for the valuation, at fair value, minus the values transferred to the accumulated profits, and those used for the application of the impairment test, or devaluations presented. Changes in fair value do not reclassify to profit or loss, for the period. (See Note 15. Property and equipment).

	Component	Non-controlling interest	Total
Book value at December 31, 2016	39,935	9,577	49,512
Net profit or loss from the revaluation of property, plant and equipment	145,436	33,032	178,468
Deferred tax	(33,539)	(7,527)	(41,066)

OCI for the period	111,897	25,505	137,402
Book value at December 31, 2017	151,832	35,082	186,914
Net profit or loss from the revaluation of property, plant and equipment	(17,874)	(3,998)	(21,872)
Deferred tax	32,817	6,642	39,459
OCI for the period	14,943	2,644	17,587
Book value at December 31, 2018	166,775	37,726	204,501

26.2. Component: new measurements of defined benefit plans

The component of new measurements of defined benefit plans represents the accumulated value of actuarial profit or loss. The net value of the new measurements is transferred to retained earnings and does not reclassify to the profit and loss for the period. (See Note 20.3.1 Defined benefit plans).

	Component	Non-controlling interest	Total
Book value at December 31, 2016	572	326	898
Post-employment benefits	(9,996)	(1,933)	(11,929)
Deferred tax	261	(72)	189
OCI for the period	(9,735)	(2,005)	(11,740)
Book value at December 31, 2017	(9,163)	(1,679)	(10,842)
Post-employment benefits	81 8	99	916
Deferred tax	(482)	(65)	(547)
OCI for the period	336	34	370
Book value at December 31, 2018	(8,827)	(1,645)	(10,473)

26.3. Component: equity investments measured at fair value through equity

The component of other comprehensive income from equity investments measured at fair value through profit or loss represents the accumulated value of the Profit s or losses from the valuation at fair value less the values transferred to retained earnings when these investments have been sold. Changes in fair value do not reclassify to the results of the period. (See note 8.1.1, Investments for greater Breakdown).

	Component	Non-controlling interest	Total
Book value at December 31, 2016	(2,164)	(206)	(2,370)
Net profit or loss from changes in the fair value of equity investments	(1,275)	1,183	(92)
Book value at December 31, 2017	(3,439)	977	(2,462)
Net profit or loss from changes in the fair value of equity investments	(6,512)	(355)	(6,867)
Deferred tax	871	203	1,074
OCI for the period	(5,641)	(152)	(5,793)
Book value at December 31, 2018	(9,080)	825	(8,255)

26.4. Component: profits or losses from translation of businesses abroad

The translation differences component, represents the cumulative value of the exchange differences, arising from the translation to the presentation currency of the Grupo SURA, in the results and in the net assets of the operations abroad, as well at the profit or loss of hedge instruments, that are designated in a net investment hedge, in a foreign business. Cumulative translation differences, reclassify the results of the period, partially or totally, when the operation

is realized abroad. This includes the portion that corresponds to the Grupo SURA, in its investments in associates and joint ventures.

	Component	Non-controlling interest	Total
Book value at December 31, 2016	808,438	231,943	1,040,381
Profit or loss from exchange differences	627,581	68,706	696,287
Book value at December 31, 2017	1,436,019	300,649	1,736,668
Profit or loss from exchange differences	1,987	(3,986)	(1,999)
Book value at December 31, 2018	1,438,006	296,663	1,734,669

26.5. Component: cash flow hedges

The other comprehensive income of cash flow hedges component, represents the accumulated value of the effective portion of the profit or losses, that arise from changes, in the fair value of hedged items, in a cash flow hedge. The accumulated value of the profit or loss, will reclassify to the results for the period, only when the covered transaction affects the results for the period, or the highly probable transaction, is not expected to occur, or is included, as part of its book value, in a heading non-financial hedge. (See note 13.2 for further information of hedges).

	Component	Non-controlling interest	Total
Book value at December 31, 2016	4,994	1,351	6,345
Cash flow hedges	4,272	341	4,613
Deferred tax	(1,259)	(121)	(1,380)
OCI for the period	3,013	220	3,233
Book value at December 31, 2017	8,007	1,571	9,578
Cash flow hedges	(85,585)	(15,049)	(100,634)
Deferred tax	1,671	(202)	1,469
OCI for the period	(83,914)	(15,251)	(99,165)
Book value at December 31, 2018	(75,909)	(13,678)	(89,587)

26.6. Component: hedges of net investments abroad

This component of other comprehensive income, records the part of the profit or loss, of the hedging instrument that is determined to be a hedge. (See note 13.2 for more details of the hedge)

	Component	Non-controlling interest	Total
Book value at December 31, 2016	2,744	638	3,382
Hedges of net investments abroad	-	-	-
Book value at December 31, 2017	2,744	638	3,382
Hedges of net investments abroad	499	116	615
Book value at December 31, 2018	3,243	754	3,997

26.7. Component: Movement of equity of investments in associates:

The component records the equity variations in investments in associates, in the application of the equity method. (See details in Note 17.2.1 Movements in associates).

	Component	Non-controlling interest	Total
Book value at December 31, 2016	1,059,450	-	1,059,450

The equity method of associates	119,923	1,597	121,520
Book value at December 31, 2017	1,179,373	1,597	1,180,970
The equity method of associates	(174,226)	313	(173,913)
Book value at December 31, 2018	1,005,147	1,910	1,007,057

NOTE 27. NON-CONTROLLING INTEREST

Non-controlling interest represented by the interests attributable to third parties, in the investments held in:

December 2018	% Noncontrolling interest	Minority equity	Minority income
Sura Asset Management S.A.	16.4%	1,497,901	60,751
Suramericana S.A.	18.9%	908,950	98,993
AFP Capital S.A.	0.3%	8,810	744
Aseguradora Suiza Salvadoreña S.A. Asesuisa	2.9%	6,260	288
Hábitat Adulto Mayor S.A.	17.3%	4,804	(79)
Seguros Sura S.A (Argentina)	0.6%	852	(47)
Seguros Generales Suramericana S.A (Chile)	0.0%	235	3
Seguros Generales Suramericana S.A. (Colombia)	0.0%	145	14
AFP Integra S.A.	0.0%	10	-
Asesuisa Vida, S.A. Seguros de Personas	0.0%	4	1
Seguros Sura S.A. (Dominican Republic)	0.0%	2	-
Seguros Sura S.A (Brazil)	0.0%	1	-
Aseguradora de Créditos y Garantías S.A.	0.0%	1	-
Planeco Panamá S.A.	4.7%	(810)	(260)
Total		2,427,165	160,408

December 2017	% Noncontrolling interest	Minority Equity	Minority income
Sura Asset Management S.A.	16.4%	1,524,876	100.893
Suramericana S.A.	18.9%	847,003	95.34 4
AFP Capital S.A.	0.3%	9,861	779
Aseguradora Suiza Salvadoreña S.A. Asesuisa	2.9%	5,979	557
Hábitat Adulto Mayor S.A.	17.3%	4,888	206
Seguros Generales Suramericana S.A. (Colombia)	0.5%	4,512	(19)
Seguros Sura S.A (Argentina)	0.6%	1,107	165
Protección Garantizada LTDA.	38.7%	615	602
Seguros Generales Suramericana S.A. (Colombia)	0.0%	136	13
AFP Integra S.A.	0.0%	11	1
Asesuisa Vida, S.A. Seguros de Personas	0.0%	4	1
Seguros Sura S.A. (Brazil)	0.0%	1	-
Inversiones Suramericana Colombia S.A.S.	0.0%	1	(1)
Aseguradora de Créditos y Garantías S.A.	0.0%	1	-
Seguros Sura S.A. (Dominican Republic)	0.0%	1	-
Sura Real Estate S.A.S.	30.0%	(705)	176
Planeco Panamá S.A.	4.7%	(1,251)	(355)
		2,397,040	198.362

The following is the non-controlling share of the equity account:

	December 2018	December 2017
Share capital	4,095	4,399
Reserves	432,824	346,548
Other comprehensive income	320,011	338,836
Profit for the period	160,408	198,362
Accumulated profit/loss	1,509,827	1,508,895
	2,427,165	2,397,040

NOTE 28. OPERATING SEGMENTS

28.1. Segments to be informed about

For purposes of management, Grupo SURA is organized into business units, according to services provided. Said units of business, are divided, by the following reportable segments:

1. Insurance: Includes companies dedicated to the coverage of the risks, in charge of ensuring or indemnifying all or parts of damages incurred by the appearance of determined accidental situations.

1.1. Life: are classified as companies covering personal risks.

1.2. Non-life: are insurance companies that cover risks different from personal damages

2. Administration of funds:

2.1. Mandatory: the main activity concerns the collection and management of contributions made for employees in individual mandatory savings accounts, or in turn, the administration and payment of the benefits, established for the pension system.

2.2. Voluntary: the main activity focuses on voluntary pension savings, annuities, et. Al.

3. Corporate: Under this segment, are the holding companies, whose main objective is the acquisition of vehicles of investment. Additionally, other services that are not directly related to the strategy of business, but that complement the offer of services, are included.

4. Services:

4.1. Outsourcing: in this segment are the companies dedicated to services and marketing of products and solutions in telecommunications and services of processing of information included in

4.2. Health: Includes companies dedicated the provision of services of health, both mandatory and prepaid medicine

4.3. Others: are services that are not directly related to the strategy of business, but that complement the services offered.

The highest authority in the of decision-making of the segments of Grupo SURA, are the Financial Vice Presidencies of subsidiaries, and Grupo SURA, who is in charge of supervising the operating results of the segments of operation, separately, for the purpose of making decisions over the allocation of resources and assessment of performance.

The performance of the segments is evaluated on the basis of the gains or losses for operations, before taxes, and are measured in a uniform manner, with the loss or gain, for operations of the Consolidated Financial Statements.

The following is a breakdown by Company, segmented by operation:

Entity	Corporate	Fund Administrator		Insurance		Services		
		Mandatory	Voluntary	Life	Non-life	Health	Outsourcing	Others
Grupo de Inversiones Suramericana S.A.	X							
Suramericana S.A.	X							
Inversura Panamá Internacional S.A. (*)	X							
Inversiones Sura Brasil S.A.S. (*)	X							
Arus Holding S.A.S	X							
Inversiones y Construcciones Estratégicas S.A.S.	X							
Grupo de Inversiones Suramericana Panamá S.A. (*)	X							
Planeco Panamá S.A.	X							
Grupo SURA Finance S.A. (*)	X							
Inversiones Suramericana Colombia S.A.S.	X							
Santa María del Sol S.A. (Argentina)	X							
Atlantis Sociedad Inversora S.A.	X							
Chilean Holding Suramericana SPA	X							
Inversiones Suramericana Chile Limitada	X							
Sura Asset Management S.A.	X							
Activos Estratégicos Sura A.M. Colombia S.A.S.	X							
Sura Investment Management Colombia S.A.S	X							
SURA Asset Management España S.L.	X							
Grupo de Inversiones Suramericana Holanda B.V. (*)	X							
Grupo SURA Chile Holdings I B.V.	X							
SURA Asset Management Chile S.A.	X							
Sura Data Chile S.A.	X							
SURA Servicios Profesionales S.A.	X							
SUAM Finance B.V (*)	X							
Sura Asset Management México S.A. de C.V.	X							
Sura Art Corporation S.A. de C.V.	X							
Sura Asset Management Perú S.A.	X							
Sura Asset Management Uruguay Sociedad de Inversión S.A.	X							
AFAP Sura S.A.		X	X					
AFP Capital S.A.		X	X					
Afore Sura S.A. de C.V.		X	X					
AFP Integra S.A.		X	X					
Corredores de Bolsa Sura S.A.			X					
Administradora General de Fondos Sura S.A.			X					
Sura Investment Management S.A. de C.V.			X					
Fondos Sura SAF S.A.C.			X					
Sociedad Agente de Bolsa S.A.			X					

Entity	Corporate	Fund Administrator		Insurance		Services		
		Mandatory	Voluntary	Life	Non-life	Health	Outsourcing	Others
Corredor de Bolsa SURA S.A.			X					
AFISA SURA S.A.			X					
Sura Asset Management Argentina S.A.			X					
WM Asesores en inversiones S.A de C.V			X					
NBM Innova, S.A. de C.V.				X				
Seguros de Vida Suramericana S.A. (Colombia)				X				
Seguros de Riesgos Laborales Suramericana S.A.				X				
Asesuisa Vida, S.A. Seguros de Personas				X				
Seguros de Vida Suramericana S.A (Chile)				X				
Seguros de Vida Sura S.A. (Chile)				X				
Pensiones Sura S.A. de C.V.				X				
Seguros Sura, S.A de C.V. (México)				X				
SUAM Corredora de Seguros S.A. de C.V.				X				
Disgely S.A.				X				
Sura Seguros de Rentas Vitalicias S.A				X				
Seguros Generales Suramericana S.A. (Colombia)					X			
Seguros Sura S.A. (Dominican Republic)					X			
Seguros Suramericana, S.A. (Panamá)					X			
Aseguradora Suiza Salvadoreña S.A. Asesuisa					X			
Sura RE Ltd.					X			
Seguros Sura S.A (Brasil)					X			
Seguros Sura S.A (Argentina)					X			
Aseguradora de Créditos y Garantías S.A.					X			
Seguros Generales Suramericana S.A (Chile)					X			
Seguros Sura, S.A de C.V. (México)					X			
Seguros Sura S.A. (Uruguay)					X			
EPS y Medicina Prepagada Suramericana S.A.						X		
Servicios de Salud IPS Suramericana S.A.						X		
Diagnóstico y Asistencia Médica S.A. Dinámica IPS						X		
Hábitat Adulto Mayor S.A.						X		
Arus S.A.							X	
Enlace Operativo S.A.							X	
Operaciones Generales Suramericana S.A.S.								X
Servicios Generales Suramericana S.A. (Colombia)								X
Consultoría en Gestión de Riesgos Suramericana S.A.S.								X
Servicios Generales Suramericana S.A. (Panamá)								X
Protección Garantizada LTDA.								X
SURA Real Estate S.A.S.								X
Asesores Sura S.A. de C.V.								X
Promotora Sura AM S.A. de C.V.								X
Sura SAC Ltd.								X
Inversiones SURA Brasil Participacoes LTDA	X							
SURA Ventures S.A.	X							

28.2. Information about operating segments

Consolidated Income Statement at December 31, 2018, by Segment

Consolidated Income Statement as of December 31, 2019, by Segment										
December 2018	Corporate	Fund Management		Insurance			Services		Eliminations	Total
		Mandatory	Voluntary	Lifetime	No life	Health	Outsourcing	Others		
Premiums issued	-	-	733,491	4,831,148	7,772,582	-	-	-	(72,267)	13,264,954
Premiums	-	-	733,491	4,620,436	7,654,897	-	-	-	(72,267)	12,936,557
Complementary insurance services	-	-	-	210,712	117,685	-	-	-	-	328,397
Premiums ceded	-	-	(1,116)	(287,686)	(2,300,901)	-	-	-	59,597	(2,530,106)
Retained premiums (net)	-	-	732,375	4,543,462	5,471,681	-	-	-	(12,670)	10,734,848
Commission Income	-	1,858,134	230,860	33,557	379,212	121	933	5,029	(3,986)	2,503,860
Provision of Services	-	-	-	1,344	11	3,792,090	246,872	201,929	(835,101)	3,407,145
Dividends	(2,991)	-	3,509	1,530	414	-	-	3,362	-	5,824
Investment income	42,884	13,276	122,098	681,859	121,879	11	646	59,826	(1,780)	1,040,699
Gains at fair value	64,990	13,403	6,892	101,403	212,659	15,582	-	(1)	251	415,179
Gains from equity method of Associates	866,897	90,282	16,040	15,181	29,646	3,419	-	36,718	-	1,058,183
Profits from sales of investments	3,988	7,147	(27,528)	11,266	6,492	(32)	-	12,620	-	13,953
Income from investment properties	765	26	15,534	5,501	10,938	1,256	-	2,579	(12,340)	24,259
Other income	12,496	5,815	2,494	51,069	166,796	25,287	2,109	29,470	(26,340)	269,196
Total income	989,029	1,988,083	1,102,274	5,446,172	6,399,728	3,837,734	250,560	351,532	(891,966)	19,473,146
Total claims	-	-	(671,738)	(2,927,991)	(4,160,847)	-	-	-	143,780	(7,616,796)
Reimbursement of claims	-	-	-	229,029	1,539,717	-	-	-	(19,754)	1,748,992
Retained claims	-	-	(671,738)	(2,698,962)	(2,621,130)	-	-	-	124,026	(5,867,804)
Reserves net of production	-	-	(107,257)	(225,558)	(345,540)	-	-	-	-	(678,355)
Costs of provision of services	-	-	-	(1)	-	(3,353,105)	(196,822)	(154,631)	465,354	(3,239,205)
Administrative expenses	(117,536)	(331,345)	(77,083)	(409,497)	(605,686)	(230,593)	(10,140)	(52,079)	85,537	(1,748,422)
Employee benefits	(126,494)	(453,924)	(223,826)	(369,806)	(539,995)	(131,836)	(20,567)	(28,715)	1,872	(1,893,291)
Fees	(40,040)	(49,180)	(20,563)	(442,581)	(344,750)	(17,201)	(1,080)	(25,332)	99,933	(840,794)
Broker commissions	-	(24,440)	(18,259)	(423,812)	(1,303,897)	(3,843)	-	-	3,621	(1,770,630)
Amortization	(105,380)	(45,201)	(7,853)	(8,430)	(110,022)	(206)	(191)	-	-	(277,283)
Depreciation	(9,762)	(21,122)	(4,315)	(7,159)	(20,619)	(12,203)	(7,090)	(1,531)	-	(83,801)
Other expenses	(109)	-	(13)	(300,911)	(305,617)	(1,806)	(633)	(55)	96,921	(512,223)
Interest	(603,806)	(3,099)	(1,505)	(133)	(2,185)	(5,915)	(1,107)	(18,011)	10,521	(625,240)
Exchange differences (Net)	(269,174)	8,936	1,508	5,289	20,621	(83)	(360)	(24)	-	(233,287)
Impairment	(8,906)	(62)	(98)	(5,400)	(6,468)	(529)	(471)	(1,237)	-	(23,171)
Total expenses	(1,281,207)	(919,437)	(1,131,002)	(4,886,961)	(6,185,288)	(3,757,320)	(238,461)	(281,615)	887,785	(17,793,506)
Profit, before taxes	(292,178)	1,068,646	(28,728)	559,211	214,440	80,414	12,099	69,917	(4,181)	1,679,640
Income taxes	105,934	(267,131)	(4,565)	(17,972)	(60,046)	(9,006)	(4,752)	(15,751)	-	(273,289)
Net Profit, continued operations	(186,244)	801,515	(33,293)	541,239	154,394	71,408	7,347	54,166	(4,181)	1,406,351
Net profit, discontinued operations	2,301	-	-	(65,364)	-	-	-	-	-	(63,063)
Net income	(183,943)	801,515	(33,293)	475,875	154,394	71,408	7,347	54,166	(4,181)	1,343,288
Controlling profit	(183,474)	800,718	(33,248)	475,875	154,394	71,408	7,347	54,166	(164,306)	1,182,880
Non-controlling profit	469	797	-	-	-	-	-	-	160,125	160,400

Consolidated Income Statement at December 31, 2017, by Segment

December 2017	Corporate	Fund Management		Insurance			Services		Eliminations	Total
		Mandatory	Voluntary	Lifetime	No life	Health			Mandatory	Voluntary
Premiums issued	-	-	900,849	5,240,944	7,478,175	-	-	-	(57,921)	13,562,047
Premiums	-	-	900,849	5,056,432	7,366,408	-	-	-	(57,921)	13,265,768
Complementary insurance services	-	-	-	184,512	111,767	-	-	-	-	296,279
Premiums ceded	-	-	(1,359)	(247,836)	(2,142,175)	-	-	-	35,957	(2,355,413)
Retained premiums (net)	-	-	899,490	4,993,108	5,336,000	-	-	-	(21,964)	11,206,634
Commission Income	982	1,761,286	208,637	17,565	360,052	118	456	9,038	(5,980)	2,352,154
Provision of Services	-	-	-	904	9	3,132,343	222,882	175,836	(722,677)	2,809,297
Dividends	19,199	-	2,034	670	304	-	-	4,918	-	27,125
Investment income	21,433	11,346	12,075	661,613	96,847	1	846	53,979	(2,024)	856,116
Gains at fair value	(91,571)	202,206	82,509	225,449	243,519	14,513	-	-	25	676,650
Gains from equity method of Associates	792,684	161,966	10,217	7,183	41,703	3,470	-	34,185	-	1,051,408
Profits from sales of investments	26,898	8,023	84,861	(1,460)	7,837	30	-	(2)	-	126,187
Income from investment properties	7,159	221	13,440	4,421	13,241	1,510	-	1,959	(11,067)	30,884
Other income	152,210	4,006	1,104	122,400	182,392	18,782	763	11,672	(158,603)	334,726
Total income	928,994	2,149,054	1,314,367	6,031,853	6,281,904	3,170,767	224,947	291,585	(922,290)	19,471,181
Total claims	-	-	(688,844)	(3,171,730)	(4,375,131)	-	-	-	112,584	(8,123,121)
Reimbursement of claims	-	-	-	180,437	1,652,819	-	-	-	(8,897)	1,824,359
Retained claims	-	-	(688,844)	(2,991,293)	(2,722,312)	-	-	-	103,687	(6,298,762)
Reserves net of production	-	-	(331,475)	(607,302)	(189,039)	-	-	-	-	(1,127,816)
Costs of provision of services	-	-	-	(1)	-	(2,759,555)	(172,740)	(136,261)	399,535	(2,669,022)
Administrative expenses	(194,764)	(343,811)	(79,769)	(402,182)	(614,332)	(204,175)	(8,019)	(42,455)	82,023	(1,807,484)
Employee benefits	(115,027)	(421,733)	(210,889)	(337,547)	(556,282)	(120,869)	(20,455)	(24,912)	2,354	(1,805,360)
Fees	(46,587)	(37,975)	(12,146)	(395,151)	(320,056)	(15,012)	(804)	(13,892)	98,359	(743,264)
Broker commissions	(85)	(18,168)	(13,573)	(406,701)	(1,301,138)	(5,169)	-	-	3,629	(1,741,205)
Amortization	(105,895)	(42,406)	(6,875)	(5,331)	(127,524)	(206)	(123)	(1)	-	(288,361)
Depreciation	(11,029)	(19,686)	(3,954)	(5,849)	(21,287)	(9,224)	(6,398)	(1,157)	-	(78,584)
Other expenses	(1)	-	-	(285,070)	(211,289)	(1,359)	(746)	(65)	82,175	(416,355)
Interest	(749,872)	(3,561)	(1,729)	(618)	(5,223)	(5,774)	(1,162)	(21,400)	150,707	(638,632)
Exchange differences (Net)	(76,739)	(6,806)	525	(564)	12,249	(37)	(41)	(32)	-	(71,445)
Impairment	(12,641)	(74)	(379)	3,676	(6,213)	760	(159)	(1,806)	-	(16,836)
Total expenses	(1,312,640)	(894,220)	(1,349,108)	(5,433,933)	(6,062,446)	(3,120,620)	(210,647)	(241,981)	922,469	(17,703,126)
Profit, before taxes	(383,646)	1,254,834	(34,741)	597,920	219,458	50,147	14,300	49,604	179	1,768,055
Income taxes	(103,001)	(296,451)	(1,400)	(13,956)	(23,401)	(6,021)	(5,815)	(10,804)	-	(460,849)
Net Profit, continued operations	(486,647)	958,383	(36,141)	583,964	196,057	44,126	8,485	38,800	179	1,307,206
Net profit, discontinued operations	90,674	-	-	56,736	-	-	-	-	-	147,410
Net income	(395,973)	958,383	(36,141)	640,700	196,057	44,126	8,485	38,800	179	1,454,616
Controlling profit	(398,420)	957,489	(33,285)	640,700	196,057	44,126	8,485	38,800	(197,698)	1,256,254
Non-controlling profit	2,447	894	(2,856)	-	-	-	-	-	197,877	198,362

Income between segments is eliminated in consolidation and are recognized under "eliminations".

28.3. Geographic information

Grupo SURA presents investments in the following Countries: Colombia, Chile, Argentina, Brazil, Curacao, El Salvador, Spain, Holland, Cayman Islands, Luxembourg, Mexico, Panama, Peru, Dominican Republic, and Uruguay.

The following table shows the distribution of income, by geographical area:

	December 2018	December 2017
Colombia	11,029,069	10,864,425
Chile	3,187,464	3,216,340
Mexico	1,971,262	1,845,530
Argentina	1,079,113	1,283,464
Brazil	487,770	514,891
Peru	432,521	473,548
Panama	422,081	431,388
Uruguay	403,285	401,440
El Salvador	322,379	296,479
Dominican Republic	157,932	142,008
Holland	34	-
Bermuda	(19,764)	1,668
Total	19,473,146	19,471,181

Below is a table with the distribution of assets by geographic area:

	December 2018	December 2017
Colombia	35,835,299	32,845,223
Chile	19,533,955	17,628,983
Mexico	6,817,769	5,391,251
Peru	3,102,182	7,454,058
Argentina	1,303,203	1,533,646
Panama	1,187,028	1,103,016
Brazil	1,089,623	1,050,691
Uruguay	1,033,278	988,555
El Salvador	666,093	616,202
Dominican Republic	407,746	313,228
Bermuda	92,143	59,372
Spain	5,053	8,156
Curacao	-	324
Holland	-	553
Total	71,073,372	68,993,258

The following table shows the net profit, by Country:

	December 2018	December 2017
Colombia	706,619	672,769
Mexico	251,161	245,094
Chile	193,437	308,128
Peru	127,734	208,138
Panama	34,785	9,419
Uruguay	21,620	40,748
El Salvador	10,009	19,447
Dominican Republic	7,078	676
Brazil	912	(155)
Bermuda	70	(475)

Holland	(734)	(811)
Spain	(848)	967
Argentina	(8,555)	25,969
Curacao	-	(73,364)
Total	1,343,288	1,454,616

28.4. Income statement by Company

The following is the income statement of Grupo de Inversiones Suramericana by Company:

December 2018	Grupo SURA	Suramericana and Subsidiaries	Sura Asset Management and Subsidiaries	ARUS and Subsidiaries	Others	Eliminations and adjustments	Total
Premiums issued	-	11,964,208	1,106,391	-	-	194,355	13,264,954
Premiums	-	11,635,810	1,106,391	-	-	194,356	12,936,557
Complimentary insurance services	-	328,398	-	-	-	(1)	328,397
Premiums ceded	-	(2,420,032)	(46,333)	-	-	(63,741)	(2,530,106)
Retained premiums (net)	-	9,544,176	1,060,058	-	-	130,614	10,734,848
Commission Income	-	415,332	2,088,994	933	-	(1,399)	2,503,860
Provision of Services	-	3,187,219	-	246,872	16,007	(42,953)	3,407,145
Dividends	(587)	1,882	3,690	-	839	-	5,824
Investment income	2,515	655,868	374,259	657	256	7,144	1,040,699
Gains at fair value	92,218	341,668	(18,918)	-	-	211	415,179
Gains from the Equity Method, Associates	941,260	10,602	106,322	-	-	(1)	1,058,183
Gains in sales of investments	1,698	32,919	(19,688)	-	-	976	13,953
Income from investment properties	-	3,767	19,790	-	702	-	24,259
Other income	4,433	251,715	15,681	2,109	57	(4,799)	269,196
Total revenue	1,041,537	14,445,148	3,630,188	250,571	17,861	87,841	19,473,146
Total claims	-	(6,667,639)	(875,553)	-	-	(73,604)	(7,616,796)
Reimbursement of claims	-	1,748,992	-	-	-	-	1,748,992
Retained claims	-	(4,918,647)	(875,553)	-	-	(73,604)	(5,867,804)
Reserves net of production	-	(313,399)	(349,136)	-	-	(15,820)	(678,355)
Costs of provision of services	-	(3,031,725)	-	(196,822)	(10,725)	67	(3,239,205)
Administrative expenses	(30,706)	(1,265,990)	(470,196)	(10,504)	(3,104)	32,078	(1,748,422)
Employee benefits	(23,714)	(1,060,573)	(757,169)	(20,567)	(1,353)	(29,915)	(1,893,291)
Fees	(9,843)	(736,524)	(91,138)	(1,158)	(105)	(2,026)	(840,794)
Broker commissions	-	(1,716,853)	(53,808)	-	-	31	(1,770,630)
Amortization	-	(115,908)	(160,773)	(191)	-	(411)	(277,283)
Depreciation	(1,306)	(38,954)	(32,335)	(7,090)	(3,955)	(161)	(83,801)
Other expenses	-	(511,378)	(13)	(633)	(204)	5	(512,223)
Interest	(333,554)	(91,898)	(195,001)	(1,107)	(3,614)	(66)	(625,240)
Exchange differences (Net)	(277,616)	9,965	34,956	(360)	3	(235)	(233,287)
Impairment	-	(12,380)	(827)	(471)	5	(9,498)	(23,171)
Total expenses	(676,739)	(13,804,264)	(2,950,993)	(238,903)	(23,052)	(99,555)	(17,793,506)
Gains, before taxes	364,798	640,884	679,195	11,668	(5,191)	(11,714)	1,679,640
Income tax	93,991	(116,015)	(246,873)	(4,765)	(857)	1,230	(273,289)
Net gains continuous operations	458,789	524,869	432,322	6,903	(6,048)	(10,484)	1,406,351
Net gains from discontinued operations	(3,432)	-	(61,323)	-	-	1,692	(63,063)
Net gains continuous operations	455,357	524,869	370,999	6,903	(6,048)	(8,792)	1,343,288
Controlling gains	455,752	524,613	370,321	6,508	(5,709)	(168,605)	1,182,880
Non-controlling gains	(395)	256	678	395	(339)	159,813	160,408

December 2017	Grupo SURA	Suramericana and Subsidiaries	Sura Asset Management and Subsidiaries	ARUS and Subsidiaries	Others	Eliminations and adjustments	Total
Premiums issued	-	12,019,807	1,544,625	-	-	(2,385)	13,562,047
Premiums	-	11,723,528	1,544,625	-	-	(2,385)	13,265,768
Complimentary insurance services	-	296,279	-	-	-	-	296,279
Premiums ceded	-	(2,251,741)	(103,672)	-	-	-	(2,355,413)
Retained premiums (net)	-	9,768,066	1,440,953	-	-	(2,385)	11,206,634
Commission Income	-	381,470	1,970,891	456	13	(676)	2,352,154
Provision of Services	-	2,614,119	-	222,882	13,278	(40,982)	2,809,297
Dividends	6,015	879	15,765	-	4,466	-	27,125
Investment income	10,434	603,862	240,760	856	204	-	856,116
Gains at fair value	(141,676)	489,561	319,908	-	8,834	23	676,650
Gains from the Equity Method, Associates	877,324	11,076	163,008	-	-	-	1,051,408
Gains in sales of investments	1,214	7,536	92,551	-	24,886	-	126,187
Income from investment properties	-	6,948	16,817	-	7,120	(1)	30,884
Other income	2,827	320,128	11,603	763	129	(724)	334,726
Total revenue	756,138	14,203,645	4,272,256	224,957	58,930	(44,745)	19,471,181
Total claims	-	(7,175,688)	(951,689)	-	-	4,256	(8,123,121)
Reimbursement of claims	-	1,824,359	-	-	-	-	1,824,359
Retained claims	-	(5,351,329)	(951,689)	-	-	4,256	(6,298,762)
Reserves net of production	-	(446,799)	(681,016)	-	-	(1)	(1,127,816)
Costs of provision of services	-	(2,488,020)	-	(172,740)	(8,488)	226	(2,669,022)
Administrative expenses	(83,039)	(1,235,433)	(518,236)	(8,234)	(2,405)	39,863	(1,807,484)
Employee benefits	(25,569)	(1,017,231)	(741,113)	(20,455)	(1,176)	184	(1,805,360)
Fees	(8,240)	(657,194)	(77,194)	(842)	(370)	576	(743,264)
Broker commissions	-	(1,699,477)	(41,740)	-	-	12	(1,741,205)
Amortization	-	(130,799)	(157,439)	(123)	-	-	(288,361)
Depreciation	(1,178)	(36,130)	(29,309)	(6,398)	(5,569)	-	(78,584)
Other expenses	-	(415,622)	-	(746)	-	13	(416,355)
Interest	(202,034)	(109,716)	(179,999)	(1,162)	(145,720)	(1)	(638,632)
Exchange differences (Net)	12,835	4,807	(63,545)	(41)	169	-	(71,445)
Impairment	-	(5,142)	(453)	(159)	(11,083)	1	(16,836)
Total expenses	(332,895)	(13,588,085)	(3,441,733)	(210,900)	(174,642)	45,129	(17,703,126)
Gains, before taxes	423,243	615,560	830,523	14,057	(115,712)	384	1,768,055
Income tax	18,494	(108,974)	(362,625)	(5,817)	(1,926)	(1)	(460,849)
Net gains continuous operations	441,737	506,586	467,898	8,240	(117,638)	383	1,307,206
Net gains from discontinued operations	-	-	147,410	-	-	-	147,410
Net gains continuous operations	441,737	506,586	615,308	8,240	(117,638)	383	1,454,616
Controlling gains	442,208	505,269	614,352	7,769	(117,489)	(195,855)	1,256,254
Non-controlling gains	(471)	1,317	956	471	(149)	196,238	198,362

NOTE 29. INCOMES AND EXPENSES FROM COMMISSIONS**29.1. Income from commissions**

The income from commissions, of Grupo SURA, are as follows:

	December 2018	December 2017
Administration of mandatory pension funds	1,866,450	1,775,103
Income on cession	393,534	367,925
Others (*)	129,522	122,612
Administration of voluntary pension funds	95,119	76,821
Profit sharing of reinsurance	6,933	8,394
Income/Cancellations from reinsurance	12,302	1,299
Total	2,503,860	2,352,154

(*) Includes, primarily, income from management clients' portfolio received.

The following is a breakdown of commission income, by Country:

	December 2018	December 2017
Mexico	837,907	776,280
Chile	827,123	802,915
Peru	436,168	399,699
Colombia	209,010	203,357
Uruguay	89,497	93,341
Argentina	32,546	21,320
Dominican Republic	22,229	21,353
Panama	20,773	21,240
Brazil	19,389	9,547
El Salvador	6,388	1,659
Bermuda	2,830	1,443
Total	2,503,860	2,352,154

29.2. Commission expenses

A breakdown of the commissions to intermediaries is as follows:

	December 2018	December 2017
Deferred acquisition costs (DAC) (Note 16.2)	(1,568,895)	(1,610,008)
Personal damage insurance	(119,955)	(46,863)
Social security insurance	(69,503)	(66,109)
Mandatory insurance	(9,239)	(8,477)
Accepted coinsurance	(2,936)	(2,789)
Acceptance expenses	(102)	(6,959)
Total	(1,770,630)	(1,741,205)

A breakdown of expenses to intermediaries, by Country, is as follows:

	December 2018	December 2017
Colombia	(536,696)	(501,502)
Chile	(418,841)	(370,577)
Argentina	(242,500)	(303,192)
Brazil	(167,799)	(207,884)
Mexico	(148,995)	(124,541)
Panama	(80,064)	(70,265)
El Salvador	(75,955)	(66,795)
Uruguay	(61,377)	(60,812)
Dominican Republic	(34,929)	(31,903)
Peru	(2,475)	(2,737)
Bermuda	(999)	(997)
Total	(1,770,630)	(1,741,205)

NOTE 30. PROVISION OF SERVICES

The revenues and costs for rendering services correspond basically to the EPS SURA and Outsourcing Companies of Arus Holding.

30.1. Income from provision of services

The income for services rendered, of Grupo SURA, is as follows:

	December 2018	December 2017
Income from health -promoting entities - EPS	2,966,893	2,432,125
Laboratory services	116,455	97,197
Maintenance and repairs	100,038	88,897
Income from health services entities - IPS	101,631	84,028
Data processing	48,434	44,434
Sales of office machinery, office equipment, and computer programs	21,890	25,017
Activities related to wiring	12,931	19,893
Rental of machinery and equipment	28,077	9,765
Sale of parts, pieces, and accessories	3,508	2,973
Business consultancy activities	3,574	1,673
Telecommunication services	1,850	1,782
Other	1,732	1,378
Community, social, and personal service activities	132	135
Total	3,407,145	2,809,297

A breakdown of income from services rendered, by Country is as follows:

	December 2018	December 2017
Colombia	3,405,430	2,808,062
Mexico	2	-
Panama	360	322
El Salvador	1,353	913
Total	3,407,145	2,809,297

30.2. Costs for the provision of services

The costs for services rendered, of Grupo SURA, are as follows:

	December 2018	December 2017
Cost of sales of services – EPS	(2,356,894)	(1,910,800)
Cost of sales of services – IPS	(531,098)	(448,890)
Data processing	(112,790)	(102,532)
Sale of parts, pieces, and accessories	(67,236)	(61,797)
Business consulting activities	(70,574)	(59,604)
Consulting of computer equipment and software	(62,220)	(57,863)
Maintenance and repairs	(13,390)	(11,769)
Sale of office machinery equipment and computer programs	(16,688)	(14,021)
Contributions to pensions	(7,303)	-
Depreciation	(6)	(557)
Amortization	(888)	(1,083)
Community, social, and personal service activities	(118)	(106)
Total	(3,239,205)	(2,669,022)

A breakdown of the costs for services rendered, by Country, is:

	December 2018	December 2017
Colombia	(3,238,474)	(2,668,487)
Panama	(731)	(535)
Total	(3,239,205)	(2,669,022)

NOTE 31. FINANCIAL INCOME AND EXPENSES

Financial income and expenses of Grupo SURA and its subsidiaries, at December 31, 2018 and 2017, are as follows:

	December 2018			December 2017		
	Income	Expense	Net	Income	Expense	Net
Investment income (1)	1,296,744	(256,045)	1,040,699	1,110,553	(254,437)	856,116
Exchange differences (2)	540,784	(774,071)	(233,287)	256,633	(328,078)	(71,445)
Profit at fair value (3)	1,462,291	(1,047,112)	415,179	1,467,530	(790,880)	676,650
Dividends (4)	5,823	1	5,824	27,125	-	27,125
Profits on sale of investments (5)	123,212	(109,259)	13,953	140,833	(14,646)	126,187
Interest (6)	-	(625,240)	(625,240)	-	(638,632)	(638,632)
Total	3,428,854	(2,811,726)	617,128	3,002,674	(2,026,673)	976,001

- (1) Investment income includes interest income, cash returns, collection portfolios, fiduciary assignments, and loans to Directors. It also includes net income, from valuation at the effective interest rate. Here is a breakdown of balances:

	December 2018	December 2017
Investment income	1,037,118	844,513
Income from cash equivalents	3,581	11,603
Total	1,040,699	856,116

- (2) The exchange difference includes income and expense for restatement of assets and liabilities in foreign currency.

Breakdown differences	Exchange	December 2018	December 2017
Securities issued		(310,697)	-
Accounts receivable		(2,330)	-
Repo operations		(1,267)	(10,056)
Cash equivalent		(720)	(29,769)
Others		10,771	2,265
Derivatives		15,729	-
Financial obligations		20,507	(7,049)
Excesses liquidity		34,720	(26,836)
Total		(233,287)	(71,445)

- (3) The following is a breakdown of the profit and losses, recorded at fair value:

	December 2018	December 2017
Increase in fair value - Debt instruments	386,501	764,340
Forwards and Futures	(63,540)	53,986
Currency swaps	92,218	(141,676)
Total	415,179	676,650

- (4) Here is a breakdown of the balances:

	December 2018	December 2017
Argos income (a)	-	6,015
Income real estate funds (b)	3,689	15,765
Dividends financial instruments	2,135	5,345
	5,824	27,125

- (a) Corresponds to the dividend income of the investment in an associate, in Grupo Argos, due to excesses after applying the 2017 equity method.
- (b) This is dividend income from investment income, classified as financial instruments, from real estate funds of the sub-consolidated subsidiary, Sura Asset Management. and Suramericana.

(5) Below is a breakdown of the profit and losses on the sale of investments:

	December 2018	December 2017
Income in valuation of debt instruments	103,806	110,623
Income from sales of investments	18,401	28,440
Expenses from sales of investments	(6,148)	(2,466)
Expenses on valuation of debt instruments	(102,106)	(10,410)
Total	13,953	126,187

(6) The following is a breakdown of the interest:

	December 2018	December 2017
Bank loans	(216,441)	(161,599)
Interest issued securities	(345,952)	(437,008)
Other Interest	(47,552)	(3,144)
Interest preference shares	(9,947)	(32,134)
Interest on lease liabilities	(5,342)	(3,675)
Other credits	(6)	(1,072)
Total	(625,240)	(638,632)

(*) Includes a premium for the amortization of the portfolio and default interest in pension payments.

NOTE 32. OTHER INCOME AND EXPENSES

32.1 Other Income

The following is a breakdown of other income:

	December 2018	December 2017
Others	115,485	177,754
Policies	55,604	68,506
Moratoriums for collection of contributions	52,611	45,899
Recoveries and recuperations	25,400	17,372
Cancellations and/or annulment other reinsurance income	7,937	7,314
Conditional commercial discounts	5,941	4,863
Demand deposits	2,713	3,086
Buildings	923	2,434
Activities in joint ventures	831	3,340
Reimbursements for occupational illness	791	386
Other concepts	686	398
Expenses recognized by reinsurers	534	423
Vehicles	340	657
Simultaneous operations	228	-
Land	170	371
Recovery other than operating risk insurance	80	3,237
Equipment, furniture, and office equipment	59	(176)
For claims	17	195

Computer equipment	6	(27)
Recognized interest	(1,160)	(1,306)
Total	269,196	334,726

The following is other income, by Country:

	December 2018	December 2017
Colombia	122,130	210,118
Argentina	44,795	58,609
Mexico	34,116	30,842
Brazil	27,942	1,781
El Salvador	13,325	10,948
Chile	12,419	15,246
Uruguay	5,143	3,831
Panama	4,516	1,185
Peru	2,521	2,052
Dominican Republic	2,223	107
Holland	34	-
Bermuda	32	7
Total	269,196	334,726

32.2 Other Expenses

The following is a breakdown of the other expenses:

	December 2018	December 2017
Costs non-proportional contracts (1)	(330,202)	(288,666)
Occupational risk prevention and promotion services	(125,514)	(119,714)
Restatement of non-monetary items	(42,746)	-
Expenses generated in operations and joint ventures	(11,000)	(5,771)
Losses from claims	(1,949)	(1,652)
Credit portfolio	(633)	(745)
Property	(216)	(9)
Bonuses	(11)	(5)
Others	6	-
Income, non-proportional contracts	42	207
Total	(512,223)	(416,355)

- (1) Corresponds to costs for reinsurance contracts for coverages additional to those agreed upon.

The following are other expenses, by Country:

	December 2018	December 2017
Colombia	(226,127)	(223,097)
Chile	(140,408)	(91,727)
Argentina	(56,779)	(19,629)
Mexico	(38,998)	(32,746)
Uruguay	(13,903)	(10,814)

El Salvador	(12,651)	(9,713)
Dominican Republic	(9,371)	(7,377)
Panama	(7,066)	(7,173)
Brazil	(6,920)	(14,079)
Total	(512,223)	(416,355)

NOTE 33. HYPERINFLATION

Due to the recognition of inflation adjustments by Argentine companies, the impact on the Financial Statements were as follows:

	December 2018
Results	(42,746)
Equity	23,837

The accounts affected in the asset, corresponding to non-monetary items, were the intangibles, and the properties and equipment, which before the restatement, were measured at historical cost, except for real estate that is measured at fair value.

Selection and use of a general price index

For the restatement of the Financial Statements, the index resulting from the splice between the Wholesale Index (IPIM) and the Consumer Price Index (CPI) was used, in accordance with the pronouncement and recommendation of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), (Argentine Federation of Professional Science Councils. Economic), since the CPI was only published at December 2016. At the moment there are no indications of the use of another index to reflect the loss of purchasing power of the Argentine peso (ARS).

The interannual inflation rates of the last 3 years have been:

2018	2017	2016
47.6%	24.8%	33.1%

Source: Central Bank of the Republic of Argentina

A breakdown of the results, is as follows:

	December 2018
Re-expression of non-monetary assets	22,814
Re-expression of non-monetary liabilities	(2,453)
Re-expression of equity	(59,958)
Re-expression of the results	(3,149)
Total	(42,746)

NOTE 34. ADMINISTRATIVE EXPENSES

Administrative expenses, of Grupo SURA, per Company, at December 31, 2018 and 2017, are as follows:

	December 2018	December 2017
Taxes	(280,021)	(357,874)
Commissions	(130,931)	(118,727)
Contributions	(153,767)	(140,166)
Leases (note 9)	(129,010)	(123,300)
Maintenance and repairs	(104,346)	(105,067)
Legal	(52,941)	(53,816)
Insurance	(21,067)	(10,690)
Occupational risk fund	(13,390)	(11,516)
Advertising	(131,966)	(130,032)
Temporary services	(115,776)	(108,188)
Public services	(103,569)	(103,564)
Travel and representation expenses	(93,705)	(92,362)
Supplies and stationery	(51,911)	(54,240)
Electronic data processing	(43,509)	(40,370)
Selling expenses	(31,960)	(30,725)
Others	(290,553)	(326,847)
Total	(1,748,422)	(1,807,484)

The administrative expenses, of Grupo SURA, by Country, at December 31, 2018 and 2017, are as follows:

	December 2018	December 2017
Colombia	(920,345)	(940,516)
Mexico	(246,410)	(243,437)
Chile	(215,916)	(205,959)
Argentina	(116,982)	(159,419)
Peru	(71,845)	(66,958)
Uruguay	(55,691)	(56,595)
Brazil	(41,567)	(61,227)
El Salvador	(34,322)	(26,098)
Panama	(32,820)	(35,412)
Dominican Republic	(11,356)	(10,780)
Bermuda	(970)	829
Spain	(183)	(182)
Holland	(15)	(6)
Curacao	-	(66)
Total	(1,748,422)	(1,807,484)

NOTE 35. FEES

The expenses from fees, for Grupo SURA, are as follows:

	December 2018	December 2017
Insurance administrators	(384,677)	(334,876)
Insurance promoters	(76,458)	(71,476)
Assistance	(46,589)	(37,151)
Commissions	(23,544)	(22,420)

Legal Advice	(13,826)	(12,715)
Tax inspection	(12,817)	(14,975)
Financial advice	(9,304)	(9,203)
Board of Directors	(5,766)	(6,019)
Appraisals	(70)	(259)
Other *	(267,743)	(234,170)
Total	(840,794)	(743,264)

(*) Corresponds mainly to technical expenses of inspection and evaluation for entry into policies.

A breakdown of the income from fees, of each Country, is as follows:

	December 2018	December 2017
Colombia	(671,691)	(601,389)
Chile	(59,229)	(51,127)
Mexico	(41,213)	(28,408)
Panama	(20,157)	(17,466)
Uruguay	(19,575)	(13,004)
Brazil	(9,833)	(8,230)
Peru	(7,454)	(9,167)
Argentina	(6,341)	(8,532)
El Salvador	(1,945)	(2,091)
Dominican Republic	(1,343)	(1,916)
Holland	(753)	(803)
Spain	665	(785)
Bermuda	(595)	(314)
Curacao	-	(32)
Total	(840,794)	(743,264)

NOTE 36. EARNINGS PER SHARE

Basic earnings for share are calculated by dividing profit and loss, attributable to Shareholders, by the number of outstanding shares, during the year.

The following table shows the data on income and shares used in basic earnings:

	December 2018	December 2017
Net income, controlling interest	1,182,880	1,256,254
Outstanding shares for basic earnings per-share	469,037,260	469,037,260
Earnings per share (Colombian pesos)	2,522	2,678

NOTE 37. TRANSLATION OF A BUSINESS ABROAD AND FOREIGN CURRENCIES

The rates used for currency translation in the Consolidated Financial Statements, at the closing dates are:

	Average rate		Closing rate	
	December 2018	December 2017	December 2018	December 2017
Colombian Peso (COP / USD)	2,956.43	2,951.32	3,249.75	2,984.00
Chilean peso (CLP / USD)	642.00	648.77	697.28	607.15

Dominican Peso (PDO / USD)	49.54	47.57	50.49	48.33
Euro (EUR / USD)	0.85	0.89	0.87	0.83
Mexican Peso (MXN / USD)	19.23	18.91	19.58	19.52
Peruvian Nuevo Sol (PEN / USD)	3.29	3.26	3.37	3.24
Uruguayan Peso (UYU / USD)	30.72	28.64	32.40	28.69
Argentina (ARS / USD)	28.12	16.56	37.98	18.54
Brazil (BRS / USD)	3.65	3.19	3.87	3.31

NOTE 38. OBJECTIVES AND POLICIES OF RISK MANAGEMENT

The following information describes the main characteristics of the Marco de Gobierno de Sistema de Gestión de Riesgos (Government Framework for Risk Management System) in the Companies of the Grupo Empresarial, and some initial definitions in relation to the Conglomerates Law. Likewise, the most relevant risks, to which the Companies are exposed, are analyzed, taking into account the characteristics, complexity, and size of their businesses, and the particularities of the geographies where they have presence.

1. Governance Framework of the Risk Management System

For the Grupo Empresarial SURA, risk management is a dynamic and interactive process, framed within the internal control system, whose purpose is to support the achievement of strategic objectives and the sustainability of the Companies. The Risk Management System allows the creation of strategic, administrative, and operational decisions, aimed at the creation of value, not only maximizing revenues, under tolerable risk levels, but also understanding the global trends and the internal context of the Companies, creating control mechanisms, and ensuring the sustainability, and continuity of business in the long-term.

This there is a framework of risk management that allows companies to articulate, to generate value through their interaction, and face the new challenges and opportunities of a changing environment.

The Board of Directors, its Committees, and the Senior Management of each of the Companies, are responsible for an adequate Risk Management System and to make decisions based on an understanding of the opportunities and risks involved in each strategic issue. These responsibilities are complemented by an organizational structure, policies, and manuals, which seek consistency and feedback with the organizational risk strategy.

Grupo SURA has adequate communication and interaction mechanisms to monitor the Group's risk profile and management, including, among others, participation in the Boards of Directors, Committees, and joint spaces to share best practices, realize reports, and execute projects.

In addition to the existing risk management system, the Conglomerates Law, issued on September 21, 2017, provides new obligations for the Grupo SURA, as a Financial Holding of the Conglomerate in the area of risk management. The scope of this system covers not only the Business Group, but also all the Companies that make up the Financial Conglomerate. This regulation seeks to develop a Risk Management Framework for the SURA Financial Conglomerate, emphasizes the development of guidelines, to define risk appetite and the management of strategic, contagion, concentration, and reputational risks.

2. Risk Categories

The following are the main risks around which the Companies prioritize and focus their management, grouped into three categories: i) Financial Risks, ii) Business Risks and iii) Operational Risks.

2.1 Financial Risk Management

Financial Risks are those risks, whose impact on the financial results of the Companies, is caused by changes in market conditions, or by the breach of the obligations that third parties have with the Companies. 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 leads to having management systems that allow them to monitor their exposure to credit, market and liquidity risk, from the management of treasuries and investment portfolios.

Additionally, for the Grupo Empresarial SURA, it is essential to have optimal capital structures, adequate levels of solvency, and the resources to guarantee the financial solidity that allows them to respond to the acquired obligations and comply with the expansion plans, which requires management systems, to monitor the exposure to the different financial risks (credit, market and liquidity risks) from the management of the treasuries, the investment portfolios and the responsibility to manage the portfolios of third parties.

In particular, 2018 was characterized by a year surrounded by economic uncertainty, restrictive monetary policies in several countries, inflationary pressures, and international political tensions led by the trade war between the world's leading economies.

The year survived, in a financial environment of greater volatility and lower returns, compared to 2017. The sustained growth in the financial markets' performance of the previous year, was replaced by lower generalized returns in international markets. In this context, the United States played an important role in the global economic behavior, in which its economy progressed, driven by a higher level of private investment, industrial production, household consumption, and a decrease in the unemployment rate. This behavior, accompanied by a progressive increase in consumer prices, gave support to the Federal Reserve for the implementation of a restrictive monetary policy, which, in turn, unleashed the well-known "flight-to-quality", whose main markets harmed were emerging markets, including Latin America.

The growth, experienced by Latin America, during this period was lower than in 2017. This was evident in economies such as Brazil, Argentina, and Colombia, where some risks were exacerbated, given the commercial tensions, fiscal reforms, and the normalization of monetary policy in the United States, and the depreciation of local currencies against the strengthening of the dollar, particularly the Brazilian real, and the Argentine peso, that reached historically high levels in the Third Quarter of the year. In this context, the impact generated by the presidential elections in Colombia, Mexico, and Brazil and the political situation that these countries experienced, during the electoral period were added to it. On the other hand, Chile was one of the most resilient countries in the face of economic adversities in the region, showing significant economic growth in the First Half of 2018, and maintaining encouraging levels of growth, during the second half of the year. All these variables, local and international, contributed to impact the performance of the financial markets in which the Companies are present.

Finally, the performance of the world's leading economies, monetary policies, the development of possible trade wars, political stability in the Latin American region and the effective implementation of fiscal reforms, will determine the course of the region's economic performance.

The main financial risks are below. In this analysis, credit risk, market risk (currency, interest rate, inflation, and asset price), and liquidity risk will be taken into account.

2.1.1 Credit Risk Management

Credit risk refers to the possibility of incurring losses arising from the non-fulfillment of the financial obligations that third parties have contracted with the Companies. To this end, policies and procedures have been defined to facilitate the analysis and monitoring of issuers and counterparties, from resources managed in the treasuries, insurance portfolios, and third-party funds, in order to mitigate the exposure to this risk, in the resources managed in the treasuries, the portfolios of the insurers and the funds of third parties.

Note 8.1.1 Investments, concentrations and exposures of credit risk

Note 8.1.2 commercial accounts and other accounts receivable

Note 8.2. Impairment of financial assets

8.1 financial assets and note 8.3. Financial liabilities. Assets and liabilities by maturity.

2.1.1.1 Credit Risk Management in treasuries:

In the treasuries of Grupo SURA, Suramericana, and Sura Asset Management, the risk mitigation policies provide guidelines to ensure that investments are always backed by issuers and/or managers with adequate credit backing. At December 31, 2018, the treasury investments of the Companies are concentrated, mostly, in liquid collective portfolios, managed by the administration, with high standards of asset management, savings accounts, and current accounts of local and international banks, and issuers of fixed income, with high credit quality.

The following is a list of the counterparties and their credit ratings (International), in the positions of the derivative instruments, held by the Companies:

Grupo SURA:

Bank	Qualification
Merrill Lynch International	A +
Citibank N.A.	A +
J.P. Morgan Chase Bank, NA	A +
Morgan Stanley & Co International PLC	A +
BBVA S.A.	A-

SURA Asset Management:

Bank	Qualification
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BBVA Colombia S.A.	BBB +
JP Morgan Chase Bank	A +
Citibank	A +
Morgan Stanley	BBB +
Bank of America	A +
Banco de Bogotá	BB +

Suramericana

Does not count, from a treasury position, with derivative transactions.

For more details of the financial assets, held by the Company, refer to **Note 8.1 Financial assets**

2.1.1.2 Credit Risk Management in the portfolios of insurers:

On the other hand, the Insurance Companies, from the management of their portfolios made up of profitable and liquid assets, which back up the technical reserves, manage credit risk based on allocation policies, limits, and controls, as well as methodologies and procedures, that adjust to the different assets of the portfolio and allow for the quantification and monitoring of the evolution of this risk. These methodologies include detailed analyses of the financial strengths and conditions, and of different qualitative aspects of the issuers and managers of investment funds.

In order to have a uniform scale that allows comparisons between countries, this section presents the credit ratings of financial assets and counterparts, re-expressed on an international scale, using the sovereign of each Country as the maximum rating: Argentina B-, Brazil BB, Chile AA-, Colombia BBB, El Salvador B-, Mexico BBB +, Peru BBB +, Panama BBB, Dominican Republic BB-, Uruguay BBB. The choice of international scale rating, between local or foreign currency, will be applied, according to the type of portfolio and risk management criteria of each Company.

The insurers' portfolios are, for the most part, invested in fixed income instruments, with a significant exposure to sovereign instruments. The following table presents a breakdown of the distribution of fixed income financial assets of the Companies, by credit ratings (International Scale):

Assets Fixed Income by Credit Rating 2018 (International Scale)													
Suramericana												SURA AM	
	Argentina	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay	Bermuda	Chile	Chile RV (Discon. Ops.)	Mexico
Sovereign Rating	B	BB	A +	BBB	B-	BBB +	BBB	BB-	BBB	TO	A +	A +	BBB +
government	57%	100%	24%	24%	36%	57%	15%	45%	73%	0%	31%	2%	93%
AAA	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%
AA +	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%
AA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
AA-	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
A +	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TO	0%	0%	40%	1%	2%	0%	1%	0%	11%	0%	46%	65%	1%
TO-	0%	0%	2%	1%	2%	0%	0%	0%	1%	0%	0%	0%	1%
BBB +	0%	0%	16%	0%	2%	38%	2%	0%	6%	0%	0%	0%	1%
BBB	0%	0%	11%	50%	2%	3%	33%	0%	2%	100%	22%	32%	1%
BBB-	0%	0%	6%	20%	1%	2%	2%	0%	5%	0%	0%	0%	1%
BB +	0%	0%	0%	1%	2%	0%	11%	0%	0%	0%	0%	0%	0%

BB	0%	0%	1%	0%	0%	0%	3%	0%	0%	0%	1%	one%	0%
BB-	0%	0%	0%	0%	0%	0%	25%	0%	0%	0%	0%	0%	0%
Others	43%	0%	0%	one%	53%	0%	6%	55%	0%	0%	0%	0%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Assets Fixed Income by Credit Rating 2017 (International Scale)

Suramericana											SURA AM	
	Argentina	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay	Bermuda	Chile	Mexico
Sovereign Rating	B-	BB	AA-	BBB	B-	BBB +	BBB	BB-	BBB	TO	AA-	BBB +
government	66%	100%	33%	22%	26%	77%	17%	51%	78%	0%	8%	92%
AAA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
AA +	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%
AA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
AA-	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
A +	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	18%	0%
TO	0%	0%	25%	2%	1%	0%	1%	0%	0%	0%	13%	1%
TO-	0%	0%	6%	1%	2%	0%	0%	0%	0%	22%	28%	1%
BBB +	0%	0%	22%	2%	2%	20%	2%	0%	0%	0%	2. 3%	3%
BBB	0%	0%	10%	51%	2%	2%	7%	0%	0%	0%	9%	1%
BBB-	0%	0%	4%	19%	1%	1%	16%	0%	11%	78%	2%	1%
BB +	0%	0%	0%	2%	1%	0%	26%	0%	0%	0%	0%	0%
BB	0%	0%	0%	0%	0%	0%	9%	0%	11%	0%	0%	0%
BB-	0%	0%	0%	0%	0%	0%	16%	0%	0%	0%	0%	0%
Others	3. 4%	0%	0%	0%	63%	0%	4%	49%	0%	0%	0%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

In the case of the "Other" category, there are Securities with an investment-grade local rating, which, when re-expressed on an international scale, are rated lower than BB- due to the sovereign rating of these countries.

Another exposure to credit risk, that is generated in the portfolios of insurers, is presented in transactions with derivatives, realized with local and international counterparts.

Below are the assets and liabilities exposures, in derivatives that at December 31, 2018 (and December 31, 2017), the Suramericana S.A. companies, had. This exposure is displayed along with the credit rating (on an international scale) of the counterparts with which there are derivatives operations in force. It is important to note that at present, only Colombian companies carry out operations with financial derivatives.

Portfolio of Derivatives - Suramericana Seguros Colombia 2018

Bank	International Credit Rating	Asset exposure	Liability exposure	Net position
Banco Davivienda	BBB	364,316	(361,336)	2,980
Bank of Bogota	BBB	14,945	(16,239)	(1,294)
Bancoldex	BBB	462,795	(479,417)	(16,622)

Western Bank	BBB	55,221	(58,435)	(3,214)
Citibank Colombia	BBB	28,740	(29,224)	(484)
JPM Financial Corporation	BBB	150,137	(160,558)	(10,421)
BBVA Colombia	BBB	60,358	(61,709)	(1,351)
Total		1,136,512	(1,166,918)	(30,406)

Portfolio of Derivatives - Suramericana Seguros Colombia 2017

Bank	Credit Rating International	Asset exposure	Liability exposure	Net position
Bank of Bogota	BBB	21,642	(21,357)	28 5
Bancoldex	BBB	307,294	(305,557)	1,737
JPM Financial Corporation	BBB	214,207	(211,577)	2,630
Banco Davivienda	BBB	67,581	(67,845)	(264)
Total		610,724	(606,336)	4,388

Below is a description of the portfolio of derivatives of the insurance companies of SURA Asset Management.

Derivatives Portfolio - SURA Asset Management Seguros Chile 2018

Bank	Credit Rating International	Asset exposure	Liability exposure	Net position
Banco BBVA	BBB +	89,582	(84,553)	5,029
Banco de Crédito e Inversiones	BB +	177,678	(164,792)	12,886
Banco Santander	BBB	231,842	(221,884)	9,958
Total		499,102	(471,229)	27,873

Derivatives Portfolio - SURA Asset Management Seguros Chile 2017

Bank	Credit Rating International	Asset exposure	Liability exposure	Net position
Banco BBVA	A	87,781	(77,345)	10.43 6
Banco de Crédito e Inversiones	BBB	176,049	(150,638)	25,411
Banco Santander	BBB	228,360	(204,081)	24,279
Total		492,190	(432,064)	60,126

Finally, in Note 8.2 of the present disclosures, the balance and the methodology of impairment of investments, are presented. It is important to note that, at the end of each reporting period, the Companies evaluate whether there is any likelihood that a financial asset or a group of them measured at amortized cost, or available for sale, may present an impairment in value.

In order to recognize the impairment loss, the Companies reduce the carrying amount of the associated asset and recognize the loss in the result. If in subsequent periods, the value of the impairment loss decreases, and the decrease could be objectively related to an event subsequent to recognition of the impairment, the impairment loss, previously recognized, must be reversed.

2.1.1.3 Credit Risk Management in Third Party Resource Management

In its activity of Third-Party Resource Management and in compliance with its fiduciary duty, the management of the funds includes a due diligence process for the issuers, counterparties, and fund managers, in which they are invested.

For this, it has independent risk teams, both functionally and organizationally, from the investment areas. These teams are responsible for monitoring the investment portfolios, monitoring levels of market risk, credit, liquidity, and other circumstances that may have a negative impact on the return of the portfolios. It is the responsibility of the risk team to warn about the possible breach of the defined limits, both internal and regulatory, and raise said alerts to the Risk Committee to order the necessary corrections.

2.1.1.4 Impairment of assets and accounts receivable (See Note 8.2 Impairment of financial assets)

The Companies periodically analyze the existence of impairment indicators and, if necessary, recognize impairment losses in the associated account.

As defined in IFRS 9, impairment is recognized as the expected or prospective loss of financial assets, considering a 12-month or whole-life approach to the instrument. In the Companies, both approaches will be applied, based on the type of instrument and the credit conditions of the counterparty.

Specifically, for accounts receivable of associates with the client portfolio, the Companies use the general or 12-month approach considering the nature of the policies and the cancellations associated to them. Based on available historical information, an impairment percentage is calculated for each default level. A percentage that is applied prospectively from the initial moment of the portfolio and is updated over time.

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

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

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

It is important to highlight that, regarding the operations of third-party funds administration, securities brokerage, and insurance, considering the accounting policy for the recognition of income and the valuation of financial instruments, the entry into force of IFRS 9 did not impact the Financial Statements or on the equity position of the Companies.

A breakdown of information, on the methods and impairment tests of financial assets, non-financial assets, accounts receivable, reinsurance and coinsurance, can be found in Note 8.2. Impairment of financial assets and Note 18 Impairment of non-financial assets, in this report.

2.1.2 Market Risk Management

Market risk management seeks to mitigate the impact of variations in market prices, on the value of the portfolios that are managed and the revenues of the Companies. For this, both the portfolios of insurers and the processes of portfolio management, and third-party resources, Market Risk Management Systems have, through which the exposures are identified, measured, and monitored. These systems are composed of a set of policies, procedures, and internal monitoring and control mechanisms that allow for the integral management of this risk.

Companies periodically monitor the impact that fluctuations in variables such as the interest rate, the exchange rate and the asset price, generate in the results. In addition, to mitigating its volatility, the convenience of having hedging schemes with financial derivatives is determined.

2.1.2.1 Market Risk Management in Treasuries

In the treasuries of Grupo SURA, Suramericana and SURA Asset Management, market risk management focuses on exposures to currency risk and interest rate risk derived from financial debt.

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

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

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

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

During 2018, with the aim of achieving greater financial flexibility, Grupo SURA implemented a deleveraging strategy, applying the income of available funds. A repayment of debts, after a period of investments and growth, in previous years. Additionally, credit substitutions were realized for more favorable opportunities, in the market, thus optimizing the financial costs incurred and contributing to generate greater financial strength for the Company.

In the case of **Suramericana SA**, there are the following exposures to market risk:

- Suramericana has, within its accounts, liquidity positions that it handles in accordance with the obligations presented with the different interest groups. In this way, and in accordance with the dividend and capitalization schedules, as well as the commitment acquired in the capital market, resources are managed in Colombian pesos and in US dollars, seeking to optimize exchange risk and take advantage of short-term returns. In this way and taking into account that all the subsidiaries of Suramericana S.A. operate in different countries, with different functional currencies, a foreign exchange risk is generated when exchanging flows between the subsidiaries and Suramericana SA, either due to concepts of capitalization, undercapitalization, and dividend distribution.
- On the other hand, and as a result of the issuance, that Suramericana realized, in the public market of Colombian securities of ordinary bonds, for \$ 1 trillion pesos, which is indexed in its entirety to CPI, there is a risk in inflation in Colombian pesos. This risk is mitigated, to a large extent with the proceeds from the Colombian insurance transaction, denominated in Colombian pesos.

For their part, **SURA Asset Management**, from the treasuries, has the following exposure to market risk:

- The different business units have freely available capital, constituted with retained earnings. The investment of such freely available capital (especially invested in fixed income, mutual funds, and cash and banks) is aligned with the uses given to them: dividend payments or reinvestments in the same business units accordingly with its strategic plans.

Currency Risk: A decision has been made, to keep the freely available capital invested in local currencies, in accordance with the planned uses for them.

- On the other hand, within the SURA Asset Management Capital Structure, a debt component, composed of a bond, issued in the international market and bank debt is managed. Since most of the debt is denominated in USD, this generates a risk of exchange rate risk, since the financial results, of the subsidiaries, of SURA Asset Management are in local currencies and have a risk of the exchange rate, for the transfer of the same, to SURA Asset Management.

2.1.2.2 Market Risk Management in the portfolios of insurers

In Suramericana, for the management of market risk, in the portfolios of the Insurers, methodologies, limits, and/or alerts are established, in accordance with the internal policies and the rules applicable to each of the countries, where the Companies are present. In addition, the companies carry out the construction and joint formulation of methodologies that ensure joint management of assets and liabilities (Asset Liability Management - ALM), allowing for the identification and management of market risks, with a comprehensive view, of the balance . Other measures that are taken into account for the management of this risk are: Value at Risk, Sensibilities, and Simulations.

For its part, SURA Asset Management performs market risk management, framed in a process of joint Asset and Liability Management (ALM) , dynamic, and continuous. This process starts with the analysis of the liabilities profile of SURA Asset Management, and is based on, the appetite for risk and return. A strategic allocation of assets is determined, which takes into account its feasibility of implementation, based on market conditions (liquidity and depth) and the distribution of the current investment portfolio (especially in relation to the maturity term and accrual rates).

2.1.2.2.1 Exposure to currency in the portfolios of insurers

Currency exposures of the insurers' portfolios are presented.

Assets, in each Country, by type of currency 2018

Country	Local currency*	Real local currency * *	USD	Other	Total
Suramericana					
Argentina	88%	-	12%	-	100%
Bermuda	-	-	100%	-	100%
Brazil	100%	-	-	-	100%
Chile	12%	88%	-	-	100%
Colombia	71%	19%	10%	-	100%
El Salvador	-	-	100%	-	100%
Mexico	86%	8%	6%	-	100%
Panama	-	-	100%	-	100%
Dominican Republic	82%	-	18%	-	100%
Uruguay	59%	12%	29%	-	100%
SURA Asset Management					
Chile Insurance	0%	100%	0%	0%	100%
Chile Life Annuities (Discon. Ops.)	0%	100%	0%	0%	100%
Mexico	5%	95%	0%	0%	100%

Assets, in each Country, by type of currency 2017

Country	Local currency*	Real local currency * *	USD	Other	Total
Suramericana					
Argentina	96%	0%	4%	0%	100%
Bermuda	0%	0%	100%	0%	100%
Brazil	100%	0%	0%	0%	100%
Chile	15%	85%	0%	0%	100%
Colombia	73%	18%	9%	0%	100%
El Salvador	0%	0%	100%	0%	100%
Mexico	90%	4%	6%	0%	100%
Panama	0%	0%	100%	0%	100%
Dominican Republic	85%	0%	15%	0%	100%
Uruguay	71%	7%	22%	0%	100%
SURA Asset Management					
Chile	0%	100%	0%	0%	100%
Mexico	5%	95%	0%	0%	100%

This table includes the Unit Linked funds (product of insurance and savings component offered by insurers of SURA Asset Management), because they are included in the Financial Statements

of the Companies, even though the risk of the performance of the investment is assumed by the insured.

* Local currency: Colombia - COP, Panama - PAB, Dominican Republic - DOP, El Salvador - SVC, Chile - CLP, Mexico - MXN, Peru - PEN, Uruguay - UYU, Brazil - BRL. .

** Actual local currency: Colombia - UVR, Chile - UF, Mexico - UDI, Peru - Soles VAC, Uruguay - UI. .

Analysis of sensitivity to exchange rate risk in the insurers' portfolios

A sensitivity analysis is presented, that measures the impact of movement, in the exchange rate, would have on the Companies' pre-tax profits.

As a methodology, to perform the sensitivity analysis of the exchange rate, the Company's exposure to foreign currency was taken in both the asset and liability, part of the Company's balance sheet, evaluating a variation of -10%, in the exchange rate, and absorbing the impact as a difference in profit, before taxes.

The net income obtained, is as follows:

Sensitivity to the exchange rate		
(-10%) in Exchange rate	Impact on profit, before taxes 2018	Impact on profit, before taxes 2017
Suramericana		
Argentina	(2,663)	(2,925)
Brazil	-	-
Chile	3,575	2
Colombia	(10,312)	(3,481)
El Salvador	(14,465)	(20,050)
Mexico	-	-
Panama	(242)	(1,286)
Dominican Republic	-	-
Uruguay	(36)	(2,276)
Bermuda	1,350	(-243)
Total	(22,793)	(30,259)
SURA Asset Management		
Chile Insurance	-	-
Chile Life Annuities	(922)	936
Mexico	-	-
Total	(922)	936

For the management of exchange rate risk, the Companies realized their hedging operations, in accordance with the guidelines, issued by their Board of Directors and/or their business strategies.

2.1.2.2.2 Exposure to interest rate in the portfolios of insurers

Below is the distribution of the exposures to the Fixed tax and Variable tax, of the insurers' portfolios.

Exposure on Fixed tax and Variable tax 2018

Country	Fixed rate	Fixed tax		Variable tax			Others	Total
		Variable rate	Subtotal	National	Foreign	Subtotal		
Suramericana								
Argentina	49%	38%	87%	0%	13%	13%	0%	100%
Bermuda	0%	100%	100%	0%	0%	0%	0%	100%
Brazil	35%	0%	35%	0%	65%	65%	0%	100%
Chile	0%	100%	100%	0%	0%	0%	0%	100%
Colombia	53%	37%	90%	0%	10%	10%	0%	100%
El Salvador	0%	100%	100%	0%	0%	0%	0%	100%
Mexico	28%	72%	100%	0%	0%	0%	0%	100%
Panama	0%	88%	88%	0%	12%	12%	0%	100%
Rep. Dom	2%	97%	99%	0%	1%	1%	0%	100%
Uruguay	3%	97%	100%	0%	0%	0%	0%	100%
SURA Asset Management								
Chile Insurance	91%	0%	91%	0%	0%	0%	9%	100%
Chile Taxes	85%	0%	85%	0%	0%	0%	15%	100%
Life								
Mexico	99%	0%	99%	0%	0%	0%	1%	100%

Exposure on Fixed Tax and Variable Tax 2017

Country	Fixed tax			National	Foreign	Subtotal	Others	Total
	Fixed rate	Variable rate	Subtotal					
Suramericana								
Argentina	48%	43%	91%	0%	9%	9%	0%	100%
Bermuda	0%	100%	100%	0%	0%	0%	0%	100%
Brazil	5%	44%	49%	0%	51%	51%	0%	100%
Chile	0%	100%	100%	0%	0%	0%	0%	100%
Colombia	56%	35%	91%	0%	9%	9%	0%	100%
El Salvador	0%	100%	100%	0%	0%	0%	0%	100%
Mexico	10%	90%	100%	0%	0%	0%	0%	100%
Panama	0%	87%	87%	0%	13%	13%	0%	100%
Rep . Sun	2%	97%	99%	0%	1%	1%	0%	100%
Uruguay	0%	100%	100%	0%	0%	0%	0%	100%
SURA Asset Management								
Chile	58%	0%	58%	0%	0%	0%	42%	100%
Mexico	99%	0%	99%	0%	0%	0%	1%	100%

In the case of SURA Asset Management, the Unit Linked funds are included, since they are part of the financial accounts of the insurers, although the risk of the performance, of the investment, is that of the insured.

Sensitivity analysis of interest rate risk in the portfolios of insurers

The following is a sensitivity analysis that measures the impact on the companies' profits, before taxes that would have an unfavorable movement in interest rates. The tool used in each Company considers the systems and tools that each one has implemented.

Suramericana: To carry out the sensitivity analysis of the interest rate, only the investments, classified to market (fair value), and the position invested in each one, were taken, given that the liabilities, and the rest of the investments are classified at maturity. For each asset, the modified duration was calculated and weighted, by its market value. This measurement shows the impact on the price given the variation of the implicit rate. For this, a variation of 10 basis points was evaluated, and this result was applied in the Company's position. The net result obtained for December 2018 (and December 2017), is:

Interest rate sensitivities - Modified duration method		
(+ 10pbs) in Interest Rates	Impact on profit, before taxes 2018	Impact on profit, before taxes 2017
Suramericana		
Argentina	(450)	(852)
Bermuda	(4)	(1)
Brazil	(279)	(209)
Chile	(794)	(131)
Colombia	(4,536)	(5,908)
El Salvador	(97)	(79)
Mexico	(709)	(692)
Panama	(377)	(138)
Dominican Republic	-	-
Uruguay	(47)	(79)
Total	(7,393)	(8.089)

SURA Asset Management: The interest rate risk is analyzed from the following perspectives:

- Accounting: with the adoption of IFRS 9, the Assets of Fixed Income, from Available for Sale, to Amortized Cost. the accounting asymmetry in the equity against interest rate movements has been eliminated. As a result of this, there is no sensitivity of results or equity, against the variation in interest rates.
- Reinvestment or adjustment of assets/liabilities: to estimate the sustainability, of said investment margin (accrual of the asset over the recognition of interest in the liability), a Liability Adjustment Test is realized. This test verifies that the flows of assets (including the projected reinvestment), together with the premiums to be collected for existing commitments are sufficient to cover the commitment, established in the reserve. In case of generating insufficiency, the reserve should be reinforced and consequently the volume of assets increase. The following table shows the suitability levels of the Test.

Interest rate sensitivities - Interest Rate Reinvestment Perspective		
Business Unit	Liabilities reserves 2018	Sufficiency of reserves 2018
Chile Insurance	3,995,086	4.60%
Chile Life Annuities	4,689,075	4.80%

Mexico	2,248,969	6.00%
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Interest rate sensitivities - Interest Rate Reinvestment Perspective

Business Unit	Liabilities reserves 2017	Sufficiency of reserves 2017
Chile	8,859,272	5.06%
Mexico	1,964,036	5.06%

2.1.2.2.3 Risk Price variation: Real Estate and Variable Income

The portfolios of insurers are subject to risks derived from the prices of the assets that comprise them. There is a distinction between positions in equities and positions in real estate assets.

The following table shows the impact on earnings, before taxes, due to a 10% drop in the prices of variable income assets and/or real estate assets, in the insurers' portfolios.

Suramericana

Sensitivities, at the price of shares and real estate assets

Business Unit	Impact on profit before taxes 2018		Impact on profit before taxes 2017	
	(-10%) in Price Actions	(-10%) in Real Estate	(-10%) in Price Actions	(-10%) in Real Estate
Argentina	(204)	-	469	-
Bermuda	-	-	-	-
Brazil	-	-	(160)	-
Chile	(14)	-	(15)	-
Colombia	(28,515)	(45,827)	(25,848)	(38,133)
El Salvador	-	-	-	-
Mexico	-	-	(12)	-
Panama	(216)	-	(214)	-
R ep . Sun	-	-	-	-
Uruguay	-	-	-	-
Total	(28,949)	(45,827)	(26,718)	(38,133)

It should be kept in mind, that the sensitivity analyzes performed, previously do not consider the interdependence of the risks evaluated, so that the impact of these could be considerably less.

SURA Asset Management

Sensitivities at the price of shares and real estate assets

Impact on profit, before taxes 2018	Impact on profit, before taxes 2017
-------------------------------------	-------------------------------------

Business Unit	(-10%) in Price Actions	(-10%) in Real Estate	(-10%) in Price Actions	(-10%) in Real Estate
Chile Insurance	(309)	(10,434)	(313)	(8,753)
Chile Life Annuities	-	(86,508)	-	(83,781)
Total	(309)	(96,942)	(313)	(92,534)

It should be kept in mind that the sensitivity analyzes, performed previously, do not consider the interdependence of the risks evaluated, so that the impact of these could be considerably less.

2.1.2.2.4 Risk of Volatility in the Pension Businesses

The regulation, associated with the pension business, requires that each Company must maintain a position of its own capital, invested in a reserve that acts as a reserve in case of breach of the obligations of each Company.

The following table contains the Fondos Administrados de la Cartera de Afiliados de SURA Asset Management (Managed Funds of the Affiliated Portfolio of SURA Asset Management), in the Pension Business. They do not include AUM of AFP Crecer or AFP Protección, nor the AUMs that are in the insurance companies of SURA AM. Total Assets Under Management, of the Mandatory business, in 2018 is \$ 261,339,094 million Colombian pesos, and \$ 5,882,984 million Colombian pesos for the Voluntary business, compared to \$ 254,438,053 million Colombian pesos, and \$ 5,096,258 million Colombian pesos, for the Voluntary business, in 2017.

Business Profile of Pension Companies (COP) 2018

Country	Assets Under Mandatory Management	Assets Under Voluntary Management	Assets Under Mandatory Management	Assets Under Voluntary Management
Chile	116,353,822	3,588,976	113,280,459	3,264,244
Mexico	79,770,089	1,601,816	76,313,376	1,192,928
Peru	56,193,879	692,191	58,661,300	580,614
Uruguay	9,021,303	-	8,298,376	-
Total	261,339,093	5,882,984	256,553,511	5,037,786

Business Profile of Pension Companies (COP) 2017

Country	Assets Under Mandatory Management	Assets Under Voluntary Management	Assets Under Mandatory Management	Assets Under Voluntary Management
Chile	119,458,938	3,442,280	109,861,911	2,972,327
Mexico	70,308,002	1,099,052	62,784,870	742,837
Peru	56,066,003	554,926	50,135,508	298,567
Uruguay	8,605,110	-	6,827,274	-
Total	254,438,053	5,096,258	229,609,563	4,013,731

The regulation, associated with the pension business, requires that each Company must maintain a position of its own capital, invested in a reserve that acts as a reserve, in case of breach of the obligations of each Company.

It is important to note that the underlying assets, invested, must maintain the same proportion as the underlying assets in the Managed Funds (that is, the Company must purchase investment units from the managed funds). The following table shows the different reserve percentages, in each business unit, as a percentage of managed funds:

Percentage of reserve of managed fund	
Business Unit	% Fit
Chile	1.00%
Mexico	0.70%
Peru	1.00%
Uruguay	0.50%

Faced with these investments, the Companies are exposed to market risks, which may affect the valuation of such reserves, and their Companies, We analyze the impacts that the market variables could have on the profit, before taxes, in the horizon of one year.

In the case of Mexico and Peru, where the remuneration obtained depends on the amounts administered, this exercise also includes the impact, derived from the reduction in the values of the managed funds, product of the market variations.

Volatility Risk of the Pension Businesses

Deviation	Impact of profit, before taxes 2018	Impact of profit, before taxes 2017
-10% in Variable Appraisal		
Chile	(46,980)	(47,434)
Mexico	(33,181)	(29,320)
Peru	(28,742)	(29,198)
Uruguay	(235)	(213)
Total	(109,138)	(106,165)
+ 100bps in Interest Rates		
Chile	(61,117)	(51,571)
Mexico	(50,775)	(62,765)
Peru	(17,943)	(19,127)
Uruguay	(2,242)	(1,987)
Total	(132,077)	(135,450)
-10% Depreciation of Foreign Currencies		
Chile	(48,811)	(47,434)
Mexico	(23,896)	(27,524)
Peru	(30,208)	(33,831)
Uruguay	(527)	(443)
Total	(103,442)	(109,232)

The analyzes realized, do not consider the interdependence of the evaluated risks, so that the impact of the risks could be considerably lower.

2.1.2.2.5 Risk Exposure of Seed Capital SURA Asset Management

In 2018, the Risk structure of the Investment Management Unit was strengthened taking into account processes, work teams, and government instances. The Unit's Risk Team is already operating and will continue to develop its field of action during 2019.

During 2018, SURA Asset Management has been part of a new project, through its Seed Capital, so that, at the end of the year, the Company has eight projects in its investment portfolio. The following is a brief overview of these projects, of the participation of SURA Asset Management in them, and of the committed capital.

Pacific Alliance Fund - Variable Income: In the Company of King Irving, a fund was established (domiciled in Australia), that seeks to invest, in a diversified portfolio of capitalization instruments issued by domiciled companies, or whose assets or operations are mainly in the emerging Latin American market and specifically, in the Pacific Alliance . The fund is aimed at Australian clients, with a medium and long-term investment horizon, and tolerance for the volatility of the Latin American capital markets.

Given the nature of the investments, the invested capital is exposed to the risk of financial volatility, due to possible deviations in equities and currencies.

Pacific Alliance Fund - Fixed Income: This is a fund domiciled, and administered, in Chile that invests in a portfolio of fixed income instruments, issued by companies that are in countries of the Pacific Alliance. The fund is aimed at clients with a long-term investment horizon.

Given the nature of the investments, the capital invested is exposed to the risk of financial volatility, due to possible deviations in fixed income and currencies.

Infrastructure Fund : Private equity fund that, in alliance with Credicorp Capital, seeks to finance infrastructure projects, in the region. Initially, the regional agreement will allow the mobilization of private resources for road infrastructure projects, through the "4G Private Capital Fund", in Colombia. In the future, we hope to replicate this same model, in other countries of the region. The fund has resources of COP \$ 1.39 billion (approximately USD 466 million).

After three years of having entered into operation, and in the last year of the investment period, the fund has committed resources for 100% of the Committed Capital, in the financing of four projects (Pacífico 3, Neiva-Girardot, Bogotá -Villavicencio and Ruta of Cocoa).

Due to the nature of the investments, this capital will be exposed to the risk of financial volatility, due to possible deviations in the valuation of the projects.

Real Estate Fund: Fund managed by the subsidiary SURA Real Estate that seeks to invest in real estate assets. The first closing of this fund, was realized in 2016, and reached a value of COP \$ 184,000 million and the capital committed by SURA Asset Management was COP \$ 3,700 million (USD 1.23 million).

In November 2017, the second closing, was presented, and for this closing, the fund reached a value of COP \$ 294,338 million (USD 90.57 million), of which the capital committed by SURA Asset Management, was COP \$ 5,886 million (USD 1.81 million).

Given the type of investments, the committed capital is exposed to changes in the valuation of real estate projects and currencies, because the projects are in different countries (Chile, Colombia and/or Peru).

Fund Liquidity Line Infrastructure: During 2018, UPI worked on the collection of resources for the second sub-fund of the 4G fund, which aims to provide a liquidity line to the credit structures of infrastructure projects.

The capital committed in this fund by SURA Asset Management, through its subsidiary SURA Investment Management, is COP \$ 10,000 million (USD 3.08 million). At December 2018, COP 15 million (USD 4,620) of the committed capital, has been called.

Private Investment Fund: This fund, managed by Fondos SURA SAF S.A.C, seeks to acquire vacant offices, at an attractive price, with the expectation of the appreciation of value.

The committed capital will be exposed to the risk of financial volatility, due to changes in the valuation of the real estate projects and the flows obtained, as a result of the rental of the properties. Since the " *prime* " office rental market in Peru, is denominated in dollars, the risk associated with currency exposure, is mitigated.

Fideicomiso Uruguay: This Fideicomiso de Garantía (Guarantee Trust), aims to guarantee the repayment of the debt of securities, issued by Casa de Galicia, one of the main mutual associations in Uruguay. The trust, which is realized up of monthly credits, has as a source of payment the flows of the National Health Fund (FONASA).

Due to the nature of the investments (credit content securities issued by Casa de Galicia), this capital will be exposed to FONASA's credit risk, particularly as a function of the volatility of the members of the mutual fund. The risk is mitigated by the structuring through guarantee escrows.

Multi Asset Fund Uruguay: In 2018 the SURA International Strategy fund was launched, which is domiciled and administered, in Uruguay. The fund seeks to invest in a diversified portfolio, with medium to long-term investment horizon, associated with a moderate risk .

Given the nature of the investments, the invested capital is exposed to the risk of financial volatility, due to possible deviations in fixed income, variable income and currencies.

2.1.3 Liquidity Risk Management

Liquidity risk refers to the ability of the Companies to generate the resources, to comply with the obligations acquired and the operation of the businesses.

To manage this risk, the Companies focus their actions. within the framework of a liquidity management strategy for the short and long term, in order to ensure compliance with the obligations acquired, under the initially agreed conditions and without incurring cost overruns . Likewise, the Companies monitor their cash flows, in the short term to manage the cash collection and payment activities, and cash flow projections in the medium term to determine the liquidity position of the Companies and anticipate the necessary measures for proper management.

In addition, in order to face eventual circumstances, the Companies maintain credit lines available with national and international financial entities and have treasury investments that could be sold as a mechanism for access to immediate liquidity, in addition to other complementary sources of liquidity.

During 2018, with the aim of achieving greater financial flexibility, Grupo SURA implemented a deleveraging strategy, applying the income of available funds to repayment of debts, after a period of investments and growth in previous years. Additionally, during the year, the Company realized loan substitutions, for new loans with better conditions, taking advantage of more favorable opportunities in the market, in order to optimize the financial costs incurred.

2.1.3.1 Liquidity Risk Management in the Insurance Portfolios

The maturities, of the financial assets, are presented at December 31, 2017 and 2018.

Assets for months, due 2018

Suramericana

Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay
0 to 1	275,711	37,268	217,780	427,777	1,010,758	77,740	141,790	101,023	86,381	95,042
1 to 3	242,021	12,627	49,312	632,901	441,792	111,391	74,649	70,870	19,757	91,716
3 to 12	230,726	-	31,004	523,439	1,079,250	128,565	212,250	173,782	35,018	115,348
0 to 12	748,458	49,895	298,096	1,584,117	2,531,800	317,696	428,689	345,675	141,156	302,106

Assets for months, at maturity 2017

Suramericana

Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay
0 to 1	242,133	33,538	226,418	317,313	2,049,690	84,831	172,598	70,650	15,882	93,507
1 to 3	285,601	-	40,110	420,727	918,950	114,807	67,703	17,297	22,179	67,908
3 to 12	422,123	-	32,712	562,580	1,174,989	84,703	146,042	61,867	85,381	156,855
0 to 12	949,857	33,538	299,240	1,300,620	4,143,629	284,341	386,343	149,814	123,442	318,270

Assets for months, due 2018

SURA Asset Management

Term (months)	Chile Insurance	Chile Life Annuities	Mexico
0 to 1	62,799	53,003	50,682
1 to 3	15,991	123,151	806
3 to 12	83,054	244,419	101,665
0 to 12	161,844	420,573	153,153

Assets for months, at maturity 2017

SURA Asset Management

Term (months)	Chile	Mexico
0 to 1	154,418	13,604
1 to 3	74,366	1,310
3 to 12	408,434	92,368
0 to 12	637,217	106,742

The following are the maturities of the insurance liabilities, of the Companies, at December 31, 2018. These values correspond to obligations derived from reported losses, incidents incurred, but not reported and estimated claims, in the flow profile of the mathematical reserves, where applicable.

Liabilities for months, due 2018

Suramericana

Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay
0 to 1	54,808	-	66,277	114,262	396,766	12,957	42,067	14,704	9,605	20,487
1 to 3	82,213	-	51,782	258,523	650,485	45,948	121,886	38,401	19,211	45,567
3 to 12	222,771	-	66,474	299,500	1,716,871	107,389	158,774	73,892	63,152	180,606
0 to 12	359,792	-	184,533	672,285	2,764,122	166,294	322,727	126,997	91,968	246,660

Liabilities for months to maturity 2017

Suramericana

Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay
0 to 1	29,549	-	69,394	122,252	405,970	15,525	24,205	19,148	12,477	40,498
1 to 3	59,098	-	138,787	199,265	759,016	25,426	44,084	29,851	22,795	66,170
3 to 12	195,129	-	162,652	415,177	1,764,137	64,026	142,469	56,365	54,102	96,181
0 to 12	283,776	-	370,833	736,694	2,929,123	104,977	210,758	105,364	89,374	202,849

Liabilities for Months due 2018

SURA Asset Management

Term (months)	Chile Insurance	Chile Life Annuities	Mexico
0 to 1	52,859	22,947	19,515
1 to 3	20,937	46,224	23,071
3 to 12	88,910	214,118	111,163
0 to 12	162,706	283,289	153,749

Liabilities for Months due 2017

SURA Asset Management

Term (months)	Chile	Mexico
0 to 1	77,217	59,872
1 to 3	67,515	18,330
3 to 12	311,521	95,887
0 to 12	456,253	174,089

2.2 Business risk management

This refers to those risks that derive from the business model and the operation of the Companies. For Suramericana and SURA Asset Management, these risks arise especially from the insurance activities, the pension businesses, and the management of third-party funds.

The following is a breakdown of the business risks, to which the Companies are exposed:

2.2.1 Management of Technical Risks of Insurers

The main technical risks that may affect the Companies are related to changes in the trend of mortality, longevity and morbidity of the population. as well as adverse deviations from accidents, sufficiency of technical reserves and the operational efficiency of the Companies.

2.2.1.1 Risk of Mortality, Longevity and Morbidity

Sensitivity analyzes are conducted, against sociodemographic trends, that could affect a population. This is the case of the mortality that represents the percentage of deaths, in a given population, the morbidity describes the number of sick people, and the longevity refers to the time of life of the individuals.

Suramericana

Life Insurance: The Company's exposure to changes in longevity, mortality and morbidity variables is evaluated. The methodology used consists of making changes to each of the variables to obtain the magnitude of the impact on the Companies' results.

It should be noted that the sensitivity analysis presented analyzes the effects on the annual financial statement as a result of the change of some of the most important parameters in the valuation of long-term commitments with the insured. In other words, it quantifies the impact of structural changes of 10% on the behaviors of mortality, morbidity and longevity of the portfolios. which has implications in the expectations of future years (not only the first year as the Volatility Risk), affecting the value of the Long-Term Reserves of the policies.

Below, the impacts for each type of risk are presented:

Country	Risk	2018	2017
Colombia	Mortality	(27,498)	(25,620)
	Morbidity	(44,017)	(36,765)
	Longevity	(44,087)	(39,366)

** The impact is on profit before taxes.*

** The methodology for a better estimation of the liability is updated, the calculations of the previous period are updated to make the figures comparable.*

It should be noted that the sensitivity analysis presented considers the effects on the annual Financial Statements as a result of the change of some of the most important parameters in the valuation of long-term commitments with the insured. That is, it quantifies the impact of structural changes on the mortality, morbidity and longevity behavior of the portfolios. which has implications for the expectations of future years (not only the first year as the Volatility Risk), affecting the value of the long-term reserves of the policies.

Occupational Risk Insurance: Analyzes are realized related to the behavior and tendencies of work accidents and morbidity, as well as the longevity tendency on the pension obligations. The analysis is realized taking into account an increase of 10% in the behavior of the trends:

Country	Risk	2018	2017
Colombia	Morbidity	(13,354)	(24,505)
	Longevity	(19,007)	(15,943)

** The impact is on profit before taxes.*

The sensitivity analysis shows how the result of the period could have been affected due to deviations of the relevant risk variable, whose occurrence was reasonably possible at the end of the reporting period. The risks analyzed and the methods and hypotheses used in preparing the sensitivity analysis are described below

The Company performs a sensitivity analysis of premium and reserve risks that is defined in the "QIS 5 Technical Specifications" of Solvency II. This analysis identifies the variation that these risks can have by means of adjustments of probability distributions, for which it is located in a high severity event with the "Value at Risk" methodology. In this sensitivity, the distributions built for the Company's risks are used and an event with a higher probability of occurrence is chosen.

The choice of this model allows the organization to understand the risks assumed and their possible deviations in a connected manner, taking into account their correlations and internal processes. Given this approach, the sensitivities are not realized by solution, but the impact of these is measured throughout the Company, as it would be in the case of materializing a deviation as the one proposed.

SURA Asset Management

In SURA Asset Management, the risk of morbidity is mainly linked to exposure in the Collective Health Insurance business in Chile.

Exposure in Chile has decreased, because it has migrated to life products with savings, which have a low exposure to mortality risk.

With respect to the longevity risk, the impacts derive from the increase in the volume of the Company's Life Annuity portfolio.

Below, an analysis is presented from the perspective of structural changes, which reflect the effects on long-term commitments with the insured.

Sensibilities *

SURA Asset Management

Business Unit	Deviation	Impact on Income before taxes 2018	Impact on Profit before taxes 2017
Chile Insurance	+ 10% in Mortality	(12,259)	(12,548)
Chile Life Annuities	+ 10% in Mortality	Does not apply	Does not apply
Mexico	+ 10% in Mortality	Does not apply	Does not apply
Total		(12,259)	(12,548)
Chile Insurance	+ 10% in Morbidity	(4,973)	(5,298)
Chile Life Annuities	+ 10% in Morbidity	Does not apply	Does not apply
Mexico	+ 10% in Morbidity	Does not apply	Does not apply
Total		(4,973)	(5,298)
Chile Insurance	+ 10% in Longevity	Does not apply	Does not apply
Chile Life Annuities	+ 10% in Longevity	(124,840)	(111,071)

Mexico	+ 10% in Longevity	(58,188)	(50,630)
Total		(183,028)	(161,701)

*** Risk of underwriting, pricing and insufficient reserves**

The risk of insufficient reserves refers to the probability of loss as a result of underestimation or overestimation in the calculation of technical reserves and other contractual obligations (share of profits, payment of guaranteed benefits, among others).

The reserve risk is manifested mainly by related changes in mortality, longevity and morbidity of the exposed population. as well as for the adverse deviations of claims and sufficiency of reserves generated by increases in the frequency of claims or severity represented in a higher value of these.

The Companies have designed and implemented actuarial methodologies and processes of sufficient development, both technical and practical, using complete and robust information that allows reasonable estimates of the obligations with the insured. There are also tools for periodic monitoring of the adequacy of reserves against their obligations, which allows them to take actions to maintain adequate levels of liabilities.

Underwriting risk, on the other hand, refers to the possibility of incurring losses as a result of inadequate policies and practices in the design of products or services or in their placement, as well as the probability of loss as a result of errors in the calculation of rates, whose premiums are insufficient to cover business costs.

These analyzes are intended to identify whether the retained premium accrued is sufficient to cover the items of the insurance Company, taking into account the loss ratio, technical and administrative expenses, financial income and the minimum return expected by the shareholder given the risk assumed.

In SURA Asset Management, for its part, the underwriting strategy is designed to avoid the risk of anti-selection and to ensure that the rates consider the actual risk status. For this, health statements and medical check-ups are available, as well as a periodic review of the claims experience and the pricing of the products. In addition, there are subscription limits to ensure the appropriate selection criteria.

Sensitivity analysis for General Insurance Companies

In the Compañía de Seguros Generales de Suramericana, sensitivity analyzes are realized to the risks of premiums and insufficient reserves.

The sensitivity analysis shows how the result of the period could have been affected due to deviations of the relevant risk variable, whose occurrence was reasonably possible at the end of the reporting period. The risks analyzed and the methods and hypotheses used in preparing the sensitivity analysis are described below.

The Company performs a sensitivity analysis of premium and reserve risks that is defined in the "QIS 5 Technical Specifications" of Solvency II. This analysis identifies the variation that these risks can have by means of adjustments of probability distributions to historical operating performance data of the different lines of business. In this sensitivity, the distributions built for the Company's risks are used and an event with a higher probability of occurrence is chosen.

The selection of this model allows the organization to understand the assumed risks and their possible deviations in a connected manner, taking into account their correlations and internal processes. Given this approach, the sensitivities are not realized by solution, but the impact of these is measured throughout the Company, as it would be in the case of materializing a deviation as the one proposed.

Next, the corresponding sensitivity analysis is presented:

Risk						
Country	Cousins		Reserves		Total	
	2017	2018	2017	2018	2017	2018
Argentina	(16,600)	(17,294)	(9,377)	(12,557)	(25,977)	(29,851)
Brazil	(37,240)	(28,909)	(11,078)	(9,093)	(48,318)	(38,003)
Chile	(27,857)	(32,431)	(6,166)	(4,096)	(34,023)	(36,527)
Colombia	(35,333)	(33,849)	(25,750)	(21,044)	(61,083)	(54,893)
El Salvador	(4,004)	-	(1,052)	-	(5,057)	-
Mexico	(9,794)	(12,576)	(2,137)	(3,091)	(11,931)	(15,667)
Panama	(4,588)	(5,939)	(790)	(772)	(5,378)	(6,711)
Dominican Republic	(2,166)	(2,337)	(794)	(797)	(2,960)	(3,134)
Uruguay	(4,858)	(6,227)	(860)	(1,376)	(5,718)	(7,603)
Suramericana	(142,440)	(139,562)	(58,004)	(52,826)	(200,444)	(192,388)

The impact is on profit before taxes.

Real Claims vs. previous estimates for insurance companies.

The following tables set out the evolution of the latest claims - payments, reserves of foreclosures and reserves of incidents that occurred and not reported (IBNR) - for each of the subsidiaries of Suramericana for the years 2015, 2016, 2017 and 2018.

The last claims represent the final sum that is estimated that a Company will end up paying for the losses of each period of occurrence. Since it is not possible to know exactly the final amount that the Company must disburse after the term of the policies, actuarial estimates are realized, IBNR Reserve, in order to associate said losses with the accounting year in which the income is recorded. for bonuses.

By comparing the initial estimates of past claims with current estimates it is possible to observe the evolution of these estimates and how adjusted they were. The deviations as follows are mainly explained by claims in legal proceedings (civil liability, cars and transport among others), for the time that elapses between the accident and the knowledge of this by the Company (pension insurance, occupational risks) and for hedges whose development is greater than one year naturally (bonds mainly).

It is important to note that this analysis includes all the solutions of each subsidiary except EPS Colombia because, as it is a Healthcare Company, its operations are different from the rest of the subsidiaries and the fact of not registering the notified reserves would distort the analysis.

On the other hand, in order to homogenize the information, the incremental balances of payments and reserves that are included in the tables exposed in this section of the document are transformed into Colombian Pesos (COP) taking into account the exchange rate of each year of information cut.

Below, the tables for each Country with the aforementioned information:

Table 1. Argentina, Preliminary Estimates vs. Real

Evolution of Latest Incidents					
Year	2015	2016	2017	2018	
During the same year	382,181	351,657	409,841	305,539	
One year later	375,194	347,402	405,917		
Two years later	381,315	350,781			
Three years later	390,236				

Payment of Accumulated Claims					
Year	2015	2016	2017	2018	
During the same year	172,958	157,024	184,237	120,960	
One year later	250,066	232,824	231,153		
Two years later	268,253	237,702			
Three years later	272,486				

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	390,236	272,486	117,750	(8,055)	(2.1%)
2016	350,781	237,702	113,079	876	0.2%
2017	405,917	231,153	174,763	3,924	1.0%

Table 2. Brazil, Preliminary vs. Real Estimates

Evolution of Latest Incidents					
Year	2015	2016	2017	2018	
During the same year	215,651	263,770	273,364	255,276	
One year later	209,885	252,555	264,577		
Two years later	211,859	247,672			
Three years later	210,565				

Payment of Accumulated Claims					
Year	2015	2016	2017	2018	
During the same year	111,570	148,169	147,532	62,378	
One year later	181,266	205,856	152,649		
Two years later	187,870	207,713			
Three years later	189,728				

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	210,565	189,728	20,837	5,086	2.4%
2016	247,672	207,713	39,959	16,098	6.5%
2017	264,577	152,649	111,928	8,788	3.3%

Table 3. Chile, Preliminary vs. Real Estimates

Evolution of Latest Incidents				
Year	2015	2016	2017	2018
During the same year	824,557	983,043	1,496,172	674,978
One year later	761,248	910,643	1,421,934	
Two years later	735,925	907,522		
Three years later	735,491			

Payment of Accumulated Claims				
Year	2015	2016	2017	2018
During the same year	301,238	493,728	590,094	390,483
One year later	682,592	874,482	1,144,965	
Two years later	738,432	914,885		
Three years later	745,933			

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	735,491	745,933	- 10,442	89,065	12%
2016	907,522	914,885	- 7,363	75,522	8%
2017	1,421,934	1,144,965	276,969	74,238	5%

Table 4. Colombia General, Preliminary Estimates vs. Real

Evolution of Latest Incidents				
Year	2015	2016	2017	2018
During the same year	842,244	1,537,393	1,260,539	1,074,593
One year later	912,402	1,578,093	1,348,257	
Two years later	935,978	1,608,551		
Three years later	950,727			

Payment of Accumulated Claims				
Year	2015	2016	2017	2018
During the same year	537,512	1,160,761	806,394	693,797
One year later	789,365	1,457,564	1,144,140	
Two years later	869,269	1,526,526		
Three years later	896,313			

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	950,727	896,313	54,414	108,484	(11.4%)
2016	1,608,551	1,526,526	82,025	(71,158)	(4.4%)
2017	1,348,257	1,144,140	204,117	(87,718)	(6.5%)

Table 5. Colombia Life, Preliminary Estimates vs. Real

Evolution of Latest Incidents				
Year	2015	2016	2017	2018
During the same year	778,520	895,094	1,043,855	496,895
One year later	863,249	1,008,664	1,180,144	
Two years later	863,197	1,025,872		
Three years later	866,463			

Payment of Accumulated Claims				
Year	2015	2016	2017	2018
During the same year	298,633	322,801	379,056	301,959
One year later	607,409	710,513	838,782	
Two years later	731,013	903,589		
Three years later	782,622			

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	866,463	782,622	83,841	(87,943)	(10.1%)
2016	1,025,872	903,589	122,283	(130,777)	(12.7%)
2017	1,180,144	838,782	341,362	(136,289)	(11.5%)

Table 6. Colombia ARL, Preliminary Estimates vs. Real Estimates

Evolution of Latest Incidents				
Year	2015	2016	2017	2018
During the same year	247,629	345,163	425,000	498,791
One year later	266,447	361,306	418,726	
Two years later	307,044	363,895		
Three years later	304,338			

Payment of Accumulated Claims				
Year	2015	2016	2017	2018
During the same year	110,693	156,441	187,076	203,782
One year later	220,829	269,046	294,645	
Two years later	245,712	307,053		
Three years later	273,139			

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	304,338	273,139	31,199	(56,709)	(18.6%)
2016	363,895	307,053	56,841	(18,731)	(5.1%)
2017	418,726	294,645	124,082	6,273	1.5%

Table 7. Mexico, Preliminary Estimates vs. Real

Evolution of Latest Incidents				
Year	2015	2016	2017	2018
During the same year	131,737	113,148	122,253	177,307
One year later	133,713	114,894	137,913	
Two years later	133,196	119,073		
Three years later	134,635			

Payment of Accumulated Claims				
Year	2015	2016	2017	2018
During the same year	98,456	88,089	96,885	128,001
One year later	125,968	129,493	151,005	
Two years later	142,965	136,569		
Three years later	144,818			

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	134,635	144,818	(10,184)	(2,898)	(2.2%)
2016	119,073	136,569	(17,496)	(5,925)	(5.0%)
2017	137,913	151,005	(13,092)	(15,661)	(11.4%)

Table 8. Panama, Preliminary Estimates vs. Real

Evolution of Latest Incidents				
Year	2015	2016	2017	2018
During the same year	142,573	173,469	164,346	140,703
One year later	140,010	158,706	154,245	
Two years later	138,277	157,960		
Three years later	140,554			

Payment of Accumulated Claims				
Year	2015	2016	2017	2018
During the same year	97,891	86,941	82,333	87,815
One year later	127,655	143,578	143,016	
Two years later	131,309	156,230		
Three years later	136,096			

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	140,554	136,096	4,458	2,019	1.4%
2016	157,960	156,230	1,731	15,508	9.8%
2017	154,245	143,016	11,229	10,101	6.5%

Table 9. Dominican Republic, Preliminary Estimates vs. Real

Evolution of Latest Incidents				
Year	2015	2016	2017	2018
During the same year	42,028	51,452	48,083	81,435
One year later	41,112	47,379	50,231	

Two years later	40,258	48,120
Three years later	41,119	

Payment of Accumulated Claims

Year	2015	2016	2017	2018
During the same year	23,724	30,195	29,688	40,388
One year later	33,534	41,535	41,650	
Two years later	35,652	43,497		
Three years later	36,758			

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	41,119	36,758	4,361	908	2.2%
2016	48,120	43,497	4,623	3,332	6.9%
2017	50,231	41,650	8,581	(2,149)	(4.3%)

Table 10. El Salvador, Preliminary Estimates vs. Real

Evolution of Latest Incidents

Year	2015	2016	2017	2018
During the same year	74,996	50,823	55,734	69,758
One year later	74,590	48,051	52,163	
Two years later	73,089	48,414		
Three years later	69,710			

Payment of Accumulated Claims

Year	2015	2016	2017	2018
During the same year	42,313	35,099	38,850	44,383
One year later	57,960	43,992	46,923	
Two years later	59,902	44,595		
Three years later	62,813			

Year of occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	69,710	62,813	6,898	5,286	7.6%
2016	48,414	44,595	3,819	2,409	5.0%
2017	52,163	46,923	5,240	3,571	6.8%

Table 11. Uruguay, Preliminary Estimates vs. Real

Evolution of Latest Incidents

Year	2015	2016	2017	2018
During the same year	82,735	96,119	113,419	148,591
One year later	82,306	102,140	107,617	
Two years later	77,094	96,643		
Three years later	81,476			

Payment of Accumulated Claims

Year	2015	2016	2017	2018
During the same year	53,881	68,658	75,614	103,948
One year later	70,833	94,669	113,937	
Two years later	71,748	103,146		

Three years later 78,847

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency / Insufficiency	% Sufficiency / Insufficiency
2015	81,476	78,847	2,629	1,259	1.5%
2016	96,643	103,146	(6,503)	(523)	(0.5%)
2017	107,617	113,937	(6,320)	5,802	5.4%

Table 12. South American, Preliminary vs. Real Estimates

Evolution of Latest Incidents

Year	2015	2016	2017	2018
During the same year	3,933,572	4,961,966	5,524,112	4,073,810
One year later	4,028,074	5,025,118	5,645,555	
Two years later	4,062,146	5,070,570		
Three years later	4,082,966			

Payment of Accumulated Claims

Year	2015	2016	2017	2018
During the same year	1,944,063	2,817,543	2,695,487	2,273,293
One year later	3,273,712	4,290,978	4,397,946	
Two years later	3,612,248	4,670,230		
Three years later	3,755,932			

Year Occurrence	Latest Current	Accumulated payments	Current Reserves	Sufficiency/ Insufficiency	% Sufficiency/ Insufficiency
2015	4,082,966	3,755,932	327,034	(149,394)	(3.7%)
2016	5,070,570	4,670,230	400,339	(108,604)	(2.1%)
2017	5,645,555	4,397,946	1,247,609	(121,444)	(2.2%)

2.2.1.2 Proof of Liability Adequacy

In the insurance companies of Suramericana, the registered technical reserves are analyzed periodically, to determine if they are adequate. If, as a result of these analyzes, it becomes clear that they are not sufficient, an adjustment is realized, in accordance with the established methodologies and according to the plans established, by the organization.

In the Insurance Companies of SURA Asset Management, the Liability Adjustment Test is realized. This test seeks to verify that the bookings are sufficient, in all their dimensions (technical assumptions, expenses and discount rates). For this, it is verified that the flow of the assets (including the reinvestment projected in a manner consistent with the Company's reinvestment strategy), together with the premiums to be collected for the existing commitments, are sufficient to cover the established commitment.

2.2.1.3 Reinsurance Risk

This consists of the possibility of incurring losses, derived from inadequate reinsurance management. This situation includes the design of the reinsurance program, the placement of the reinsurance, and differences between the conditions, originally accepted by the policyholders and those accepted, in turn, by the reinsurers of the entity.

To manage this risk, part of the obligations with the insured, are transferred through proportional, non-proportional reinsurance schemes, and facultative contracts for special risks, with previously approved reinsurers. Proportional contracts allow to reduce the value exposed to risk and non-proportional contracts, limit the accident rates, and the exposure retained to catastrophes.

Despite having a defined reinsurance scheme, the organization is directly responsible for the obligations with its clients, for which reason there is credit risk, with respect to the assignment, mitigated through the diversification of counterparties and quantifying the respective credit risk. With respect to reinsurance contracts, the Companies analyze the capacity and financial strength of reinsurers, to comply with their obligations. With the objective of managing this risk, its financial strength is analyzed through quantitative and qualitative variables (financial solidity, positioning in the market, among others), in order to support decision making and comply with internal control procedures.

The following shows, in a general manner, and through an indicator of ceded premiums, the participation of the most representative reinsurers with which the Company yields risks:

Suramericana	SURA Asset Management
Munich Re	American Bankers Life
Lloyd's	Generali
Mapfre Re	Mapfre
RSA	GEN Re
Swiss Re	Hannover Re
Hannover Re	Scor Global Life
	Scotia Insurance (Barbados) Ltd
	SwissRe

Additionally, in accordance with asset impairment practices, accounts receivable, from Reinsurers and Co-insurers, are impaired, under the principles and methodologies, defined by the Companies (See section 2.1.1.4 of the risk management chapter).

Due to its business models, this reinsurance risk is relevant for the Suramericana insurance operations, but not for the insurance operations of SURA Asset Management, whose strategy focuses on life solutions.

2.2.2 Risk Management in Pension Fund Administrators

2.2.2.1 Risks of the Business Variables

The Business Risks in the Pension Companies are related to the deviation in variables, that could affect the financial results of the Companies. From the perspective of this volatility risk, the financial effects are analyzed in the horizon of one year, taking into account the following variables:

- **Behavior of commission income:** the effects of a 10% drop in **fee income** are analyzed.
- **Client comportment:** the effects of an increase of 10%, in the number of transfers of affiliates are analyzed.

The following table contains the effects of the Pension Business Volatility Risk, in SURA Asset Management.

Sensitivities			
SURA Asset Management			
Business Unit	Deviation	Impact on profit, before taxes 2018	Impact on profit, before taxes 2017
Chile	-10% in Administration Commission	(63,485)	(62,211)
Mexico	-10% in Administration Commission	(82,967)	(80,653)
Peru	-10% in Administration Commission	(44,392)	(41,358)
Uruguay	-10% in Administration Commission	(8,085)	(7,987)
Total		(198,929)	(192,209)
Chile	+ 10% in Transfers	(3,464)	(3,301)
Mexico	+ 10% in Transfers	(1,722)	(1,983)
Peru	+ 10% in Transfers	(9,448)	(3,371)
Uruguay	+ 10% in Transfers	(6)	(7)
Total		(14,640)	(8,662)

The presented results do not consider the interdependence of the evaluated risks.

The greatest effects stem from the risks that impact the behavior of commission income. This income can be affected for the following reasons:

- (1) a reduction in commission rates (decreases due to market competitiveness, etc.)
- (2) a decrease in the number of taxpayers (unemployment, informality, etc.).
- (3) a fall in the wage base, due to causes not contained in the previous point (fall in real salaries, deflation, etc.) or,
- (4) a regulatory change

In the case of Mexico (collection on assets), the cause (3) is related to the fall of affiliate funds.

The commission sensitivity, presented here, explains any combination of the above risks that has the effect of reducing the commission collected by 10%.

With regard to the risk of an increase in the number of transfers, its magnitude is linked to the commercial activity of each market in which SURA Asset Management operates, noting greater commercial activity, in the case of Chile and Peru, which is consistent with the social and regulatory situation, of both countries.

2.2.2.2 Guaranteed Minimum Return Risks

The regulation, associated with the Pension business (with the exception of Mexico), requires that each Company maintain performance, against the other funds, in the industry. In this sense, the Companies monitor the gap (GAP) between the profitability of the funds, managed by the business units of SURA Asset Management, and the return of funds from the industry.

In the event that the profitability gap is greater than that allowed, the Pension Funds Administrator must refund the sums of money, so that the yield limit is respected.

Effects of a deviation of 1 bps, on the minimum profitability gap, if activated, are displayed.

It is important to note that, given that average profitability measurements are realized over a period of 36 months, and that a great similarity that exists, between the strategic asset allocation of industry funds, it is very unlikely that there will be significant deviations in the short and medium-term.

Sensitivities

SURA Asset Management

Business Unit	Deviation	Impact on profit, before taxes 2018	Impact on profit, before taxes 2017
Chile			
Fund A	Deviation 1pbs against minimum profitability	(5,192)	(5,084)
Fund B	Deviation 1pbs against minimum profitability	(5,604)	(5,266)
Background C	Deviation 1pbs against minimum profitability	(12,098)	(11,416)
Background D	Deviation 1pbs against minimum profitability	(6,971)	(6,154)
Fund E	Deviation 1pbs against minimum profitability	(6,191)	(5,002)
Peru			
Background 1	Deviation 1pbs against minimum profitability	(1,916)	(2,023)
Background 2	Deviation 1pbs against minimum profitability	(12,601)	(13,031)
Fund 3	Deviation 1pbs against minimum profitability	(2,251)	(2,507)
Uruguay			
Accumulation	Deviation 1pbs against minimum profitability	(2,253)	(2,351)
Retirement	Deviation 1pbs against minimum profitability	(443)	(454)

2.2.2.3 Volatility Risk in the valuation of the deferred income provision

Those Pension Fund Administrators, that charge their administration fee, on the salary basis, constitute a provision for deferred income, in order to cover the expenses of administration of

resources, in those periods of inactivity, in which the affiliate does not make contributions to funds, but keeps their savings, under the custody and administration of the Companies, without the latter receiving income from such management.

This provision is determined as the present value of the estimated costs, which are calculated on historical variables of customer behavior. This present value is determined, using the discount rate of a local AAA corporate bonds, without a prepayment option, which has a similar term to the projection horizon (20 years). For this reason, given the volatility of the discount rate, there will be variations in the valuation of the provision, which could impact the results of the SURA Asset Management Companies.

The following table contains the effects of volatility risk, in the valuation of the deferred income provision, of SURA Asset Management, as a result of variations, in the discount rates.

Sensitivities

SURA Asset Management

Business Unit	Deviation	Impact on profit, before taxes 2018	Impact on profit, before taxes 2017
Chile	-100pbs in Interest Rates	(2,103)	(2,026)
Peru	-100pbs in Interest Rates	(1,909)	(1,854)
Uruguay	-100pbs in Interest Rates	(235)	(222)
Total		(4,247)	(4,102)

Amounts in millions of pesos.

The results presented do not consider the interdependence of the evaluated risks.

2.2.3 Risk Management in Funds Management Companies and Securities Brokers

Business Risks, in the Fund Management Companies, and Securities Brokers, are related to the deviation in variables, that could affect the Company's financial results, such as the behavior in fee income.

Below, are the impacts that a drop-in income, of 10%, would have, for a 1-year horizon.

Sensitivities

SURA Asset Management

Business Unit	Deviation	Impact on profit, before 2018		Impact on profit, before 2017	
		Retail	Institutional	Retail	Institutional
Chile	-10% in Administration Commission	(11,919)	(1,138)	(6,462)	(396)
Mexico	-10% in Administration Commission	(1,452)	(5,082)	(1,373)	(4,296)

Peru	-10% in Administration Commission	(1,298)	(1,240)	(890)	(547)
Uruguay	-10% in Administration Commission	(458)	(8)	(281)	-
Total		(15,127)	(7,468)	(9,006)	(5,239)

The presented results do not consider the interdependence of the evaluated risks.

2.3 Risk Management as a Business Group

In order to continue strengthening the capacity, to anticipate events that may become risks, in 2018, progress was realized in the Strategic Risk Management System of the Business Group, in which the Conglomerate risk has been prioritized, for which the following dimensions are highlighted and managed:

Conglomerate Risks:

Systemic and contagious risk: corresponds to those risk events, of one of the Group Companies, that may also affect the others. For this, the management has concentrated on having an adequate management and crisis and reputation management system, in which policies have been defined, that allow an adequate management of this risk. support and communication with subsidiaries, in case of the materialization of critical risks, adequate management and monitoring of the financial situation, of the Companies, and the strengthening of internal control systems.

Concentration Risk: identification of the main joint exposures of the Companies, which in an event, could compromise the sustainability of the Business Group. The Companies have been working on an adequate diversification of customers, suppliers, Services / products, channels, geographical location, reinsurers, co-insurers, and Business Partners, among others.

The presence of Grupo SURA, in different geographies of the region, accompanied by a wide variety of solutions, in the financial services sector, offers the organization a wide diversification to the risks of each line of business.

In turn, the Companies perform a periodic monitoring of this risk, through concentration indicators. These indicators include the concentration of policyholders, by economic groups, the concentration of distribution channels, and the concentration of solutions, among others.

Risks associated with other investments portfolio: Grupo SURA, has significant stakes in Grupo Bancolombia, Grupo Nutresa, and Grupo Argos, which imply an indirect exposure to the risks, derived from the business sectors, and the performance of said companies.

The risks, to which Grupo Bancolombia is exposed to, are mainly the financial risks, associated with the banking business: i) impairment of the portfolio, ii) liquidity risk and iii) market risk due to adverse fluctuations in interest rates, change and prices of assets. There are also other relevant risks, such as changes in banking norms, higher capital requirements, and others that could affect the Company.

With respect to Grupo Argos, the main risks are related to the production and distribution of products, in the cement sector, and exposure to risks, in the energy and infrastructure sector. Additionally, for its participation in these industries, there is exposure to environmental, social, and regulatory restrictions.

In the food industry, in which Grupo Nutresa participates, the main risks are derived from the volatility in the prices of raw materials, the norms on nutrition and health, in the countries where it has a presence, and the impact of business, due to the highly competitive environments in which they find themselves.

Risks associated with other companies of the Business Group: ARUS, and Hábitat Adulto Mayor, are part of the investments in growth, that make up the SURA Grupo Empresarial.

In the case of Hábitat, an entity specializing in the care of the elderly, the Company is exposed to behavioral risks and socio-demographic changes, that could impact its current and potential clients, and therefore, the performance of the Company. Likewise, the conditions that impair services, and operations, of the business, and the issuance of norms, that regulate the sector, could affect this entity.

ARUS, a company of integrated information, technology, and knowledge solutions, is exposed mainly to the risks associated with its technological platform (operation, availability, capacity and obsolescence of the companies in this sector), risk of non-formal competitors that generate pressure in the margins of some of its business lines, and possible regulatory changes in social security payments, that could affect the Integrated Payroll Settlement (PILA) business.

Norms governing the Financial Conglomerates: the Conglomerates Act, issued on September 21, 2017, gives new obligations for Grupo SURA, as Financial Holding Conglomerate of risk management. The scope of this system covers not only the Business Group, but also all the Companies that make up the Financial Conglomerate. This regulation seeks to develop a Risk Management Framework, for the SURA Financial Conglomerate, emphasizing the development of guidelines to define risk appetite, and the management of strategic, contagion, concentration, and reputational risks.

During 2018, the Regulatory Decrees issued by the Ministry of Finance of Colombia to regulate Law 1870 of 2017, and over which Grupo SURA, Suramericana, Sura Asset Management, Bancolombia, and Protección (now grouped under the concept of Conglomerate or Grupo Financiero SURA) were three:

- Decree 246 of 2018 (Application Mesh): Breakdown of the criteria that must be met by the Superintendencia Financiera de Colombia (Financial Superintendence of Colombia), and Holding companies, to exclude from the conglomerates, those companies, or investment vehicles, that do not represent a systemic or contagious risk in the other companies of the conglomerate.
- Decree 774 of 2018 (Adequate level of capital for financial conglomerates): establishes new criteria regarding solvency or capital adequacy for Holding Companies and Financial Conglomerates entities, in addition to what companies must currently comply with, according to their individual applicable regime (banking, insurance, pensions, etc.).
- Decree 1486 of 2018 (Linked, Concentration, and Risk Exposure Limits, and Conflict of Interest Management Mechanisms): defines new criteria that Financial Conglomerates must manage with respect to these issues.

In addition to this regulation, the Superintendencia Financiera de Colombia (Financial Superintendence of Colombia), has been advancing in the definition of the Risk Management Framework, applicable to the Holding of the Financial Conglomerate. The discussions of this framework have focused on the management of strategic risks, contagion risks, and concentration risks.

2.4 Management of Operational Risks and other risks

Functional risks, or operational risks, refer to events that impede the normal development of the Company's operation, and that are associated with people, technology, and processes. When controls fail, these risks can cause reputational, legal damage, or have regulatory implications, that could result in financial and customer losses.

In the administration of these risks, the following stand out:

- **Risk of Business Continuity:** in order to ensure the proper implementation of strategies and procedures for action, in case of events that impact the processes and projects, of the Company, Grupo SURA, has a Business Continuity Plan, that includes procedures, strategies, and trained response teams to deal with adverse events.

The Company's additionally have a system, with a response plan and financial and reputational crisis management process, which are fundamental to ensure the continuity of the Company's operations. In this area, the last year, we worked from the Holding, to strengthen its business continuity plan and the assessment of associated risks.

- **Reputational risk:** In the Grupo Empresarial SURA, the perception that the various stakeholders have, of the Companies with which they are related, is a fundamental asset for the fulfillment of the strategic objectives.

A situation of loss of prestige, bad image, or negative publicity, among others, whether true or not, with respect to the Companies and their business practices, could affect the different relationships, with the stakeholders.

The Companies have guidelines for the management of events, that may cause reputational risk and escalate into a crisis. As part of the strategy of capacity building, in all the subsidiaries, training programs were developed for the internal teams, involved in the management of these risks, as well as the establishment of formal channels, for the communication of the events that were presented.

- **Risk of Fraud and Corruption:** regarding the prevention of fraud and corruption, the Companies have provisions and guidelines to manage the events, that may generate this type of risk, and minimize the probability of occurrence, materialization, and impact of these events. In 2018, the Compliance area was strengthened, by the holding Company, to work actively, in the consolidation of the guidelines, of the Business Group, regarding the anti-fraud and corruption system.

- **Risk of Money Laundering and Financing of Terrorism:** Companies have management systems to deal with risk which be used in the management of resources, associated with illicit activities. These systems have procedures for due diligence, in the relationship with suppliers, investors, and customers, among other interest groups of the Companies, as well as periodic monitoring and follow-up activities.

- **Legal Risk - Compliance:** Companies in highly regulated sectors, may be exposed to administrative processes and sanctions, in cases of non-compliance, with the guidelines issued, by the control entities, in each of the countries where they have a presence.

In order to manage compliance with legal requirements, the Companies have legal and compliance departments, that monitor compliance with the commitments acquired, internally and externally. Additionally, with the consolidation of the compliance departments, in Grupo SURA, the articulated management of this risk, in the Corporate Group, will be strengthened through the definition of corporate guidelines.

- **Process Risks:** given the relevance of some processes of the financial reports, and on the Companies' results, we have worked on the identification and management of the risks in these processes, as well as the development of strategies that allow us to strengthen the internal control, in these processes.

- **Technology and information risk:** understanding the role that technology plays in the Companies, a comprehensive assessment is developed to determine the status of this risk and the effect that it may have, on the achievement of strategic objectives, the operation and the development of projects. Last year, training on cybersecurity was realized for different departments of the Companies.

Likewise, in the face of information, the Companies permanently develop initiatives and/or information security programs, seeking to maintain confidentiality, integrity, and availability of the same. In this way, corporate guidelines are given to all subsidiaries, to develop tactical plans to protect the Companies against information security threats, and mitigate the associated risks, according to local needs.

The permanent management of operational risks, in conjunction with the management of strategic risks, allow an increasing the level of maturity, in the understanding of risks, and foster better decision making, helping the Organization, in its competitiveness and sustainability.

NOTE 39. CAPITAL MANAGEMENT

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

The main objective of the Capital Management of Grupo de Inversiones Suramericana is to ensure a financial structure that optimizes the cost of capital of the Company, which maximizes the performance of its shareholders, and allows for the access to the financial markets, at a competitive cost, to cover its financing needs.

Grupo SURA monitors capital, using an adjusted net debt and equity index. For this purpose, the adjusted net debt is defined as total financial liabilities, which include loans that accrue interest, minus cash and cash equivalents.

In order to comply with the indicators of financial indebtedness, established by the rating agencies, to measure the degree of investment in the companies, the adjusted debt-equity ratio of Grupo SURA at December 31st is as follows:

	December 2018	December 2017
Financial liabilities (Note 8.3) (1)	10,446,774	10,042,693
Cash and cash equivalents (Note 7)	(1,878,040)	(1,575,609)
Net debt	8,568,734	8,467,084
Equity (Note 24)	26,900,912	26,226,561
Adjusted debt index - equity (2)	31.85%	32.28%

(1) Includes issued securities and other financial liabilities

(2) Net Debt/Equity

NOTE 40. INFORMATION DISCLOSED ON RELATED PARTIES

40.1. Related parties

Grupo SURA subsidiaries are considered to be Key Management Personnel, as well as entities over which key management personnel may exercise joint control, or control, and post-employment benefit plans for the benefit of employees.

The following is a breakdown of related parties, at December 31, 2018, of Grupo SURA:

a) Companies under direct, or indirect, control of Grupo SURA are listed in Note 17.1 Investments in subsidiaries.

b) Investments in associates and joint ventures

Associated companies and joint ventures of the Grupo SURA are detailed in Note 17.2.1 Investments in associates and Note 17.2.1. Joint ventures

c) Shareholders of Grupo de Inversiones Suramericana

See the breakdown of Shareholders in Note 1. Reporting Entities

40.2. Transactions with related parties

Among the operations registered between related parties are:

- Loans between related companies, with terms and conditions contractually agreed upon and at interest rates established in accordance with market rates. All are canceled in the short-term
- Provision of financial services, administration services, IT services, and payroll services
- Leases and sub-leases of offices and commercial properties, as well as the re-billing of related public services
- Cash reimbursements

It should be mentioned that all operations are considered short-term and are considered market transactions.

Balances are reconciled, at the end of each year, in order to effect the elimination of transactions between related companies. The difference in exchange, generated by the difference in the registration fees, is charged to the results of the Consolidated Financial Statements.

40.2.1. Transactions related to Subsidiaries

The following is a summary of the total of transactions, with related parties, between subsidiaries at December 31st, that have been eliminated in the consolidated:

2018

Entity	Operations with the Parent Company			Consolidated business GRUPO EMPRESARIAL			
	Asset accounts	Liability accounts	Expenses	Asset accounts	Liability accounts	Income	Asset accounts
Administradora General de Fondos Sura S.A.	-	-	-	733	(4,820)	4,181	(53,560)
AFAP Sura S.A.	-	-	-	67	(3)	228	(135)
AFISA Sura S.A.	-	-	-	-	(196)	128	(2,050)
AFORE Sura S.A. DE C.V.	-	-	-	824	(4,744)	7,840	(16,606)
AFP Capital S.A.	-	-	-	8	(1,179)	(412)	(33,770)
AFP Integra S.A.	-	-	-	-	(708)	(222)	(1,863)
Arus Holding S.A.S	-	-	-	-	(131)	-	-
Arus S.A.	-	-	-	3,563	(3)	26,458	(85)
Aseguradora de Créditos y Garantías S.A.	-	-	-	-	(5)	(503)	-
Aseguradora Suiza Salvadoreña S.A. Asesuisa	-	-	-	531	(2,539)	3,121	(2,111)
Asesores Sura S.A. de C.V.	-	-	-	5,852	-	30,228	-
Asesuisa Vida, S.A. Seguros de Personas	-	-	-	700	(1,157)	2,033	(5,160)
Chilean Holding Suramericana SPA	-	-	-	-	(53,866)	-	(2,428)
Consultoría en Gestión de Riesgos Suramericana S.A.S.	-	-	-	34	(580)	95,375	(860)
Corredor de bolsa Sura S.A.	-	-	-	196	(67)	2,050	(239)
Corredores de bolsa Sura S.A.	-	-	-	2,508	(256)	29,665	(9,935)
Diagnóstico y Asistencia Médica S.A.	-	-	-	8,376	(1,542)	151,654	(3,850)
Enlace Operativo S.A.	-	-	-	1,405	-	16,414	(39)
EPS y Medicina Prepagada Suramericana S.A.	-	-	-	1,792	(16,575)	2,989	(444,425)
Fondos Sura SAF S.A.C.	-	-	-	-	(40)	(18)	(1,051)
Grupo SURA Chile Holdings I B.V.	-	-	-	28	-	-	-
Hábitat Adulto Mayor S.A.	-	-	-	-	-	-	(56)
Inversiones Sura Brasil Participacoes LTDA	-	-	-	-	(162)	-	-
Inversiones Suramericana Chile Limitada	-	-	-	-	(217)	-	-
Inversiones y Construcciones Estratégicas S.A.S.	-	(39,388)	(1,780)	39,388	-	1,780	(88)
NBM Innova, S.A de C.V	-	-	-	-	(122)	-	(211)
Operaciones Generales Suramericana S.A.S.	-	-	(13)	9,349	(50,199)	91,960	(4,683)
Pensiones Sura S.A. DE C.V.	-	-	-	-	(742)	-	(6,079)
Promotora Sura AM S.A. DE C.V.	-	-	-	2,988	-	22,417	-
Seguros Sura Uruguay S.A.	-	-	-	17	(46)	-	(251)
Seguros de Riesgos Laborales Suramericana S.A.	22	-	-	46	(7,079)	(607)	(156,768)
Seguros de Vida Sura México S.A. de C.V.	-	-	-	-	(482)	443	(4,233)
Seguros de Vida Sura S.A. (Chile)	-	-	-	3,681	(1,122)	22,042	(5,552)
Seguros de Vida Suramericana S.A (Chile)	-	-	-	60	(351)	59	(2,344)
Seguros de Vida Suramericana S.A.	11	(10)	-	2,331	(16,634)	12,288	(107,059)
Seguros Generales Suramericana S.A (Chile)	-	-	-	54,424	(235)	4,624	(1,038)
Seguros Generales Suramericana S.A.	-	-	(84)	47,558	(29,486)	52,285	(143,444)
Seguros Sura S.A (Argentina)	-	-	-	(25)	30	503	-
Seguros Sura S.A (Brasil)	-	-	-	162	(13)	-	-
Seguros Sura S.A.	-	-	-	-	(274)	-	(283)
Seguros Sura, S.A de C.V. (México)	-	-	-	-	(82)	-	(687)
Seguros Suramericana Panamá S.A.	-	-	-	206	(32,074)	17,511	(32,445)
Servicios de Salud IPS Suramericana S.A.	-	(1)	(9)	18,135	(7,362)	456,879	(51,100)

Entity	Operations with the Parent Company			Consolidated business GRUPO EMPRESARIAL			
	Asset accounts	Liability accounts	Expenses	Asset accounts	Liability accounts	Income	Asset accounts
Servicios Generales Suramericana S.A.	-	(68)	-	54,207	(86)	4,135	(2,850)
Servicios Generales Suramericana S.A. (Panamá)	-	-	-	351	(206)	517	-
Sociedad Agente de Bolsa S.A.	-	-	-	27	-	565	(86)
Sura Art Corporation S.A. de C.V.	-	-	-	171	(6)	1,218	(91)
Sura Asset Management Argentina S.A.	-	-	-	-	(one)	-	-
Sura Asset Management Chile S.A.	-	-	-	-	(555)	-	(1,383)
Sura Asset Management España S.L.	-	-	-	(28)	-	-	-
Sura Asset Management México S.A. de C.V.	-	-	-	-	(5)	-	(84)
Sura Asset Management Perú S.A.	-	-	-	-	-	360	(69)
Sura Asset Management S.A.	-	-	-	1,598	(2,219)	8,874	(10,003)
Sura Asset Management Uruguay Sociedad de Inversión S.A.	-	-	-	10	(122)	(190)	(311)
Sura Data Chile S.A.	-	-	-	19	-	12,035	(8)
Sura Investment Management S.A. DE C.V.	-	-	-	311	(6,566)	2,991	(45,814)
Sura RE Ltda.	-	-	-	18,535	-	25,593	(1,078)
Sura Real Estate S.A.S.	-	-	-	9	-	1,250	-
Sura Servicios Profesionales S.A.	-	-	-	5,220	(7)	48,123	(405)
Suramericana S.A.	11	-	-	99	(1,201)	-	(100)
WM Asesores en inversiones S.A DE C.V.	-	-	-	-	(79)	-	(135)
	44	(39,467)	(1,886)	285,466	(246,116)	1,158,864	(1,156,905)

2017

Entity	Operations with the Parent Company				Consolidated business GRUPO EMPRESARIAL			
	Asset accounts	Liability accounts	Income	Asset accounts	Liability accounts	Liability accounts	Asset accounts	Liability accounts
Activos Estratégicos Sura A.M. Colombia S.A.S.	-	-	-	-	-	(1)	-	-
Administradora General de Fondos Sura S.A.	-	-	-	-	333	(4,343)	3,455	(47,331)
AFAP Sura S.A.	-	-	-	-	-	(110)	-	(640)
AFISA SURA S.A.	-	-	-	-	-	(1)	266	(6)
Afore Sura S.A. de C.V.	-	-	-	-	681	(3,974)	8,289	(15,640)
AFP Capital S.A.	-	-	-	-	-	(1,353)	530	(35,998)
AFP Integra S.A.	-	-	-	-	56	(740)	1,004	(2,509)
Arus S.A.	-	-	-	-	2,207	(1,883)	26,019	(260)
Aseguradora de Créditos y Garantías S.A.	-	-	-	-	-	(141)	270	(604)
Aseguradora Suiza Salvadoreña S.A. Asesuisa	-	-	-	-	1,076	(1,156)	4,369	(1,188)
Asesores Sura S.A. de C.V.	-	-	-	-	3,217	(177)	21,896	(46)
Asesuisa Vida S.A. Seguros de Personas	-	-	-	-	1,431	(1,076)	6,210	(7,966)
Chilean Holding Suramericana SPA	-	-	-	-	-	(50,280)	-	(2,237)
Consultoría en Gestión de Riesgos Suramericana S.A.S.	-	-	-	-	7,138	(298)	79,246	(1,082)
Corredor de Bolsa SURA S.A.	-	-	-	-	-	(1)	-	(3)
Corredores de Bolsa Sura S.A.	-	-	-	-	2,175	(605)	24,178	(10,886)
Diagnóstico y Asistencia Médica S.A. Dinámica IPS	-	-	-	-	5,633	(656)	121,312	(4,262)
Disgely S.A.	-	-	-	-	-	-	-	(1)
Enlace Operativo S.A.	-	-	-	-	3,256	(81)	14,840	(98)
EPS y Medicina Prepagada Suramericana S.A.	-	-	-	-	966	(23,707)	5,284	(384,236)
Fondos Sura SAF S.A.C.	-	-	-	-	4	(30)	-	(544)
Grupo de Inversiones Suramericana Holanda B.V.	-	-	-	-	1,204	-	-	-
Grupo de Inversiones Suramericana Panamá S.A.	-	-	-	-	3,829	(875,720)	-	(50,503)

Entity	Operations with the Parent Company				Consolidated business GRUPO EMPRESARIAL			
	Asset accounts	Liability accounts	Income	Asset accounts	Liability accounts	Liability accounts	Asset accounts	Liability accounts
Grupo SURA Chile Holdings I B.V.	-	-	-	-	-	(1,204)	-	-
Grupo SURA Finance S.A.	60	(1,626,842)	-	(89,229)	875,772	(1,626,849)	50,503	(89,229)
Hábitat Adulto Mayor S.A.	-	-	-	-	-	-	-	(51)
Inversiones Suramericana Chile Limitada	-	-	-	-	-	(228)	-	-
Inversiones y Construcciones Estratégicas S.A.S.	-	(36,235)	-	(2,024)	36,235	-	2,107	(3)
Inversura Panamá Internacional S.A.	-	-	-	-	1,269	-	-	-
Operaciones Generales Suramericana S.A.S.	-	-	-	(15)	9,003	(60,484)	85,399	(5,808)
Pensiones Sura S.A. de C.V.	-	-	-	-	-	(530)	-	(5,724)
Planeco Panamá S.A.	-	-	-	-	-	(5,090)	-	-
Promotora Sura AM S.A. de C.V.	-	-	-	-	2,224	-	25,318	(36)
Protección Garantizada LTDA.	-	-	-	-	-	-	3,056	(1)
Seguros de Riesgos Laborales Suramericana S.A.	-	-	-	-	69	(13,058)	68	(136,226)
Seguros de Vida SURA México S.A. de C.V.	-	-	-	-	177	(220)	347	(2,983)
Seguros de Vida Sura S.A. (Chile)	-	-	-	-	3,727	(1,144)	38,473	(25,241)
Seguros de Vida Suramericana S.A (Chile)	-	-	-	-	-	(543)	-	(1,849)
Seguros de Vida Suramericana S.A.	-	(25)	-	(119)	730	(18,709)	19,770	(94,225)
Seguros Generales Suramericana S.A (Chile)	-	-	-	-	51,045	(84)	4,065	(263)
Seguros Generales Suramericana S.A.	-	(1)	-	(348)	21,923	(9,269)	49,538	(103,126)
Seguros Sura S.A (Argentina)	-	-	-	-	141	-	604	(270)
Seguros Sura S.A. (Dominican Republic)	-	-	-	-	-	(166)	-	(261)
Seguros Sura S.A. (Uruguay)	-	-	-	-	29	-	-	(36)
Seguros Sura, S.A de C.V. (México)	-	-	-	-	-	(599)	-	(1,021)
Seguros Suramericana, S.A. (Panamá)	-	-	-	-	186	(9,780)	2,620	(31,356)
Servicios de Salud IPS Suramericana S.A.	-	-	-	(3)	29,148	(4,481)	397,178	(45,587)
Servicios Generales Suramericana S.A. (Colombia)	-	(127)	-	(50)	62,300	(199)	5,042	(2,515)
Servicios Generales Suramericana S.A. (Panamá)	-	-	-	-	307	(186)	427	-
Sociedad Agente de Bolsa S.A.	-	-	-	-	26	-	161	(25)
Sura Art Corporation S.A. de C.V.	-	-	-	-	341	(5)	1,040	(79)
Sura Asset Management Argentina S.A.	-	-	-	-	16	-	-	-
SURA Asset Management Chile S.A.	-	-	-	-	-	(153)	-	(663)
Sura Asset Management México S.A. de C.V.	-	-	-	-	97	(7)	85	(85)
Sura Asset Management Perú S.A.	-	-	-	-	-	(2)	119	(713)
Sura Asset Management S.A.	-	-	-	-	3,675	(1,209)	3,440	(5,149)
Sura Asset Management Uruguay Sociedad de Inversión S.A.	-	-	-	-	-	(3,072)	-	-
Sura Data Chile S.A.	-	-	-	-	-	-	14,313	(15)
Sura Investment Management Colombia S.A.S	-	-	-	-	-	-	-	(222)
Sura Investment Management S.A. de C.V.	-	-	-	-	273	(4,656)	2,666	(40,050)
SURA Real Estate S.A.S.	-	-	-	-	-	-	467	(79)
SURA Servicios Profesionales S.A.	-	-	-	-	5,383	(14)	47,921	(654)

Entity	Operations with the Parent Company				Consolidated business GRUPO EMPRESARIAL			
	Asset accounts	Liability accounts	Income	Asset accounts	Liability accounts	Liability accounts	Asset accounts	Liability accounts
Suramericana S.A.	-	-	890	-	534	(262)	1,425	(585)
	60	(1,663,230)	890	(91,788)	1,137,836	(2,728,536)	1,073,320	(1,160,170)

40.2.2. Transactions related parties to associates

The following is a summary of total of transactions, with related parties, between associates, at December 31ST:

2018

COMPANY	CONSOLIDATED OPERATIONS GRUPO EMPRESARIAL			
	ASSET ACCOUNTS	LIABILITY ACCOUNTS	INCOME	EXPENSES
Grupo Argos		106,560	-	106,560
Grupo Bancolombia		1,584,319	1,996,715	523,314
Grupo Nutresa		91,648	-	91,648
Protección		1,205,883	-	86,209
Other associates		20,914	-	-
TOTAL		3,009,325	1,996,715	807,731

2017

COMPANY	CONSOLIDATED OPERATIONS GRUPO EMPRESARIAL			
	ASSET ACCOUNTS	LIABILITY ACCOUNTS	INCOME	EXPENSES
Group Argos		216,349	15,249	102,323
Group Bancolombia		2,080,355	2,641,848	482,863
Group Nutresa		86,405	-	86,405
Protección		290,065	-	185,400
Other associates		-	-	-
TOTAL		2,673,174	2,657,097	71,338

40.3. Other information from related parties

Below, additional information from related parties, is as follows:

Remuneration of key personnel

Benefits to Executive Employees

	December 2018	December 2017
Short-term employee benefits	71,862	82,760
Long-term employee benefits	6,040	1,093
Post-employment benefits	4,621	55,252
By termination	773	-
Total	83,296	139,105

Transactions with directors:

	December 2018	December 2017
Accounts receivable, Directors (1)	5,102	4,412

(1) Corresponds to loans with directors at an agreed upon rate of 0.56% EMV

Board of Directors Honorariums

The Honorariums to the Board of Directors are as follows:

	December 2018	December 2017
Honorariums, Member Board of Directors	5,766	6,019

During the year ended December 31, 2018 and 2017, the Members of the Board of Directors, received remuneration for their participation in the meetings of the Board and the Board Committees, in accordance with the provisions of the Company's bylaws, and the guidelines of the Shareholders' Meeting, which determined the following:

It is the responsibility of the members of the Board of Directors of Grupo de Inversiones Suramericana and its subsidiaries, to formulate the norms and guidelines of the business, and to make key decisions.

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

These Consolidated financial statements of annual periods with a cutoff date of December 31, 2018 were prepared for supervisory purposes and authorized for issuance by the Board of Directors of Grupo SURA on February 28, 2019. After the cut-off date and until its publication no relevant events have been presented that imply additional adjustments or disclosures to the states.

NOTE 42. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the Financial Statements of Grupo SURA, corresponding to the period ended December 31, 2018, were authorized by the Board of Directors, as stated in Meeting Minutes No. 291 of February 28, 2019, to be presented to the market

ANALYSIS OF FINANCIAL RESULTS (unaudited)

The following are the analyses of financial results, for the period ended December 31, 2018, with comparative figures, at December 31, 2017. These analyses, are performed by Management, and are not part of the Financial Statements.

INDEX	December 2018	December 2017	INTERPRETATION	
	2	3		
	44,172,460	42,766,697	Creditors own 62,15% at December 2018 and 61.99% at December 2017, with the Shareholders owning the	Totally Liability
Solidity	71,073,372 = 62.15%	68,993,258 = 61.99%		Total Asset

						complement: 37.85% in December 2018 and 38.01% in December 2017	
INDEBTEDNESS	Total	44,172,460		42,766,697		Of each peso that the Company has invested in assets, 62.15% at December 2018 and 61.99% at December 2017 have been financed by the creditors.	Totally Liability
		= 62.15%		= 61.99%			Total Asset
	Interest coverage	71,073,372		68,993,258		The Company generated a net income equal to 314.84% at December 2018 and 327.77% in December 2017 from Interest paid.	Net profit + interest
		1,968,528		2,093,248			Financial expenses
	Leverage or Leverage	625,240		638,632		Each peso (\$ 1.00) of owners of the Company is committed to 164.2% at December 2018 and 163.07% at December 2017.	Total liabilities with third parties
		44,172,460		42,766,697			Equity
	Total	26,900,912		26,226,561		For each peso of equity, financial commitments are made at 38.83% at December 2018 and 38.29% at December 2017, of a financial nature.	Total liabilities with financial entities
		10,446,774		10,042,693			Equity
	Total Financial	26,900,912		26,226,561			
		= 38.83%		= 38.29%			
PERFORMANCE	Net profit margin	1,343,288		1,454,616		Net profit corresponds to 6.98% of net income in December 2018 and 7.5% in 2017	Net profit
		= 6.90%		= 7.47%			Net income
	Return on equity	19,473,146		19,471,181		The net results correspond to 5.26% of equity in December 2018 and to 5.87% at December 2017.	Net profit
		1,343,288		1,454,616			Equity - profit
	Total asset performance	25,557,624		24,771,945		The net results with respect to total assets correspond to 1.89% at December 2018 and 2.11% at December 2017	Net profit
		1,343,288		1,454,616			Total Asset
		= 1.89%		= 2.11%			
		71,073,372		68,993,258			