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

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

David Bojanini Garcia
President

Luis Fernando Soto Salazar
Certified Public Accountant
Professional Card 16951-T

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

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

That for the issuance of the Statement of Financial Position, at 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, 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 31th and December 31st of 2017, do not contain defects, inaccuracies, or errors, that prevent the knowledge of the true financial situation and the operations of the Company.

David Bojanini Garcia
President

Luis Fernando Soto Salazar
Certified Public Accountant
Professional Card 16951-T

AUDITORS REPORT

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

	Note	December 2018	December 2017
Assets			
Cash and cash equivalents	6	9,241	67,796
Investments	7.1	13,717	17,664
Trade and other account receivables	7.1	9,831	19,824
Accounts receivable related parties and associates	7.1	101,569	39,450
Current tax assets	9	14,854	-
Deferred tax assets	9	70,462	-
Other financial assets	8	144,379	76,674
Other non-financial assets		244	244
Property and equipment	10	25,178	25,984
Investments in associates	11	14,392,657	14,395,418
Investments in subsidiaries	11	13,991,836	13,119,248
Total assets		**28,773,968**	**27,762,302**
Liabilities			
Other financial liabilities	7.2	1,004,140	1,216,979
Provisions for employee benefits	13	20,698	33,369
Other provisions	14	3,470	205,035
Trade and other accounts payable	7.2	4,294	14,687
Accounts payable to related parties	7.2	116,291	1,664,427
Current tax liabilities	9	-	33,338
Securities issued	7.2 - 15	4,549,684	1,779,793
Deferred tax liabilities	9	-	39,554
Total liabilities		**5,698,577**	**4,987,182**
Equity			
Share capital issued	16.1	109,121	109,121
Share premiums	16.2	3,290,767	3,290,767
Retained earnings		11,760,980	11,799,493
Other comprehensive income interest	18	1,203,532	1,211,878
Reserves	16.3	6,062,398	5,608,777
Profit for the period		648,593	755,085
Total equity		**23,075,391**	**22,775,121**
Total equity and liabilities		**28,773,968**	**27,762,303**

The Notes are an integral part of these Financial Statements.

David Bojanini Garcia	Luis Fernando Soto Salazar	Mariana Milagros Rodríguez
Legal Representative	Accountant	Auditor
	T.P. 16951-T	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.
SEPARATE INCOME STATEMENT
Year ended December 31, 2018 (with comparative figures in the year ended December 31, 2017)
(*Values expressed in millions of Colombian Pesos, except net profit per share*)

	Note	December 2018	December 2017
Dividends	19	406,064	380,648
Income from investments, net	19	1,508	10,434
Loss (profit) at fair value, net	19	92,218	(141,676)
Profit from *the Equity Method* of subsidiaries, net	19	698,957	906,936
Income from investments sales, net	19	364	1,214
Other income		4,443	3,717
Total income		**1,203,554**	**1,161,273**
Administrative expenses	21	(30,680)	(83,222)
Employee benefits	13	(23,714)	(25,671)
Fees	22	(9,824)	(8,489)
Depreciation	10	(1,306)	(1,178)
Exchange differences, net	20	(278,778)	(12,835)
Interest	23	(304,650)	(293,287)
Total expenses		**(648,952)**	**(424,682)**
Profit before tax		**554,602**	**736,591**
Income tax	9	93,991	18,494
Net profit		**648,593**	**755,085**
Earnings per share	24	1,383	1,610

The Notes are an integral part of these Financial Statements.

David Bojanini Garcia
Legal Representative

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

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

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
Year ended December 31, 2018 (with comparative figures in year ended December 31, 2017)
Expressed in millions of Pesos.

	Note	December 2018	December 2017
Profit for the period		**648,593**	**755,085**
Other comprehensive income, losses in equity instruments of equity, net of taxes	18	(3,947)	(5,427)
Other comprehensive income, losses from new measurement of defined benefit plans, net of taxes	18	152	(1,209)
Total other comprehensive income not reclassified to profit or loss, net of tax		**(3,795)**	**(6,636)**
Loss on exchange differences (from merge)		(10,827)	-
Loss on cash flow hedges, net of taxes	18	(6,299)	-
Participation of other comprehensive income of associates and joint ventures accounted for using *the Equity Method* that is reclassified to profit or loss, net of tax	11.2	12,575	746,256
Total comprehensive income		**(4,551)**	**746,256**
Total other comprehensive income not reclassified to profit or loss, net of tax		**(8,346)**	**739,620**
Loss on exchange differences (from merge)		**640,247**	**1,494,705**

The Notes are an integral part of these Financial Statements.

David Bojanini Garcia
Legal Representative

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

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

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2018 (with comparative figures year ended December 31, 2017)
(*Expressed in millions of Pesos*)

	Note	Issued capital	Share premium	Retained earnings	Other equity interests - OCI	Legal reserves	Occasional reserves	Profit for the period	Total Equity
Balance at January 1, 2017		**107,882**	**3,307,663**	**11,754,545**	**472,258**	**138,795**	**4,920,281**	**835,481**	**21,536,905**
Issuance of shares		1,239	209,189	-	-	-	-	-	210,428
Other comprehensive income	**18**				**739,620**				**739,620**
Financial instruments with changes to OCI		-	-	-	(5,427)	-	-	-	(5,427)
Losses from new measurements of defined benefit plans, net of taxes		-	-	-	(1,209)	-	-	-	(1,209)
The Equity Method of subsidiaries, recognized in equity		-	-	-	746,256	-	-	-	746,256
Profit for the period								**755,085**	**755,085**
Total net comprehensive income for the period	**18**	**-**	**-**	**-**	**739,620**	**-**	**-**	**755,085**	**1,494,705**
Transfer to retained earnings		-	-	835,481	-	-	-	(835,481)	-
2016 Profit distribution, in accordance with the Minutes No. 23, of the Shareholder's Meeting of March 31, 2017:									**-**
Dividends recognized as distributions for owners (488 pesos per share)		-	-	(280,780)	-	-	-	-	(280,780)
Donations for social projects		-	-	(5,000)	-	-		-	(5,000)
Reserves for the protection of investments	**16**	-	-	(549,701)	-	-	549,701	-	-
Minimal dividends, preference shares	**15**	-	(226,085)	44,948	-	-	-	-	(181,137)
Balance at December 31, 2017		**109,121**	**3,290,767**	**11,799,493**	**1,211,878**	**138,795**	**5,469,982**	**755,085**	**22,775,121**

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2018 (with comparative figures year ended December 31, 2017)
(*Expressed in millions of Colombian Pesos*)

		Issued capital	Share premium	Retained earnings	Other equity interests - OCI	Legal reserves	Occasional reserves	Profit for the period	Total Equity	Issued capital
Balance at January 1, 2018		**109,121**	**3,290,767**	**11,799,493**	**1,211,878**	**138,795**	**5,469,982**	**5,608,777**	**755,085**	**22,775,121**
Other comprehensive income	**18**	**-**	**-**	**-**	**(8,346)**	**-**	**-**	**-**	**-**	**(8,346)**
Adjustments for translation of foreign investments, net		-	-	-	(10,827)	-	-	-	-	(10,827)
Financial instruments with changes in OCI		-	-	-	(3,947)	-	-	-	-	(3,947)
Losses from new measurements of defined benefit plans, net of taxes		-	-	-	152	-	-	-	-	152
The Equity Method of subsidiaries, recognized in equity		-	-	-	12,575	-	-	-	-	12,575
Hedge flows - derivative instruments		-	-	-	(6,299)	-	-	-	-	(6,299)
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**648,593**	**648,593**
Total net comprehensive income for the period		**-**	**-**	**-**	**(8,346)**	**-**	**-**	**-**	**648,593**	**640,247**
Transfer to retained earnings		-	-	755,085	-	-	-	-	(755,085)	-
2017 Profit distribution in accordance with the Minutes No. 23, of the Shareholder's Meeting of March 23, 2018:		-	-	-	-	-	-	-	-	-
Dividends recognized as distributions for owners (518 pesos per share)		-	-	(301,464)	-	-	-	-	-	(301,464)
Reserves for the protection of investments	**16.3**	-	-	(453,621)	-	-	453,621	453,621	-	-
Minimal dividends, preference shares	**17**	-	-	30,470	-	-	-	-	-	30,470
Impact of new accounting standards		-	-	(5,154)	-	-	-	-	-	(5,154)
Impact or merger of subsidiaries (GIS Panamá – Finance)		-	-	(63,829)	-	-	-	-	-	(63,829)
Balance at December 31, 2018		**109,121**	**3,290,767**	**11,760,980**	**1,203,532**	**138,795**	**5,923,603**	**6,062,398**	**648,593**	**23,075,391**

The Notes are an integral part of these Financial Statements.

David Bojanini Garcia
Legal Representative

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

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

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE CASH FLOWS STATEMENT
Year ended December 31, 2018 (with comparative figures year ended December 31, 2017)
(Values expressed millions of Colombian Pesos)

	Note	December 2018	December 2017
Profit for the period		648,593	755,085
Adjustments to reconcile profit			
Adjustments for income tax expenses	9	(93,991)	(18,494)
Adjustments for financial costs	23	304,650	293,287
Adjustments for decreases from accounts receivable from trade sources		9,993	(19,057)
Adjustments for increases in other accounts payable from operating activities		(343,905)	(368,361)
Adjustments for increases in accounts payable from trade sources		(10,432)	(62,637)
Adjustments for depreciation and amortization expenses	10	1,306	1,178
Adjustments for provisions		(12,326)	2,901
Adjustments for losses from unrealized foreign currency		221,650	3,993
Adjustments for fair value profit		(92,218)	141,676
Adjustments for undistributed profits from application of *the Equity Method*	11	(698,957)	(906,936)
Variations of investments		(364)	(1,214)
Total adjustments to reconcile net income		**(714,594)**	**(933,664)**
Net cash flows from operations		**(66,001)**	**(178,579)**
Dividends received, associates and subsidiaries		781,457	895,794
Interest paid		(46,720)	-
Income tax paid		(57,556)	(32,276)
Other non-financial assets		(4,135)	(4,126)
Net cash flows from operating activities		**607,045**	**680,813**
Cash flows from (used in) investing activities			
Cash flows from the sale of other businesses		4,829	-
Cash flows used to acquire other businesses	11.2	(869,515)	(1,106,496)
Other charges from the sale of equity or debt instruments of other entities		364	1,214
Imports from the sale of property, plant and equipment		7,681	15,950
Purchase of property and equipment		(8,181)	(2,936)
Payments derived from options and swap agreements (swaps)		(30,479)	(24,684)
Collections from options contracts, and swap contracts (swaps)		13,952	40,682
Net cash flows from (used in) investing activities		**(881,349)**	**(1,076,270)**

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE CASH FLOWS STATEMENT
Year ended December 31, 2018 (with comparative figures year ended December 31, 2017)
(Values expressed millions of Colombian Pesos)

	Note	December 2018	December 2017
Cash flows from financing activities			
Payments from issuance of shares		30,471	29,291
Proceeds from loans		4,561,795	2,209,501
Reimbursement of loans		(3,870,543)	(1,593,534)
Payment of financial lease liabilities		(1,651)	(949)
Dividends paid	12	(225,933)	(346,326)
Interest paid		(277,690)	(250,023)
Other outflows of cash (Donations)		-	(5,000)
Net cash flows from financing activities		**216,449**	**42,960**
Increases (decreases,) net of cash and cash equivalents, before the changes in the exchange rate		**(57,855)**	**(352,497)**
Impact of variations in the exchange rate on cash and cash equivalents	20	(720)	(31,150)
Net increase of cash and cash equivalents		**(58,555)**	**(383,647)**
Cash and cash equivalents at beginning of period		67,796	451,443
Cash and cash equivalents at end of period	**6**	**9,241**	**67,796**

The Notes are an integral part of these Financial Statements.

David Bojanini Garcia	Luis Fernando Soto Salazar	Mariana Milagros Rodríguez
Legal Representative	Accountant	Auditor
	T.P. 16951-T	T.P. 112752-T
		Designated by Ernst & Young Audit S.A.S. TR-530
		(See my report of February 28, 2019)

NOTES FOR THE SEPARATE FINANCIAL STATEMENTS
At December 31, 2018 (with comparative figures at December 31, 2017)
(Expressed in millions of Colombian Pesos, excluding exchange rates values and earnings per shares)

NOTE 1. REPORTING ENTITY

Grupo de Inversiones Suramericana S.A., was established in connection with the spin-off of Compañía Suramericana de Seguros S.A., according to Public Deed No. 2295 of 24 December 1997 of the 14th Notary, in Medellin, formalized accounting on 1 January 1998. the principal domicile is in the city of Medellin, at Carrera 43ª #5ª - 113, Floor 15, but may have branches, agencies, offices, and representations in other places in the country and abroad, when determined by the Board of Directors. The duration of the Company is until the year 2097. Its corporate purpose is investment in movable and immovable property. Related to investment in property, plus any kind of movable property, may be done in shares, quotas, or shares in companies, entities, organizations, funds, or any other legal figure that allows investment of resources. It also may invest in securities or fixed income instruments, variable, whether or not listed on a public market. In any case, issuers and/or investees may be, public or private, national, or foreign. The fiscal year will be adjusted to the calendar year, annually, with effect at the thirty-first (31) of December. The Company is subject to exclusive control by the Financial Superintendence of Colombia, as it is registered in the National Registry of Securities and Issuers (RNVE) as a securities issuer, and recently, derived from the Law of 1870 (Law for the Supervision and Regulation of Financial Conglomerates), the Company as the Parent of Conglomerado Financiero SURA, as well as all those that compose it, will be supervised by the Superintendence, itself.

Corporative Profile:

Grupo de Inversiones Suramericana S.A., (hereafter, the Company and in conjunction with its subsidiaries "Grupo SURA") is the holding company of a financial conglomerate that offers services, in eleven countries of Latin America, with a greater 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), which 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, specializes in insurance, trends, and risks management, present in nine countries of the region. SURA Asset Management, an expert 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 the growth, and transformation, of strategic investments.

Investments in the financial services sector include 81.13% of the share capital of Suramericana S.A., the company that groups the insurance companies. The remaining 18.87% of the share capital of Suramericana belongs to the German insurance company, Münchener Rückversicherungs-Gesellschaft Aktiengesellschaf Munich, known as "Munich Re." Additionally, Grupo SURA owns an 83.58% stake in SURA Asset Management Colombia S.A., a Company in the pension, savings, and investment segments. The remaining 16.42%, of the capital stock, of Sura Asset Management S.A. belongs to other local and international shareholders. In addition, the Company has a 46.01% stake in the shares with voting rights, (equivalent to a 24.38% stake in the share capital) of Bancolombia, where Grupo SURA is the largest shareholder.

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

The investments in 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) active 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

(1) Independent member, in accordance with Colombian Law

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)
John 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 of shares	% 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 Separate Financial Statements have been prepared, in accordance with Accounting Standards and Financial Reporting accepted in Colombia (NCIF), established by Law 1314 of 2009, regulated by the Unified Regulatory Decree 2420 of 2015, amended by Decree 2496 of 2015 and 2131 of 2016, 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. Basis for measurement

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

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

2.3. Update of accounting policies

The Board of Directors of Grupo SURA, upon recommendation of the Audit and Finance Committee, approved an update of the accounting policy on Leasing, in accordance with the new IFRS 16, which enters into force as of January 1, 2019 (See Note 5 Norms issued without effective application).

In recent years, the Argentine economy has shown high inflation rates, which has grown significantly, in the Second Quarter of 2018, due to tariff adjustments in public services, the devaluation of the Argentine peso, and seasonal factors. Although the measurement has not been totally consistent, in recent years, and different indexes have coexisted, the data suggest that the cumulative inflation of the last three years has exceeded rates of 100% for the First Quarter of 2018, with which it enters into the mandatory application of IAS 29, as of July 1, 2018, for companies that develop operations, in this Country.

The inclusion of the new policies, for the application of adjustments for inflation, in accordance with IAS 29 of Financial Information of hyperinflationary economies, and IFRS 16 Leases, were approved, in November 2018, by the Board of Directors of Suramericana.

2.4. Presentation of Financial Statements

Grupo SURA presents the Statement of Financial Position, by the degree of liquidity.

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

2.5. Reclassifications

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

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

3.1. Cash and cash equivalents

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

3.2. Financial instruments

Financial assets:

Grupo SURA recognized, initially, at 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.

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

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

Commercial portfolio of clients*:*
The 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. Henceforth, from this last qualification, an impairment of 0% is assigned.

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

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

Derivative financial instruments
Changes in the fair value of derivative contracts held for trading are included in the profit (loss) from financial operations in the Statement of Comprehensive Income. Certain derivatives embedded in other financial instruments (embedded derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the principal contract and are not recorded at fair value.

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 active 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 gain or loss from re-measuring the hedging instrument. at fair value. must be recognized in profit or loss.

b. The gain 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 gain 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 gain or loss, or to related cash flows of the hedging instrument, the component excluded from the gain 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 gain 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 gain 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 passive instrument, because it has the obligation to give the holder the total money received on the issue of shares, for which they must be considered as a compound financial instrument.

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

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

3.3. Tax assets and liabilities

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

3.3.1. Current

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

3.3.2. Deferred

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

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

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

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

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

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

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

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

3.4. 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 are expected to be recovered through its use and not through its sale.

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

Grupo SURA will recognize as an element of property and equipment, those assets that have an acquisition cost higher than USD700, except for assets classified as technology, in which they must have an acquisition cost higher than USD400. The acquisition cost will be measured according to the exchange rate of the transaction and after discounting any discount or reduction obtained in the purchase of the asset.

When Grupo SURA decides to make massive purchases of homogeneous assets, that is to say, acquired on the same date, and that meet the same conditions, the activation of this massive purchase can be realized, provided that it exceeds the value of USD$100,000, which will be measured with the exchange rate of the transaction, and after any discount, or reduction obtained in the purchase of the asset, is determined.

Grupo SURA will measure real estate (land and buildings), posterior to its 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, at a certain measurement date.

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

Grupo SURA must effectuate maximum technical appraisals, every four years, to ensure that the book value of the asset does not differ materially from its fair value. Revaluation increases will usually be credited to other comprehensive income, in the Statement of Comprehensive Income, and will be accumulated as a separate component of equity called "revaluation surplus".

The decreases in assets must be carried as the lesser value of the balance of other comprehensive income, if any, if not, directly to results.

Depreciation
Grupo SURA will depreciate its property and equipment items, via 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 deregister an item of 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 gain, arising from the derecognition of an item of property and equipment, will be included in the result of the period.

Residual value
Grupo SURA will allocate residual values for classified vehicles for administrative use, which will be equivalent to 30% of the acquisition cost of the asset. For all other asset classes, a residual value of zero will be assumed.

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
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.

3.5. Fair Value
To measure fair value, Grupo SURA must determine all of the following:

a. Assets or specific liability, object of measurement (consistently with its account unit)
b. For a non-financial asset, the valuation premise is adequate for the measurement
c. The main (or most advantageous) market for the asset or liability
d. The appropriate valuation technique(s) for the measurement, considering the availability of data with which to develop the variables that represent the assumptions that market participants will use when setting the price of the asset and liability, and the level of the hierarchy of the fair value, at which the variables are classified.

* Measurement of assets or liabilities

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

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

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

***** Measurement of non-financial liabilities

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

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

***** Fair value at initial recognition

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

*** Valuation Techniques**

Grupo SURA uses the following valuation techniques:

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

3.6. Investments

3.6.1. Subsidiaries

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

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

3.6.2. Associates

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

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

Possess directly or indirectly, 20% or more of the voting power in the company, unless it can be demonstrated that such influence does not exist through the management bodies. or

Although, directly or indirectly, less than 20% of the voting power in the company, can clearly demonstrate that there is significant influence over the management bodies.

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

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

Provision of essential technical information.

Investments are initially recognized at the cost of the transaction and subsequently.

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

If the fair value portion of the associated assets and liabilities identified, of the associate, is less than the acquisition value, a higher value that forms part of the cost of the investment arises; or

If the fair value portion identified, of assets and liabilities, of the associate is greater than the value of the acquisition, it is considered a purchase on an advantageous basis, and this difference is recognized as income for the period.

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

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

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

3.7. Impairment of non-financial assets

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

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

3.8. 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.

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.

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. Similarly, depending on the economic substance of the remuneration granted, the benefit could be a defined contribution plan, under which the obligation is limited to the fixed contributions, paid to an external company or fund, once the employee recognized, has rendered services for a period, and the period's expense is disclosed at its nominal value; or it may be a defined benefit plan, where Grupo SURA has a legal or implicit obligation, to respond for the payments of the benefits that were left to its charge, and will require the use of an actuarial calculation, in order to effect the recognition of the obligation, for defined benefits based on actuarial assumptions.
Benefits classified as long-term, and post-employment benefits, are discounted with the rates of government bonds, issued by each of the countries, taking into account the dates of the flows, in which Grupo SURA expects to make the disbursements.

Termination benefits, which 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 that it recognizes the costs of a restructuring.

3.9. Provisions and contingencies

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

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

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

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

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

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

3.10. Currency

3.10.1. Functional and presentation

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

3.10.2 foreign currency

Transactions in foreign currencies are initially recorded at the exchange rate of the functional currency prevailing at the date of the transaction. Subsequently, monetary assets and liabilities in foreign currencies are translated at the exchange rate of the functional currency prevailing at the closing date of the period. non-monetary items that are measured at fair value are translated using the exchange rates at the date when fair value and non-monetary items that are measured at amortized cost are translated using the exchange rates prevailing determined to date of the original transaction.

3.11. 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 immediately invested to maintain the purchasing power of the same;

(b) The population, in general, does not take into account the monetary amounts, in terms of local currency, but sees it in terms of another relatively stable foreign currency. Prices can be established in this other currency;

(c) Sales and purchases by credit occur 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%.

Grupo SURA must express, in terms of the current unit of measurement, on the closing date of the reporting period, both the comparative figures, corresponding to the previous period, required by the Financial Statements Policy, as well as the information referring to previous periods. And must also be expressed, in terms of the current unit of measure, on the closing date of the reporting period.

To restate the items of the Statement of Financial Position, the following aspects were taken into account:

> Monetary items and items valued at the end of the year: there is no adjustment

> If the items are contractually adjusted with reference to inflation, as indexed bonds, they are modified according to the terms of the contract.

> Monetary items, recorded at cost, are updated by the movement of the index, at its acquisition.

> Non-monetary items, recorded at fair value, are updated by the movement of the index from its valuation.

To re-express the items in the Statement of Comprehensive Income and Cash Flow Statement:

> All items, of income and expenses, must be modified by the change in the index from the first date they were recorded, in the accounts.

> Depreciation will be adjusted on the same basis, as that of the related asset.

> Likewise, all items in the Cash Flow Statement are updated, and expressed in the current measurement unit, at the balance sheet date.

In the case of subsidiaries whose functional currency corresponds to that of a hyperinflationary economy, all items in the Financial Statements are converted 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, considering the conversion to the Colombian peso (COP), the currency which corresponds to that of a non-hyperinflationary economy, as provided in the Number (b) of Paragraph 42, of IAS 21.

3.12. Ordinary 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 Grupo SURA and the revenues, can be measured reliably. Revenues are measured at the fair value of the consideration received or receivable, excluding taxes or other obligations. The discounts that are granted, are recorded as the lesser 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
- 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 over 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 with regard 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.

3.12.1. Income by equity method

For investments in the subsidiary Grupo Sura, the equity method is applied, for which it records income by method, for further details, please see Note 3.6.1 Investments in subsidiaries.

3.12.2. Dividend income

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

3.12.3 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.

3.13. Earnings per share
Basic earnings per share, is calculated by dividing profit or loss attributable to holders of ordinary shares, by the weighted average number of shares outstanding, during the period.

3.14. Events after the reporting period
Grupo Sura defines the following aspects for events that occurred after the date of the report:

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

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

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

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

3.15. Related parties
The following are considered related parties:

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

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

7. 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.

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

- Purchases or sales of products
- Purchases or sales of real estate and other assets
- Loans between companies, in effect at the close of the accounting period
- Leases, where there is a formalization, through a contract
- Provision or reception of services, where there is remuneration, reciprocity, and formalization, through a contract
- Transfers, in which a company generates development or research, exclusively for another entity, and there is remuneration, reciprocity, and formalization, through a contract
- Transfers realized, in accordance with financing agreements, (including loans and equity contributions, in cash or in kind)
- Granting of collateral guarantees and warranties
- Settlement of liabilities, on behalf of the entity, or by the entity, on behalf of that related party
- Other commitments and contracts, where there is reciprocity and remuneration
- Transactions, (including compensation and benefits) with members of the Boards of Directors, Legal Representatives, and Senior Management Personnel, which correspond to the first two levels of the organization, that is, to people of the highest hierarchical level of the Companies, responsible of the ordinary course of business, and for devising, executing, and controlling the objectives and strategies of the companies. Auditors and Corporate or General Secretaries are included. (It must be transactions with the company, in which the Senior Manager works).
- Transactions within the Company, in which one of the Senior Managers, described above, and their spouse or permanent companion, or their relatives, within the first degree of consanguinity, first of affinity, or solely civil
- Dividends 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 is considered material, if one of these factors applies to at least one of the Companies, involved in the transaction.

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

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

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

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

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

a) *Revaluation of property for own use and investment properties*
Grupo SURA records real estate (land and buildings), at fair value, and changes in the same, are recognized in other comprehensive income of equity.

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

c) Taxes

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

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

d) The useful life and residual values of the properties, plant and equipment and intangibles

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

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

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

g) It has a present obligation (legal or implicit), as a result of a past event.

h) Grupo SURA is likely to be an outflow of resources embodying economic benefits to settle that obligation.

i) It is possible to obtain a reliable estimate of the obligation.

j) Employee Benefit

The measurement of post-employment benefits obligations, and defined benefits, includes determining actuarial assumption keys, that allows for the calculation of the value of liabilities.

The information on assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment, in the year ended December 31, 2018, are included in the following notes:

Notes 13.2 and 13.3 Long-term benefits and Post-employment benefits: key actuarial assumptions
Note 9 Taxes: the recognition of deferred tax assets, availability of future taxable profits, against those that can be used to offset losses, obtained in previous periods.

NOTE 5. STANDARDS ISSUED WITHOUT EFFECTIVE APPLICATION

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

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

IFRS 16: Leases

IFRS 16 was issued by the IASB, in January 2016, and replaces IAS 17, IFRIC 4, SIC 15 and SIC 27, 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 of financial leases.

The standard includes two recognition exemptions for tenants:

i. Leasing of low-value assets (for example, personal computers)
ii. Short-term leases (that is, leases with a term of less than 12 months).

At the beginning of the lease, the lessee will recognize a liability for the payment of royalties, (liability for lease), and an asset, representing the right to use the underlying asset, during the term of the lease (right to use the asset). Tenants must recognize the interest expense of the lease liability and the depreciation expense of the right-to-use, separately.

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

The 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.

The Group did not make an early adoption of this rule. The final figures of the impacts from the adoption of this new standard, will be registered 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.

Classification and Measurement of Transactions with Share-based payments - Amendments to IFRS 2

These amendments were issued by the IASB, in order to respond to three main areas: the effects of the conditions for the irrevocability of the concession, in the measurement of payment transactions, based on agreed shares in cash, the classification of payment transactions based on in shares with net settlement characteristics, for tax withholding obligations, and accounting when a modification to the terms and conditions, of the share-based payment transactions, changes its classification, from liquidated in cash, to liquidated in equity.

In this adoption, companies are required to apply the amendments without re-expressing prior periods, but retrospective application is allowed, if eligible for the three amendments, and if other criteria is met. These amendments are included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective at January 1, 2019. The Group is evaluating the potential impact of these amendments, in its 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:

IFRS 1 " First Time Adoption of the International Financial Reporting Standards" - Elimination of Short-Term Exemptions for First Time Adoption

Short-term exemptions, included in paragraphs E3 - E7 of IFRS 1, were eliminated because they have already served their purpose. This amendment is not applicable to the Group.

IAS 28 "Investments in Associates and Joint Agreements" - Clarifications of the measurement of the Investees at Fair Value with Changes in Results must be made for each of the Investments

These amendments clarify the following:

- A company, that is a venture capital organization, or other qualified entity, may choose, in the initial recognition of each of the investments, to measure its investments in associates and joint agreements, at fair value, through profit or loss.

- If an entity, which is not an investment entity, has an interest in an associate or joint arrangement that is an investment entity, the entity may, in applying the equity method, choose to accumulate the measurement, at the fair value, applied by this investment entity to its associates or joint agreements. This choice is made separately for each investment, on the closest date, between the date on which the investment entity is initially recognized, the date on which the associate or joint arrangement becomes an investment entity, and the date on which the investment entity of the associated investment entity or joint agreement, becomes the Parent.

These amendments must be applied retrospectively and are not applicable to the Group.

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. CASH

Cash and cash equivalents correspond to:

	December 2018	December 2017
Cash and banks	16	17
National bank	1,837	58,228
Foreign Bank	374	183
Cash equivalents (*)	7,014	9,368
Total cash and cash equivalents	**9,241**	**67,796**

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

NOTE 7. FINANCIAL INSTRUMENTS

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

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

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

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

FAIR VALUE HIERARCHY
In order to increase the consistency and comparability, of fair value measurements, and related disclosures, IFRS 13 establishes a fair value hierarchy, that classifies, at three levels, the input data

of valuation techniques, used to measure it. The fair value hierarchy gives the highest priority to quoted (unadjusted) prices in markets, for identical assets and liabilities (Level 1 input data), and the lowest priority to unobservable input data (input data from Level 3).

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

LEVEL 1 - PRICES LISTED IN ACTIVE MARKETS

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

LEVEL 2 - MODELED WITH OBSERVABLE MARKET ENTRY DATA

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

LEVEL 3 - MODELED WITH NON-OBSERVABLE ENTRY DATA

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

• **Internal Rate of Return (IRR):** is an exponential valuation methodology, that allows discounting future cash flows, through the rate negotiated, at the time of purchase.

• Attributed Cost: is a value that reflects the net between the costs, and the provisions, of the low marketability shares, that are held in the subsidiaries. It is used because, for stocks that do not have any liquidity, this reflects the value of the initial balance, with the best information known up to that moment.

FINANCIAL LIABILITIES WHOSE FAIR VALUE APPROXIMATES THE BOOK VALUE

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

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

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

The following is a breakdown of financial assets and liabilities that Grupo SURA possesses at December 31, 2018 and December 2017.

7.1. Financial assets

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

	Note	2018	2017
Cash and cash equivalents	6	9,241	67,796
Investments	7.1.3	13,717	17,664
Trade and other accounts receivable	7.1.1	9,831	19,824
Accounts receivable from related parties and current associates	7.1.2	101,569	39,450
Other financial assets	8	144,379	76,674
		278,737	221,408

The breakdown of current and non-current financial assets, by type of financial assets, is as follows:

December 2018					
Current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
		Income	Equity		
Cash and cash equivalents	-	-	-	9,241	9,241
Accounts receivable	9,831	-	-	-	9,831
Accounts receivable, related parties	101,569	-	-	-	101,569
Derivatives	-	9,403	-	-	9,403
Total	**111,400**	**9,403**	**-**	**9,241**	**130,044**

Non-current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
		Income	Equity		
Investments	-	-	13,717	-	13,717
Derivatives	-	134,976	-	-	134,976
Total	**-**	**134,976**	**13,717**	**-**	**148,693**
Financial assets	**111,400**	**144,379**	**13,717**	**9,241**	**278,737**

December 2017					
Current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
		Income	Equity		
Cash and cash equivalents	-	-	-	67,796	67,796
Accounts receivable	19,824	-	-	-	19,824
Accounts receivable, related parties	39,450	-	-	-	39,450
Derivatives	-	16,408	-	-	16,408
Total	**59,274**	**16,408**	**-**	**67,796**	**143,478**

Non-current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
		Income	Equity		
Investments	-	-	17,664	-	17,664
Derivatives	-	60,266	-	-	60,266
Total	**-**	**60,266**	**17,664**	**-**	**77,930**
Financial assets	**59,274**	**76,674**	**17,664**	**67,796**	**221,408**

Maturity of financial assets

The maturities of the financial assets, are as follows:

December 2018	Less than1 year	Between 1 and 3 years	More than 5 years	Total
Cash	9,241	-	-	9,241
Investments	-	-	13,717	13,717
Accounts receivable	9,831	-	-	9,831
Accounts receivable, related parties	101,569	-	-	101,569
Other financial assets (Derivatives)	9,403	134,976	-	144,379
Total	**130,044**	**134,976**	**13,717**	**278,737**

December 2017	Less than1 year	Between 1 and 3 years	More than 5 years	Total
Cash	67,796	-	-	67,796
Investments	19,824	-	-	19,824
Accounts receivable	39,450	-	-	39,450
Accounts receivable, related parties	-	-	17,664	17,664
Other financial assets (Derivatives)	16,409	60,265	-	76,674
Total	**143,479**	**60,265**	**17,664**	**221,408**

Hierarchy of fair value

The classification of financial assets measured at fair value, according to the fair value hierarchy, is as follows:

December 2018	Level 1	Level 2	Total
Investments	13,717	-	13,717
Other financial assets	-	144,379	144,379
Total	**13,717**	**144,379**	**158,096**

December 2017	Level 1	Level 2	Total
Investments	17,664	-	17,664
Other financial assets	-	76,674	76,674
Total	**17,664**	**76,674**	**94,338**

Movement of financial assets

	Financial assets at amortized cost	Financial assets at fair value		Cash and cash equivalents	Total
		Income	Equity		
At December 31, 2016	**100,666**	**123,526**	**23,091**	**451,443**	**698,726**
Additions	886,908	-	-	1,175,282	2,062,190
Valuation of financial assets Expiration of financial assets	(49)	1,731	(5,427)	-	(3,745)
Valuation of financial assets Expiration of financial assets	-	(48,583)	-	-	(48,583)
Derecognition	(928,251)	-	-	(1,558,929)	(2,487,180)
At December 31, 2017	**59,274**	**76,674**	**17,664**	**67,796**	**221,408**
Additions	777,505	-	-	181,482	958,987
Valuation of financial assets Expiration of financial assets	-	(69,876)	-	-	(69,876)

Valuation of financial assets	158	98,700	(3,947)	-	94,911
Expiration of financial assets					
Derecognition	-	38,881	-	-	38,881
Additions	(725,537)	-	-	(240,037)	(965,574)
At December 31, 2018	**111,400**	**144,379**	**13,717**	**9,241**	**278,737**

7.1.1. Trade and other accounts receivable

The following is a breakdown of trade and other accounts receivable:

7.1.2. Accounts receivable, related parties

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

	December 2018	December 2017
Bancolombia S.A.	59,812	-
Inversiones Argos S.A.	18,802	17,789
Grupo Nutresa S.A.	22,912	21,601
Total dividends receivable, associates	**101,526**	**39,390**
Grupo SURA Finance S.A.[1]	-	60
Total deposits for share acquisition	**-**	**60**
Seguros de Vida Suramericana S.A.	11	-
Seguros de Riesgos Laborales S.A.	22	-
Suramericana S.A.	10	-
Total transferred to companies	**43**	**-**
Total accounts receivable from related parties and current associates	**101,569**	**39,450**

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

7.1.3. INVESTMENTS

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

	December 2018			December 2017		
	# Shares	% Part.	Fair value	# Shares	% Part.	Fair value
Enka S.A.	1,973,612,701	16.76%	13,717	1,973,612,701	16.76%	17,664

7.2. FINANCIAL LIABILITIES

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

	Note	December 2018	December 2017
Securities issued	15	4,549,684	1,779,793
Other financial liabilities	7.3.1.	1,004,140	1,216,979
Accounts payable of related parties	27	116,291	1,664,427
Trade and other accounts payable	7.3.2.	4,294	14,687
Total		**5,674,409**	**4,675,886**

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

December 2018				
Current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Leases**	**Total**
Leases	-	-	1,674	1,674
Derivatives	-	4,714	-	4,714
Accounts payable	4,294	-	-	4,294
Accounts payable, related parties	116,291	-	-	116,291
Other financial liabilities	14,986	4,264	-	19,250
Shares issued	104,278	-	-	104,278
Total	**239,849**	**8,978**	**1,674**	**250,501**
Non-current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Leases**	**Total**
Leases	-	-	12,542	12,542
Derivatives	-	82,075	-	82,075
Other financial liabilities	883,885	-	-	883,885
Securities issued	4,445,406	-	-	4,445,406
Total	**5,329,291**	**82,075**	**12,542**	**5,423,908**
Financial liabilities	**5,569,140**	**91,053**	**14,216**	**5,674,409**

December 2017				
Current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Leases**	**Total**
Leases	-	-	3,990	3,990
Derivatives	-	687	-	687
Accounts payable	14,687	-	-	14,687
Accounts payable, related parties	1,664,427	-	-	1,664,427
Other financial liabilities	298,974	-	-	298,974
Total	**1,978,088**	**687**	**3,990**	**1,982,765**
Non-current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Leases**	**Total**
Leases	-	-	10,780	10,780
Derivatives	-	118,143	-	118,143
Other financial liabilities	715,444	68,961	-	784,405
Securities issued	1,779,793	-	-	1,779,793
Total	**2,495,237**	**187,104**	**10,780**	**2,693,121**
Financial liabilities	**4,473,325**	**187,791**	**14,770**	**4,675,886**

Maturity of financial liabilities

The maturities of the **financial liabilities, are as follows**:

December 2018	Less than 1 year	Between 1and 3 years	Between 3 y 5 years	More de 5 years	Total
Leases	1,674	4,428	2,439	5,675	14,216
Derivatives	4,714	31,648	50,427	-	86,789
Financial obligations	19,250	145,395	738,490	-	903,135
Other financial liabilities	**25,638**	**181,471**	**791,356**	**5,675**	**1,004,140**

Accounts payable	4,294	-	-	-	4,294
Accounts payable related parties	116,291	-	-	-	116,291
Securities issued	104,278	1,273,588	391,168	2,780,650	4,549,684
Total	**250,501**	**1,455,059**	**1,182,524**	**2,786,325**	**5,674,409**

December 2017	Less than 1 year	Between 1and 3 years	Between 3 y 5 years	More de 5 years	Total
Leases	3,990	-	10,780	-	14,770
Derivatives	688	21,298	96,845	-	118,831
Financial obligations	367,934	715,444	-	-	1,083,378
Other financial liabilities	**372,612**	**736,742**	**107,625**	**-**	**1,216,979**
Accounts payable	14,687	-	-	-	14,687
Accounts payable related parties	1,664,427	-	-	-	1,664,427
Bonds and securities	-	399,512	1,380,281	-	1,779,793
Total	**2,051,726**	**1,136,254**	**1,487,906**	**-**	**4,675,886**

Movement of financial liabilities

	Financial liabilities at amortized cost	Financial liabilities at fair value with changes in profit and loss	Leases	Total
At December 31, 2016	**3,998,146**	**48,690**	**15,286**	**4,062,122**
Additions	2,638,351	11,892	-	2,650,243
Valuation of financial liabilities	239,867	50,347	946	291,160
Derecognition	(2,403,039)	76,861	(1,461)	(2,327,639)
At December 31, 2017	**4,473,325**	**187,790**	**14,771**	**4,675,886**
Additions	3,991,024	518,227	-	4,509,251
Purchases/Sales	-	(100,356)	-	(100,356)
Valuation of financial liabilities	255,280	15,254	1,096	271,630
Derecognition	(3,499,701)	(529,862)	(1,651)	(4,031,214)
Exchange differences	349,212	-	-	349,212
At December 31, 2018	**5,569,140**	**91,053**	**14,216**	**5,674,409**

7.2.1. Other financial liabilities

Corresponds to short and long-term financial obligations, options and swaps, which are detailed herewith, for the periods ended December 31, 2018 and 2017:
A breakdown of other financial liabilities is as follows:

Entity	Rate	Term (days)	Currency of credit	2018	2017
Bancolombia S.A.	IBR + 2.05%	2,023	COP	477,547	-
Bancolombia S.A.	5.36%	2,020	COP	145,395	-
IBM	Libor + 0.62%	2,022	USD	260,943	-
Bancolombia Panamá	3.22%	2,019	USD	14,986	-
BBVA España	Libor + 1.25% /1.5%	1,006	USD	-	298,974
Banco de Bogotá S.A.	IBR+2.40%	730	COP	-	287,705
Bancolombia S.A.	IBR + 2.18%	1,080	COP	-	200,343
Bancolombia S.A.	IBR + 2.24%	1,080	COP	-	227,396

Subtotal financial obligations			**898,871**	**1,014,418**
Repo operations	2,019	COP	4,264	68,960
Financial Leasing (Leases)	5,478	COP	14,216	14,770
Subtotal other financial liabilities			**917,351**	**1,098,148**
Derivatives (Note 8)			86,789	118,831
Total other financial liabilities			**1,004,140**	**1,216,979**

7.2.2. Accounts payable to related entities

Corresponds to the payment of short-term dividends for shares decreed at the Shareholders' Meeting held on March 31, 2018 and accounts payable to subsidiaries:

	December 2018	December 2017
Ordinary shares	62,414	1,343
Preference shares	14,689	7
Others	(222)	-
	76,881	**1,350**
Accounts payable to subsidiaries (See Note 17)	39,410	1,663,077
Total accounts payable to related parties	**116,291**	**1,664,427**

7.2.3. Trade accounts payable and other accounts payable

A breakdown of commercial current accounts payable, is as follows:

	December 2018	December 2017
Suppliers	1,370	1,778
Others	1,244	11,146
Withholdings	1,015	1,514
Pension Funds	489	-
Family compensation fund, ICBF and SENA	87	75
Health promoting entities	79	-
Other associations	10	10
Employee Fund	-	100
Colpensiones	-	64
Total	**4,294**	**14,687**

NOTE 8. DERIVATIVES

8.1. Trading operations

Grupo SURA uses derivative financial instruments, such as swaps, forward 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 gain or loss arising from changes in the fair value of the derivatives is directly attributed to the results. 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.

8.2. Hedging

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 Notes 11.2 Investments in subsidiaries,15. Securities, and 19 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, the following is conserved in time:

- 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.

The following is a breakdown of the derivative instruments of Grupo SURA:

	2018			2017		
	Swaps	Options	Total	Swaps	Options	Total
	Asset					
Trade						
Interest rate	3,711	-	3,711	5,458	-	5,458
Exchange rate	-	-	-	29,071	42,145	71,216
	3,711	**-**	**3,711**	**34,529**	**42,145**	**76,674**
Hedge						
Interest rate	93,318	23,833	117,151	-	-	-

Exchange rate	23,517	-	23,517	-	-	-
	116,835	**23,833**	**140,668**	**-**	**-**	**-**
Total derivative assets	**120,546**	**23,833**	**144,379**	**34,529**	**42,145**	**76,674**
						Liability
Trade: Exchange rate	-	-	-	105,002	13,828	118,830
Hedge: Interest rate	50,427	36,363	86,790	-	-	-
Total derivative liabilities	**50,427**	**36,363**	**86,790**	**105,002**	**13,828**	**118,830**

The following represents the movements of derivatives:

	Active Position	Passive Position	Net Position
Balance at December 31, 2016	**123,526**	**48,690**	**21,507**
Additions	51,083	11,892	39,191
Payments	(27,228)	7,901	(35,129)
Assessment (*)	(70,707)	50,347	(121,054)
Balance at December 31, 2017	**76,674**	**118,830**	**(42,156)**
Additions	(69,876)	(100,356)	30,480
Payments	38,880	52,834	(13,954)
Fair value, Results	93,867	1,649	92,218
Fair value OCI	4,834	13,833	(8,999)
Balance at December 31, 2018	**144,379**	**86,790**	**57,589**

Fair Value Hierarchy

The derivatives of Grupo SURA are valued at fair value, which has a Level 2 Hierarchy. The options' values are obtained by discounting the present value, with market rates, or using Black-Scholes methodology.

NOTE 9. TAXES

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

	Note	December 2018	December 2017
Current tax asset	9.1	14.854	-
Deferred tax asset	9.2	70,462	-
Current tax liability	9.1	-	33,338
Deferred tax liability	9.2	-	39,554

9.1. Current income tax

a. Current tax recognized in the Statement of Financial Position

	December 2018	December 2017
Current income tax asset (f)	12,686	-
Asset for industry and commerce tax	2,168	
Current tax liability (f)	-	22,348
Liability for industry and commerce tax		10,984

b. Tax, recognized in profit and loss, for the period

	December 2018	December 2017
Current tax expense	**(13,517)**	**(7,637)**
Income tax expense	(26,744)	(52,390)
Current income tax from previous periods	13,227	44,753
Income from deferred tax	**107,508**	**26,131**
Constitution/reversal of temporary differences	109,405	30,727
Adjusted income from deferred tax	4,985	-
Exchange rate impacts	(6,882)	(4,596)
Income from income tax	**93,991**	**18,494**

c. Reconciliation of the effective tax rate

The reconciliation of the effective tax rate, of the Group, applicable for the years ended December 31th of 2018 and 2017, respectively, is as follows:

	December 2018		December 2017	
	Rate	Balance	Rate	Balance
Profit before tax		**554,604**		**736,592**
Tax on income by applying the local tax rate	37%	(205,204)	40%	(294,637)
Tax effect of:		**-**		**-**
Non-deductible expenses	18%	(98,563)	13%	(98,836)
Taxable derivatives	4%	(20,700)	6%	(44,033)
Hedges	2%	(11,606)	0%	-
Tax loss	0%	-	12%	(86,314)
Exempt income	-4%	19,592	0%	-
Untaxed dividends	-27%	150,379	-29%	210,672
Equity method of subsidiaries	-47%	258,614	-40%	291,485
Tax discounts	0%	1,375	0%	-
Others	0%	103	-5%	40,157
Tax on income by applying the local tax rate	**-17%**	**93,991**	**-3%**	**18,494**
Tax effect of:				
Non-deductible expenses				

The effective tax rate for the company was (17%) for the year 2018; -3% in 2017, this variation corresponds mainly to the effect of exempt income, taxable and non-taxed dividends; and to major non-applicable expenses and to the lesser effect in the recognition of the method of participation in the subsidiaries.

d. Movement of balances of profit and the taxable income

The following is the reconciliation between profit and taxable income, for the years ended December 31st :

Income and taxable income:	2018 Profit	2017 Taxable income
Profit, before taxes	**554,604**	**736,591**
Equity-dividend method	(739,088)	(370,271)
Valuation of Derivatives	(92,218)	50,165
Differences in exchange rated, not realized	277,511	-
Interest	43.12	38,635
Others	-	829
Taxable income, before tax	**44,521**	**454,291**
Plus:	**538,737**	**384,248**
Non-deductible provisions that constitute temporary differences	4,116	3,470
Other tax revenue	-	1,184
Non-deductible taxes from vehicles	31	1,361
Dividends of permanent investments	236,830	110,083
Tax of financial movements	842	514
Other non-deductible expenses	254.601	214,129
Loss in the equity method	40,131	-
Various expenses	2,186	53,507
Less:	**454,223**	**923,401**
Payment of taxes, industry and commerce	-	4,598
Expenses incurred in hedge operations	46,997	-
Leasing operations	798	1,490
Profit from sale of investments	364	-
Non-taxed dividends and participations	406,064	917,313
Net income taxable	**129,035**	**(84,862)**
Presumptive Income	**83,658**	**134,049**
Exempted Income	**52,950**	**0**
Tax:		
Taxable income, net	76,084	134,049
Tax at nominal rate 37% -40%	28,119	53,619
Occasional income	-	(21)
Tax discounts	(1,375)	(1,250)
(-) Adjustment of previous years	13,227	44,752
Total Income Tax, net	**13,517**	**7,638**

e. Tax losses

The following is a breakdown of tax losses and excesses of presumptive income, over readjusted ordinary income:

Tax losses	December 2018	December 2017
Generated in:		
2010	2	2
2011	120,131	120,131
2015	82,832	82,832
Total	**202,965**	**202,965**
Tax surplus:		
2014	27	27
2015	11,921	11,921
2016	91,290	91,290
2017	133,633	-
Total	**236,871**	**103,238**
Total losses and excesses	**439,836**	**306,203**

At December 31, 2018, there are no deferred tax assets recognized, in relation to tax losses. We consider, that to date, there is no expectations of the recovery, or tax benefits, in future periods.

f. Current tax movement

The following is the movement that generated the income and complementary balance as of December 31, 2018 and December 2017:

Balance of income tax at December 31, 2016	55,992
Current income tax liability	24,811
Payment tax returns, 2016	(49,450)
Balance of income tax at December 31, 2017	**31,353**
Current income tax liability	26,744
Withholdings and advances	(40,976)
Payment tax returns, 2017	(29,807)
Balance of income tax at December 31, 2018	**(12,686)**

Income tax returns, for 2018 and 2017, are final, according to the general rule of 3 years. For transfer pricing declarations, the term of finality, will be 6 years.

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

9.2. Deferred tax

Movement and deferred tax balances

Net asset/liability for deferred income tax is comprised of the following items:

Deferred tax liability	December 2018	Recognized results	Other participation in equity	December 2017	Recognized results	Other participation in equity	December 2016
Forward Derivatives, Swap and options	**(19,111)**	43.54	(2,670)	**21,942**	(38,420)		**(16,478)**
Investments dividends in subsidiaries		(66,928)	-	**(66,928)**	8,514		**(58,413)**
Employee benefits- Retirement bonds and bank bonds	**9,396**	1,358	192	**10,946**	355	595	**10,706**
Financial liabilities	**84,511**	(84,979)	-	**(467)**	2,901		**2,434**
Provisions		-	-	**-**	1,343		**1,343**
Properties and equipment	**(4,334)**	(713)	-	**(5,047)**	(825)		**(5,872)**
	70,462	**(107,508)**	**(2,508)**	**(39,554)**	**(26,132)**	**595**	**(66,280)**

9.3. Tax matters in Colombia

The current tax provisions, applicable to the Company, after the amendments introduced by Law 1943 of December 2018, Ley de Financiamiento (Financing Law), stipulate that:

Income tax

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.

Tax on Dividends

With regard to profits generated as of 2019, this will apply to foreign companies, and entities, the new rate of tax on dividends will be 7.5%. On the other hand, dividends taxed at the income tax will be subject to the general rate of income tax. In this scenario, dividend tax of 7.5% will applied to the amount of the taxable distribution, once it has been reduced, with the income tax, over the general tariff.

For natural persons who are taxed as residents, in Colombia, the dividend tax will have a rate of 15%, which will fall on untaxed dividends that exceed $10,281,000, and 35% with respect to dividends distributed, as taxed.

Transfer Prices

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

To date, the preparation of the transfer pricing study, required by tax provisions, aims to demonstrate that operations with economic related parties, from abroad, were realized at market values, during 2018. For this purpose, the Company will present an informative return, and will have the aforementioned study available, by the end of July 2019. Likewise, the country-by-country report and the master report must be advanced, which contain relevant information about the multinational group.

Sales tax
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.

The simplified sales tax regime is eliminated

Other provisions

Regime Colombian Holding Companies (CHC)

A Régimen de Compañías 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 they meet the following conditions:

1. Direct or indirect participation of more than 10% of the capital of 2 or more companies, for a minimum period of 12 months and
2. Count on human and material resources to realize the activity (3 employees and their own management) .

Dividends received by the CHC, from foreign entities, will be exempt from income tax.

Controlled Foreign Corporations (“CFC”)
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.

Industry and Commerce Tax (ICA)
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 .

Wealth tax
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 proceedings
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.

NOTE 10. PROPERTIES AND EQUIPMENT

The following is a detail of the properties and equipment as of December 31st:

	December 2018	December 2017
Buildings	21,652	14,748
Transportation equipment	1,400	1,287
Office equipment	1,701	2,012
Information equipment	425	265
Constructions-in-progress	-	7,672
Total properties and equipment	**25,178**	**25,984**

The detail of the movements of ownership and equipment, of Grupo SURA, is as follows:

2018	Land	Offices and Parking	Leased buildings	Transportation equipment	Office equipment	Information equipment	Construction-in-progress	Total property and equipment
Cost at January 1, 2018	-	-	15,390	1,850	2,368	395	7,672	27,675
Additions	-	-	7,672	242	9	257	-	8,180
Provisions (-)	-	-	-	-	-	(20)	(7,672)	(7,692)
Cost in books at December 31, 2018	-	-	23,062	2,092	2,377	632	-	28,163
Accumulated depreciation and impairment								
Accumulated depreciation and impairment at January 1, 2018	-	-	(641)	(563)	(357)	(129)	-	(1,690)
Depreciation of the period	-	-	(769)	(129)	(319)	(89)	-	(1,306)
Provisions (-)		-	-	-	-	11	-	11
Accumulated depreciation and impairment at December 31, 2018	-	-	(1,410)	(692)	(676)	(207)	-	(2,985)
Property and equipment as of December 31, 2018	-	-	21,652	1,400	1,701	425	-	25,178

2017	Land	Offices and Parking	Buildings	Vehicles	Office equipment	Information equipment	Construction-in-progress	Total property and equipment
Cost at January 1, 2017	2,683	13,472	15,390	1,618	2,272	475	5,796	41,706
Additions	-	-	-	425	468	167	1,876	2,937
Provisions (-)	(2,683)	(13,472)	-	(193)	(372)	(247)	-	(16,968)
Cost in books at December 31, 2017	-	-	15,390	1,850	2,368	395	7,672	27,675
Accumulated depreciation and impairment								
Accumulated depreciation and impairment at January 1, 2017	-	(538)	-	(494)	(241)	(258)	-	(1,531)
Depreciation of the period	-	(3. 4)	(641)	(115)	(311)	(76)	-	(1,177)
Sales of property and equipment		572	-	46	195	199	-	1,012
Other changes	-	-	-	-	-	6	-	6
Accumulated depreciation and impairment at December 31, 2017	-	-	(641)	(563)	(357)	(129)	-	(1,690)
Property and equipment at December 31, 2017	-	-	14,749	1,287	2,011	266	7,672	25,984

There are no restrictions related to property 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 what might be expected, as a result of the passage of time, or its normal use.
- No significant changes, in value, are expected, 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.
- There is no evidence that the economic performance of the asset is, or will be, worse than expected.

After analyzing the signs of impairment, it was determined that there is no evidence of impairment for all elements of the property and equipment, at the date of presentation, of this report.

NOTE 11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

11.1 INVESTMENTS IN ASSOCIATES

General information on investments in associates

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

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

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

Balance of investments

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

Investment	December 2018	December 2017
Bancolombia S.A.	5,594,878	5,592,906
Grupo Argos S.A.	4,510,388	4,515,121
Grupo Nutresa S.A.	4,287,391	4,287,391
Total	**14,392,657**	**14,395,418**

Dividends received

Dividends received from the following issuers (See Note 11):

	December 2018	December 2017
Bancolombia S.A.	239,209	222,856
Grupo Argos S.A.	75,208	71,156
Grupo Nutresa S.A.	91,647	86,405
Others	-	231
	406,064	**380,648**

Financial information of associates

Herewith, is an overview of assets, liabilities, equity, and income from operations of each of the associated companies included in the Financial Statements, for the period to December 31, 2018 and December 2017 are as follows:

December 2018	Location	Current assets	Non-current assets	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	539,266	1,733,384
Grupo Nutresa S.A.	Colombia	2,821,049	10,702,648	2,042,730	3,146,236	8,334,731	9,016,066	508,756	(859,633)	(350,877)

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

The investments in associates, of Grupo SURA, listed on the Colombia Stock Exchange and with high liquidity. the market price of the shares at December 31, 2018, and December 2017, in the stock market, is as is listed below:

Associate	December2018	December 2017
Bancolombia S.A.	7,130,175	7,029,899
Grupo Argos S.A.	3,875,089	4,792,687
Grupo Nutresa S.A.	3,802,468	4,501,475

Movement of investments in associates:

	Bancolombia S.A.	Grupo Argos S.A.	Grupo Nutresa S.A.	Total
At December 31, 2016	**5,592,906**	**4,515,121**	**4,287,391**	**14,395,418**
Additions	-	-	-	-
Derecognition	-	-	-	-
At December 31, 2017	**5,592,906**	**4,515,121**	**4,287,391**	**14,395,418**
Additions1	1,972	96	-	2,068
Derecognition	-	(4,829)	-	(4,829)
At December 31, 2018	**5,594,878**	**4,510,388**	**4,287,391**	**14,392,657**

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

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

11.2. INVESTMENTS IN SUBSIDIARIES

General information on investments in subsidiaries

The following is a breakdown of the entities over which Grupo SURA possesses direct control at December 31, 2018 and December 2017:

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

Balance of investments

The detail of the balance of investments in subsidiaries by *the Equity Method* as of December 31, 2018 and December 2017, is as follows:

Company	December 2018	December 2017
SURA Asset Management S.A.	9,775,377	9,256,905
Suramericana S.A.	3,909,300	3,641,569
Inversiones y Construcciones Estratégicas S.A.S.	150,259	149,622
SURA Ventures S.A.	80,693	-
ARUS Holding S.A.S.	71,569	66,822
ARUS S.A.	3,612	3,451
Enlace Operativo S.A.	1,026	879
Total	**13,991,836**	**13,119,248**

Assets, liabilities, equity, and results of the subsidiaries
Assets, liabilities, equity, and income of each of the Company's subsidiaries, included in the Financial Statements for the period of December 31, 2018 and December 2017, are as follows:

December 2018	Asset	Liability	Equity	Income	Other comprehensive income
SURA Asset Management S.A.	25,676,479	16,546,771	9,129,708	370,319	(94,632)
Arus Holding S.A.S.	74,414	121	74,293	6,508	(1,580)
ARUS S.A.	100,046	64,329	35,716	4,652	-
Enlace Operativo S.A.	28,354	10,473	17,881	2,695	-
Inversiones y construcciones Estratégicas	155,418	5,159	150,259	1,591	(954)
Suramericana S.A.	26,632,648	21,816,831	4,815,816	524,612	(6,043)
Grupo de Inversiones Suramericana Panamá S.A.	-	-	-	-	(4,322)
Grupo SURA Finance S.A.	-	-	-	-	933
Sura Ventures S.A.	118,863	10	118,853	(8,719)	(10,723)

*Figures taken from the Consolidated Financial Statements

December 2017	Asset	Liability	Equity	Income	Other comprehensive income
SURA Asset Management S.A.	25,547,430	16,253,099	9,294,331	614,352	666,774
Arus Holding S.A.S.	69,369	4	69,366	7,768	-
ARUS S.A.	84,104	53,073	31,031	5,204	-
Enlace Operativo S.A.	20,293	4,967	15,325	3,281	-
Inversiones y construcciones Estratégicas	155,106	5,484	149,622	10,226	3,389
Suramericana S.A.	25,183,244	20,682,286	4,500,958	505,269	173,545
Grupo de Inversiones Suramericana Panamá S.A.	972,795	923,067	49,727	(25,762)	(567)
Grupo SURA Finance S.A.	2,502,571	2,531,229	(28,658)	(3,217)	107
Sura Ventures S.A.	-	-	-	-	5,837

*Figures taken from the Consolidated Financial Statements

The Equity Method of subsidiaries
The following is a breakdown of profit or (loss) from *the Equity Method,* as of December 31th of 2018 and 2017:

Subsidiary	December 2018	December 2017
Suramericana S.A.	425,613	409,920
SURA Asset Management S.A.	305,221	469,786
Arus Holding S.A.S.	6,269	7,483
Inversiones y construcciones Estratégicas S.A.S	1,591	10,226
ARUS S.A.	239	283
Enlace Operativo S.A.	155	188
Grupo SURA Finance S.A.	(2,109)	(3,217)
SURA Ventures S.A.	(12,850)	-
Grupo de Inversiones Suramericana Panamá S.A.	(25,172)	12,267
Total	**698,957**	**906,936**

Movement of investments in subsidiaries

The movement of investments in subsidiaries, is as follows:

	Asset	Liability (Note 14)	Equity	Other comprehensive income
Balance at January 1, 2017	**10,891,236**	**(266,259)**	**-**	**474,102**
Additions (1)	1,080,983	25,515	-	-
Dividends	(437,225)	(29,759)	-	-
Equity variation	686,368	59,888	-	746,256
	897,886	9,050	906,936	-
Balance at December 31, 2017	**13,119,248**	**(201,565)**	**-**	**1,220,358**
Additions (2)	867,446	-	-	-
Dividends	(479,667)	(20,000)	-	-
Equity variation	(177,600)	185,017	-	7,417
Impact from the application of new accounting norms	-	-	-	5,160
Income/expenses from the Equity Method	726,238	(27,281)	698,957	-
Merger of GIS Panamá -Finance (3)	(63,829)	63,829	-	-
Closing balance at December 31, 2018	**13,991,836**	**-**	**698,957**	**1,232,935**

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

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

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

(2) As a result of the merger, the investment of Grupo de Inversiones Suramericana Panamá, in SURA Asset Management was transferred in the amount of $824,069 and capitalizations realized to SURA Ventures, during the year, for a value of $ 43,337.

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

(3) The impact of the merger of Grupo Sura Panama and Grupo Sura Finance, in the Separate Financial Statements of Grupo SURA, corresponds to the reclassification of equity accounts, in the amount of $(63,829), and the profit for the year is $ (27,281).

NOTE 12. IMPAIRMENT OF THE VALUE OF NON-FINANCIAL ASSETS

Impairment of Investments in subsidiaries and associates

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

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

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

1. Loss on operation or negative cash flows in the current period, compared that budgeted.
2. Increases during the year in the interest rates associated with investments and debt. Information: Investments in securities with indexed rates, agreed rates of debt acquired with banks.
3. Significant changes in the technological environment, defined as the risk associated with losses arising from the technology (hardware or software) or the use thereof. Information: Significant decrease in the production associated to the technology or high exposure to the risk of hackers.
4. Significant changes in the legal environment, established as losses by sanctions or claims due to non-compliance with contractual rules or obligations.
5. Significant changes in the regulatory environment, referring to the negative implications on a company, derived from changes in the regulatory framework, where it operates. They can be: Mortality or tax tables.
6. Changes in the competitive environment. Information: How much market share is lost (measure growth and loss ratio), new competitors or aggressiveness of current and compliance in sales part commercial.
7. Significant changes in the form or extent to which the cash-generating unit (CGU) is used or expected to be used.
8. Significant reduction in the use of installed capacity.
9. Generation of new debt
10. Significant reduction or cessation, other than a mere fluctuation, of the demand or necessity of the services rendered with the asset.

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

NOTE 13. EMPLOYEE BENEFITS

The following is a breakdown of the benefits to Grupo SURA employees:

	December 2018	December 2017
Short-term	5,979	7,595
Long-term	1,365	3,061
Post-Employment	13,354	22,713
	20,698	**33,369**

13.1. Short-term benefits

Among the short-term benefits of Grupo SURA are the following:

A) Social security and mandatory benefits: accrued monthly, according to the legal regulations of each country. Payments are made in accordance with the requirements of the law.

b) The short-term Incentive Performance Bonus (IPB): Accrued monthly, based on an estimate of compliance percentage, paid in the month of March, of each year, and entitled by, within other considerations, all officials who have met objectives fixed previously, and to the extent that corporate objectives of timely communication, are met.

c) Other benefits: correspond to benefits such as vacation bonuses, extralegal service premiums, and Christmas bonuses, which are charged to expenses, to the extent that the service or benefit is provided.

The detail of the short-term benefits is as follows:

	December 2018	December 2017
Severance	150	124
Interest on severance	17	14
Vacations	538	504
Extralegal premiums	312	357
Bonuses (current)	4,962	6,596
	5,979	**7,595**

13.2. Long term benefits

13.2.1. A breakdown of long-term benefits

The following describes the long-term benefits that Grupo SURA presents:

Seniority premium

This benefit is paid to the employee, every five years, and in ranges from 18 to 44 days, of salary, according to time worked.

Years of service	Salary Days
5	18
10	29
15	34
20 and more	44

Performance bonus

The performance compensation system is an acknowledgment of the effort of all employees in achieving the Company's objectives and continuing to generate value. This system is framed within a regulation whose content is as follows:

General conditions: general policies, definition of levels, management procedures, and governance.

Measurement system - performance indicators: It is essential to define an adequate scheme of performance indicators, so that they are clear, measurable, and achievable.

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 measurement period, evaluation scheme, monitoring, adjustments, and definitions 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.

The long-term benefits are detailed below

	December 2018	December 2017
Seniority premiums	175	132
Bank of bonds	1,190	2,929
	1,365	**3,061**

13.2.2. Reconciliation of long-term benefits

The movement of benefits to employees is as follows:

	Bank of bonds	Seniority premium	Total
Initial balance January 1, 2017	**3,478**	**50**	**3,528**
New measurements	749	92	841
Financial assumptions	198	5	203
Payments effectuated by the plan	(1,496)	(15)	(1,511)
Present value of obligations at December 31, 2017	**2,929**	**132**	**3,061**
New measurements	494	49	539
Financial assumptions	125	9	134
Payments effectuated by the plan	(2,358)	(11)	(2,369)
Present value of obligations at December 31, 2018	**1,190**	**175**	**1,365**

13.2.3. Main assumptions used in the actuarial calculation

The principal actuarial assumptions, used to determine the obligations for defined long-term benefits, are as follows:

	Bond Bank		Seniority premiums	
	2018	**2017**	**2018**	**2017**
Discount rate (%)	5.75%	3.06%	2.68%	3.06%
Annual salary increase rate (%)	N / A	N / A	2018: 5.0%	2018: 5.5% 2019 to 2021: 5.0% 2022 et Seq.: 4.50%
Annual inflation rate (%) LP	2018: 3.5% 2019 et Seq.: 3.0%	2017: 4.0% 2018 to 2020: 3.50% 2021 et Seq.: 3.0%	2018: 3.50%	2017: 4.0% 2018 to 2020: 3.50% 2021 et Seq.: 3.0%

13.2.4. Sensitivity analysis

Sensitivity analysis (2018 and 2017) of 0.50% in the discount rate, inflation rate and salary increase:

2018

	Bond Bank		Seniority premium			
	Discount rate		Discount rate		Salary increase	
	Increase + 0.50%	Discount -0.50%	Increase + 0.5%	Discount - 0.5%	Increase + 0.5%	Discount - 0.5%
Current value of the obligation	1,187	1,193	169	181	181	169
Variation due to sensitivity in the variables	3	(3)	6	(6)	(6)	6

2017

	Bank of bonds		Seniority premium			
	Discount rate		Discount rate		Salary increase	
	Increase + 0.50%	Discount -0.50%	Increase + 0.5%	Discount - 0.5%	Increase + 0.5%	Discount - 0.5%
Current value of the obligation	2,924	2,934	127	137	137	127
Variation due to sensitivity in the variables	(5)	5	(5)	5	5	(5)

13.3. Post-employment benefits

13.3.1. Reconciliation of post-employment benefit

The post-employment benefit corresponds to the pension retirement bonus of the Directors of Grupo SURA.

The movement of benefits to employees is as follows:

Present value of obligations at January 1, 2017	Retirement benefits 24,368	Retirement pension 49	Total 24,417
Cost of present service	750	4	754
Income or (expenses) from interest	1,399	2	1,401
Actuarial gains or losses due to changes in: Financial assumptions	(16)	16	-
Actuarial gains or losses due to changes in: Actuarial assumptions	1,803	-	1,803
Payments effectuated by the plan	(4,221)	-	(4,221)
Other changes	61	-	61
Present value of obligations at December 31, 2017	**24,144**	**71**	**24,215**
Cost of the present service	772	7	779
Income or (expenses) by interest	1,330	5	1,335
Actuarial gains or losses due to changes in: Financial assumptions	-	17	17
Actuarial gains or losses due to changes in: Actuarial assumptions	(344)	-	(344)
Present value of obligations at December 31, 2018	**25,901**	**100**	**26,001**

	December 2018	December 2017
Passive balance	26,001	24,215
Assets of the plan	(12,647)	(1,502)
Net Liabilities	**13,354**	**22,713**

The main actuarial assumptions, used to determine the obligations, for the defined benefit plans, are as follows:

	2018	2017
Discount rate (%)	5.89%	5.51%
Annual salary increase rate (%)	4.69%	5.09%
Annual inflation rate (%)	3.20%	3.50%

For the post-employment benefit passive discount, the zero-coupon rate of Colombian bonds is taken into account.

13.3.2. Sensitivity analysis

The following tables show the effects of variation of the inflation rate and of the discount rate:

Retirement bonus

2018

Discount rate	Current value of benefits	% Variation	Cost of the current service
Current study	25,901		772
1% increase in the discount rate	25,857	-0.17%	770
1% reduction in the discount rate	25,946	0.17%	774

Rate of inflation	Current value of benefits	% Variation	Cost of the current service
Current study	25,901		772
1% increase in the inflation rate	25,918	0.06%	773
1% decrease in the inflation rate	25,885	-0.06%	771

2017

Discount rate	Current value of benefits	% Variation	Cost of the current service
Current study	24,215		754
Increase in the discount rate	24,090	-0.22	751
Decrease in the discount rate	24,197	0.22	756

Rate of inflation	Current value of benefits	% Variation	Cost of the current service
Current study	24,215		754
Increase in the CPI	24,170	0.11	755
Decrease in the CPI	24,117	-0.11	752

Retirement pension

2018

Discount rate		Growth Benefit	
Increase + 0.5%	Discount -0.5%	Increase + 0.5%	Discount -0.5%
95	104	104	95
4	(4)	(4)	4

2017

Discount rate		Growth Benefit	
Increase + 0.5%	Discount -0.5%	Increase + 0.5%	Discount -0.5%
69	75	75	69
(3)	3	3	(3)

13.3 Projected liability flow

2018

The weighted average of the duration of the obligation of the retirement bond is 2,030 years. The profile of the maturity of the defined benefits determined according to the payment schedule is as follows:

Year	Value of the expected profit caused in the year (current pesos)	Present value of expected profit in the year
2019	24,486	23,124
2035	17,429	6,588

2017

The weighted average of the duration of the obligation, of the retirement bond, is 2.030 years. The profile of the maturities, of the defined benefits is determined according to the payment schedule as follows:

Year	Value of the expected profit that is caused in the year (current pesos)	Present value of expected profit in the year
2019	24,319	21,844
2035	18,574	7,073

13.4. Employee benefits expenses

Below are the expenses for employee benefits, for 2018 and 2017:

	December 2018	December 2017
Comprehensive salary	(11,593)	(10,197)
Retirement bonus	(2,102)	(2,194)
Salaries	(1,851)	(1,625)
Contributions for pensions	(1,334)	(710)
Extralegal bonus	(1,195)	(1,316)
Bonuses	(1,090)	(6,399)
Vacations	(1,048)	(750)
Family compensation fund contributions, ICBF and SENA	(900)	(767)
Bond banks	895	-
Contributions for health	(476)	(377)
Staff training	(451)	(637)
Severance	(180)	(154)
Legal premiums	(176)	(154)
Other benefits to employees (*)	(141)	(223)
Insurance	(139)	-
Extra hours	(70)	(74)
Retirement pensions	(28)	(22)
Interest on severance	(19)	(16)
Disabilities	(19)	(21)
Indemnities	(7)	(35)
	(23,714)	**(25,671)**

(*) Corresponds to post-employment benefits of defined contribution plans.

NOTE 14. PROVISIONS

Provisions for contingencies

The following is a summary of provisions:

Comp	December 2018	December 2017
Grupo de Inversiones Suramericana Panamá [1]	-	172,907
Grupo SURA Finance [1]	-	28,658
Subtotal others	-	201,565
Dirección Nacional de Impuesto y Aduanas [2]	3,470	3,470
Total	3,470	205,035

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

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

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

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

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

NOTE 15. SECURITIES ISSUED

The following is an overview of the securities issued:

	December 2018	December 2017
Outstanding bonds (1)	4,088,985	1,329,041
Preference shares (2)	460,699	450,752
Total	**4,549,684**	**1,779,793**

(2) Outstanding Bonds:

The following is a breakdown of bonds issued:

Date Issued	Maturity Date	Amortized cost December 2018	Amortized cost December 2017	Fair Value December 2018	Fair Value December 2017
7-May-16	7-May-20	100,689	100,651	116,768	102,881
7-May-14	7-May-19	104,278	104,346	106,897	105,475
7-May-14	7-May-23	225,381	225,327	238,476	234,022
7-May-14	7-May-24	54,627	54,431	55,992	56,508
7-May-14	7-May-30	100,825	100,809	133,296	106,678
25-Nov-09	25-Nov-29	96,256	96,281	104,784	117,657
25-Nov-09	25-Nov-49	95,138	95,289	102,490	135,781
23-Feb-17	23-Feb-22	194,615	194,515	199,336	199,402
23-Feb-17	23-Feb-24	165,787	165,936	171,565	167,735
23-Feb-17	23-Feb-29	191,200	191,456	194,207	194,972
18-May-11 (*)	18-May-21	978,285	-	1,028,386	-
29-Abr-16 (*)	29-Abr-26	1,781,904	-	1,857,840	-
	Bonds	**4,088,985**	**1,329,041**	**4,310,037**	**1,421,111**

On February 23, 2017, Grupo SURA placed in the public stock market $ 550,000, of ordinary bonds Series A5, with a rate of 7.21%, and maturity in 2022, Series C7, with a rate of CPI + 3.19% and maturity in 2029, and Series C12 with an CPI rate of + 3.58%, due in 2024.

(2) Preference shares:

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

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

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

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

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

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

Movements of the debt instruments issued, for December 31, 2018 and 2017, are as follows:

	Bonds	Preference shares	Total
At December 31, 2016	**777,968**	**208,813**	**986,781**
Additions	550,121	214,125	764,246
Caused Interest	102,008	32,134	134,142
Interest payments	(101,056)	(4,320)	(105,376)
At December 31, 2017	**1,329,041**	**450,752**	**1,779,793**
Additions (*)	2,461,912	-	2,461,912
Caused Interest	150,834	9,947	160,781
Interest payments	(163,499)	-	(163,499)
Exchange differences	310,697	-	310,697
At December 31, 2018	**4,088,985**	**460,699**	**4,549,684**

(*) The increase in securities issued, with respect to the previous year, corresponds to the recognition of the liability, as a result of the merger with Grupo SURA Finance, as of July 31, 2018. Because the Finance bonds are issued in dollars, Grupo SURA decided to apply hedge accounting, as of September 2018, impacts taken to other comprehensive income, and to the Income Statement. The coverage structure was realized with swaps and options. For further details see Notes 8. Derivatives and 11.2 Investments in subsidiaries.

NOTE 16. Equity

16.1. Issued capital

The authorized capital of the Company is constituted by 600,000,000 shares of nominal value, in the amount of $187.50 pesos, for each one. The capital subscribed, and paid, 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 of nominal value	469,037,260	469,037,260
With a preference dividend without the right to vote	112,940,288	112,940,288
Total shares	**581,977,548**	**581,977,548**
Share and paid capital (nominal value)	109,121	109,121

16.2 Share premium

The balance of the account as of December 31, 2018 and 2017 is $ 3,290,767. Includes the highest value paid, over the nominal value of the shares, and are charged, when disposing them. In 2017, the excess of the minimum dividend, proposed by the preference shares, was recorded.

16.3. Reserves

Reserves consists of the following:

	December 2018	December 2017
Legal	138,795	138,795
Occasional	5,923,603	5,469,982
Total reservations	**6,062,398**	**5,608,777**

Legal

In accordance with legal provisions, the Company must establish a legal reserve, reserving 10% of the net profits of each year, until reaching fifty percent (50%) of the subscribed capital. The reserve may be reduced to less than fifty percent (50%) of the subscribed capital, when its purpose is to financing losses, in excess of undistributed profits. The reserve cannot be used to pay dividends, nor to cover expenses, or losses, during the time the Company has undistributed profits.

Occasional

By decision of the shareholders' meeting, this reserve may be increased in excess of fifty percent (50%) of the subscribed capital, which will be available to the assembly to change its destination when it deems it appropriate.

NOTE 17. DIVIDENDS

Paid and declared

Dividends, paid and declared, at the cut-off date, are as follows:

Dividends payable at December 31, 2016	66,895
Ordinary declared	228,889
Preferential declared	51,891
Subtotal dividends declared	280,780
Payment ordinary shares	(282,301)
Payment of preference shares	(64,007)
Others	(17)
Dividends payable at December 31, 2017 (Note 7.2.2.)	1,350
Ordinary declared	242,961
Preferential declared	58,503
Subtotal dividends decreed	301,464
Payment ordinary shares	(181,890)
Payment of preference shares	(43,820)
Others	(223)
Dividends payable at December 31, 2018 (Note 7.2.2.)	76,881

After the annual closing of the 2017 Financial Statements, the Directors proposed the following distribution of retained earnings for 2017, which was paid in cash, and appropriated the non-taxable occasional reserve.

The dividend is five hundred eighteen pesos (COP $ 518) per share on 581,977,548 ordinary and preference shares, which is immediately caused to be declared, by the Shareholders' Meeting, and will be 100%, not encumbered to the shareholder, neither for income, nor as an occasional income, as established in Articles 48, 49 and 36-3, of the Tax Statute.

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

NOTE 18. OTHER COMPREHENSIVE INCOME

Other comprehensive income of Grupo SURA, is as follows:

	Note	Accumulated (equity)			Other comprehensive income	
	Note	2018	2017	2016	2018	2017
Net gains or losses from changes in the fair value of equity investments (1)	7	(10,453)	(6,506)	(1,079)	(3,947)	(5,427)
Gains (losses) from participation in subsidiaries under the equity method (2)	11	1,232,935	1,220,359	474,103	12,575	746,256
Post-employment benefits (3)	13	(1,823)	(1,975)	(766)	152	(1,209)
Flow coverage in derivative instruments (4)	8	(6,299)	-	-	(6,299)	-
Loss for difference in exchange for conversion (from merger) (5)		(10,827)	-	-	(10,827)	-
Total other comprehensive income		**1,203,533**	**1,211,878**	**472,258**	**(8,346)**	**739,620**

(1) The component of other comprehensive income, from equity investments, measured at fair value through profit or loss, represents the accumulated value of the gains or losses, from the valuation at fair value minus 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. For further details see Note 7.1. Financial assets.

(2) Corresponds to the application of the variation of the equity method of subsidiaries.

(3) The component of new measurements of defined benefit plans represents the accumulated value of actuarial gains or losses, excluding the values included in the net interest on the net defined benefit liability. The net value of the new measurements is transferred to the retained earnings and does not reclassify to the results of the period. The balance includes a variation in the benefits of 344 (see Note 13.3.1 Reconciliation of the post-employment benefit) and a tax of (192) (See Note 9.2 Deferred taxes)

(4) The component of other comprehensive income, of cash flow hedges, represents the accumulated value of the effective portion of the gains or losses, that arise from changes in the fair value, of hedged items, in a cash flow hedge. The accumulated value of the gains or losses will reclassify to the results of 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, under the heading non-financial hedge. The balance includes (8,999) of variation of the account (See Note. 8 Derivatives), and a tax of 2,700 (See Note. 9.2 Deferred taxes).

(5) Corresponds to the conversion of foreign currency, resulting from the merger of the companies, Grupo Sura Finance and Grupo de Inversiones Sura Panama. See Note. 11.2 Investments in subsidiaries.

NOTE 19. INCOME AND EXPENSES

The following is a summary of income and expenses:

	December 2018	December 2017
Income from the Equity Method (Note 11.2)	698,957	906,936
Dividends (Note11.1)	406,064	380,648
Losses from derivatives (1)	92,218	(141,676)
Other income (2)	4,443	3,717
Income from investments net	1,508	10,434
Investment income, fair value	364	1,214
Total	**1,203,554**	**1,161,273**

(1) Corresponds to the net income from valuation of swap derivatives, options, and forwards, which are detailed in Note 9 Derivatives. The following is the balance of income and the valuation expense of swaps, options, and forwards:

	December 2018	December 2017
Income from the valuation of swaps, options, and forwards	299,847	146,694
Expenses from the valuation of swaps, options, and forwards	(207,629)	(288,370)
Total	**92,218**	**(141,676)**

(2) The following is a breakdown of other income:

	December 2018	December 2017
Leverage	3,874	940
Security deposits	546	-
Recognition of work leave	23	5
Profit/loss from the sale of fixed assets	-	2,772
Total	**4,443**	**3,717**

NOTE 20. EXCHANGE DIFFERENCES

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

	December 2018	December 2017
Income from exchange differences	216,476	59,530
Expenses from exchange differences	(495,254)	(72,365)
Total	**(278,778)**	**(12,835)**

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

	December 2018	December 2017
Cash	(720)	(31,150)
Deposit of acquisition of shares	759	779
Accounts receivable	11,372	(9,623)
Financial liabilities and other obligations (1)	20,528	27,157
Suppliers	(20)	2
Shares issued	(310,697)	-
	(278,778)	**(12,835)**

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

(1) Loan granted, by the Sura Finance Group Company, on February 29, 2016, which includes a difference in exchange of COP $53,626 at December 31, 2018, in a credit of USD 540 million. Said loan generated a difference in exchange up to July 31, 2018 that realized the registration of a merger of subsidiaries Grupo de Inversiones Suramericana Panamá S.A. ("GIS Panama") and Gruposura Finance ("GS Finance"), and loans with other financial institutions, for a total exchange difference of COP $$(33,214) from 6 credits for USD 172,600 million. (For further details see Note. 11 Investment in subsidiaries.

NOTE 21. ADMINISTRATIVE EXPENSES

The administrative expenses are as follows:

	December 2018	December 2017
Surcharges and other taxes	(8,363)	(15,503)
Travel and representative expenses	(6,923)	(7,459)
Others	(6,095)	(1,134)
Contributions	(2,932)	(1,132)
Publicity	(2,086)	(1,843)
Insurance	(1,547)	(1,602)
Commissions	(924)	(873)
Maintenance and repairs	(632)	(1,112)
Utilities	(553)	(552)
Seasonal services	(459)	(348)
Leases	(378)	(316)
Legal	(343)	(871)
Electronic data processing	(184)	-
Stationary and supplies	(42)	(65)
Tax to equity	-	(1,334)
Sanctions (*)	-	(40,247)
Industry and trade	781	(8,831)
Total	**(30,680)**	**(83,222)**

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

NOTE 22. HONORARIUM EXPENSES

Honorarium expenses are as follows:

	December 2018	December 2017
Consultants and advisory	(8,472)	(7,285)
Board of Directors	(910)	(817)
Auditor	(388)	(317)
Legal consultation	(54)	(61)
Appraisals	-	(9)
Total	**(9,824)**	**(8,489)**

NOTE 23. INTEREST

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

	December 2018	December 2017
Securities issued	(150,834)	(136,798)
Bank credit	(96,281)	(155,816)
Interest paid (*)	(46,720)	(673)
Preference shares	(9,947)	-
Financial leases	(1,096)	-
Repo operations	228	-
Total	**(304,650)**	**(293,287)**

The liabilities that generate these interests are recognized at amortized cost. See Note 7.2 Financial liabilities.

(*) Correspond to the interest paid by the subsidiary Grupo Sura Finance, at the date of the merger. (See detail Note 11.2 Investments in subsidiaries)

NOTE 24. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period, attributable to shareholders, and the weighted average number of shares outstanding during, the year.

	December 2018	December 2017
Net income of the controlling company	648,593	755,085
Outstanding shares for basic earnings per share	469,037,260	469,037,260
Earnings per share (Colombian pesos)	**1,383**	**1,610**

NOTE 25. OBJECTIVES AND POLICIES IN THE MANAGEMENT OF FINANCIAL RISKS

Governance Framework of the Risk Management System

For Grupo SURA, risk management is a dynamic and interactive process that is a fundamental component of the strategy that supports the decision-making processes. Understanding risks as opportunities, setting up new businesses, exploring geographies, enhancing talent, among other aspects, are essential part for such management.

Risk management is framed within the Risk Management Framework Policy of the Grupo Empresarial SURA and the Internal Risk Management Manual. In these documents, the responsibilities of the Board of Directors, the Risk Committee, and Senior Management are established in relation to the Risk Management System, and the Grupo SURA's framework of action on this matter, is defined, in turn.

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 Conglomerado Financiero SURA, 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 Colombian Ministry of Finance, to regulate Law 1870 of 2017, and over which Grupo SURA, Suramericana, SURA Asset Management, Bancolombia, and Protección (now grouped under the concept of Conglomerado o Grupo Financiero SURA) are working, there were three:

- Decree 246 of 2018 (Application Mesh): details 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 the 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.

The following are the main risks which the Company prioritizes and focuses its management on. These are grouped in financial and operational risks.

1. Financial Risk Management

The performance of the financial markets, and the economies of the region, has an effect on the Company's results, its capital structure, and, in general, on the performance of the portfolio's investments. This is why the Company monitors its exposure to credit, market, and liquidity risks.

Particularly, 2018 was characterized as 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 had 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, lent 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 harmed markets, were the 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, as well as 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, added to this. 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 on the performance of the financial markets, in which the Grupo SURA has a presence.

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 following is a breakdown of the management, realized by the Grupo SURA, of the main financial risks:

1.1 Credit Risk Management

The management of credit risk seeks to reduce the probability of incurring losses, arising from the breach of financial obligations, contracted by third parties, with the Company. For this, there has been defined, from the management of treasury resources, guidelines that facilitate the analysis and monitoring of issuers and counterparties, ensuring that investments are always backed by issuers and/or managers with adequate credit strength.

At December 31, 2018, Grupo SURA's treasury investments are mostly concentrated in liquid collective portfolios, managed with high quality credit quality, savings accounts, and current accounts.

In the face of credit risk, in the positions of derivative instruments, the Company has, as a counterpart, both local and international banks, that have adequate credit ratings, all above investment grade. Below is a list of the counterparties and their credit ratings (on an international scale):

Bank	Qualification
Merrill Lynch International	A +
Citibank NA	A +
J.P. Morgan Chase Bank, N.A.	A +
Morgan Stanley & Co International PLC	A +
BBVA SA	A-

Other smaller assets are the Loans and Accounts Receivable, which correspond to loans to employees and other accounts with low credit risk. For the greater of the financial assets, please refer to Note 7.1 Financial Assets.

Impairment of assets and accounts receivable

The Company periodically analyzes the existence of indicators, of impairment of value and, if necessary, recognizes impairment losses in the associated account. The detail of the accounting policies, including the methods of impairment, is presented, in greater detail in Note 3.7. Policy of impairment of value of non-financial assets.

1.2 Market Risk Management

The management of this risk, focuses on monitoring changes in market prices, that may impact the Company's income or the value of its investments.

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

- The liquidity management, in the treasury, through the exposure to collective portfolios and issuers of fixed income instruments do not generate a significant market risk, due to their nature of low volatility assets.

- Financial liabilities, obtained in foreign currency, as well as those at a variable rate, which result in an exposure to exchange rate risk and interest rate.

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

In particular, the derivatives that were acquired during 2018, to cover the exposure of the exchange rate, from the financial liabilities in dollars, generated volatility, in the Company's results, due to movements in the interest rate, in pesos, and the USD against which these are valued.

For a further details of the financial debt and derivatives, refer to Note 7.1 Financial Assets and Note 7.2 Financial Liabilities.

Sensitivity analysis

The following is a sensitivity analysis that aims to measure the impact on the Company's profits before taxes, derived from movements in the exchange rate, due to exposures of the credits in dollars and derivatives.

These sensitivities are made, taking into account simulated variations of +/- 10% in the dollar peso exchange rate, compared to its closing value of 2018, and represent the amounts in which the Earnings Before Tax would vary, in case said movement occurred.

Sensitivity to exchange rate		
TRM 3,249.75	Impact on Income before 2018 taxes against variation of + 10% in the exchange rate	Impact on Income before 2018 taxes against variation of -10% in the exchange rate
Financial liabilities	(55,460)	55,460
Derivatives	22,579	(23,087)
Total	(32,881)	32,373

Sensitivity to exchange rate		
TRM 2,984	Impact on Profit, before 2017 taxes, against variation of + 10% in the exchange rate	Impact on Profit, before 2017 taxes against variation of -10% in the exchange rate
Financial liabilities	(190,976)	190,976
Derivatives	154,766	(150,146)

Total	(36,210)	40,830

Additionally, a sensitivity was made for a variation of +/- 10 PB in the interest rate in pesos and the impact that this would have on the valuation of the derivatives.

Sensitivity to interest rate		
TRM 3,249.75	Impact on Income before2018 taxes against variation of + 10PB in the interest rate	Impact on Income before 2018 taxes against variation of -10PB in the interest rate
Derivatives	2,518	(2,535)

Sensitivity to interest rate		
TRM 2,984	Impact on Profit, before 2017 taxes against variation of + 10PB in the interest rate	Impact on Profit, before 2017 taxes against variation of -10PB in the interest rate
Derivatives	2,518	(2,535)
Total	2,518	(2,535)

1.3 Liquidity Risk Management

Liquidity risk refers to the ability of the Company to generate the necessary resources to comply with the obligations acquired and the operation of its business.

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

In addition, in order to face eventual situations, the Company maintains lines of credit, available with financial entities and has treasury investments that may be sold, as a mechanism for accessing liquidity, in addition to other complementary sources of liquidity.

During 2018, with the objective of obtaining greater financial flexibility, Grupo SURA implemented a de-leveraging strategy, applying the income from available funds to debt repayment, 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.

The Company also maintains investments in assets to manage liquidity. These investments are as follows:

Maturities, associated with assets, to manage liquidity:

	December 2018	December 2017
Up to 1 month	9,241	67,796
More than 1 and 3 months	101,526	39,390
Up to 3 months	110,767	107,186
More than 5 years	13,717	17,664
Total	124,484	124,850

For more details see the Notes: 7.1 Financial Assets and 7.2 Financial Liabilities.

1. 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. In Grupo SURA, the management of these risks is focused on analyzing the exposure of the processes and projects, in order to propose strategies that mitigate their impacts.

Within 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 of this nature.

Additionally, this system has a response plan and financial and reputational crisis management process, which are fundamental to ensure the continuity of the Company's operations.

- **Reputational risk:** the perception of the various Stakeholders with which Grupo SURA is related, represents a fundamental asset for the fulfillment of strategic objectives.

  A situation of discredit, poor image, and negative publicity, among others, whether true or not, with respect to the Company, and its business practices, could cause effects on the different relationships with the Stakeholders.

  Grupo SURA has guidelines for the management of events that may cause reputational risk to escalate into a crisis. As part of the strategy to strengthen management capacities, training programs are 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 may arise.

- **Risk of Fraud and Corruption:** Regarding the prevention of fraud and corruption, the Company has provisions and guidelines to manage the events that may generate this type of risk, and to minimize the probability of occurrence, materialization, and impact thereof.

- **Risk of Money Laundering and Financing of Terrorism:** Grupo SURA has an Integral Sistema para la Prevención y Control del Lavado de Activos y de la Financiación del Terrorismo – SIPLA (Prevention and Control of Money Laundering and the Financing of Terrorism), which establishes procedures to prevent the company from being used, without their consent or knowledge, for the management or investment of monies from illicit activities. The established procedures include due diligence in the linking of suppliers, investors, among other interest groups, and periodic activities of monitoring, follow-up and checks on international restrictive lists.

- **Legal Risk - Compliance:** With respect to legal risk, Grupo SURA adopts the external and general guidelines, issued by the respective control entity, as well as those established internally, by its Board of Directors.

  The Company has a Compliance Department, whose main responsibility is the Compliance Management System, so that the acquired commitments are fulfilled within Grupo SURA.

- **Regulatory Risk:** For the Grupo SURA, regulatory risk management is strategic, considering that its main investments are in highly regulated sectors, with dynamic regulatory environments. For this reason, the possible regulatory changes, in tax matters, insurance, banking, and pension sectors, of Latin America, will continue to be monitored .

NOTE 26. 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 administration tries to maintain a balance between the highest returns that can be obtained with higher levels of credit, advantages, and security, delivered by a solid capital position.

Grupo SURA monitors capital, using an adjusted net debt and equity index. For this purpose, the adjusted net debt is defined as the total financial liabilities (financial liabilities and securities issued), which include loans that accrue interest, plus proposed dividends not accrued, minus cash and cash equivalents.

In order to comply with the financial debt indicators, established by rating agencies, to measure the degree of investment in companies, Grupo SURA seeks to keep the index below 25%. The adjusted debt-equity ratio of Grupo SURA, at December 31st was as follows:

	December 2018	December 2017
Financial liabilities (Note 7.2) (1)	5,553,824	2,996,772
Cash and cash equivalents (Note 6)	(9,241)	(67,796)
Net debt	5,544,583	2,928,976
Total assets	23,075,391	22,775,121
Adjusted debt index - equity (2)	24.03%	12.86%

(1) Includes issued securities and other financial liabilities

(2) Net debt/equity

NOTE 27. INFORMATION DISCLOSED ON RELATED PARTIES

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

The following is a breakdown of related parties, at December 31, 2018 and December 2017 of Grupo SURA:

a) Companies under direct or indirect control of Grupo SURA are included in Note 11.2 Investments in subsidiaries.

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

Company	Entity type	December 2018	December 2017	Country	Functional currency
Grupo de Inversiones Suramericana S.A.	Holding Company	Matrix			
Activos Estratégicos SURA A.M. Colombia S.A.S.	Holding Company	83.58%	83.58%	Colombia	Colombian peso
SURA Investment Management Colombia S.A.S	Holding Company	83.58%	83.58%	Colombia	Colombian peso
SURA Asset Management España S.L.	Holding Company	83.58%	83.58%	Spain	Euro
Grupo de Inversiones Suramericana Holanda B.V.	Holding Company	0.00%	83.58%	Holland	Euro
Grupo SURA Chile Holdings I B.V.	Holding Company	0.00%	83.58%	Holland	Euro
SURA Asset Management Chile S.A.	Holding Company	83.58%	83.58%	Chile	Chilean peso
SURA Data Chile S.A.	Vehicle dedicated to the provision of data processing services and leasing of computer equipment	83.58%	83.58%	Chile	Chilean peso
SURA Servicios Profesionales S.A.	Vehicle dedicated to consulting and business consult	83.58%	83.58%	Chile	Chilean peso
SUAM Finance B.V.	Holding Company of the 144A / Reg S bonds issued in April 2014	0.00%	83.58%	Curacao	Dollar
SURA Asset Management México S.A. de C.V.	Holding Company	83.58%	83.58%	Mexico	Mexican peso
Sura Art Corporation S.A. de C.V.	Company dedicated to collecting Mexican works of art	83.58%	83.58%	Mexico	Mexican peso
SURA Asset Management Perú S.A.	Holding Company	83.58%	83.58%	Peru	Suns
SURA Asset Management Uruguay Sociedad de Inversión S.A.	Holding Company	83.58%	83.58%	Uruguay	Uruguayan Peso
AFAP SURA S.A.	Company dedicated to the administration of pension savings funds	83.58%	83.58%	Uruguay	Uruguayan Peso
AFP Capital S.A.	Company dedicated to the administration of social security funds	83.33%	83.33%	Chile	Chilean peso
Afore SURA S.A. de C.V.	Company dedicated to the administration of investment companies, specialized in Retirement Funds	83.58%	83.58%	Mexico	Mexican peso
AFP Integra S.A.	Pension Funds Administrator	83.58%	83.58%	Peru	Suns
SURA Real Estate S.A.S.	Management consulting activities, real estate activities realized with owned or leased property	63.58%	58.50%	Colombia	Colombian peso
Asesores SURA S.A. de C.V.	Sale of products and provision of financial services	83.58%	83.58%	Mexico	Mexican peso
Promotora SURA AM S.A. de C.V.	Provision of marketing services, promotion, and dissemination of products of any kind	83.58%	83.58%	Mexico	Mexican peso
WM Asesores en inversiones S.A de C.V.	Management consulting services	83.58%	0.00%	Mexico	Mexican peso
Seguros de Vida SURA S.A. (Chile)	Company dedicated to realizing insurance activities, related to life	83.58%	83.58%	Chile	Chilean peso
Pensiones SURA S.A. de C.V.	Pension insurance	83.58%	83.58%	Mexico	Mexican peso
Seguros de Vida SURA México S.A. de C.V.	Life insurances	83.58%	83.58%	Mexico	Mexican peso

Company	Entity type	December 2018	December 2017	Country	Functional currency
SUAM Corredora de Seguros S.A. de C.V.	Company dedicated to all kinds of activities related to insurance and reinsurance	83.58%	83.58%	The Savior	Dollar
Disgely S.A.	Company dedicated to market merchandising, leases of goods, works, and services.	83.58%	83.58%	Uruguay	Uruguayan Peso
Corredores de Bolsa SURA S.A.	Company dedicated to the purchase and sale of securities and securities brokerage operations	83.58%	83.58%	Chile	Chilean peso
Administradora General de Fondos SURA S.A.	Company dedicated to managing mutual and investment funds	83.58%	83.58%	Chile	Chilean peso
SURA Investment Management S.A. de C.V.	Company dedicated to the operation of investment companies	83.58%	83.58%	Mexico	Mexican peso
Fondos SURA SAF S.A.C.	Company dedicated to managing mutual and investment funds	83.58%	83.58%	Peru	Suns
Sociedad Agente de Bolsa S.A.	Stock brokers	83.58%	83.58%	Peru	Suns
Corredor de Bolsa SURA S.A.	Intermediation services	83.58%	83.58%	Uruguay	Uruguayan Peso
AFISA SURA S.A.	Society dedicated to the administration of investment funds	83.58%	83.58%	Uruguay	Uruguayan Peso
SURA Asset Management Argentina S.A.	Society dedicated to financial and investment management	83.58%	83.58%	Argentina	Argentine Peso
NBM Innova, S.A. de C.V.	Provide all kinds of services for the management, promotion, dissemination and marketing of all types of goods and services.	83.58%	0.00%	Mexico	Mexican peso
SURA Seguros de Rentas Vitalicias S.A	Society engaged in insurance activities, related to annuities	83.58%	0.00%	Chile	Mexican peso
Inversura Panamá Internacional S.A.	Investor	0.00%	81.13%	Panama	Dollar
Inversiones SURA Brasil S.A.S.	Investor	0.00%	81.13%	Colombia	Colombian peso
Financia Expreso RSA S.A.	Holding mutual contracts and making investments.	81.12%	81.12%	Colombia	Colombian peso
Santa Maria del Sol S.A. (Argentina)	Investments	81.13%	81.13%	Argentina	Argentine Peso
Atlantis Sociedad Inversora S.A.	Investments	81.13%	81.13%	Argentina	Argentine Peso
Chilean Holding Suramericana SPA	Investments	81.13%	81.13%	Chile	Chilean peso
Inversiones Suramericana Chile Limitada	Investments	81.13%	81.13%	Chile	Chilean peso
Seguros Generales Suramericana S.A. (Colombia)	General securities	81.12%	81.12%	Colombia	Colombian peso
Seguros SURA S.A. (Dominican Republic)	Insurance	81.13%	81.13%	Dominican Republic	Dominican Peso
Seguros Suramericana, S.A. (Panamá)	Insurance	81.13%	81.13%	Panama	Dollar
Aseguradora Suiza Salvadoreña S.A. Asesuisa	General securities	81.13%	81.13%	The Savior	Dollar
SURA RE Ltd.	Insurance and/or reinsurance business	81.13%	81.13%	Bermuda Islands	Dollar
SURA SAC Ltd.	Insurance and/or reinsurance business	81.13%	81.13%	Bermuda Islands	Dollar
Seguros SURA S.A (Brasil)	Operation in personal and damage insurance	81.13%	81.13%	Brazil	Brazilian real
Inversiones SURA Brasil Participacoes LTDA	Investor	81.13%	0.00%	Brazil	Brazilian real
Seguros SURA S.A (Argentina)	Insurance operations in general	80.67%	80.67%	Argentina	Argentine Peso
Aseguradora de Créditos y Garantías S.A.	Insurance, coinsurance and reinsurance operations in general on all types of risks	81.12%	81.12%	Argentina	Argentine Peso
Seguros Generales Suramericana S.A (Chile)	General insurance company	81.11%	80.71%	Chile	Chilean peso
Seguros Sura, S.A de C.V. (México)	Insurance operations in general	81.13%	81.13%	Mexico	Mexican peso
Seguros SURA S.A. (Uruguay)	General securities	81.13%	81.13%	Uruguay	Uruguayan Peso
Operaciones Generales Suramericana S.A.S.	Investment in real and personal property	81.13%	81.13%	Colombia	Colombian peso
Servicios Generales Suramericana S.A. (Colombia)	Investment in personal property, especially of shares, quotas or parts of companies.	81.13%	81.13%	Colombia	Colombian peso
Consultoría en Gestión de Riesgos Suramericana S.A.S.	Provision of consulting services in comprehensive risk management	81.13%	81.13%	Colombia	Colombian peso

Company	Entity type	December 2018	December 2017	Country	Functional currency
Servicios Generales Suramericana S.A. (Panamá)	Service inspection, repair, purchase and sale of vehicles.	81.13%	81.13%	Panama	Dollar
Protección Garantizada LTDA.	Insurance placement agency.	49.74%	49.73%	Colombia	Colombian peso
EPS y Medicina Prepagada Suramericana S.A.	Organization, guarantee and provision of health services.	81.13%	81.13%	Colombia	Colombian peso
Servicios de Salud IPS Suramericana S.A.	Provision of medical, paramedical and dental services	81.13%	81.13%	Colombia	Colombian peso
Diagnóstico y Asistencia Médica S.A. Dinámica IPS	Provision of diagnostic health aids services	81.13%	81.13%	Colombia	Colombian peso
Seguros de Vida Suramericana S.A. (Colombia) [1]	Personal insurance	81.13%	81.13%	Colombia	Colombian peso
Seguros de Riesgos Laborales Suramericana S.A.[1]	Operation of the labor risks branch	81.13%	81.13%	Colombia	Colombian peso
Asesuisa Vida, S.A. Seguros de Personas	Personal insurance	81.13%	81.13%	The Savior	Dollar
Seguros de Vida Suramericana S.A (Chile)	Life insurance company	81.13%	81.13%	Chile	Chilean peso
Suramericana S.A.	Investor	81.13%	81.13%	Colombia	Colombian peso
Inversiones y Construcciones Estratégicas S.A.S.	Investor	100.00%	100.00%	Colombia	Colombian peso
Grupo de Inversiones Suramericana Panamá S.A.	Investment in negotiable papers	0.00%	100.00%	Panama	Dollar
Planeco Panamá S.A.	Acquisition and disposition of movable and immovable property	95.28%	95.28%	Panama	Dollar
SURA Ventures S.A.	Investor	100.00%	0.00%	Panama	Dollar
Grupo SURA Finance S.A.	Any lawful activity in the Cayman Islands	0.00%	100.00%	Cayman Islands	Dollar
SURA Asset Management S.A.	Investment in real and personal property	83.58%	83.58%	Colombia	Colombian peso
Hábitat Adulto Mayor S.A.	Provision of health services for the elderly.	82.66%	82.66%	Colombia	Colombian peso
Arus Holding S.A.S	Investment in real and personal property	100.00%	100.00%	Colombia	Colombian peso
Arus S.A.	Services and commercialization of products and solutions in telecommunications	100.00%	100.00%	Colombia	Colombian peso
Enlace Operativo S.A.	Information processing services under the figure of outsourcing.	100.00%	100.00%	Colombia	Colombian peso

1 On December 31, 2018, Suramericana S.A. reported on the improvement of the merger operation, realized among its subsidiaries, Seguros de Vida Suramericana S.A. and Occupational Risk Insurance Suramericana S.A., through which the former absorbed the latter.

c) Members of the Board of Directors

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

d) Directors

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

Accounts receivable of subsidiaries (Note: 7.1.1.):

	December 2018	December 2017
Seguros de Riesgos Laborales SURA S.A.	22	-
Seguros de Vida Suramericana S.A.	11	-

Suramericana S.A.	11	-
Grupo Sura Finance S.A.	-	60
	43	60

Accounts payable (Note 7.2.2.):

	December 2018	December 2017
Inversiones y Construcciones Estratégicas (1)	34,410	32,913
Interests - Inversiones y Construcciones Estratégicas (1)	5,000	3,322
Grupo Sura Finance (1)	-	1,611,360
Interests - Grupo Sura Finance (1)	-	15,482
	39,410	**1,663,077**

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

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

Non-operating income:

	December 2018	December 2017
Suramericana S.A(1)	-	890

1) Corresponds to the sale of personal property by change of venue

Non-operating expenses:

	December 2018	December 2017
Inversiones y Construcciones Estratégicas	1,780	2,024
Grupo Sura Finance(1)	-	89,229
Seguros Generales Suramericana	84	348
Seguros de Vida Suramericana	-	119
Servicios Generales Suramericana	-	50
IPS Servicios de Salud	9	3
Operaciones Generales Suramericana	13	15
	1,886	**91,788**

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

Employee benefits, Senior Management:

	December 2018	December 2017
Short-term employee benefits*	10,712	14,013
Post-employment benefits	13,354	24,215
	24,066	**38,228**

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

Other related parties:

	December 2018	December 2017
Honorariums, Members of Board of Directors	910	817

NOTE 28. EVENTS SUBSIQUENT TO THE REPORTING PERIOD

These Separate Financial Statements, for the period ended December 31, 2018, were prepared for the purposes of supervision, and authorized for issuance, by the Board of Directors of Grupo SURA, on February 28, 2019 and after that date, and to the date of publication, there were no relevant events have been presented that imply additional adjustments or disclosures to the statements.

NOTE 29. 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. Expressed in millions of pesos.

	INDEX	December 2018		December 2017		INTERPRETACION	
	Solidity	5,698,577 / 28,773,968	= 19.80%	4,987,182 / 27,762,302	= 17.96%	Creditors own 19.80% at December 2018 and 17.96% at December 2017, with the Shareholders owning the complement: 80.2% in December 2018 and 82.04% in December 2017.	Total liability / Total asset
INDEBTEDNESS	Total	5,698,577 / 28,773,968	= 19.80%	4,987,182 / 27,762,302	= 17.96%	Of each peso that the company has invested in assets, 19.80% at December 2018 and 17.96% at December 2017, has been financed by the creditors	Total Liability / Total asset
	Coverage of interest	953,243 / 304,650	= 312.90%	1,048,372 / 293,287	= 357.46%	The Company generated net income equal to 312.90% at December 2018 and 357.46% in December 2017, from interest paid.	Net profit + interest / Financial expenses
	Leverage						
	Total	5,698,577 / 23,075,391	= 24.70%	4,987,182 / 22,775,120	= 21.90%	Each peso ($1.00) of owners of the Company is committed to 24.70% to December 2018 and 21.90% to December 2017.	Total liabilities with thirds / Equity
	Financial Total	5,553,824 / 23,075,391	= 24.07%	2,996,772 / 22,775,120	= 13.16%	For each peso of equity, financial commitments are made at 24.07% at December 2018 and 13.16% at December 2017.	Total liabilities with financial entities / Equity
PERFORMANCE	Net margin of profit	648,593 / 1,203,554	= 53.89%	755,085 / 1,161,273	= 65.02%	Net profit corresponds to 53.89% of net income in December 2018 and 65.02% of net income in December 2017.	Net profit / Net income
	Return on total liabilities	648,593 / 22,426,798	= 2.89%	755,085 / 22,020,035	= 3.43%	Net results correspond to 2.89% of equity in December 2018 and 3.43% in December 2017.	Net profit / Equity - profit

Return on total assets	648,593 / 28,773,968	= 2.25%	755,085 / 27,762,302	= 2.72%	Net results with respect to total assets, correspond to 2.25% at December 2018 and 2.72% in December 2017.
					Total assets