



Q2-2019

QUARTERLY EARNINGS REPORT
GRUPO SURA

GRUPO SURA posted COP 1.5 trillion in operating earnings (+23.7%) along with a net income figure of COP 950,715 million (+37.4%) at the end of Q2-2019. An improved performance on the part of its investment portfolios along with higher revenues obtained from its associates via the equity method were key factors in achieving this level of results

August 14, 2019 Grupo de Inversiones Suramericana - Grupo SURA - has released its earnings report corresponding to the second quarter of 2019, the highlights of which are as follows:

On a consolidated level, operating revenues stood at COP 10.5 trillion for a growth of 13.3%, this driven by higher levels of investment income (+50.1%) revenues obtained from associates via the equity method (+48.0%) and higher revenues from services rendered (+21.9%). On the other hand, operating expense came to COP 9.0 trillion for a 11.7% increase, which is lower than that recorded for operating revenues. Here lower adjustments to reserves compensated for higher costs of services rendered for our Healthcare business as well as higher broker commissions and other expenses. Consequently, operating earnings came to COP 1.5 trillion, for a growth of 23.7%.

On the other hand, the Group's financial results, which includes interest and the exchange rate effect (exchange differences + appraisals of hedging derivatives) relating to its financing structure, stood at COP -334,226 million, having risen by 5.6% compared to the first half of 2018 given higher interest recorded with the new IFRS 16 coming into full force and effect this year.

All of the above produced COP 950,715 million in net income, showing a growth of 37.4%.

SURA Asset Management contributed to Grupo SURA's consolidated results with a net income figure of COP 430,372 million, showing an increase of (+48.1%). As for the Group's operating performance, it is worthwhile noting the following factors:

Net operating income (including insurance margin) came to COP 1.5 trillion for a growth of 31.6% (23.9% in local currencies), this mainly due to higher returns on the Company's legal reserves and higher revenues obtained via the equity method, all of which was further leveraged by positive levels of pension fund performance. This contrasts with a 2.5% growth in fee and commission income, which has leveled off compared to the last few quarters due to cuts in fees on some operations as reported in the first quarter of this year.

Operating expense rose by 7.2% at the end of Q2 2019, which included significant investments in projects focused on creating long term value and furthering business sustainability.

Suramericana continues to post significant growth rates with written premiums rising by 12.3% and revenues from services rendered increasing by another 21.9%. The reduction in the retained claims rate is worth noting, (this including net level reserves) as well as higher investment income that rose by 15.1%. However, in spite of this good growth dynamics, YTD net income at the end of Q2 2019 reached COP 173,771 million for a decline of 33.0%, this due to certain specific circumstances that are not comparable with 2018, such as:

- Life Insurance Segment: an increase in expense related to the latest tax reform which taxed with VAT (non-deductible) the commissions paid on sales of life insurance policies.
- Property and Casualty Insurance Segment: showing higher reinsurance costs in Chile and the inflation adjustment expense in Argentina that began to be accounted for in October 2018.
- Healthcare Segment: the current situation of the public healthcare system in Colombia produced a considerable reduction in the net earnings of the mandatory healthcare business (EPS).

Grupo SURA (Holding) contributed another COP 346,572 million (+144.0%) to the Group's consolidated net income figure. It is worth noting the increase in revenues obtained via the equity method (+42.5%), thanks to the positive levels of performance obtained by both Bancolombia and Grupo Nutresa, along with lower interest expense and the positive exchange rate effect corresponding to hedging arrangements as well as exchange differences on the Group's indebtedness.

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All figures in this report are shown in millions of Colombian pesos unless otherwise stated. Figures stated in dollars were converted to Colombian pesos using the exchange rate applicable at the end of Q2 2019 (3,205.67 COP/USD), as a restatement exercise only.

1. Grupo SURA

Grupo de Inversiones Suramericana S.A

January 1st to June 30th

April 1st to June 30th

Consolidated statement of comprehensive income

(Stated in COP millions)

	jun-19	jun-18	%Var	Q2-2019	Q2-2018	%Var
Written premiums	6,481,641	6,167,082	5.1%	3,450,486	3,238,607	6.5%
Ceded premiums	(1,149,994)	(1,028,678)	11.8%	(600,140)	(658,046)	-8.8%
Retained premiums (net)	5,331,647	5,138,404	3.8%	2,850,347	2,580,561	10.5%
Commission income	1,333,741	1,222,783	9.1%	680,240	610,066	11.5%
Revenues from services rendered	1,905,003	1,562,654	21.9%	977,566	816,401	19.7%
Dividends	3,325	3,747	-11.2%	2,380	3,072	-22.5%
Investment income	1,148,394	765,099	50.1%	563,626	458,887	22.8%
Equity method - Associates	672,702	454,397	48.0%	332,333	246,841	34.6%
Other revenues	123,602	135,772	-9.0%	60,879	75,014	-18.8%
Operating revenues	10,518,414	9,282,855	13.3%	5,467,372	4,790,841	14.1%
Total claims	(4,126,040)	(3,867,120)	6.7%	(1,898,023)	(2,023,116)	-6.2%
Reimbursed claims	965,841	888,912	8.7%	250,303	536,717	-53.4%
Retained claims	(3,160,199)	(2,978,207)	6.1%	(1,647,721)	(1,486,399)	10.9%
Adjustments to reserves	(76,459)	(195,214)	-60.8%	(116,709)	(107,246)	8.8%
Cost of services rendered	(1,846,963)	(1,454,311)	27.0%	(967,159)	(759,561)	27.3%
Administrative expense	(1,924,094)	(1,780,388)	8.1%	(1,000,336)	(898,038)	11.4%
Depreciation	(104,165)	(40,176)	159.3%	(54,555)	(20,423)	167.1%
Amortizations	(143,429)	(139,935)	2.5%	(73,003)	(68,110)	7.2%
Brokerage commissions	(1,180,806)	(1,042,555)	13.3%	(607,143)	(523,641)	15.9%
Fees	(233,008)	(192,041)	21.3%	(123,111)	(105,934)	16.2%
Other expense	(305,140)	(216,562)	40.9%	(163,696)	(122,583)	33.5%
Impairment	(8,275)	(1,525)	442.5%	(5,285)	(988)	434.7%
Operating expenses	(8,982,539)	(8,040,916)	11.7%	(4,758,717)	(4,092,924)	16.3%
Operating earnings	1,535,875	1,241,939	23.7%	708,654	697,917	1.5%
Exchange difference + Fair value on Derivatives	16,285	(26,917)		(49,306)	(40,301)	22.3%
Interest expense	(350,511)	(289,613)	21.0%	(179,749)	(142,098)	26.5%
Financial Result	(334,226)	(316,530)	5.6%	(229,056)	(182,400)	25.6%
Earnings before tax	1,201,649	925,409	29.9%	479,599	515,518	-7.0%
Income tax	(254,194)	(249,455)	1.9%	(89,887)	(141,337)	-36.4%
Net income from continuing operations	947,454	675,954	40.2%	389,712	374,181	4.2%
Net income from discontinued operations	3,261	15,960	-79.6%	730	7,579	-90.4%
Net Income	950,715	691,914	37.4%	390,442	381,760	2.3%
Earnings - parent company	846,720	594,767	42.4%	346,599	325,785	6.4%
Earnings - non-controlling interest	103,996	97,146	7.1%	43,842	55,975	-21.7%

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

At June 30th, 2019 and December 31st, 2018
(stated in million Colombian pesos)

	jun-19	dic-18	%Var
Cash and Cash Equivalents	2,451,994	1,878,040	30.6%
Investments	23,211,851	22,696,482	2.3%
Accounts receivable	6,517,634	6,649,458	-2.0%
Insurance reserves - reinsurers	3,489,998	3,562,157	-2.0%
Current tax	470,659	308,039	52.8%
Deferred tax	203,578	207,115	-1.7%
Other assets	516,769	473,497	9.1%
Investment properties	172,649	156,847	10.1%
Property, plant and equipment	1,171,396	1,235,912	-5.2%
Available-for-sale non-current assets	2,952	5,539,261	-99.9%
Right-of-use assets	667,380	0	
Goodwill	4,842,133	4,798,703	0.9%
Identified intangible assets	4,297,113	4,397,823	-2.3%
Investments in associates	19,392,993	19,170,040	1.2%
Total assets	67,409,101	71,073,373	-5.2%
Financial liabilities	1,709,334	2,141,755	-20.2%
Lease liabilities	694,031	0	
Technical reserves	22,535,875	22,199,074	1.5%
Provisions for employee benefits	465,594	539,787	-13.7%
Other provisions	244,232	249,558	-2.1%
Accounts payable	3,458,525	3,330,513	3.8%
Current tax	647,546	580,672	11.5%
Available-for-sale non-current liabilities	0	4,871,855	-100.0%
Issued securities	8,129,175	8,305,019	-2.1%
Other non-financial liabilities	552,086	594,311	-7.1%
Deferred tax	1,364,081	1,359,916	0.3%
Total liabilities	39,800,480	44,172,460	-9.9%
Equity attributable to the owners of the parent company	25,161,226	24,473,747	2.8%
Non-controlling interest	2,447,395	2,427,165	0.8%
Total equity	27,608,621	26,900,912	2.6%
Total equity and liabilities	67,409,101	71,073,373	-5.2%

Consolidated Net Income

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

- **Suramericana** contributing COP 173,771 million to Grupo SURA's net income figure, showing a drop of COP 85,521 million or 33.0% for the first half of this year. This decline was mainly due to certain non-comparable expenses, as mentioned above, that were incurred this year, the bulk of which during the second quarter.
- **SURA AM** contributed another COP 430,372 million to the Group's consolidated net income figure, for an increase of 48.1% or COP 139,792 million. This growth was mainly due to an improved performance on the part of the investment portfolios belonging to our pension fund line of business, which in turn is reflected in an increase of COP 194,917 million (+1,048%) in revenues obtained from legal reserves along with COP 57,103 million (+93.9%) in revenues obtained via the equity method.

Grupo SURA, as the parent company contributed another COP 346,572 million to the Group's consolidated net income figure for a 144.0% increase, due to:

- **Revenues obtained from associates via the equity method** (excluding Protección which is consolidated in the results posted by SURA AM) recording an increase of 42.5%, thanks to significant increases obtained by Bancolombia and Grupo Nutresa in terms of their net income for this past second quarter.
- The change in the **income tax figure as posted by Grupo SURA (holding)** is due to a drop in current tax given a lower portion of taxable dividends received along with an increase in the deferred tax provision covering hedging arrangements and the exchange difference.
- Book profit obtained from **exchange differences and appraisals of hedging derivatives** given the depreciation of the Colombian peso during the first half of this year.

Consolidated Results	Jun-19	Jun-18	%Var	\$Var	Q2-2019	Q2-2018	%Var	\$Var
Suramericana	173,771	259,292	-33.0%	(85,521)	55,463	158,702	-65.1%	(103,239)
SURA AM	430,372	290,581	48.1%	139,792	202,450	158,546	27.7%	43,904
Grupo SURA (Holding) and other:	346,572	142,041	144.0%	204,531	132,529	64,512	105.4%	68,017
Equity Method	550,121	386,026	42.5%	164,095	278,747	200,953	38.7%	77,794
Interest Expenses	(170,193)	(165,738)	2.7%	(4,455)	(86,004)	(80,187)	7.3%	(5,817)
Taxes	(6,774)	(26,840)	-74.8%	20,066	7,327	(28,250)		35,577
Administrative expenses	(37,023)	(33,823)	9.5%	(3,200)	(24,297)	(18,496)	31.4%	(5,801)
Exchange diff. + Derivatives	13,236	(28,193)		41,429	(42,086)	(15,559)	170.5%	(26,528)
ARUS + Habitat	(1,630)	(356)	357.8%	(1,274)	(369)	527		(897)
Others	(1,164)	10,965		(12,129)	(788)	5,524		(6,312)
Utilidad Neta Consolidada	950,715	691,914	37.4%	258,802	390,442	381,760	2.3%	8,682

*Revenues via equity method from Protección are reported within SURA AM's consolidated net income.

**Admin. expenses include Administrative expenses, Fees and Employee Benefits.

Revenue from Associates via Equity Method

Equity Method	Jun-19	Jun-18	%Var	Q2-2019	Q2-2018	%Var
Bancolombia	432,383	272,098	58.9%	228,693	144,596	58.2%
Grupo Argos	16,053	23,445	-31.5%	10,049	11,098	-9.5%
Grupo Nutresa	98,788	86,205	14.6%	37,445	43,701	-14.3%
AFP Protección	105,408	51,059	106.4%	43,175	37,228	16.0%
Otros	20,070	21,590	-7.0%	12,970	10,218	26.9%
Total	672,702	454,397	48.0%	332,332	246,841	34.6%

Investment in associates

Investments in associates	jun-19	dic-18	%Var
Bancolombia	8,347,164	8,214,022	1.6%
Grupo Argos	5,029,398	5,057,575	-0.6%
Grupo Nutresa	4,760,663	4,696,943	1.4%
AFP Protección	1,169,834	1,105,289	5.8%
Other	85,934	96,211	-10.7%
Total	19,392,993	19,170,040	1.2%

Financial Liabilities

Grupo SURA (Holding)	jun-19	dic-18	%Var
Grupo SURA Bonds	3,949,008	4,088,984	-3.4%
Banks and Leasing	733,786	913,087	-19.6%
Debt	4,682,794	5,002,071	-6.4%
Derivatives	135,069	91,054	48.3%
Preferred Dividends	460,538	460,699	0.0%
Total Financial Liabilities	5,278,401	5,553,824	-5.0%
Cash and Cash Equivalentes	17,874	88,459	-79.8%

SURA AM	jun-19	dic-18	%Var
Bonds	2,724,541	2,760,832	-1.3%
Banks and Leasing	444,842	638,586	-30.3%
Debt	3,169,383	3,399,418	-6.8%
Derivatives	24,270	45,824	-47.0%
Total Financial Liabilities	3,193,653	3,445,242	-7.3%

Suramericana	jun-19	dic-18	%Var
Bonds	995,088	994,503	0.1%
Banks and Leasing	345,458	326,143	5.9%
Debt	1,340,546	1,320,646	1.5%
Derivatives	973	34,598	-97.2%
Total Financial Liabilities	1,341,519	1,355,244	-1.0%

2. Suramericana

Suramericana S.A.

Statement of comprehensive income

(Valores expresados en millones de pesos colombianos)

	January 1 st to June 30 th			April 1 st to June 30 th		
	jun-19	jun-18	%Var	Q2-2019	Q2-2018	%Var
Written premiums	6,159,994	5,486,986	12.3%	3,283,214	2,896,740	13.3%
Ceded premiums	(1,129,826)	(945,976)	19.4%	(591,538)	(605,329)	-2.3%
Retained premiums (net)	5,030,168	4,541,010	10.8%	2,691,676	2,291,411	17.5%
Reserves net of production	40,083	(59,232)		(54,078)	(42,391)	27.6%
Retained earned premiums	5,070,251	4,481,778	13.1%	2,637,598	2,249,020	17.3%
Total claims	(3,711,291)	(3,356,042)	10.6%	(1,697,011)	(1,761,437)	-3.7%
Reimbursed claims	965,841	888,912	8.7%	250,303	536,717	-53.4%
Retained claims	(2,745,450)	(2,467,129)	11.3%	(1,446,708)	(1,224,720)	18.1%
Net commissions	(725,270)	(647,013)	12.1%	(377,683)	(321,605)	17.4%
Income from services rendered	1,827,972	1,499,630	21.9%	940,780	782,194	20.3%
Cost of services rendered	(1,742,373)	(1,367,928)	27.4%	(913,407)	(713,111)	28.1%
Other operating income/expense	(506,030)	(351,888)	43.8%	(268,159)	(190,847)	40.5%
Technical result	1,179,099	1,147,449	2.8%	572,422	580,932	-1.5%
Fees	(95,954)	(80,840)	18.7%	(49,529)	(44,544)	11.2%
Administrative expense	(1,266,809)	(1,144,127)	10.7%	(663,740)	(578,081)	14.8%
Amortization and depreciation	(114,342)	(79,587)	43.7%	(59,929)	(37,943)	57.9%
Impairment	(9,081)	(928)	878.6%	(5,723)	(604)	848.0%
Underwriting profit	(307,087)	(158,033)	-94.3%	(206,498)	(80,241)	-157.3%
Dividends	513	1,174	-56.3%	339	1,029	-67.1%
Investment income	592,714	515,079	15.1%	309,760	281,636	10.0%
Interest	(59,726)	(46,584)	28.2%	(30,717)	(22,683)	35.4%
Other non-operating income / expense	(2,371)	37,078		57	34,455	-99.8%
Earnings (losses) before tax	224,044	348,714	-35.8%	72,941	214,197	-65.9%
Income tax	(50,273)	(89,422)	-43.8%	(17,478)	(55,495)	-68.5%
Earnings (losses), net	173,771	259,292	-33.0%	55,463	158,702	-65.1%
Earnings (losses) - parent company	173,626	258,948	-32.9%	55,518	158,659	-65.0%
Earnings (losses) - non-controlling interest	145	343	-57.7%	(55)	43	

Statement of Comprehensive Income – Suramericana S.A.

Business dynamics continued with a positive trend in the region, with retained premiums rising by 17.5%, with most countries posting double digit growths. The countries that performed particularly well in this regard were Colombia, Chile and Mexico. Our Life Insurance subsidiary in Colombia posted a growth of 14.9%, normalized for the effects of the new premium collection strategy, after first being introduced in Q3 2018, whereby health insurance premiums are accounted monthly in line with its corresponding collection. Another contributing factor was not having taken part in the pension insurance business during a large part of last year and all of this year.

Similarly, revenues from services rendered on the part of the Colombian subsidiaries accounted for a growth of 20.3% in consolidated earnings for this segment. It is also worth noting the growth in the membership base corresponding to mandatory healthcare insurance, which at the same time benefits the service providing companies such as IPS and Dinámica.

The consolidated retained claims ratio went from 53.4% in Q2 2018 to 53.7% in Q2 2019, this mainly due to our Mexican Life Insurance subsidiary having set up claims reserves for its Group Life Insurance solution. On the other hand, the impairment to accounts receivable was largely due to longer payment periods in the case of our Panamanian subsidiary.

It is worth pointing out the higher returns obtained from the Company's investment portfolios during this past quarter, which consequently produced a 10% growth in the investment income account. The portfolio's performance in the case of the Life as well as Property & Casualty segments has been largely benefited by lower interest rates on a global level over the course of this past quarter, higher inflation in Colombia and the depreciation of the Colombian peso against the majority of Latin American currencies, which partially neutralized the negative effect of the devaluation of the Argentinian peso.

Finally, during this past quarter, the Company posted a drop of 65% in its net income due to various factors that affected the claims rates of several subsidiaries including the Mandatory Healthcare providers in Colombia and the Mexican Life Insurance Company. Consolidated earnings were also affected by having applied adjustments for inflation in the case of our Argentinian subsidiaries, which in turn were posted in our Other Non-Operating Expense account.

Statement of Financial Position - Suramericana S.A.

Suramericana S.A.'s consolidated assets came to COP 26.9 trillion, for an increase of 1.0% compared to year-end 2018. This mainly corresponded to the seasonal nature of the insurance business, with policy renewals being mainly concentrated during the last few months of the year, thereby producing an increase in assets during the first few months of the following year. Current tax shows a growth of 52.1% for this first half of the year, due to advanced payments being set up mainly relating to withholding tax due on dividend income from Suramericana S.A. and the self-withholdings paid by our subsidiaries.

With IFRS 16 coming into full force and effect this year, this establishing new principles for identifying and treating lease agreements, two new accounts have been included in the Company's balance sheet, namely Right of Use Assets and Financial Leasing Liabilities.

The investment properties showed a growth of 112.0% due to having reclassified two plots of land belonging to one of the complementary service providers in Colombia, in the amount of COP 5.437 million, that are not used for carrying out its business activities and which were formerly included in its Property, Plant and Equipment account.

Finally, Suramericana's consolidated Shareholders' Equity fell by 0.6% compared to Year-End 2018, due to having declared shareholder dividends amounting to around COP \$200 billion at the Annual Meeting of the General Assembly of Shareholders held in March, as well as the depreciation of the Argentinian and Uruguayan peso, which produced a negative effect on the Other Comprehensive Income accounts

Suramericana S.A.
Consolidated Statement of Financial Position

As of June 30th, 2019 y December 31st, 2018
(Stated in COP millions)

	jun-19	dec-18	%Var
Cash and cash equivalents	1,516,749	1,289,193	17.7%
Investments	12,646,120	12,563,733	0.7%
Accounts receivable	5,649,006	5,998,734	-5.8%
Insurance reserves - reinsurers	3,460,845	3,538,992	-2.2%
Current tax	257,759	169,456	52.1%
Deferred tax	90,292	79,727	13.3%
Other assets	66,906	107,913	-38.0%
Right of Use Assets	382,669	-	
Investment properties	11,578	5,461	112.0%
Property, plant and equipment	975,606	964,149	1.2%
Goodwill	572,121	581,096	-1.5%
Identified intangible assets	462,904	472,172	-2.0%
Investments in associates	33,775	38,271	-11.7%
Total assets	26,915,279	26,636,804	1.0%
Financial liabilities	346,430	360,740	-4.0%
Financial leasing liabilities	387,946	-	
Technical reserves	16,057,781	15,894,415	1.0%
Provisions for employee benefits	331,486	361,873	-8.4%
Other provisions	204,094	209,759	-2.7%
Accounts payable	2,655,426	2,798,279	-5.1%
Current tax	435,804	418,428	4.2%
Issued securities	995,088	994,503	0.1%
Other non-financial liabilities	486,812	526,497	-7.5%
Deferred tax	229,350	256,632	-10.6%
Total liabilities	22,130,217	21,821,127	1.4%
Total equity	4,785,062	4,815,677	-0.6%
Total equity and liabilities	26,915,279	26,636,803	1.0%

Life Insurance Segment

The Life Insurance Segment is made up of Seguros de Vida Colombia, Asesuisa Vida in El Salvador, Seguros de Vida SURA Chile and Seguros Sura Vida in México.

The merger between the Life Insurance and Workers' Compensation subsidiaries took place in the first quarter of this year, with the former now posting the results of their combined operations.

Life Segment

(Stated in COP millions)

From January 1st to June 30th

From April 1st to June 30th

	jun-19	jun-18	%Var	Q2-2019	Q2-2018	%Var
Written premiums	2,448,434	2,097,616	16.7%	1,327,131	1,091,495	21.6%
Ceded premiums	(137,912)	(74,586)	84.9%	(81,235)	(43,199)	88.0%
Retained premiums (net)	2,310,522	2,023,030	14.2%	1,245,896	1,048,296	18.8%
Net level reserves	6,294	(35,366)		(28,615)	(33,357)	-14.2%
Retained earned premiums	2,316,816	1,987,664	16.6%	1,217,280	1,014,939	19.9%
Total claims	(1,586,746)	(1,329,916)	19.3%	(863,596)	(672,139)	28.5%
Reimbursed claims	193,305	100,783	91.8%	120,430	58,226	106.8%
Retained claims	(1,393,441)	(1,229,133)	13.4%	(743,165)	(613,913)	21.1%
Net commissions	(256,032)	(180,760)	41.6%	(135,786)	(88,464)	53.5%
Income from services rendered	-	-	0.0%	-	-	0.0%
Cost of services rendered	-	-	0.0%	-	-	0.0%
Other operating income/expense	(332,163)	(268,889)	23.5%	(180,863)	(147,349)	22.7%
Technical result	335,180	308,882	8.5%	157,466	165,213	-4.7%
Fees	(40,306)	(34,220)	17.8%	(20,725)	(18,255)	13.5%
Administrative expense	(419,808)	(327,722)	28.1%	(219,448)	(171,054)	28.3%
Amortization and depreciation	(8,963)	(4,814)	86.2%	(4,381)	(2,318)	89.0%
Impairment	(2,526)	(1,270)	98.9%	(3,198)	(875)	265.4%
Underwriting profit	(136,422)	(59,144)	-130.7%	(90,286)	(27,290)	-230.8%
Dividends	434	909	-52.3%	291	790	-63.1%
Investment income	356,709	329,085	8.4%	195,287	178,633	9.3%
Interest	(1,577)	(10)		(989)	(10)	
Other non-operating income / expense	10,645	(15,484)		9,359	(11,092)	
Earnings (losses) before tax	229,789	255,356	-10.0%	113,663	141,031	-19.4%
Income tax	2,419	(1,970)		2,467	(1,025)	
Earnings (losses), net	232,208	253,386	-8.4%	116,131	140,006	-17.1%

Indicators	jun-19	jun-18	Q2-2019	Q2-2018
% Ceded	5.6%	3.6%	6.1%	4.0%
% Retained incurred claims / REP*	60.1%	61.8%	61.1%	60.5%
% Net commissions / REP*	11.1%	9.1%	11.2%	8.7%
% Administrative expense / REP*	18.1%	16.5%	18.0%	16.9%

* Measured against retained earned premiums (REP)

Statement of Financial Positions

	jun-19
Total assets	11,032,959
Total liabilities	8,800,485
Total equity	2,232,474

The Life Insurance segment shows a growth of 21.6% in written premiums thanks in part to the consolidation of Seguros de Vida SURA S.A. in Mexico in Q4 2018 after its acquisition, which contributed a total of COP 56,175 million to the consolidated production figure for the quarter. The growth in the Group Life Insurance solution is also worth noting, since upon excluding the aforementioned acquisition, this reached 24.9% for this past quarter, thanks to good levels of performance from both the bancassurance channel in Colombia and El Salvador as well as the Occupational Risk insurance product in Colombia, which continues to see its revenues and membership base rise. The Pension Insurance solution also provided a significant amount of growth thanks to new business obtained in El Salvador for the 2019 policy.

Conversely, net level reserves showed a decline of 14.2% as a result of a capital optimization initiative carried out in July 2018 with the Healthcare solution in Colombia. This consisted of matching premiums as posted on the income statement with the actual collections of such, for which the corresponding adjustments were made to both reserves and capital requirements to levels consistent with the Company's collection patterns, which in turn had a positive effect on the working capital invested in this solution.

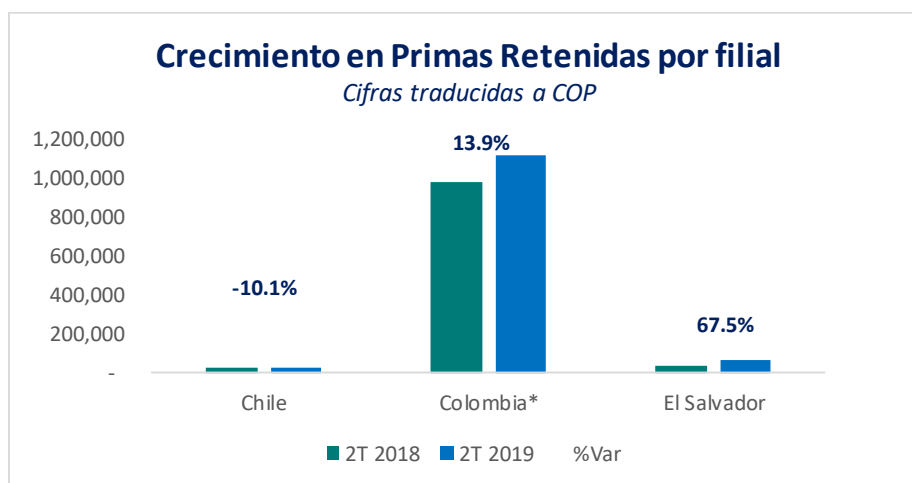
On the other hand, the 100 bp increase in the claims rate for this segment, which rose from 58.6% in 2018 to 59.6% in 2019, was mainly due to the need to set up additional claims reserves on the part of our life insurance subsidiary in Mexico, Seguros de Vida SURA México. This increase was due to having adjusted the expected claims rate for the Group Life insurance product in the case of certain clients from specific sectors such as the Government, in order to bring the Company's reserves up to appropriate levels.

The 53.5% growth in commissions for this past quarter was due to the new Financing Law that was enacted at the beginning of this year in Colombia and which introduced new VAT tax on life insurance commissions. Also, during this past quarter, there was a rise in the amount of profits shared with the Affinity channel, thanks to the growth and technical performance obtained with the life insurance solution in Colombia.

Administrative Expense posted an increase of 28.3% due to the consolidation expense incurred with our new acquisition in Mexico which came to COP 9,498 million. If we were to exclude the aforementioned item, administrative expense would have risen by 22.7%, which is in keeping with the pace of growth we are seeing with our particular lines of business.

Financial income for this segment rose by 9.3% for this past quarter. If we were to exclude the effect of having incorporated the investment portfolio belonging to the new life insurance subsidiary in Mexico, this segment's financial income would have risen by 7.8% for this past quarter, thanks to the returns on fixed income securities globally as well as the change in the stances taken by the monetary authorities in the majority of the countries within the region as well as the more developed economies.

Finally, income tax had a positive impact on overall earnings thanks to having consolidated the results of our life insurance subsidiary in Mexico. This company posted deferred tax revenues during the quarter, these corresponding to deductible fees and provisions.



Figures in COP millions

*Colombia: including the Life Insurance and Workers' Compensation subsidiaries which were merged during the first quarter of this year, and whose results were shown together for the first quarter of last year, this for comparative purposes only.

Premiums and claims by solution

		jun-19	jun-18	% Var	%Var LC	Q2-2019	Q2-2018	% Var	%Var LC
Individual Life	Written premiums	329,964	313,059	5.4%	5.2%	178,204	175,942	1.3%	1.12%
	Retained premiums	287,520	273,001	5.3%	5.2%	154,721	153,499	0.8%	0.64%
	Retained claims	91,817	86,626	6.0%	-5.9%	47,263	43,414	8.9%	8.78%
	% Retained claims rate	31.93%	31.73%			30.55%	28.28%		
Group Life	Written premiums	552,331	355,414	55.4%	54.9%	314,780	207,117	52.0%	51.53%
	Retained premiums	494,786	343,833	43.9%	43.5%	277,050	198,816	39.3%	38.98%
	Retained claims	191,418	126,781	51.0%	-50.5%	111,744	63,004	77.4%	76.82%
	% Retained claims rate	38.69%	36.87%			40.33%	31.69%		
Pension (D&S)	Written premiums	42,535	59,019	-27.9%	-28.0%	21,935	1,584	1284.7%	1267.40%
	Retained premiums	33,499	58,935	-43.2%	-43.2%	17,337	1,521	1039.9%	1030.67%
	Retained claims	60,283	94,884	-36.5%	36.5%	33,341	14,920	123.5%	123.45%
	% Retained claims rate	179.95%	161.00%			192.31%	981.01%		
Healthcare	Written premiums	567,401	561,005	1.1%	0.8%	319,054	288,176	10.7%	10.34%
	Retained premiums	553,125	551,135	0.4%	0.2%	311,204	282,979	10.0%	9.84%
	Retained claims	451,263	384,562	17.3%	-17.2%	236,389	207,462	13.9%	13.78%
	% Retained claims rate	81.58%	69.78%			75.96%	73.31%		
Workers' Comp.	Written premiums	765,041	658,221	16.2%	16.2%	398,174	339,711	17.2%	17.21%
	Retained premiums	765,041	658,221	16.2%	16.2%	398,174	339,711	17.2%	17.21%
	Retained claims	454,366	399,679	13.7%	-13.7%	233,439	210,547	10.9%	10.87%
	% Retained claims rate	59.39%	60.72%			58.63%	61.98%		
Other	Written premiums	191,163	150,898	26.7%	20.0%	94,984	78,964	20.3%	14.05%
	Retained premiums	176,550	137,906	28.0%	21.6%	87,409	71,770	21.8%	15.74%
	Retained claims	144,294	136,600	5.6%	-3.2%	80,989	74,566	8.6%	6.19%
	% Retained claims rate	81.73%	99.05%			92.66%	103.90%		
Total	Written premiums	2,448,434	2,097,616	16.7%	16.1%	1,327,131	1,091,495	21.6%	20.90%
	Retained premiums	2,310,522	2,023,030	14.2%	13.7%	1,245,896	1,048,296	18.8%	18.30%
	Retained claims	1,393,441	1,229,133	13.4%	-13.0%	743,165	613,913	21.1%	20.62%
	% Retained claims rate	60.31%	60.76%			59.65%	58.56%		

Property and Casualty Insurance Segment

This segment consists of our Property and Casualty insurance companies in Colombia, El Salvador, Panama, the Dominican Republic, Argentina, Brazil, Chile, Mexico and Uruguay.

P&C Segment (Stated in COP millions)	January 1 st to June 30 th			April 1 st to June 30 th		
	jun-19	jun-18	%Var	Q2-2019	Q2-2018	%Var
Written premiums	3,720,405	3,400,503	9.4%	1,964,089	1,814,683	8.2%
Ceded premiums	(993,249)	(875,128)	13.5%	(510,911)	(565,314)	-9.6%
Retained premiums (net)	2,727,156	2,525,375	8.0%	1,453,178	1,249,368	16.3%
Net level reserves	33,789	(23,866)		(25,463)	(9,035)	181.8%
Retained earned premiums	2,760,945	2,501,509	10.4%	1,427,715	1,240,334	15.1%
Total claims	(2,195,538)	(2,085,333)	5.3%	(870,894)	(1,121,846)	-22.4%
Reimbursed claims	773,263	792,607	-2.4%	130,042	480,870	-73.0%
Retained claims	(1,422,275)	(1,292,727)	10.0%	(740,852)	(640,977)	15.6%
Net commissions	(467,389)	(464,770)	0.6%	(240,356)	(231,889)	3.7%
Income from services rendered	-	-	0.0%	-	-	0.0%
Cost of services rendered	-	-	0.0%	-	-	0.0%
Other operating income/expense	(270,964)	(158,628)	70.8%	(135,239)	(74,692)	81.1%
Technical result	600,316	585,384	2.6%	311,267	292,776	6.3%
Fees	(46,045)	(42,597)	8.1%	(22,824)	(22,100)	3.3%
Administrative expense	(611,475)	(586,927)	4.2%	(316,963)	(291,820)	8.6%
Amortization and depreciation	(82,383)	(68,074)	21.0%	(43,130)	(32,223)	33.8%
Impairment	(7,112)	1,300		(2,105)	627	
Underwriting profit	(146,699)	(110,914)	-32.3%	(73,755)	(52,739)	-39.8%
Dividends	79	264	-70.0%	47	239	-80.2%
Investment income	224,454	171,270	31.1%	109,034	92,977	17.3%
Interest	(6,414)	(1,490)	330.4%	(3,561)	(685)	419.9%
Other non-operating income / expense	(4,328)	45,204		(6,911)	35,649	
Earnings (losses) before tax	67,092	104,334	-35.7%	24,854	75,440	-67.1%
Income tax	(24,346)	(37,223)	-34.6%	(9,492)	(33,859)	-72.0%
Earnings (losses), net	42,746	67,111	-36.3%	15,363	41,582	-63.1%
Amortization of intangibles	(38,565)	(46,503)		(19,496)	(21,780)	
Amortizations of deferred tax	10,989	13,552		5,498	6,290	
Adjusted net income	70,322	100,063	-29.7%	29,361	57,072	-48.5%

Indicators	jun-19	jun-18	2T 2019	2T 2018
% Ceded	26.70%	25.74%	26.01%	31.15%
% Retained incurred claims*	51.51%	51.68%	51.89%	51.68%
% Net commissions*	16.93%	18.58%	16.84%	18.70%
% Administrative expense*	22.15%	23.46%	22.20%	23.53%
Combined ratio	105.31%	104.43%	105.17%	104.25%

* Measured against retained earned premiums

Statement of Consolidated Position

	jun-19
Total assets	14,160,544
Total liabilities	10,801,628
Total equity	3,358,916

The Property and Casualty segment posted an increase of 6.3% in terms of its technical result for this past quarter, thanks to the dynamics of this line of business, which, in spite of the devaluation of the Argentinean peso, still managed to secure an 8.2% increase in Written Premiums. If we were to exclude the effects of the exchange rate, this segment would have recorded a growth of 12.5% for this past quarter.

El crecimiento en primas emitidas del segmento es impulsado por la solución de Incendio, que presenta un crecimiento del 36% en Chile apalancado por negocios hipotecarios y en México con un crecimiento del 45% derivado de la mejor dinámica comercial y la renovación de negocios que se encontraban en prorroga.

The growth in written premiums for this segment is spearheaded by the Fire insurance solution, which produced a 36% growth in Chile thanks to the amount of mortgage business obtained as well as a 45% growth in Mexico thanks to a better sales performance and the renewal of a certain amount of policies whose terms had been extended.

The car insurance solution also performed well on a regional level, and continues to be an important driver for the growth of this segment which stood at 7.5% for this past quarter, thanks to the Uber business in Mexico, higher sales in Panama and a 7.2% increase in Colombia given a more dynamic market demand.

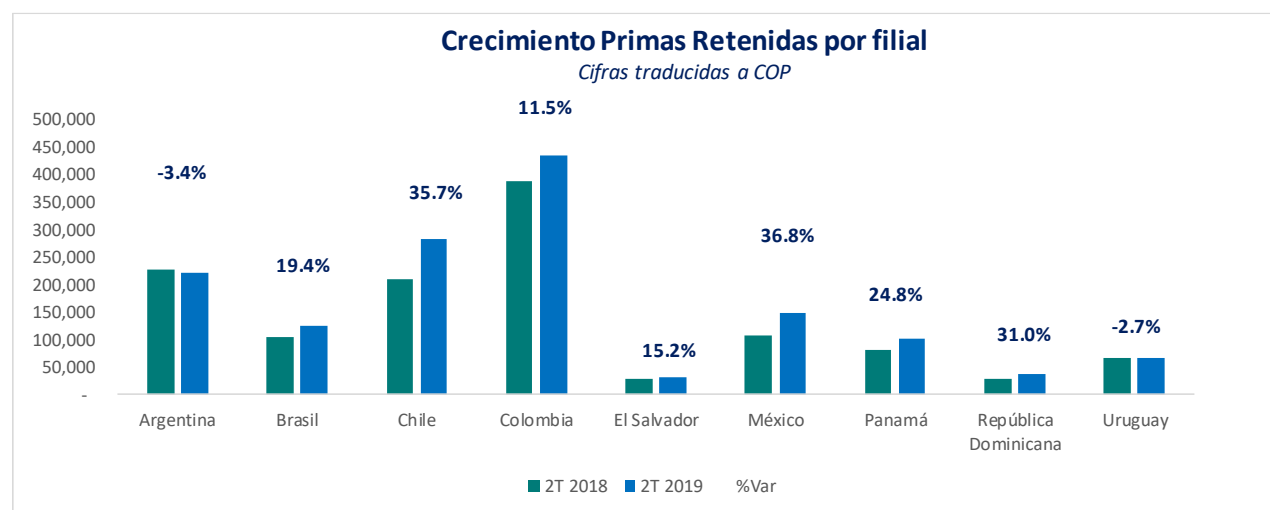
On the other hand, the claims rate showed a decline versus retained premiums, dipping to 51.0% for Q2 2019 compared to 51.3% for the same period last year. This is mainly due to the fire insurance solution given a lower frequency of high severity claims and the change in the mix of mass market products which produced a lower claims rate.

The 81.1% increase in operating expense for this past quarter was due to higher non-proportional reinsurance costs relating to the growth of the mortgage insurance business on the part of Sura Chile, and an increase in insurance management and customer care costs which are directly associated with the growth in premiums and client risk management expense.

With regard to financial income, the investment portfolios belonging to this segment performed well during this past quarter, mainly due to higher returns obtained in Colombia, Argentina and Chile. Also, worth noting are the gains obtained with fixed-income investments, given the change in the stances held by monetary authorities on a global level, particularly the more developed economies. On the other hand, higher inflation in Colombia drove up returns.

This segment includes the effects of the inflation adjustments carried out by Suramericana in the case of its Argentinian subsidiaries as of October 2018. This re-statement is shown for each of the income statement accounts. On the other hand, the adjustments made on the asset and capital accounts produced negative net impact of COP 9,921 for this past quarter which is posted in the Other Non-Operating Expense account.

Consequently, net income for this segment, after deducting amortized intangible assets recognized on prior acquisitions, dropped by 48.6% for the quarter. This was mainly due to the previously mentioned inflation adjustments.



Figures in COP millions

Premiums and claims by solution

		jun-19	jun-18	% Var	%Var LC	Q2-2019	Q2-2018	% Var	%Var LC
Car insurance	Written premiums	1,318,682	1,295,428	1.8%	9.7%	689,199	641,377	7.5%	15.71%
	Retained premiums	1,274,896	1,235,964	3.1%	11.5%	662,758	606,770	9.2%	18.08%
	Retained claims	815,180	765,610	6.5%	-16.9%	417,120	380,495	9.6%	20.32%
	% Retained claims	63.94%	61.94%			62.94%	62.71%		
Fire	Written premiums	808,898	667,827	21.1%	22.4%	433,203	387,815	11.7%	12.75%
	Retained premiums	303,732	272,069	11.6%	17.0%	191,766	139,021	37.9%	44.40%
	Retained claims	96,713	89,333	8.3%	-13.8%	45,730	49,244	-7.1%	-2.16%
	% Retained claims	31.84%	32.83%			23.85%	35.42%		
Mandatory Road Accidents	Written premiums	241,415	204,938	17.8%	17.5%	110,752	95,566	15.9%	16.06%
	Retained premiums	235,639	192,241	22.6%	22.3%	109,094	86,723	25.8%	27.13%
	Retained claims	136,061	126,950	7.2%	-7.0%	72,290	59,076	22.4%	21.07%
	% Retained claims	57.74%	66.04%			66.26%	68.12%		
Transport	Written premiums	221,695	190,895	16.1%	21.6%	107,106	93,899	14.1%	20.10%
	Retained premiums	146,897	137,705	6.7%	11.2%	77,807	68,014	14.4%	20.28%
	Retained claims	60,080	67,145	-10.5%	8.3%	28,751	34,910	-17.6%	-14.56%
	% Retained claims	40.90%	48.76%			36.95%	51.33%		
Contractual Performance	Written premiums	82,544	80,076	3.1%	17.3%	42,330	40,074	5.6%	19.56%
	Retained premiums	35,380	33,436	5.8%	21.3%	18,321	16,625	10.2%	25.58%
	Retained claims	28,896	16,919	70.8%	-90.9%	15,729	6,894	128.2%	128.17%
	% Retained claims	81.67%	50.60%			85.85%	41.47%		
Civil Liability	Written premiums	104,568	90,766	15.2%	17.3%	54,244	47,803	13.5%	16.47%
	Retained premiums	75,633	65,918	14.7%	17.3%	39,306	34,206	14.9%	18.05%
	Retained claims	36,284	34,404	5.5%	-7.4%	18,209	15,460	17.8%	10.76%
	% Retained claims	47.97%	52.19%			46.33%	45.20%		
Theft	Written premiums	87,918	88,511	-0.7%	-1.3%	46,933	54,621	-14.1%	-14.66%
	Retained premiums	77,233	80,493	-4.1%	-4.3%	40,807	48,113	-15.2%	-15.54%
	Retained claims	41,430	23,080	79.5%	-78.4%	25,864	9,327	177.3%	173.54%
	% Retained claims	53.64%	28.67%			63.38%	19.39%		
Other	Written premiums	821,266	782,062	5.0%	8.0%	454,206	453,527	0.1%	2.24%
	Retained premiums	548,431	507,547	8.1%	13.5%	290,539	249,896	16.3%	22.14%
	Retained claims	189,682	169,286	12.0%	-10.0%	105,725	85,571	23.6%	20.76%
	% Retained claims	34.59%	33.35%			36.39%	34.24%		
Adjustments for inflation	Written premiums	33,420	0	-	-	26,118	0	-	-
	Retained premiums	29,315	0	-	-	22,780	0	-	-
	Retained claims	17,949	0	-	-	11,434	0	-	-
	% Retained claims	61.23%	-			50.19%			
Total	Written premiums	3,720,405	3,400,503	9.4%	14.1%	1,964,089	1,814,682	8.2%	12.51%
	Retained premiums	2,727,156	2,525,375	8.0%	14.3%	1,453,178	1,249,368	16.3%	23.22%
	Retained claims	1,422,275	1,292,727	10.0%	-16.6%	740,853	640,977	15.6%	22.02%
	% Retained claims	52.15%	51.19%			50.98%	51.30%		

*Adjustments for inflation**: A new classification called 'Adjustments for Inflation' has been included in this report, which reflects the fact that Suramericana's Argentinian subsidiary had to restate its accounts as a result of the country's hyperinflationary economy in 2018. This restatement took place in October, according to Suramericana's accounting policy and once the Argentinian government issued the corresponding rates to be applied. The methodology employed had a direct impact on all the subsidiaries earnings, equity and non-monetary asset and liability accounts, that were adjusted based on the prevailing price indexes. Finally, the previous table shows the total effect of hyperinflation on the amount of premiums and claims recorded by the Argentinian subsidiary.

Health Care Segment

The Health Care Segment includes the health care providers, EPS Dinamica and IPS..

Health Care Segment (stated in COP millions)	January 1 st to June 30 th			April 1 st to June 30 th		
	jun-19	jun-18	%Var	Q2-2019	Q2-2018	%Var
Revenues from services rendered	2,146,720	1,750,927	22.6%	1,104,067	913,512	20.9%
Cost of services rendered	(1,932,279)	(1,517,133)	27.4%	(1,010,828)	(789,114)	28.1%
Other operating income/expense	3,902	5,494	-29.0%	1,537	3,019	-49.1%
Net commissions	(1,803)	(1,938)	-7.0%	(1,130)	(855)	32.1%
Technical result	216,540	237,350	-8.8%	93,646	126,562	-26.0%
Fees	(10,754)	(5,972)	80.1%	(6,265)	(3,865)	62.1%
Administrative expense	(202,079)	(184,384)	9.6%	(114,554)	(96,117)	19.2%
Amortization and depreciation	(19,304)	(5,594)	245.1%	(10,473)	(2,836)	269.3%
Impairment	1,567	(254)		87	70	23.4%
Underwriting profit	(14,031)	41,145		(37,559)	23,815	
Investment income	8,830	7,764	13.7%	5,022	4,079	23.1%
Interest	(7,918)	(2,059)	284.5%	(3,972)	(1,182)	235.9%
Other non-operating income / expense	4,099	3,261	25.7%	2,101	1,520	38.2%
Earnings (losses) before tax	(9,020)	50,111		(34,408)	28,232	
Income tax	(7,057)	(4,687)	50.6%	(455)	(2,084)	-78.2%
Earnings (losses), net	(16,077)	45,424		(34,863)	26,149	

Indicators	jun-19	jun-18	2T 2019	2T 2018
% Cost of services rendered	90.01%	86.65%	91.55%	86.38%
Expense ratio	9.41%	10.53%	10.38%	10.52%

Statement of financial position

	jun-19
Total assets	1,374,860
Total liabilities	1,063,799
Total equity	311,061

The Healthcare segment for the second quarter produced a loss of COP 34,863 million, given higher costs on services rendered, which accounted for 91.6% of total revenues compared to 86.4% for this same quarter last year.

Revenues from services rendered rose by 20.9% thanks to the increase in the client base for mandatory healthcare which came to 3.39 million at the end of Q2 2019, which in turn produced a 20.1% increase in revenues from the basic healthcare plan and another 61.5% for the complementary healthcare plan. Also, it is worth noting the 27.1% growth in revenues obtained by Dinamica, our Diagnostic Imaging Provider, this mainly due to having consolidated the Assets, Liabilities and Contracts that were acquired from IATM during Q4 2018.

At the same time, the cost of services rendered rose by 28.1% for the quarter, mainly in the mandatory healthcare sub-segment given higher levels of required medication, surgical procedures, diagnostic aids and high-cost disease treatments. There was also an increase in the disability claims rate, given the lower tariffs introduced by the Colombian Ministry of Health as of January 2019.

With the new IFRS 16 coming into full force and effect this year, this has produced a 269.3% increase in depreciation and amortization, with right of use asset amortizations now being recognized, these having a much greater impact on this segment given the amount of real estate property required in order to attend health care clients.

Finally, income tax declined by 78.2%, given lower earnings on the part of Dinámica and IPS

Revenues and costs from services rendered

		jun-19	jun-18	% Var	2T 2019	2T 2018	% Var
EPS (Mandatory Health Care Provider)	Revenues from services rendered	1,679,571	1,368,585	22.72%	866,717	714,744	21.26%
	Cost of services rendered	1,615,155	1,248,511	29.37%	851,398	650,829	30.82%
	% Cost / Revenues	91.56%	93.28%		98.23%	91.06%	
IPS (Mandatory Health Care Institutes)	Revenues from services rendered	300,654	255,363	17.74%	152,790	132,221	15.56%
	Cost of services rendered	209,507	178,869	17.13%	107,625	92,238	16.68%
	% Cost / Revenues	70.04%	68.61%		70.44%	69.76%	
Dinámica (Diagnostic Imaging Provider)	Revenues from services rendered	166,495	126,979	31.12%	84,560	66,528	27.10%
	Cost of services rendered	107,617	89,754	19.90%	51,804	46,047	12.50%
	% Cost / Revenues	70.67%	75.77%		61.26%	69.21%	
Total	Revenues from services rendered	2,146,720	1,750,927	22.60%	1,104,067	913,493	20.86%
	Cost of services rendered	1,932,279	1,517,133	27.36%	1,010,828	789,114	28.10%
	% Cost / Revenues	87.05%	88.32%		91.55%	86.38%	

Holding Company Segment

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

Holding Company Segment (Stated in COP millions)	January 1 st to June 30 th			April 1 st to June 30 th		
	jun-19	jun-18	%Var	Q2-2019	Q2-2018	%Var
Other operating income/expense	6,352	8,701	-27.0%	4,919	4,914	0.1%
Technical result	6,352	8,701	-27.0%	4,919	4,914	0.1%
Fees	(4,380)	(5,230)	-16.2%	(2,557)	(3,006)	-14.9%
Administrative expense	(36,277)	(36,141)	0.4%	(17,055)	(16,724)	2.0%
Amortization and depreciation	(1,519)	(387)	292.3%	(828)	(196)	321.9%
Impairment	(10)	(11)	-9.0%	(9)	(6)	39.7%
Underwriting profit	(35,834)	(33,069)	8.4%	(15,530)	(15,018)	3.4%
Dividends	0	(3,243)		0	(3,243)	
Investment income	2,575	6,034	-57.3%	361	5,388	-93.3%
Interest	(37,650)	(38,197)	-1.4%	(19,221)	(18,529)	3.7%
Other non-operating income / expense	(1,982)	(12,638)	-84.3%	1,161	(6,853)	
Earnings (losses) before tax	(72,890)	(81,113)	-10.1%	(33,228)	(38,255)	-13.1%
Income tax	(14,101)	(31,740)	-55.6%	(9,558)	(16,786)	-43.1%
Earnings (losses), net	(86,991)	(112,853)	-22.9%	(42,786)	(55,041)	-22.3%

The most representative accounts in the Holding segment are corporate office expense, interest on the bonds issued by Suramericana S.A. as well as taxes. With regard to fees and administrative expense, the drop compared to Q2 2018 was due to the payment of non-recurring items in the aforementioned period. Higher interest payments for this past quarter compared to the same period last year was due to higher inflation prevailing in Colombia so far this year which had a consequent effect on the CPI-indexed coupons for the bonds issued by Suramericana.

Non-operating income increased mainly due to the effect of fluctuating exchange rates on Suramericana S.A.'s net asset position coupled with lower depreciation recorded by our PLC subsidiary in Argentina.

Finally, the tax provision declined by 43.1% for this second quarter, given the amount of deferred tax recorded in Q2 2018.

3. SURA Asset Management

Estado de Resultados Integrales Consolidado	JUN 19	JUN 18	%Var Ex - Fx	Q2-2019	Q2-2018	%Var Ex - Fx
Fee and commission income	1,117,720	1,022,133	2.5%	573,380	508,618	2.5%
Income from legal reserve	213,511	18,595	980.6%	91,287	7,544	1003.1%
Income (expense) via equity method	117,893	60,790	93.5%	50,034	41,896	18.9%
Other operating earnings	42,921	10,847	277.3%	19,522	4,951	261.7%
Operating revenues - Pension and Fund Mgmt	1,492,046	1,112,365	26.1%	734,224	563,010	19.3%
Total insurance margin	55,057	63,179	-16.0%	19,516	28,992	-37.5%
Operating expense	(834,235)	(735,930)	7.2%	(425,888)	(369,551)	6.1%
Operating earnings	712,867	439,613	51.5%	327,852	222,451	33.9%
Financial income (expense)	(103,314)	(56,648)	70.8%	(47,320)	(25,232)	74.6%
Income (expense) - derivatives and exch. difference	14,423	24,351	-41.6%	771	6,955	-89.5%
Earnings (losses) before tax	623,976	407,317	43.5%	281,303	204,174	24.8%
Income tax	(196,865)	(134,850)	36.3%	(79,582)	(56,395)	25.9%
Net income from continuing operations for the period	427,111	272,467	47.2%	201,720	147,779	24.4%
Net income for the year from discontinued operations	(92,844)	18,564	N/A	730	10,941	-90.1%
Net income (losses) for the period	334,268	291,031	8.1%	202,450	158,720	16.7%
Amortized intangibles from acquisitions	(53,716)	(54,569)	-1.6%	(26,431)	(27,285)	-3.1%
Deferred tax from amortizations	15,213	15,091	0.8%	7,491	7,545	-0.7%
Amortized intangibles – Peru	(11,041)	(11,041)	0.0%	(5,520)	(5,520)	0.0%
Deferred tax from amortizations Peru	3,257	3,257	0.0%	1,628	1,629	0.0%
Adjusted Net Income for amortizations	364,988	322,725	13.1%	217,499	174,567	24.6%

SURA Asset Management posted an outstanding growth in earnings at the end of 1H-2019. Net income from continuing operations stood at COP 427,111 million, for a 47.2% growth. Operating income came to COP 1.49 trillion for a 26.1% year-on-year growth. SURA Asset Management continues to consolidate its leadership position in the Latin American pension industry while driving its value-added offering in the savings and investment industry. The client base continues to expand, reaching 20.2 million at the end of Q2 2019, for a growth of 1.9% compared to the same period last year. Assets under Management (AUMs) came to COP 458 trillion, for an increase of 8.8%. Operating income posted a growth of 51.5%, driven mainly by higher returns on the Company's investments.

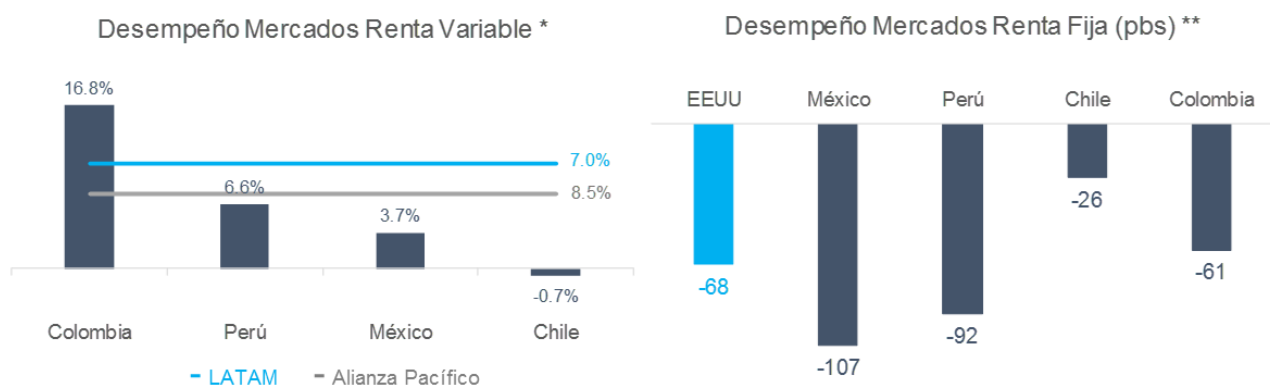
Commission income stood at COP 1.12 trillion YTD at the end of 1H-2019 for a growth of 2.5% compared to the same period last year. Commission income from the mandatory pension business rose by 1.8% thanks to average 4.3% increase in the wage base throughout the region, and a 9.9% growth in the AUMs held in Mexico (where commissions are charged based on the volume of AUMs). This increase in both the wage base and the volume of AUMs show an outstanding economic performance throughout the region particularly the bulk of the countries where SURA Asset Management is present, this in addition to sound levels of investment management and sales performance. The growth in commission income has been possible in spite of these reductions in the fees being charged in the Peruvian, Uruguayan and Mexican pension industries. These reductions were introduced by the regulatory authorities and as a result of strategic decisions being taken in the case of Peru. Commission income from the Savings & Investment (S&I) segment as well as the SURA Investment Management Unit rose by 4.6%, thanks to a 18.8% growth in the amount of AUMs held by our Savings and Investment segment and the new range of products being offered by the SURA Investment Management Unit.

Returns on the Company's legal reserves came to COP 213,511 million at the end of 1H-2019, which were 980.6% higher than those posted for the same period last year. This was mainly due to how well the financial markets have performed in this first half of the year which came in stark contrast to the low rates of return obtained for the same period last year, given the sluggish performance on the global financial markets. SURA Asset Management's investment staff have achieved outstanding results compared to the rest of the industry. With regard to the pension funds managed by our subsidiaries in Chile, Mexico and Uruguay, we obtained a positive alpha (higher returns than the rest of the industry) in all our managed fund compartments. The funds managed in Peru have not as yet obtained a 12-month moving alpha, but so far this year we have managed to close the gap produced last year.

The investment funds managed by SURA Investment Management produced an alpha for 81% of the total volume of AUMs held.

The financial markets have performed well so far this year, which has come as a stark contrast with poor performance obtained for the same period last year. Central banks in the developed economies have adopted a more expansive monetary policy this year, as they continue to encourage economic growth in the face of lower projections for global GDP. The World Bank has effectively reduced its forecast for global economic growth from 2.9% to 2.6%, given the amount of uncertainty caused by the current trade tensions between the US and China and declining confidence on the part of economic agents. The US Federal Reserve has maintained a more expansive monetary policy for the first half of this year, which culminated in the first rate cut in 11 years. The current monetary outlook coupled with rising commodity prices (oil prices increasing by 23.7% and copper prices by another 4.3% at the end of Q2, 2019) have produced generalized gains with Latin American assets.

Desempeño Mercados Renta Variable & Renta Fija 2T19



* Índices de referencia. Colombia Colcap – Perú SPBLPGPT – México Mexbol – Chile IPSA – LATAM MXLA – Alianza Pacífico M1LAPAC.

** índices de referencia bonos soberanos 10 años

Revenues obtained vis the equity method, consisting of a 49.36% stake that SURA Asset Management holds in the Colombian Pension Fund Management firm, AFP Protección, came to COP 117,893 million at the end of 1H-2019, showing an increase of 93.5% compared to the same period last year. All of AFP Protección's lines of business helped to secure a strong YTD performance at the end of Q2 2019. Net income from the mandatory pension business rose by 107.6% thanks to higher returns obtained from the Company's legal reserves as well as a 166.9% rise in net income from the severance segment. Similarly, net income from the voluntary savings and pension business was up thanks to a 12.0% growth in AUMs and lower acquisition costs.

Operating expense stood at COP 834,235 million at the end of 1H-2019 for a growth of 7.2% compared to last year. This was mainly due to increases of 4.3% in acquisition expense and another 8.7% in administrative expense. SURA Asset Management is fully engaged in securing smart efficiencies from the standpoint of our operating expense, and is implementing strategies that not only allow for more efficient operations but at the same time ensure that we fulfil our strategic objectives of getting closer to our clients, while offering them first-rate advice and enabling our investment staff and processes to provide them with higher returns.

The increase in acquisition expense was mainly due to an increase in the levels of marketing activity in Mexico's pension industry, where we have identified the need to increase our sales force so as to better defend our market share; as well as an outstanding performance in terms of net fund flows from Chile's pension business, all of which produced a growth of 982.7% at the end of Q2 2019.

Recurring administrative expense rose in keeping with the prevailing inflation rate thanks to the efforts of SURA Asset Management in securing greater efficiencies. The 8.7% growth is due to the amount of project investments being carried out and an unfavorable base effect when comparing one year to the other since the SURA Investment Management Unit had not been fully staffed in the first half of 2018. The cost / income ratio for the mandatory pension business, which is calculated as administrative expense divided by commission income, showed an increase of 167 bp, going from 32.3% on a YTD basis at Q2 2018 to 33.9% YTD for Q2 2019. This increase was mainly due to lower fund management commissions in Peru, Uruguay and Mexico, which in turn dampened the growth in YTD commission income at the end of Q2 2019.

Operating expense included COP 64,757 million corresponding to amortized intangible assets (since these do not constitute cash outflows) and COP 59,590 million in expense that cannot be allocated to individual countries and is therefore assumed by Corporate Headquarters. Corporate spending rose by 4.7% on a YTD basis at the end of Q2 2019, in keeping with current inflation levels and the average growth in the wage base. Annualized intangible amortization expense came to COP 127,057 million.

The projects in which the Company has been investing are aimed at securing greater operating efficiencies, enhancing our customer service levels and improving our overall investment processes. Our digitalization and robotics tools have allowed 15% of our pension sales in Chile to be carried out on-line, which so far has represented savings of USD 8 million since 2017. In Mexico, our on-line channel now serves a total of 92,000 clients and we have installed 241 self-service stations and kiosks enabling our clients to carry out around 90% of the processes that they had to wait in line to do before at a “bricks and mortar” branch office. This process digitalization initiative has also allowed customers to obtain savings and investment products in Mexico in just one hour compared to the previous 7 hours, while clients can now sign up with our Mexican pension fund management firm in just 15 minutes compared to the 7 days this took before. Our data analytics staff, through predictive exit rate and purchase propensity models, have achieved benefits worth USD 110 million in AUM.

Operating income stood at COP 712,867 million on a YTD basis at the end of 1H-2019, corresponding to a year-on-year increase of 51.5%. This was mainly due to higher returns obtained from the Company's legal reserves. Operating income duly adjusted for legal reserves fell by 1.7%, this due to lower fund management commissions in Peru, Uruguay and Mexico; as well as the unfavorable base effect when comparing the expense incurred by SURA Investment Management.

Financial expense totaled COP 103,314 million, which represented an increase of 70.8% compared to the YTD figure posted at the end of the same period last year. The was mainly due to lower levels of debt recorded during the first half of 2018 given the amount of prepayments made taking advantage of transitory liquidity surpluses, hedges corresponding to the bonds maturing in 2024 being posted (as of Q3 2018) as well as those maturing in 2027 (these now being posted in the financial expense account as of this year,, whereas before they had been posted in the derivative expense account), as well as the effect of the new IFRS 16 coming into full force and effect since the beginning of this year. SURA Asset Management's structural leverage levels have not changed compared to last year.

Taxes amounted to COP 196,865 million at the end of Q2 2019, for a growth of 36.3% compared to last year given higher returns obtained from the Company's legal reserves. Discontinued operations represented a loss of COP 92,844 million as a result of residual effects left over from the divestiture of the annuity business in Chile, which were not fully recorded in 2018. It is important to mention that the loss of COP 92,844 million is only shown on SURA Asset Management's Separate Financial Statement, and not on Grupo SURA's Financial Statement, since the latter does not record the exchange rate effect since its accounting currency is not the US dollar.

Consolidated net income came to COP 334,268 million on a YTD basis at Q2 2019, representing a growth of 8.1% compared to last year, despite the unfavorable non-cash effect of COP 92,843 million in discontinued operations. Net income from continuing operations rose by 47.2% YTD at the end of Q2 2019. The segment that contributed most to this increase in net income was the mandatory pension business, which accounted for 40.1% of this figure. The voluntary savings and pension segment, which includes the Savings and Investment lines of business as well as those of SURA Investment Management, recorded a loss of COP 15,491 million, which was lower than the YTD loss recorded for Q2 2018, this in keeping with the investment and development stage that this business is currently at. The Insurance and Annuities segment showed an increase of 303.6% thanks to the favorable effect obtained from having reallocated the accounting loss produced on the sale of the annuity business in Chile, which had initially been recorded in this segment but is now shown in the Others segment. The Others segment showed a loss of COP 177,316 million, given the accounting loss produced on the divestiture of the annuities business.

Results by segment

	JUN 19	JUN 18	%Var Ex - Fx	Q2-2019	Q2-2018	%Var Ex - Fx
Consolidated Net Income	334,268	291,031	8.1%	202,450	158,720	16.7%
Mandatory pensions	624,783	422,026	40.1%	308,751	222,851	28.4%
Voluntary savings	(15,491)	(17,251)	-14.0%	(3,354)	(4,449)	-32.8%
Insurance & Annuities	112,461	26,528	303.6%	5,754	18,434	-73.4%
Exchange rate effect	5,697	18,871	-70.3%	(3,867)	366	-707.0%
Corporate Expense	(115,318)	(104,331)	7.0%	(66,354)	(48,632)	29.7%
Financial Expense	(100,549)	(63,693)	48.5%	(45,716)	(28,556)	49.4%
Other*	(177,316)	8,880	-1902.7%	7,237	(1,294)	1250.0%

*Includes the Earnings/losses from discontinued operations

Assets under Management (AUM)

AUM	jun-19	jun-18	%Var	%Var Ex - Fx
Chile	144,190,476	121,291,159	18.9%	13.6%
Mexico	93,215,839	74,862,211	24.5%	10.6%
Peru	65,483,197	56,890,958	15.1%	5.3%
Uruguay	9,380,144	8,530,603	10.0%	12.0%
AFP Protección	107,736,827	97,711,627	10.3%	10.3%
El Salvador	17,224,141	14,567,951	18.2%	8.1%
Investment Management Unit	33,467,712	32,863,503	1.8%	-6.4%
*Duplicated AUM	-12,379,826	-9,479,769	30.6%	22.6%
Total	458,318,510	397,238,242	15.4%	8.8%

*Duplicated AUMs: These are AUMs that the Savings & Investment Channel handles for the Investment Management Unit (IMU). Both businesses report these AUMs as their own, which is why we include these as "Duplicated AUMs", so as not to double count these when calculating Total AUMs.

Clients (en millones)	jun-19	jun-18	%Var
Chile	1.8	1.8	-0.6%
Mexico	7.8	7.8	-0.7%
Peru	2.0	2.0	0.6%
Uruguay	0.3	0.3	1.2%
AFP Protección	6.5	6.2	5.7%
El Salvador	1.7	1.6	4.3%
Total	20.2	19.8	1.9%

EBITDA

EBITDA came to COP 838.494 million at the end of Q2 2019, representing a year-on-year increase of 46.9%. This growth was driven by higher returns obtained from the Company's legal reserves. The segments that contribute the most to this increase in the EBITDA figure were Chile and AFP Protección, the latter through amount of revenues obtained via the equity method, with both Chile and Colombia being markets where pension fund management commissions have not been reduced by the corresponding regulatory authorities. Upon excluding the effect of the Company's legal reserves as well as adjusting the AFP Protección figure in terms of the revenues obtained via the equity method) the YTD increase at the end of Q2 2019 would have come to 3.2%.

EBITDA	jun-19	jun-18	%Var	%Var Ex - Fx	Q2-2019	Q2-2018	%Var	% Var Ex - Fx
Chile	326,688	173,730	88.0%	85.4%	161,033	78,230	105.8%	97.3%
Mexico	271,587	211,405	28.5%	15.3%	130,550	108,637	20.2%	3.6%
Peru	166,812	118,780	40.4%	28.4%	73,053	52,827	38.3%	22.6%
Uruguay	20,583	23,631	-12.9%	-10.0%	9,842	12,937	-23.9%	-22.1%
Protección	105,408	51,049	106.5%	106.5%	43,175	37,218	16.0%	16.0%
Corporate and Other	-52,584	-44,639	17.8%	17.7%	-26,105	-19,883	31.3%	31.1%
Total	838,494	533,956	57.0%	46.9%	391,547	269,967	45.0%	31.9%
Encaje	213,511	18,595		980.6%	91,287	7,544		
Ebitda sin encaje	624,983	515,362	21.3%	13.4%	300,260	262,422	14.4%	4.1%

Mandatory Pension Business

Statement of Comprehensive Income

	JUN 19	JUN 18	%Var Ex - Fx	Q2-2019	Q2-2018	%Var Ex - Fx
Fee and commission income	987,528	907,443	1.8%	505,351	452,389	1.4%
Income from legal reserve	209,776	18,458	969.2%	89,534	7,449	994.8%
Income (expense) via equity method	106,285	52,490	102.0%	44,689	34,244	29.8%
Other operating earnings	9,890	2,177	321.9%	13,871	9,532	45.4%
Operating earnings - Pension and Fund Mgmt	1,313,479	980,568	25.8%	653,444	503,614	18.7%
Operating expenses	(491,874)	(432,178)	6.3%	(248,839)	(220,486)	2.4%
Operating earnings	821,605	548,390	41.2%	404,605	283,128	31.5%
Financial income (expense)	(1,148)	7,131	-115.6%	(829)	2,885	-125.7%
Income (expense) - derivatives and exch. difference	8,244	4,533	83.2%	3,867	5,943	-35.9%
Earnings (losses) before tax	828,701	560,054	39.6%	407,643	291,955	28.7%
Income tax	(203,917)	(138,028)	37.9%	(98,892)	(69,104)	29.6%
Net income (losses) for the period	624,783	422,026	40.1%	308,751	222,851	28.4%

Operating earnings from the mandatory pension business rose by 41.2%, driven by a 1.8% growth in commission income, higher returns from the Company's legal reserves and higher revenues obtained from AFP Proteccion. Operating expense rose by 6.3% this driven by a greater level of marketing activity in the Mexican pension industry offset by an outstanding performance in terms of the net fund flows from Chile's pension business.

Net Income	JUN 19	JUN 18	%Var	%Var Ex	Q2-2019	Q2-2018	%Var	%Var Ex - Fx
Chile	233,277	148,842	56.7%	54.5%	128,580	79,030	62.7%	57.1%
México	176,731	135,153	30.8%	17.4%	89,615	69,678	28.6%	11.1%
Perú	104,218	74,434	40.0%	28.0%	45,241	33,010	37.1%	21.4%
Uruguay	16,150	20,205	-20.1%	-17.4%	7,167	11,260	-36.3%	-34.6%
Equity Method Protección and Crecer	94,407	43,392	117.6%	117.6%	38,148	29,873	27.7%	27.7%
Total	624,783	422,026	48.0%	40.1%	308,751	222,851	38.5%	28.4%

Among the more important highlights with our mandatory pension business during this past quarter, it is worth noting that in June, AFP Integra, our Peruvian subsidiary, began to receive new pension fund members after having won the latest bid staged by the country's Private Pension System, entitling us to sign up all new workers entering the Peruvian formal workforce for the first time. During this first month, a total of 28,617 new members were signed up, which is a record high compared to the last four bids staged by the Peruvian Pension system. Winning this latest bid shall have a positive impact on the sustainability of our pension business, with more than 800 thousand new members expected to sign up over the next two years and the added advantage of being able to lower the average age of our membership base.

The wage base has gone up in all those countries where SURA Asset Management is present. In the case of Chile and Colombia (AFP Protección), this growth in the wage base was also supplemented by our marketing initiatives, all of which produced increases in net fund flows of 982% and 25%, respectively. Chile's outstanding commercial performance has also been driven by an optimum handling of client exit rates along with the benefits now offered with our on-line channel, which already represents 15% of total sales. In Uruguay, the wage base rose by a significant 16.0%, which helped to offset the reduction in the amount of commissions charged this year. In Mexico, AUMs rose by 9.9% thanks to good levels of performance on the part of the financial markets and in spite of the activities on the part of the competition in the Mexican pension industry.

Salary Base

	jun-19	jun-18	%Var	%Var Ex - Fx
Chile	22,754,928	21,580,295	5.4%	3.9%
Uruguay	2,330,668	2,076,382	12.2%	16.0%
Protección	21,072,551	19,968,019	5.5%	5.5%
El Salvador	4,835,655	4,177,908	15.7%	3.4%

Mandatory Pension AUM

	jun-19	jun-18	%Var	%Var Ex - Fx
Chile	130,188,203	110,106,735	18.2%	13.0%
México	89,547,436	72,365,235	23.7%	9.9%
Perú	60,685,026	53,246,107	14.0%	4.2%
Uruguay	8,809,852	8,075,670	9.1%	11.1%
Protección	99,001,979	89,914,450	10.1%	10.1%
El Salvador	17,224,141	14,567,951	18.2%	8.1%
Total	405,456,638	348,276,149	16.4%	10.0%

The contribution rate (contributing clients / affiliated clients) remained at a consolidated 39.0% for Q2 2019, which was the same as for this same period last year. The new improved contribution rate in Uruguay deserves special mention, having risen from 54% in Q2 2018 to 57% in Q2 2019, thanks to the Company's strategies to improve the quality of the portfolio held in this part of the world. Mexico and Peru also posted improved contribution rates, going from 32% to 34% and from 36% to 38%, respectively. In Chile and Colombia (AFP Protección) contribution rates declined given their worsening job markets. Chile's contribution rate fell from 59% to 57%, while that of AFP Protección went from 50% to 47%.

Voluntary Business (Savings and Investments + Investment Management Unit)

Statement of Comprehensive Income

	JUN 19	JUN 18	%Var Ex - Fx	Q2-2019	Q2-2018	%Var Ex - Fx
Fee and commission income	126,066	114,254	4.6%	65,730	56,020	8.2%
Income from legal reserve	3,736	137	2589.2%	1,754	95	1684.8%
Income (expense) via equity method	11,608	7,789	49.0%	5,345	7,124	-25.0%
Other operating earnings	12,805	4,397	179.1%	10,649	3,043	225.6%
Operating earnings - Pension and Fund Mgmt	154,215	126,577	15.9%	83,478	66,282	17.2%
Total insurance margin	31,979	29,746	6.0%	16,418	14,797	6.8%
Operating expense	(197,750)	(167,507)	13.2%	(100,720)	(82,234)	14.2%
Operating earnings	(11,557)	(11,183)	0.1%	(823)	(1,155)	-50.6%
Financial income (expense)	(1,530)	72	-4170.1%	(761)	542	-233.9%
Income (expense) - derivatives and exch. difference	(758)	523	-239.5%	(385)	364	-194.9%
Earnings (losses) before tax	(13,845)	(10,589)	26.3%	(1,969)	(249)	250.9%
Income tax	(1,646)	(6,733)	-76.9%	(1,385)	(3,367)	-59.4%
Net income from continuing operations for the period	(15,491)	(17,322)	-14.4%	(3,354)	(3,616)	-17.4%
Net income from discontinued operations for the period	-	71	-100.0%	-	(833)	-100.0%
Net income (losses) for the period	(15,491)	(17,251)	-14.0%	(3,354)	(4,449)	-32.8%

Operating earnings for both the Savings and Investment and SURA Investment Management's lines of business increased by 15.9% YTD at the end of Q2 2019, driven by a sharp growth of commission income, which rose by 8.2% at the end of Q2 2019; along with an outstanding growth in the net income obtained from AFP Protección's voluntary pension business and duly reflected in the amount revenues obtained via the equity method; higher returns obtained on the financial markets that swelled the Company's legal reserves together with other operating income, that included the gains obtained from the investments held by SURA Asset Management in order to drive the SURA Investment Management's own lines of business.

The AUMs corresponding to the Savings and Investment segment as well as SURA Investment Management rose by just 0.9% at the end of Q2 2019, having been affected by the divestiture of the annuity business in Chile, whose portfolio was managed by SURA Investment Management. The AUMs corresponding to SURA Investment Management fell by 6.4%, but increased by 8.8% if we were to exclude the effect of the divested annuity business. This growth is largely due to having obtained new large-scale insurance business in Argentina and Peru, as well as 21 new investment funds being launched throughout the year, 50% of which now corresponds to alternate products. The AUMs corresponding to our Savings and Investment segment recorded a substantial growth of 18.8%, going from COP 27.9 trillion at the end of Q2 2018 to COP 31.8 trillion for the same period this year. 60% of this growth was due to our marketing initiatives and the remaining 40% to higher returns obtained on the financial markets. This growth in the amount of AUMs held by our Savings and Investment segment allowed us to mitigate the effect of lower fund commissions in 2019, after the poor financial returns obtained in 2018 that caused many clients to seek refuge in lower risk fixed-income securities carrying lower commissions.

Our Savings and Investment lines of business continue to build up a well-differentiated customer care ecosystem, which is allowing us to provide our clients with a range of value-added products specifically tailored to their own investor profiles and needs. The solutions that have so far been developed within this customer care ecosystem include a wide range of tools ranging from face-to-face high frequency monitoring to digital and data analytics tools so as to ensure that we remain close to our clients and are able to provide just the right advice that much more efficiently.

So as to be able to implement this strategy, SURA Investment Management is building a regional investment platform with a value-added offering consisting of both traditional and alternative assets. In addition to structuring investment funds to be channeled through the Company's distribution channel (Savings and Investment), SURA Investment Management is now providing its specialized services to insurance companies and institutional clients.

This business unit is currently working on improving its operating platform and corresponding distribution channels so as to achieve the level of service standards required for the strategic focus governing this line of business.

AUM Voluntary Business	jun-19	jun-18	%Var	%Var Ex - Fx
Chile	14,002,273	11,184,424	25.2%	19.6%
México	3,668,403	2,496,976	46.9%	30.5%
Perú	4,798,171	3,644,850	31.6%	20.4%
Uruguay	570,292	454,933	25.4%	27.6%
Protección	8,734,847	7,797,177	12.0%	12.0%
Duplicates	-12,379,826	-9,479,769	30.6%	22.6%
Investment Management Unit	33,467,712	32,863,503	1.8%	-6.4%
Total	52,861,871	48,962,094	8.0%	0.9%

* AUMs corresponding to the Savings & Investment segment are reported on an individual country level. The Savings & Investment lines of business together with those of the Investment Management Unit report their AUMs in a consolidated fashion in all those countries where the aforementioned Unit is present. Consequently, there are AUMs that are reported by both the aforementioned lines of business, but these duplicates are eliminated from the total AUM figure.

Activos Administrados (A&I) Voluntario



Estado de Situación Financiera Consolidado

	JUN 19	DIC 18	Var%
Total Activo	21,411,308	23,576,772	-9.2%
<i>Goodwill</i>	<i>4,243,294</i>	<i>3,848,178</i>	<i>10.3%</i>
<i>Encaje</i>	<i>2,316,692</i>	<i>2,323,177</i>	<i>-0.3%</i>
Total Pasivo	12,121,199	15,193,648	-20.2%
<i>Obligaciones Financieras</i>	<i>3,193,652</i>	<i>3,163,506</i>	<i>1.0%</i>
Total Patrimonio	9,290,112	8,383,124	10.8%

Figures in COP million

SURA Asset Management's Asset and Liability accounts showed declines at the end of Q2 2019, given the divestiture of the Company's annuity business in Chile. Equity rose compared to year-end 2018, due to currency conversion effects.

At the end of Q2 2019, the Company recorded a consolidated debt of COP 3.2 trillion, which remains at the same levels as for year-end 2018.

ROE / ROTE

SURA Asset Management obtained a ROE, duly adjusted for depreciation expense, of 4.5% at the end of Q2 2019, which is well below the 8.7% recorded at the end of the same period last year, given the effect of discontinued operations which posted a non-cash loss of COP 92,844 million. If we were to exclude the aforementioned discontinued operations, the duly adjusted ROE figure would have stood at 7.3%, compared to 7.8% for the same period last year.

ROTE (Return on Tangible Equity) at the end of Q2 2019 stood at 16.5%, which was lower than the 35.3% reported the previous year. Upon adjusting this ROTE figure to exclude the effect of discontinued operations, this comes to 27.7%, which is lower than the 31.3% recorded at the end of Q2 2018 given the reduction in fund management commissions in Peru, Uruguay and Mexico.

Recurring Net Income – Q2 2019

<i>In millions of US dollars</i>	2012	2013	2014	2015	YEAR- END 2016	YEAR- END 2017	YEAR- END 2018	YTD 2019
Net earnings - IFRS	336.8	238.2	204.7	183.2	202.3	180.8	146.2	133.9
Discontinued income						27.6	-47.8	-29.1
Minority interest	-134.2	-5.2	-3.9	-5.7	-7.8	-0.1	-0.2	-0.2
Net earnings - IFRS (excl. minority interest)	202.7	233.0	200.9	177.5	194.5	208.4	98.2	104.6
Adjustments for non-recurring expense								
Wealth tax payable on the part of SURA AM - Colombia				-23.3	-18.6	-7.5	-0.1	-0.1
Dividends - Protección			17.4					
Impact of wealth tax on equity method applied to Protección				-2.5	-2.0	-1.7		
Issue of international bonds			-6.5			-4.6		
Bank Guarantee		-33.2						
Reversal of provision set up by Sura-AM Colombia				23.2				
Provision for the COFECE sanction in Mexico						-9.4		
Recurring net income - IFRS	202.7	266.2	190.0	180.2	215.1	231.5	98.4	104.7
Non-cash items								
Amortization of Intangibles (ING and Invita)	-52.9	-54.5	-54.5	-41.2	-34.4	-35.5	-35.2	-14.0
Deferred tax on intangibles (ING and Invita)	13.9	14.3	-14.0	19.7	4.1	9.8	10.0	4.0
Amortization of intangibles (Horizonte)		-5.8	-8.79	-7.14	-6.85	-7.06	-7.06	3.46
Deferred tax on intangibles (Horizonte)		1.7	2.6	2.0	1.9	2.0	2.0	-1.0
Income (expense) on exchange difference	-3.3	37.4	10.1	25.2	1.1	-21.6	11.8	4.6
Income (expense) from derivatives	0.0	0.0	-26.2	-30.0	17.6	1.8	-7.6	-0.1
Net income after non-recurring and non-cash items	245.0	273.1	280.8	211.7	231.6	282.2	124.4	107.8
Returns from legal reserve*	84.1	30.8	75.6	27.2	30.5	39.0	4.7	66.9
Net income after non-recurring and non-cash items - EXCL LEGAL RESERVE	160.9	242.3	205.2	184.5	201.1	243.2	119.7	40.8
"Excluding Protección's legal reserve								
Equity	3,935.3	3,927.8	3,729.3	2,875.0	2,832.0	3,114.7	2,809.4	2,898.0
Legal reserve		486.0	678.9	617.2	647.6	778.5	729.9	818.3
Equity excl. legal reserve	3,935.3	3,441.8	3,050.4	2,257.8	2,184.4	2,336.2	2,079.4	2,079.7
Return on equity excl. legal reserve	4.1%	7.0%	6.7%	8.2%	9.2%	10.4%	5.8%	4.9%
Return on legal reserve		6.3%	11.1%	4.4%	4.7%	5.0%	0.7%	8.0%

4. Appendix

Appendix: Grupo SURA

Separate Financial Statements

Grupo de Inversiones Suramericana S.A

January 1st to June 30th

	jun-19	jun-18	Var%
Dividends	435,403	406,031	7.2%
Income from investments	430	622	-30.9%
Loss at fair value, net	(138)	7,979	-101.7%
Revenues via equity method, net	499,573	428,463	16.6%
Income from sale of investments, net	0	364	-100.0%
Other income	349	53	558.5%
Operating Revenues	935,617	843,512	10.9%
Administrative expenses	(19,048)	(17,876)	6.6%
Employee benefits	(11,424)	(10,752)	6.3%
Fee	(5,436)	(3,763)	44.5%
Depreciations	(1,124)	(647)	73.7%
Operating Expenses	(37,032)	(33,038)	12.1%
Operating earnings	898,585	810,474	10.9%
Hedging derivatives loss at fair value, net	(9,283)	(59,463)	-84.4%
Exchange differences, net	22,519	31,270	-28.0%
Interest expense	(169,815)	(139,595)	21.6%
Financial result	(156,579)	(167,788)	-6.7%
Profit before tax	742,006	642,686	15.5%
Income tax	(6,664)	(26,813)	-75.1%
Net profit	735,342	615,873	19.4%

	jun-19	dec-18	Var%
Assets	29,342,832	28,773,968	2.0%
Liabilities	5,763,088	5,698,577	1.1%
Equity	23,579,742	23,075,391	2.2%

The net income of Grupo SURA's separate financial statements increased 60.0%, which highlights the following accounts:

- **Dividends** increased 7.2% explained by the increase in dividends decreed by Bancolombia, Grupo Nutresa and Grupo Argos.
- **Revenues via equity method:** grows 16.6% explained by the increase in the net profit SURA AM which offset the lower net profit posted by Suramericana.
- **Hedging derivatives loss at fair value + Exchange difference:** posted a positive variation of COP 41,429 million driven by the valuation of hedging derivatives.

Appendix: Suramericana

Separate Financial Statements

Suramericana S.A (Separate)	January 1 st to June 30 th			April 1 st to June 30 th		
	jun-19	jun-18	%Var	Q2-2019	Q2-2018	%Var
Dividends	9,329	-		-	-	
Earnings from subsidiaries via equity method	259,475	372,822	-30.4%	97,656	219,406	-55.5%
Interest	1,633	455	258.9%	1,353	307	340.7%
Gains at fair value	2,555	6,033	-57.6%	361	5,389	-93.3%
Gains from sales of assets held for sale	-	-		-	-	
Other income	163	395	-58.7%	29	(367)	
Exchange difference (net)	(2,120)	(12,914)	-83.6%	1,139	(6,453)	
Total income	271,035	366,791	-26.1%	100,538	218,282	-53.9%
Administrative expense	(15,848)	(16,380)	-3.2%	(6,493)	(6,719)	-3.4%
Employee benefits	(20,041)	(19,726)	1.6%	(10,185)	(10,085)	1.0%
Fees	(4,328)	(5,151)	-16.0%	(2,522)	(2,953)	-14.6%
Depreciation	(1,827)	(387)	372.1%	(1,136)	(196)	479.6%
Earnings from sales of investments	21	-		-	-	
Interest	(36,537)	(37,009)	-1.3%	(18,733)	(17,926)	4.5%
Other expense	(2)	(3)		(2)	(3)	
Total expense	(78,562)	(78,656)	-0.1%	(39,071)	(37,882)	3.1%
Earnings (losses) before tax	192,473	288,135	-33.2%	61,467	180,400	-65.9%
Income tax	(14,295)	(27,125)	-47.3%	(9,586)	(16,089)	-40.4%
Earnings (losses), net	178,178	261,010	-31.7%	51,881	164,311	-68.4%

Suramericana S.A (Separate)

Consolidated Statement of Financial Position

	jun-19
Total assets	6,013,174
Total liabilities	1,222,239
Total equity	4,790,935