

Interim condensed individual financial statements
of Grupo de Inversiones Suramericana S.A.
for the nine-month period between January 1st and
September 30th 2019

TABLE OF CONTENT

CONDENSED INTERIM STATEMENT OF INDIVIDUAL FINANCIAL POSITION	8
CONDENSED INTERIM INDIVIDUAL INCOME STATEMENT	9
CONDENSED INTERIM SEPARATE COMPREHENSIVE INCOME STATEMENT	10
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY	11
CONDENSED INTERIM SEPARATE CASH FLOWS STATEMENT	13
NOTE 1. REPORTING ENTITY.....	15
NOTE 2. BASIS OF PREPARATION OF THE SEPERATE FINANCIAL STATEMENTS.....	15
2.1. Statement of compliance	15
2.2. Bases of measurement.....	15
2.3. Presentation of financial statements	16
2.4. Reclassifications	16
NOTE 3. SIGNIFICANT ACCOUNTING POLICIES.....	16
NOTE 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND CAUSES OF UNCERTAINTY IN THE PREPARATION OF THE FINANCIAL STATEMENTS.....	17
NOTE 5. NORMS ISSUED WITHOUT EFFECTIVE APPLICATION.....	19
NOTE 6. FINANCIAL INSTRUMENTS	20
6.1. Financial assets.....	21
6.1.1. Trade and other accounts receivable	22
6.1.2. Accounts receivable, related parties	22
6.1.3. Investments.....	23
6.1.4. Other financial asset investments	23
6.2. Financial liabilities	23
6.2.1. Other financial liabilities	24
6.2.2. Accounts payable to related entities	25
6.2.3. Trade and other accounts payable	25
NOTE 7. TAXES	25
7.1. Current income tax.....	25
7.2. Deferred tax	27
7.3. Tax matters in Colombia	27
NOTE 8. Leases.....	29
NOTE 9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES.....	29
9.1 Investments in associates.....	29
9.2. Investments in subsidiaries	31

NOTE 10. SECURITIES ISSUED.....	34
NOTE 11. DIVIDENDS.....	36
NOTE 12. ADMINISTRATIVE EXPENSES.....	36
NOTE 13. HONORARIUM EXPENSES.....	37
NOTE 14. FINANCIAL RESULTS	37
NOTE 15. EARNINGS PER SHARE	38
NOTE 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	38
NOTE 17. INFORMATION DISCLOSED ON RELATED PARTIES	42
NOTE 18. EVENTS AFTER THE REPORTING PERIOD.....	46
NOTE 19. APPROVAL OF FINANCIAL STATEMENTS	47
ANALYSIS OF FINANCIAL RESULTS (unaudited)	47

RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNTS

The Directors are required to prepare the financial statements, for each financial period, that reasonably present the company's financial position, results, and cash flows, at September 30, 2019, with comparative figures at September 30 and December 31, 2018. For the preparation of these financial statements, the Directors are required to:

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

The Directors confirm that the accounts meet the above requirements.

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

David Bojanini García
President

Luis Fernando Soto Salazar
Public accountant
Professional card 16951-T

CERTIFICATION OF THE CONDENSED INDIVIDUAL FINANCIAL STATEMENTS

The undersigned legal representative and public accountant, under whose responsibility the consolidated financial statements were prepared, certify:

That for the issuance of the statement of financial position, at September 30, 2019, and of the income statement for the year, as well as, the statement of other comprehensive income, changes in equity statement, and the cash flow statement, for the year ended on that date, which are in compliance with the norms, and are made available to shareholders and third parties, and whose information, contained in them, have been previously verified and the figures taken faithfully from the books

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 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.

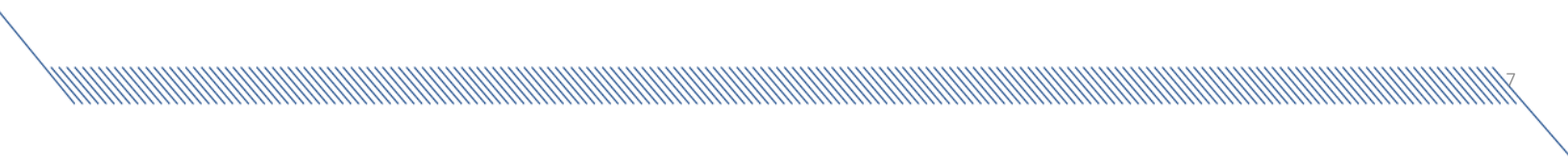
Presentation and disclosure: Economic events have been correctly classified, described, and disclosed.

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 between September 30, 2019 and September 30, 2018 and December 31, 2018, do not contain defects, inaccuracies, or errors, that prevent the knowledge of the true financial situation, and the operations of the company.

David Bojanini García
President

Luis Fernando Soto Salazar
Public accountant
T.P 16951-T

AUDITORS REPORT



GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM STATEMENT OF INDIVIDUAL FINANCIAL POSITION

At 30 September, 2019 (with comparative figures at December 31, 2018)

(Values expressed as millions of Colombian pesos)

	Note	September 2019	December 2018
Assets			
Cash and cash equivalents		7,067	9,241
Investments	6.1.3	16,716	13,717
Trade and other account receivables	6.1.1	87,357	9,831
Accounts receivable related parties and associates	6.1.2	217,702	101,569
Current tax assets	7.1	22,112	14,854
Deferred tax assets	7.2	83,289	70,462
Other financial assets	6.1.4	440,051	144,379
Other non-financial assets		244	244
Property and equipment		3,543	25,178
Right-of-use assets	8	21,103	-
Investments in associates	9.1	14,392,657	14,392,657
Investments in subsidiaries	9.2	14,734,654	13,991,836
Total assets		30,026,495	28,773,968
Liabilities			
Other financial liabilities	6.2.1	888,478	1,004,140
Financial lease liabilities	8	14,006	-
Provisions for employee benefits		4,726	20,698
Other provisions		3,470	3,470
Trade and other accounts payable	6.2.3	158,315	4,294
Accounts payable to related parties	6.2.2	203,979	116,291
Current tax liabilities	7.1	4,509	-
Securities issued	10	4,683,712	4,549,684
Total liabilities		5,961,195	5,698,577
Equity			
Share capital issued		109,121	109,121
Share premiums		3,290,767	3,290,767
Retained earnings		11,791,451	11,760,980
Other comprehensive income		1,583,969	1,203,532
Reserves		6,390,905	6,062,398
Profit for the period		899,087	648,593
Total equity		24,065,300	23,075,391
Total equity and liabilities		30,026,495	28,773,968

The notes that accompany the financial statements are an integral part of the same

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 Legal representative

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Mariana Milagros Rodríguez
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 (See my report of 14 November 2019)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM INDIVIDUAL INCOME STATEMENT

At 30 September, 2019 (with comparative figures at September 30, 2018)

(Values expressed as millions of Colombian pesos, except for earnings per-share)

	Notes	Accumulated		Quarter	
		September 2019	September 2018	September 2019	September 2018
Dividends	9.1	435,403	406,031	-	-
Income from investments, net		467	924	37	302
Loss (profit) at fair value – investments, net		(21)	6,671	117	(1,308)
Profit from the Equity method of subsidiaries, net	9.2	809,468	692,749	309,896	264,286
Profit from investments sales, net		-	364	-	-
Other income		373	20	24	(32)
Operational income		1,245,690	1,106,759	310,074	263,248
Administrative expenses	12	(23,328)	(25,482)	(4,280)	(7,606)
Employee benefits		(17,543)	(15,854)	(6,119)	(5,102)
Fees	13	(7,177)	(5,774)	(1,741)	(2,012)
Depreciation		(1,688)	(974)	(564)	(327)
Operational expenses		(49,736)	(48,084)	(12,704)	(15,047)
Operating profit		1,195,954	1,058,675	297,370	248,201
Profit at fair value- Derivatives		79,042	(52,285)	88,324	7,177
Exchange differences (Net)		(127,965)	(34,501)	(150,484)	(65,770)
Interest		(254,458)	(216,224)	(84,643)	(76,628)
Financial Results	14	(303,381)	(303,010)	(146,803)	(135,221)
Profit before tax		892,573	755,665	150,567	112,980
Income tax	7	6,514	(15,353)	13,178	11,460
Net profit		899,087	740,312	163,745	124,440
Earnings per share	15	1,597	1,324	299	231

The notes that accompany the financial statements are an integral part of the same.

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE COMPREHENSIVE INCOME STATEMENT

At 30 September, 2019 (with comparative figures at 30 September, 2018)

(Values expressed in millions of Colombian pesos)

	Note	Accumulated		Quarter	
		September 2019	September 2018	September 2019	September 2018
Profit for the period		899,087	740,312	163,745	124,440
Other comprehensive income, losses in equity instruments of equity, net of taxes		3,000	(13,887)	927	(11,025)
Total other comprehensive income not reclassified to profit or loss, net of tax		3,000	(13,887)	927	(11,025)
Loss on cash flow hedges, net of taxes		(7,878)	9,236	(6,458)	9,236
Participation of other comprehensive income of associates and joint ventures accounted for using the Equity Method that is reclassified to profit or loss, net of tax	9.2	385,315	(489,947)	317,186	235,833
Total other comprehensive income that is reclassified to results		377,437	(480,711)	310,728	245,069
Total other comprehensive income		380,437	(494,598)	311,655	234,044
Total comprehensive income		1,279,524	245,714	475,400	358,484

The notes that accompany the financial statements are an integral part of the same.

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

At 30 September, 2019 (with comparative figures at 30 September, 2018)

(Values expressed in millions of Colombia pesos)

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

The notes that accompany the financial statements are an integral part of the same.

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

At September 30, 2019 (with comparative figures at September 30, 2018)

(Values expressed in millions of Colombia pesos)

	Note	Issued capital	Share premium	Retained earnings	Other equity interests	Legal reserves	Occasional reserves	Total reserves	Profit for the period	Total Equity
Balance at January 1, 2019		109,121	3,290,767	11,760,980	1,203,532	138,795	5,923,603	6,062,398	648,593	23,075,391
Other comprehensive income		-	-	-	380,437	-	-	-	-	380,437
Financial instruments with changes in OCI		-	-	-	3,000	-	-	-	-	3,000
The Equity Method of subsidiaries, recognized in equity		-	-	-	385,315	-	-	-	-	385,315
Hedge flows – derivative instruments		-	-	-	(7,878)	-	-	-	-	(7,878)
Profit for the period		-	-	-	-	-	-	-	899,087	899,087
Total net comprehensive income for the period		-	-	-	380,437	-	-	-	899,087	1,279,524
Transfer to retained earnings		-	-	648,593	-	-	-	-	(648,593)	-
2018 Profit distribution in accordance with the minutes No. 24 of the shareholder's assembly March 29, 2019:		-	-	-	-	-	-	-	-	-
Dividends recognized as distributions for owners (550 pesos per share)	11	-	-	(320,086)	-	-	-	-	-	(320,086)
Reserves for the protection of investments		-	-	(328,507)	-	-	328,507	328,507	-	-
Minimal dividends, preferences shares		-	-	30,471	-	-	-	-	-	30,471
Balance at September 30, 2019		109,121	3,290,767	11,791,451	1,583,969	138,795	6,252,110	6,390,905	899,087	24,065,300

The notes that accompany the financial statements are an integral part of the same.

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE CASH FLOWS STATEMENT
 At September 30, 2019 (with comparative figures at September 30, 2018)
(Values expressed in millions of Colombian pesos)

	Note	September 2019	September 2018
Profit for the period		899,087	740,312
Adjustments to reconcile profit			
Adjustments for income tax expenses	7	(6,514)	15,353
Adjustments for financial costs	14	254,458	216,224
Adjustments for decreases from accounts receivable from trade sources		(77,515)	(2,126)
Adjustments for increases in other accounts payable from operating activities		(435,371)	(411,945)
Adjustments for increases in accounts payable from trade sources		154,022	(8,380)
Adjustments for depreciation and amortization expenses		1,688	974
Adjustments for provisions		(15,971)	(1,532)
Adjustments for losses from unrealized foreign currency		127,198	(34,957)
Adjustments for fair value profit		(145,169)	82,874
Adjustments for undistributed profits from application of the Equity Method	9	(809,468)	(692,749)
Other adjustments for which the effects on cash are investment or financing cash flows (Valuation of investments at fair value)		-	(364)
Total adjustments to reconcile net income		(952,642)	(836,630)
Cash flows, net from (used in) operations		(53,556)	(96,318)
Dividends receivable, associates and subsidiaries		782,833	490,143
Interest paid		(157)	-
Paid income tax (refunded)	7.1	(8,764)	(43,990)
Other non-financial assets		3,077	914
Net cash flows from operating activities		723,433	350,749
Cash flows from (used in) investing activities			
Cash flows from loss of control of subsidiaries or other businesses		-	4,829
Cash flows used to capitalize subsidiaries or other businesses		(11,640)	(847,440)
Other charges from the sale of equity or debt instruments of other entities		-	364
Other charges from the sale of equity or debt instruments of other entities		-	(10,827)
Amounts from the sale of property, plant and equipment		-	16
Property and equipment purchases		(474)	(286)
Purchases of other long-term assets		(682)	-
Payments derived from forwards, options and swap contracts (swaps)		(71,348)	(24,340)
Collections from forward contracts, options and swap contracts (swaps)		(13,906)	1,496
Net cash flows from (used in) investing activities		(98,051)	(876,187)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE CASH FLOWS STATEMENT
 At September 30, 2019 (with comparative figures at September 30, 2018)
(Values expressed in millions of Colombian pesos)

	Note	September 2019	September 2018
Cash flows from financing activities			
Payments from issuance of shares		30,471	20,314
Payments from loans		233,191	4,291,883
Reimbursement of loans		(522,891)	(3,506,851)
Payment of financial lease liabilities		(4,403)	(1,238)
Dividends paid	11	(235,042)	(150,621)
Interest paid		(128,882)	(178,328)
Other cash inflows		-	(2,500)
Net cash flows from financing activities		(627,555)	472,660
Increases (decreases) net of cash and cash equivalents, before the changes in the exchange rate		(2,173)	(52,779)
Net increase in cash and cash equivalents		(2,173)	(52,779)
Cash and cash equivalents at beginning of period		9,241	67,796
Cash and cash equivalents at end of period		7,067	15,017

The notes that accompany the financial statements are an integral part of the same.

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 Legal representative

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 T.P. 112752-T
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 (See my report of 14 of November 2019)

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

Period ended September 30, 2019 (with comparative for the year ended 31st December 31st of 2018 for the statement of the financial position and at 30 September of 2018 for the statement results, other comprehensive income, changes in the assets and cash flow)

(Expressed in millions of pesos, excluding exchange rates values and earnings per-share)

NOTE 1. REPORTING ENTITY

Grupo de Inversiones Suramericana S.A., as the result of the spin-off of Compañía Suramericana de Seguros S.A., according to public deed No. 2295 of December 24, 1997 of Notary 14, in Medellín, formalized on January 1, 1998. The main domicile is in the city of Medellín, at Carrera 43ª # 5ª – 113, Floor 13 – 15, but may have branches, agencies, offices, and representations in other places, in the Country, and abroad, as determined by its board of directors. The duration of the company is until the year 2097. Its corporate purpose is investment in movable and immovable property. Related to investment in property, plus any kind of movable property, may be done in shares, quotas, or shares in companies, entities, organizations, funds, or any other legal figure that allows investment of resources. It also may invest in securities or fixed income instruments, variable, whether or not listed on a public market. In any case, issuers and/or investees may be, public or private, national, or foreign. The fiscal year will be adjusted to the calendar year, annually, with effect on the thirty-first (31st) of December.

The company is subject to exclusive control by the Superintendencia Financiera de Colombia (Financial Superintendence of Colombia), given its role as the Holding of Conglomerado Financiero SURA-Bancolombia through resolution No 156 of February of 2019 of the Superintendencia Financiera de Colombia.

NOTE 2. BASIS OF PREPARATION OF THE SEPERATE FINANCIAL STATEMENTS**2.1. Statement of compliance**

The consolidated 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), at December 31, 2016.

2.2. Bases of measurement

The presentation of financial statements, in accordance with the NCIF requires that estimates and assumptions be made, that impact the amounts reported, and disclosed in the financial statements, without diminishing the reliability of the financial information. Actual results may differ from these estimates. Estimates and assumptions are constantly reviewed. The review of the accounting estimates is recognized in the period in which the estimates are revised if the revision affects said period, or in the period of the revision, and future periods, if it affects both the current and future periods.

Financial assets and liabilities, measured at fair value, correspond to those that are classified in the category of assets and liabilities at fair value through profit and 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, whose book value is adjusted with changes in fair value, attributed to the risks hedged.

2.3. Presentation of financial statements

Grupo SURA presents the statement of financial position, in order of liquidity.

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

2.4. Reclassifications

Some of the figures and disclosures, in relation to December 31st and September 30 of 2018, presented in these financial statements, for comparison purposes, may present variations compared to the information published to this cut off. The Management of Grupo SURA considers that these adjustments do not affect the reasonableness of the previously published information.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The Group's main accounting policies are described in the accounting policies section of the annual report, with a cut-off date of December 31, 2018, and they have been applied consistently, for the period comprising these interim condensed consolidated financial statements, except the lease policy, which is applied, as of January 1, 2019, and is as follows:

Transition from Grupo SURA to IFRS 16

For the transition to IFRS 16, Grupo SURA used the option of not expressing the comparative information and recognizing the cumulative effect of the initial application, as of January 1, 2019. In the initial recognition, it recognizes a lease liability, equivalent to the present value of the remaining minimum payments, 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.

Lease policies

A lease is one in which the right to control the use of an asset is granted, for a period of time, in exchange for a consideration.

Grupo SURA excludes the following from the recognition of the lease contract:

- Leases of intangible assets, except when they are packaged into a single contract, together with tangible assets
- Short-term, that is, less than 12 months without renewals or options
- Low value underlying asset

Initial Recognition

At the beginning of the contract, an asset is recognized for the right-of-use and a lease liability.

Right-of-use asset: It is measured, by the cost, which is the following:

The initial measurement value of the liability

- (+) advances
- (-) incentives
- (+) initial direct costs
- (+) decommissioning costs

Lease liability: Present value of the lease payments, that have not been realized at the commencement date.

Payments are defined as:

Fixed payments: (fixed lease fee)

Variable payments: (those values that depend on a rate or index)

Purchase option: is included if there is reasonable assurance that it will be exercised

Guaranteed residual value

Sanctions for termination of the contract: is included unless there is a reasonable certainty of exercise

For the determination of the lease liability, the implicit interest rate must be used, as long as it is determinable. If it cannot be determined, the incremental interest rate must be used.

Subsequent measurement

After the start date, a lessee will measure its asset by right-of-use, applying the cost model, for the term of the asset's amortization, which must be taken into account, in accordance with the time of the contract and the expectations of the use of the asset.

The lease liability is updated with:

- (+) interest expense
- (-) Payments
- (+) modifications realized to the contract

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

The preparation of the individual 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 are 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, of the same are recognized in other comprehensive income of the 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 profit and loss for the period. However, the decrease will be recognized in other comprehensive income, to the extent that there is a credit balance, in the revaluation surplus, in relation to that asset. The decrease recognized in other comprehensive income, reduces the accumulated value in the equity, denominated revaluation surplus.

The fair value of land and buildings is based on periodic evaluations, realized by qualified external appraisers, as well as internally.

b) Fair value of financial instruments

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

c) Taxes

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

Deferred tax assets are recognized for unused tax losses, to the extent that it is probable that there is taxable profit to offset such losses. An important judgment by management, is required 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 property, equipment, and intangibles

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

e) Term leases

The lease term is established according to the contract and the expectations of the contracting company, for which the following terms should be taken into account:

- the established time for possible renewals.
- The increases in fees with respect to the market

- Development of the company's' strategic plans
 - The company's recovery expectations of the investment made
 - The cost to be paid in the event of leaving the contract (penalty)
 - Additional costs incurred in the event of cancelling the contract and starting a new one
- f) *The probability of occurrence and the value of the liabilities of uncertain value or quotas, Grupo SURA must recognize a provision when the following conditions exist:*
 There is a present obligation (legal or implicit) as a result of a past event It is likely that Grupo SURA should release resources, which incorporate economic benefits to cancel such obligation. A reliable estimate of the value of the obligation can be made.

g) *Employee Benefit*

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

NOTE 5. NORMS ISSUED WITHOUT EFFECTIVE APPLICATION

Accounting and financial information standards accepted in Colombia issued not yet in force

The norms 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 decrees, issued by local authorities.

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.

NOTE 6. FINANCIAL INSTRUMENTS

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

ASSETS WHOSE FAIR VALUE APPROXIMATES THE BOOK VALUE

Financial assets for having a short-term maturity (less than three months), such as 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. In the case of fixed income instruments greater than three months, the valuation is realized, and the balance adjusted to reflect the change in the initial valuation.

With regard to short-term receivables, which are measured at amortized cost, the book value is equivalent to a reasonable approximation to its fair value.

FINANCIAL INSTRUMENTS AT AN AGREED RATE

The fair value of fixed income assets, valued at amortized cost, is calculated by comparing market interest rates when they were initially recognized, at 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, of debts with a credit risk, and similar maturity.

HIERARCHY OF FAIR VALUE

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 prices (unadjusted) 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 fair values of both 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 for the measurement of 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 bonds of the local fixed income portfolios 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 carried out through the prices delivered by the securities custodians 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 other than those in hierarchy 1 are classified as hierarchy 2, among these, 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, it will be Grupo SURA S.A., who will be responsible for defining the variables and applying the methodology.

FINANCIAL LIABILITIES WHOSE FAIR VALUE IS APPROXIMATED TO THE BOOK VALUE

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

Accounts, payable in the long-term, usually have maturities of between one and two years. This means that the respective book values are 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 rates for similar loans does not differ significantly, therefore, the book value corresponds to a reasonable approximation of its fair value.

The following is a detail of the balances of the financial assets and liabilities, that Grupo SURA owns at September 30, 2019 and December 31, 2018.

6.1. Financial assets

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

	Notes	September 2019	December 2018
Cash and cash equivalents		7,067	9,241
Investments	6.1.3	16,716	13,717
Commercial accounts and other accounts receivable	6.1.1	87,357	9,831
Accounts receivable, related parties and current associates	6.1.2	217,702	101,569
Other financial assets	6.1.4	440,051	144,379
		768,893	278,737

Within the caption of cash and cash equivalents, there are restricted assets in the amount of \$2,123 to cover post-employment benefits (retirement bonus).

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

	September 2019					
	Current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
			Result	Equity		
Cash and cash equivalents	-	-	-	4,944	4,944	
Accounts receivable	87,357	-	-	-	87,357	
Accounts receivable related parties	217,702	-	-	-	217,702	
Derivatives	-	15,413	-	-	15,413	
Total	305,059	15,413	15,413	4,944	325,416	

Non- Current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
		Result	Equity		
Restricted cash				2,123	2,123
Investments	-	-	16,716	-	16,716
Derivatives	-	424,638	-	-	424,638
Total	-	424,638	16,716	2,123	443,477
Financial assets	305,059	440,051	16,716	7,067	768,893

December 2018					
Current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
		Result	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
		Result	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

6.1.1. Trade and other accounts receivable

Following is a breakdown of the trade and other accounts receivable:

	September 2019	December 2018
Stockbrokers	87,126	6,121
Debtors	36	3,438
Advances to contracts and workers	195	272
Total	87,357	9,831

6.1.2. Accounts receivable, related parties

This corresponds to pending dividends, receivable from associated companies and current accounts, between subsidiary companies, which are as follows:

	September 2019	December 2018
Bancolombia S.A.	128,062	59,812
Grupo Argos S.A.	40,127	18,802
Grupo Nutresa S.A.	49,513	22,912
Total dividends, receivable, associates	217,702	101,526
Seguros de Vida Suramericana S.A.	-	11
Seguros de Riesgos Laborales S.A.	-	22
Suramericana S.A.	-	10
Total accounts receivable to other companies	-	43
Total accounts receivable to related parties and current associates	217,702	101,569

6.1.3. Investments

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

	September 2019			December 2018		
	# Shares	% Part.	Fair value	# Shares	% Part.	Fair value
Enka S.A.	1,973,612,701	16.76%	16,716	1,973,612,701	16.76%	13,717

6.1.4. Other financial asset investments

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

	September 2019			December 2018		
	Swaps	Options	Total	Swaps	Options	Total
	Asset					
Trading						
Interest rate	4,973	184,374	189,347	3,712	-	3,712
Exchange rate	64,796	-	64,796	24,228	23,833	48,061
	69,769	184,374	254,143	27,940	23,833	51,773
Hedging						
Interest rate	-	-	-	69,090	-	69,090
Exchange rate	185,908	-	185,908	23,516	-	23,516
	185,908	-	185,908	92,606	-	92,606
Total derivative assets	255,677	184,374	440,051	120,546	23,833	144,379

6.2. Financial liabilities

The following are financial liabilities, including accounts payable, by Grupo SURA:

	Note	September 2019	December 2018
Other financial liabilities	6.2.1.	888,478	1,004,140
Trade and other accounts payable	6.2.3.	158,315	4,294
Accounts payable to related parties	6.2.2.	203,979	116,291
Securities issued	10	4,683,712	4,549,684
Total		5,934,484	5,674,409

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

Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Derivatives	-	4,157	4,157
Accounts payable	158,315	-	158,315
Accounts payable to related parties	203,979	-	203,979
Other financial liabilities	278,822	28,870	307,692
Total	641,116	33,027	674,143

Non-current	Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Derivatives	-	138,534	138,534
Other financial liabilities	438,095	-	438,095
Securities issued	4,683,712	-	4,683,712
Total	5,121,807	138,534	5,260,341

Financial liabilities	5,762,923	171,561	5,934,484
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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 to related parties	116,291	-	-	116,291
Other financial liabilities	14,986	4,264	-	19,250
Securities 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

6.2.1. Other financial liabilities

Corresponds to short and long-term financial obligations, options and swaps, which are detailed below for the period ended September 30, 2019 and December 31, 2018:

Entity	Rate	Term (days)	Credit currency	September 2019	December 2018
Bancolombia S.A.	IBR + 2.05%	2,023	COP	286,923	477,547
Bancolombia S.A.	5.36%	2,020	COP	151,172	145,395
Banamex S.A.	Libor + 0.62%	2,022	USD	278,822	260,943
Bancolombia Panamá S.A.	3.22%	2,019	USD	-	14,986
Subtotal financial obligations				716,917	898,871
Repo operations		2,019	COP	28,870	4,264
Financial leasing (Leases)		2,019	COP	-	14,216
Subtotal other financial liabilities				745,787	917,351
Derivatives				142,691	86,789
Total other financial liabilities				888,478	1,004,140

6.2.2. Accounts payable to related entities

This corresponds to the payment of dividends for short-term shares, declared at the shareholders' meeting of March 29, 2019, and to accounts payable to subsidiaries:

	September 2019	December 2018
Ordinary shares	131,038	62,414
Preference shares	31,181	14,689
Others	(294)	(222)
Subtotal accounts payable, related parties (Note 11. Dividends)	161,925	76,881
Accounts payable subsidiaries (See Note 17)	42,054	39,410
Total accounts payable to related parties	203,979	116,291

6.2.3. Trade and other accounts payable

The detail of trade accounts payable, is as follows:

	September 2019	December 2018
Premiums payable (*options)	153,467	-
Suppliers	2,388	1,370
Others	1,693	1,244
Withholdings	393	1,015
Pension Funds	200	489
Family compensation fund, ICBF and SENA	85	87
Health promoting entities	71	79
Other unions	15	10
Administrators of occupational hazards	3	-
Total	158,315	4,294

* Corresponds to premiums financed from derivatives.

NOTE 7. TAXES

The following are the taxes recognized in the statement of financial position:

	September 2019	December 2018
Current tax asset	22,112	14,854
Deferred tax asset	83,289	70,462
Current tax liability	4,509	-

7.1. Current income tax

- a. Current tax recognized in the statement of financial position

	September 2019	December 2018
Current tax assets		
Local taxes	3,600	2,168
Withholdings	8,740	-

Tax refund	9,772	12,686
Total	22,112	14,854

	September 2019	December 2018
Current tax liabilities		
Local taxes	4,509	-
Total	4,509	-

b. Taxes, recognized for the period

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Current tax expenses	(2,936)	(14,708)	(95)	(518)
Current tax	(285)	(27,935)	(95)	(13,745)
Adjustment of previous periods	(2,651)	13,227	-	13,227
Deferred tax expense	9,450	(645)	13,273	11,978
Constitution/reversal of temporary differences	9,450	(645)	13,273	11,978
Tax expense	6,514	(15,353)	13,178	11,460

a. Reconciliation of the effective tax rate.

The reconciliation of the effective tax rate of the group applicable for the years ended September 30, 2019 and 2018, respectively, is as follows:

	September 2019		September 2018	
	Rate	Balance	Rate	Balance
Profit before tax		892,573		755,665
Income tax applying the local tax rate	33%	(294,549)	37%	(279,596)
Tax Effect of:				
Items that increase the taxable base		(181,838)		(155,533)
Non-deductible expenses 1	-6%	(56,747)	-11%	(83,016)
Investment	-13%	(114,652)	-4%	(31,122)
Financial obligations	-1%	(10,115)	-2%	(12,124)
Other alternative incomes	0%	(324)	-4%	(29,271)
Items that reduce the taxable base		482,901		419,776
Investments in subsidiaries	52%	467,291	54%	406,549
Financial assets	0%	152	0%	-
Prior period adjustment	0%	(2,651)	4%	13,227
Exempt income	2%	18,109	0%	-
Income tax	0.70%	6,514	2.00%	(15,353)

¹ Includes expenses due to law limitations associated with income (not constituting income), donations, among others.

The effective tax rate for the company was -0.7% for September 2019; 2.0% in September 2018. This variation corresponds mainly to the effect of non-taxed dividends and the impact of the recognition of the equity method, in the subsidiaries.

b. Movement of balances of profit and the taxable income.

The following is the movement that generated the income and complementary balances, at September 30, 2019 and December 31, 2018:

Income tax balance at December 31, 2017	31,353
Current income tax liability	26,744
Withholdings and advances	(40,976)
Payment of tax returns for the year 2017	(29,807)
Income tax balance at December 31, 2018	(12,686)
Current income tax liability	(8,764)
Withholdings and advances	2,937
Income tax balance at September 30, 2019	(18,513)

The tax returns statements for 2018 and 2017 will be final, according to the general rule of 3 years; For transfer pricing statements, the term of your 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.

7.2. Deferred tax

Movement and deferred tax balances

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

Deferred tax asset (liability)	September 2019	Recognized results	Other participation in equity	December 2018	Recognized results	Other participation in equity	December 2017
Financial assets (Derivatives)	(69,303)	(53,568)	3,376	(19,111)	(43,753)	2,700	21,942
Properties and equipment	(4,153)	181	-	(4,334)	713	-	(5,047)
Financial liabilities	148,614	64,103	-	84,511	84,978	-	(467)
Employee benefits	8,131	(1,265)	-	9,396	(1,358)	(192)	10,946
Investments	-	-	-	-	66,928	-	(66,928)
	83,289	9,450	3,376	70,462	107,508	2,508	(39,554)

7.3. 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

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 be 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 taxes may deduct income tax, VAT, paid for fixed assets acquired, constructed, formed, or imported, in the year in which the payment is realized, or any of the following periods

The simplified sales tax regime is eliminated

Other provisions

Regime Colombian Holding Companies (CHC)

A Regimen 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 the 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, are realized, when the value of undeclared assets or non-existent liabilities, does not exceed the 8,500 SMMLV

NOTE 8. Leases

On January 1, 2019, Grupo SURA recognized right-of-use leased assets and lease liabilities, which correspond to buildings.

With respect to the lease liabilities, the amortization depends on the rate implicit in the lease contract. In the case that the implicit interest rate is not available, the incremental interest rate is used.

The following shows the movements of the right-of-use assets, and financial lease liabilities, for the period ended September 30, 2019:

	Right-of-use asset	Lease liability
Balance of January 1, 2019(*)	21,651	14,216
Additions	682	3,376
Withdrawals	-	(798)
Depreciation and amortization	(1,230)	-
Interest expenses	-	817
Lease payments	-	(3,605)
At September 30, 2019	21,103	14,006

(*) Corresponds to the reclassification of the lease balances, classified under IAS 17 leases.

NOTE 9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

9.1 Investments in associates

General information on investments in associates

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

September 2019

December 2018

Investment	Economic Activity	% Participation	% voting rights	# Shares	% Participation	% Voting rights	# Shares
Bancolombia S.A. (*)	Global bank	24.39%	46.02%	234,545,239	24.39%	46.02%	234,545,239
Grupo Argos S.A. (*)	Cement, energy, real-estate, and ports	26.75%	35.53%	229,295,179	26.75%	35.53%	229,295,179
Grupo Nutresa S.A.	Foods and processed	35.17%	35.17%	161,807,155	35.17%	35.17%	161,807,155

(*) **Right to vote:** The percentage with voting rights, at September 2019 and December 2018, of Bancolombia S.A. it is 46.02% and Grupo Argos S.A is 35.53%. The aforementioned, 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 September 30, 2019 and December 31, 2018:

Investment	September 2019	December 2018
Bancolombia S.A.	5,594,878	5,594,878
Grupo Argos S.A.	4,510,388	4,510,388
Grupo Nutresa S.A.	4,287,391	4,287,391
Total	14,392,657	14,392,657

Dividends received

Dividends received from the following issuers:

	Accumulated		Quarterly	
	September 2019	September 2018	September 2019	September 2018
Bancolombia S.A.	256,123	239,176	-	-
Grupo Argos S.A.	80,253	75,207	-	-
Grupo Nutresa S.A.	99,027	91,648	-	-
Total	435,403	406,031	-	-

Financial information of associates

The assets, liabilities, equity and results of the exercise of each of the associated companies included in the financial statements for the period to September 30, 2019 and December 2018 are the following:

September 2019	Location	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A.	Colombia	236,855,226	-	207,912,713	-	28,942,513	9,747,569	2,733,934	681,838	3,415,772
Grupo Argos S.A.	Colombia	7,394,088	45,345,523	7,836,498	18,269,670	26,633,443	12,857,784	959,333	781,045	1,740,378
Grupo Nutresa S.A.	Colombia	3,284,423	12,404,095	2,189,709	4,806,333	8,692,476	7,200,036	416,228	227,641	643,869

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)

The investments in associates, of Grupo SURA, listed on the Colombia Stock Exchange (Bolsa de Valores de Colombia) and with high liquidity. the market price of the shares at September 30, 2019, and December 2018, in the stock market, is as is listed below:

Associate	September 2019	December 2018
Bancolombia S.A.	9,264,537	7,130,175
Grupo Argos S.A.	3,911,776	3,875,089
Grupo Nutresa S.A.	4,100,193	3,802,468

Movement of investments in associates:

	Bancolombia S.A.	Grupo Argos S.A.	Grupo Nutresa S.A.	Total
At December 31, 2017	5,592,906	4,515,121	4,287,391	14,395,418
Additions ¹	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
Additions ¹	-	-	-	-
Derecognition	-	-	-	-
At September 30, 2019	5,594,878	4,510,388	4,287,391	14,392,657

¹ Additions, corresponding to the shares of Grupo de Inversiones Suramericana Panama, 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

9.2. Investments in subsidiaries

General information on investments in subsidiaries

The following is a breakdown of the entities over which Grupo SURA possesses direct control at September 30, 2019 and December 2018:

Company	Country	Economic Activity	Percentage of property		Date of creation
			September 2019	December 2018	
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
Suramericana S.A.	Colombia	Investments	81.13%	81.13%	25/05/1999
SURA Ventures S.A.	Panama	Investments	100%	100%	21/02/2018

Balance of investments

The detail of the balance of investments in subsidiaries by the equity method as of September 30, 2019 and December 2018, is as follows:

Company	September 2019	December 2018
SURA Asset Management S.A.	10,370,085	9,775,377
Suramericana S.A.	4,041,700	3,909,300
Inversiones y Construcciones Estratégicas S.A.S.	154,306	150,259
SURA Ventures S.A.	95,754	80,693
ARUS Holding S.A.S.	68,356	71,569
ARUS S.A.	3,325	3,612
Enlace Operativo S.A.	1,128	1,026
Total	14,734,654	13,991,836

Assets, liabilities, equity, and results of the subsidiaries

Assets, liabilities, equity, and income of each of the company's subsidiaries, included in the financial statements for the period of September 30, 2019 and December 2018, are as follows:

September 2019	Asset	Liability	Equity	Income	Other comprehensive income
SURA Asset Management S.A. (*)	22,328,933	12,492,285	9,836,648	680,828	369,863
Arus Holding S.A.S.	70,970	12	70,958	(3,324)	(2)
ARUS S.A.	120,695	90,561	30,135	(5,164)	-
Enlace Operativo S.A.	24,874	5,221	19,653	1,772	-
Inversiones y Construcciones Estratégicas	159,279	4,972	154,306	3,398	649
Suramericana S.A. (*)	27,584,725	22,595,395	4,989,330	300,368	25,236
Sura Ventures S.A.	140,070	22	148,048	(43)	9,647

*Figures taken from the consolidated financial statements

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

The equity method of subsidiaries

The following is a breakdown of profit or (loss) from the equity method, as of September 30th of 2019 and 2018:

Subsidiary	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
SURA Asset Management S.A.	569,018	399,724	209,842	177,817
Suramericana S.A.	243,686	320,087	102,825	110,004
Inversiones y construcciones Estratégicas S.A.S.	3,398	1,336	(9)	434
Enlace Operativo S.A.	102	118	33	25
ARUS S.A.	(267)	16	(117)	107
Arus Holding S.A.S.	(3,203)	1,803	(1,575)	2,259
SURA Ventures S.A.	(3,266)	(3,054)	(1,103)	(1,065)
Grupo de Inversiones Suramericana Panamá S.A.	-	(25,172)	-	(24,917)
Grupo SURA Finance S.A.	-	(2,109)	-	(378)
Total	809,468	692,749	309,896	264,286

Movement of investments in subsidiaries

The movement of investments in subsidiaries, is as follows

	Asset	Liability	Income Statement	Accumulated earnings	Other comprehensive income
Balance at January 1, 2018	13,119,248	(201,565)	-	-	1,220,358
Additions (1)	867,446	-	-	-	-
Dividends	(479,667)	(20,000)	-	-	-
Equity variation	(177,600)	185,017	-	-	12,577
Impact of the application of new accounting norms	-	-	-	(5,155)	-
Income/expenses from the Equity Method	726,238	(27,281)	698,957	-	-
Merger of GIS Panamá -Finance (2)	(63,829)	63,829	-	-	-
Balance at December 31, 2018	13,991,836	-	-	(5,155)	1,232,935
Additions (3)	11,641	-	-	-	-
Dividends	(463,606)	-	-	-	-
Equity variation	385,315	-	-	-	385,315
Income/expenses from the Equity Method	809,468	-	809,468	-	-
Closing balance at September 30, 2019	14,734,654	-	809,468	(5,155)	1,618,250

- (1) As a result of the merger, the investment of Grupo de Inversiones Suramericana Panamá, in SURA Asset Management, was in the amount of \$ 824,069, and capitalizations realized to SURA Ventures, during the year 2018, for a value of \$ 43,337

On February 21, 2018, the spin-off of Grupo de Inversiones Suramericana Panamá S.A was approved, and a new company was created, beneficiary of the spinoff called SURA VENTURES S.A. The capital of the new company, that is constituted, is paid with the allocation of part of the capital of Grupo de Inversiones Suramericana Panamá S.A.

- (2) 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).
- (3) Capitalizations realized to SURA Ventures, in January, March, April and July of 2019, in the amount of \$ 1,688, \$ 248, \$7.678 and \$2.027, respectively.

NOTE 10. SECURITIES ISSUED

The following is an overview of the securities issued:

	September 2019	December 2018
Outstanding bonds (1)	4,223,088	4,088,985
Preference shares (2)	460,624	460,699
Total	4,683,712	4,549,684

(1) Outstanding bonds:

The following is a breakdown of bonds issued:

Date Issued	Maturity Date	Amortized cost		Fair value	
		Sep-19	Dec-18	Sep-19	Dec-18
29-apr-16	29-apr-26	1,062,558	1,781,904	1,117,373	1,857,840
18-may-11	18-may-21	1,934,826	978,285	2,186,214	1,028,386
07-may-14	07-may-23	225,344	225,381	239,456	238,476
23-feb-17	23-feb-22	194,693	194,615	203,563	199,336
23-feb-17	23-feb-29	191,380	191,200	202,774	194,207
23-feb-17	23-feb-24	165,998	165,787	173,645	171,565
07-may-14	07-may-19	-	104,278	-	106,897
07-may-14	07-may-30	100,797	100,825	142,487	133,296
07-may-16	07-may-20	100,937	100,689	121,226	116,768
25-nov-09	25-nov-29	95,221	96,256	111,161	104,784
25-nov-09	25-nov-49	96,439	95,138	102,336	102,490
07-may-14	07-may-24	54,895	54,627	55,196	55,992
		4,223,088	4,008,985	4,655,431	4,310,037

(2) Preferential 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.

Movements of the debt instruments issued, for September 30, 2019 and December 31, 2018, are as follows:

	Bonds	Preference shares	Total
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
Caused Interest	154,384	30,396	184,780
Interest payments	(216,842)	(30,471)	(247,313)
Exchange differences	196,561	-	196,561
At September 30, 2019	4,223,088	460,624	4,683,712

(*) 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, at July 31, 2018. Due to the fact that the finance bonds are issued in dollars, Grupo SURA decided to apply hedge accounting, at September of 2018, the effects of which are taken to other comprehensive income and to the income statement. The coverage structure was realized with swaps and options.

NOTE 11. DIVIDENDS

Paid and declared

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

Dividends payable at December 31, 2017	1,350
Ordinary declared	242,961
Preferential declared	58,503
Subtotal dividends declared	301,464
Payment ordinary shares	(181,890)
Payment of preference shares	(43,820)
Others	(223)
Dividends payable at December 31, 2018 (Note 6.2.2.)	76,881
Ordinary declared	257,971
Preferential declared	62,117
Subtotal dividends decreed	320,088
Payment ordinary shares	(189,352)
Payment of preference shares	(45,619)
Others	(73)
Dividends payable at September 30, 2018 (Note 6.2.2.)	161,925

After the annual closing of the 2018 financial statements, the directors proposed the following distribution of retained earnings for 2018, which was paid in cash, and appropriated the non-taxable occasional reserve.

The dividend is five hundred eighteen pesos (COP \$ 550) 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 as follows:

One hundred thirty-seven pesos with fifty cents (COP \$ 137.50) for each share on the following dates: April 12, 2019, July 3, 2019, October 1, 2019, and January 2, 2020

NOTE 12. ADMINISTRATIVE EXPENSES

Administrative expenses are as follows:

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Others*	(6,263)	(2,914)	(136)	(103)
Travel and representative expenses	(6,148)	(5,095)	(1,898)	(1,839)
Industry and trade	(4,508)	(2,824)	479	(1,297)
Publicity	(1,624)	(1,692)	(518)	(749)
Maintenance and repairs	(1,272)	(555)	(931)	(64)
Surcharges and other taxes	(989)	(8,069)	(275)	(1,345)

Contributions	(945)	(2,219)	(391)	(1,128)
Commissions	(659)	(725)	(210)	(234)
Public services	(392)	(406)	(148)	(123)
Leases	(207)	(241)	(64)	(60)
Insurance	(105)	(4)	(93)	(1)
Seasonal services	(92)	(377)	(42)	(321)
Stationery and supplies	(49)	(18)	(22)	(7)
Sanctions	(40)	-	-	-
equity tax	(29)	-	(29)	-
Legal	(6)	(343)	(2)	(335)
Total	(23,328)	(25,482)	(4,280)	(7,606)

* The balance corresponds to donation to the South American Foundation according to profit sharing 2018.

NOTE 13. HONORARIUM EXPENSES

Honorarium expenses are detailed as follows:

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Legal advice	-	(54)	-	-
Consultants and advisory	(6,205)	(4,731)	(1,406)	(1,667)
Board of Directors	(688)	(716)	(244)	(266)
Auditor	(284)	(273)	(91)	(79)
Total	(7,177)	(5,774)	(1,741)	(2,012)

NOTE 14. FINANCIAL RESULTS

The financial results are detailed as follows:

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Fair value gains – derivatives (1)	79,042	(52,285)	88,324	7,177
Exchange differences (net) (2)	(127,965)	(34,501)	(150,484)	(65,770)
Interests (3)	(254,458)	(216,224)	(84,643)	(76,628)
Total	(303,381)	(303,010)	(146,803)	(135,221)

(1) Corresponds to the valuation of the derivatives.

(2) Below is a breakdown of exchange differences:

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Derivatives	18,066	(6,477)	21,742	(6,477)
Credits in dollars	(17,781)	44,462	(21,825)	13,077
Bonds	(128,250)	(72,486)	(150,401)	(72,486)
Others	-	-	-	116
Total	(127,965)	(34,501)	(150,484)	(65,770)

(3) The following is a detail of the interests as of the cut-off date.

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Securities issued	(188,512)	(99,628)	(65,154)	(99,628)
Bank credits	(33,960)	(85,598)	(9,468)	34,067
Preference shares (note 15)	(30,396)	(30,173)	(10,238)	(10,243)
Financial leases	(817)	(824)	(260)	(824)
Repo operations	(1,033)	-	(272)	-
Hedging	417	(1)	796	-
Others	(157)	-	(48)	-
Total	(254,458)	(216,224)	(84,643)	(76,628)

NOTE 15. 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.

The calculation of basic earnings per share is detailed below:

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Controlling earnings	899,087	740,312	163,745	124,440
Plus: expense interest on preferred shares classified as liabilities (Note 14)	30,396	30,173	10,238	10,243
Less: undistributed earnings to preferred stockholders ²	(180,378)	(149,523)	(33,763)	(26,137)
Profit corresponding to ordinary continuous operations	749,105	620,962	140,219	108,546
Ordinary shares	469,037,260	469,037,260	469,037,260	469,037,260
Earnings per share from continuing operations	1,597	1,324	299	231

¹ Corresponds to the minimum guaranteed dividend of the preference shares caused as an expense during the period.

² Corresponds to the portion of the parent company's net income attributable to the preferred stock that has not been declared as a dividend.

NOTE 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risks

The performance of the financial markets and the economies of the region have effects on the operation of the business and, therefore, on its financial results. This leads to the company having management systems that allow monitoring the exposure to credit, market, and liquidity risk, from treasury management and investment portfolios.

The company's risk management is framed by the risk management framework policy of the Grupo Empresarial SURA and the internal risk manual of the Grupo SURA, which establishes the responsibilities of the board of directors, the risk committee, and the management in relation to the risk management system and defines the framework for the company's performance in this matter.

Likewise, these documents provide guidelines for the company's own risks, associated with its business model and derivatives of its strategy, as well as the risks of its investments. The latter are managed by each business unit, taking into account their level of experience and expertise. The work of Grupo SURA focuses on developing appropriate interaction mechanisms to monitor the profiles and how they manage risks.

16.1. Credit risk

The credit risk management seeks to reduce the probability of incurring losses, derived from the breach of financial obligations, contracted by third-parties, with the company.

16.1.1 Description of the objectives, policies, and processes for risk management

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

16.1.2. Methods used to measure risk

The risk instances, of the company, analyze the counterparts, issuers, and managers, in order to evaluate their credit support and deliver the investment limits that should be considered by the treasury.

16.1.3. Summary of quantitative data on risk exposure of the entity

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

For further details please refer to **Note 6 "Financial Instruments"**

16.2. Liquidity risk

Liquidity risk refers to the ability of the companies to generate the resources, to comply with the obligations acquired, and the operation of their business.

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

To manage this risk, the Grupo SURA focuses its actions within the framework of a liquidity management strategy for the short and long-term, in accordance with the policies and guidelines, issued by the board of directors and senior management, which contemplate circumstantial and structural issues, in order to ensure compliance with the obligations acquired, under the conditions initially agreed and without incurring surcharges

16.2.2. Methods used to measure risk

To manage this risk, following the policies and guidelines, issued by the board of directors and senior management, it monitors the cash flow in the short-term to manage the collection and payment activities from the treasury, and cash flow projections. in the medium-term, in order to determine the liquidity position, and anticipate the necessary measures for an adequate management.

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

16.2.3. Description of changes in risk exposure

During the quarter, there were no significant changes in the exposure to this risk.

16.2.4. Summary of quantitative data on risk exposure of the entity

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

For further details, please refer to **Note 6 "Financial instruments"**.

16.3. Market risks

Market risk refers to how changes in market prices 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. These activities do not generate a significant market risk, due to their nature of low volatility assets.
- Financial liabilities, obtained in foreign currency, and those tied at a variable rate, which result in an exposure to exchange rate risk and interest rate.

Grupo SURA analyses the impact that variables, such as the interest rate and the exchange rate generate on their results, to determine if it is convenient to have hedging strategies to mitigate their volatility.

16.3.1. Exchange rate risk

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

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

To manage this risk, the company monitors its exposures, in accordance with the policies and guidelines, issued by the board of directors and, if necessary, determines the advisability of having a coverage scheme

16.3.1.2. Methods used to measure risk

The exchange rate risk management realized, from the company's treasury, is focused on the analysis of the advisability of hedging to neutralize the impact that variations in the exchange rate that may have on its results and thus reduce exposure to this risk.

16.3.1.3. Description of changes in risk exposure

During the third quarter of 2019, exposure to exchange rate risk was reduced due to the implementation of a hedging strategy in the second quarter of the year for debts denominated in foreign currency.

16.3.1.4. Summary of quantitative data on risk exposure of the entity

With respect to financial liabilities, the company maintains several hedging strategies, for loans acquired in foreign currency, with the objective of reducing the possible impacts of a devaluation of the Colombian peso.

For further details, please refer to **Note 6 Financial instruments**.

16.3.2. Interest rate risk

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

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

To manage the exposure to this risk, the company monitors its exposures and, if necessary, determines the convenience of having a coverage scheme, monitored periodically, and aligned with the guidelines, issued by its board of directors.

16.3.2.2. Methods used to measure risk

The interest rate risk management, realized, from the company's treasury focuses on the analysis of the convenience of making hedges, to neutralize the impacts that the interest rate variations may have on their results and thus reduce exposures to this risk.

16.3.2.3. Description of changes in risk exposure

During the quarter, there were no significant changes in the exposure to this risk.

16.3.2.4. Summary of quantitative data on risk exposure of the entity

The company maintains hedging strategies for loans acquired at a variable rate, with the objective of reducing the possible impacts due to increases in the local and foreign interest rate

For more details, please refer to **Note 6. Financial instruments.**

16.3.3. Share price risk

The price risk of the shares is the risk that the fair value of a financial instrument fluctuates, as a result of changes in the prices of equity assets.

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

For the management of this risk, from the management of treasury resources, guidelines have been defined to facilitate the analysis and monitoring of how variations in the market prices of the instruments that it holds, could affect the company

16.3.3.2. Methods used to measure risk

The internal risk management system considers the evaluation process of how changes in market prices affect the company's income or the value of its investments.

16.3.3.3. Description of changes in risk exposure

During the quarter, there were no significant changes in the exposure to this risk.

16.3.3.4. Summary of quantitative data on risk exposure of the entity

Given the nature of the portfolio and the investments, exposures to this risk are not material

For more details, please refer to Note 6.1.3 "Investments" For more details, please refer to **Note 6.1.3 "Investments"**

For more details, please refer to **Note 6.1.3 "Investments"**

NOTE 17. 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.

The following is a breakdown of related parties, at September 30, 2019 and December 31, 2018 of Grupo SURA:

a) Companies under direct or indirect control of Grupo SURA are included in Note 9.2 Investments in subsidiaries.

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

Company	Entity type	September 2019	December 2018	Country	Functional currency
Grupo de Inversiones Suramericana S.A.	Holding company			Parent	
Activos Estratégicos Sura A.M. Colombia S.A.S.	Holding company	83.58%	83.58%	Colombia	Colombian peso
Sura Investment Management Colombia S.A.S	Holding company	83.58%	83.58%	Colombia	Colombian peso
SURA Asset Management España S.L.	Holding company	83.58%	83.58%	Spain	Euro
Grupo 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
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	Peruvian Sol
Sura Asset Management Uruguay Sociedad de Inversión S.A.	Holding company	83.58%	83.58%	Uruguay	Uruguayan Peso
AFAP Sura S.A.	Company dedicated to the administration of pension savings funds	83.58%	83.58%	Uruguay	Uruguayan Peso
AFP Capital S.A.	Company dedicated to the administration of social security funds	83.33%	83.33%	Chile	Chilean peso
Afore Sura S.A. de C.V.	Company dedicated to the administration of investment specialized in retirement funds	83.58%	83.58%	Mexico	Mexican peso
AFP Integra S.A.	Pension funds administrator	83.58%	83.58%	Peru	Peruvian Sol
SURA Real Estate S.A.S.	Management consulting activities, real estate activities realized with owned or leased property	83.58%	83.58%	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%	83.58%	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.	Pensions insurance	83.58%	83.58%	Mexico	Mexican peso
Seguros de Vida SURA México S.A. de C.V.	Life insurance	81.13%	81.13%	Mexico	Mexican peso

Company	Entity type	September 2019	December 2018	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%	El Salvador	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	Peruvian Sol
Sociedad Agente de Bolsa S.A.	Stockbrokers	83.58%	83.58%	Peru	Peruvian Sol
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%	83.58%	Mexico	Mexican peso
Sura Seguros de Rentas Vitalicias S.A	Society engaged in insurance activities, related to annuities	0.00%	83.58%	Chile	Chilean peso
Inversiones Suramericana Colombia S.A.S.	Conclusion of mutual contracts and 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. (República Dominicana)	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%	El Salvador	Dollar
Sura RE Ltd.	Insurance and/or reinsurance business	81.13%	81.13%	Bermuda Island	Dollar
Sura SAC Ltd.	Insurance and/or reinsurance business	81.13%	81.13%	Bermuda Island	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%	81.13%	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%	81.11%	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

Company	Entity type	September 2019	December 2018	Country	Functional currency
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
Servicios Generales Suramericana S.A. (Panamá)	Service inspection, repair, purchase and sale of vehicles.	81.13%	81.13%	Panamá	Dollar
EPS 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 diagnostic health aids 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)	Personal insurance	81.13%	81.13%	Colombia	Colombian peso
Seguros de Riesgos Laborales Suramericana S.A.	Operation of the labor risks branch	0.00%	81.13%	Colombia	Colombian peso
Asesuisa Vida, S.A. Seguros de Personas	Life insurance company	81.13%	81.13%	El Salvador	Dollar
Seguros de Vida Suramericana S.A (Chile)	Life insurance company	81.13%	81.13%	Chile	Chilean peso
Suramericana S.A.	Investor	81.13%	81.13%	Colombia	Colombian peso
Inversiones y Construcciones Estratégicas S.A.S.	Investor	100.00%	100.00%	Colombia	Colombian peso
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%	100.00%	Panama	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 Seguros de Riesgos Laborales 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: 6.1.2.):

	September 2019	December 2018
Suramericana S.A.	-	10
Seguros de Riesgos Laborales SURA S.A.	-	22
Seguros de Vida Suramericana S.A.	-	11
Total	-	43

Accounts payable (Note 6.2.2.):

	September 2019	December 2018
Strategic investments and construction ¹	35,989	34,410
Interest - investments and constructions Strategies ¹	6,065	5,000
Total	42,054	39,410

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

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

Non-operating expenses:

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Inversiones y Construcciones Estratégicas S.A.S. ¹	1,170	1,332	389	449
Grupo Sura Finance S.A. ¹	-	-	-	(35,582)
Operaciones Generales Suramericana S.A.S.	17	13	7	6
Consultoría en Gestión de Riesgos Suramericana S.A.S.	12	-	5	-
Seguros Generales Suramericana S.A.S.	74	8	71	0
Servicios de Salud IPS Suramericana S.A.	1	7	-	6
Total	1,274	1,360	472	(35,121)

(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:

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Short-term employee benefits (*)	7,363	5,557	1,750	1,686

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Post-employment benefits (**)	-	24,215	(13,023)	1,502

(*) 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.

(**) By September 2019, the post-employment benefit liability is not extinguished, but the company has greater asset value to support that liability.

Other related parties:

	Accumulated		Quarter	
	September 2019	September 2018	September 2019	September 2018
Honorariums, member Board of Directors	688	716	244	266

NOTE 18. EVENTS AFTER THE REPORTING PERIOD

These present financial statements of annual periods, with a cutoff date of 30 September, 2019, were prepared for supervisory purposes and authorized for issuance by the board of directors of Grupo SURA on October 31, 2019, after the cut-off date and until its publication no relevant events have been presented that imply adjustments, and as such the following additional information, is presented:

- After the acquisition of the Mexican insurance company Seguros de Vida Sura México S.A. de C.V. in October 2018, and with the purpose of materializing the synergies pursued with said acquisition, from October of this year the merger of Seguros de Vida Sura México S.A. de C.V. with the Mexican insurance company Seguros Sura S.A. de C.V. will be reflected in the financial statements of Suramericana S.A. as of October of this year.
- On October 16, 2019, the Constitutional Court declared the financing law to be unconstitutional in its entirety for having ignored the principles of publicity and consecutivity in the course of parliamentary debate, which will produce effects as of January 1, 2020, this means that effects will only occur in the future and in no case will affect consolidated legal situations. On the other hand, on October 22, the National Government presented a new tax reform bill, in which we did not find significant modifications with respect to Law 1943. Therefore, if the text were approved in its entirety, there would be no relevant changes that would affect the determination of the Company's deferred tax.
- On 01 November the subsidiary SURA Asset Management S.A. (SURA AM) and its subsidiary SURA Investment Management S.A.S. (SURA IM) as purchasers, announced the signing of a share purchase agreement with Rienza S.A.S., Compañía Mercado de Capitales S.A.S. and other minority interests, as sellers, for the acquisition of 8,500,000 ordinary shares corresponding to 100% of the capital of Gestión Fiduciaria S.A. The value

of the transaction amounts to COP 11,000 million and is subject to authorization by the Superintendencia Financiera de Colombia, as well as to compliance with other usual closing conditions contained in the contract. The participation of the SURA Group in the acquired entity will be indirect, through SURA.AM, SURA IM and other entities that are part of the SURA Business Group.

Gestión Fiduciaria S.A., is a company domiciled in Cali, Colombia, constituted as a trust company, duly authorized to operate by the Superintendence of Finance of Colombia, which will allow SURA AM to expand its investment capabilities of its business in this country, as part of its value proposition with a regional scope

NOTE 19. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the financial statements of Grupo SURA, corresponding to the period ended September 30, 2019, were authorized by the board of directors, as stated in meeting minutes No. 301 of October 31, 2019, to be presented to the market.

ANALYSIS OF FINANCIAL RESULTS (unaudited)

The following are the analyses of financial results, for the period ended September 30, 2019, with comparative figures, at December 31, 2018. These analyses, are performed by management, and are not part of the financial statements. Expressed in millions of pesos.

INDEX		September 2019	December 2018	INTERPRETATION	
	Solvency	5,961,196	5,698,577	Creditors own 19.85% in September 2019 and 19.8% in December 2018, with the shareholders owning the complement: 80.15% in September 2019 and 80.2% in December 2018.	Total liability
		= 19.85%	= 19.80%		Total asset
		30,026,496	28,773,968		
INDEBTEDNESS	Total	5,961,196	5,698,577	Of each peso that the company has invested in assets, 19.85% in September 2019 and 19.8% in December 2018, has been financed by the creditors	Total liability
		= 19.85%	= 19.80%		Total asset
		30,026,496	28,773,968		
	Coverage of interest	1,153,545	953,184	The company generated net income equal to 453.33% in September 2019 and 312.94% in December 2018, from interest paid.	Net profit + interest
		= 453.33%	= 312.94%		Financial expenses
		254,458	304,591		
Leverage	Total	5,961,196	5,698,577	Each peso (\$1.00) of owners of the company is committed to 24.77% to September 2019 and 24.7% to December 2018.	Total liabilities with thirds
		= 24.77%	= 24.70%		Equity
		24,065,300	23,075,391		
PERFORMANCES	Financial Total	5,572,190	5,553,824	For each peso of equity, financial commitments are realized at 23.15% in September 2019 and 24.07% in December 2018.	Total liabilities with financial entities
		= 23.15%	= 24.07%		Equity
		24,065,300	23,075,391		
		899,087	648,593		Net profit

Net margin of profit	=	72.18%	=	58.36%	Net profit corresponds to 72.18% of net income in September 2019 and 58.36% of net income in the same of 2018.	Net income
		1,245,690		1,111,388		
		899,087		648,593		Net profit
Return on total liabilities	=	3.88%	=	2.89%	Net results correspond to 3.88% of equity in September 2019 and 2.89% in December 2018.	Equity - profit
		23,166,213		22,426,798		
		899,087		648,593		Net profit
Return on total assets	=	2.99%	=	2.25%	Net results with respect to total assets, correspond to 2.99% in September 2019 and 2.25% in December 2018	Total assets
		30,026,496		28,773,968		