CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2019, with comparative figures at December 31, 2018

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RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNTS

The Directors are required to prepare the financial statements, for each financial period, that reasonably present the company's financial position, results, and cash flows, at December 31, 2019, with comparative figures at 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 the applicable accounting standards have been followed, subject to any significant deviation revealed, and explained, in the accounts.
- Prepare the accounts, based on the ongoing business, unless it is inappropriate to presume that the Company will continue in business.

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

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

David Bojanini Garcia
President

Luis Fernando Soto Salazar
Public Accountant
Professional Card 16951-T

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The undersigned Legal Representative and Public Accountant, under whose responsibility the consolidated financial statements were prepared, certify:

That for the issuance of the statement of financial position, at December 31, 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 flows statement, for the year ended on that date, which are in compliance with the norms, and are made available to shareholders and third parties, and whose information, contained in them, have been previously verified.

Said affirmations, explicit and implicit, are the following:

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

Integrity: All economic events have been recognized.

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

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

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

In accordance with Article 46 of Law 964 of 2005, in my capacity as Legal Representative of Grupo de Inversiones Suramericana S.A., the financial statements, and other reports relevant to the public, related to the fiscal year ended December 31, 2019 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
Profesional Card 16951-T

AUDITOR REPORT

To the Shareholders' Meeting of:
Grupo de Inversiones Suramericana S.A.

Feedback

I have audited the accompanying consolidated financial statements of Grupo de Inversiones Suramericana S.A., which comprise the consolidated statement of financial position as of December 31, 2019 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting and financial reporting standards accepted in Colombia.

Basis of the feedback

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia. My responsibilities in compliance with such standards are described in the section on Auditor's Responsibilities when Auditing Financial Statements in this report. I am independent of the Company, in accordance with the Code of Ethics Manual for Accounting Professionals, together with the relevant ethical requirements for my audit of the financial statements in Colombia, and I have complied with the other applicable ethical responsibilities. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my feedback.

Key audit matters

These matters were addressed in the context of my audit of the consolidated financial statements taken as a whole, and in support of my opinion thereon, but not in order to provide a separate opinion on these matters. Based on the foregoing, I discuss below the manner in which each key issue was addressed during my audit.

I have performed the responsibilities described in the section on the Auditor's Responsibility for the Audit of Financial Statements in my report. Accordingly, my audit included performing procedures designed to address the risks of material misstatement of the consolidated financial statements. The results of my audit procedures, including the procedures performed to address the matters set out below, form the basis of my audit opinion on the accompanying consolidated financial statements.

Key Audit Matters	Audit response
Insurance Reservations The insurance reserve liability of the SURA Group represents 56.7% of total liabilities and the determination of its value requires the application of actuarial methodologies, judgments and significant estimates by management. I believe that this is a key issue in my audit due to the magnitude of the balances, as well as the uncertainties and judgments used by management in the estimation of these insurance reserves. The description of the methodology and assumptions used to estimate insurance reserves is presented in Note 2.3.5 and 9 to the consolidated financial statements.	➢ Understanding the process of estimating insurance reserves. ➢ With the support of my team's actuarial specialists, I assessed the methodology and the reasonableness of the assumptions used by management in estimating the reserves. ➢ I evaluated the quality and integrity of the information used in the estimation.
Impairment of goodwill The goodwill represents $4.7 billion at December 31, 2019 and the determination of its recoverable amount is complex and requires a high level of judgment on the part of management given the different economic environments in which the Group operates. The most significant judgments arise from the forecasted cash flows, the discount rate and the growth rate applied in the value in used measurement models. A description of the methodology and assumptions used in the impairment testing of capital gains is presented in Note 15 to the consolidated financial statements.	➢ Management's understanding of the process for determining the recoverable value of cash-generating units. ➢ With the support of internal specialists, I assessed the methodology and reasonableness of the cash flow projections and key assumptions used by management. ➢ I evaluated the quality and integrity of the information used in the estimation.
Investments in associated companies Investments in associated companies The determination of the recoverable amounts of the Group's investments in associates is based on management's estimates of future cash flows and its judgment with respect to the performance of the associates. This is a key issue in our audit due to the uncertainty of forecasting and discounting future cash flows, the level of management judgment involved and the significance of the Group's investment in associates which represents 28.9% of total assets at December 31, 2019. The description of the methodology and assumptions used in the determination of the recoverable value of the investments in associates is presented in Note 16.1 of the consolidated financial statements.	➢ Management's understanding of the process to determine the recoverable value of investments in associates. ➢ With the support of internal specialists, I evaluated the methodology and reasonableness of the cash flow projections and key assumptions used by management, comparing the estimates with externally available industry, economic and financial data.

IT control environment

Large amounts of data are currently generated and processed in the Group's IT environment as part of its daily operations. The IT environment is complex and includes multiple applications throughout the Group. The complex IT infrastructure requires processes to maintain key IT systems and controls that improve efficiency, consistency and control within processes. I focused on this area because the controls in the IT environment support key business processes and financial reporting, and are key to mitigating the risk that some transactions or data used for financial reporting may not be captured on time or be complete.

- I involved IT specialist auditors in our evaluation of the design and operation of IT controls.

- Understanding of the IT environment and financial process paths to understand where IT systems are an integral part of the group companies' processes.

- General IT controls environment testing for relevant applications.

Responsibilities of management and those responsible for the governance of the entity in relation to the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and financial reporting standards accepted in Colombia (NCIF); for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; for selecting and applying appropriate accounting policies; and for making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, Management is responsible for evaluating the ability of the Company to continue as a going concern, disclosing as appropriate, matters related to this matter and using the going concern basis of accounting, unless Management intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those responsible for the governance of the entity are responsible for the oversight of the Company's financial reporting process.

Responsibilities of the Auditor in the Audit of Financial Statements

My objective is to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue a report containing my opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with International Standards on Auditing accepted in Colombia will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with International Standards on Auditing accepted in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to address those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement due to fraud is greater than that resulting from error, because fraud may involve collusion, falsification, intentional omissions, misstatements, or overriding the system of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- To evaluate the accounting policies used, the reasonableness of accounting estimates and the respective disclosures made by management.
- To conclude on whether it is appropriate for Management to use the going concern basis of accounting and, based on the audit evidence obtained, whether there is any material uncertainty regarding events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that there is material uncertainty, I should draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, modify my opinion. The auditor's conclusions are based on the audit evidence obtained as of the date of my report; however, subsequent events or conditions may prevent an entity from continuing as a going concern.
- To evaluate the overall presentation, structure, and content of the consolidated financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

I communicated to those responsible for the entity's governance, the planned scope and timing of the audit, the significant findings of the audit, as well as any significant internal control deficiencies identified during the course of the audit, among other matters.

I also provided the Company's governance officials with a statement that I have complied with applicable ethics requirements in relation to independence and communicated with them about all relationships and other matters that could reasonably be expected to affect my independence and, where appropriate, the corresponding safeguards.

Among the matters that have been the object of communication with the persons responsible for the governance of the Company, I determined those that have been of the greatest significance in the audit of the financial statements for the current period and that are, consequently, key matters of the audit. I described those matters in my audit report unless law or regulation prohibits public disclosure of the matter, or in extremely rare circumstances it is determined that a matter should not be disclosed in my report because it can reasonably be expected that the adverse consequences of doing so would outweigh the public interest benefits of the report.

Other Matters

The financial statements under accounting and financial reporting standards accepted in Colombia of Grupo de Inversiones Suramericana S.A. as of December 31, 2018, which form part of the comparative information of the attached financial statements, were audited by me in accordance with international auditing standards accepted in Colombia, on which I expressed my opinion without qualification on February 28, 2019.

Medellin, Colombia
February 27, 2020

Mariana Rodriguez
Auditor and Partner
Professional Card– 112752-T
Designated by Ernst & Young Audit S.A.S. TR-530

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019 (with comparative figures at December 31, 2018)
(Values expressed in millions of Colombian pesos)

	Note	December 2019	December 2018
Assets			
Cash and cash equivalents	6	2,346,157	1,878,040
Investments	7.1	23,982,370	22,696,482
Trade and other accounts receivable	7.1	6,334,838	6,547,376
Current accounts receivable from related parties and associates	7.1	109,153	102,081
Technical reserves of insurance, reinsurer parties	9.1	4,103,398	3,562,157
Inventories	10	11,920	10,886
Current tax assets	11.2	231,720	308,039
Non-current assets held for sale	17	5,212	5,539,261
Other financial assets	7.1	594,249	318,287
Other non-financial assets	19.1	124,654	144,323
Investment properties	13	169,287	156,847
Properties and equipment	14	1,309,173	1,235,912
Assets by right of use	8	645,484	-
Intangible assets other than goodwill	15.2	4,188,717	4,397,823
Goodwill	15.1	4,721,695	4,798,703
Investments accounted for using the equity method	16	19,965,689	19,170,040
Deferred tax assets	11.5	194,114	207,115
Total assets		**69,037,830**	**71,073,372**

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019 (with comparative figures at December 31, 2018)
(Values expressed in millions of Colombian pesos)

	Note	December 2019	December 2018
Liabilities			
Other financial liabilities	7.3.1	1,889,749	2,141,755
Finance lease liabilities	8	666,663	-
Trade and other accounts payable	7.3.2	3,613,429	3,253,165
Accounts payable to related entities	23	81,949	77,348
Technical reserves	9.4	23,215,289	22,199,074
Current tax liabilities	11.2	464,723	580,672
Provisions for employee benefits	18	533,657	539,787
Non-current liabilities held for sale	17	-	4,871,855
Other non-financial liabilities	19.2	594,700	594,311
Other provisions	20	227,155	249,558
Securities issued	21	8,203,145	8,305,019
Deferred tax liabilities	11.5	1,456,369	1,359,916
Total liabilities		**40,946,828**	**44,172,460**
Equity			
Share capital issued	22.1	109,121	109,121
Share premium	22.2	3,290,767	3,290,767
Net income		1,525,537	1,182,880
Retained earnings		14,080,389	13,466,180
Other equity interest	24	2,396,714	2,519,074
Reserves	22.3	4,234,232	3,905,725
Equity attributable to the holders of the controlling interest		**25,636,760**	**24,473,747**
Non-controlling interest	25	2,454,242	2,427,165
Total equity		**28,091,002**	**26,900,912**
Total assets and liabilities		**69,037,830**	**71,073,372**

The notes are an integral part of the financial statements.

David Bojanini García
Legal Representative

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

Mariana Milagros Rodríguez
Auditor
T.P. 112752-T
Designated by Ernst & Young Audit S.A.S.
TR-530
(See my report of February 27, 2020)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED INCOME STATEMENT

Year that ended on December 31, 2019 (with comparative figures at December 31, 2018)

(Values expressed in millions of Colombian pesos except net earnings per share)

	Note	December 2019	December 2018
Premiums issued	9.2	13,956,772	13,264,954
Premiums		13,576,909	12,936,557
Complementary insurance services		379,863	328,397
Premiums ceded	9.2	(2,737,502)	(2,530,106)
Retained premiums (net)		**11,219,270**	**10,734,848**
Commission income	27.1	2,733,630	2,503,860
Provision of services	28.1	4,026,799	3,293,319
Dividends		7,181	5,824
Investment income		1,090,921	1,103,116
Earnings at fair value - investment		957,865	341,761
Profit from interest, the Equity Method, associates	16.1	1,255,222	1,058,183
Profits from the sale of investments		309,475	13,953
Income from investment properties	13	14,866	24,259
Other income	30.1	299,554	270,698
Operational income		**21,914,783**	**19,349,821**
Total claims	9.3	(8,847,520)	(7,616,796)
Reimbursement claims	9.3	2,244,668	1,748,992
Retained claims		**(6,602,852)**	**(5,867,804)**
Production reserves, net	9.4	(285,563)	(678,355)
Costs for the provision of services	28.2	(3,846,072)	(3,098,715)
Administrative expenses	32	(1,925,216)	(1,748,422)
Employee benefits	18	(2,123,552)	(1,924,147)
Fees	33	(518,025)	(456,117)
Broker commissions	27.2	(2,439,073)	(2,155,307)
Amortization	15	(291,338)	(277,283)
Depreciation	14	(212,431)	(81,110)
Other expenses	30.2	(629,418)	(512,224)
Impairment		(21,399)	(23,171)
Operational expenses		**(18,894,939)**	**(16,822,655)**

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED INCOME STATEMENT
Year ended on December 31, 2019 (with comparative figures at December 31, 2018)
(*Securities expressed in millions of Colombian pesos except net income per share expressed in Colombian pesos)*

	Note	December 2019	December 2018
Operating profit		**3,019,844**	**2,527,166**
Gains at fair value - Derivatives	29	(6,300)	69,711
Exchange differences (net)	29	96,870	(292,056)
Interest	29	(716,162)	(625,181)
Financial result		**(625,592)**	**(847,526)**
Pre-tax profits		**2,394,252**	**1,679,640**
Income tax	11.3	(683,746)	(273,289)
Profit, net continuing operations		**1,710,506**	**1,406,351**
Discontinued operations	17	8,172	(63,063)
Net Profit		**1,718,678**	**1,343,288**
Controlling income		1,525,537	1,182,880
Non-controlling income		193,141	160,408
Earnings per share			
Net earnings per share from continuing operations	34	2,677	2,215
Net income (loss) per share from discontinued operations	34	15	(113)

The notes are an integral part of the financial statements.

David Bojanini García
Legal Representative

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

Mariana Milagros Rodríguez
Auditor
T.P. 112752-T
Designated by Ernst & Young Audit S.A.S.
TR-530
(See my report of February 27, 2020))

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Year ended December 31, 2019 (with comparative figures at December 31, 2018)
(Values expressed in millions of Colombian pesos)

	Note	December 2019	December 2018
Profit for the period		**1,718,678**	**1,343,288**
Other comprehensive income, losses of investments in equity instruments, net of taxes	24	11,416	(5,793)
Other comprehensive income, profit from revaluation, net of taxes	24	67,653	17,587
Other comprehensive income, losses from new measurements of defined benefit plans, net of taxes	24	(9,779)	370
Total other comprehensive income that will not be reclassified to the results of the period, net of taxes		**69,290**	**12,164**
Profit (loss) for translation exchange differences, net of taxes	24	(397,439)	(2,349)
Loss for cash flow hedges, net of taxes	24	130,039	(99,165)
Profit from hedges of derivatives of net investments abroad, net of taxes	24	(62,780)	615
Participation of other comprehensive income of associates and joint ventures, accounted for using the equity method, that will be reclassified to income for the period, net of taxes	24	92,147	(173,913)
Total other comprehensive income that will be reclassified to the results		**(238,033)**	**(274,812)**
Total other comprehensive income		**(168,743)**	**(262,648)**
Total comprehensive income		**1,549,935**	**1,080,640**
Comprehensive income attributable to:			
Controlling interest		1,403,177	936,581
Non-controlling interest		146,758	144,059

The notes are an integral part of the financial statements.

David Bojanini García
Legal Representative

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

Mariana Milagros Rodríguez
Auditor
T.P. 112752-T
Designated by Ernst & Young Audit S.A.S.
TR-530
(See my report of February 27, 2020)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ending on December 31, 2019 (with comparative figures December 31, 2018)
(Values expressed in millions of Colombian pesos)

		Issued capital	Share premium	Retained earnings	Other interest in equity (OCI)	Legal reserve	Occasional Reserve	Total reserves	Net income	Equity attributable to controlling interest	Non-controlling interests	Total equity
Balance at January 1, 2018	**Note**	**109,121**	**3,290,767**	**12,955,902**	**2,765,373**	**138,795**	**3,313,309**	**3,452,104**	**1,256,254**	**23,829,521**	**2,397,040**	**26,226,561**
Other comprehensive income	24	**-**	**-**		**(246,299)**					**(246,299)**	**(16,349)**	**(262,648)**
Reserves for revaluation of property and equipment		-	-	-	14,943	-	-	-	-	**14,943**	2,644	**17,587**
Adjustment for translation of net foreign investments		-	-	-	1,704	-	-	-	-	**1,704**	(4,053)	**(2,349)**
Financial instruments with changes to the OCI		-	-	-	(5,641)	-	-	-	-	**(5,641)**	(152)	**(5,793)**
Losses from new measurements of defined benefit plans, net of taxes		-	-	-	336	-	-	-	-	**336**	34	**370**
The equity method of associates recognized in equity		-	-	-	(174,226)	-	-	-	-	**(174,226)**	313	**(173,913)**
Hedges of cash flows of derivative instruments		-	-	-	(83,914)	-	-	-	-	**(83,914)**	(15,251)	**(99,165)**
Net investment abroad coverage		-	-	-	499	-	-	-	-	**499**	116	**615**
Net income		-	-	-	-	-	-	-	**1,182,880**	**1,182,880**	**160,408**	**1,343,288**
Total net comprehensive income for the period		**-**	**-**	**-**	**(246,299)**	**-**	**-**	**-**	**1,182,880**	**936,581**	**144,059**	**1,080,640**
Transfer to retained earnings		-	-	1,256,254			-	-	(1,256,254)	**0**	-	**-**
Distribution of results 2017												
Dividends recognized as distributions to owners (518 pesos per share)	23	-	-	(301,464)	-	-	-	-	-	**(301,464)**	(104,704)	**(406,168)**
Reserves for protection of investments	22	-	-	(453,621)	-	-	453,621	453,621	-	**-**	-	**-**
Application effect new accounting standards		-	-	(5,438)	-	-	-	-	-	**(5,438)**	(704)	**(6,142)**
Minimum dividends, preference shares		-	-	30,471	-	-	-	-	-	**30,471**		**30,471**
Increases (decreases) from other equity changes		-	-	(15,924)	-	-	-	-	-	**(15,924)**	(8,526)	**(24,450)**
Balance at December 31, 2018		**109,121**	**3,290,767**	**13,466,180**	**2,519,074**	**138,795**	**3,766,930**	**3,905,725**	**1,182,880**	**24,473,747**	**2,427,165**	**26,900,912**

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ending on December 31, 2019 (with comparative figures December 31, 2018)
(Values expressed in millions of Colombian pesos)

		Issued capital	Share premium	Retained earnings	Other equity Participation (OCI)	Legal reserves	Occasional reserves	Total reserves	Net income	Equity attributable to controlling interest	Non- controlling interests	Total equity
Balance at January 1, 2019	**Note**	**109,121**	**3,290,767**	**13,466,180**	**2,519,074**	**138,795**	**3,766,930**	**3,905,725**	**1,182,880**	**24,473,747**	**2,427,165**	**26,900,912**
Other comprehensive result	24	**-**	**-**	**-**	**(122,360)**			-		**(122,360)**	**(46,383)**	**(168,743)**
Reserve for revaluation of properties and equipment		-	-	-	54,533	-	-	-	-	**54,533**	13,120	**67,653**
Adjustment for conversion of net investment abroad		-	-	-	(328,065)	-	-	-	-	**(328,065)**	(69,374)	**(397,439)**
Financial instruments with changes to the OCI		-	-	-	10,612	-	-	-	-	**10,612**	804	**11,416**
Losses due to new measurements of defined benefit plans net of taxes		-	-	-	(8,411)	-	-	-	-	**(8,411)**	(1,368)	**(9,779)**
Participation method associated recognized in the equity		-	-	-	91,838	-	-	-	-	**91,838**	309	**92,147**
Coverage of flows - Derivative instruments		-	-	-	109,603	-	-	-	-	**109,603**	20,436	**130,039**
Net investment coverage abroad		-	-	-	(52,470)	-	-	-	-	**(52,470)**	(10,310)	**(62,780)**
Earnings from the year		-	-	-		-	-	-	**1,525,537**	**1,525,537**	**193,141**	**1,718,678**
Total Net Income for the period		**-**	**-**	**-**	**(122,360)**	**-**	**-**	**-**	**1,525,537**	**1,403,177**	**146,758**	**1,549,935**
Transfer to accumulated earnings				1,182,880				-	(1,182,880)	**-**		**-**
Distribution of 2018 results According to the minutes of the Shareholders' Meeting No. 24 of March 29, 2019												**-**
Dividends recognized as distributions to owners (550 pesos per share)	23	-	-	(320,088)	-	-	-	-	-	**(320,088)**	**(129,163)**	**(449,251)**
Reserves for investment protection	22	-	-	(328,507)	-	-	328,507	328,507	-	**-**	-	**-**
Shareholder dividend withholding effect		-	-	(13,425)	-	-	-	-	-	**(13,425)**	-	**(13,425)**
Dividend minimum preference shares		-	-	40,628	-	-	-	-	-	**40,628**	-	**40,628**
Increases (decreases) due to other changes, Equity		-	-	52,721	-	-	-	-	-	**52,721**	9,482	**62,203**
Balance at December 31, 2019		**109,121**	**3,290,767**	**14,080,389**	**2,396,714**	**138,795**	**4,095,437**	**4,234,232**	**1,525,537**	**25,636,760**	**2,454,242**	**28,091,002**

The notes are an integral part of the financial statements.

David Bojanini García
Legal Representative

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

Mariana Milagros Rodríguez
Auditor
T.P. 112752-T
Designated by Ernst & Young Audit S.A.S.
TR-530
(See my report of February 27, 2020)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED CASH FLOWS STATEMENT
Year that ended on December 31, 2019 (with comparative figures at December 31, 2018)
(Values expressed in millions of Colombian pesos)

	Note	December 2019	December 2018
Period utility		1,718,678	1,343,288
Adjustments to reconcile net income			
Adjustments for income tax expenses	11	683,746	273,289
Interest	29	716,162	625,181
Adjustments for decreases (increases) in inventories		(1,036)	3,463
Adjustments for decreases (increases) in accounts receivable, insurance activity		177,809	(66,551)
Adjustments for the decrease of accounts receivable from trade sources		27,884	(279,248)
Adjustments for increases in other accounts receivable from operating activities		(4,568)	41,917
Adjustments for the increase of accounts payable from trade sources		244,592	120,190
Adjustments for the increase (decrease) in accounts payable, insurance activity		115,673	266,404
Adjustments for increases (decreases) in other operating accounts payable		(66)	11,459
Adjustments for depreciation and amortization expenses		718,099	448,465
Adjustments for impairment of value recognized in the profit and loss for the period		21,399	23,171
Adjustments for provisions		(39,782)	(19,340)
Adjustments for unrealized losses from foreign currency		(103,003)	(1,681,803)
Adjustments for fair value profit		(1,120,274)	(424,875)
Adjustments for undistributed profits from the application of the equity method	16	(1,255,222)	(1,058,183)
Other adjustments from items other than cash (Assessments of investments at amortized cost)		(17,753)	(49,899)
Adjustments for losses (Profit s) from the disposal of non-current assets		679,494	(652,518)
Other adjustments for the impact on cash are cash flows from investments or financing (Valuation of investments at fair value)		(1,398,065)	(1,052,703)
Variations of reserves		474,974	(4,343,987)
		1,638,741	**(6,472,280)**
Dividends received, associates		517,833	421,022
Income tax paid (reimbursed)		(715,768)	(539,257)
Other non-financial assets		65,492	(110,890)
Net cash flows from operating activities		**1,506,298**	**(6,701,405)**
Cash flows from (used in) investment activities			
Cash flows from the loss of control of subsidiaries or other businesses		34,587	18,790
Cash flows used to obtain control of subsidiaries or other businesses		(6,310)	(2,069)
Other charges from the sale of equity or debt instruments of other entities		8,400,160	14,290,428
Other payments to acquire equity or debt instruments of other entities		(7,969,142)	(9,869,502)
Imports from the sale of property, plant and equipment		44,707	41,862
Purchase of property and equipment		(193,175)	(149,355)
Importes procedentes de ventas de activos intangibles		-	39,058
Purchase of intangible assets		(241,613)	(313,222)
Resources for sales of other long-term assets		27,502	837,901
Purchases of other long-term assets		(101,964)	(2,610)
Payments derived from forward, forward, options, and swap contracts (swaps)		(316,374)	(268,751)
Collections from future contracts, forward contracts, options, and swap agreements (swaps)		-	10,074
Dividends received Financial instruments		910	1,507
Interest received		709,394	856,530
Net cash flows from (used in) investment activities		**388,682**	**5,490,641**

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED CASH FLOWS STATEMENT
Years ending on December 31, 2019 (with comparative figures December 31, 2018)
(Values expressed in millions of Colombian pesos)

	Note	December 2019	December 2018
Cash flows from financing activities			
Amounts from the issuance of shares		40,628	30,471
Proceeds from loans		1,479,842	5,312,634
Loan repayments		(2,043,450)	(2,976,655)
Payment of financial lease liabilities		(94,801)	(11,810)
Dividends paid	23	(444,561)	(331,136)
Interest paid		(364,521)	(510,309)
Net cash flows from financing activities		**(1,426,863)**	**1,513,195**
Net increase in cash and cash equivalents		**468,117**	**302,431**
Cash and cash equivalents at the beginning of the period	6	1,878,040	1,575,609
Cash and cash equivalents at the end of the period	**6**	**2,346,157**	**1,878,040**

The notes are an integral part of the financial statements.

David Bojanini García
Legal Representative

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

Mariana Milagros Rodríguez
Auditor
T.P. 112752-T
Designated by Ernst & Young Audit S.A.S.
TR-530
(See my report of February 27, 2020)

GRUPO DE INVERSIONES SURAMERICANA S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended December 31, 2019 (with comparative figures at December 31, 2018)
(Values expressed in millions of Colombian pesos except for the net profit per share and exchange rates expressed in Colombian pesos)

NOTE 1. REPORTING ENTITY

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

The Company is subject to the vigilance of the Superintendence of Finance of Colombia (SFC), given its role as Holding Company in the Financial Conglomerate SURA-Bancolombia by means of Resolution No 156 of February 2019 of the Superintendence of Finance of Colombia.

Following is a detail of the entities over which Grupo Sura has control and which are part of the consolidation:

Subsidiaries	Main activity	Country	Currency	December 2019	December 2018
Grupo de Inversiones Suramericana S.A.	Holding Company	Matriz			
Activos Estratégicos Sura A.M. Colombia S.A.S.	Holding Company	Colombia	Peso Colombiano	83.58%	83.58%
Sura Investment Management Colombia S.A.S	Holding Company	Colombia	Peso Colombiano	83.58%	83.58%
SURA Asset Management España S.L.	Holding Company	España	Euro	0.00%	83.58%
Grupo Sura Chile Holdings I B.V.	Holding Company	Holanda	Euro	0.00%	83.58%
SURA Asset Management Chile S.A.	Holding Company	Chile	Peso Chileno	83.58%	83.58%
Sura Data Chile S.A.	Vehicle dedicated to the provision of data processing services and leasing of computer equipment	Chile	Peso Chileno	83.58%	83.58%
SURA Servicios Profesionales S.A.	Vehicle dedicated to business consulting and advice	Chile	Peso Chileno	83.58%	83.58%
Sura Asset Management México S.A. de C.V.	Holding Company	México	Peso Mexicano	83.58%	83.58%
Sura Art Corporation S.A. de C.V.	Company dedicated to collecting Mexican art	México	Peso Mexicano	83.58%	83.58%
Sura Asset Management Perú S.A.	Holding Company	Perú	Soles	83.58%	83.58%
Sura Asset Management Uruguay Sociedad de Inversión S.A.	Holding Company	Uruguay	Peso Uruguayo	83.58%	83.58%
AFAP Sura S.A.	Company dedicated to the administration of social security savings funds.	Uruguay	Peso Uruguayo	83.58%	83.58%
AFP Capital S.A.	Company dedicated to the administration of pension funds	Chile	Peso Chileno	83.33%	83.33%

Subsidiaries	Main activity	Country	Currency	December 2019	December 2018
Afore Sura S.A. de C.V.	Company dedicated to managing investment companies specializing in retirement funds	Mexico	Mexican Peso	83.58%	83.58%
AFP Integra S.A.	Pension Fund Administrator	Peru	Soles	83.58%	83.58%
SURA Real Estate S.A.S.	Management consulting activities, real estate activities with own or leased assets	Colombia	Colombian Peso	83.58%	83.58%
Asesores Sura S.A. de C.V.	Sale of financial products and services	Mexico	Mexican Peso	83.58%	83.58%
Promotora Sura AM S.A. de C.V.	Provision of marketing, promotion and dissemination services for products of any kind	Mexico	Mexican Peso	83.58%	83.58%
WM Asesores en inversiones S.A de C.V	Management Consulting Services	Mexico	Mexican Peso	83.58%	83.58%
Seguros de Vida Sura S.A. (Chile)	Company engaged in insurance activities, related to life	Chile	Peso Chileno	83.58%	83.58%
Pensiones Sura S.A. de C.V.	Pension insurance	Mexico	Mexican Peso	83.58%	83.58%
Seguros de Vida SURA México S.A. de C.V.	Life Insurance	Mexico	Mexican Peso	0.00%	81.13%
SUAM Corredora de Seguros S.A. de C.V.	Company dedicated to all kinds of activities related to insurance and reinsurance	El Salvador	Dollar	83.58%	83.58%
Disgely S.A.	Company dedicated to the marketing of goods, leasing of goods, works and services.	Uruguay	Uruguayan Peso	83.58%	83.58%
Corredores de Bolsa Sura S.A.	Company dedicated to the purchase and sale of securities and securities brokerage operations	Chile	Peso Chileno	83.58%	83.58%
Administradora General de Fondos Sura S.A.	Company dedicated to managing mutual and investment funds	Chile	Peso Chileno	83.58%	83.58%
Sura Investment Management S.A. de C.V.	Company dedicated to the operation of investment companies	Mexico	Mexican Peso	83.58%	83.58%
Fondos Sura SAF S.A.C.	Company dedicated to managing mutual and investment funds	Peru	Soles	83.58%	83.58%
Sociedad Agente de Bolsa S.A.	Securities brokers	Peru	Soles	83.58%	83.58%
Corredor de Bolsa SURA S.A.	Intermediation services	Uruguay	Uruguayan Peso	83.58%	83.58%
AFISA SURA S.A.	Company dedicated to the administration of investment funds	Uruguay	Uruguayan Peso	83.58%	83.58%
Sura Asset Management Argentina S.A.	Company dedicated to financial and investment management	Argentina	Argentine Peso	83.58%	83.58%
NBM Innova, S.A. de C.V.	To provide all kinds of services for the management, promotion, dissemination and marketing of all types of goods and services.	Mexico	Mexican Peso	83.58%	83.58%
Sura Seguros de Rentas Vitalicias S.A	Company engaged in insurance activities related to annuities	Chile	Peso Chileno	0.00%	83.58%
Inversiones Suramericana Colombia S.A.S.	Conclusion of mutual insurance contracts and investments.	Colombia	Colombian Peso	81.12%	81.12%
Santa Maria del Sol S.A. (Argentina)	Investments	Argentina	Argentine Peso	81.13%	81.13%
Atlantis Sociedad Inversora S.A.	Investments	Argentina	Argentine Peso	81.13%	81.13%
Chilean Holding Suramericana SPA	Investments	Chile	Peso Chileno	81.13%	81.13%
Inversiones Suramericana Chile Limitada	Investments	Chile	Peso Chileno	81.13%	81.13%
Seguros Generales Suramericana S.A. (Colombia)	General insurance	Colombia	Colombian Peso	81.12%	81.12%
Seguros Sura S.A. (Dominican Republic)	insurance	Dominican Republic	Dominican Peso	81.13%	81.13%
Seguros Suramericana, S.A. (Panama)	insurance	Panama	Dollar	81.13%	81.13%
Aseguradora Suiza Salvadoreña S.A. Asesuisa	General insurance	El Salvador	Dollar	81.13%	81.13%
Sura RE Ltd.	Insurance and/or reinsurance business	Bermuda Islands	Dollar	81.13%	81.13%

Subsidiaries	Main activity	Country	Currency	December 2019	December 2018
Sura SAC Ltd.	Insurance and/or reinsurance business	Bermuda Islands	Dollar	81.13%	81.13%
Seguros Sura S.A (Brazil)	Operation in personal and damage insurance	Brazil	Brazilian Real	81.13%	81.13%
Inversiones SURA Brasil Participacoes LTDA	Investor	Brazil	Brazilian Real	81.13%	81.13%
Seguros Sura S.A (Argentina)	Insurance operations in general	Argentina	Argentine Peso	80.67%	80.67%
Aseguradora de Créditos y Garantías S.A.	Insurance, co-insurance and reinsurance operations in general on all types of risks	Argentina	Argentine Peso	81.12%	81.12%
Seguros Generales Suramericana S.A (Chile)	General insurance company	Chile	Peso Chileno	81.11%	81.11%
Seguros Sura, S.A de C.V. (Mexico)	Operaciones de seguros en general	Mexico	Mexican Peso	81.13%	81.13%
Seguros Sura S.A. (Uruguay)	General insurance	Uruguay	Uruguayan Peso	81.13%	81.13%
Operaciones Generales Suramericana S.A.S.	Investment in movable and immovable property	Colombia	Colombian Peso	81.13%	81.13%
Servicios Generales Suramericana S.A. (Colombia)	Investment in movable property, especially shares, quotas or parts of companies.	Colombia	Colombian Peso	81.13%	81.13%
Consultoría en Gestión de Riesgos Suramericana S.A.S.	Provision of consulting services in integrated risk management	Colombia	Colombian Peso	81.13%	81.13%
Servicios Generales Suramericana S.A. (Panamá)	Inspection service, repair, purchase and sale of vehicles.	Panamá	Dollar	81.13%	81.13%
EPS y Medicina Prepagada Suramericana S.A.	Organization, guarantee and provision of health services	Colombia	Colombian Peso	81.13%	81.13%
Servicios de Salud IPS Suramericana S.A.	Provision of medical, paramedical and dental services	Colombia	Colombian Peso	81.13%	81.13%
Diagnóstico y Asistencia Médica S.A. Dinámica IPS	Provision of diagnostic aid services in health	Colombia	Colombian Peso	81.13%	81.13%
Seguros de Vida Suramericana S.A. (Colombia)	Personal Insurance	Colombia	Colombian Peso	81.13%	81.13%
Seguros de Riesgos Laborales Suramericana S.A.	Operation of the occupational hazards branch	Colombia	Colombian Peso	0.00%	81.13%
Asesuisa Vida, S.A. Seguros de Personas	Personal Insurance	El Salvador	Dollar	81.13%	81.13%
Seguros de Vida Suramericana S.A (Chile)	Life insurance company	Chile	Peso Chileno	81.13%	81.13%
Suramericana S.A.	Investor	Colombia	Colombian Peso	81.13%	81.13%
Inversiones y Construcciones Estratégicas S.A.S.	Investor	Colombia	Colombian Peso	100.00%	100.00%
Planeco Panamá S.A.	Acquisition and disposal of movable and immovable property	Panama	Dollar	95.28%	95.28%
SURA Ventures S.A.	Investor	Panama	Dollar	100.00%	100.00%
Sura Asset Management S.A.	Investment in movable and immovable property	Colombia	Colombian Peso	83.58%	83.58%
Hábitat Adulto Mayor S.A.	Provision of health services for the elderly	Colombia	Colombian Peso	82.66%	82.66%
Arus Holding S.A.S	Investment in movable and immovable property	Colombia	Colombian Peso	100.00%	100.00%
Arus S.A.	Services and marketing of products and solutions in telecommunications	Colombia	Colombian Peso	100.00%	100.00%
Enlace Operativo S.A.	Information processing services under the figure of outsourcing.	Colombia	Colombian Peso	100.00%	100.00%

Changes in the scope of consolidation

Year 2019

On January 1, 2019 Suramericana recognized the legal and accounting effects associated with the merger operation carried out between its subsidiaries Seguros de Vida Suramericana S.A.

and Seguros de Riesgos Laborales Suramericana S.A., whereby the former absorbed the latter. Suramericana's direct shareholding in Seguros de Vida S.A., the absorbing company, reflects a small change with respect to its previous shareholding, from 94.95% to 94.96%. However, Suramericana's total direct and indirect shareholding in the absorbing company continues to be 100% of the shares issued.

On January 9, 2019, Sura Asset Management España, S.L. carried out an intra-community cross-border merger by absorption of the company Grupo Sura Chile Holding I B.V. This merger is governed by the simplified regime provided for in article 49.1 of the LME and section 2.333 paragraph 1 of the Dutch Civil Code, and therefore it is not necessary to draw up an independent expert's report. In addition, the acquiring company holds the shares representing the entire capital of the company being acquired.

In March 2019, Sura Asset Management completed the transaction for the sale of the annuity business in Chile to the BICE Group. As a result, the company is no longer consolidated.

In June 2019, the company Seguros Generales Suramericana S.A. in Chile capitalized Inversiones Suramericana Chile Limitada for US$4.4 million (CLP$3 billion), giving it a 26.15% stake in its assets. In a second operation, Inversiones Suramericana Chile Limitada transferred the same capital to Seguros de Vida Suramericana S.A. Chile. The two previous operations were carried out with the aim of leveraging the strategy of boosting the life business in the region and aimed at diversifying the risks of the subsidiaries in Chile and its holding company Suramericana S.A. On the other hand, this capital injection that ends up being made to the life company will aim to provide the client with a more complete range of solutions, incorporating collective health and life products, in line with the company's strategy of delivering well-being and competitiveness to companies and individuals.

As of October 2019, Suramericana's Board of Directors and management began the process of approvals and authorizations to carry out a spin-off operation by which its subsidiary Seguros de Vida Suramericana S.A., as a spin-off, will transfer en bloc and without dissolving in favor of Suramericana S.A., as beneficiary, a portion of its assets represented by an investment portfolio with an estimated value of COP $490,000 million pesos at that time plus its future returns.

Year 2018

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

On March 16, 2018, with the registration, before the local Ministry of Finance, Inversiones Sura Brasil, a Company domiciled, and governed, by the laws of the Republic of Brazil, was formally incorporated. Its purpose is to facilitate the development of business and investment of Suramericana, in Latin America, and particularly in this country. The participation of

Suramericana, in this Company, corresponds to 100% of its capital, indirectly, since the ownership of the property is through its Colombian subsidiaries, Inversiones Sura Brasil S.A.S (company liquidated in December 2018) and Operaciones Generales Suramericana S.A.S.

On March 23, 2018, Suramericana S.A. capitalized its subsidiary Sura Re, with USD 10,300,000, so that it could reach the minimum capital, required to start the registration process, as a reinsurer, and the subsequent acceptance of risks, assigned by its related companies. With the transfer of these resources, Sura Re reached a capital of USD 15,800,000, which has been contributed, in full, directly by Suramericana S.A.

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

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

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

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

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

On July 11, 2018, SURA Asset Management, as part of the purchase and sale process that it carried out with the Mexican insurance company Seguros de Vida Sura México S.A. de C.V. to Suramericana S.A. (the purchaser), the Governing Board of the Mexican National Insurance and Bonding Commission authorized the transaction. Previously, the Mexican Federal Economic Competition Commission (COFECE) issued a favorable resolution of the execution of the contract. The change in the consolidated financial statements was made after COFECE's approval was obtained.

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

On August 1, 2018 Grupo de Inversiones Suramericana S.A. (Grupo SURA) reported that its subsidiary Sura Asset Management S.A. (SURA AM), domiciled in Colombia, duly completed the merger process through which SURA AM absorbed the subsidiary SUAM Finance B.V. (Absorbed Company), domiciled in Curaçao. Effects of the merger: SURA AM was the only shareholder of the absorbed company, so there was no exchange of shares or parts of the capital, nor were there any effects on the consolidated financial statements of Sura AM and Grupo SURA.

Grupo de Inversiones Suramericana S.A. ("Grupo SURA") through Public Deed No. 1715 granted on August 1, 2018 at the Second Notary Office in Medellín, the statutory reform of the merger was solemnized, in which Grupo SURA acted as the absorbing company of its subsidiaries Grupo de Inversiones Suramericana Panamá S.A. ("GIS Panamá") and Grupoura Finance ("GS Finance"). In this regard, and after having obtained the authorization of the Financial Superintendency of Colombia through Resolution No. 0890 of July 13, 2018, notified on July 17, 2018, the merger commitment approved by the respective bodies of the companies involved in their sessions on March 23, 2018 was raised to a public deed. In accordance with the foregoing, Grupo SURA will proceed to register the public deed in the Commercial Registry of the Medellín Chamber of Commerce.

The assets and liabilities of the absorbed companies and of Grupo SURA have been taken at the value recorded in the most recent separate financial statements available.

The reclassification in the equity accounts in the consolidated financial statements of Grupo SURA is $(63,829) and in the profit for the year is $(27,281).

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

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

On October 22, 2018, the purchase agreement signed with Sura Asset Management S.A. and Suramericana S.A. was closed for the acquisition of all the shares of the Mexican insurance company Seguros de Vida Sura México S.A. de C.V., with the transfer of ownership of these shares for a consideration of USD 20,598,936. Since this transaction corresponds to a combination of entities under common control, it has no effect on the consolidated financial statements.

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

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

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Statement of compliance

The Consolidates Financial Statements have been prepared, in accordance with Accounting Standards and Financial Reporting accepted in Colombia (NCIF), established by Law 1314 of 2009, regulated by the Unified Regulatory Decree 2420 of 2015, amended by Decree 2496 of 2015 and 2131 of 2016, 2170 of 2017, 2483 of 2018 and 2270 of 2019. The IFRS are based on the International Financial Reporting Standards (IFRS), along with the interpretations issued by the International Accounting Standards Board – as it is known by the acronym in English - IASB, translated in an official manner and authorized by the International Accounting Standards Board (IASB), contained in the “2015 Red Book Version”, published by the International Accounting Standards Board (IASB - as it is known by the acronym in English), at December 31, 2016.

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

Article 2.2.1 of Decree 2420 of 2015, added by Decree 2496 of the same year and modified by Decree 2131 of 2016 and 2170 of 2017, allowing the determination of post-employment benefits of future pensions, future retirement or disability, under the requirements of IAS 19. However, it requires the disclosure of the calculation of pension liabilities, in accordance with the parameters established in Decree 1625 of 2016, Articles 1.2.1.18.46 et seq., and in the case partial of pension commutations, in accordance with the provisions of Paragraph 5 of Article 2.2.8.8.31 of Decree 1833 of 2016, informing over the variables used and the differences with the calculation realized, in the terms of the technical framework, under NCIF.

2.2. Bases of measurement

2.2.1 Bases of measurement and presentation

Bases of measurement

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

- Financial instruments measured at fair value, with a charge to income or other comprehensive income.
- Investment properties measured at fair value
- Property and equipment (land and buildings) measured at fair value.
- Non-current assets held for sale, which are measured at the lower of carrying value at the date of transfer and fair value less estimated costs to sell.
- Employee benefits, which are measured at the present value of the defined benefit obligation.

Presentation of financial statements

The consolidated financial statements are prepared on the basis of the following

The consolidated statement of financial position presents assets and liabilities on the basis of their liquidity, since it is considered that this provides reliable information that is more relevant than that provided by an approach based on the distinction between current and non-current items.

The consolidated income statement and other comprehensive income are presented separately. The items in the income statement are broken down according to the nature of expense method, so as to provide reliable and more relevant information.

The consolidated statement of cash flows is presented using the indirect method, whereby cash flows from operating activities are determined by adjusting profit for the effects of items not affecting cash flow, net changes in assets and liabilities relating to operating activities and any other effects of items not classified as investing or financing activities. Interest income and expense are presented as components of operating activities.

2.2.2. Principles of consolidation

Subsidiaries

The Consolidated Financial Statements include the Financial Statements of Grupo SURA, and its subsidiaries, at December 31, 2019 and 2018, and for the years ending on these dates. Grupo SURA consolidates the assets, liabilities and financial results of the entities over which it exercises control.

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

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

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

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

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

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

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

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

Non-controlling interests
Non-controlling interests in the net assets of consolidated subsidiaries are presented separately in the SURA Group's equity. The result for the period and other comprehensive income are also attributed to non-controlling and controlling interests.

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

2.2.3. Reclassifications

Some of the figures and disclosures, in relation to December 31, 2018, presented in these Financial Statements, for comparison purposes, may present variations compared to published information to this date. The Administration of Grupo SURA considers that these adjustments do not affect the information, published previously.

	December 2018 Presentation	Reclassifications	December 2018 Actual
Premiums issued	13,264,954	-	13,264,954
Premiums	12,936,557	-	12,936,557
Complementary insurance services	328,397	-	328,397
Premiums ceded	(2,530,106)	-	(2,530,106)
Withholding premiums (net)	**10,734,848**	**-**	**10,734,848**
Commission income	2,503,860	-	2,503,860
Provision of services	3,407,145	(113,826)	3,293,319
Dividends	5,824	-	5,824
Investment income	1,040,699	62,417	1,103,116
Gains at fair value - investments	415,179	(73,418)	341,761
Gain from equity method of associates	1,058,183	-	1,058,183
Gains on sale of investments	13,953	-	13,953
Investment Property Income	24,259	-	24,259
Other income	269,196	1,502	270,698
Operational income	**19,473,146**	**(123,325)**	**19,349,821**
Total claims	(7,616,796)	-	(7,616,796)

Reimbursement of claims	1,748,992	-	1,748,992
Withheld Claims	**(5,867,804)**	**-**	**(5,867,804)**
Net production reserves	(678,355)	-	(678,355)
Costs for service provision	(3,239,205)	140,490	(3,098,715)
Administrative expenses	(1,748,422)	-	(1,748,422)
Employee Benefits	(1,893,291)	(30,856)	(1,924,147)
Fees	(840,794)	384,677	(456,117)
Intermediary fees	(1,770,630)	(384,677)	(2,155,307)
Amortizations	(277,283)	-	(277,283)
Depreciations	(83,801)	2,691	(81,110)
Other expenses	(512,223)	(1)	(512,224)
Interests	(625,240)	625,240	-
Exchange rate difference (net)	(233,287)	233,287	-
Impairment	(23,171)	-	(23,171)
Operational expenses	**(17,793,506)**	**970,851**	**(16,822,655)**
Operating profit	**1,679,640**	**847,526**	**2,527,166**
Gains at fair value - derivatives	-	69,711	69,711
Exchange rate difference (net)	-	(292,056)	(292,056)
Exchange rate difference (net)	-	(625,181)	(625,181)
Financial result	**-**	**(847,526)**	**(847,526)**
Profit, before tax	**1,679,640**	**-**	**1,679,640**
Income Taxes	(273,289)	-	(273,289)
Profit, Net of Continuing Operations	**1,406,351**	**-**	**1,406,351**
Profit, net of discontinued operations	(63,063)	-	(63,063)
Profit, net	**1,343,288**	**-**	**1,343,288**
Controlling gain	1,182,880	-	1,182,880
Non-controlling gain	160,409	-	160,408

The changes in presentation were mainly due to the separation of the financial component; and the reclassification of insurance banking commissions between fees and intermediary commissions.

2.3. Significant accounting policies

The following is a detail of the most significant accounting policies used by the SURA Group for the preparation of consolidated financial statements:

2.3.1 Currency

2.3.1.1 Functional and presentation

The items included in the financial statements of each of the SURA Group companies are measured using the currency of the main economic environment in which the entity operates (functional currency). The functional and presentation currency of the consolidated financial statements of Grupo SURA is the Colombian peso, which is the currency of the primary economic environment in which it operates.

Foreign subsidiaries have functional currencies other than the Colombian peso, which are translated into Colombian pesos for presentation purposes.

The financial statements are presented in millions of Colombian pesos, and have been rounded to the nearest whole unit.

2.3.1.2 Foreign Currency

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

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

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

2.3.2 Business combinations and goodwill

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

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

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

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

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

If so, the amount that was recognized in other comprehensive income should be recognized on the same basis as it would be required, if the acquirer had directly disposed of the previous participation, held in equity. When the consideration transferred is lower than the fair value of the net assets of the acquiree, the corresponding Profit is recognized, in profit or loss, on the acquisition date.

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

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

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

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

2.3.3 Cash and cash equivalents

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

2.3.4. Financial instruments

Financial assets

The SURA Group recognizes its financial assets at fair value initially, and subsequently measures them at amortized cost or fair value depending on the Grupo Sura's business model for managing the financial assets and the characteristics of the instrument's contractual cash flows.

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

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

Accounts receivable from clients and insurance

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

Financial assets different to those measured at amortized cost

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

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

Impairment tests are not performed on the financial assets that are measured at fair value, are not subject to impairment values, since the fair value includes the valuation.

Impairment of financial assets

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

Commercial portfolio of clients:
The impairment model, of the client portfolio, shows a percentage of impairment, applicable to the portfolio of companies, by the range of days in default. for this, historical information, available, in each Company should be used to calculate the percentage of impairment with which the portfolio will be impacted in the future. The number of periods of historical information used are sufficient to respond to the behavior of the payment of the clients, taking care that there is a balance in the statistics of the information and the changes in the payment behavior of the clients.

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

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

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

Reinsurance:
The objective of the analysis and validation realized, with the model, is an effort to review the evolution and financial position.
The model has 2 sections, the first is made up of quantitative indicators and the second is a qualitative indicator.
For the calculation of the percentage of the deterioration, a function is constructed by tranches, in which it assigns a percentage of impairment to each, rating from 0 to 10. This impairment is 100% for companies rated between 0 and 2, moving to a root type function for qualifications, between 2 and 8.5.

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

1. The net value between the accounts receivable and accounts payable of a co-insurer is identified.

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

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

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

Reasonable Value with changes in Integral result (OCI)

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

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

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

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

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

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

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

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

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

Hedge accounting:

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

Type of coverage:

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

- Fair value hedges: fair value hedges are hedges of the Company's exposure to changes in the fair value of a recognized asset or liability, or an unrecognized firm commitment, or an identified portion of that asset, liability, or firm commitment, which is attributable to a particular risk and could impact profit or loss.

- Cash flow hedge: the cash flow hedge is a hedge of the exposure to the variability of cash flows, attributable to a particular risk, associated with a recognized asset or liability, or a highly probable projected transaction that could affect profit or loss.

- Hedges of net investment in foreign currency: are hedges of the exchange rate risk, that arises from a net investment in a foreign currency. The difference, that results from the process of conversion and integration of the Financial Statements, is covered.

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

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

Subsequent measurements of hedging instruments must be at fair value.

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

Recognition:

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

a. The Profit or loss from re-measuring the hedging instrument. at fair value. must be recognized in profit or loss.

b. The Profit or loss. of the hedged item. that is attributable to the hedged risk. must be adjusted by the carrying amount of the hedged item. and recognized in the results of the period. This applies even if the hedged item is measured at cost.

Cash flow hedge:

a. The separate component of equity, associated with the hedged item, must be adjusted to be equal (in absolute terms) to the amount that is least, between:

    a. The accumulated result of the hedging instrument, from the beginning of the hedge.
    b. The cumulative change, in fair value (present value), of the expected future cash flows of the hedged item, from the beginning of the hedge.

b. Any remaining Profit or loss, on the hedging instrument, or its designated component (which does not constitute an effective hedge), must be recognized in the results of the period.

c. If the risk management strategy, documented by the Company, for a particular hedging relationship, excludes from the evaluation of the effectiveness of the hedge, to a specific component of the Profit or loss, or to related cash flows of the hedging instrument, the component excluded from the Profit or loss, must be recognized in the results of the period.

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

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

Coverage of a net investment in foreign currency:

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

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

Compound financial instruments

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

- **The financial liability:** is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under conditions that are potentially unfavorable.

- **An equity instrument:** is any contract that evidences assets of residual interest in an entity, after deducting all of its liabilities (net assets).

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

Initial measurement of a compound financial instrument

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

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

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

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

2.3.5. Insurance activities

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

Specifically, the Company:

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

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

According to the characteristics of our products, the portfolio is classified under the concept of an insurance contract. It is important to note that once a contract is classified as an Insurance

Contract, its classification is maintained during its term, including if the insurance risk is significantly reduced during its term.

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

Classification of products in accordance with IFRS 4 of Insurance Contracts
Grupo SURA considers the following criteria established by IFRS 4 for the classification of its insurance portfolios:

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

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

Reinsurance and co-insurance operations

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

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

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

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

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

IMPAIRMENT OF REINSURANCE AND COINSURANCE

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

- There is objective evidence, as a result of an event that occurred after the initial recognition of the asset for reinsurance, that the ceding may not receive all imports due to him according to the terms of the contract; and

- That event has an impact, that can be measured reliably, over the amounts that the transferor will receive, from the reinsurance Company.

Assets, for reinsurance contracts, are evaluated for minimum impairment, once a year, to detect any event that may cause impairment to the value. The catalysts may include legal disputes with third parties, changes in capital and surplus levels, modifications to counterparty credit ratings, and historical experience, with respect to the collection of the respective reinsurance companies. In the case of insurance companies, of Grupo SURA, there is no impairment of assets from reinsurance contracts.

Liabilities for insurance contracts

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

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

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

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

b. Mathematical Reserve: is one, that is established to meet the payment of the obligations assumed in the individual life insurance, and in the benefits, whose premium has been calculated on a level basis, or insurance whose benefit is paid, in the form of income.

c. Insufficient Asset Reserve: is one that is established to compensate for the failure that could arise, to cover expected liabilities flows that make up the Mathematical Reserve with flows of assets of the insurance Company.

d. Pending Losses Reserve: is one that is established to meet the payment of claims occurred once advised or to ensure coverage of those not notified, at the date of calculation. The reserve for outstanding claims is composed of the reserve of foreclosed claims and the reserve of unforeseen events.

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

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

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

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

f. Liabilities adequacy test:

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

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

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

- Projection of contractual cash flows, using assumptions, based on the best estimates available at the time of the projection. The assumptions are reviewed periodically and approved by the Model and Assumptions Committee, and by the Company's risk department.

- Generation of return rate scenarios (considering the investment-divestment dynamics of each subsidiary of the Company).

- Discount of the commitment flows (in order to obtain the current value, of the same).

- Calculation of the 50th percentile, of the present values, and comparison with the posted reserves. In the case of Mexico and Peru, where the contracts do not present optionality's (they are symmetrical). The projection of the flows is symmetric. However, in the case of Chile, where there are non-symmetric contracts, (for example, flexible with guaranteed rates), stochastic projections are realized, and then the 50th percentile is determined.

Among the assumptions used to prove sufficiency of reserves are:

Operative Assumptions:

- Fugue, Partial Rescues, Collection Factors (do not apply in Life Annuities): periodical analysis of experience is realized, in which it is sought to incorporate the most recent behavior, to the assumption. The analyzes are realized by a family of homogeneous products.

    - Operating Expenses: annually, the assumptions of operating expenses are reviewed to consider the best estimated expenditure levels (based on portfolio volume and level of expenses). An important tool for defining the assumption is the Company's annual strategic planning.

    - Mortality tables: the mortality tables developed by the Company, are used for the life annuity portfolio, while for the rest of the life insurance portfolio, given that there is not enough experience for the construction of a proprietary table, the assumption is derived, based on mortality tables, provided by the reinsurance Company.

- Financial Assumptions: the reinvestment model generates the return rate scenarios, based on the updated assumptions of both the market and the investment, at the closing date of the report. The assumptions of the reinvestment model are:
    - Scenarios of Zero Rate Government Coupon: together with the Spreads index, it is used to value the assets available for investment/reinvestment.
    - Projected spread rate: applies to zero coupon rates
    - Multiplicative factors of spread
    - Depreciation factor: is applied to real estate and shares
    - Projected flows of liabilities and assets

g. Expected favorable returns (EEF): Grupo SURA recognizes the future payments to be realized for the favorable experience in terms of claims and continuity that are agreed at the start of the insurance contracts through the recognition of a provision.

Deferred acquisition costs-DAC

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

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

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

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

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

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

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

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

Income tax

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

Deferred
The deferred income tax is recognized using the liability method calculated on temporary differences between the carrying amounts assets and liabilities and its tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets

are recognized for all deductible temporary differences, future compensation of tax credits and unused tax losses to the extent that it is probable availability profit future tax against which they can be imputed. Deferred taxes are not discounted.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and the case for Deferred tax liabilities when it arises from the initial recognition of goodwill.

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

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

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

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

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

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

- **a)** There is a legal recognition of the right to compensate, before the tax authorities, the amounts recognized in those items. and
- **b)** Deferred tax assets and liabilities are derived from the income tax, corresponding to the same tax authority, which are:
    1. The same entity or fiscal subject. or

    2. different entities, or subjects, for tax purposes, that claim, either to liquidate the current fiscal assets and liabilities for their net amount, or to realize the assets and to pay the liabilities simultaneously, in each of the future periods in which it is expected to liquidate, or recover significant amounts of assets or liabilities, for deferred taxes.

2.3.8. Expenses paid in advance

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

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

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

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

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

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

2.3.10. Investment Properties

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

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

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

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

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

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

Derecognition or withdrawals

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

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

2.3.11. Property and equipment

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

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

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

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

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

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

Depreciation

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

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

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

Useful lives

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

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

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

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

2.3.12. Leases

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: 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: (canon of fixed leases)
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 made to the contract

2.3.13. Intangible assets

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

The useful lives of intangible assets are determined as finite or indefinite. Intangible assets with finite useful lives are amortized over their useful life linearly and evaluated to determine whether they had any impairment whenever there are indications that the intangible asset might have suffered such impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the income statement.

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

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

Impairment

The SURA Group periodically analyses the existence of indicators of impairment and, if necessary, recognizes impairment losses in goodwill. Impairment losses are recognized in profit or loss for the period and are calculated as the difference between the recoverable amount of the goodwill, which is higher than the value in use and fair value less costs to sell, and its book value.

2.3.14. Investments

Subsidiaries

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

Associates

An associate is an entity over which Grupo SURA has significant influence over the decisions of financial and operating policies without achieving control or joint control.
It should be presumed that Grupo SURA exerts significant influence when:

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

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

Representation in the management body of the company or associate;

- Participation in the determination of policies and decisions on dividends and other distributions;
- Transactions of relative importance with the associate;
- Management exchange; or
- Provision of essential technical information.

Investments are recognized under the equity method; under this method, investments in associates are initially recorded at cost and subsequently adjusted for Grupo de Inversiones Suramericana S.A.'s share of the associate's profit and loss and other comprehensive income, with a charge or credit to the Company's profit and loss and other comprehensive income, respectively. Dividends received from associated companies are recognized as a reduction in the carrying value of the investment

When significant influence over the associate or joint control over the joint venture is lost, the SURA Group measures and recognizes any residual investment in the associate at its fair value. The difference between the carrying amount of the associate or joint venture (taking into account the corresponding items of other comprehensive income) and the fair value of the residual investment retained, with the value arising from its sale, is recognized in profit or loss.

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

Joint Ventures

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

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

2.3.15. Fair value

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

The fair value is determined:

- Based on quoted prices in markets or identical assets for liabilities that the Company can access on the measurement date (Level 1)

- Based on valuation techniques commonly used for market participants using variables other than quoted prices that are observable for the assets or liabilities, directly or indirectly (Level 2)

- Based on internal valuation techniques of discounted cash flows or other valuation models for Grupo SURA using estimated variables unobservable for the asset or liability, in the absence of variables observed in the market (Level 3).

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

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

a. Asset, or specific liability, object of the measurement (in a manner consistent with its unit of account).

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

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

Measurement of the asset or liability
When measuring the fair value of an asset or liability, Grupo SURA will take into account the following:
The characteristics of the asset or liability, in the same way that the market participants would consider them, to fix the price of said asset or liability, for example, the following:

- The condition and location of the asset
- Restrictions, if any, on the sale or use of the asset
- The way in which those characteristics would be taken into account by market participants

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

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

Fair value in the initial recognition

Valuation techniques

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

Valuation techniques
Grupo SURA uses the following valuation techniques:

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

2.3.16. Employee benefits

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

Short-term benefit

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

Long-term benefits

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

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

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

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

Post-employment benefits

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

- Defined contribution plan: under which the obligation is limited to the fixed contributions paid to an external Company, or fund. It is recognized once the employee has rendered their services, during a period and the expense is recognized in the period, at its nominal value.

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

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

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

Termination benefits

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

2.3.17. Provisions and contingencies

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

Grupo SURA recognizes the provisions in the Statement of Financial Position, for the best estimate of the required disbursement, that is, the value for which Grupo SURA must settle the obligation, in the reported period, taking into account the risks and uncertainties surrounding said estimate. Grupo SURA considers that the recognition of a provision is given when it has a probability greater than 50% of loss.

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

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

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

2.3.18. Operating segments

An operating segment is a component of Grupo SURA that develops business activities, from which:

- It can obtain income, and incur costs and expenses,
- Over which financial information is available

- whose operating results are reviewed regularly by the highest authority in the decision-making process, of operating decisions of Grupo SURA, to decide on the allocation of resources to the segments and evaluate their performance.

Management regularly evaluates the performance of each of the segments; the group discloses separate information for each of the segments identified and such information is prepared under the same accounting policies used in the preparation of the SURA Group's consolidated financial statements.

SURA Group evaluates whether the segments to be aggregated do not have a relative variation exceeding 10% between the gross operating margin of each segment, taking as a reference the highest gross operating margin among the segments to be aggregated. If it exceeds 10%, the operating segments cannot be aggregated.

2.3.19. Income

Income from customers:
The SURA Group has established a five-step model for accounting for revenue from customer contracts. Revenue is recognized for an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The five steps identified for the determination of revenue recognition are:

1. Identification of the contract with the customer
2. Identification of performance obligations
3. Determination of the transaction price
4. Allocation of the transaction price to each of the performance obligations
5. Recognition of revenue from ordinary activities when performance obligations are met.

Incremental costs (capitalizable costs) will be carried as an asset if Grupo SURA expects to recover them under the same contract; costs of obtaining a contract that are incurred regardless of whether the contract is won will be carried at cost in the period in which they are incurred.

The following is a detail of the main income of the SURA Group:

Income from premiums issued
Premiums issued comprise total premiums receivable for the entire period of coverage. The income from premiums issued is recognized at the time the respective policies are issued and is distributed throughout the period through the technical reserve; the income from these premiums is reduced by cancellations and/or annulments in the case of cancellations, corresponding to the amount of the premium earned up to the time of cancellation due to the expiration of the term for payment..

Income from accepted reinsurance premiums is generated when the corresponding statements of account are received from the reinsurers.

Unearned premiums are calculated separately for each individual policy to cover the remaining part of the premiums issued.

Complementary services to the insurance activity
The Company presents as complementary services to the insurance activity, the services provided that do not correspond to insurance risks, these services include: transportation for

injury or illness, travel and accommodation of a family member, travel for the death of a family member, transportation in case of death, transfer costs for interruption of travel, legal assistance by telephone, among others.
Income received for services complementary to the insurance activity is recognized when the transfer of the services committed to its customers is made, and is recognized for the amounts that reflect the consideration that the Company expects to receive in exchange for such services. "Policies issued by insurance companies must identify as a separate performance obligation, those that are associated with the rendering of services that do not require the occurrence of a loss".

General Insurance
The solution of automobile, home, fire includes component of services that do not correspond to insurance risks such as: Transportation due to injury or illness, travel and lodging of a family member, travel due to the death of a family member, transportation in the event of death, professional driver, transmission of urgent messages, towing, lodging and transportation due to car damage, lodging and transportation due to car theft, mobile workshop and locksmith's shop, location and shipment of spare parts, designated driver, accompaniment in traffic cases, telephone guidance for traffic procedures, plumbing, electricity, locksmithing, replacement of damaged glass, security services, travel interruption expenses, legal assistance by telephone, these components constitute additional performance obligations under the requirements of IFRS15, provided that they do not require the occurrence of a loss. For this reason, the Company must assign to the value of the premium received a portion for complementary services to the insurance activity, as long as it applies.

Grupo SURA decided to use the practical solution of IFRS 15, and will not adjust the value it has committed as consideration to account for the effects of a significant financing component, when it is expected, at the beginning of the contract, that the period between the time the Company transfers service committed to the customer and the time the customer pays for that good or service will be one year or less. Therefore, for short-term advances, the amount of such advances will not be adjusted even if the effect of the financing component is significant.

Life Insurance
The Company's main corporate purpose is to carry out individual insurance and reinsurance operations on life policies, under the modalities and branches expressly authorized by law.

Income risk management
The labor risk administrator estimates the value of the obligatory contributions, taking into account the workers who were affiliated during all or part of the period (new entries and withdrawals), the base contribution salary and the type of risk, reported in the last self-assessment or in the affiliation. When the employer does not report any news, the estimated value of the contribution may not be less than the amount contributed in the last self-settlement form.

Dividend Income
Grupo SURA recognizes dividend income when

a) The entity's right to receive the dividend payment is established;
b) It is probable that the entity will receive the economic benefits associated with the dividend; and
c) The value of the dividend can be measured reliably

This does not apply when the dividend represents a recovery of the cost of the investment.

Income from commissions
When Grupo SURA involves a third party in providing goods or services to a customer, it is determined whether the nature of its commitment is a performance obligation to provide the specified goods or services itself (i.e. the entity acts as a principal) or to arrange for the third party to provide those goods or services (i.e. the entity acts as an agent).

Grupo SURA will be a principal if it controls a committed good or service before the entity transfers it to a customer. However, Grupo SURA is not necessarily acting as a principal if it obtains the legal right to a product only momentarily before the right is transferred to the customer.

When Grupo SURA is defined as a principal, i.e., it satisfies a performance obligation, it recognizes income from ordinary activities for the gross value of the consideration to which it expects to be entitled in exchange for the goods or services transferred.

Grupo SURA acts as an agent if the performance obligation is to arrange the supply of goods or services for another entity. When Grupo SURA acts as an agent, revenue from ordinary activities is recognized for the value of any payment or commission to which it expects to be entitled in exchange for arranging the supply of its goods or services for the other party. The payment or commission may be the net value of the consideration that the entity retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Commission income is recognized with the provision of the service. Those arising from trading, or participating in the trading of a third-party transaction such as the disposal of the acquisition of shares or other securities, or the purchase or sale of businesses, are recognized on completion of the underlying transaction.

Portfolio and management consulting fees and other services are recognized based on the services applicable to the contract when the service is provided.

Asset management fees related to investment funds and contract investment fees are recognized during the period of service. The same principle applies to wealth management, financial planning and custodial services that are performed continuously over an extended period of time. Fees charged and paid between banks for payment of services are classified as commission income and commission expense.

Outsourcing companies
The services provided by the outsourcing companies are sold through separate contracts with customers or bundled with the sale of equipment. The Group currently registers equipment and services as separate deliverables and allocates an amount for each deliverable using the relative fair value approach.
The Group concluded that the services are delivered over time, taking into account that the client receives and consumes the benefits simultaneously. At present, income and accounts receivable are recognized, even though the collection of the total consideration depends on the successful completion of the services.

Revenue from health entities

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

2.3.20. Earnings per share

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

2.3.21. Events after the reporting period

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

Events after the reporting period that involve adjustments

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

Events after the reporting period that do not involve adjustments

Grupo SURA should not modify the figures in the Financial Statements as a result of this type of events. However, if the event is material, Grupo SURA will reveal the nature of the event, and an estimate of the financial effect, or a manifestation of the impossibility of making such an estimate.

Dividend or surplus to the owner

Grupo SURA must refrain from recognizing, as a liability, in the Financial Statements, the dividends or surpluses agreed upon, after the reporting period.

On-going business hypothesis

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

2.3.22. Related parties

The following are considered related parties:

1. The companies that make up the **Grupo Empresarial SURA** ("The Companies").
2. **The associated companies.**
   Only applies for transactions that are considered unusual (outside of the ordinary course of business of the Company) and materials.

In any case, it must be ensured, that the recurring transactions are realized, under competitive market conditions, and are recognized, in full, in the Financial Statements. For purposes of this document, the definition of associated companies, contained in the Accounting Policy for Investments in Associates, will be applied.

3. Members of the Board of Directors (principals and alternates).

4. The Legal Representatives, excluding the Judicial Legal Representatives and Proxies.

5. The Personnel of Senior Management, specifically, the first two levels of the organization (including Executive Directors of Audit and Corporate or General Secretaries).

6. The close relatives of the Members of the Boards of Directors, the Legal Representatives, and the Personnel of Senior Management, that is, their spouses or permanent companions, as well as the persons within the first degree of consanguinity, first of affinity or only civil.

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

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

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

- Transactions within the Company, in which one of the Senior Managers, described above, and their spouse or permanent companion, or their relatives, within the first degree of consanguinity, first of affinity, or solely civil
- Dividends declared

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

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

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

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

2.3.23 Hyperinflation

A hyperinflationary economy occurs when:

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

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

Re-expressing items of the Statement of Financial Position:

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

- Non-monetary items, recorded at fair value, are updated by the movement of the price index, from its last valuation, to the date of presentation of the Financial Statements.
- Equity items are restated, by the evolution of the price index, from its date of contribution or recognition, until the date of presentation of the Financial Statements.

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

- All items, of income and expenses, must be restated, with the evolution in the price index, from its recognition date, until the date of presentation of the Financial Statements.
- Expenses, for depreciation and amortization, are adjusted on the same basis of the asset, with which they are related.
- All items in the Statement of Cash Flows are updated, to be expressed in the current unit of measurement, at the date of presentation of the Financial Statements.

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

NOTE 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND CAUSES OF UNCERTAINTY IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

Accounting estimates and assumptions

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

a) Revaluation of property for own use and investment properties

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

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

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

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

b) Fair value of financial instruments

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

c) Taxes

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

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

d) Impairment of goodwill

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

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

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

f) Term of leasing contracts

The term of the lease is established in accordance with the contract and the expectations of the contracting company, for which it must take into account the following:

- The time frame for possible renewals
- Increases in fees in relation to the market
- Development of the company's strategic plan
- Expectations of the company's recovery from the investment made.
- The costs that have to be paid to leave the contract (Penalty)
- The additional costs incurred in the event of cancelling the contract and starting a new one.

g) Estimation of the incremental interest rate of the leases

The Group cannot easily determine the implied interest rate for all its leases, so it uses the corporate bond rate or the average company debt rate as a basis when applying adjustments for terms, risks and type of collateral. Such base rate therefore reflects what the group "would have to pay," which requires an estimate when observable rates are not available (such as for subsidiaries that do not engage in financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

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

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

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

i) Employee benefits

The measurement of obligations for post-employment benefits, and defined benefits, includes the determination of key actuarial assumptions that allow for the calculation of the value of the liability. Among the key assumptions are the discount and inflation rates, salary increases, among others. In order to discount the benefits to employees, the rate of the TES Type B Bonds, of the Colombian Government, is used at the end of the period in which it is reported, since this rate reflects the currency, and the estimated term of payment, of the obligations for post-employment benefits and defined benefits and corresponds to the rate that best indicates market returns.

j) Technical reserves - Insurance contracts

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

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

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

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

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

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

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

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

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

k) Impairment of financial assets

To calculate the impairment of financial assets, the future cash flows, of the respective financial asset, of the group, must be estimated. See Note 2. 3..4 of Financial instruments, in the impairment section.

l) Participation in other entities

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

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

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

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

The information on assumptions and estimated uncertainties, that have a significant risk, resulting in a material adjustment, in the year ended December 31, 2019 and 2018, is included in the following Notes:

- Note 5. Business combinations: acquisition of subsidiaries: fair value is measured provisionally
- Note 9. Insurance Contracts: assumptions for calculating reserves
- Note 11. Taxes: availability of future taxable profits against those which the compensation for losses, obtained in previous periods, can be used.
- Note 20. Provisions and contingent liabilities: recognition and measurement of provisions and contingencies: key assumptions related to the probability and magnitude of an outflow of economic resources, and

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

- Note 7. Financial instruments.

Judgements

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

- Note 8. Leases
- Note 9. Insurance contracts: determination of whether Grupo SURA acts as agent or principal in insurance contracts.
- Note 16. Investments in Subsidiaries, Associates, and Joint Ventures: determination of the existence of control in subsidiaries, including the review of pension funds, managed by Grupo SURA
- Note 27. Income and expenses for commissions: determination of whether the Group acts as agent in the transaction, and not as principal.

NOTE 4. NORMS ISSUED WITHOUT EFFECTIVE APPLICATION

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

Amendments to IAS 19: Modification, Reduction or Liquidation of a Plan

The amendments to IAS 19 define the accounting treatment of any modification, reduction or termination of a plan occurring during a financial year. The amendments specify that when a plan is amended, curtailed or settled during the reporting period, the entity is required to:

- Determine the current service cost for the remaining period after the plan is amended, reduced or terminated, using the actuarial assumptions used to recalculate the net defined benefit liability (asset) reflecting the benefits provided under the plan and the plan assets after that event.
- Determine the net interest for the remaining period after the plan is amended, curtailed or terminated by using: the net defined benefit liability (asset) that reflects the benefits provided under the plan and plan assets after that event; and the discount rate used to recalculate that net defined benefit liability (asset).

The amendments also clarify that the entity first determines any past service costs, or settlement gains or losses, without considering the effect of the asset ceiling. This amount is recognized as a gain or loss. The effect of the asset ceiling after the modification, reduction or liquidation of the plan is then determined, and any changes in that effect, excluding amounts included in net interest, are recorded in other comprehensive income.

This norm is included in the Compilatory and Updated Technical Annex 1- 2019, of the Decree 2270 of 2019. The changes will be applied to the modifications, reductions or settlements of the plan that occur in the years beginning on or after January 1, 2020, allowing its application in a comprehensive and early manner. These amendments shall be applied only to any future amendments, curtailments or settlements of the Group's plan.

IFRIC 23 - Uncertainty in Income Tax Treatment

The interpretation addresses the accounting for income tax when the tax treatments involve uncertainty that affects the application of IAS 12. This interpretation does not apply to taxes or levies that are outside the scope of IAS 12, nor does it include the treatment of related interest and penalties that may arise. The interpretation specifically addresses the following:

- If an entity has to consider tax uncertainties separately
- The assumptions an entity must make about whether the tax treatment will be reviewed by the tax authorities
- How an entity should determine the final result, tax bases, losses to be offset, tax deductions and tax rates.
- How an entity should consider changes in facts and circumstances
- An entity must determine whether it considers each tax uncertainty separately or in conjunction with one or more other tax uncertainties. The approach that best estimates the resolution of the uncertainty should be followed. The interpretation is included in the Updated Compilatory Technical Annex 1 - 2019, of Decree 2270 of 2019 and is effective for periods beginning on or after January 1, 2020, allowing for early and comprehensive application, certain exemptions are permitted during the transition. The Group will apply the interpretation from its effective date. [The Group operates in a complex multinational tax environment; the application of the Interpretation may affect its financial statements / The Group does not expect that it will have an effect on its financial statements]. In addition, the Group may need to implement processes and procedures to obtain the information necessary to apply the interpretation correctly.

Annual improvements 2018 (issued in October 2018)

The improvements were introduced into the Colombian accounting framework through Decree 2270 of 2019, including:

Amendments to IFRS 3: Definition of a Business

The amendments to the definition of a business in IFRS 3 - Business Combinations help an entity determine whether an acquired set of activities and assets is a business. They clarify the minimum requirements of a business, eliminate the assessment of whether market participants are able to replace missing elements, add guidance to help entities assess whether a process is acquired is substantive, reduce the definitions of a business and products, and introduce an optional fair value concentration test. Further illustrative examples are provided with the amendments.

Because the amendments apply prospectively to transactions or events occurring on or after the date of the first application, the Group will not be affected by these amendments at the transition date.

Amendments to IAS 1 and IAS 8: Definition of Material or Materiality

The amendments align the definition of "Material" between IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and clarify certain aspects of the definition. The new definition states that "Information is material if its omission, misstatement or obscuration could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of the financial statements, which provide financial information about the specific reporting entity".

Amendments to the definition of material or materiality are not expected to have a significant impact on the Group's financial statements.

NOTE 5. BUSINESS COMBINATIONS

Business combinations realized in the period

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

By June 30, 2019, the purchase price allocation process - Purchase Price Allocation in accordance with IFRS 3 "Business Combinations" was completed. Below are the final fair values of the identifiable assets and liabilities of the business at the date control is obtained and the adjustments made in the measurement period:

	Fair Value at November 1, 2018	Measurement period adjustments	Fair values at November 1, 2018
Identifiable assets			
Trade accounts receivable	1,894	-	1,894
Inventories	45	-	45
Properties, plant and equipment	14,800	-	14,800
On hand	805	-	805
Investments	2	-	2
Intangible assets (1)	69	7,399	7,468
Total identifiable assets	**17,615**	**7,399**	**25,014**
Identifiable liabilities			
Financial obligations	848	-	848
Suppliers	148	-	148
Other Liabilities	275	-	275
Laboral obligations	395	-	395
Accounts payable	671	-	671
Deferred tax	718	-	718
Total identifiable liabilities	**3,055**	**-**	**3,055**
Net assets and liabilities	**14,560**	**7,399**	**21,959**

(1) Includes the following assets:

- Customer list for $7,399 which is being amortized over a 12-year period starting November 1, 2018.
- Software for $69.

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

	Fair value at November 1, 2018
Consideration transferred (2)	22,599
Provisional fair value of identifiable assets and liabilities	(21,959)
Commercial credit generated in the acquisition	**640**

(2) The value of the consideration transferred was partially canceled in cash, before June 30, 2019.

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

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

NOTE 6. CASH AND EQUIVALENTS

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

	December 2019	December 2018
Cash and bank	8,333	7,886
National banks	1,476,767	881,941
Foreign Banks	236,434	348,922
Cash equivalent (*)	535,091	547,497
Cash and cash equivalents	**2,256,625**	**1,786,246**
Restricted cash (**)	89,532	91,794
Cash and cash equivalents in the Statement of Cash Flows	**2,346,157**	**1,878,040**

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

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

Restricted cash (**)

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

Breakdown of the restriction	Country	Restricted cash value 2019
Securities in legal proceedings	Salvador	40
Legal processes realized in bank accounts	Colombia	82,476
Funds destined for the payment of taxes administered by the SUNAT	Perú	332
Hedge fund commissions - Foreign broker	Perú	2,444
Employee benefit obligations	Panamá	4,240
Total		**89,532**

Breakdown of the restriction	Country	Restricted cash value 2019
Securities in legal proceedings	Salvador	203
Legal processes realized in bank accounts	Colombia	89,188
Funds destined for the payment of taxes administered by the SUNAT	Peru	214
Hedge fund commissions - Foreign broker	Peru	2,189
Total		**91,794**

NOTE 7. FINANCIAL INSTRUMENTS

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

Assets whose fair value approximates book value

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

Financial instruments at an agreed rate

The value of fixed income assets, valued at amortized cost, is calculated by comparing market interest rates when it was first recognized with current market rates for similar financial instruments.

Financial liabilities whose fair value approximates book value

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

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

7.1. Financial assets

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

December 2019

December 2019						
Current	**Note**	**Financial assets at amortized cost**	**Financial assets at fair value**		**Other financial assets (cash)**	**Total**
			Results	**Equity**		
Cash and cash equivalents	6	-	-	-	2,256,625	2,256,625
Investments	7.1.1	56,743	7,337,006	-	-	7,393,749
Accounts receivable	7.1.2	6,184,875	-	-	-	6,184,875
Accounts receivable, related parties (1)		109,153	-	-	-	109,153
Derivatives (other financial assets)	12	-	51,363	-	-	51,363
Total		**6,350,771**	**7,388,369**	**-**	**2,256,625**	**15,995,765**

Non Current	**Note**	**Financial assets at amortized cost**	**Financial assets at fair value**		**Other financial assets (cash)**	**Total**
			Results	**Equity**		
Restricted cash (*)	6	-	-	-	89,532	89,532
Investments	7.1.1	12,788,839	3,200,273	599,509	-	16,588,621
Accounts receivable	7.1.2	149,963	-	-	-	149,963
Derivatives (other financial assets)	12	-	542,886	-	-	542,886
Total		**12,938,802**	**3,743,159**	**599,509**	**89,532**	**17,371,002**
Financial assets		**19,289,573**	**11,131,528**	**599,509**	**2,346,157**	**33,366,767**

December 2018

December 2018						
Current	**Note**	**Financial assets at amortized cost**	**Financial assets at fair value**		**Other financial assets (cash)**	**Total**
			Results	**Equity**		
Cash and cash equivalents	6	-	-	-	1,786,246	1,786,246
Investments	7.1.1	42,398	7,386,017	-	-	7,428,415
Accounts receivable	7.1.2	6,432,494	-	-	-	6,432,494
Accounts receivable, related parties (1)		102,081	-	-	-	102,081
Derivatives (other financial assets)	12	-	13,596	-	-	13,596
Total		**6,576,973**	**7,399,613**	**-**	**1,786,246**	**15,762,832**

Non Current	Note	Financial assets at amortized cost	Financial assets at fair value		Other financial assets (cash)	Total
			Results	Equity		
Restricted cash (*)	6	-	-	-	91,794	91,794
Investments	7.1.1	11,643,648	3,401,688	222,731	-	15,268,067
Accounts receivable	7.1.2	114,882	-	-	-	114,882
Derivatives (other financial assets)	12	-	304,691	-	-	304,691
Total		**11,758,530**	**3,706,379**	**222,731**	**91,794**	**15,779,434**
Financial assets		**18,335,503**	**11,105,992**	**222,731**	**1,878,040**	**31,542,266**

(1) Accounts receivable, from related parties, corresponds to pending dividends receivable, from associated companies, and are as follows:

	December 2019	December 2018
Grupo Bancolombia S.A.	64,031	59,952
Grupo Nutresa S.A.	24,756	22,912
Grupo Argos S.A.	20,063	18,802
Protección S.A.	146	137
Others	157	278
Total dividends receivable	**109,153**	**102,081**

The maturities of the financial assets are as follows:

December 2019	Less than a year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Cash and cash equivalents	2,252,757	5,331	-	88,069	2,346,157
Investments	7,393,749	4,916,750	2,322,053	9,349,818	23,982,370
Accounts receivable	6,184,875	148,226	-	1,737	6,334,838
Accounts receivable, related parties	109,153	-	-	-	109,153
Other financial assets	51,363	27,613	169,487	345,786	594,249
Total	**15,991,897**	**5,097,920**	**2,491,540**	**9,785,410**	**33,366,767**

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

The hierarchy of fair value is as follows:

December 2019	Level 1	Level 2	Level 3	Total
Investments	8,622,658	2,502,076	12,054	11,136,788
Derivatives (other financial assets)	-	594,249	-	594,249

Total		8,622,658	3,096,325	12,054	11,731,037

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

The details of the fair value determination:

Level 1 Prices quoted in active markets

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

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

Level 2 - Modelling with market observable input data

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

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

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

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

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

Financial assets, by country, are as follows:

December 2019	Argentina	Bermuda	Brazil	Chile	Colombia	Spain	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Cash and cash equivalents	30,346	3,338	15,106	556,212	1,180,962	-	330,698	43,795	31,942	44,051	99,250	10,457	2,346,157
Investments	393,381	50,482	239,900	6,898,057	10,598,837	-	3,771,687	504,567	895,336	58,973	310,859	260,291	23,982,370
Derivatives	-	-	-	-	594,249	-	-	-	-	-	-	-	594,249
Trade and other accounts receivable	447,500	4,571	464,703	1,572,117	2,714,815	-	471,234	219,287	41,842	198,271	134,686	174,965	6,443,991
Total	**871,227**	**58,391**	**719,709**	**9,026,386**	**15,008,863**	**-**	**4,573,619**	**767,649**	**969,120**	**301,295**	**544,795**	**445,713**	**33,366,767**

December 2018	Argentina	Bermuda	Brazil	Chile	Colombia	Spain	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Cash and cash equivalents	10,327	8,986	10,172	562,328	941,266	659	150,182	59,227	40,804	18,136	64,664	11,289	1,878,040
Investments	483,399	42,353	243,347	6,614,169	9,701,235	-	3,575,583	578,905	822,583	83,419	298,574	252,915	22,696,482
Derivatives	-	-	-	-	318,287	-	-	-	-	-	-	-	318,287
Trade and other accounts receivable	469,795	5,153	448,523	1,966,446	2,598,868	-	444,478	217,324	46,350	138,827	112,873	200,820	6,649,457
Total	**963,521**	**56,492**	**702,042**	**9,142,943**	**13,559,656**	**659**	**4,170,243**	**855,456**	**909,737**	**240,382**	**476,111**	**465,024**	**31,542,266**

7.1.1. Investments

The breakdown of investments is as follows:

	December 2019	December 2018
National issuers	12,262,957	11,376,750
Treasury securities - TES	4,705,081	4,665,059
Foreign issuers	3,993,426	3,903,389
Legal reserve pension fund - Investments at fair value, with changes in profit and loss	2,705,963	2,372,063
Other Securities issued by the national government	332,787	374,100
Other	23,261	31,120
Impairment of equity investments instruments, through other comprehensive	(34,318)	(21,054)
Impairment	(6,787)	(4,945)
Total	**23,982,370**	**22,696,482**

The movement of the investment account, is as follows:

Balance at January 1, 2018	**26,923,245**
Additions	9,869,502
Derecognition	(14,276,475)
Interest	(856,530)
Impairment	(9,749)
Valuation (net) of financial assets	386,501
Valuation of equity investments	(17,589)
Dividends received	(1,507)
Amortized cost valuation	1,038,750
Exchange differences	(359,666)
Balance at December 31, 2018	**22,696,482**
Additions	7,969,142
Derecognition	(8,090,685)
Interest	(709,394)
Impairment	(15,385)
Valuation (net) of financial assets	977,225
Valuation of equity investments	12,335
Dividends received	(910)
Amortized cost valuation	1,088,590
Exchange differences	54,970
Balance at December 31, 2019	**23,982,370**

7.1.2. Trade and other accounts receivable

Following is a breakdown of accounts receivable, at December 31 of 2019 and 2018:

	December 2019	December 2018
Insurance activity	4,583,762	4,765,597
Debtors	772,903	802,449
Payments of customers, consumption accounts	413,808	369,783
Various	235,327	362,563
Judicial deposits	231,485	246,653
Commissions	118,315	126,145
Securities trading company	99,461	6,121
Payments on behalf of customers, housing	96,006	67,331
Credits portfolio	44,816	44,105
Advances to contracts and suppliers	36,185	13,545
To employees	25,626	20,387
Leases	1,522	2,961
Impairment of other loan portfolio items	(199)	(199)
General Impairment (provision)	(640)	(615)
Impairment (provision) accounts receivable, consumption	(4,494)	(3,388)
Impairment (provision) other accounts receivable	(23,845)	(25,452)
Impairment (provision) accounts receivable, insurance activity	(66,045)	(76,228)
Impairment (provision) trade accounts, receivable	(229,155)	(174,391)
Sale of goods and services	-	9
Total	**6,334,838**	**6,547,376**

7.2. Impairment of financial assets

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

	December 2019	December 2018
Impairment accounts receivable	324,378	280,273
Impairment and investments	41,105	25,999
Total	**365,483**	**306,272**

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

	Accounts receivable	Investments	Total
Balance at December 31, 2017	**225,373**	**11,589**	**236,962**
Additions Impairment of the period	73,060	17,089	90,149
Valuation and other adjustments	(2,979)	(4,796)	(7,775)
Recoveries	(16,443)	-	(16,443)
Exchange differences	1,262	2,117	3,379
Balance at December 31, 2018	**280,273**	**25,999**	**306,272**
Additions Impairment of the period	93,776	14,644	108,420
Valuation and other adjustments	(16,917)	(171)	(17,088)
Recoveries	(28,591)	179	(28,412)
Diferencia en cambio	(4,163)	454	(3,709)
Balance at December 31, 2019	**324,378**	**41,105**	**365,483**

Impaired financial assets, due to maturities, includes:

December 2019

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Impairment of portfolio	101,944	72,483	96,491	53,460	324,378
Impairment of investments	23,629	5,054	342	12,080	41,105
Total	**125,573**	**77,537**	**96,833**	**65,540**	**365,483**

December 2018

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Impairment of portfolio	98,381	158,657	12,140	11,095	280,273
Impairment of investments	13,737	1,240	-	11,022	25,999
Total	**112,118**	**159,897**	**12,140**	**22,117**	**306,272**

7.3. Financial liabilities

The following are the financial liabilities of Grupo SURA:

	Note	December 2019	December 2018
Derivatives	7.3.1	204,190	167,211
Other financial liabilities	7.3.1	1,685,559	1,974,544
Trade and other accounts payable	7.3.2	3,613,429	3,253,165
Accounts payable, related entities	23	81,949	77,348
Securities issued	21	8,203,145	8,305,019
Total		**13,788,272**	**13,777,287**

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

December 2019

December 2019			
Current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Derivatives (Note 12)	-	21,501	21,501
Accounts payable	3,613,429	-	3,613,429
Accounts payable, related parties	81,949	-	81,949
Other financial liabilities	1,260,228	1,501	1,261,729
Total	**4,955,606**	**23,002**	**4,978,608**

Non current	Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Derivatives (Note 12)	-	182,689	182,689
Other financial liabilities	423,830	-	423,830
Securities issued	8,203,145	-	8,203,145
Total	**8,626,975**	**182,689**	**8,809,664**

Financial liabilities	13,582,581	205,691	13,788,272

December 2018

December 2018				
Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases	-	-	18,794	18,794
Derivatives (Note 12)	-	52,078	-	52,078
Accounts payable	3,253,119	-	-	3,253,119
Accounts payable related parties	77,348	-	-	77,348
Other financial obligations	903,734	4,264	-	907,998
Securities issued	104,278	-	-	104,278
Total	**4,338,479**	**56,342**	**18,794**	**4,413,615**

Non Current	Financial liabilities at amortized cost	Financial liabilities at fair value	Leases	Total
Leases	-	-	85,357	85,357
Derivatives (Note 12)	-	115,133	-	115,133
Accounts payable	46	-	-	46
Other financial obligations	962,395	-	-	962,395
Securities issued	8,200,741	-	-	8,200,741
Total	**9,163,182**	**115,133**	**85,357**	**9,363,672**

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

The maturities of the financial liabilities are detailed below:

December 2019	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Derivatives (Note 12)	21,501	22,577	160,112	204,190
Financial obligations	733,508	1,014,443	2,492	1,750,443
Accounts payable	3,613,429	-	-	3,613,429
Accounts payable, related parties	81,949	-	-	81,949
Bonds and securities	-	5,127,928	4,521,113	9,649,041
Total	**4,450,387**	**6,164,948**	**4,683,717**	**15,299,052**

December 2018	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Leases	18,794	54,879	30,478	104,151
Derivatives (Note 12)	52,078	115,133	-	167,211
Financial obligations	956,135	1,079,313	9,391	2,044,839
Accounts payable	3,253,119	46	-	3,253,165
Accounts payable, related parties	77,348	-	-	77,348
Bonds and securities	479,721	3,187,943	6,278,556	9,946,220
Total	**4,837,195**	**4,437,314**	**6,318,425**	**15,592,934**

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

2019	Level 1	Level 2	Level 3	Total
Other financial liabilities *	1,501	-	-	1,501
Derivatives	-	204,190	-	204,190
Total	**1,501**	**204,190**	**-**	**205,691**
2018	**Nivel 1**	**Nivel 2**	**Nivel 3**	**Total**
Other financial liabilities *	4,264	-	-	4,264
Derivatives	-	167,211	-	167,211
Total	**4,264**	**167,211**	**-**	**171,475**

(*) Corresponds to repo operations

A breakdown of financial liabilities, by Country:

December 2019	Argentina	Bermuda	Brazil	Chile	Colombia	Spain	Holland	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Financial obligations (*)	-	-	-	1,406	1,683,994	-	-	-	25	-	-	134	-	1,685,559
Derivatives (*)	-	-	-	-	204,190	-	-	-	-	-	-	-	-	204,190
Trade and other accounts payable	184,914	5,143	222,144	1,081,605	1,447,702	-	-	267,271	59,331	67,103	136,095	72,063	70,058	3,613,429
Accounts payable, related	-	-	-	275	81,674	-	-	-	-	-	-	-	-	81,949
Securities issued	-	-	-	-	8,203,145	-	-	-	-	-	-	-	-	8,203,145
Total	**184,914**	**5,143**	**222,144**	**1,083,286**	**11,620,705**	**-**	**-**	**267,271**	**59,356**	**67,103**	**136,095**	**72,197**	**70,058**	**13,788,272**
December 2018	**Argentina**	**Bermuda**	**Brazil**	**Chile**	**Colombia**	**Spain**	**Holland**	**Mexico**	**Panama**	**Peru**	**Dominican Republic**	**El Salvador**	**Uruguay**	**Total**
Financial obligations (*)	-	-	-	8,310	1,852,077	-	-	-	24	-	9,757	226	-	1,870,394
Derivatives (*)	-	-	-	3	167,207	-	-	-	-	-	-	-	-	167,210
Leases (*)	-	-	-	-	58,780	-	-	-	45,371	-	-	-	-	104,151
Trade and other accounts payable	180,787	23,141	197,953	1,164,661	1,093,081	503	11	250,512	72,091	61,869	89,041	53,672	65,842	3,253,164
Accounts payable, related entities	1	-	-	318	76,903	-	-	-	-	2	-	125	-	77,349
Securities issued	-	-	-	-	8,305,019	-	-	-	-	-	-	-	-	8,305,019
Total	**180,788**	**23,141**	**197,953**	**1,173,292**	**11,553,067**	**503**	**11**	**250,512**	**117,486**	**61,871**	**98,798**	**54,023**	**65,842**	**13,777,287**

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

7.3.1. Other financial liabilities

A breakdown of other financial liabilities is as follows:

	Note	December 2019	December 2018
Finance leases		-	104,151
Financial derivatives	12	204,190	167,210
Financial obligations		1,685,559	1,870,394
Total		**1,889,749**	**2,141,755**

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

Initial balance at January 1, 2018	**1,935,510**
Additions	2,813,443
Payments	(3,412,875)
Cause of interests	557,579
Exchange differences	(23,263)
Final balance at December 31, 2018	**1,870,394**
Additions	1,481,328
Payments	(1,568,869)
Reclassification of leases	700
Cause of interests	(92,272)
Exchange differences	(5,722)
Final balance at December 31, 2019	**1,685,559**

Grupo SURA has not had defaults of capital, interest, or other breaches, with respect to liabilities, during 2019 and 2018.

(1) A breakdown of maturities and the composition of the obligations, for the years ended December 31, 2019 and 2018, are as follows:

December 2019

Financial entity	Interest rate	Expiration	2019
BBVA S.A.	7.70%	2020	34,830
Factoring Bancolombia	0%	2020	856
Itaú Corpbanca Colombia S.A.	DTF+1.65%	2020	1,406
Bancolombia S.A.	IBR+4.15%	2028	2,915
Bancolombia S.A.	IBR+2.05%	2023	272,054
Bancolombia S.A.	5.36%	2020	145,961
IBM	LIBOR+0.62%	2022	262,616
Sobregiros/Operaciones repo	Operation Repo	2020	1,501
Bancolombia S.A.	7.26%	2022	2,512
Bancolombia S.A.	6.56%	2020	4,013
Bancolombia S.A.	6.56%	2020	1,340
Bancolombia S.A.	6.56%	2020	2,882
Bancolombia S.A.	6.56%	2020	7,017
Bancolombia S.A.	28.32% EA	2020	332
Itaú Corpbanca Colombia S.A.	6.79%	2020	3,026
Bancolombia S.A.	4.8732%	2020	250,000
Bancolombia S.A.	4.99%	2020	35,500
Bancolombia S.A.	5.27%	2020	115,000
Bancolombia S.A.	N/A	2020	4,431
Citigroup Global Market	5.35%	2020	20,000

Financial entity	Interest rate	Expiration	2019
Citigroup Global Market	5%	2020	30,000
Citigroup Global Market	5.27%	2020	115,000
Bancolombia S.A.	DTF TA + 0.72	2020	115,639
Banco de Bogotá S.A.	IBR 1M +1.1%	2020	74,939
Bancolombia S.A.	IBR 1M +1.1%	2020	42,233
Banco Popular S.A.	IBR 1M + 1.35%	2020	36,078
Bancolombia S.A.	IBR 1M +1.1%	2020	20,111
Banco de Bogotá S.A.	IBR 1M +1.18%	2020	20,109
Banco de Bogotá S.A.	IBR 1M +1.18%	2020	16,089
Bancolombia S.A.	IPC + 1.8%	2021	15,564
Bancolombia S.A.	IBR 1M+ 1.1%	2020	11,361
Bancolombia S.A.	IBR 1M +1.1%	2020	7,021
Bancolombia S.A.	IBR 1M+1.1%	2020	5,021
Banco de Bogotá S.A.	IPC + 2.13%	2020	4,022
Banco Popular S.A.	IBR 1M +1.72%	2020	4,012
Banco Agrícola S.A.	16%	2020	135
Sobregiros Contables	N/A	N/A	34
TOTAL			**1,685,559**

December 2018

Financial entity	Interest rate	Expiration	2018
BBVA S.A.	7.70%	2020	69,734
Bancolombia S.A.	IBR+4.40%	2020	824
Factoring Bancolombia S.A.	N/A	2019	1,697
Bancolombia S.A.	29.08%	2019	67
Bancolombia S.A.	29.08%	2019	16
Bancolombia S.A.	29.08%	2019	7
Banco de Bogota S.A.	Fixed Rate 5.70%	2019	35,940
Banco Popular S.A.	IBR 1M + 1.25%	2019	36,035
Banco Popular S.A.	IBR 1M + 1.90%	2019	11,337
Banco Popular S.A.	IBR 1M + 1.61%	2019	5,024
Bancolombia S.A.	DTF+0.72%	2019	161,615
Citigroup Global Market	Fixed 5.55%	2019	95,594
Citigroup Global Market	Fixed 5.55%	2019	70,365
Bancolombia S.A.	DTF+1.82%	2019	10,137
Bancolombia S.A.	DTF+1.82%	2019	91,237
Banco de Chile	0.00%	2019	1,426
Itaú Corpbanca Colombia S.A.	DTF+1.65%	2019	3,009
Bancolombia S.A.	DTF+1.82%	2019	91,237
Bancolombia S.A.	0.00%	2019	23

Financial entity	Interest rate	Expiration	2018
Bancolombia S.A.	29.08 EA	2019	9
Bancolombia S.A.	IBR+3.15%	2028	4,123
Bancolombia S.A.	IBR+2.87%	2022	3,517
Bancolombia S.A.	DTF+1.63%	2019	1,239
Bancolombia S.A.	IBR+2.05%	2023	477,547
Bancolombia S.A.	5.36%	2020	145,395
Bancolombia Panama	3.22%	2019	14,986
IBM	LIBOR+0.62%	2022	260,946
Sobregiros/Operaciones repo	N/A	N/A	4,264
Banco Popular S.A.	IBR 1M + 1.90%	2019	4,030
Itaú S.A. (Panama)	0.05503	2019	9,757
Itaú Corpbanca Colombia S.A.	IBR 1M+ 1.37%	2019	30,149
Banco Comercial AV Villas S.A.	IBR 1M+ 1.17 %	2019	15,072
Banco de América Central S.A.	22.08	2019	226
Sobregiros Contables	N/A	N/A	24
Bancolombia S.A.	DTF TA+ 1.25%	2019	88,458
Bancolombia S.A.	DTF TA+ 1.37 %	2019	33,881
Banco de Bogotá S.A.	IBR 1M+0.018	2019	21,105
Banco de Bogotá S.A.	IBR 1M+0.018	2019	20,100
Banco de Bogotá S.A.	IBR 1M+0.0154	2019	20,091
Banco de Bogotá S.A.	IBR 1M+0.019	2019	15,075
Banco de Bogotá S.A.	IBR 1M+0.017	2019	15,075
Total			**1,870,394**

7.3.2. Trade and other accounts payable

The following is a breakdown of accounts payable:

	December 2019	December 2018
Reinsurers external current account	1,205,360	1,119,573
Commissions	557,277	557,148
Suppliers	444,554	328,756
Various	272,218	99,672
Coinsurers current ceded account	155,080	141,349
Services	148,039	145,046
Settled claims, payable	132,463	148,908
Fees	119,694	95,900
Contributions, retirement pensions	117,932	132,438
Withholdings	59,417	57,930
Fosyga	44,017	48,374
Direct deposit policies	43,936	34,987
Premiums collected	31,910	26,541
Affiliates and beneficiaries	28,502	21,757
Services	27,660	23,117
Premiums ceded, payable	25,312	60,040
Obligations in favor of life insured	22,519	22,507
Institutions that provide health services	22,186	11,427
Insurance premiums	17,869	10,265

	December 2019	December 2018
Payroll deductions and contributions	17,793	25,750
Premiums to be collected from co-insurance provided	15,458	16,473
National road prevention fund	13,239	12,424
Checks drawn, not cashed	12,328	19,661
Chamber of compensation of SOAT	11,539	10,677
Pension funds	9,917	20,477
Current co-insurers account, accepted	9,442	6,252
Publicity and advertising	7,904	3,793
Official creditors, or state entities	7,759	8,753
Health promoting entities	6,983	8,855
Policy requests	5,517	9,467
Other deposits	5,414	4,150
Deposits withheld for internal reinsurers	4,545	5,405
Dividends payable to life insured	3,909	3,770
National Fire Fund (National fire department fund)	1,114	1,355
Leases	1,051	797
Family compensation fund, ICBF and SENA	962	4,857
Accounts payable, in joint operations	804	659
Insurance	508	359
Others	348	319
Sustainability rate of RUNT	314	415
Occupational hazard risks	117	801
Trade unions	104	62
Judicial	86	114
Maintenance and repairs	84	64
Guaranteed by automatic disaffiliation	68	68
Over other transactions	54	5
“Financial Superintendence of Colombia”	40	70
Companies cedents, current account	34	89
Other associations	26	10
Legal expenses	21	-
Employee funds	2	4
Colpensiones	-	1,215
Travel expenses	-	250
Total	**3,613,429**	**3,253,165**

NOTA 8. LEASES

SURA Group as lessee

Beginning January 1, 2019, due to the application of IFRS 16, SURA Group recognized $621,218 million of rights of use for leased assets which are related to real estate assets for $583,977, transportation equipment for $16,884; computer equipment for $15,254 and other assets for $5,103 million. The Company recognized $78,363 of lease liabilities.

Grupo SURA has leases for assets such as land and buildings with terms of between 3 and 12 years and for vehicles between 3 and 7 years.

The Group generally has no restrictions on subleasing the leased assets.
There are lease contracts that include extension and early termination options; there are also variable lease payment contracts.
The SURA Group also has equipment leases that are short term and/or of lesser amount. The SURA Group applies the exception permitted by the rule for this type of contract.

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

	Buildings	Transportation equipment	Office equipment	IT equipment	Lease improvements	Total
Cost at January 1, 2019	**583,977**	**16,884**	**-**	**15,254**	**5,103**	**621,218**
Additions and increments	92,519	-	-	-	1,479	93,998
Reclassification between assets	26,832	28,031	-	6,024	-	60,887
Decreases	(6,749)	-	10,362	-	4,121	7,734
Adjustments for inflation	9,124	-	-	-	-	9,124
Depreciation	(112,241)	(6,784)	(2,432)	(4,689)	(2,142)	(128,288)
Exchange difference	(13,442)	322	(1,685)	(49)	(4,335)	(19,189)
Balance at December 31, 2019	**580,020**	**38,453**	**6,245**	**16,540**	**4,226**	**645,484**

The carrying amounts of lease liabilities and movements during the period are detailed below:

Balance at January 1, 2019	**620,801**
Additions	61,348
Decrease due to contract cancellation	(62,088)
Transfer to available for sale	14,216
Interest Payments	(94,802)
Reclassifications	78,363
Difference in exchange	3,940
Causation of interest	44,885
Balance at December 31, 2019	**666,663**

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

	Minimum payments due 2019	Present value of the minimum payments 2019	Future interest charges of 2019
To one year	168,206	102,068	66,138
More than a year and up to five years	481,415	376,576	104,839
More than five years	216,498	188,019	28,478
Total arrendamientos	**866,119**	**666,663**	**116,280**

The payments recognised in profit or loss for the period under finance leases are as follows:

	2019
Depreciation expense for right-of-use assets	128,288
Interest expense on lease liabilities (note 29)	44,885
Lease expense for low value assets	8,162
Short-term active lease expense	19,932
Variable lease payments	(25)
Total recognized in results	**28,069**

Possible future undiscounted rent payments related to post-year periods are detailed below:

	Less than 5 years	More than 5 years	Total
Contracts with extensions not expected to be renewed	58,101	25,828	83,929
Contracts with extensions expected to be renewed	429,653	173,770	603,423
A diciembre 2019	**487,754**	**199,598**	**687,352**

SURA Group as lessor

Grupo SURA has entered into operating leases, which are classified as investment properties. The rental income recognized by the Group during the year is $4,279 (see note 13).

All the leases include clauses that allow for the annual review of royalty increases in accordance with current standards and market conditions.

The minimum future rent receivable under operating leases is:

	December 2019
To one year	30,520
More than a year and up to five years	43,826
More than five years	31,527
Total leases	**105,873**

NOTE 9. INSURANCE CONTRACTS

9.1 Technical reserves part reinsurers

Reinsurance

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

	December 2019	December 2018
Reinsurance of notified claims	2,578,746	1,939,374
Reinsurance of risk-in-progress	1,261,720	1,431,267
Reinsurance of unnotified claims	262,390	191,273
Reinsurance deposits	542	243
Technical reserves of insurance, reinsurer parties	**4,103,398**	**3,562,157**

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

Grupo SURA applies a system of procedures and limits that allow it to control the level of concentration of insurance risk. It is a common practice to use reinsurance contracts as an element to mitigate the risk of insurance, derived from concentrations or accumulations of guarantees higher than the maximum levels of acceptance. The insurers of Grupo SURA have transferred part of the risk of their insurance contracts to the reinsurance companies, in order to share possible claims presented.

9.2. Premiums

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

	December 2019	December 2018
Life insurance contracts	5,887,321	5,553,910
Non-life insurance contracts	8,069,451	7,711,044
Premiums issued	**13,956,772**	**13,264,954**
Life insurance contracts - reinsurer party	(295,745)	(286,455)
Non-life insurance contracts - reinsurer party	(2,441,757)	(2,243,651)
Ceded premiums	**(2,737,502)**	**(2,530,106)**
Total net premiums	**11,219,270**	**10,734,848**

Bonuses, by country, are as follows:

December 2019	Life insurance contracts	Non-life insurance contracts	Premiums issued	Life insurance contracts - reinsurer party	Non-life insurance contracts - reinsurer party	Ceded premiums	Total net premiums
Argentina	-	822,073	**822,073**	-	(100,863)	**(100,863)**	**721,210**
Bermuda	-	(3,108)	**(3,108)**	-	3,252	**3,252**	**144**
Brazil	-	659,543	**659,543**	-	(176,418)	**(176,418)**	**483,125**
Chile	804,682	1,731,397	**2,536,079**	(48,287)	(806,408)	**(854,695)**	**1,681,384**
Colombia	4,734,101	2,613,931	**7,348,032**	(165,599)	(836,872)	**(1,002,471)**	**6,345,561**
Mexico	5,458	953,725	**959,183**	-	(193,756)	**(193,756)**	**765,427**
Panama	-	493,157	**493,157**	-	(70,398)	**(70,398)**	**422,759**
Dominican Republic	-	318,681	**318,681**	-	(161,632)	**(161,632)**	**157,049**
El Salvador	343,080	171,086	**514,166**	(81,859)	(42,092)	**(123,951)**	**390,215**
Uruguay	-	308,966	**308,966**	-	(56,570)	**(56,570)**	**252,396**
Total	**5,887,321**	**8,069,451**	**13,956,772**	**(295,745)**	**(2,441,757)**	**(2,737,502)**	**11,219,270**

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

9.3. Claims withheld

Losses incurred by Grupo SURA and subsidiaries for the years ended December 31, 2019 and 2018 are as follows:

	December 2019	December 2018
Total claims	(8,847,520)	(7,616,796)
Claim reimbursement	2,244,668	1,748,992
Losses withheld	**(6,602,852)**	**(5,867,804)**

Losses per country are breakdown ed as follows:

December 2019	Life insurance	Non-life insurance	Total claims	Life insurance	Non-life insurance	Claim reimburse ment	Total losses withheld
Argentina	-	544,986	**544,986**	-	(22,291)	**(22,291)**	**522,695**
Bermuda	-	(2)	**(2)**	-	-	**-**	**(2)**
Brazil	-	308,656	**308,656**	-	(123,972)	**(123,972)**	**184,684**
Chile	828,435	1,434,183	**2,262,618**	(14,959)	(942,425)	**(957,384)**	**1,305,234**
Colombia	2,567,029	1,520,543	**4,087,572**	(209,097)	(460,110)	**(669,207)**	**3,418,365**
Mexico	137,642	696,035	**833,677**	-	(249,271)	**(249,271)**	**584,406**
Panama	-	210,107	**210,107**	-	(51,017)	**(51,017)**	**159,090**
Dominican Republic	-	140,510	**140,510**	-	(76,559)	**(76,559)**	**63,951**
El Salvador	216,766	84,136	**300,902**	(56,645)	(1,706)	**(58,351)**	**242,551**
Uruguay	-	158,494	**158,494**	-	(36,616)	**(36,616)**	**121,878**
Total	**3,749,872**	**5,097,648**	**8,847,520**	**(280,701)**	**(1,963,967)**	**(2,244,668)**	**6,602,852**

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

9.4. Technical reserves insurance contracts

Technical reserves

The items contained in the technical reserves are divided into:

- Reserves for claims: are provisions established to reflect the estimated cost of claims that have occurred and have not been paid. In this category, the following, are included.

- Claim reserve: corresponds to liabilities and direct settlement expenses for reported losses. The reserve is recognized on the date on which the insured and/or the beneficiary notifies the occurrence, of the covered loss, and is subject to a monthly recalculation.

- Reserve of unforeseen events (IBNR): this reserve is created to reflect those incidents that have occurred, but which at the date of the reporting period have not been reported by the insured and/or beneficiary.

- Reserves for future commitments: are provisions established to reflect future commitments expected, with the insured.

- Mathematical reserves for insurance (excludes annuities): insurance reserves are calculated on the basis of the actuarial method, taking the current conditions of the insurance contracts. The liability is determined as the sum of the present value of expected future benefits, the handling of claims, and the administration expenses of the policies, options, and guarantees, and the usefulness of the investments of assets that support said liabilities, which are directly related to the contract, minus the discounted value of the premiums that are expected to be required to meet future payments based on the valuation assumptions used.

- Mathematical reserves for annuities: are calculated on the basis of the present value of the future benefits, committed to under the contract, and the direct operational expenses in which the Company will incur for the payment of the contract commitments.

- Reserve of unearned premiums: are constituted for short-term insurance (both collective and individual) in which the periodicity of premium payment differs from the validity of the coverage and consequently, a premium has been received for future risk, which must be provisioned. The provision is determined as the premium paid net of expenses and is amortized over the term of coverage.

- Reserves for deposit components (savings) in life insurance or reserve fund value: For Unit Linked, and flexible products, the savings component is added to the reserve. (According to the periodicity of payment of the premium, the value of the expense is increased by the concept of the savings, delivered by the insured.)

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

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

	December 2019	December 2018
Mathematical reserves	7,508,261	7,245,583
Reserve of unearned premiums	7,845,487	8,157,054
Reserve of unnotified claims (IBNR)	1,503,463	1,370,629
Reserve of reported claims	5,818,924	4,940,024
Special reserves	216,447	184,542
Other reserves	322,707	301,242
Total insurance technical reserves	**23,215,289**	**22,199,074**

Grupo SURA considers that the sufficiency of premiums is an element of special importance and its determination is supported by specific computer applications.
The treatment of benefits, as well as the adequacy of provisions, are basic principles of insurance management. The technical provisions are estimated by the actuarial teams in the different countries.

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

	Liabilities for insurance contracts	Assets from insurance contracts	Net
At December 31, 2018	**22,199,074**	**3,562,157**	**18,636,917**
Changes in reserves	4,806,238	633,101	4,173,137
Adjustments for conversion	(3,790,023)	(91,860)	(3,698,163)
At December 31, 2019	**23,215,289**	**4,103,398**	**19,111,891**

	Liabilities for insurance contracts	Assets by insurance contracts	Net
At December 31, 2017	**26,195,224**	**3,214,320**	**22,980,904**
Changes in reserves	678,355	420,188	258,167
Adjustments for conversion	(84,443)	(72,351)	(12,092)
Adjustments for monetary correction	99,013	-	99,013
Reclassification as held for sale, Chile	(4,689,075)	-	(4,689,075)
At December 31, 2018	**22,199,074**	**3,562,157**	**18,636,917**

Technical reserves, by Country, are as follows:

Country	December 2019	December 2018
Argentina	868,314	843,234
Bermuda	13,023	32,300
Brazil	511,399	460,965
Chile	10,123,595	10,867,506
Colombia	4,596,388	5,731,731
Mexico	5,724,127	2,920,377

Panama	490,343	499,440
Dominican Republic	215,779	201,984
El Salvador	436,267	368,055
Uruguay	236,054	273,482
Total insurance technical reserves	**23,215,289**	**22,199,074**

NOTE 10. INVENTORIES

Inventory is as follows:

	December 2019	December 2018
Goods not manufactured by the Company	49	41
Materials, spare parts, and accessories	11,629	9,817
Other inventories *	242	1,028
Total	**11,920**	**10,886**

The Company uses the weighted average method to determine the cost of the inventory. (*) Includes, among others, contracts in execution, hospital inventories, etc..

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

NOTE 11. TAXES

11.1. Applicable norms

Current and applicable tax provisions, establish that the nominal rates of income tax for 2019 and 2018, applicable to Grupo SURA and its subsidiaries, located in Colombia, Chile, Peru, Argentina, Brazil, Uruguay, Mexico, Panama, Dominican Republic, and El Salvador, are the following:

Country	2019	2018
Colombia	33%	37%
Chile	27%	27%
Peru	29.5%	29.5%
Argentina	30%	30%
Brazil	40%	45%
Uruguay	25%	25%

Country	2019	2018
Mexico	30%	30%
Panama	25%	25%
Dominican Republic	27%	27%
El Salvador	25%	25%

In the case of Colombia, the surcharge fee 4% was included in 2018.

Colombia: Tax income is taxed at the rate of 33% as income tax, except for taxpayers who have special rates and 10% for income from occasional earnings. Tax losses may be offset within the 12 taxable periods following the year in which the loss was generated.

Law 1819 of 2016 defined the general income tax rate at 33% for the following years, and also created a surcharge on income and supplementary taxes of 4% for 2018, applicable to taxable bases of $800 million and above. For the year 2019, the Financing Law 1943 of 2018 established a gradual decrease in the income tax rate, from 33% in 2019 to 32% in 2020, 31% in 2021 and from 2022 onwards to 30%. It is also presumed that in 2018 and 2019 the net income may not be less than 3.5% and 1.5% respectively of the net assets of the immediately preceding taxable year, after excluding some concepts admitted by the Law such as the equity value of investments in national shares.

It should be noted that Law 1943 was declared unconstitutional in 2019. The declaration of unconstitutionality was proposed to take effect as of January 1, 2020, on the understanding that the effects of the ruling would only produce effects in the future and would not affect consolidated legal situations; likewise, it gave Congress time to issue a regulation before the end of 2019 that will ratify, repeal, modify or subrogate the contents of Law 1943 of 2018; for which reason the Economic Growth Law was issued on December 27, 2019.

Transfer pricing regulations require reporting of operations with foreign economic partners, complementing the information with OECD guidelines with Master and Country by Country reports.

Economic Growth Act (Act 2010 of 2019)

The following is a summary of the most important modifications to the Colombian tax regime for legal entities for the years 2020 and following, introduced by the law:

The income tax rate is gradually reduced by 32% for the year 2020, 31% in 2021 and 30% as of the taxable year 2022. Additional points are included for financial institutions from 2020: 4% in 2020 and 3% for 2021 and 2022.

The presumptive rent rate is decreased to 0.5% for 2020 and 0% from 2021.

First job deduction is created, i.e. 120% of salary payments to employees under 28 years of age, who are new jobs and whose first job is certified by the Ministry of Labor, will be deductible.

Increase in the income tax rate for dividends received by foreign companies, non-resident individuals and permanent establishments from 7.5% to 10%.

Audit benefit is again established for the taxable periods 2020 and 2021, giving firmness to the return in 6 months provided that the net income tax is increased by at least 30% in relation to the previous year, when the increase is at least 20% the firmness period is acquired after 12 months.

Among the exempted incomes are articles 4 of Decree 841 of 1998 and 135 of Law 100 of 1993 corresponding to the resources of the Pension Funds of the Individual Savings Regime with Solidarity and the mathematical reserves of the retirement or old age, disability and survivors' pension insurance, as well as their returns; also the yields generated by the stabilization reserve constituted by the pension fund management entities and the income from the development of technological and creative value added industries (orange economy) as long as they comply with the minimum investment requirement of $157 million in 3 years, employment generation of at least 3 jobs without counting the administrators.

The Holding Company Regime (CHC) was continued for companies whose main purpose is the holding of securities, investment in shares or participations in national and/or foreign companies; as long as the participation in these companies directly or indirectly exceeds 10% of the capital of 2 or more companies, for a minimum period of 12 months and they have human and material resources to carry out the activity (3 employees and own management). Dividends received by the CHC from foreign entities will be exempt from income.

Brokerage services for reinsurance contracts are excluded from VAT and life insurance commissions continue to be taxed.

Chile: The Income Tax Law classifies income from "Capital" and "labor". The former are taxed with the First Category Tax, which mainly affects companies. Since the publication of Law No. 20,780 in September 2014, and its subsequent amendment by Law No. 20,899 in February 2016, two tax systems have been in place to determine the taxation of company owners. The attributed regime, whose rate is 25% and the partially integrated regime with a rate of 27%.
The general system will be the partially integrated system, which is calculated by adding to the financial results or deducting from them as required by law. In the event of tax losses, these may be offset in the following periods without any time restrictions.

The time of distribution of dividends from a company under the partially integrated regime, the first category tax paid by companies, may be charged against the final taxes (Global Complementary Tax or Additional Tax) with the obligation to refund 35% as a tax liability (Not applicable when Chile has a treaty to avoid double taxation with another country), which taxes all income of individuals resident in the country; or the Additional Tax, which taxes Chilean source income, of individuals and companies residing outside the country, as the case may be.

As to transfer pricing, it is regulated by Article 41 E of the Income Tax Law ("LIR"), which establishes definitions on relation rules, prices and returns that must be taken into account for transactions with related parties abroad. Among the formal obligations are the submission of an annual affidavit, supporting documentation depending on the amount of the operation and country by country report, which is submitted by the parent company.

At present, a new tax reform is being discussed in the country's congress, whose main impacts at the business level are:

- It defines as a single taxation system the semi integrated system with a 27% rate, thus eliminating the attributed income option
- The possibility of claiming back taxes paid when a company is in a tax loss situation and receives dividends with credits will be eliminated from 2024.
- Article 14 of the Income Law incorporates the obligation to report up to June 30 each year, investments made abroad
- A transitory rule is added for taxpayers who maintain a balance of accumulated taxable income generated until December 31, 2016, may pay a single and substitute tax for the final taxes, of a single and fixed rate of 30%, which enjoys preference for allocation purposes.

With respect to transfer pricing, this has been incorporated into Article 41 E of the Income Tax Law ("LIR"), as amended on September 27, 2012, where the values, prices and returns to be taken into account for transactions with related parties abroad were defined. Among the formal obligations are the sworn statement, supporting documentation depending on the amount of the operation and country by country report as of 2016.

Peru: The income tax rate as of December 31, 2018, and 2019, was 29.5%, on taxable income, after calculating the participation to the workers, which, according to what is established by the current regulations, is calculated, in the case of the Company, applying a rate of 5%, on the net taxable income. Losses may be offset within 4 years from the year following the generation of the loss.

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

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

Mexico: Income tax (ISR) is a direct tax on worldwide income. During fiscal years 2018 and 2019, the income tax rate applicable in Mexico is 30%. Additionally, the participation of workers, in tax profits, is established, at a percentage of 10%. Tax losses can be compensated for, in a period not exceeding 10 years.

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

In December 2019 the authority published the tax reform for 2020, whose main provisions or changes are aimed at combating tax evasion through the incorporation of the general anti-abuse rule, the disclosure of tax schemes reportable to the authority, the fight against non-existent operations through the compacts between electronic invoicing (CFDI) and tax returns; as well as the establishment of limits and requirements for the deduction of payments abroad in operations with preferential tax territories (tax havens) either directly or through structured agreements or hybrid mechanisms; finally, the criminalization of the fiscal crimes of simulation, fraud and in general any illicit against the federal treasury that will be considered a threat to national security.

Brazil: In Brazil, taxes are based on income from worldwide sources. There is a category of taxes on gross income and on net income.

Regarding taxes on net income, taxes are levied at a rate of 15%, as income tax, plus 10% on the portion of the taxable income exceeding R $240,000, per fiscal year, in accordance with Decree 3.000 of 1999. There is also a social contribution, on net income, at a 20% tariff, in effect, until December 2018. Afterwards, this rate will return to 15%, in accordance with Law 13.169 of 2015.
There is no alternative minimum tax base and tax losses may be taken in future periods indefinitely as long as they do not exceed 30% of net income

To date, the country applies the regulations related to the transfer pricing regime applicable to transactions carried out with economic affiliates domiciled abroad and third parties domiciled in tax havens.

Argentina: The country taxes income from global sources. Law 27,430 published on December 2017 establishes modifications to the Income Tax Law, among them the modification of the tax rate for capital companies which will be 30% for fiscal years starting on January 1, 2018 until December 31, 2019 and 25% for the following periods. Until 2018 there was an alternative minimum tax equivalent to 1% on assets held at the end of the tax period, which was repealed for tax years beginning in 2019. Tax losses can be carried forward for a maximum period of 5 years.

Law 27,541 on social solidarity and productive reactivation published in December 2019, modified the Income Tax rate and for the years after 2019 established a rate of 30%, modifying the 25% reduction established by the previous Tax Reform. The withholding tax on dividends distributed to shareholders is maintained at a rate of 7%.

Law 27,468 of 2018 provides for the application of the tax inflation adjustment effective for years beginning on or after January 1, 2018. With respect to the first and second fiscal year from its effective date, this procedure will be applicable if the accumulated variation of the Consumer Price Index, calculated from the beginning and until the end of each of those fiscal years, exceeds 55%, 30% and 15%, for the first, second and third year of application respectively. In accordance with Law 27,541 of 2019, the adjustment for inflation may be computed 1/6 for each fiscal period starting on January 1, 2020.

The regulations contemplate the transfer pricing regime for operations with foreign related parties and there is a country-by-country report, in addition the legislation contemplates the Controlled Entities regime from the outside.

At the Provincial level, the Gross Income Tax is calculated, which includes within the base of the insurance companies the net premiums of annulments, financial income and other taxed miscellaneous income; this tax is regulated by the Fiscal Codes of each of the 24 jurisdictions and an average rate of 5.5% is applied, according to the Fiscal Ordinance of each Province. The most relevant jurisdictions are the Federal Capital and the Province of Buenos Aires.
A third level is the Municipal Taxes. The Municipal Tax is applied in those jurisdictions where there is an authorized agency and its application is in relation to the agency's production. Its calculation depends on the legislation of the respective municipality.

Panama: The income tax rate for corporations in Panama is 25% for the years 2018 and 2019 on income obtained from domestic sources. Law No.8 of March 15, 2010, eliminates the so-called Alternate Calculation of Income Tax (CAIR) and replaces it with another modality of presumed income tax, obliging any legal entity that earns income in excess of B/.1,500,000 to determine as taxable base for said tax, the greater amount between: (a) the net taxable income calculated by the ordinary method established in the Fiscal Code and (b) the net taxable income resulting from applying 4.67% to the total taxable income.

Companies that incur losses due to the tax calculated under the presumptive method or that, due to the application of the presumptive method, their effective rate exceeds the tax rates applicable for the tax period in question, may request the General Revenue Directorate to authorize the calculation of the tax under the traditional method.

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

With respect to transfer pricing, the Company is obliged to report operations carried out with related parties abroad, regardless of the existence of a double taxation treaty. As from 2016, new reports are incorporated such as the master report and the country-by-country report.

Dominican Republic: The tax code of the Dominican Republic establishes that the income tax payable will be the greater of the net taxable income or 1% of the taxable assets. The income tax rate for legal entities is 27% on income obtained in the country. If tax losses occur, taxpayers may offset them within 5 years of the year in which the loss was generated.

Its legislation has incorporated the obligation to disclose transactions with domestic and foreign related entities, through transfer pricing studies and information returns.

El Salvador: Entities incorporated in El Salvador pay income tax on income obtained in the country, in accordance with the Income Tax Law. Legal entities, whether domiciled or not, shall calculate their tax by applying to the taxable income the rate of thirty percent (30%), with the exception of companies that have obtained taxable income less than or equal to one hundred and fifty thousand dollars ($150,000.00) which shall apply the rate of twenty-five percent (25%), excluding in addition to such calculation those incomes that had been subject to a definitive income tax withholding at the legal percentages established in the Law.

In El Salvador there is no minimum alternative tax and tax losses generated in any period may not be allocated in subsequent periods.

In September 2019 the General Directorate of Internal Taxes (DGII) issued the General Guidance Guide to Facilitate the Recognition of Countries, States or Territories with Preferred Tax Regimes and the Tax Treatment Applicable to them, which details the list of countries that fall within this category and which must be borne in mind given that on a commercial transaction with a company domiciled in these countries, an income tax retention of 25% operates and the Transfer Pricing Regime obligation falls.

Uruguay: The income tax rate for companies is 25% and is based on territorial income with some exceptions, therefore, income outside the country is considered to be of foreign source and not subject to tax. The regulations do not suggest a minimum alternative tax for companies and any tax loss can be imputed in the future within 5 years of its generation.

On the other hand, insurance companies must pay Income Tax whose rate varies between 5 and 7% depending on the portfolio and the National Blood Tax whose rate is 2% on the premiums issued.

Transfer pricing regulation is included in the income tax standard, based entirely on the principle of full competition and the OECD guidelines.

Bermuda: In Bermuda, there are no taxes on profits, income, dividends or capital gains, nor are there any withholding taxes on such items. Profits can be accumulated and there is no obligation to pay dividends. In the event that direct taxes are levied, there is the possibility of access to legal stability contracts until 2035. Although there are no taxes on corporate income, income from investments derived from foreign sources may be subject to a withholding tax. Interest generated for foreign currency deposits is tax exempt.

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

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

With the enactment of Law 27/2014 of November 27, changes were made to corporate income tax, including the regime for entities holding foreign securities, which allows entities holding foreign securities ("ETVE") to apply the exemption method to income obtained from holdings in non-resident entities that meet certain requirements.

11.2. Current taxes

The following is a breakdown of assets and liabilities from income tax at December 31, 2019 and December 31, 2018:

	December 2019	December 2018
Current tax assets		
Income tax and complementaries	97,571	67,131
Local taxes	1,006	18,259
Withholdings	12,648	29,687
Sales tax	34,349	62,479
Tax in favor	66,946	51,882
Contributions	3,997	65,716
CREE tax receivable	-	856
Others	15,203	12,029
Total assets for current taxes	**231,720**	**308,039**

	December 2019	December 2018
Current tax liabilities		
Income tax and complementaries	122,536	198,669
Local taxes	19,875	21,379
Sales tax, payable	277,615	318,924
Wealth tax	16	36
Others	44,681	41,664
Total liability for current taxes	**464,723**	**580,672**

The current tax balances by Country are as follows:

December 2019	Argentina	Brazil	Chile	Colombia	Spain	Holland	Mexico	Panama	Peru	Dominical Republic	El Salvador	Uruguay	Total
Current tax assets	22,887	3,946	24,456	128,016	-	-	24,987	1,359	7,306	-	6,828	11,935	231,720
Current tax liabilities	18,511	11,961	165,891	88,338	-	-	109,131	6,433	3,420	23,643	11,701	25,694	464,723
	4,376	**(8,015)**	**(141,435)**	**39,678**	**-**	**-**	**(84,144)**	**(5,074)**	**3,886**	**(23,643)**	**(4,873)**	**(13,759)**	**(233,003)**

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

11.3. Tax recognized in the results for the period

The expense for current tax and deferred tax:

	December 2019	December 2018
Current tax expense	**(615,933)**	**(501,221)**
Current tax	(647,574)	(543,767)
Adjustment of previous periods	31,641	42,546
Deferred tax expense	**(67,813)**	**227,932**
Constitutions / reversal of temporary differences	(30,477)	232,219
Deferred tax adjustments	(37,246)	(2,470)
Exchange rates	(90)	(1,817)
Tax expense	**(683,746)**	**(273,289)**

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

11.4. Reconciliation of the effective rate

	December 2019		December 2018	
	Rate	Saldo	Rate	Saldo
Profit before tax		**2,394,252**		**1,679,643**
Income tax by applying the local tax rate	30%	(721,545)	32%	(536,863)
items affecting taxable income				
Plus, tax impact from:		**(1,092,531)**		**(608,029)**
Non-deductible expenses (1)	8%	(196,391)	16%	(271,972)
Intangibles	0%	(1,438)	0%	(69)
Financial liabilities	0%	(4,325)	0%	-
Tax losses	0%	(8,093)	1%	(9,422)
Report adjustments	23%	(561,560)	0%	
Elimination in consolidated results	13%	(315,029)	19%	(324,750)
Adjustment for previous periods	0%	(5,605)	0%	-
Adjustments in exchange rates	0%	(90)	0%	(1,816)
Minus the tax effect of:		**1,130,330**		**871,603**
Report adjustments (2)	29%	695,958	25%	416,654
Financial assets (3)	1%	23,843	0%	-
Properties and equipment	0%	2,651	0%	-
Provisions and Contingencies	0%	1,402	0%	-
Other Concepts	2%	47,357	5%	85,856

	December 2019		December 2018	
	Rate	Saldo	Rate	Saldo
Exempt income [4]	11%	255,833	21%	361,078
Discounts and tax deductions Discounts and tax deductions	4%	103,286	0%	8,015
Income tax	**28.56%**	**(683,746)**	**16.27%**	**(273,289)**
Profit, discontinued operations		**8,172**		**(46,472)**
Income tax		-	1%	(16,591)
Total Income tax	**28.56%**	**(683,746)**	**17.29%**	**(289,880)**
Tax on paid earnings		**715,768**		**552,882**

[1] Includes expenses due to legal limitations associated and associated with management
[2] Corresponds to the concepts of taxed and non-taxed dividend income and equity method
[3] Includes valuation, impairment, difference in exchange
[4] Andean Community dividends and other exempt income

The following is a reconciliation of the effective rate by country:

2019

	Total	Colombia	Argentina	Chile	Mexico	Brazil	El Salvador	Panama	Dominican Republic	Bermuda	Peru	Uruguay	Spain
Profit, before tax	**2,394,252**	**994,400**	**(146,116)**	**604,747**	**563,488**	**(2,698)**	**12,686**	**56,591**	**26,015**	**1,072**	**235,983**	**48,083**	**-**
Tax rate	30%	33%	30%	27%	30%	40%	25%	25%	27%	0%	30%	25%	0%
Income tax from applying the local tax rate	(721,545)	(328,152)	43,835	(163,282)	(169,046)	1,079	(3,171)	(14,148)	(7,024)	-	(69,615)	(12,021)	-
Tax impact, net	37,800	77,728	13,182	(34,536)	(13,849)	(40)	(929)	1,592	664	-	(6,937)	925	-
Income Tax	**(683,745)**	**(250,424)**	**57,017**	**(197,818)**	**(182,895)**	**1,039**	**(4,100)**	**(12,556)**	**(6,360)**	**-**	**(76,552)**	**(11,096)**	**-**
Effective rate	**29%**	**25%**	**39%**	**33%**	**32%**	**39%**	**32%**	**22%**	**24%**	**0%**	**32%**	**23%**	**0%**
Profit, discontinued operations	**8,172**	-	-	**8,172**	-	-	-	-	-	-	-	-	-
Tax on paid earnings	**(715,768)**	**(346,457)**	**(25,057)**	**(100,756)**	**(138,428)**	**(35)**	**(13,269)**	**(1,730)**	**(2,801)**	**-**	**(76,321)**	**(10,914)**	**-**
Effective cash rate	**30%**	**35%**	**-17%**	**17%**	**25%**	**-1%**	**105%**	**3%**	**11%**	**0%**	**32%**	**23%**	**0%**

2018

	Total	Colombia	Argentina	Chile	Mexico	Brazil	Salvador	Panama	Dominican Republic	Bermuda	Peru	Uruguay	Spain
Profit, before tax	**1,679,640**	**649,984**	**21,110**	**342,840**	**350,805**	**17,516**	**16,774**	**52,736**	**9,097**	**70**	**190,205**	**30,088**	**-1,585**
Tax rate	32%	37%	30%	27%	30%	45%	30%	25%	27%	0%	29%	25%	0%
Income tax from applying the local tax rate	(536,862)	(240,494)	(6,374)	(92,567)	(105,241)	(7,882)	(5,032)	(13,184)	(2,456)	-	(56,110)	(7,522)	-
Tax impact, net	263,573	279,021	(23,288)	10,194	5,598	(8,701)	(1,734)	9,350	437	-	(6,359)	(945)	-
Income tax	**(273,289)**	**38,527**	**(29,662)**	**(82,373)**	**(99,643)**	**(16,583)**	**(6,766)**	**(3,834)**	**(2,019)**	**-**	**(62,469)**	**(8,467)**	**-**
Effective rate	**-16%**	**6%**	**-141%**	**-24%**	**-28%**	**-95%**	**-40%**	**-7%**	**-22%**	**0%**	**-33%**	**-28%**	**0%**
Profit, discontinued operations	(46,472)	-	-	(46,472)	-	-	-	-	-	-	-	-	-
Income tax	(16,591)	-	-	(16,591)	-	-	-	-	-	-	-	-	-
Effective rate of discontinuous operation	**1%**			**5%**									
Tax on paid earnings	**552,882**	**166,575**	**26,351**	**67,851**	**165,568**	**-**	**8,851**	**8,432**	**2,242**	**-**	**93,070**	**13,390**	**551**
Effective cash rate	**33%**	**26%**	**125%**	**20%**	**47%**	**0%**	**53%**	**16%**	**25%**	**0%**	**49%**	**45%**	**-35%**

11.5. Deferred taxes

The balance of deferred tax assets and liabilities at December 31, 2019 and December 31, 2018 is:

	December 2019			December 2018		
	Asset deferred tax	Deferred tax liability	Net	Asset deferred tax	Deferred tax liability	Net
Financial Assets	8,591	(20,690)	**29,281**	8,867	7,461	**1,406**
Employee Benefits	12,584	-	**12,584**	20,516	-	**20,516**
Investments	(7,475)	113,721	**(121,196)**	(892)	98,077	**(98,969)**
Intangibles	(44,502)	901,699	**(946,201)**	(40,626)	958,788	**(999,414)**
Other non-financial assets	18,825	-	**18,825**	3,235	(463)	**3,698**
Other Liabilities	89,680	327,869	**(238,189)**	51,290	35,545	**15,745**
Financial Liabilities	39,520	41,852	**(2,332)**	65,364	281,390	**(216,026)**
Tax losses	50,528	(6,198)	**56,726**	108,454	(7,607)	**116,061**
Properties and Equipment	(19,728)	66,581	**(86,309)**	(23,571)	45,633	**(69,204)**
Right of use	18,308	(1,449)	**19,757**	-	-	**-**
Technical insurance reserves	27,783	31,893	**(4,110)**	14,478	(58,908)	**73,386**
Employee profit-sharing	-	1,091	**(1,091)**	**-**	-	**-**
Total deferred tax	**194,114**	**1,456,369**	**(1,262,255)**	**207,115**	**1,359,916**	**(1,152,801)**

December 2019	Argentina	Brazil	Chile	Colombia	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Deferred tax assets											
Financial Assets	-	405	-	969	6,552	-	-	688	(23)	-	**8,591**
Employee Benefits	1,198	1,277	-	6,876	2,929	-	-	304	-	-	**12,584**
Investments	(6,964)	-	(69)	1	(483)	-	-	40	-	-	**(7,475)**
Intangibles	(12,930)	(2,104)	(143)	(2)	(23,781)	-	-	3,574	(9,116)	-	**(44,502)**
Other non-financial assets	13,218	4,963	-	21	623	-	-	-	-	-	**18,825**
Other Liabilities	42,046	15,418	(2)	376	28,776	-	-	1,779	1,287	-	**89,680**
Financial Liabilities	(5,185)	-	-	44,258	446	-	-	-	-	-	**39,519**
Tax losses	3,056	38,410	3,000	6,062	-	-	-	-	-	-	**50,528**
Properties and Equipment	-	-	(33)	(3,291)	(10,843)	-	-	(5,182)	(379)	-	**(19,728)**
Right of use	(400)	107	-	18,867	-	-	-	(333)	66	-	**18,307**
Technical insurance reserves	8,826	(7,881)	3,374	-	14,577	-	-	72	8,817	-	**27,785**
Total deferred tax assets	**42,865**	**50,595**	**6,127**	**74,137**	**18,796**	**-**	**-**	**942**	**652**	**-**	**194,114**

December 2019	Argentina	Brazil	Chile	Colombia	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Deferred tax liabilities											
Financial Assets	-	-	1,370	(4,719)	(22,143)	-	6,849	-	(12)	(2,035)	**(20,690)**
Investments	-	-	(168)	113,889	-	-	-	-	-	-	**113,721**
Intangibles	-	-	285,208	(189)	343,040	2,992	227,855	-	8,414	34,379	**901,699**
Other non-financial assets	-	-	-	-	-	-	-	-	-	-	**-**
Other Liabilities	-	-	346,079	(11,599)	(205)	(2,156)	(8,359)	-	(194)	4,303	**327,869**
Financial Liabilities	-	-	-	7,722	-	-	34,619	-	-	(488)	**41,853**
Tax losses	-	-	-	(1,981)	-	-	-	-	-	(4,217)	**(6,198)**
Properties and Equipment	-	-	4,736	55,489	-	7,012	-	-	-	(656)	**66,581**
Technical insurance reserves	-	-	(43,173)	77,119	-	-	-	-	(7,357)	5,305	**31,894**
Right of use	-	-	(31)	(1,311)	-	-	-	-	-	(109)	**(1,451)**

	Argentina	Brazil	Chile	Colombia	Mexico	Panama	Peru	Dominican Republic	El Salvador	Uruguay	Total
Employee profit-sharing	-	-	-	-	1,091	-	-	-	-	-	**1,091**
Total deferred tax liabilities	**-**	**-**	**594,021**	**234,420**	**321,783**	**7,848**	**260,964**	**-**	**851**	**36,482**	**1,456,369**
Net deferred tax	**42,865**	**50,595**	**(587,894)**	**(160,283)**	**(302,987)**	**(7,848)**	**(260,964)**	**942**	**(199)**	**(36,482)**	**(1,262,255)**

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

Deferred tax for unused tax losses and credits:

The deferred tax balance for tax losses originated in the companies in Argentina, Brazil, Chile and Colombia. In Argentina, there is a tax credit originated mainly by the adjustments for tax inflation and the loss on investment securities in the year 2019, it is expected that by the year 2020 part of the loss will be computed against the results of the period.

In Brazil, a balance of $38,410 is presented, this balance has been carried forward since 2018, for 2019 there was no recognition of a higher deferred tax for tax losses, these are credits that are not subject to statute of limitations, that is, they do not expire according to Brazilian tax laws.

The tax credits generated in Chile correspond to the companies Seguros de Vida, Holding Spa and Inversiones Chile Ltda. Under Chilean tax regulations, tax losses carryforwards do not expire.

11.6. Deferred tax movements

	December 2019	December 2018
Initial balance, net liability	**1,152,801**	**1,537,803**
Deferred tax expense recognized in profit or loss	(30,477)	(232,219)
Adjustment of previous periods	(37,246)	2,470
Adjustment for rate changes	(90)	1,817

Income tax on other comprehensive income	40,261	(42,366)
Effect of changes in foreign exchange rates	137,006	(114,704)
Final balance, net liability	**1,262,255**	**1,152,801**

11.7. Uncertainty over income tax treatments.

IFRIC 23, is an interpretation issued by the IASB that assumes that there may not be clarity about how tax law applies to a particular transaction or circumstance and, therefore, the acceptability of a particular tax treatment under tax law may not be known until a future decision is made by the relevant tax authority or court. Therefore, a dispute or inspection of a particular tax treatment by the tax authority may affect an entity's accounting for a current or deferred tax asset or liability.

It follows that this interpretation applies only to income taxes, which are all taxes, domestic or foreign, that relate to taxable profit. Uncertainty of tax treatment' means that there is uncertainty as to whether the tax authority will accept the tax treatment under the tax law.

Accordingly, IFRIC clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty about the income tax treatment. In this circumstance, an entity recognizes and measures its current or deferred tax asset or liability by applying the requirements of IAS 12 on the basis of the taxable profit or tax loss, tax base, unused tax losses, unused tax credits and tax rates determined using that standard.

As of December 31, 2019, the company analyzed those tax issues that could be classified as uncertain under the tax laws applicable in each jurisdiction, resulting in an uncertain tax treatment of Ps. 513 million in the Dominican Republic and Mexico.

NOTE 12. DERIVATIVE INSTRUMENTS

12.1 Assets for trading operations

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

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

For the years ended December 31, 2019 and December 31, 2018, Grupo SURA has derivatives accounted for as financial assets and financial liabilities, in accordance with the positive or negative result, of its fair value, respectively.

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

	2019	2018	2019	2018	2019	2018	2019	2018
Assets Negotiation contracts	Swap		Forward		Options		Total	

Interest rates	32,507	3,711	-	-	-	-	32,507	3,711
Exchange rates	3,252	-	41,575	4,192	147,145	-	191,972	4,192
Negotiation assets	**35,759**	**3,711**	**41,575**	**4,192**	**147,145**	**-**	**224,479**	**7,903**
Hedge contracts								
Interest rates	122,754	93,318	-	-	-	23,833	122,754	117,151
Exchange rates	309,796	193,233	-	-	-	-	309,796	193,233
Hedge assets	**432,550**	**286,551**	**-**	**-**	**-**	**23,833**	**432,550**	**310,384**
Foreign investments								
Interest rates	-	-	-	-	-	-	-	-
Exchange rates	(62,780)	-	-	-	-	-	(62,780)	-
investment assets	**(62,780)**	**-**	**-**	**-**	**-**	**-**	**(62,780)**	**-**
Total Asset	**405,529**	**290,262**	**41,575**	**4,192**	**147,145**	**23,833**	**594,249**	**318,287**
Liabilities								
Negotiation contracts								
Interest rates	55,310	-	-	-	-	-	55,310	-
Exchange rates	-	-	20,431	47,364	106,085	-	126,516	47,364
Negotiation liabilities	**55,310**	**-**	**20,431**	**47,364**	**106,085**	**-**	**181,826**	**47,364**
Hedging contracts								
Interest rates	-	50,427	-	-	5,245	36,363	5,245	86,790
Exchange rates	17,119	33,057	-	-	-	-	17,119	33,057
Hedge liabilities	**17,119**	**83,484**	**-**	**-**	**5,245**	**36,363**	**22,364**	**119,847**
Investment contracts								
Interest rates	-	-	-	-	-	-	-	-
Exchange rates	-	-	-	-	-	-	-	-
Investment liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Liability derivatives	**72,429**	**83,484**	**20,431**	**47,364**	**111,330**	**36,363**	**204,190**	**167,211**
Net position	**333,100**	**206,778**	**21,144**	**(43,172)**	**35,815**	**(12,530)**	**390,059**	**151,076**

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

12.2 Hedge Accounting

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

Hedge accounting mitigates the difference in exchange for the debts, covered in the Income Statement, and takes the remaining variation from the valuation of the derivative to other comprehensive income, which is downloaded periodically, in the Income Statement. For further details see Note 21. Issued Securities.

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

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

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

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

- The economic relationship: The value of the defined hedged item and value the hedged instrument, designated in this hedging relationship, will change systematically and opposite, in response to movements in the USD/COP exchange rate, which is the hedged risk. Therefore, it can be concluded that there is an inverse and linear economic relationship between the two.

- Non-dominance of credit risk: The Company will monitor, on a quarterly basis, that there are no significant decreases in the credit rating of its counterparty, in order to maintain the high probability of future compliance with the flows of the derivative, designated as a hedge.

- Proportional coverage ratio: Whenever, during the term of the hedge relationship, the USD/COP exchange rate is below USD/COP 4,000. The coverage ratio between the hedged item and the hedging instrument will be one to one, fully compensating the exchange rate risk, generated by the principal of the issuance of debt, denominated in foreign currency (USD) for the Company.

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

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

The items covered correspond to:

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

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

Objectives of Financial Risk
This risk strategy is generated by the intention to have a foreign exchange hedge for the financial instrument of debt, in foreign currency (bonds issued in USD, and their net investments abroad denominated in CLP, MXN, PEN, UYU currencies), in accordance with internal policies and risk appetite of treasury, within the framework of the Company's Risk Management, minimizing exposure to fluctuations, in macroeconomic conditions, and the impact of its variation in the Financial Statements. The risks that are managed are mainly market, liquidity, and credit, especially the exchange rate factor.

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

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

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

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

Hedge accounting in the subsidiary SURA Colombia
The subsidiary SURA Colombia (Life and General Insurance) within its portfolio, has investments that support technical reserves resulting from the insurance activity; a percentage of such investments present changes in fair value attributed to foreign currency exposure and/or interest rate risk. In accordance with the above, companies have decided to implement

hedge accounting in order to support reserves with derivative products, seeking to mitigate the impact on the fair value of financial instruments due to exchange and interest rates.

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

The Life Insurance company carried out the coverage operations according to the following characteristics:

-Covered items: three (3) Ecopetrol bonds maturing in September 2023 with a semi-annual coupon payment of 5.875%.

-Hedging instruments: three (3) swaps for a value of USD 1,500,000 and corresponds to the nominal value and coupon payment of the hedged item.

The company Seguros Generales provided coverage for the following instruments and for the following amounts:

-Item covered: (1) Ecopetrol bond maturing in September 2023 with a semi-annual coupon payment of 5.875%

-Hedging instruments: one (1) swap for a value of USD1,000,000 and corresponds to the nominal value and coupon payment of the hedged item.

The analysis of hedge effectiveness is performed in a qualitative manner and is considered effective under the following requirements:

- There is an economic relationship between the hedging instrument and the hedged item; they move in opposite directions and for a similar value, so that there is compensation between the two items, because the main economic terms of both items are similar (face value, maturity, underlying, currency).

- There is no significant credit risk in the hedging relationship that could affect the netting of the transaction.
- The hedge ratio is 1:1 in both accounting and economic hedging because the underlying of the hedged item matches exactly the underlying of the hedging instrument.

At December 31, 2019, the hedge accounting is effective.

NOTE 13. INVESTMENT PROPERTIES

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

	December 2019	December 2018
Land	53,529	49,074
Buildings	115,758	107,773
Total	**169,287**	**156,847**

The movement of investment properties is as follows:

	Land	Buildings	Total
Investment properties at January 1, 2018	**102,125**	**929,413**	**1,031,538**
Acquisition for purchases	-	321	321
Impairment losses recognized in the results	(1,898)	(61)	(1,959)
Transfers of inventories and real estate, occupied by the owner	(18,265)	(13,181)	(31,446)
Reclassification of non-current assets, held for sale	(32,002)	(773,050)	(805,052)
Earnings from fair value adjustments	1,450	12,288	13,738
Exchange rate impacts	(2,336)	(47,957)	(50,293)
Investment properties at December 31, 2018	**49,074**	**107,773**	**156,847**
Acquisition for purchases	84	872	956
Impairment losses recognized in results	(2,208)	(4)	(2,212)
Derecognition	(1,080)	1,080	-
Transfers of inventories and real estate, occupied by the owner	(6,060)	14,703	8,643
Reclassification of non-current assets, held for sale	(152)	(589)	(741)
Earnings from fair value adjustments	13,823	(1,025)	12,798
Exchange rate impacts	48	(7,052)	(7,004)
Investment properties at December 31, 2019	**53,529**	**115,758**	**169,287**

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

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

Income from investment properties
The income from investment properties, at December 31, 2019 and 2018, is as follows:

	December 2019	December 2018
Lease income (note 8)	4,279	12,480
Profit or loss on sale of investment properties	66	-
Income by valuation	10,521	11,779
Income from investment properties	**14,866**	**24,259**

The characteristics of the investment properties, are the following:

Fair value hierarchy

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

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

Restrictions

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

NOTE 14. PROPERTY AND EQUIPMENT

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

	December 2019	December 2018
Land	396,353	344,570
Buildings	592,463	563,578
Vehicles	23,559	52,422
Office equipment	44,028	38,555
Information equipment	116,519	113,480
Appliances and accessories	11,386	9,660
Machinery and medical equipment	48,557	44,952
Constructions-in-progress	44,952	32,800
Leasehold improvement rights	31,356	41,733
Total	**1,309,173**	**1,235,912**

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

	Land	Buildings	Transportation equipment	Office equipment	Informatic equipment	Appliances and accessories	Machinery and medical equipment	Constructions in progress	Lease improvements	Total
Cost				-						
Cost at January 1, 2019	**351,500**	**637,320**	**103,064**	**76,564**	**296,441**	**39,549**	**61,658**	**32,800**	**90,198**	**1,689,094**
Additions	7,395	36,733	7,815	14,005	52,858	6,526	16,086	33,570	14,103	189,091
Provisions (-)	(5,318)	(44,752)	(73,329)	(953)	(32,252)	(1,394)	(903)	(21,690)	(36,204)	(216,795)
Advances	508	(508)	-	-	-	-	-	-	-	-
(-) Transfer to investment property	(8,262)	(2,311)	-	-	-	-	-	-	-	(10,573)
(+) Transfer of investment property	14,603	(12,732)	-	-	-	-	-	-	-	1,871
Reclassification of non- current assets held for sale	(1,553)	(1,530)	-	-	-	-	-	-	-	(3,083)
Reevaluation of property and equipment	51,155	68,621	-	-	-	-	-	-	-	119,776
Exchange differences	(12,063)	(5,798)	784	(2,936)	(9,775)	(299)	2	272	(2,648)	(32,461)
Book value at December 31, 2019	**397,965**	**675,043**	**38,334**	**86,680**	**307,272**	**44,382**	**76,843**	**44,952**	**65,449**	**1,736,920**
Accumulated depreciation and impairment										
Accumulated depreciation and impairment at January 1, 2019	**(6,930)**	**(73,742)**	**(50,642)**	**(38,009)**	**(182,961)**	**(29,889)**	**(22,544)**	**-**	**(48,465)**	**(453,182)**
Depreciation	-	(12,888)	(5,097)	(8,651)	(38,148)	(4,916)	(6,750)	-	(7,693)	(84,143)
Impairment	(1,491)	86	-	-	-	-	-	-	-	(1,405)
Provisions (-)	4,965	2,476	41,278	556	20,950	13,581	1,008	-	9,077	93,891
Recoveries	1,844	-	-	-	-	-	-	-	-	1,844
Reclassification of non- current assets held for sale	-	-	-	-	-	-	-	-	-	-
(-) Transfer to investment property	-	318	-	-	-	-	-	-	-	318
Exchange differences	-	1,170	(314)	3,452	9,406	(11,772)	-	-	12,988	14,930
Accumulated depreciation and impairment at December 31, 2019	**(1,612)**	**(82,580)**	**(14,775)**	**(42,652)**	**(190,753)**	**(32,996)**	**(28,286)**	**-**	**(34,093)**	**(427,747)**
Property and equipment at December 31, 2019	**396,353**	**592,463**	**23,559**	**44,028**	**116,519**	**11,386**	**48,557**	**44,952**	**31,356**	**1,309,173**

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

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

There are no restrictions related to properties and equipment.

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

NOTE 15. INTANGIBLE ASSETS

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

	December 2019	December 2018
Goodwill	4,721,695	4,798,703
Intangible assets other than goodwill	4,188,717	4,397,823
Total intangible assets, including goodwill	**8,910,412**	**9,196,526**

15.1 Goodwill

A breakdown of goodwill, is as follows:

	December 2019			December 2018		
Company	Cost	Impairment	Net	Cost	Impairment	Net
Acquisitions realized to ING Chile	1,650,875	-	1,650,875	1,767,368	-	1,767,368
Acquisitions realized to ING Mexico	966,708	-	966,708	924,333	-	924,333
Acquisitions realized to ING Peru	1,120,394	-	1,120,394	1,091,272	-	1,091,272
Acquisitions realized to ING Uruguay	127,608	-	127,608	145,347	-	145,347
AFP Horizonte	269,576	-	269,576	262,569	-	262,569
Arus S.A.	25,429	-	25,429	25,429	-	25,429
Aseguradora Suiza Salvadoreña S.A. (Asesuisa)	91,556	(25,228)	66,328	90,791	(25,017)	65,774
Seguros Sura S.A. República Dominicana	14,359	-	14,359	14,942	-	14,942
Seguros Suramericana Panama	55,015	-	55,015	54,555	-	54,555
Seguros Generales Suramericana S.A. Chile	149,219	-	149,219	159,749	-	159,749
Seguros Colombia S.A. e IATM	94,290	-	94,290	109,300	-	109,300
Seguros Sura S.A. Brasil	40,231	-	40,231	41,500	-	41,500
Seguros Sura S.A. Mexico	49,018	-	49,018	31,220	-	31,220

Company	December 2019 Cost	Impairment	Net	December 2018 Cost	Impairment	Net
Seguros Sura S.A. Uruguay	91,358	-	91,358	104,058	-	104,058
El Ciruelo	1,287	-	1,287	1,287	-	1,287
Total	**4,746,923**	**(25,228)**	**4,721,695**	**4,823,720**	**(25,017)**	**4,798,703**

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

The following is a breakdown of goodwill, by Country:

	December 2019	December 2018
Chile	1,733,748	1,927,116
Peru	1,389,970	1,353,842
Mexico	1,015,726	955,553
Uruguay	218,966	249,405
Colombia	121,006	136,016
Holland	66,346	-
El Salvador	66,328	65,774
Panama	55,015	54,555
Brazil	40,231	41,500
Dominican Republic	14,359	14,942
Total	**4,721,695**	**4,798,703**

The movement of goodwill is as follows:

Cost at January 1, 2019	**4,798,703**	Cost at January 1, 2018	**4,791,752**
Additions	**-**	Additions	**-**
Exchange differences	(51,780)	Exchange differences	31,968
Impairment	(25,228)	Impairment	(25,017)
Goodwil net at December 31, 2019	**4,721,695**	Goodwil net at December 31, 2018	**4,798,703**

Impairment of goodwill

Goodwill acquired through the purchase of ING's assets

Goodwill acquired through business combinations and brands with indefinite useful lives have been assigned to the following Cash Generating Units (CGUs), for the purpose of testing them for impairment:

- AFP Capital S.A. (Chile)
- Afore Sura S.A. de C.V. (Mexico)
- AFP Integra S.A. (Peru)
- AFAP Sura S.A. (Uruguay)
- Sura Investment Management México S.A. de C.V. (Mexico)
- Fondos Sura SAF S.A.C. (Peru)

- Corredora de Bolsa Sura S.A.(Chile) y Administradora General de Fondos S.A. (Chile).

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

Methodology for estimating Value in Use: the value in use of the Group's CGUs was estimated by applying the revenue approach.

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

- *Time horizon:* The time horizon of the projection corresponding to the estimated duration of the businesses of the CGUs under analysis.

- *Projection horizon: Given* the current macroeconomic conditions and the characteristics and maturity of the businesses of the various CGUs under analysis, together with the information available, the following explicit projection horizons have been considered:

  - Corredora de Bolsa SURA S.A. y Administradora General de Fondos SURA S.A.: 10 years
  - AFP Capital S.A.: 5 years
  - Afore SURA S.A. de C.V: 5 years
  - SURA Investment Management México S.A. de C.V: 10 years
  - AFP Integra S.A.: 5 years
  - Fondos SURA SAF S.A.C.: 10 years
  - AFAP SURA S.A: 5 years

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

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

  In order to estimate the residual value, the normalized cash flow has been projected in perpetuity, adjusted in accordance with expectations of growth thereof, defined based on the guidelines suggested in the application standard.

- *Exercise closure:* The closing date for the year considered in the financial projections of the CGUs, at the date of analysis, is December 31st of each year, which coincides with the closing date of the Financial Statements, of the legal entities related to said CGUs.

- *Monetary Unit:* Sura Asset Management S.A., and its Subsidiaries, have estimated their flows in the functional currency of their businesses in each market, in line with what is defined by the applicable norms.

- *Discount rate:* Projected cash flows, in current values, are discounted at nominal discount rates in the local currency of each CGU, considering inflation variables and own risk premiums for each CGU, according to its Country.

  The discount rates, applied in the projections, consider the costs of equity (Ke) for each UGE, including the return of the US Treasuries to 10 years, the risk premium for the equity markets (Equity Risk Premium), the Country risk, the beta of the sector, and the difference between local long-term inflation, and that expected, for the US economy. Considering the above, and depending on the Country and sector, of the Company, the discount rates range between 8.2% and 11.5%

  Taxes of Income Tax: The projected cash flows were estimated after taxes. For these purposes, the income tax rates, in force, in each Country were applied, at December 31, 2018. This amounted to 27% in Chile, 30% in Mexico, 29.5% in Peru, and 25% in Uruguay.

- *Macroeconomic assumptions:* the financial projections of the CGUs, under analysis, have been prepared in light of the macroeconomic variables, projected by external information sources.

The following assumptions were used to test the Impairment of the brands:

- *Projection Horizon:* for the estimation of the use value of the brands, an indefinite useful life was considered, according to the trajectory and positioning of the brands, and the market participant approach assumed. For this reason, an explicit 5-year projection was realized for the brands AFP Capital and AFP Integra, respectively, and then the present value of a perpetual net royalty flow, was calculated, considering an increase of 3.9% for AFP Capital, and 3.5% for AFP Integra, nominal in local currency, in the long-term of the stabilized flow.

- *Income projection:* To estimate the use value of the AFP CapitaLand AFP Integra Brands, the operating income generated by the AFP Capital and AFP Integra business, respectively, was considered. This is income from commissions and returns on reserve requirements, both corresponding to the mandatory and voluntary pension business.

- \- *Market Royalties and Attributes of Brands:* For the purposes of applying the Royalties Saving methodology ("Relief from Royalty"), a market royalty rate was estimated. Additionally, in order to define the royalty applicable to brands, from the estimated market royalty range, the positioning and relative strength of the brand, was taken into account, based on the following attributes:

  - *Momentum: The current, and potential state, of future development of the brands was considered.*
  - *Recognition: According to market studies, the degree of spontaneous knowledge or awareness that the public has about brands was evaluated.*
  - *Loyalty: According to market studies, the degree of customer loyalty to brands was evaluated.*
  - *Market share: According to market studies, the market share of the brands, in the Chilean and Peruvian markets, was analyzed.*
  - *Longevity: According to studies, that the Company has, the age of the brands, in the Chilean and Peruvian markets was evaluated.*

Based on the above procedures, an applicable royalty of 1.05% was estimated, for AFP Capital and AFP Integra.

Taxes

For the purpose of calculating the flow of royalties net of income tax, the current tax rates were used and amount to 27% in Chile and 29.5% in Peru.

Goodwill of Arus and Enlace Operativo

In the preparation of the Consolidated Financial Statements, the Company realized the impairment test of its acquired goodwill, through business combinations of the Cash Generating Unit (CGUs), Arus and Enlace Operativo, in order to verify impairment.

General assumptions in estimating fair value

The calculation of the use value for the Cash Generating Unit is sensitive to the following hypotheses:

– The valuation of the Company is realized through the discounted free cash flow method.

– For this valuation, the historical Financial Statements of the Company, in accordance with the Accounting and Financial Information Standards (NCIF), were taken as a basis.

– Projection horizon: Given the current macroeconomic conditions, and the characteristics and maturity of the businesses, of the different Cash Generating Units, under analysis, together with the available information, an explicit projection horizon of 5 years has been considered

  It is understood that, after this period, the Cash Generating Unit under analysis will achieve the maturity of its business, and the consequent stabilization of cash flows.

– The figures for 2020 are based on the budget prepared by the company's management, submitted to the board of directors.

– The economic projections were taken from the "Focus Economics" report published by Latin Focus with a cut-off date of December 2019

Income:

– At 2021, the Company's revenues grow at a rate, equivalent to the expected growth of the Colombian economy (Real GDP), plus projected inflation (CPI).

– The composite rate, of income growth, between 2019 and 2024, is 7.90%.

Costs and expenses

- Selling costs, excluding D&A, depreciation and amortization, were projected as a proportion of revenues and are impacted by a progressive improvement in the gross margin, explained by the higher growth of new and more profitable businesses. In the projected period, gross margin improved from 18.7% to 22%.

- Fixed selling and administrative expenses, excluding D&A, were projected to grow at an annual CPI + 2% and variable expenses were projected to grow at the same rate as revenues.

- - Employee benefits in 2019 and 2020 present variations of 18.4% and 0.29% respectively due to the levelling off against the industry and non-recurrent events. In the following years, growth stabilizes at a rate equivalent to the expected CPI plus 2%.

Taxes:

- Taxes are modeled independently, for the case of this business plan, payment is always realized for ordinary tax.

- The rates, corresponding to the tax reform, approved in December 2019, are taken.

Working capital:

- Days working capital are progressively decreasing due to a decrease in inventory days generated by a change in composition between traditional business and services. The days of portfolio are normalized in 2020 after an atypical year.

  - Period 2020 -2024
  - Debtors: 109 -109 days
  - Inventory: 18 -15 days
  - Suppliers: 50 -50 days

CAPEX and Non-Cash Charges

- The company must make investments in fixed and intangible assets to meet the needs of customers. Accordingly, CAPEX and intangibles were projected in line with business growth.
- It is assumed that the rights of use grow at the rate at which their various assets grow. Equipment and its insurance grow at the rate of sales and other assets with inflation.

- PPE is mainly made up of computer equipment, and these are replaced at the rate at which they are depreciated.

- IFRS 16 depreciations grow in line with its assets and are used to project rights of use. CAPEX depreciations remain static because equipment is simply being replenished at the rate it is depreciating, but the amount is not being increased.

- Amortization was projected as a proportion of the company's intangible assets balance in accordance with the

WACC and perpetuity:

- For the valuation, a mobile WACC was used, adjusting to the dynamics, of the capital structure of the Company:

- The cost of average equity for the explicit valuation period was 17.5%.

- The average cost of debt before taxes is 8%.

- The average WACC for the explicit valuation period is 12.4%. Perpetuity was discounted with a rate of 12.8%.

- It assumes a nominal growth in perpetuity of 5%.

Conclusion

- Under the review of the data, presented at December 2019, there are no changes in indicators that imply an impairment of the Company's recoverable value.

- Based on the valuation of cash flows realized, it can be identified, that the recoverable value of the Company is higher than the value recorded in the accounting of Arus Holding S.A. and Grupo SURA.

- By contrasting the valuation of cash flow, with comparable multiples of value of the sector, it is evident that the valuation is within a prudent range, and therefore reinforces the evidence of non-impairment mentioned above.

- Given the sensitivities realized to the valuation by cash flows, it can be determined that there exists a space, with regard to the valuation assumptions, to affirm that there is no evidence of impairment of the recoverable value of the Company.

Goodwill acquired through the purchase of RSA operations. in Latin America in 2016

Goodwill, acquired through business combinations for acquisitions and mergers, realized during 2016, were assigned, according to the price allocation process, PPA (Purchase Price Allocation, for its acronym in English), realized for each of the following geographies:

- Brazil
- Chile
- Colombia
- Mexico
- Uruguay

Goodwill acquired through other historical purchases

In 2012 Suramericana S.A. acquired Seguros Sura S.A. of the Dominican Republic, and Aseguradora Suiza Salvadoreña S.A. Also, in 2015 it bought and merged Banistmo insurance with Seguros Panama. The above transactions were carried out through a business combination that resulted in the recording of goodwill at the Suramericana S.A. level. An impairment review is performed annually for such intangible assets.

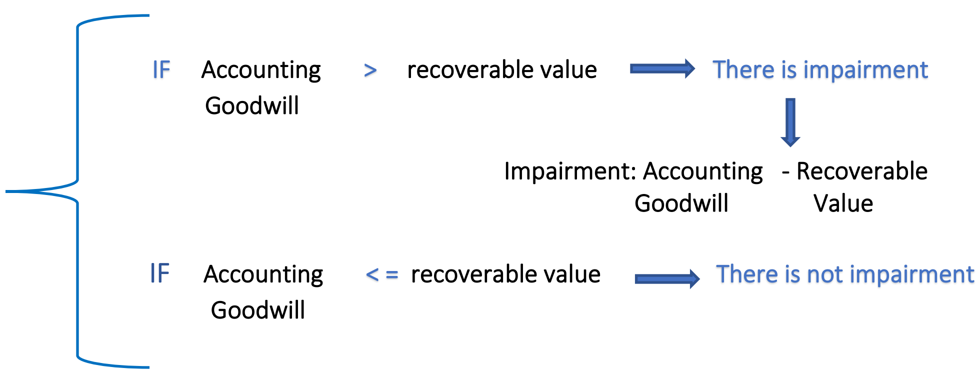
Methodology used to calculate Impairment
Calculation of the value in use (company value): the valuation of each of the companies was carried out with a cut-off date of September 30, 2019. This valuation was carried out according to the methodology defined in the company, and whose main premises are:

- The present value of the estimated future dividend flows that the company expects to obtain, which were discounted to September 30, 2019.
- The projection of future flows was based on the plans approved by the Board of Directors, and on medium and long-term assumptions made by management.
- The capital costs defined by Suramericana S.A. for each company were used as the discount rate for future flows.

Finally, a new goodwill was calculated for each company, using the following formula:

$$New\ goodwill = company\ value - \ Book\ value\ (tangible\ and\ intangible)$$

In view of the above, it was determined whether there was any impairment of capital gains for each of the companies, as follows:



From the above equation, the recoverable value is defined as the excess between the value of the company (value in use) and its book value, i.e. the new goodwill.
The calculation of the recoverable value for all Suramericana's subsidiaries was higher than the book value at the time of the business combination. Therefore, for 2019 no accounting impairment is recorded for any of Suramericana S.A.'s operations.

Estimates used to measure the recoverable amount of the CGUs:
As indicated in IAS 36 - Impairment of Assets, herewith are the disclosures of each of the information requirements, on the estimates used to measure the recoverable amount of the cash generating units, based on value in use:

- **Key assumptions on which management has based its dividend projections:**

The impairment of goodwill is realized through a discounted dividend model. This model, which complies with standard financial and valuation methodologies in the industry, considers the future estimate of dividends for each of the companies, discounting present flows with a rate that reflects the risk estimation of each operation. For the projections, the budget, prepared by the administration of each Country, for 2020, was taken into account. For the subsequent 8 years, (with the exception of the General Insurance Company in Colombia, where only 4 more years of projection are included), such indicators are projected as growth in premiums, claims, commissions, administrative expenses, financial income, taxes, among others. The main balance sheet accounts are also projected, as well as the capital requirements of each Company, in order to arrive at the dividend flow, used in the valuation.

- **Description of the approach, used by Management, to determine the value assigned to each key hypothesis:**

The projection assumptions, used for each Company, consider the historical averages, latest figures reported by each subsidiary, assumptions of the strategic plan approved by the Board of Directors for 2020, as well as the best estimate of the administration, on future performance for the main financial variables and business operations. For the acquired subsidiaries, the historical Financial Statements, audited under the local standard, that are reported in a regulatory manner, are taken into account, which reflect the financial performance of the acquired operations.

- **Period over which management has projected cash flows:**

The projections are realized, based on the 2020 operating budget, and subsequently, the Income Statements, balance sheet, and free cash flow, are projected for the years 2021 – 2028, except for the Compañía de Seguros Generales in Colombia, where a projection period of 2021-2024 was achieved. Eight years of an explicit projection period are used, in addition to the budget, for the current year, and the closing estimate of 2019, considering this period, as reasonable for the operations, to reach a state of greater maturity and that the strategy, and address, of Suramericana, at the regional level. As of 2028, 2024 for Seguros Generales, a terminal value is calculated, considering the present value of future flows growing at a constant rate, defined according to the nominal economic growth of each Country.

- **The growth rate, used to extrapolate the dividend projections, beyond the period covered:**

The growth rates, in premiums, issued during the explicit projection period, reflect factors such as the historical growth of each subsidiary, the historical growth of the insurance industry in each Country, as well as the estimated nominal economic growth projected for each of the countries. During this period, the annual growth rates, composed of income, are some points above economic growth, considering the low penetration levels of the insurance industry, in the markets where Suramericana operates. The terminal growth rate, for the calculation of perpetuity, assumes that the insurance industry grows, in line with the GDP of the Country, and that each subsidiary of Suramericana manages to maintain its respective market share.

- **The discount rate applied to the cash flow projections:**

The discount rates, used in the valuation were determined through the Capital Asset Pricing Model (CAPM), which considers variables such as the risk-free rate, the equity market risk premium, as well as the own risk of the insurance segments, in which each subsidiary participates. Likewise, premiums risks are considered, for each of the geographies and devaluation risk, measured by long-term inflation differentials, taking into account that the discount rates obtained, are expressed in the local currency, in nominal terms.

Assumptions used for goodwill impairment tests

The following is a breakdown of the assumptions, used to calculate the use-value:

Subsidiary	Year-end closing	Currency unit	Horizon Projection	Discount rate	Macroeconomic assumptions (1) (1)	Growth rates of flows (2)
Brazil	Valuation at 9/30/2019	BRL	10 years	12.10%	Growth. GDP: 2.5% / Inflation: 3.7%	6.40%
Chile	Valuation at 9/30/2019	CLP	10 years	9.12%	Growth. GDP: 3.1% / Inflation: 3.0%	6.20%
Mexico	Valuation at 9/30/2019	MXN	10 years	13.11%	Growth. GDP: 2.1% / Inflation: 3.4%	5.70%
Uruguay	Valuation at 9/30/2019	UYU	10 years	14.14%	Growth. GDP: 2.3% / Inflation: 6.6%	8.90%
Colombia	Valuation at 9/30/2019	COP	6 years	10.07%	Growth. GDP: 3.3% / Inflation: 3.1%	6.60%
Panama	Valuation at 9/30/2019	USD	10 years	10.22%	Growth. GDP: 4.9% / Inflation: 1.6%	6.90%
Dominican Republic	Valuation at 9/30/2019	DOP	10 years	13.13%	Growth. GDP: 4.6% / Inflation: 3.9%	8.70%
El Salvador	Valuation at 9/30/2019	USD	10 years	13.85%	Growth. GDP: 2.2% / Inflation: 1.4%	3.70%

Figures in millions

(1) Average figures, during the horizon projection.
(2) Terminal growth rate

Goodwill of el Ciruelo

According to the qualitative, and quantitative, analysis used to identify indications of impairment of the goodwill of Hábitat Adulto Mayor S.A., due to the purchase of el Ciruelo, recently realized, we conclude, that the aforementioned Company does not present any indication of impairment, and no evidence is found, on which the contrary can be sustained.

The companies that have not been acquired, but that have been incorporated within the Grupo SURA, do not present Impairment indicators.

15.2 Intangible assets other than goodwill

The detail of movements in the SURA Group's intangible assets is as follows:

	Acquired brands	Customer-related intangible assets	Software and computer applications	Rights	Licenses and franchises	Other intangible assets	Total
Cost							
Cost at January 1, 2018	**140,353**	**3,775,920**	**361,510**	**32,034**	**26,091**	**1,904,657**	**6,240,565**
Additions	3,669	24,880	123,383	-	8,780	1,265,752	1,426,464
Provisions (-)	-	(10,435)	(30,222)	2,234	(8,753)	115,283	68,107
Exchange rate differences	(5,111)	20,117	(3,799)	-	872	(1,180,239)	(1,168,160)
Cost in books at December 31, 2018	**138,911**	**3,810,482**	**450,872**	**34,268**	**26,990**	**2,105,453**	**6,566,976**

Accumulated amortization and impairment

Accumulated amortization and impairment at January 1, 2018	**(2,749)**	**(971,928)**	**(186,603)**	**(17,852)**	**(9,396)**	**(519,598)**	**(1,708,126)**
Amortization for the period	-	(213,641)	(57,413)	(5,176)	(1,941)	(1,740,574)	(2,018,745)
Additions	-	-	87	-	650	-	737
Provisions (-)	-	10,435	20,620	-	-	126	31,181
Exchange rate differences	(246)	(18,092)	7,436	(1,535)	144	1,538,093	1,525,800
Accumulated amortization and impairment at December 31, 2018	**(2,995)**	**(1,193,226)**	**(215,873)**	**(24,563)**	**(10,543)**	**(721,953)**	**(2,169,153)**
Intangible assets other than goodwill and DAC at December 31, 2018	**135,916**	**2,617,256**	**234,999**	**9,705**	**16,447**	**1,383,500**	**4,397,823**

	Acquired brands	Intangible assets related to clients	Software and computer applications	Rights	Licenses and franchises	Other intangible assets	Total
Cost							
Costo a 1 de enero de 2019	**138,911**	**3,810,482**	**450,872**	**34,268**	**26,990**	**2,105,453**	**6,566,976**
Additions	-	11,924	90,438	-	7,134	1,634,839	1,744,335
Provisions (-)	-	(2,002)	(230)	-	(1,562)	-	(3,794)
Exchange rate differences	(4,211)	(49,682)	8,998	230	(883)	151,748	106,200
Cost in books at December 31, 2019	**134,700**	**3,770,722**	**550,078**	**34,498**	**31,679**	**3,892,040**	**8,413,717**
Accumulated depreciation and impairment							
Accumulated amortization and impairment at January 1, 2018	**(2,995)**	**(1,193,226)**	**(215,873)**	**(24,563)**	**(10,543)**	**(721,953)**	**(2,169,153)**
Amortization of the period	-	(211,430)	(70,320)	(6,116)	(4,470)	(1,842,617)	(2,134,953)
Provisions (-)	-	1,204	1,172	-	1,857		4,233
Exchange rate differences	(24)	22,066	40,469	(146)	1,441	11,067	74,873
Accumulated amortization and impairment at December 31, 2019	**(3,019)**	**(1,381,386)**	**(244,552)**	**(30,825)**	**(11,715)**	**(2,553,503)**	**(4,225,000)**
Intangible assets other than goodwill and DAC at December 31, 2019	**131,681**	**2,389,336**	**305,526**	**3,673**	**19,964**	**1,338,537**	**4,188,717**

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

Company	Relationship with clients	Total useful life (years)	Remaining useful life (years) 2019	Remaining useful life (years) 2018
SURA AM	AFP Capital (Chile)	27	20	21
	Corredora de Bolsa SURA S.A. y Administradora General de Fondos S.A. (Chile)	10	3	4
	Seguros de Vida SURA S.A. (Chile)	14	7	8
	AFP Integra (Perú)	30	23	24
	AFAP Sura S.A. (Uruguay)	23	16	17
	Afore Sura S.A. de C.V. (Mexico)	27	20	21
	Seguros Sura S.A. (Perú)	15	8	9
	AFP Integra (Perú) AFP Horizonte	17	10	11
	Sociedad Agente de Bolsa Sura S.A. (Peru)	4	0	1
SURA	Seguros Suramericana S.A. de (antes Banistmo Panama)	9	4.7	5.7
	Aseguradora Suiza Salvadoreña S.A. Asesuisa (Salvador)	14	6	7
	Arus S.A. (Colombia)	66	9	10
	Seguros Sura S.A. (Brazil)	5	1.2	2.2
	Seguros Generales Suramericana S.A. (Chile)	7	3.3	4.3
	Seguros Generales Suramericana S. A.	5	1.3	2.3
	Seguros Sura S.A. (Argentina)	10.6	6.9	7.9
	Seguros Sura S.A. de C.V (México)	4	0.4	1.4
	Seguros Sura S.A. (Uruguay)	16	12.5	13.5
Hábitat	Client list, el Ciruelo	3	0.5	1.5
	Affinity Contracts			
SURA	Insurance Sura S.A. (Brazil)	3	0	0.3
	Non-competition rights			
SURA	Seguros Suramericana S.A. de Panama	5	1.7	2.7
	Brands			
SURA AM	AFP Capital (Chile) (*)	Indefinite	Indefinite	Indefinite
	AFP Integra (Perú) (*)	Indefinite	Indefinite	Indefinite
SURA	Seguros Sura S.A. (Argentina) (*)	Indefinite	Indefinite	Indefinite
	Seguros Sura S.A. de C.V (Mexico) (*)	Indefinite	Indefinite	Indefinite

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

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

Brands	Country	Valuation of currency	Value in local currency	Total
ACG	Argentina	Argentine Pesos	57	3,121
Answer	Argentina	Argentine Pesos	70	3,847
Seguros Argentina			**127**	**6,968**
Hogar Master	Mexico	Mexican pesos	8	1,389
Top driver	Mexico	Mexican pesos	2	347
Seguros México			**10**	**1,736**
AFP Capital	Chile	Chilean peso	18	76,949
AFP Integra	Peru	Peruvian Sol	47	46,028

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

NOTE 16. Investments accounted for using the equity method

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

	Note	December 2019	December 2018
Investments in associated companies	16.1	19,956,740	19,163,946
Joint businesses	16.2	8,949	6,094
Total investments accounted for using the equity method		**19,965,689**	**19,170,040**

	Note	December 2019	December 2018
Income using the equity method in associates	16.1	1,254,632	1,056,995
Income using the equity method in joint ventures	16.2	590	1,188
Total income by method of participation of investments accounted for using the equity method		**1,255,222**	**1,058,183**

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

Companies	Main activity	Country	December 2019 %Participation	December 2019 % right to vote	December 2019 # Shares	December 2018 %Participation.	December 2018 % right to vote	December 2018 # Shares
Associates:								
Grupo Bancolombia S.A.	Universal banking	Colombia	24.44%	46.12%	235,098,823	24.44%	46.12%	235,098,823
Grupo Argos S.A.	Cement, energy, real estate and ports	Colombia	26.75%	35.53%	229,295,179	26.75%	35.53%	229,295,179
Grupo Nutresa S.A.	Food and processed	Colombia	35.17%	35.17%	161,807,155	35.17%	35.17%	161,807,155
Administradora de Fondos de Pensiones y Cesantías Protección S.A.	Pension and severance fund	Colombia	49.36%	49.36%	12,541,088	49.36%	49.36%	12,541,088
Sodexo Soluciones de Motivación S.A. [2]	Services	Colombia	-	-	-	49.00%	49.00%	261,342
Sodexo Colombia S.A. [2]	Services	Colombia	-	-	-	35.00%	35.00%	1,604,015
Promotora de Proyectos	Logistics services	Colombia	48.26%	48.26%	11,076,087	16.77%	16.77%	5,769,024
Inversiones DCV S.A.	Shareholder registration management	Chile	34.82%	34.82%	3,431	34.82%	34.82%	3,431
Fondos de Cesantías Chile I S.A.	Pension and severance fund	Chile	29.40%	29.40%	167,580	29.40%	29.40%	167,580
Servicios de Administración Previsional S.A.	Voluntary funds	Chile	22.64%	22.64%	168,806	22.64%	22.64%	168,806
ARS Palic Salud S.A. [3]	Administration and sale of health plans	Dominican Republic	-	-	-	30.00%	30.00%	247,665
Subocol S.A.	Marketing of spare parts for vehicle repair	Colombia	50.00%	50.00%	40,700	50.00%	50.00%	40,700
Brinks de Colombia S.A.[1]	Transport	Colombia	-	-	-	18.62%	18.62%	3,377,445
Acsendo S.A.S.	Investments	Colombia	25.80%	25.80%	63,570	25.80%	25.80%	63,570
Joint business:								
Interejecutiva de Aviación S.A.S.	Air Transport Administration	Colombia	33.00%	33.00%	1,500,000	33.00%	33.00%	1,500,000
P.A Proyecto Crece	Technology services	Colombia	50.00%	50.00%	-	-	-	-
Unión Para La Infraestructura S.A.S.	Fund	Colombia	50.00%	50.00%	150,000	50.00%	50.00%	150,000
Unión Para La Infraestructura S.A.S.	Fund	Peru	50.00%	50.00%	1,354,000	-	-	-
P.A Dinamarca	Mobility solutions	Medellín	33.33%	33.33%	-	-	-	-
P.A Servicios Tecnológicos	Technology services	Colombia	50.00%	50.00%	-	50.00%	50.00%	-

[1] On November 1, 2018, the shares of Brinks de Colombia S.A. were sold through Servicios Generales Suramericana S.A.

[2] In December 2019 Inversiones y Construcciones Estratégicas S.A.S. (ICE) and Servicios Generales Suramericana S.A.S. (SGS), transfer to Sodexo S.A. and Sodexo Pass International S.A.S., 100% of their participation in Sodexo S.A.S. (Sodexo On-Site) and Sodexo Servicios

de Beneficios e Incentivos Colombia S.A. (Sodexo Benefits) respectively. The shares sold by ICE and SGS and acquired by Sodexo are equivalent to 35% of Sodexo On-Site and 49% of Sodexo Beneficios.

[3] On 30 August 2019 Suramericana sold its entire shareholding in Administradora de Riesgos de Salud ARS Palic Salud S.A., an investment in an associate engaged in the business of managing and selling health plans in the Dominican Republic.

Corporate purpose of the associates and nature of the relationship

Bancolombia S.A: Bancolombia S.A: Is a credit institution listed on the Colombian Stock Exchange (BVC), as well as on the New York Stock Exchange (NYSE), since 1981 and 1995, respectively,
The Bancolombia Group consolidates operations in the banking, off-shore banking trust and other segments. It is the leader in the financial sector of the Colombian and Central American markets. Grupo SURA is the largest non-controlling shareholder of Grupo Bancolombia.

El porcentaje con derecho a voto a diciembre de 2019 y diciembre de 2018 de Bancolombia S.A. es de 46,02%. lo anterior teniendo en cuenta la emisión de acciones preferenciales sin derecho a voto emitidas por estas asociadas

Grupo Argos S.A: It is an infrastructure holding company, leader in the cement business, with an investment structure in road and airport concessions and a portfolio in both conventional and renewable energies. It is an entity registered in the Colombian Stock Exchange.
The percentage of voting rights at December 2019 and December 2018 of Grupo Argos S.A. is 35.53%, taking into account the issue of non-voting preferred shares by these associates.

Grupo Nutresa S.A: It is the leading company in processed foods in Colombia and one of the references in the sector in Latin America, with direct presence in 14 countries with 46 production plants.

Investments in the industrial sector's processed food segment include a 35.17% stake in Grupo Nutresa S.A., where Grupo SURA is the largest shareholder.

Significant influence on the three companies is exercised through participation in the Board of Directors and governing committees, where Grupo SURA has two representatives (out of seven in total) on the Boards of Directors.

Investment balances

The following are the balances of associates:

Investment in associates	December 2019	December 2018
Bancolombia S.A.	8,711,435	8,214,022
Grupo Argos S.A.	5,126,177	5,057,575
Grupo Nutresa S.A.	4,815,632	4,696,943
Administradora de Fondos de Pensiones y Cesantías Protección S.A.	1,269,336	1,121,113
Others	34,160	74,293
Total	**19,956,740**	**19,163,946**

Financial information of the associates (Securities issuers)
Assets, liabilities, equity, and profit for the period, of each of the associated companies, included in the Consolidated Financial Statements of the Company, at December 31, 2019 and December 31, 2018, are as follows:

The associate Bancolombia S.A. presents the statement of financial position in order of liquidity, therefore the detail of current and non-current financial assets and liabilities is not included.

	December 2019									
	Location	Asset Current	Asset non-current	Current Liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Partners:										
Bancolombia S.A. *	Colombia	236,088,113	-	207,282,494	-	28,805,619	12,731,348	3,214,567	127,033	3,341,600
Grupo Argos S.A. *	Colombia	7,150,857	43,847,577	6,784,736	17,723,441	26,490,257	16,798,588	1,256,137	10,177	1,266,254
Grupo Nutresa S.A. *	Colombia	3,262,962	12,382,279	2,347,837	4,612,540	8,684,864	9,958,851	513,441	111,180	624,621
Fondo de Pensiones y Cesantías Protección S.A.*	Colombia	700,916	1,931,845	257,039	547,872	1,827,850	1427,727	442,789	16,022	458,811
Inversiones DCV S.A.	Chile	1,195	21,046	1,211	-	21,030	4,215	4,186	-	4,186
Servicios de Administración Previsional S.A.	Chile	60,090	41,879	58,674	646	42,649	134,037	58,944	-	58,944
Fondos de Cesantías Chile II	Chile	44,460	63,109	32,121	24,767	50,681	159,143	31,220	(1,860)	29,360
Subocol S.A.	Colombia	5,395	-	3,304		2,091	-	771	-	771
Joint business:										
Interejecutiva de aviación S.A.S	Colombia	106,315	-	90,989	-	15,326	43,074	299	(1,349)	(1,051)
Unión para la infraestructura S.A.S	Colombia	5,916	938	3,238	850	2,766	9,245	2,663	-	2,663
Unión para la infraestructura S.A.S	Peru	26,515	1,109	9,863	-	17,760	-	(17,502)	-	(17,502)

**Figures taken from the Consolidated Financial Statements*

	Location	Asset Current	Asset non-current	Current Liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
December 2018										
Bancolombia S.A. *	Colombia	220,076,482	-	193,421,257	-	26,655,225	11,098,768	2,786,435	656,710	3,443,145
Grupo Argos S.A. *	Colombia	6,824,923	41,822,958	7,002,815	16,072,329	25,572,737	14,294,675	1,194,118	588,292	1,782,410
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)
Administradora de Fondo de Pensiones y Cesantías Protección S.A. *	Colombia	2,172,208	-	675,135		1,497,073	1,387,294	201,997	3,138	205,134
Sodexo Servicios de Beneficios e Incentivos Colombia S.A.	Colombia	149,840	-	144,375	-	5,464	-	1,202	-	1,202
Sodexo Colombia S.A.	Colombia	125,444	-	99,787	-	25,657	-	3,849	-	3,849
Inversiones DCV S.A.	Chile	35	19,675	35	-	19,675	3,212	3,183	-	3,183
Servicios de Administración Previsional S.A.	Chile	65,339	47,633	67,521	493	44,959	124,938	54,695	-	54,695
ARS Palic Salud S.A.	Dominican Republic	293,974	-	185,638	-	108,335	-	32,502	-	32,502
Subocol S.A.	Colombia	4,735	-	3,301		1,433	-	717	-	717
Ascendo S.A.S	Colombia	880	53	325	1,702	(1,094)	-	1,290	-	1,290
Joint business:										
Interejecutiva de Aviación S.A.S.	Colombia	106,726	-	92,163	-	14,563	-	6,191	-	6,191
Unión Para La Infraestructura S.A.S.	Colombia	5,366	-	2,877	-	2,489	8,975	2,386	-	2,386

* *Figures taken from the Consolidated Financial Statements*

The fair value of Grupo SURA's investments in associates listed on the Colombian Stock Exchange at 31 December 2019 and December 2018 is as follows:

Associate	December 2019	December 2018
Bancolombia S.A.	10,344,348	7,147,004
Grupo Argos S.A.	4,081,454	3,875,089
Grupo Nutresa S.A.	4,109,902	3,802,468
Fondo de Pensiones y Cesantías Protección S.A. (*)	1,458,817	1,317,993

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

Associate movement	Bancolombia S.A.	Grupo argos S.A.	Grupo Nutresa S.A.	Administradora de fondos de Pensiones y cesantías Protección S.A.	Other	Total
Balance at December 31, 2017	**7,788,286**	**4,917,510**	**4,913,992**	**1,120,041**	**89,953**	**18,829,782**
Additions	1,973	97	-	-	-	2,070
Derecognition	-	(4,829)	-	-	(13,960)	(18,789)
Profit from the equity method	649,905	108,671	177,696	86,209	34,514	1,056,995
Property Variation	13,659	111,335	(303,099)	5,430	(40)	(172,715)
(-) Dividends	(239,801)	(75,209)	(91,648)	(90,823)	(26,709)	(524,190)
Adjustment in conversion	-	-	-	256	(9,463)	(9,207)
Balance at December 31, 2018	**8,214,022**	**5,057,575**	**4,696,941**	**1,121,113**	**74,295**	**19,163,946**
Derecognition					(29,271)	(29,271)
Profit from the equity method	761,972	89,742	178,077	203,516	21,325	1,254,632
Property Variation	(7,831)	59,113	39,640	(1,028)	4,170	94,064
(-) Dividends	(256,728)	(80,253)	(99,026)	(54,265)	(31,103)	(521,375)
Adjustment in conversion	-	-	-	-	(5,256)	(5,256)
Balance at December 31, 2019	**8,711,435**	**5,126,177**	**4,815,632**	**1,269,336**	**34,160**	**19,956,740**

Restrictions and commitments

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

16.2 Joint Ventures

The following is a breakdown of the cost of investments December 31, 2019 and December 31, 2018:

	Interejecutiva	P.A Crece	UPI Colombia	UPI Peru	P.A Dinamarca	P. A Serv. Tecnológicos	Total
Balance at December 31 2017	**3,003**	**-**	**1,157**	**-**		**-**	**4,160**
Reclassification	2,064	-	1,187	-	-	-	3,251
Profit from the equity method	(212)		-	-	-	-	(212)
(-) Dividends	-		(1,105)	-	-	-	(1,105)
Balance at December 31 2018	**4,855**	**-**	**1,239**	**-**	**-**	**-**	**6,094**
Additions	-	2,200	-	1,345	506	250	4,301
Decrease - commission	-	(1,191)	-	-	-		(1,191)
Profit from the equity method	100		1,331	(786)	(3)	(52)	590
Property Variation	354		5	-	-	-	359
(-) Dividends	-		(1,193)	-	-	-	(1,193)
Adjustment in conversion	-			(11)	-	-	(11)
Balance at December 31 2019	**5,309**	**1,009**	**1,382**	**548**	**503**	**198**	**8,949**

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

16.3 Impairment of investments in subsidiaries and associates

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

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

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

1. Loss in the operation or negative cash flows in the current period, compared to the budgeted amount.
2. Increases during the year, in interest rates, associated with investments and debt. Information: Investments in securities with indexed rates, agreed rates of debt, acquired with banks
3. Significant changes in the technological environment, defined as the risk associated with losses, derived from technology (hardware or software), or the use thereof. Information: Significant decrease in production, associated with technology, or high exposure to the risk of hackers
4. Significant changes in the legal environment, established as losses, due to sanctions or demands, due to non-compliance with norms or contractual obligations
5. Significant changes in the regulatory environment, referring to the negative implications on a Company derived from changes in the regulatory framework where it operates.
6. Changes in the competitive environment. Information: How much market share is profit (measuring growth and loss ratio), new competitors or aggressiveness of current and compliance in sales, commercial part

7. Significant changes, in the form or extent, in which the cash-generating unit (CGU) is used or expected to be used.
8. Significant reduction in the use of installed capacity
9. Generation of new debt
10. Cessation or significant reduction, that is not a mere fluctuation, of the demand or necessity of the services rendered, with the asset.
11. For investments in associates, listed on the Colombian Stock Exchange (BVC), internal valuation models are used.

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

Associates Fair Value

	2019			2018		
Main Associates of SURA Group	**Fundamental Value**	**Book value**	**Reasonable value (1)**	**Fundamental Value**	**Book value**	**Reasonable value (1)**
Grupo Nutresa S.A	5,773,603	4,815,632	4,109,902	5,319,087	4,696,943	3,802,468
Grupo Argos S.A	5,630,572	5,126,177	4,136,485	5,380,870	5,057,575	3,875,089

(1) Calculated with the market price of the share at the respective cut-off date.

Impairment Test

During 2019, the fair value of Grupo SURA's investments in Grupo Nutresa S.A and Grupo Argos S.A, calculated on the basis of the price per share quoted on the Colombian stock exchange, was below the carrying amount.

Taking into account the above, the carrying value of the associated companies was tested for impairment, which confirmed that there is no impairment in any of them.

This exercise includes the fundamental value of these associates. In the case of Grupo Argos, a sum of parts of the fundamental value of its portfolio of companies was made, also incorporating its expenses, taxes and debt at the corporate level. For Grupo Nutresa a valuation of its industrial business was carried out based on a model of discounted free cash flows, following projections that incorporate the competitive positions, capacities and future prospects of the businesses. In both cases, the fundamental value of its investments is included in its value, which includes that of Grupo SURA.

In the case of Bancolombia, the market price reflects a higher price than the book value.

Main assumptions

- **Grupo Nutresa S.A.**
  - ✓ The figures were projected in COP in nominal terms and for a 10-year projection horizon, corresponding to a period between 2020 and 2029.
  - ✓ The company's operating revenues are projected to grow an average of 5.5% per year.

- ✓ On the other hand, the cost of sale goes from representing 55.8% of the operational income for the first year of projection to 56.1% in the last year, evidencing a slight deterioration in its gross margin.
- ✓ An EBITDA margin is projected in line with the low range communicated by the company's management in the results calls, which is 12.3% on average.
- ✓ CAPEX investment is projected to average 3% of sales.
- ✓ Working capital is estimated to average 6% of sales.
- ✓ For the calculation of the terminal value, a nominal growth rate of 3.6% was used.
- ✓ In order to estimate the fundamental value of the company, the flows have been discounted using a discount rate based on its risk profile. This rate was calculated in Colombian pesos and in nominal terms, applying the CAPM methodology. The WACC at which flows were discounted was 9.45%.
- ✓ As for the other investments, a fundamental valuation of their investments is made which includes the fundamental value of Grupo SURA.

- **Grupo Argos S.A.**

  - ✓ To calculate the fundamental value of Grupo Argos, the sum of parts of its investment portfolio was used, also incorporating its expenses, taxes and debt at the corporate level.
  - ✓ In the case of Cementos Argos, a projection is made for a 5-year horizon, where operating revenues grow an average of 3.2% annually and costs and expenses an average of 2.4%, in line with the efficiency projects being carried out.
  - ✓ For the calculation of the terminal value, a nominal growth rate of 5.0% was used.
  - ✓ In order to estimate the fundamental value of the company, cash flows have been discounted using a discount rate based on its risk profile, where the risk of its countries in Central America and Colombia was weighted with that of the United States. This rate was calculated in Colombian pesos and in nominal terms, applying the CAPM methodology. The WACC at which the flows were discounted was 9.10%.
  - ✓ In the case of Celsia, a projection is made for a 5-year horizon, where revenues grow an average of 4.3%, in line with the projects that the company expects to implement over the next few years. For costs and expenses, an average increase of 4.0% is projected.
  - ✓ For the calculation of the terminal value, a nominal growth rate of 3.2% was used.
  - ✓ In order to estimate the fundamental value of the company, the flows have been discounted using a discount rate based on its risk profile. This rate was calculated in Colombian pesos and in nominal terms, applying the CAPM methodology. The WACC at which cash flows were discounted was 9.27%.
  - ✓ The other companies in the portfolio of Grupo Argos are taken at book value and in the case of Odinsa is taken as reference the value of the Colombian Stock Exchange.
  - ✓ As for the other investments, a fundamental valuation of their investments is made which includes the fundamental value of Grupo SURA.

NOTE 17. DISCONTINUED OPERATIONS

The following is a detail of the discontinued operation in the income statement:

SURA Seguros de Rentas Vitalicias S.A (SURA Chile):

	December 2019	December 2018
Selling price	(696,212)	-
Investment cost	681,278	-
Company's operating results	13,434	(63,063)
Conversion effect reclassified to profit and loss	9,672	-
Total discontinued operations	**8,172**	**(63,063)**

The following are the discontinued operations in the balance sheet:

	December 2019	December 2018
Suramericana (a)	5,212	3,450
Sura Asset Management (b)	-	5,535,811
Total assets	**5,212**	**5,539,261**
Sura Asset Management (b)	-	4,871,855
Total liabilities	**-**	**4,871,855**

(a) The balance in Suramericana relates to land, buildings and investments in associates that are intended to be sold within a period of less than one year:

Assets held for sale corresponding to Real estate

Assets held for sale corresponding to Real estate

The properties are in the companies, Seguros Generales Suramericana S.A., Servicios Generales Suramericana S.A.S. and Seguros Sura S.A. of Argentina for each company is held: In Seguros Generales Suramericana S.A., during 2019, some properties were sold that entered the company with the merger of RSA, mostly located in Cartagena and Bogotá, which gave a profit of $490. As of December 2019, there are two properties for sale, the Banco Santander Building located in Cúcuta, Colombia and the El Dorado Industrial and Commercial Center, located in the city of Bogotá, Colombia.

In Servicios Generales Suramericana S.A.: As of December 31, 2017, due to the payment agreement entered into by a customer of the financial services area in which to cover the debt with the company it delivers a house located in the Nogal neighborhood of Medellín, for which reason it is required to present this property within the group of assets for disposal held for sale the securities received according to the independent appraisal of October 30, 2017. The book value of this property is $653 and was sold in 2019, leaving a profit for sale of $7.

Seguros Sura S.A de Argentina has several properties for sale located in the provinces of Córdoba, Buenos Aires, Rosario and Rio Negro. It was decided for these properties to be sold during the year 2019.

Assets held for sale corresponding to investments in associates

During the year, the following investments in associates were sold:

On 30 August 2019 Suramericana sold its shareholding in Administradora de Riesgos de Salud ARS Palic Salud S.A., an investment in an associate engaged in the business of managing and selling health plans in the Dominican Republic. These shares became the direct property of the company as part of the merger process in which it absorbed the net assets of its subsidiary Inversura Panama on December 31, 2018, the latter having acquired them since 2002. The sale corresponding to 247,665 common shares was carried out on August 30th to Centro Financiero BHD S.A., majority shareholder of said company, and was authorized on July 18th of this year by the Board of Directors of Suramericana. The sale generated a profit of $ 41,440.

In December 2019, Suramericana sold its shares in Sodexo S.A.S. and Sodexo Servicios de Beneficios e Incentivos Colombia S.A., Colombian companies that offer food and facilities maintenance services for companies and incentives for the quality of life of employees in Colombia. This operation took place through its subsidiary Servicios Generales Suramericana S.A., which had legal ownership of the shares, and left a profit of $59,334.

At December 31, 2018, the shares corresponding to 18.62% of the capital of Brinks de Colombia S.A. were sold through Servicios Generales Suramericana S.A., leaving a profit of $15,956.

Restrictions
As of December 31, 2019, Suramericana does not have any assets that present legal restrictions, or that are given in guarantee.

(b) The following is a detail of the transactions available for sale presented in Sura Asset Management corresponding to Revix as of December 31, 2018:

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

NOTE 18. EMPLOYEE BENEFITS

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

	Note	December 2019	December 2018
Short-term	18.1	383,224	419,606
Long-term	18.2	75,646	57,135
From termination (*)		5,196	565
Post-employment	18.3	69,591	62,481
Total		**533,657**	**539,787**

(*) Corresponds to labor indemnities in Seguros SURA S.A. Panamá

18.1 Among the short-term

Benefits of Grupo de Inversiones Suramericana, are the following:

a) Social security and mandatory benefits: accrued monthly, according to the legal norms of each Country. Payments are realized, in accordance with the requirements of the law.

b) Short-term incentive performance bonus (ICP): accrued monthly, based on an estimate of percentage of compliance, is paid in the month of March, of each year and are entitled, within other considerations, to all officials who have met previously fixed objectives, and to the extent that communicated corporate objectives are met, in a timely manner.

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

A breakdown of short-term benefits, is as follows:

	December 2019	December 2018
Payroll, payable	840	3,414
Severance	54,647	48,751
Interest on severance	6,537	5,787
Vacations	92,056	69,063
Legal premiums	1,420	169
Extralegal bonus	58,889	46,408
Bonuses (Current)	151,673	117,194
Current provisions for employee benefits	5,215	113,768
Work well-being aids	11,947	15,052
Total	**383,224**	**419,606**

18.2 Long-term benefits

The following is a description of the long-term benefits of the Grupo de Inversiones Suramericana:

- Seniority premium: This benefit is paid to the employee, every five years, and ranges from 18 to 44 days of salary, according to the time worked. The payment is realized, according to the following table:

Years of service	Salary Days
5	18
10	29
15	34
20,25,30 y 35	44

- Performance Bonus: The performance compensation system is a recognition of the effort of all employees, to achieve the Company's objectives, and continue to generate value, which is defined, based on a scheme of clear, measurable, and achievable performance indicators. These Indicators are defined, at the beginning of each year and must be aligned with the strategic direction of the Company, as well as with the various activities and human competencies, required to achieve the Company's objectives. This includes a measurement period, evaluation scheme, monitoring and adjustments, and definition of indicators.

  Payment system: is subject to compliance with the performance indicators and the approval of the Appointments and Remuneration Committee. The remuneration scheme is defined according to each level.

- Productivity Premium Advisors: The benefit is delivered to the compliance of five-year seniority, if and only if, the assessor has met the minimum averages of commissions, that appear in the following table:

	commissions	
Service time (years)	**Premium %**	**Minimum average (SMMLV)**
5	45%	9
10	45%	12
15	45%	14
20	45%	16
25	45%	18
30	45%	21
35 and every five years	45%	24

- Unemployment and interest for severance pay of the Company: According to Colombian labor standards, employees who were affiliated before the entry into force of Law 50 of 1990, have the right to receive, at the end of the employment contract, one month of current salary, for each year of service, and proportionally by fraction of a year, as unemployment assistance, for any reason that terminates employment, including: retirement, disability, death, etc. The benefit is settled at the time of retirement of the employee, based on the last salary earned. There may be distributions before the withdrawal date, at the request of the worker, which are not mandatorily distributable.

With the entry into force of Law 50 of 1990, the Colombian Government allowed companies, subject to the approval of their employees, to transfer their obligation of unemployment assistance to private pension funds.

Here are the long-term benefits:

	December 2019	December 2018
Seniority premium	38,023	28,448
Retro-active severance	7,856	10,358
Premiums of productivity	887	821
Bank of bonds	28,880	17,508
Total	**75,646**	**57,135**

The following shows the movement of long-term profits of Grupo SURA:

	Bank of bonds	Retro-active-severance	Seniority premium	Premiums of productivity	Total
Initial balance at January 1, 2018	**16,285**	**10,358**	**25,191**	**812**	**52,646**
New measurements	8,615	-	995	-	9,610
Financial assumptions	6,587	2,418	5,065	282	14,352
Payments realized by the plan	(15,071)	(2,418)	(2,849)	(273)	(20,611)
Upcoming payments	-	-	-	-	-
Exchange differences	1,092	-	46	-	1,138
Present value of obligations at December 31, 2018	**17,508**	**10,358**	**28,448**	**821**	**57,135**
New measurements	7,944	-	9,527	-	17,471
Financial assumptions	7,829	569	8,697	369	17,464
Payments realized by the plan	(1,373)	(3,072)	(5,757)	(303)	(10,505)
Upcoming payments	-	-	-	-	-
Exchange differences	(3,028)	-	(2,891)	-	(5,919)
Present value of obligations at December 31, 2019	**28,880**	**7,855**	**38,023**	**887**	**75,646**

The main actuarial assumptions, used to determine the obligations for the long-term benefit plans, are the following:

	Bank of Bonds		Seniority premium		Retro-active Severance		Premiums of productivity	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate (%)	2.02% - 9.10%	5.75% 32.6% Argentina	2.02% - 7.5%	2.68% - 5.75%	2.33% - 2.35%	5.75%	2.02%	5.75%
Annual salary increase rate (%)	---	---	1.50% - 6.00%	4.50% - 5.18%	4.50%	4.50%	4.50%	4.50%
Annual inflation rate (%) LP	2.0% -7.0% Argentina 40%	3.0% -3.5% 27.5% Argentina	2.0% - 3.15%	3.0% - 4.15%	3.00%	3.00%	3.00%	3.00%
Mortality table	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08

The following tables show the sensitivity of the effect of a variation of 0.5%, on the discount rate and 0.5% on the salary increase, for bonus bank benefits, retro-active severance, seniority premiums, and productivity bonuses:

2019

Bank of bonds

Discount rate	Current value of benefits	Sensitivity variation
Increase	28,777	93
Decrease	28,984	(104)

Retro-active Severance

Discount rate	Current value of benefits	Sensitivity variation
Increase	7,687	169
Decrease	8,032	(176)

Discount rate	Current value of benefits	Sensitivity variation
Increase	8,165	(309)
Decrease	7,555	301

Seniority premium

Discount rate	Current value of benefits	Sensitivity variation
Increase	37,184	653
Decrease	39,172	(1,401)

Discount rate	Current value of benefits	Sensitivity variation
Increase	32,749	(1,218)
Decrease	31,109	489

Premium of productivity

Discount rate	Current value of benefits	Sensitivity variation
Increase	863	24
Decrease	913	(26)

Salary increase	Current value of benefits	Sensitivity variation
Increase	946	(59)
Decrease	815	73

2018

Bank of bonds

Discount rate	Current value of benefits	Sensitivity variation
Increase	16,608	52
Decrease	16,712	(52)

Retro-active Severance

Discount rate	Current value of benefits	Sensitivity variation
Increase	10,124	234
Decrease	10,602	(244)

Discount rate	Current value of benefits	Sensitivity variation
Increase	10,777	(419)
Decrease	9,952	407

Seniority premium

Discount rate	Current value of benefits	Sensitivity variation
Increase	27,532	733
Decrease	29,428	(781)

Discount rate	Current value of benefits	Sensitivity variation
Increase	29,410	(800)
Decrease	27,540	759

Premium of productivity

Discount rate	Current value of benefits	Sensitivity variation
Increase	800	21
Decrease	844	(23)

Discount rate	Current value of benefits	Sensitivity variation
Increase	884	(63)
Decrease	770	51

18.3 Post-employment benefits

The following describes the post-employment benefits of Grupo de Inversiones Suramericana:

- Retirement bonus: corresponds to a single amount, defined by the deliverable Company, at the time of retirement.

- Retirement pensions: it is a benefit that is paid to an employee after completing his/her period of employment, and which is recognized directly by the Company.

  Article 4 of Decree 2131 of 2016 modified Part 2 of Book 2 of Decree 2420 of 2015 added by Decree 2496 of 2015, allowing the determination of post-employment benefits for future retirement or disability pensions at December 31, 2016, under the requirements of IAS 19. However, they must disclose, in the Notes to their Financial Statements, the calculation of the pension liabilities charged, in accordance with the parameters established in Decree 1625 of 2016 and, in the case of partial pension commutations, in accordance with the provisions of the Decree 1833 of 2016, informing the variables used, and the differences with the calculation realized, in the terms of the Normative Technical Framework, contained in Decree 2420 of 2015, modified by Decree 2496 of 2015, and its amendments.

The following are the post-employment benefits:

	December 2019	December 2018
Retirement bonus	39,043	41,112
Retirement pensions	23,319	21,369
Post employment medical	7,229	-
Total	**69,591**	**62,481**

18.3.1 Defined benefit plans

The following shows the movement of the post-employment benefits of Grupo SURA:

	Retirement benefit	Assets of the plan	Net profit	Retirement pension	Other benefits	Total
Present value of obligations at January 1, 2018	**70,250**	**15,653**	**54,597**	**20,717**	**-**	**75,314**
Cost of the present service	2,396	-	2,396	7	-	2,403
Income or (expenses) from interest	3,274	1,178	2,096	1,124	-	3,220
New measurements	1,207	11,045	(9,838)	108	-	(9,730)
Actuarial profits or losses, due to changes in: Financial assumptions	(696)	-	(696)	1,348	-	652
Actuarial profits or losses, due to changes in: Actuarial Assumptions	(420)	-	(420)	13	-	(407)
Payments realized by the plan	(6,669)	-	(6,669)	(2,245)	-	(8,914)
Other changes	(641)	84	(725)	-	-	(725)
Exchange differences	371	-	371	297	-	668
Present value of obligations at December 31, 2018	**69,072**	**27,960**	**41,112**	**21,369**	**-**	**62,481**
Cost of the present service	3,173	(52)	3,225	1,416	-	4,641
Income or (expenses) from interest	3,734	2,215	1,519	1,280	-	2,799
New measurements	2,081	15,687	(13,606)	120	7,397	(6,089)
Actuarial profits or losses, due to changes in: Financial assumptions	(1,089)	-	(1,089)	2,207	-	1,118
Actuarial profits or losses, due to changes in: Actuarial Assumptions	10,459	-	10,459	790	-	11,249
Payments realized by the plan	(3,889)	(2,359)	(1,530)	(4,072)	-	(5,602)
Provision	(1,033)	-	(1,033)	-	-	(1,033)
Other changes	(828)	-	(828)	-	-	(828)
Exchange differences	38	(775)	813	209	(167)	855
Present value of obligations at December 31, 2019	**81,718**	**42,676**	**39,042**	**23,319**	**7,230**	**69,591**

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

	Employee Retirement Benefit		Retirement Pension	
	2019	2018	2019	2018
Discount rate (%)	2.33% -7.5%	5.00% -9.33%	2.33%	2.68% - 2.95%
Annual salary increase rate (%)	1.00%-6.00%	4.40%- 4.69%	---	---
Rate of future increase in annual pension (%)	---	---	1.00%	3.50%
Annual inflation rate (%)	3.00%-3.50%	3.00%-3.50%	3.00%	3.50%
Mortality tables (**)	RV - 08	RV - 08	RV - 08	RV - 08

(**) Valid Mortgage Tax Rates Table

Sensitivity analysis

The following table shows the effect of variation between 0.5% and 1.00%, in the inflation rate, in the discount rate, and in the rate of future pension increase.

Retirement bonus

2019

Discount rate	Current value of benefits	Sensitivity variation	Cost of the current service
Current study	81,718		3,172
Increase	70,190	50	1,623
Decrease	70,414	(48)	1,635

Rate of inflation	Current value of benefits	Sensitivity variation	Cost of the current service
Current study	81,718		3,172
Increase	70,431	(101)	1,234
Decrease	70,189	86	1,228

2018

Rate of inflation	Current value of benefits	Sensitivity variation	Cost of the current service
Current study	69,072		2,396
Increase	65,726	453	1,029
Decrease	67,319	(502)	1,039

Rate of inflation	Current value of benefits	Sensitivity variation	Cost of the current service
Current study	69,072		2,396
Increase	66,143	(331)	773
Decrease	65,150	292	771

Retirement Pension

2019

Discount rate	Current value of benefits	Sensitivity variation
Current study	23,319	
Increase	16,760	600
Decrease	18,004	(645)

Discount rate	Current value of benefits	Sensitivity variation
Current study	23,319	
Increase	23,938	(618)
Decrease	22,739	580

2018

Discount rate	Current value of benefits	Sensitivity variation (*)
Current study	21,369	
Increase	20,772	597
Decrease	22,009	(640)

Discount rate	Current value of benefits	Sensitivity variation (*)
Current study	21,369	
Increase	22,066	(697)
Decrease	20,714	655

(*) The effect of the variation, corresponds to a greater or lesser value of the obligation, with its respective counterpart, in other comprehensive income, before taxes, if the sensitivity is realized on actuarial variables, or to the Income Statement before taxes, for the other variables.

Comparative calculation of retirement pensions, according to the requirements established in Colombia. See note 2.1. Compliance Statement

The following is the comparative of the benefit to post-employment employees from retirement pensions and the calculation under International Financial Reporting Standards:

	December 2019	December 2018
Pension liabilities under IFRS	23,319	21,369
Local Pension liability	20,492	19,298
Difference	**2,827**	**2,071**

(*) Calculated on the basis of Decree 2783 of December 2001 and Law 100 of 1993

18.3.2 Defined contribution plans

The Grupo SURA realized contributions, to defined contribution plans, recognized as expenses, in the results of the period for 2019 in the amount of $ 100,107, and 2018 for $88,403 million.

18.4 Expenditure for employee benefits

Below are the expenses for employee benefits, for 2019 and 2018:

	December 2019	December 2018
Salaries	(785,646)	(693,465)
Commissions	(218,427)	(207,035)
Bonuses	(188,507)	(202,108)
Comprehensive salary	(153,286)	(137,611)
Pension contributions	(100,107)	(88,403)
Legal premiums	(88,302)	(77,835)
Other benefits to employees (*)	(86,903)	(106,374)
Contributions for health	(61,190)	(51,169)
Compensation	(56,706)	(36,322)
Vacations	(54,750)	(51,815)
Extralegal bonus	(46,048)	(46,518)
Family compensation contribution funds, ICBF and SENA	(45,704)	(38,997)
Vacation bonuses	(41,241)	(33,358)
Insurance	(36,148)	(10,622)
Severance	(34,232)	(30,737)
Food subsidies	(22,768)	(20,229)
Staff training	(20,942)	(17,453)
Employee profit-sharing	(20,377)	(20,219)
Seniority premiums	(13,591)	(6,529)
Allocations and provisions to employees	(11,608)	(8,623)
Transportation assistance	(6,846)	(6,013)
Agent severances	(5,815)	(8,447)
Extra hours	(5,260)	(3,627)
Withdrawal Bonus	(5,036)	(7,088)
Retirement pensions	(4,945)	(5,736)
Medical leave	(2,682)	(2,106)
Interest on severance	(2,623)	(2,289)
Convention Grant	(2,593)	(2,205)
Interest over severance agents	(1,269)	(1,214)

Total	(2,123,552)	(1,924,147)

(*) Includes assistance, welfare at work, travel expenses, sports and representation expenses and others.

NOTE 19. OTHER NON-FINANCIAL ASSETS AND LIABILITIES

19.1 Other non-financial assets

The other non-financial assets are as follows:

	December 2019	December 2018
Expenses paid in advance [1]	27,820	41,261
Non-proportional contract cost [2]	46,247	47,462
Artwork	39,989	38,328
Other assets	10,598	17,272
Total	**124,654**	**144,323**

[1] balance corresponds mainly to insurance contracts acquired in the Company.

[2]Non-proportional contracts allow limiting claims and exposure to catastrophes.

19.2 Other non-financial liabilities

Below is a breakdown of the other non-financial liabilities:

	December 2019	December 2018
Deferred commission (1)	304,949	295,948
Obligations in favor of insurance intermediaries	164,219	186,430
Others (2)	45,775	18,177
Premium residues	35,031	35,746
Retainers and advances received	20,849	26,975
Income received in advance	23,877	31,035
	594,700	**594,311**

(1) The balance includes reinsurance commissions and deferred income commissions, from fund management companies.

Deferred income commissions (DIL)

Given that the Mandatory Pension Saving product generates certain administration costs, even when no administration fees are received, it is necessary to establish the rational that supports the recognition of the income, in such a way that the financing of said costs in time. For this reason, the Deferred Income Tax (DIL) Provision is established.

The objective of the DIL is to defer the income of contributing members, in the periods in which these affiliates become non-contributors, or in pensioners, to whom by regulation cannot be charged, for the administration of their funds and/or pension payments.

The foundation of this arises because, under the condition of non-contributor, these affiliates do not generate any income that allows them to face the costs. For this purpose, a provision is created, whose constitution takes place as long as the Company makes the corresponding collection, and its release is given as the aforementioned cost is incurred.

DIL calculation methodology

The provision is calculated with a periodicity, at least quarterly. The currency of calculation is the currency in which the collections and commitments, of the Company, are fixed. For those subsidiaries in which the provision is calculated in a unit indexed by inflation, the provision is restated in legal tender, at the equivalent exchange rate, between said currency and the indexed unit for inflation of the closing period, of the balance or closing month.

The provision is calculated, based on the estimated cost of the non-contributors and the cost of the pensioners, who are not charged for the administration of their funds and/or the pension payment, discounted at the rate of a Corporate AAA Bond, without prepayment options.

The following is the movement of the deferred commission to the cut-off date:

	Reinsurance commissions	Deferred income commissions (DIL)	Total
Deferred income commission at December 31, 2017	**222,956**	**59,164**	**282,120**
Constitution	422,085	1,917	424,002
Exchange rate differences	(8,240)	206	(8,034)
Amortization	(401,042)	(1,098)	(402,140)
Deferred income commission at December 31, 2018	**235,759**	**60,189**	**295,948**
Constitution	452,090	-	452,090
Exchange rate differences	(9,309)	2,068	(7,241)
Amortization	(433,512)	(2,336)	(435,848)
Deferred income commission at December 31, 2019	**245,028**	**59,921**	**304,949**

(2) This includes, among others, the following concepts: commissions received, payments from individuals, cash surpluses, consortiums and temporary unions, and income received for third-parties.

NOTE 20. CONTINGENT PROVISIONS AND LIABILITIES

20.1 Provisions

The following is a breakdown of the provisions of Grupo SURA:

	December 2019	December 2018
Lawsuits and litigation (*)	197,417	206,720
Other provisions (**)	28,899	42,144
Provisions for restructuring	839	694
	227,155	**249,558**

(*) It includes among others the following concepts:

The balance of the provision for contingencies includes the recognition of contingencies as a result of the deficit in the results of the associated company Planeco Panamá S.A. of $3,642 in 2019 and $4,296 in 2018. The recognition has its origin in the application of the calculation of the equity methods on the percentage of the company's holdings which is 25%%.

Seguros SURA S.A. in Brazil is involved in tax litigation with the Brazilian Federal Courts, and is suing COFINS for billing disputes under Law No. 9,718/98, for an amount of $147,745 in 2019 and $147,653 in 2018.

(**) The other miscellaneous provisions include costs and expenses payable by EPS and Medicina Prepagada Suramericana S.A., costs that include disabilities, glosses, maternity leaves, among others.

The movement of claims and litigation provisions, others and provisions, from IFRS 37, of Grupo SURA, at the cut-off date, is:

	Provision for restructuring	Provisions for legal processes *	Other various provisions**	total
Initial balance at January 1, 2018	**697**	**262,063**	**44,534**	**307,294**
New provisions	-	3,060	982	4,042
Increase in existing provisions	-	1,012	175	1,187
Acquisitions realized through business combinations	-	100	-	100
Provisions used	-	(23,813)	(2,884)	(26,697)
Reverted provisions, not used	(3)	(24,821)	-	(24,824)
Decrease due to loss of control of a subsidiary	-	(90)	-	(90)
Exchange differences	-	(10,791)	(663)	(11,454)
Final balance at December 31, 2018	**694**	**206,720**	**42,144**	**249,558**
New provisions	60	2,640	251	2,951
Increase in existing provisions	85	567	3,611	4,263
Acquisitions realized through business combinations				-
Provisions used		(5,438)	(16,550)	(21,987)
Reverted provisions, not used		(3,551)		(3,551)
Exchange differences		(3,522)	(557)	(4,079)
Final balance at December 31, 2019	**839**	**197,417**	**28,899**	**227,155**

The following are provisions, by Country:

	December 2019	December 2018
Brazil	149,373	157,031
Panama	8	8
Colombia	29,641	91,482
Mexico	37,651	108
Argentina	1,166	929
Chile	6,300	-
Uruguay	3,016	-
Total	**227,155**	**249,558**

20.2 Contingent liabilities

Possible and remote judicial contingencies are those that, when performing the legal analysis of the probabilities of success, it is evident that there are medium and low possibilities of obtaining a condemnatory sentence. At December 31, 2019, there are medium or low possibilities of generating an egress for the Company. The possible or contingent judicial contingencies at December 31, 2019, which are not provisioned, have an estimated value of $ 19,659.

The following eventual classification processes are the most significant that the Company has:

- Seguros Sura S.A. in Brazil is involved in tax litigation with the Brazilian Federal Courts, and is suing COFINS for billing disputes under Law No. 9,718/98, in the amount of $8,572.

- Asesuisa Vida S.A Seguros de Personas is linked to a judicial process in which the Superintendence of Competition alleges a possible price collusion in which the Company participated, with claims amounting to $4,475.

NOTE 21. SECURITIES ISSUED

The following is a summary of debt instruments issued:

	December 2019	December 2018
Outstanding bonds (1)	7,742,433	7,844,320
Preference shares (2)	460,712	460,699
Total	**8,203,145**	**8,305,019**

The detail of the bonds issued is presented below:

(1) **Outstanding bonds:**

Date of issue	Maturity date	Nominal value	Emission rate	Amortized cost December 2019	Amortized cost December 2018	Fair value December 2019	Fair value December 2018
29-apr-16*	29-apr-26	USD 550**	+ 5.50%	1,799,460	1,781,904	1,059,566	1,857,840
17-Apr-14	17-Apr-24	USD 500**	+ 4.875%	1,646,321	1,631,179	1,764,421	1,616,832
11-Apr-17	14-Apr-27	USD 350**	+ 4.375%	1,140,923	1,129,653	1,229,037	1,060,470
18-may-11*	18-may-21	USD 300**	+ 5.50%	987,839	978,285	2,110,775	1,028,386
22-jun-16	22-jun-26	305,622	CPI + 4.09%	304,399	303,774	331,487	324,033
22-jun-16	22-jun-31	289,235	CPI + 4.29%	287,795	287,303	315,735	306,881
22-jun-16	22-jun-23	257,145	CPI + 3.90%	256,471	255,818	273,625	273,466
07-may-14	07-may-23	223,361	CPI + 3.80%	225,364	225,381	238,766	238,476
23-feb-17	23-feb-22	193,549	+ 7.21%	194,720	194,615	202,910	199,336
23-feb-17	23-feb-29	190,936	CPI + 3.58%	191,423	191,200	200,610	194,207
23-feb-17	23-feb-24	165,515	CPI + 3.19%	166,053	165,787	172,942	171,565
22-jun-16	22-jun-20	147,998	CPI + 3.39%	148,140	147,608	149,599	150,206
07-may-16	07-may-20	100,000	CPI + 3.55%	101,005	100,689	120,354	116,768
07-may-14	07-may-30	100,000	CPI + 4.15%	100,797	100,825	131,728	133,296
25-nov-09	25-nov-29	98,000	CPI + 5.90%	96,488	96,256	109,842	104,784
25-nov-09	25-nov-49	97,500	CPI + 6.98%	95,235	95,138	101,849	102,490
07-may-14	07-may-19	103,278	CPI + 3.24%	-	104,278	-	106,897
07-may-14	07-may-24	54,500	CPI + 4.40%	-	54,627	-	55,992
				7,742,433	7,844,320	8,513,246	8,041,925

(*) Grupo SURA realized a merger with Grupo SURA Finance, at July 31, 2018. Because Finance bonds are issued in dollars, Grupo SURA decided to apply hedge accounting, at September 2018, the effects of which are carried to the other comprehensive income and the Income Statement. The hedge structure was realized with swaps and options.

(**) Values expressed in millions of dollars.

(2) **Preferential shares**

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

On March 31, 2017, the Shareholders' Meeting approved the amendments to the Issuance and Placement of Preferred Shares Regulations, issued in 2011, which establish the payment of a preferential minimum dividend equivalent to one percent (1%) per annum, on the sum equivalent to the Reference Subscription Price (as defined below), as long as the value resulting from this calculation exceeds the dividend decreed, for ordinary shares; otherwise, the latter will be recognized. For these purposes, the Reference Subscription Price shall mean the subscription price of preference shares in any placement of preference shares, by the Company in the most recent primary market operation, most recently approved by the General Meeting, including, but not limited to, issuances and public offerings, private issues, capitalization of credits, dividend payment in shares, among others. In no case, shall it be understood that the Reference Subscription Price will correspond to the trading price of the preference shares, in the secondary market. The General Meeting of Shareholders shall determine the form and dates of payments, of the dividend of the preference shares, under conditions equal to those of the dividend, of the ordinary shares.

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

Likewise, on March 31, 2017, the Board of Directors of the Company, set at thirty-five thousand nine hundred and seventy-three pesos ($ 35,973), the subscription price of the preference shares that would be delivered as payment of dividends, in shares.

The movements of the debt instruments, issued for December 31, 2019 and December 31, 2018 are as follows:

	Bonuses	Preference shares	Total
At December 31, 2017	**7,385,933**	**450,752**	**7,836,685**
Interest caused	345,952	40,418	355,899
Payments	(357,763)	(30,471)	(357,763)
Exchange differences	470,198	-	470,198
At December 31, 2018	**7,844,320**	**460,699**	**8,305,019**
Interest caused	428,555	40,641	469,196
Payments	(578,551)	(40,628)	(619,179)
Exchange differences	48,109	-	48,109
At December 31, 2019	**7,742,433**	**460,712**	**8,203,145**

NOTE 22 EQUITY

22.1. Issued capital

The authorized capital of the Company is constituted by 600,000,000 shares of the nominal value $187.50 pesos for each one. The share and paid capital, at December 31, 2019 and 2018, was 581,977,548 shares.

	December 2019	December 2018
Authorized shares	600,000,000	600,000,000
Subscribed and paid shares:		
Ordinary, with nominal value	469,037,260	469,037,260
With a preference dividend, without voting rights	112,940,288	112,940,288
Total shares	**581,977,548**	**581,977,548**
Subscribed and paid capital (nominal value)	109,121	109,121

For the breakdown of the shareholders, see Note 1. Reporting entity.

22.2. Issuance premium

The balance of the account at December 31, 2019 and 2018 is 3,290,767. It includes the highest paid on nominal value of the shares that are charged when disposing of them.

22.3. Reserves

The reserves consist of the following concepts:

	December 2019	December 2018
Legal Reserve (1)	138,795	138,795
Occasional Reserve (2)	4,095,437	3,766,930
Total reserves	**4,234,232**	**3,905,725**

[1] legal reserve:

In compliance with Article 452 of the Código de Comercio de la República de Colombia (Commercial Code of the Republic of Colombia), which establishes that public limited companies will constitute a legal reserve, that will amount to at least fifty percent of the share capital, formed with ten percent of net profits of each reporting. The constitution, of said reserves, will be mandatory until it reaches 50% of the share capital. The legal reserve fulfills two special objectives, increasing and maintaining the capital of the Company, and absorbing losses generated in the operation. Therefore, its value cannot be distributed in dividends for shareholders.

[2] Occasional reserves:

Occasional reserves include the following components:

- In 2019, a value of $6,252,110 and of $5,923,603 in 2018, corresponding to the appropriations, realized by the Shareholders Assembly, which are available when considered with a specific destination.

- Other reserves for a value of $2,156,673 in 2019 and 2018, corresponding to the excesses paid, in the acquisition of non-controlling shares of the pension administrator business. This is recognized as a liability, in the separate financial Statements of the insurance companies, monitored by the Superintendencia Financiera de Colombia (Financial Superintendence of Colombia), but is not allowed, under the Norma de Contabilidad de Información Financiera (Accounting Standard of Financial Statements), accepted in Colombia, for the Consolidated Financial Statement, and therefore is eliminated from the liability.

NOTE 23. DIVIDENDS PAID AND DECLARED

The dividends paid and decreed, at the cut-off date are:

Dividends payable at December 31, 2017	**2,378**
Ordinary declared	347,665
Preference declared	58,503
Subtotal dividends declared	**406,168**
Paid ordinary shares	(287,378)
Paid preference shares	(43,758)
Subtotal dividends paid	**(331,136)**
Dividends payable at December 31, 2018	**77,348**
Ordinary declared	387,134
Preference declared	62,117

Subtotal dividends declared	**449,251**
Paid ordinary shares	(383,434)
Paid preference shares	(61,127)
Subtotal dividends paid	**(444,561)**
Dividends payable at December 31, 2019	**81,949**

In Colombia, dividends are distributed on the basis of separate, non-consolidated financial statements.

NOTE 24. OTHER COMPREHENSIVE INCOME

Below is the other comprehensive income from the accumulated, and for the period:

	Note	December 2019			December 2018		
		Total	**Other Comprehensive Result**	**Non-controlling interest ORI**	**Total**	**Other Integral result**	**Non-controlling interest ORI**
Initial balance other comprehensive income		**2,838,707**	**2,519,074**	**319,633**	**3,101,667**	**2,765,373**	**336,294**
Revaluation assets	24.1	67,653	54,533	13,120	17,587	14,943	2,644
Losses (profits) actuarial plans (post-employment)	24.2	(9,779)	(8,411)	(1,368)	370	336	34
Financial instruments measured at fair value with changes in the OCI	24.3	11,416	10,612	804	(5,793)	(5,641)	(152)
Exchange differences from investments in associate and subsidiaries	24.4	(397,439)	(328,065)	(69,374)	(2,349)	1,704	(4,053)
Hedges with cash flow derivatives	24.5	130,039	109,603	20,436	(99,165)	(83,914)	(15,251)
Hedges with derivatives of net investments abroad	24.6	(62,780)	(52,470)	(10,310)	615	499	116
Surplus for the equity method of associates	24.7	92,147	91,838	309	(173,913)	(174,226)	313
Other Comprehensive Result		**(168,743)**	**(122,360)**	**(46,383)**	**(262,648)**	**(246,299)**	**(16,349)**
Ending balance other comprehensive income Equity		**2,669,964**	**2,396,714**	**273,250**	**2,839,019**	**2,519,074**	**319,945**

Other accumulated comprehensive income is detailed below:

	December 2019	**December 2018**
Revaluation assets	272,154	204,501
Losses (profits) actuarial plans (post-employment)	(20,252)	(10,473)
Financial instruments measured at fair value with changes in the OCI	3,161	(8,255)
Exchange differences from investments in associate and subsidiaries	1,334,340	1,731,779
Hedges with cash flow derivatives	40,452	(89,587)
Hedges with derivatives of net investments abroad	(59,095)	3,997
Surplus for the equity method of associates	1,099,204	1,007,057
	2,669,964	**2,839,019**

24.1. Component: properties by the revaluation method

The component of other comprehensive income of properties, associated with the measurement by revaluation, represents the accumulated value of the profits, for the valuation, at fair value, minus the values transferred to the accumulated profits, and those used for the application of the impairment test, or devaluations presented. Changes in fair value do not reclassify to profit or loss, for the period. (See Note 14. Property and equipment).

	Component	Non-controlling interest	Total
Book value at December 31, 2017	**151,832**	**35,082**	**186,914**
Net profit or loss from the revaluation of property, plant and equipment	(17,874)	(3,998)	(21,872)
Deferred tax	32,817	6,642	39,459
OCI for the period	14,943	2,644	17,587
Book value at December 31, 2018	**166,775**	**37,726**	**204,501**
Net profit or loss from the revaluation of property, plant and equipment	97,645	22,193	119,837
Deferred tax	(43,111)	(9,074)	(52,185)
OCI for the period	54,533	13,119	67,653
Book value at December 31, 2019	**221,308**	**50,845**	**272,154**

24.2. Component: new measurements of defined benefit plans

The component of new measurements of defined benefit plans represents the accumulated value of actuarial profit or loss. The net value of the new measurements is transferred to retained earnings and does not reclassify to the profit and loss for the period. (See Note 18.3.1 Defined benefit plans).

	Component	Non-controlling interest	Total
Book value at December 31, 2017	**(9,163)**	**(1,679)**	**(10,842)**
Post-employment benefits	818	99	916
Deferred tax	(482)	(65)	(547)
OCI for the period	**336**	**34**	**370**
Book value at December 31, 2018	**(8,827)**	**(1,645)**	**(10,473)**
Post-employment benefits	(9,464)	(1,785)	(11,249)
Deferred tax	1,053	416	1,469
OCI for the period	**(8,411)**	**(1,368)**	**(9,779)**
Book value at December 31, 2019	**(17,238)**	**(3,013)**	**(20,252)**

24.3. Component: equity investments measured at fair value through equity

The component of other comprehensive income from equity investments measured at fair value through profit or loss represents the accumulated value of the profits or losses from the valuation at fair value less the values transferred to retained earnings when these investments have been sold. Changes in fair value do not reclassify to the results of the period. (See note 7.1.1, Investments for greater break down).

	Component	Non-controlling interest	Total
Book value at December 31, 2017	**(3,439)**	**977**	**(2,462)**
Net profit or loss from changes in the fair value of equity investments	(6,512)	(355)	(6,867)
Deferred tax	871	203	1,074
OCI for the period	**(5,641)**	**(152)**	**(5,793)**
Book value at December 31, 2018	**(9,080)**	**825**	**(8,255)**
Net profit or loss from changes in the fair value of equity investments	11,331	968	12,299
Deferred tax	(719)	(164)	(883)
OCI for the period	**10,612**	**804**	**11,416**
Book value at December 31, 2019	**1,532**	**1,629**	**3,161**

24.4. Component: profits or losses from translation of businesses abroad

The conversion differences component, represents the cumulative value of the exchange differences, arising from the translation to the presentation currency of the Grupo SURA, in the results and in the net assets of the operations abroad, as well at the profit or loss of hedge instruments, that are designated in a net investment hedge, in a foreign business. Cumulative translation differences, reclassify the results of the period, partially or totally, when the operation is realized abroad. This includes the portion that corresponds to the Grupo SURA, in its investments in associates and joint ventures.

	Component	Non-controlling interest	Total
Book value at December 31, 2017	**1,433,479**	**300,649**	**1,734,128**
Profit or loss from exchange differences	1,704	(4,053)	(2,349)
Book value at December 31, 2018	**1,435,183**	**296,596**	**1,731,779**
Profit or loss from exchange differences	(328,065)	(69,374)	(397,439)
Book value at December 31, 2019	**1,107,118**	**227,222**	**1,334,340**

24.5. Component: cash flow hedges

The other comprehensive income of cash flow hedges component, represents the accumulated value of the effective portion of the profit or losses, that arise from changes, in the fair value of hedged items, in a cash flow hedge. The accumulated value of the profit or loss, will reclassify to the results for the period, only when the covered transaction affects the results for the period, or the highly probable transaction, is not expected to occur, or is included, as part of its book value, in a heading non-financial hedge. (See note 12.2 for further information of hedges).

	Component	Non-controlling interest	Total
Book value at December 31, 2017	**8,007**	**1,571**	**9,578**
Cash flow hedges	(85,585)	(15,049)	(100,634)
Deferred tax	1,671	(202)	1,469
OCI for the period	**(83,914)**	**(15,251)**	**(99,165)**
Book value at December 31, 2018	**(75,909)**	**(13,678)**	**(89,587)**
Cash flow hedges	100,525	18,180	118,705
Deferred tax	9,078	2,256	11,333
OCI for the period	**109,603**	**20,436**	**130,039**
Book value at December 31, 2019	**33,694**	**6,758**	**40,452**

24.6. Component: hedges of net investments abroad

This component of other comprehensive income, records the part of the profit or loss, of the hedging instrument that is determined to be a hedge. (See note 12.2 for more details of hedges)

	Component	Non-controlling interest	Total
Book value at December 31, 2017	**2,744**	**638**	**3,382**
Hedges of net investments abroad	499	116	615
Book value at December 31, 2018	**3,243**	**754**	**3,997**
Hedges of net investments abroad	(52,470)	(10,310)	(62,780)
Other Variations	(312)	-	(312)
Book value at December 31, 2019	**(49,539)**	**(9,556)**	**(59,095)**

24.7. Component: Movement of equity of investments in associates:
The component records the changes in equity in investments in associates, in the application of the equity method (see details in Note 16). Investments accounted for using the equity method).

	Component	Non-controlling interest	Total
Book value at December 31, 2017	**1,179,373**	**1,597**	**1,180,970**
The equity method of associates	(174,226)	313	(173,913)
Book value at December 31, 2018	**1,005,147**	**1,910**	**1,007,057**
The equity method of associates	91,838	309	92,147
Book value at December 31, 2019	**1,096,985**	**2,219**	**1,099,204**

NOTE 25. NON-CONTROLLING INTEREST

Non-controlling interest represented by the interests attributable to third parties, in the investments held in:

December 2019	% Noncontrolling interest	Minority equity	Minority income
Sura Asset Management S.A.	16.4%	1,487,452	118,873
Suramericana S.A.	18.9%	946,554	73,701
AFP Capital S.A.	0.3%	8,725	1
Aseguradora Suiza Salvadoreña S.A. Asesuisa	2.9%	6,539	248
Hábitat Adulto Mayor S.A.	17.3%	4,921	(75)
Seguros Sura S.A (Argentina)	0.6%	367	(487)
Seguros Generales Suramericana S.A (Chile)	0.0%	210	(11)
Seguros Generales Suramericana S.A. (Colombia)	0.0%	142	9
AFP Integra S.A.	0.0%	11	1,141
Asesuisa Vida, S.A. Seguros de Personas	0.0%	4	1
Seguros Sura S.A. (Dominican Republic)	0.0%	2	-
Seguros Sura S.A (Brazil)	0.0%	1	-
Aseguradora de Créditos y Garantías S.A.	0.0%	1	-
Planeco Panamá S.A.	4.7%	(687)	(260)
Total		**2,454,242**	**193,141**

December 2018	% Noncontrolling interest	Minority Equity	Minority income
Sura Asset Management S.A.	16.4%	1,497,901	60,751
Suramericana S.A.	18.9%	908,950	98,993
AFP Capital S.A.	0.3%	8,810	744
Aseguradora Suiza Salvadoreña S.A. Asesuisa	2.9%	6,260	288
Hábitat Adulto Mayor S.A.	17.3%	4,804	(79)
Seguros Sura S.A (Argentina)	0.6%	852	(47)
Seguros Generales Suramericana S.A (Chile)	0.0%	235	3
Seguros Generales Suramericana S.A. (Colombia)	0.0%	145	14
AFP Integra S.A.	0.0%	10	-
Asesuisa Vida, S.A. Seguros de Personas	0.0%	4	1
Seguros Sura S.A. (Dominican Republic)	0.0%	2	-
Seguros Sura S.A (Brazil)	0.0%	1	-
Aseguradora de Créditos y Garantías S.A.	0.0%	1	-
Planeco Panamá S.A.	4.7%	(810)	(260)
Total		**2,427,165**	**160,408**

The following is the non-controlling share of the equity account:

	December 2019	December 2018
Share capital	4,475	4,095
Reserves	577,807	432,824
Other comprehensive income	146,452	320,011
Profit for the period	193,141	160,408
Accumulated profit/loss	1,532,367	1,509,827
	2,454,242	**2,427,165**

NOTE 26. OPERATING SEGMENTS

26.1. Segments to be informed about

For purposes of management, Grupo SURA is organized into business units, according to services provided. Said units of business, are divided, by the following reportable segments:

1. Insurance: Includes companies dedicated to the coverage of the risks, in charge of ensuring or indemnifying all or parts of damages incurred by the appearance of determined accidental situations.

1.1. Life: are classified as companies covering personal risks.

1.2. Non-life: are insurance companies that cover risks different from personal damages

2. Administration of funds:

2.1. Mandatory: the main activity concerns the collection and management of contributions made for employees in individual mandatory savings accounts, or in turn, the administration and payment of the benefits, established for the pension system.

2.2. Voluntary: the main activity focuses on voluntary pension savings, annuities, et. Al.

3. Corporate: This segment includes holding companies whose main objective is the acquisition of investment vehicles. Additionally, other services are reported that are not directly related to the business strategy but that complement the service offering.

4. Services
4.1. Outsourcing: in this segment are the companies dedicated to services and marketing of products and solutions in telecommunications and services of processing of information included

4.2. Health: Includes companies dedicated the provision of services of health, both mandatory and prepaid medicine

4.3. Others: are services that are not directly related to the strategy of business, but that complement the services offered.

The highest authority in the of decision-making of the segments of Grupo SURA, are the Financial Vice Presidencies of subsidiaries, and Grupo SURA, who is in charge of supervising the operating results of the segments of operation, separately, for the purpose of making decisions over the allocation of resources and assessment of performance.

The performance of the segments is evaluated on the basis of the gains or losses for operations, before taxes, and are measured in a uniform manner, with the loss or gain, for operations of the consolidated financial statements.

26.2. Information about operating segments

Consolidated Income Statement at December 31, 2019, by Segment

December 2019	Corporate	Management		Insurance			Services		Eliminations	Total
		Mandatory	Voluntary	Lifetime	No life	Health	Outsourcing	Others		
Premiums issued	-	-	544,256	5,353,366	8,086,507	-	-	-	(27,357)	13,956,772
Premiums	-	-	544,256	5,104,390	7,955,620	-	-	-	(27,357)	13,576,909
Complementary insurance services	-	-	-	248,976	130,887	-	-	-	-	379,863
Premiums ceded	-	-	(885)	(294,860)	(2,453,866)	-	-	-	12,109	(2,737,502)
Retained premiums (net)	**-**	**-**	**543,371**	**5,058,506**	**5,632,641**	**-**	**-**	**-**	**(15,248)**	**11,219,270**
Commission Income	7,511	2,013,058	271,608	22,137	418,096	197	580	4,567	(4,124)	2,733,630
Provision of Services	-	-	-	-	-	4,561,175	249,970	227,795	(1,012,141)	4,026,799
Dividends	553	-	3,390	937	720	-	-	1,581	-	7,181
Investment income	67,631	8,387	127,487	678,783	143,728	10	904	65,565	(1,574)	1,090,921
Gains at fair value-Investments	14,716	371,763	201,829	145,159	208,142	16,053	(256)	194	265	957,865
Gains from equity method of Associates	938,131	202,186	25,497	14,511	34,892	4,512	(52)	35,545	-	1,255,222
Profits from sales of investments	68,082	(5)	90,451	106,739	21,268	(3)	-	22,943	-	309,475
Income from investment properties	3,913	-	2,127	2,547	16,295	2,690	-	4,144	(16,850)	14,866
Other income	20,955	8,558	9,398	64,450	192,757	27,701	940	8,996	(34,201)	299,554
Total income	**1,121,492**	**2,603,947**	**1,275,158**	**6,093,769**	**6,668,539**	**4,612,335**	**252,086**	**371,330**	**(1,083,873)**	**21,914,783**
Total claims	-	-	(699,583)	(3,199,297)	(5,108,345)	-	-	-	159,705	(8,847,520)
Reimbursement of claims	-	-	-	281,475	1,964,536	-	-	-	(1,343)	2,244,668
Retained claims	**-**	**-**	**(699,583)**	**(2,917,822)**	**(3,143,809)**	**-**	**-**	**-**	**158,362**	**(6,602,852)**
Reserves net of production	-	-	(176,834)	(168,608)	59,879	-	-	-	-	(285,563)
Costs of provision of services	-	-	-	1	-	(4,041,894)	(199,373)	(178,104)	573,298	(3,846,072)
Administrative expenses	(132,459)	(339,320)	(84,294)	(494,212)	(693,245)	(260,543)	(9,809)	(46,068)	134,734	(1,925,216)
Employee benefits	(128,948)	(536,333)	(261,739)	(375,502)	(574,387)	(191,020)	(24,536)	(34,168)	3,081	(2,123,552)
Fees	(51,309)	(49,698)	(25,823)	(154,318)	(314,283)	(22,730)	(1,303)	(16,518)	117,957	(518,025)
Broker commissions	-	8,000	(27,791)	(948,297)	(1,471,181)	(4,873)	-	-	5,069	(2,439,073)
Amortization	(114,222)	(51,883)	(9,663)	(6,663)	(107,269)	(1,350)	(288)	-	-	(291,338)
Depreciation	(14,602)	(54,428)	(16,977)	(15,557)	(57,992)	(38,924)	(9,514)	(4,437)	-	(212,431)
Other expenses	(57)	(14,621)	(4,414)	(316,179)	(372,771)	(3,011)	(561)	(64)	82,260	(629,418)
Impairment	(12,706)	552	2,769	(6,090)	(7,974)	6,020	(258)	(1,501)	(2,211)	(21,399)
Operational expenses	**(454,303)**	**(1,037,731)**	**(1,304,349)**	**(5,403,247)**	**(6,683,032)**	**(4,558,325)**	**(245,642)**	**(280,860)**	**1,072,550**	**(18,894,939)**
Operating profit	**667,189**	**1,566,216**	**(29,191)**	**690,522**	**(14,493)**	**54,010**	**6,444**	**90,470**	**(11,323)**	**3,019,844**
Gains at fair value - Derivatives	(7,022)	-	17	426	279	-	-	-	-	(6,300)
Exchange differences (Net)	82,443	13,756	(533)	1,204	-	-	-	-	-	96,870
Interest	(652,342)	(11,487)	(5,368)	(3,217)	(11,615)	(19,708)	(2,428)	(21,269)	11,272	(716,162)
Financial Results	**(576,921)**	**2,269**	**(5,884)**	**(1,587)**	**(11,336)**	**(19,708)**	**(2,428)**	**(21,269)**	**11,272**	**(625,592)**
Profit, before taxes	**90,268**	**1,568,485**	**(35,075)**	**688,935**	**(25,829)**	**34,302**	**4,016**	**69,201**	**(51)**	**2,394,252**
Income taxes	(223,964)	(384,072)	(8,580)	(84,857)	42,380	(9,082)	(2,338)	(13,233)	-	(683,746)
Net Profit, continued operations	**(133,696)**	**1,184,413**	**(43,655)**	**604,078**	**16,551**	**25,220**	**1,678**	**55,968**	**(51)**	**1,710,506**
Net profit, discontinued operations	(5,262)	-	-	13,434	-	-	-	-	-	8,172
Net income	**(138,958)**	**1,184,413**	**(43,655)**	**617,512**	**16,551**	**25,220**	**1,678**	**55,968**	**(51)**	**1,718,678**
Controlling profit	(139,214)	1,183,382	(43,446)	617,559	16,551	25,220	1,678	55,968	(192,161)	1,525,537
Non-controlling profit	256	1,031	(209)	(47)	-	-	-	-	192,110	193,141

Consolidated Income Statement at December 31, 2018, by Segment

December 2018	Corporate	Fund Management		Insurance		Services			Eliminations	Total
		Mandatoy	Voluntary	Lifetime	No Life	Health	Outsourcing	Others		
Premiums issued	-	-	733,491	4,831,148	7,772,582	-	-	-	(72,267)	13,264,954
Premiums	-	-	733,491	4,620,436	7,654,897	-	-	-	(72,267)	12,936,557
Complementary insurance services	-	-	-	210,712	117,685	-	-	-	-	328,397
Premiums ceded	-	-	(1,116)	(287,686)	(2,300,901)	-	-	-	59,597	(2,530,106)
Retained premiums (net)	**-**	**-**	**732,375**	**4,543,462**	**5,471,681**	**-**	**-**	**-**	**(12,670)**	**10,734,848**
Commission Income	-	1,858,134	230,860	33,557	379,212	121	933	5,029	(3,986)	2,503,860
Provision of Services	-	-	-	-	-	3,679,619	246,872	201,929	(835,101)	3,293,319
Dividends	(2,991)	-	3,509	1,530	414	-	-	3,362	-	5,824
Investment income	42,884	13,276	122,098	744,276	121,879	11	646	59,826	(1,780)	1,103,116
Gains at fair value-Investments	18,016	22,339	8,471	44,290	233,280	15,499	(360)	(25)	251	341,761
Gains from equity method of Associates	866,897	90,282	16,040	15,181	29,646	3,419	-	36,718	-	1,058,183
Profits from sales of investments	3,988	7,147	(27,528)	11,266	6,492	(32)	-	12,620	-	13,953
Income from investment properties	765	26	15,534	5,501	10,938	1,256	-	2,579	(12,340)	24,259
Other income	12,496	5,815	2,494	52,414	166,807	25,433	2,109	29,470	(26,340)	270,698
Total income	**942,055**	**1,997,019**	**1,103,853**	**5,451,477**	**6,420,349**	**3,725,326**	**250,200**	**351,508**	**(891,966)**	**19,349,821**
Total claims	-	-	(671,738)	(2,927,991)	(4,160,847)	-	-	-	143,780	(7,616,796)
Reimbursement of claims	-	-	-	229,029	1,539,717	-	-	-	(19,754)	1,748,992
Retained claims	**-**	**-**	**(671,738)**	**(2,698,962)**	**(2,621,130)**	**-**	**-**	**-**	**124,026**	**(5,867,804)**
Reserves net of production	-	-	(107,257)	(225,558)	(345,540)	-	-	-	-	(678,355)
Costs of provision of services	-	-	-	(1)	-	(3,209,924)	(199,513)	(154,631)	465,354	(3,098,715)
Administrative expenses	(117,536)	(331,345)	(77,083)	(409,497)	(605,686)	(230,593)	(10,140)	(52,079)	85,537	(1,748,422)
Employee benefits	(126,494)	(453,924)	(223,826)	(369,806)	(539,995)	(162,692)	(20,567)	(28,715)	1,872	(1,924,147)
Fees	(40,040)	(49,180)	(20,563)	(136,010)	(266,050)	(17,201)	(1,080)	(25,332)	99,339	(456,117)
Broker commissions	-	(24,440)	(18,259)	(730,383)	(1,382,597)	(3,843)	-	-	4,215	(2,155,307)
Amortization	(105,380)	(45,201)	(7,853)	(8,430)	(110,022)	(206)	(191)	-	-	(277,283)
Depreciation	(9,762)	(21,122)	(4,315)	(7,159)	(20,619)	(12,203)	(4,399)	(1,531)	-	(81,110)
Other expenses	(109)	-	(13)	(300,912)	(305,617)	(1,806)	(633)	(55)	96,921	(512,224)
Impairment	(8,906)	(62)	(98)	(5,400)	(6,468)	(529)	(471)	(1,237)	-	(23,171)
Operational expenses	**(408,227)**	**(925,274)**	**(1,131,005)**	**(4,892,118)**	**(6,203,724)**	**(3,638,997)**	**(236,994)**	**(263,580)**	**877,264**	**(16,822,655)**
Operating profit	**533,828**	**1,071,745**	**(27,152)**	**559,359**	**216,625**	**86,329**	**13,206**	**87,928**	**(14,702)**	**2,527,166**
Gains at fair value - Derivatives	69,797	-	(71)	(15)	-	-	-	-	-	69,711
Exchange differences (Net)	(292,056)	-	-	-	-	-	-	-	-	(292,056)
Interest	(603,747)	(3,099)	(1,505)	(133)	(2,185)	(5,915)	(1,107)	(18,011)	10,521	(625,181)
Financial Results	**(826,006)**	**(3,099)**	**(1,576)**	**(148)**	**(2,185)**	**(5,915)**	**(1,107)**	**(18,011)**	**10,521**	**(847,526)**
Profit, before taxes	**(292,178)**	**1,068,646**	**(28,728)**	**559,211**	**214,440**	**80,414**	**12,099**	**69,917**	**(4,181)**	**1,679,640**
Income taxes	105,934	(267,131)	(4,565)	(17,972)	(60,046)	(9,006)	(4,752)	(15,751)	-	(273,289)
Net Profit, continued operations	**(186,244)**	**801,515**	**(33,293)**	**541,239**	**154,394**	**71,408**	**7,347**	**54,166**	**(4,181)**	**1,406,351**
Net profit, discontinued operations	2,301	-	-	(65,364)	-	-	-	-	-	(63,063)
Net income	**(183,943)**	**801,515**	**(33,293)**	**475,875**	**154,394**	**71,408**	**7,347**	**54,166**	**(4,181)**	**1,343,288**
Controlling profit	(183,474)	800,718	(33,248)	475,875	154,394	71,408	7,347	54,166	(164,306)	1,182,880
Non-controlling profit	(469)	797	(45)	-	-	-	-	-	160,125	160,408

Income between segments is eliminated in consolidation and are recognized under "eliminations".

26.3. Geographic information

Grupo SURA presents investments in the following Countries: Colombia, Chile, Argentina, Brazil, Curacao, El Salvador, Spain, Holland, Cayman Islands, Luxembourg, Mexico, Panama, Peru, Dominican Republic, and Uruguay.

The following table shows the distribution of income, by geographical area:

	December 2019	December 2018
Colombia	12,871,102	10,839,426
Chile	3,325,241	3,241,141
Mexico	2,246,753	1,970,087
Argentina	913,052	1,086,136
Brazil	564,822	487,902
Peru	504,005	436,068
Panama	477,202	422,081
El Salvador	437,384	322,379
Uruguay	374,197	406,119
Dominican Republic	196,239	158,212
Bermuda	4,786	(19,763)
Spain	-	(1)
Holland	-	34
Total	**21,914,783**	**19,349,821**

Below is a table with the distribution of assets by geographic area:

	December 2019	December 2018
Colombia	37,511,777	35,835,299
Chile	15,017,890	19,533,955
Mexico	7,524,404	6,817,769
Peru	3,186,768	3,102,182
Argentina	1,251,902	1,303,203
Brazil	1,153,894	1,089,623
Panama	1,081,945	1,187,028
Uruguay	967,575	1,033,278
El Salvador	784,060	666,093
Dominican Republic	485,297	407,746
Bermuda	72,318	92,143
Spain	-	5,053
Total	**69,037,830**	**71,073,372**

The following table shows the net profit, by Country:

	December 2019	December 2018
Colombia	840,082	706,619
Mexico	380,592	251,161
Chile	318,997	193,437
Peru	159,431	127,734
Panama	44,035	34,785
Uruguay	36,987	21,620
Dominican Republic	19,655	7,078
El Salvador	8,586	10,009
Bermuda	1,072	70
Brazil	(1,659)	912
Argentina	(89,100)	(8,555)
Spain	-	(848)
Holland	-	(734)
Total	**1,718,678**	**1,343,288**

26.4. Income statement by Company

The following is the income statement of Grupo de Inversiones Suramericana by company:

December 2019	Grupo Sura	Suramericana and Subsidiaries	Sura Asset Management and Subsidiaries	ARUS and Subsidiaries	Others	Eliminations and adjustments	Total
Premiums issued	-	13,268,623	690,786	-	-	(2,637)	13,956,772
Premiums	-	12,888,760	690,786	-	-	(2,637)	13,576,909
Complimentary insurance services	-	379,863	-	-	-	-	379,863
Premiums ceded	-	(2,702,438)	(35,064)	-	-	-	(2,737,502)
Retained premiums (net)	**-**	**10,566,185**	**655,722**	**-**	**-**	**(2,637)**	**11,219,270**
Commision Income	-	442,216	2,292,177	580	-	(1,343)	2,733,630
Provision of Services	-	3,807,754	-	249,970	17,347	(48,272)	4,026,799
Dividends	(2,769)	1,483	5,261	-	3,205	1	7,181
Investment income	2,273	726,616	360,860	906	265	1	1,090,921
Gains at fair value-Investments	24	375,798	582,037	(259)	-	265	957,865
Gains from the Equity Method, Associates	1,031,269	(996)	227,683	(53)	(2,681)	-	1,255,222
Gains in sales of investments	1,365	86,314	192,841	-	28,954	1	309,475
Income from investment properties	-	8,297	2,696	-	3,873	-	14,866
Other income	323	271,286	30,302	953	132	(3,442)	299,554
Total revenue	**1,032,485**	**16,284,953**	**4,349,579**	**252,097**	**51,095**	**(55,426)**	**21,914,783**
Total claims	-	(7,934,200)	(917,747)	-	-	4,427	(8,847,520)
Reimbursement of claims	-	2,244,668	-	-	-	-	2,244,668
Retained claims	**-**	**(5,689,532)**	**(917,747)**	**-**	**-**	**4,427**	**(6,602,852)**
Reserves net of production	-	(114,704)	(170,859)	-	-	-	(285,563)
Costs of provision of services	-	(3,636,062)	-	(199,373)	(10,853)	216	(3,846,072)
Administrative expenses	(33,508)	(1,424,623)	(501,443)	(9,844)	(3,491)	47,693	(1,925,216)
Employee benefits	(33,437)	(1,189,224)	(876,359)	(24,536)	(1,621)	1,625	(2,123,552)
Fees	(9,927)	(399,495)	(110,256)	(1,398)	(205)	3,256	(518,025)
Broker commissions	-	(2,418,470)	(20,604)	-	-	1	(2,439,073)
Amortization	-	(113,881)	(177,169)	(288)	-	-	(291,338)
Depreciation	(2,213)	(113,132)	(82,818)	(9,514)	(4,754)	-	(212,431)
Other expenses	(1)	(609,645)	(19,211)	(561)	-	-	(629,418)
Impairment	-	(11,972)	5,837	(258)	(12,794)	(2,212)	(21,399)
Operational expenses	**(79,086)**	**(15,720,740)**	**(2,870,629)**	**(245,772)**	**(33,718)**	**55,006**	**(18,894,939)**
Operating profit	**953,399**	**564,213**	**1,478,950**	**6,325**	**17,377**	**(420)**	**3,019,844**
Gains at fair value - Derivatives	(4,527)	697	(2,471)	-	-	1	(6,300)
Exchange differences (Net)	(17,354)	-	114,224	-	-	-	96,870
Interest	(355,633)	(122,283)	(231,525)	(2,431)	(4,289)	(1)	(716,162)
Financial Results	**(377,514)**	**(121,586)**	**(119,772)**	**(2,431)**	**(4,289)**	**-**	**(625,592)**
Gains, before taxes	**575,885**	**442,627**	**1,359,178**	**3,894**	**13,088**	**(420)**	**2,394,252**
Income tax	17,168	(52,299)	(642,362)	(2,338)	(3,915)	-	(683,746)
Net gains continuous operations	**593,053**	**390,328**	**716,816**	**1,556**	**9,173**	**(420)**	**1,710,506**
Net gains from discontinued operations	-	-	8,172	-	-	-	8,172
Net income	**593,053**	**390,328**	**724,988**	**1,556**	**9,173**	**(420)**	**1,718,678**
Controlling profit	593,164	390,571	723,846	1,445	9,508	(192,997)	1,525,537
Non-controlling profit	(111)	(243)	1,142	111	(335)	192,577	193,141

December 2018	Grupo Sura	Suramericana and Subsidiaries	Sura Asset Management and Subsidiaries	ARUS and Subsidiaries	Others	Eliminations and adjustments	Total
Premiums issued	-	11,964,208	1,106,391	-	-	194,355	13,264,954
Premiums	-	11,635,810	1,106,391	-	-	194,356	12,936,557
Complimentary insurance services	-	328,398	-	-	-	(1)	328,397
Premiums ceded	-	(2,420,032)	(46,333)	-	-	(63,741)	(2,530,106)
Retained premiums (net)	**-**	**9,544,176**	**1,060,058**	**-**	**-**	**130,614**	**10,734,848**
Commission Income	-	415,332	2,088,994	933	-	(1,399)	2,503,860
Provision of Services	-	3,073,520	-	246,872	15,880	(42,953)	3,293,319
Dividends	(587)	1,882	3,690	-	839	-	5,824
Investment income	2,515	655,868	436,676	657	256	7,144	1,103,116
Gains at fair value	(3,060)	351,633	(6,431)	(360)	3	(24)	341,761
Gains from the Equity Method, Associates	941,260	10,602	106,322	-	-	(1)	1,058,183
Gains in sales of investments	1,698	32,919	(19,688)	-	-	(976)	13,953
Income from investment properties	-	3,767	19,790	-	702	-	24,259
Other income	4,433	253,089	15,681	2,109	184	(4,798)	270,698
Total revenue	946,259	14,342,788	3,705,092	250,211	17,864	87,607	19,349,821
Total claims	-	(6,667,639)	(875,553)	-	-	(73,604)	(7,616,796)
Reimbursement of claims	-	1,748,992	-	-	-	-	1,748,992
Retained claims	**-**	**(4,918,647)**	**(875,553)**	**-**	**-**	**(73,604)**	**(5,867,804)**
Reserves net of production	-	(313,399)	(349,136)	-	-	(15,820)	(678,355)
Costs of provision of services	-	(2,888,544)	-	(199,513)	(10,725)	67	(3,098,715)
Administrative expenses	(30,706)	(1,265,990)	(470,196)	(10,504)	(3,105)	32,079	(1,748,422)
Employee benefits	(23,714)	(1,091,429)	(757,169)	(20,567)	(1,353)	(29,915)	(1,924,147)
Fees	(9,843)	(351,847)	(91,138)	(1,158)	(172)	(1,959)	(456,117)
Broker commissions	-	(2,101,530)	(53,808)	-	-	31	(2,155,307)
Amortization	-	(115,908)	(160,773)	(191)	-	(411)	(277,283)
Depreciation	(1,306)	(38,954)	(32,335)	(4,399)	(3,955)	(161)	(81,110)
Other expenses	-	(511,378)	(13)	(633)	(204)	4	(512,224)
Deterioro	-	(12,380)	(827)	(471)	(8,598)	(895)	(23,171)
Operational expenses	**(65,569)**	**(13,610,006)**	**(2,790,948)**	**(237,436)**	**(28,112)**	**(90,584)**	**(16,822,655)**
Operating profit	**880,690**	**732,782**	**914,144**	**12,775**	**(10,248)**	**(2,977)**	**2,527,166**
Gains at fair value - Derivatives	92,159	-	(22,448)	-	-	-	69,711
Exchange differences (Net)	(274,556)	-	(17,501)	-	-	1	(292,056)
Interest	(333,494)	(91,898)	(195,001)	(1,107)	(3,662)	(19)	(625,181)
Financial Results	**(515,891)**	**(91,898)**	**(234,950)**	**(1,107)**	**(3,662)**	**(18)**	**(847,526)**
Gains, before taxes	**364,799**	**640,884**	**679,194**	**11,668**	**(13,910)**	**(2,995)**	**1,679,640**
Income tax	93,991	(116,015)	(246,873)	(4,765)	(857)	1,230	(273,289)
Net gains continuous operations	**458,790**	**524,869**	**432,321**	**6,903**	**(14,767)**	**(1,765)**	**1,406,351**
Net gains from discontinued operations	(3,432)	-	(61,323)	-	-	1,692	(63,063)
Net income	**455,358**	**524,869**	**370,998**	**6,903**	**(14,767)**	**(73)**	**1,343,288**
Controlling profit	455,753	524,613	370,320	6,508	(15,106)	(159,208)	1,182,880
Non-controlling profit	(395)	256	678	395	339	159,135	160,408

NOTE 27. INCOMES AND EXPENSES FROM COMMISSIONS

27.1. Income from commissions

The income from commissions, of Grupo SURA, are as follows:

	December 2019	December 2018
Administration of mandatory pension funds	1,996,580	1,866,450
Income on cession	433,512	393,534
Others (*)	159,818	129,522
Administration of voluntary pension funds	137,000	95,119
Profit sharing of reinsurance	4,976	6,933
Income/Cancellations from reinsurance	1,744	12,302
Total	**2,733,630**	**2,503,860**

(*) Includes, primarily, income from management clients' portfolio received.

The following is a breakdown of commission income, by Country:

	December 2019	December 2018
Mexico	989,749	837,907
Chile	906,142	827,124
Peru	426,177	436,168
Colombia	207,694	209,009
Uruguay	79,480	89,497
Brazil	36,167	19,389
Argentina	29,437	32,546
Dominican Republic	27,432	22,229
Panama	20,356	20,773
El Salvador	7,806	6,388
Bermuda	3,190	2,830
Total	**2,733,630**	**2,503,860**

27.2. Commission expenses

A breakdown of the commissions to intermediaries is as follows:

	December 2019	December 2018
Deferred acquisition costs (DAC)	(1,626,805)	(1,568,895)
Insurance Management	(510,778)	(384,677)
Personal damage insurance	(205,875)	(119,955)
Occupational hazards	(81,968)	-
Mandatory insurance	(8,465)	(9,239)
Accepted coinsurance	(3,130)	(2,936)
Acceptance expenses	(1,692)	(102)
Social security insurance	(360)	(69,503)
Total	**(2,439,073)**	**(2,155,307)**

A breakdown of expenses to intermediaries, by Country, is as follows:

	December 2019	DEcember 2018
Colombia	(1,132,861)	(921,373)
Chile	(436,191)	(418,841)
Argentina	(213,780)	(242,500)
Brazil	(196,603)	(167,799)
Mexico	(162,574)	(148,995)
Panama	(95,070)	(80,064)
El Salvador	(91,579)	(75,955)
Uruguay	(63,288)	(61,377)
Dominican Republic	(42,202)	(34,929)
Peru	(2,996)	(2,475)
Bermuda	(1,929)	(999)
Total	**(2,439,073)**	**(2,155,307)**

NOTE 28. PROVISION OF SERVICES

The revenues and costs for rendering services correspond basically to the EPS SURA and outsourcing companies of Arus Holding.

28.1. Income from provision of services

The income for services rendered, of Grupo SURA, is as follows:

	December 2019	December 2018
Income from health -promoting entities - EPS	3,571,348	2,854,567
Laboratory services	136,576	116,455
Maintenance and repairs	106,582	100,038
Income from health services entities - IPS	101,361	101,631

Data processing	41,253	48,434
Rental of machinery and equipment	27,157	28,077
Sales of office machinery, office equipment, and computer programs	18,308	21,890
Activities related to wiring	17,205	12,931
Sale of parts, pieces, and accessories	3,679	3,508
Telecommunication services	1,740	1,850
Business consultancy activities	1,364	3,574
Community, social, and personal service activities	135	132
Other	91	232
Total	**4,026,799**	**3,293,319**

A breakdown of income from services rendered, by Country is as follows:

	December 2019	December 2018
Colombia	4,026,402	3,292,959
Panama	397	360
Total	**4,026,799**	**3,293,319**

28.2. Costs for the provision of services

costs for services rendered, of Grupo SURA, are as follows:

	December 2019	December 2018
Cost of sales of services – EPS	(2,848,866)	(2,213,713)
Cost of sales of services – IPS	(620,227)	(531,098)
Data processing	(128,680)	(112,790)
Business consulting activities	(79,595)	(70,574)
Sale of parts, pieces, and accessories	(79,333)	(67,236)
Consulting of computer equipment and software	(44,177)	(61,669)
Sale of office machinery equipment and computer programs	(18,144)	(16,688)
Maintenance and repairs	(15,418)	(13,390)
Contributions to pensions	(7,424)	(7,303)
Depreciation	(3,211)	(3,248)
Amortization	(997)	(888)
Community, social, and personal service activities	-	(118)
Total	**(3,846,072)**	**(3,098,715)**

A breakdown of the costs for services rendered, by Country, is:

	December 2019	December 2018
Colombia	(3,845,424)	(3,097,984)
Panama	(648)	(731)
Total	**(3,846,072)**	**(3,098,715)**

NOTE 29. FINANCIAL RESULT

Financial income and expenses of Grupo SURA and its subsidiaries, at December 31, 2019 and 2018, are as follows:

	December 2019	December 2018	Var $	Var %
Earnings at fair value - Derivatives [1]	(6,300)	69,711	(76,011)	-109%
Exchange differences (net) [2]	96,870	(292,056)	388,926	-133%
Interest [3]	(716,162)	(625,181)	(90,981)	15%
Total	**(625,592)**	**(847,526)**	**221,934**	**-26%**

(1) Corresponds to the valuation of the derivatives that are classified as hedges.
(2) Corresponds to difference in net exchange rate for financial liabilities.
(3) Below is a detail of interest as of the cut-off date:

	December 2019	December 2018
Securities issued	(462,702)	(345,952)
Bank loans	(90,294)	(185,970)
Preference shares	(40,641)	(40,418)
Financial leasing (note 8)	(44,885)	(5,342)
Repo operations	(1,979)	228
Amortization of investment securities	(2,401)	-
Hedging operations	(67,153)	59
Others	(6,107)	(47,787)
Total	**(716,162)**	**(625,181)**

NOTE 30. OTHER INCOME AND EXPENSES

30.1 Other Income

The following is a breakdown of other income:

	December 2019	December 2018
Others	128,409	116,987
Policies	61,388	55,604
Moratoriums for collection of contributions	53,298	52,611
Recoveries and recuperations	29,343	25,400
Expenses recognized by reinsurers	12,608	8,471
Recovery other than operating risk insurance	6,151	80
Conditional commercial discounts	5,660	5,941
Demand deposits	1,319	2,713
Reimbursements for occupational illness	990	791
Termination of leases	822	-
Buildings	588	923
Vehicles	536	340
Land	140	170

	December 2019	December 2018
Other concepts	97	686
For claims	77	17
Returns on transfer commitments in repo operations	75	-
Computer equipment	41	6
Equipment, furniture, and office equipment	(292)	59
Cancellations and/or annulments of other reinsurance income	(582)	-
Recognized interest	(1,114)	(1,160)
Simultaneous operations	-	228
Activities in joint ventures	-	831
Total	**299,554**	**270,698**

* Corresponds to recovery of provisions, leases and services

The following are other expenses, by Country:

	December 2019	December 2018
Colombia	109,347	122,277
Mexico	59,878	34,118
Argentina	49,568	44,795
Chile	22,368	12,419
El Salvador	21,820	14,678
Brazil	17,205	27,942
Panama	7,928	4,516
Uruguay	7,750	5,143
Dominican Republic	2,122	2,223
Peru	1,557	2,521
Bermuda	11	32
Holland	-	34
Total	**299,554**	**270,698**

30.2 Other Expenses

The following is a breakdown of the other expenses:

	December 2019	**December 2018**
Costs non-proportional contracts	(431,427)	(330,200)
Occupational risk prevention and promotion services	(140,249)	(125,514)
Restatement of non-monetary items	(21,576)	(42,746)
Storage fees	(18,739)	-
Expenses generated in operations and joint ventures	(13,643)	(11,000)
Losses from claims	(3,213)	(1,949)
Credit portfolio	(560)	(633)
Property	(10)	(216)
Bonuses	(1)	(11)
Total	**(629,418)**	**(512,269)**

The following are other expenses, by Country:

	December 2019	December 2018
Colombia	(260,365)	(226,125)
Chile	(218,791)	(140,408)
Mexico	(61,976)	(38,998)
Argentina	(32,561)	(56,779)
Dominican Republic	(11,138)	(9,371)
Uruguay	(10,674)	(13,903)
Panama	(10,564)	(7,066)
El Salvador	(10,323)	(12,651)
Brazil	(7,786)	(6,920)
Peru	(5,240)	-
Total	**(629,418)**	**(512,221)**

NOTE 31. HYPERINFLATION

It is worth noting that during fiscal years 2019 and 2018, Argentina faced a very important economic crisis which generated a significant drop in consumption, production and other macroeconomic variables that impacted, directly and indirectly, on the insurance activity carried out in the country.

On the other hand, inflation during 2019 accelerated with respect to 2018, reaching, according to official figures, an inflation of approximately 54% (48% in 2018). Consequently, given that Argentina reached an accumulated inflation rate of over 100% in the last 3 years, as of 7/1/2018 it became mandatory to apply IAS 29 (Hyperinflationary Economies) for the purpose of reporting the Company's figures to the Parent Company.

Also, during the year 2019 the Argentine peso (ARS) devaluated with respect to the Colombian peso (COP) by 36% while by 2018 the devaluation was 47%.

In addition, the uncertainty produced by the results of the primary elections and the alteration in the macroeconomic variables, plus the measures taken by the government at that time to face the economic emergency, were perceived in the international financial markets as an expansion of the sustainability risks of Argentina's debt, and this caused the rating agencies to lower Argentina's sovereign rating. Among the variables observable in the market with high volatility, the price of the foreign currency was one of the government's main concerns because of its effect on inflation, and this led it to adopt a series of transitory measures to regulate the exchange rate regime more intensely.

The assumption of a new national government on 10 December 2019 began a process of change from the policies of the previous administration.

The new government has made it a priority to address solutions to difficulties in the economic and social areas. To this end, it has decided to take the necessary steps to renegotiate the payment of the foreign debt, while, in order to recover the sustainability of this debt over time, it has incorporated measures aimed at preserving the reserves of the Central Bank of the Argentine Republic (BCRA), reducing the fiscal deficit and obtaining improvements in the productive capacity.

In the internal order, efforts are aimed at normalizing the main macroeconomic variables, which requires getting entrepreneurs, workers, unions and the State to negotiate wages and prices, in order to balance income and consumption and reduce inflation, and at the same time, implement direct actions to solve the immediate needs of the most vulnerable sectors of society and attend to other budgetary expenditures with genuine resources, for which the government has installed a concept of solidarity that entails, among other aspects, greater tax pressure on those sectors that, according to it, have a greater contributory capacity.

The recognition of inflationary adjustments of the companies in Argentina is made in the result and in equity, the effects in the financial statements as of December 31, 2019 are as follows:

	December 2019	DEcember 2018
Impacts on net income	(37,194)	(43,030)
Impacts on equity	32,041	17,493

The accounts affected in the asset, corresponding to non-monetary items, were the intangibles, and the properties and equipment, which before the restatement, were measured at historical cost, except for real estate that is measured at fair value.

Selection and use of a general price index

For the restatement of the Financial Statements, the index resulting from the splice between the Wholesale Index (IPIM) and the Consumer Price Index (CPI) was used, in accordance with the pronouncement and recommendation of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), (Argentine Federation of Professional Science Councils. Economic), since the CPI was only published at December 2016. At the moment there are no indications of the use of another index to reflect the loss of purchasing power of the Argentine peso (ARS).

The interannual inflation rates of the last 3 years have been:

December 2019	December 2018	December 2017	December 2016
53.80%	47.60%	24.80%	33.10%

Source: Central Bank of the Republic of Argentina

The detail of the restatement by income statement is presented below:

	December 2019	December 2018
Asset	17,773	22,516
Results	8,715	(3,135)
Liabilities	(1,385)	(2,453)
Equity	(62,297)	(59,958)
Total	**(37,194)**	**(43,030)**

NOTE 32. ADMINISTRATIVE EXPENSES

Administrative expenses, of Grupo SURA, per Company, at December 31, 2019 and 2018, are as follows:

	December 2019	December 2018
Taxes	(328,059)	(280,021)
Others *	(313,323)	(290,554)
Contributions	(167,049)	(153,767)
Advertising	(163,349)	(131,966)
Maintenance and repairs	(162,777)	(104,346)
Commissions	(146,243)	(130,931)
Public services	(127,759)	(103,569)
Temporary services	(126,397)	(115,776)
Travel and representation expenses	(104,215)	(93,705)
Legal	(70,443)	(52,941)
Electronic data processing	(64,741)	(43,509)
Selling expenses	(48,169)	(31,960)
Supplies and stationery	(34,431)	(51,911)
Leases	(28,366)	(129,009)
Insurance	(24,412)	(21,067)
Occupational risk fund	(15,483)	(13,390)
Total	**(1,925,216)**	**(1,748,422)**

(*) They mainly correspond to expenses for cleaning, surveillance, transport and subscription services, public relations expenses and donations.

The administrative expenses, of Grupo SURA, by Country, at December 31, 2019 and 2018, are as follows:

	December 2019	December 2018
Colombia	(1,037,092)	(920,543)
Mexico	(282,230)	(246,410)
Chile	(229,708)	(215,916)
Argentina	(110,396)	(116,982)
Peru	(69,968)	(71,845)
Brazil	(58,294)	(41,567)
Uruguay	(54,182)	(55,691)
Panama	(44,367)	(32,820)

El Salvador	(24,856)	(34,322)
Dominican Republic	(13,073)	(11,356)
Bermuda	(1,050)	(970)
Total	**(1,925,216)**	**(1,748,422)**

NOTE 33. Fees

The expenses from fees, for Grupo SURA, are as follows:

	December 2019	December 2018
Other *	(283,139)	(267,743)
Insurance promoters	(82,386)	(76,458)
Assistance	(69,785)	(46,589)
Commissions	(27,368)	(23,544)
Financial advice	(19,968)	(9,304)
Legal Advice	(17,467)	(13,826)
Tax inspection	(10,552)	(12,817)
Board of Directors	(6,520)	(5,766)
Appraisals	(840)	(70)
Total	**(518,025)**	**(456,117)**

(*) Corresponds mainly to technical expenses of inspection and evaluation for entry into policies.

breakdown of the income from fees, of each country, is as follows:

	December 2019	December 2018
Colombia	(315,965)	(288,432)
Chile	(65,821)	(59,229)
Mexico	(37,045)	(41,213)
Argentina	(26,170)	(6,341)
Panama	(24,440)	(20,157)
Uruguay	(20,518)	(19,575)
Brazil	(14,241)	(9,833)
Peru	(9,419)	(7,454)
El Salvador	(2,153)	(1,945)
Dominican Republic	(1,499)	(1,343)
Bermuda	(754)	(595)
Total	**(518,025)**	**(456,117)**

NOTE 34. EARNINGS PER SHARE

Basic earnings for share are calculated by dividing profit and loss, attributable to Shareholders, by the number of outstanding shares, during the year.

The following table shows the data on income and shares used in basic earnings:

	December 2019	December 2018
Profit, net	1,718,678	1,343,288
Non-controlling profit	193,141	160,408
Controlling profit	**1,525,537**	**1,182,880**
Profit, net of discontinued operations	8,172	(63,063)
Profit, net of non-controlling discontinued operations	1,342	(10,071)
Profit, net of controlling company's discontinued operations	**6,830**	**(52,992)**
Plus: Interest expense on preference shares (1) (note 21)	40,641	40,418
Less: undistributed earnings to preference stockholders (2)	(303,937)	(237,397)
Profit from continuing operations	**1,255,411**	**1,038,893**
Ordinary shares	469,037,260	469,037,260
Earnings per share from continuing operations	**2,677**	**2,215**
Profit from ordinary discontinued operations	**6,830**	**(52,992)**
Earnings per share from discontinued operations	**15**	**(113)**

[1] It corresponds to the minimum guaranteed dividend of the preferential shares caused as an expense during the period.

[2] Corresponds to the portion of the parent company's earnings attributable to the preferred shares that has not been declared as a dividend.

NOTE 35. TRANSLATION OF A BUSINESS ABROAD AND FOREIGN CURRENCIES

The rates used for foreign currency translation in the consolidated financial statements are:

	Average rate		Closing rate	
	December 2019	**December 2018**	**December 2019**	**December 2018**
Colombian Peso (COP / USD)	3,281.09	2,956.43	3,277.14	3,249.75
Chilean peso (CLP / USD)	702.94	642.00	752.78	697.28
Dominican Peso (PDO / USD)	51.34	49.54	52.98	50.49
Euro (EUR / USD)	0.89	0.85	0.89	0.87
Mexican Peso (MXN / USD)	19.25	19.23	18.88	19.58
Peruvian Nuevo Sol (PEN / USD)	3.34	3.29	3.31	3.37
Uruguayan Peso (UYU / USD)	35.25	30.72	37.22	32.40
Argentina (ARS / USD)	48.24	28.12	59.86	37.98
Brazil (BRS / USD)	3.94	3.65	4.03	3.87

NOTE 36. OBJECTIVES AND POLICIES OF RISK MANAGEMENT

The following information describes the main characteristics of the Marco de Gobierno de Sistema de Gestión de Riesgos (Government Framework for Risk Management System) in the Companies of the Grupo Empresarial, and some initial definitions in relation to the Conglomerates Law. Likewise, the most relevant risks, to which the Companies are exposed, are analyzed, taking into account the characteristics, complexity, and size of their businesses, and the particularities of the geographies where they have presence.

1. Governance Framework of the Risk Management System

For the Grupo Empresarial SURA, risk management is a dynamic and interactive process, framed within the internal control system, whose purpose is to support the achievement of strategic objectives and the sustainability of the Companies. The Risk Management System allows the creation of strategic, administrative, and operational decisions, aimed at the creation of value, not only maximizing revenues, under tolerable risk levels, but also understanding the global trends and the internal context of the Companies, creating control mechanisms, and ensuring the sustainability, and continuity of business in the long-term.

This there is a framework of risk management that allows companies to articulate, to generate value through their interaction, and face the new challenges and opportunities of a changing environment.

The Board of Directors, its Committees, and the Senior Management of each of the Companies, are responsible for an adequate Risk Management System and to make decisions based on an understanding of the opportunities and risks involved in each strategic issue. These responsibilities are complemented by an organizational structure, policies, and manuals, which seek consistency and feedback with the organizational risk strategy.

Grupo SURA has adequate communication and interaction mechanisms to monitor the Group's risk profile and management, including, among others, participation in the Boards of Directors, Committees, and joint spaces to share best practices, realize reports, and execute projects.

In addition to the existing risk management system, the Conglomerates Law, issued on September 21, 2017, provides new obligations for the Grupo SURA, as a Financial Holding of the Conglomerate in the area of risk management. The scope of this system covers not only the Business Group, but also all the Companies that make up the Financial Conglomerate. This regulation seeks to develop a Risk Management Framework for the SURA Financial Conglomerate, emphasizes the development of guidelines, to define risk appetite and the management of strategic, contagion, concentration, and reputational risks.

2. Risk Categories

The following are the main risks around which the Companies prioritizes and focuses their management, grouped into three categories: i) Financial Risks, ii) Business Risks and iii) Operational Risks.

2.1 Financial Risk Management

Financial Risks are those risks whose impact on the financial results of the Companies is caused by changes in market conditions or by the breach of obligations that third parties have with the Companies. The performance of the financial markets and the economies of the region have effects on the operation of the businesses and, therefore, on their financial results.

Additionally, for the Grupo Empresarial SURA , it is essential to have optimal capital structures, adequate levels of solvency, and the resources to guarantee the financial solidity that allows them to respond to the acquired obligations and comply with the expansion plans, which requires management systems, to monitor the exposure to the different financial risks (credit, market and liquidity risks) from the management of the treasuries, the investment portfolios and the responsibility to manage the portfolios of third parties.

The first six months of 2019 took place in a global economic environment with high levels of volatility due to geopolitical and trade tensions. The side effects of this context were evident in the economic slowdown that occurred in several Latin American countries, which eventually led to a slowdown in the projected growth of the region. The trade war between the United States and China, and the high complexity of the BREXIT resolution, were the factors that generated the greatest impact on the exchange rate of emerging countries, particularly on the Colombian peso, the Brazilian real and the Argentine peso.

In turn, the economic and political context that developed in Argentina not only impacted its exchange rate and financial market, but also went beyond its borders, generating various economic impacts at regional level. The result of the elections known as "PASO" *(Primary elections in Argentina*), held at the beginning of August, reflected the desire of the Argentine people to return power to Kirchnerism, a decision that generated high levels of uncertainty among local and international investors, causing great capital flight; and the implementation of economic measures such as the imposition of an exchange rate trap at the institutional and individual level, and a restructuring of short-term sovereign debt. Additionally, and to aggravate the current situation, inflation in the country closed close to the highest levels in the last 2 decades (53.8%) and, at the end of December, the new Peronist government was forced to launch an emergency economic reform in order to maintain the health of the public accounts to demonstrate to the different creditors (among them the IMF), the sustainable growth strategy that it is considering in the long term. Some of the measures taken in this regard were to increase taxes on personal income and financial assets held abroad, defining a tax rate of 30% on purchases in dollars and an additional 3% on exports of soybeans, wheat and corn.

On the other hand, the global economic slowdown led the Central Banks of the world's main economies (except for the Federal Reserve - FED) to adjust their monetary policies during the second half of the year, in order to encourage consumption and growth at the local and global level. In this context, the United States was the exception, since as a result of the moderate growth in its economy and strength of the labor market (particularly the last few months of the year), the FED, which had been making cuts, maintained the intervention rate during the last quarter of the year.

The Eurozone has continued to slow down its growth since 2017, showing possible effects on business and investor confidence as a result of BREXIT and its implementation. In turn, the challenges that remain in France with Macron, Merkel's chancellery in Germany and the economic slowdown in Italy, have also left gaps in the growth of the region.

In Latin America, and aligned with the global situation, there was less economic growth in 2019, mainly represented by social and political unrest in large economies such as Argentina, Venezuela and Chile. However, the projections presented by the World Bank for 2020 recognize a recovery in Brazil thanks to the recent fiscal reform, less political uncertainty in Mexico and a recovery in Argentina after the financial stress it was subjected to at the end of last year. Despite this better scenario, 2020 brings challenges in industrial growth and foreign trade that have decreased in recent months.

The main financial risks will then be characterised and the exposures to these risks in the different activities carried out by the Companies that make up the Business Group will be detailed. In this analysis, credit risk, market risk (currency, interest rate, inflation and asset price) and liquidity risk will be taken into account.

2.1.1 Credit Risk Management

Credit risk management seeks to reduce the probability of incurring losses arising from the failure of third parties to meet their financial obligations to the Companies. To this end, policies and procedures have been defined to facilitate the analysis and monitoring of issuers and counterparties in order to mitigate exposure to this risk in the resources managed in the treasuries, insurance company portfolios and third-party funds.

In note 7.1.1 Investments, concentrations and exposures of credit risk

Note 7.1.2 commercial accounts and other accounts receivable

Note 7.2. Impairment of financial assets

Note 7.1 financial assets and note 7.3. Financial liabilities. Assets and liabilities by maturity.

2.1.1.1 Risk Management in treasuries

In the treasuries of Grupo SURA, Suramericana, and Sura Asset Management, the risk mitigation policies provide guidelines to ensure that investments are always backed by issuers and/or managers with adequate credit backing. At December 31, 2019, the treasury investments of the Companies are concentrated, mostly, in liquid collective portfolios, managed by the administration, with high standards of asset management, savings accounts, and current accounts of local and international banks, and issuers of fixed income, with high credit quality.

The following is a list of the counterparties and their credit ratings (International), in the positions of the derivative instruments, held by the Companies:

Grupo SURA

Banco	Qualification
Merrill Lynch International	A+
Citibank N.A	A+
JP Morgan Chase Bank, N.A.	A+
Morgan Stanley & Co International PLC	A+
BBVA S.A.	A

SURA Asset Management

Banco	Qualification
BBVA Colombia S.A.	BBB
JP Morgan Chase Bank	A+
Citibank	A+
Morgan Stanley	BBB+
Bank of America	A+

Banco de Bogotá	BB+

Suramericana

Banco	Qualification
Banco Davivienda S.A.	BBB
Banco de Bogota S. A.	BBB
Banco de Comercio Exterior de Colombia S.A	BBB
Banco de Occidente S.A.	BBB
Citibank Colombia	BBB
BBVA Colombia S.A.	BBB
JP Morgan Corporacion Financiera S.A	BBB
JP Morgan Chase & Co	AA-

2.1.1.2 : Credit Risk Management in the portfolios of insurers:

Insurance companies, when managing the investment portfolios that support the technical reserves, manage the exposure to credit risk through policies that assign quotas, limits and controls, which in turn are accompanied by methodologies and procedures that allow characterizing, quantifying and monitoring the evolution of this risk in the different assets of the portfolio. These methodologies contemplate quantitative and qualitative analyses that allow obtaining an integral understanding of the strength and financial conditions of issuers, counterparties and investment managers.

In order to provide a uniform scale that allows for comprehensive comparisons and analysis of the exposure to this risk, the ratings are restated on an international scale, based on the sovereign ratings issued by S&P, Fitch and Moody's. The rating selection methodology consists of taking the best rating from all three sources, provided that the rating was issued during the last three months. Otherwise, the most recent rating available from any of the three rating agencies is taken: Colombia BBB-, Brazil BB-, Argentina CCC, Chile A+, Mexico BBB, Uruguay BBB-, Panama BBB, El Salvador B-, Dominican Republic BB-. It can be seen that the exposure to the sovereign is representative.

The insurers' portfolios are, for the most part, invested in fixed income instruments, with a significant exposure to sovereign instruments. The following table presents a breakdown of the distribution of fixed income financial assets of the Companies, by credit ratings (International Scale):

Assets Fixed Income by Credit Rating 2019 (International Scale)

	Suramericana										SURA AM	
	Argentina	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay	Bermuda	Chile	Mexico
Sovereign Rating	**CCC**	**BB-**	**A+**	**BBB-**	**B-**	**BBB**	**BBB**	**BB-**	**BBB-**	**A**	**A+**	**BBB**
government	45%	100%	41%	20%	25%	33%	20%	46%	51%	0%	29%	91%
AAA	0%	0%	0%	0%	0%	0%	0%	0%	10%	0%	0%	0%
AA+	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%
AA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
AA-	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%	0%
A+	0%	0%	22%	0%	0%	0%	0%	0%	3%	0%	0%	0%

Assets Fixed Income by Credit Rating 2019 (International Scale)												
A	0%	0%	3%	0%	1%	0%	0%	0%	1%	0%	47%	1%
A-	0%	0%	13%	1%	1%	0%	0%	0%	2%	0%	0%	1%
BBB+	0%	0%	12%	0%	2%	0%	1%	0%	9%	0%	0%	1%
BBB	0%	0%	2%	3%	1%	64%	11%	0%	13%	100%	23%	0%
BBB-	0%	0%	0%	57%	1%	2%	35%	0%	11%	0%	0%	1%
BB+	0%	0%	0%	16%	2%	1%	6%	0%	0%	0%	0%	0%
BB	0%	0%	7%	0%	0%	0%	1%	0%	0%	0%	1%	0%
BB-	0%	0%	0%	0%	0%	0%	19%	0%	0%	0%	0%	0%
Others	55%	0%	0%	1%	67%	0%	5%	54%	0%	0%	0%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Assets Fixed Income by Credit Rating 2018 (International Scale)												
	Suramericana										**SURA AM**	
	Argentina	**Brazil**	**Chile**	**Colombia**	**El Salvador**	**Mexico**	**Panama**	**Dominican Republic**	**Uruguay**	**Bermuda**	**Chile**	**Mexico**
Sovereign Rating	**CCC**	**BB-**	**A+**	**BBB-**	**B-**	**BBB**	**BBB**	**BB-**	**BBB-**	**A**	**A+**	**BBB**
government	57%	100%	24%	24%	36%	57%	15%	45%	73%	0%	31%	93%
AAA	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%
AA+	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%
AA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
AA-	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
A+	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
A	0%	0%	40%	1%	2%	0%	1%	0%	11%	0%	46%	1%
A-	0%	0%	2%	1%	2%	0%	0%	0%	1%	0%	0%	1%
BBB+	0%	0%	16%	0%	2%	38%	2%	0%	6%	0%	0%	1%
BBB	0%	0%	11%	50%	2%	3%	33%	0%	2%	100%	22%	1%
BBB-	0%	0%	6%	20%	1%	2%	2%	0%	5%	0%	0%	1%
BB+	0%	0%	0%	1%	2%	0%	11%	0%	0%	0%	0%	0%
BB	0%	0%	1%	0%	0%	0%	3%	0%	0%	0%	1%	0%
BB-	0%	0%	0%	0%	0%	0%	25%	0%	0%	0%	0%	0%
Others	43%	0%	0%	1%	53%	0%	6%	55%	0%	0%	0%	2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

In the case of the "Other" category, there are Securities with an investment-grade local rating, which, when re-expressed on an international scale, are rated lower than BB- due to the sovereign rating of these countries.

Another exposure to credit risk, that is generated in the portfolios of insurers, is presented in transactions with derivatives, realized with local and international counterparts.

Financial derivative contracts with local and international counterparts also represent a credit risk in the portfolios of insurance companies.

Below are the assets and liabilities exposures, in derivatives that at December 31, 2019 (and December 31, 2018), the Suramericana S.A. companies, had. This exposure is displayed along with the credit rating (on an international scale) of the counterparts with which there are derivatives operations in force. It is important to note that at present, only Colombian companies carry out operations with financial derivatives.

Portfolio of Derivatives - Suramericana Seguros Colombia 2019				
Bank	**International Credit Rating**	**Asset exposure**	**Liability exposure**	**Net position**
BANCO DAVIVIENDA S.A.	BBB	125,757	(120,900)	4,857
BANCO DE BOGOTA S. A.	BBB	73,438	(71,393)	2,045
BANCO DE COMERCIO EXTERIOR DE COLOMBIA S. A	BBB	407,994	(410,334)	(2,340)
BANCO DE OCCIDENTE S.A.	BBB	62,567	(59,705)	2,863
CITIBANK COLOMBIA	BBB	148,399	(148,947)	(548)
BBVA COLOMBIA S.A.	BBB	357,048	(350,241)	6,807
JPMORGAN FINANCIAL CORPORATION	BBB	434,675	(427,214)	7,460
JP MORGAN CHASE & CO	AA-	10,296	(9,598)	697
Total		**1,620,174**	**(1,598,332)**	**21,841**

Portfolio of Derivatives - Suramericana Seguros Colombia 2018				
Bank	**International Credit Rating**	**Asset exposure**	**Liability exposure**	**Net position**
BANCO DAVIVIENDA S.A.	BBB	364,316	(361,336)	2,980
BANCO DE BOGOTA S. A.	BBB	14,945	(16,239)	(1,294)
BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A.	BBB	462,795	(479,417)	(16,622)
BANCO DE OCCIDENTE S.A.	BBB	55,221	(58,435)	(3,214)
CITIBANK COLOMBIA	BBB	28,740	(29,224)	(484)
JPMORGAN FINANCIAL CORPORATION	BBB	150,137	(160,558)	(10,421)
BBVA COLOMBIA S.A.	BBB	60,358	(61,709)	(1,351)
Total		**1,136,512**	**(1,166,918)**	**(30,406)**

Finally, in Note 7.2 of the present disclosures, the balance and the methodology of impairment of investments, are presented. It is important to note that, at the end of each reporting period, the Companies evaluate whether there is any likelihood that a financial asset or a group of them measured at amortized cost, or available for sale, may present an impairment in value.

In order to recognize the impairment loss, the Companies reduce the carrying amount of the associated asset and recognize the loss in the result. If in subsequent periods, the value of the impairment loss decreases, and the decrease could be objectively related to an event subsequent to recognition of the impairment, the impairment loss, previously recognized, must be reversed.

2.1.1.3 Credit Risk Management in Third Party Resource Management

In its activity of Third-Party Resource Management and in compliance with its fiduciary duty, the management of the funds includes a due diligence process for the issuers, counterparts, and fund managers, in which they are invested.

For this, it has independent risk teams, both functionally and organizationally, from the investment areas. These teams are responsible for monitoring the investment portfolios, monitoring levels of market risk, credit, liquidity, and other circumstances that may have a negative impact on the return of the portfolios. It is the responsibility of the risk team to warn about the possible breach of the defined limits, both internal and regulatory, and raise said alerts to the Risk Committee to order the necessary corrections.

2.1.1.4 Impairment of assets and accounts receivable (See Note 7.2 Impairment of financial assets)

The Companies periodically analyze the existence of impairment indicators and, if necessary, recognize impairment losses in the associated account.

As defined in IFRS 9, impairment is recognized as the expected or prospective loss of financial assets, considering a 12-month or whole-life approach to the instrument. In the Companies, both approaches will be applied, based on the type of instrument and the credit conditions of the counterparty.

Specifically, for accounts receivable of associates with the client portfolio, the Companies use the general or 12-month approach considering the nature of the policies and the cancellations associated to them. Based on available historical information, an impairment percentage is calculated for each default level. A percentage that is applied prospectively from the initial moment of the portfolio and is updated over time.

For accounts receivable derived from reinsurance contracts, generally for the entire region, the individual financial strength of each reinsurer is reviewed and the percentage of impairments, associated with each, is estimated. Each subsidiary, according to its market characteristics can consider the payment agreements already established. The percentages are updated in a general manner for all subsidiaries annually.

On the other hand, given that the volume of negotiation of the Company, through coinsurance contracts, is not a relevant item, and that additionally, the accounts receivable associated with this, are not representative of the total accounts receivable. Each subsidiary uses the criteria obtained in the accounts receivable model of the client portfolio.

Finally, for portfolio investments, the financial strength of each counterparty is analyzed through the Credit Risk Process of each subsidiary and "default" probabilities published by international risk rating agencies, are used, in order to maintain a prospective approach, in the calculation.

It is important to highlight that, regarding the operations of third-party funds administration, securities brokerage, and insurance, considering the accounting policy for the recognition of income and the valuation of financial instruments, the entry into force of IFRS 9 did not impact the Financial Statements or on the equity position of the Companies.

A breakdown of information, on the methods and impairment tests of financial assets, non-financial assets, accounts receivable, reinsurance and coinsurance, can be found in Note 8.2. Impairment of financial assets and Note 18 Impairment of non-financial assets, in this report.

2.1.2 Market Risk Management

Market risk management seeks to mitigate the impact of variations in market prices, on the value of the portfolios that are managed and the revenues of the Companies.

For this, both the portfolios of insurers and the processes of portfolio management, and third-party resources, Market Risk Management Systems have, through which the exposures are identified, measured, and monitored. These systems are composed of a set of policies, procedures, and internal monitoring and control mechanisms that allow for the integral management of this risk.

In turn, the Companies periodically estimate the impact that fluctuations in variables such as interest rates, exchange rates and asset prices may have on the results of the year in question. In addition, in order to mitigate the exposure to these risks and the volatility that characterizes them, the Company determines the convenience of developing hedging schemes with financial derivatives.

2.1.2.1 Market Risk Management in Treasuries

In the treasuries of Grupo SURA, Suramericana and SURA Asset Management, market risk management focuses on exposures to currency risk and interest rate risk derived from financial debt.

For a further detail of the financial debt and derivatives, refer to Note 7.1 "Financial Assets" and Note 7.3 "Financial Liabilities".

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

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

To manage this risk, the Grupo SURA focuses its actions within the framework of a liquidity management strategy, for the short and long-term, in accordance with the policies and guidelines, issued by the Board of Directors and Senior Management, which contemplate short-term and long-term aspects, and structural, in order to ensure compliance with the obligations acquired, under the conditions initially agreed upon, and without incurring cost overruns. Likewise, it monitors the cash flow, in the short-term to manage the collection and payment activities, from the treasury, and cash flow projections, in the medium term, in order to determine the liquidity position and anticipate the necessary measures for proper management.

During 2019, in order to gain greater financial flexibility, Grupo SURA implemented a deleveraging strategy, applying the income from available funds to debt repayment, after a period of investment and growth in previous years.

Additionally, during the year, the company refinanced loans, improving the maturity profile of financial obligations and taking advantage of market opportunities to obtain better financing rates.

In the case of Suramericana SA, there are the following exposures to market risk:

- Suramericana has, within its accounts, liquidity positions that it handles in accordance with the obligations presented with the different interest groups. In this way, and in accordance with the dividend and capitalization schedules, as well as the commitment acquired in the capital market, resources are managed in Colombian pesos and in US dollars, seeking to optimize exchange risk and take advantage of short-term returns. In this way and taking into account that all the subsidiaries of Suramericana S.A. operate in different countries, with different functional currencies, a foreign exchange risk is generated when exchanging flows between the subsidiaries and Suramericana SA, either due to concepts of capitalization, undercapitalization, and dividend distribution.

- On the other hand, and as a result of the issuance, that Suramericana realized, in the public market of Colombian securities of ordinary bonds, for $ 1 trillion pesos, which is indexed in its entirety to CPI, there is a risk in inflation in Colombian pesos. This risk is mitigated, to a large extent with the proceeds from the Colombian insurance transaction, denominated in Colombian pesos.

For their part, **SURA Asset Management**, from the treasuries, has the following exposure to market risk:

The different business units have freely available capital, constituted with retained earnings. The investment of such freely available capital (especially invested in fixed income, mutual funds, and cash and banks) is aligned with the uses given to them: dividend payments or reinvestments in the same business units accordingly with its strategic plans.

Currency Risk: A decision has been made, to keep the freely available capital invested in local currencies, in accordance with the planned uses for them.

- On the other hand, within the SURA Asset Management Capital Structure, a debt component, composed of a bond, issued in the international market and bank debt is managed. Since most of the debt is denominated in USD, this generates a risk of exchange rate risk, since the financial results, of the subsidiaries, of SURA Asset Management are in local currencies and have a risk of the exchange rate, for the transfer of the same, to SURA Asset Management.

2.1.2.2 Market Risk Management in the portfolios of insurers

In Suramericana, for the management of market risk, in the portfolios of the Insurers, methodologies, limits, and/or alerts are established, in accordance with the internal policies and the rules applicable to each of the countries, where the Companies are present. In addition, the companies carry out the construction and joint formulation of methodologies that ensure joint management of assets and liabilities (Asset Liability Management - ALM), allowing for the identification and management of market risks, with a comprehensive view, of the balance. Other measures that are taken into account for the management of this risk are: Value at Risk, Sensibilities, and Simulations.

For its part, SURA Asset Management performs market risk management, framed in a process of joint Asset and Liability Management (ALM), dynamic, and continuous. This process starts with the analysis of the liabilities profile of SURA Asset Management, and is based on, the appetite for risk and return. A strategic allocation of assets is determined, which takes into account its feasibility of implementation, based on market conditions (liquidity and depth) and the distribution of the current investment portfolio (especially in relation to the maturity term and accrual rates).).

2.1.2.2.1 Exposure to currency in the portfolios of insurers

Currency exposures of the insurers' portfolios are presented.

Assets, in each Country, by type of currency 2019					
Country	**Local currency***	**Real local currency****	**USD**	**Other**	**Total**
		Suramericana			
Argentina	72%	-	28%	-	**100%**
Bermuda	-	-	100%	-	**100%**
Brazil	100%	-	-	-	**100%**
Chile	14%	86%	-	-	**100%**
Colombia	76%	18%	6%	-	**100%**
El Salvador	-	-	100%	-	**100%**
Mexico	92%	3%	5%	-	**100%**
Panama	-	-	100%	-	**100%**
Dominican Republic	77%	-	23%	-	**100%**
Uruguay	29%	22%	49%	-	**100%**
		SURA Asset Management			
Chile Seguros	0%	100%	0%	0%	**100%**
Mexico	0%	100%	0%	0%	**100%**

Assets, in each Country, by type of currency 2019					
Country	**Local currency***	**Real local currency****	**USD**	**Other**	**Total**
		Suramericana			
Argentina	88%	-	12%	-	**100%**
Bermuda	-	-	100%	-	**100%**
Brazil	100%	-	-	-	**100%**
Chile	12%	88%	-	-	**100%**
Colombia	71%	19%	10%	-	**100%**
El Salvador	-	-	100%	-	**100%**
Mexico	86%	8%	6%	-	**100%**
Panama	-	-	100%	-	**100%**
Dominican Republic	82%	-	18%	-	**100%**
Uruguay	59%	12%	29%	-	**100%**
		SURA Asset Management			
Chile	0%	100%	0%	0%	**100%**
Mexico	5%	95%	0%	0%	**100%**

This table includes the Unit Linked funds (product of insurance and savings component offered by insurers of SURA Asset Management), because they are included in the Financial Statements of the Companies, even though the risk of the performance of the investment is assumed by the insured.

**Local currency: Colombia - COP, Panama - PAB, Dominican Republic - DOP, El Salvador - SVC, Chile - CLP, Mexico - MXN, Peru - PEN, Uruguay - UYU, Brazil - BRL. .*
*** Actual local currency: Colombia - UVR, Chile - UF, Mexico - UDI, Peru - Soles VAC, Uruguay - UI.*

Analysis of sensitivity to exchange rate risk in the insurers' portfolios

The following is a sensitivity analysis that measures the impact that a movement in the exchange rate would have on the Companies' pre-tax profits.
The methodology used to perform the exchange rate sensitivity analysis was to take the company's foreign currency exposure on both the asset and liability sides of the Company's balance sheet, evaluating a -10% variation in the exchange rate and taking the impact as the difference in pre-tax earnings.

The net income obtained, is as follows:

Sensitivity to the exchange rate		
(-10%) in Exchange rate	**Impact on profit, before taxes 2019**	**Impact on profit, before taxes 2018**
	Suramericana	
Argentina	(4,795)	(2,663)
Bermuda	-	-
Brazil	(1,596)	3,575
Chile	(2,557)	(10,312)
Colombia	(64,054)	(14,465)
El Salvador	-	-
Mexico	(606)	(242)
Panama	-	-
Dominican Republic	(63)	(36)
Uruguay	(1,052)	1,350
Total	**(74,723)**	**(22,793)**

For the management of exchange rate risk, the Companies realized their hedging operations, in accordance with the guidelines, issued by their Board of Directors and/or their business strategies.

As of December 31, 2019, Suramericana has forward contracts to cover its foreign exchange risk, for a nominal value of $1,576,557 million, all of which are forwards over USD. Additionally, it has a swap contract to cover the exchange rate for a nominal value of Ch$8,740 million, associated with an Ecopetrol bond denominated in USD, with maturity in September 2023 and payment of a half-yearly coupon of 5.875%. This instrument, allows the company to support the technical reserves resulting from the insurance activity by means of hedge accounting. All of the above-mentioned hedges belong to the companies in Colombia.

2.1.2.2.2 Exposure to interest rate in the portfolios of insurers

Below is the distribution of the exposures to the Fixed tax and Variable tax, of the insurers' portfolios.

Exposure on Fixed tax and Variable tax 2019								
	Fixed tax			Variable tax				
Country	Fixed rate	Variable rate	Subtotal	National	Foreign	Subtotal	Others	Total
Suramericana								
Argentina	43%	28%	**71%**	29%	-	**29%**	**0%**	**100%**
Bermuda	-	100%	**100%**	-	-	**-**	**0%**	**100%**
Brazil	80%	-	**80%**	20%	-	**20%**	**0%**	**100%**
Chile	-	54%	**54%**	46%	-	**46%**	**0%**	**100%**
Colombia	49%	39%	**88%**	11%	1%	**12%**	**0%**	**100%**
El Salvador	-	100%	**100%**	-	-	**-**	**0%**	**100%**
Mexico	46%	52%	**98%**	0%	2%	**2%**	**0%**	**100%**
Panama	0%	100%	**100%**	-	-	**-**	**0%**	**100%**
Dominican Republic	1%	98%	**99%**	1%	-	**1%**	**0%**	**100%**
Uruguay	-	100%	**100%**	-	-	**-**	**0%**	**100%**
SURA Asset Management								
Chile	25%	0%	**25%**	0%	0%	**0%**	**75%**	**100%**
Mexico	100%	0%	**100%**	0%	0%	**0%**	**0%**	**100%**

Exposure on Fixed Tax and Variable Tax 2018								
	Fixed tax			Variable tax				
Country	Fixed rate	Variable rate	Subtotal	National	Foreign	Subtotal	Others	Total
Suramericana								
Argentina	49%	38%	**87%**	0%	13%	**13%**	**0%**	**100%**
Bermuda	0%	100%	**100%**	0%	0%	**0%**	**0%**	**100%**
Brazil	35%	0%	**35%**	0%	65%	**65%**	**0%**	**100%**
Chile	0%	100%	**100%**	0%	0%	**0%**	**0%**	**100%**
Colombia	53%	37%	**90%**	0%	10%	**10%**	**0%**	**100%**
El Salvador	0%	100%	**100%**	0%	0%	**0%**	**0%**	**100%**
Mexico	28%	72%	**100%**	0%	0%	**0%**	**0%**	**100%**
Panama	0%	88%	**88%**	0%	12%	**12%**	**0%**	**100%**
Dominican Republic	2%	97%	**99%**	0%	1%	**1%**	**0%**	**100%**
Uruguay	3%	97%	**100%**	0%	0%	**0%**	**0%**	**100%**
SURA Asset Management								
Chile	91%	0%	**91%**	0%	0%	**0%**	**9%**	**100%**
Mexico	99%	0%	**99%**	0%	0%	**0%**	**1%**	**100%**

In the case of SURA Asset Management, the Unit Linked funds are included, since they are part of the financial accounts of the insurers, although the risk of the performance, of the investment, is that of the insured.

Sensitivity analysis of interest rate risk in the portfolios of insurers

The following is a sensitivity analysis that measures the impact on the companies' profits, before taxes that would have an unfavorable movement in interest rates. The tool used in each Company considers the systems and tools that each one has implemented.

Suramericana: To carry out the sensitivity analysis of the interest rate, only the investments, classified to market (fair value), and the position invested in each one, were taken, given that the liabilities, and the rest of the investments are classified at maturity. For each asset, the modified duration was calculated and weighted, by its market value. This measurement shows the impact on the price given the variation of the implicit rate. For this, a variation of 10 basis points was evaluated, and this result was applied in the Company's position. The net result obtained for December 2019 (and December 2018), is:

Interest rate sensitivities - Modified duration method		
(+ 10pbs) in Interest Rates	**Impact on profit, before taxes 2019**	**Impact on profit, before taxes 2018**
Suramericana		
Argentina	(283)	(450)
Bermuda	(4)	(4)
Brazil	(344)	(279)
Chile	(1,088)	(794)
Colombia	(1,629)	(4,536)
El Salvador	(98)	(97)
Mexico	(1,616)	(709)
Panama	(380)	(377)
Uruguay	(258)	(47)
Total	**(5,700)**	**(7,293)**

SURA Asset Management: The interest rate risk is analyzed from the following perspectives:

a) Accounting: with the adoption of IFRS 9, the Assets of Fixed Income, from Available for Sale, to Amortized Cost. the accounting asymmetry in the equity against interest rate movements have been eliminated. As a result of this, there is no sensitivity of results or equity, against the variation in interest rates.

b) Reinvestment or adjustment of assets/liabilities: to estimate the sustainability, of said investment margin (accrual of the asset over the recognition of interest in the liability), a Liability Adjustment Test is realized. This test verifies that the flows of assets (including the projected reinvestment), together with the premiums to be collected for existing commitments are sufficient to cover the commitment, established in the reserve. In case of generating insufficiency, the reserve should be reinforced and consequently the volume of assets increases. The following table shows the suitability levels of the Test.

Interest rate sensitivities - Interest Rate Reinvestment Perspective		
Business Unit	**Liabilities reserves 2019**	**Sufficiency of reserves 2019**
Chile	3,825,382	4.1%
Mexico	2,335,553	2.9%

Interest rate sensitivities - Interest Rate Reinvestment Perspective		
Business Unit	**Liabilities reserves 2018**	**Sufficiency of reserves 2018**
Chile	3,995,086	4.60%
Mexico	2,248,969	6.00%

2.1.2.2.3 Risk Price variation: Real Estate and Variable Income

The portfolios of insurers are subject to risks derived from the prices of the assets that comprise them. There is a distinction between positions in equities and positions in real estate assets.

The following table shows the impact on earnings, before taxes, due to a 10% drop in the prices of variable income assets and/or real estate assets, in the insurers' portfolios.

Suramericana

Sensitivities, at the price of shares and real estate assets				
	Impact on profit before taxes 2019		**Impact on profit before taxes 2018**	
Business Unit	**(-10%) in Shares Price**	**(-10%) in Real Estate**	**(-10%) in Shares Price**	**(-10%) in Real Estate**
Argentina	-	-	(204)	-
Chile	(5,410)	(13,614)	(14)	-
Colombia	(13,210)	(62,560)	(28,515)	(45,827)
Panama	1,681	-	(216)	-
Total	**16,939**	**(76,174)**	**(28,949)**	**(45,827)**

It should be kept in mind, that the sensitivity analyzes performed, previously do not consider the interdependence of the risks evaluated, so that the impact of these could be considerably less.

SURA Asset Management

Sensitivities at the price of shares and real estate assets				
	Impact on profit, before taxes 2019		Impact on profit, before taxes 2018	
Business Unit	**(-10%) in Shares Price**	**(-10%) in Real Estate**	**(-10%) in Shares Price**	**(-10%) in Real Estate**
Chile	(324)	(11,381)	(309)	(10,434)
Total	**(324)**	**(11,381)**	**(309)**	**(10,434)**

It should be kept in mind that the sensitivity analyzes, performed previously, do not consider the interdependence of the risks evaluated, so that the impact of these could be considerably less.

2.1.2.2.4 Risk of Volatility in the Pension Businesses

The regulation, associated with the pension business, requires that each Company must maintain a position of its own capital, invested in a reserve that acts as a reserve in case of breach of the obligations of each Company.

The following table contains the Funds Managed by SURA Asset Management's Affiliate Portfolio in the Pension Business. The figures shown do not include the assets under management of AFP Crecer, AFP Protección, nor the assets held by SURA AM's insurance companies.

Pension Companies - Assets under Management (COP) 2019		
Country	**Mandatory**	**Voluntary**
Chile	130,174,039	4,509,830
Mexico	99,958,924	2,520,254
Peru	63,863,357	803,406
Uruguay	8,984,466	-
Total	**302,980,786**	**7,833,490**

Pension Companies - Assets under Management (COP) 2018		
Country	**Mandatory**	**Voluntary**
Chile	116,353,822	3,588,976
Mexico	79,770,089	1,601,816
Peru	56,193,879	692,191
Uruguay	9,021,303	-
Total	**261,339,093**	**5,882,983**

The regulation, associated with the pension business, requires that each Company must maintain a position of its own capital, invested in a reserve that acts as a reserve, in case of breach of the obligations of each Company.

It is important to note that the underlying assets, invested, must maintain the same proportion as the underlying assets in the Managed Funds (that is, the Company must purchase investment units from the managed funds). The following table shows the different reserve percentages, in each business unit, as a percentage of managed funds:

Percentage of reserve of managed fund	
Business Unit	**% Fit**
Chile	1.00%
Mexico	0.70%
Peru	1.00%
Uruguay	0.50%

Faced with these investments, the Companies are exposed to market risks, which may affect the valuation of such reserves, and their Companies, we analyze the impacts that the market variables could have on the profit, before taxes, in the horizon of one year.

In the case of Mexico and Peru, where the remuneration obtained depends on the amounts administered, this exercise also includes the impact derived from the reduction in the values of the managed funds, product of the market variations.

Volatility Risk of the Pension Businesses		
Deviation	**Deviation impact of profit, before taxes 2019**	**Impact of profit, before taxes 2018**
-10% in Variable Appraisal		
Chile	(49,590)	(46,980)
Mexico	(31,457)	(33,181)
Peru	(29,614)	(28,742)
Uruguay	(415)	(235)
Total	**(111,076)**	**(109,138)**
+ 100bps in Interest Rates		
Chile	(70,677)	(61,117)
Mexico	(61,594)	(50,775)
Peru	(24,810)	(17,943)
Uruguay	(2,224)	(2,242)
Total	**(159,305)**	**(132,077)**
-10% Depreciation of Foreign Currencies		
Chile	(55,989)	(48,811)
Mexico	(17,841)	(23,896)
Peru	(39,762)	(30,208)
Uruguay	(523)	(527)
Total	**(114,115)**	**(103,442)**

The analyzes realized, do not consider the interdependence of the evaluated risks, so that the impact of the risks could be considerably lower.

2.1.2.2.5 Risk Exposure of Seed Capital SURA Asset Management

During 2019, SURA Asset Management has participated in five new investment projects with its Seed Capital. It has also closed the Fondo Renta Alianza del Pacífico (Fixed Income), so that by the end of the year the company has twelve projects in its investment portfolio.

The closure of the Fondo Renta Alianza del Pacífico (Fixed Income) is due to the decision to reconfigure the fund with a focus on the international client with a relaunch and reinvestment of seed capital planned for the first quarter of 2020.

The following is a brief overview of these projects, SURA Asset Management's participation and the capital committed to them.

Pacific Alliance Fund - Variable Income:

On September 3, 2015, the Pacific Alliance fund was launched, in conjunction with King Irving, which is domiciled and managed in Australia. The fund seeks to invest in a diversified portfolio of capitalization instruments issued by companies domiciled or whose assets or operations are primarily in the emerging Latin American market and specifically in the Pacific Alliance. This alliance is a regional integration initiative comprised of Chile, Colombia, Mexico and Peru that was officially established on April 28, 2011.

The fund is aimed at Australian clients with a medium to long term investment horizon, with a tolerance for Latin American capital market volatility.

The professional fund manager is SURA Investment Management Mexico, S.A. de C.V. Sociedad Operadora de Sociedades de Inversión. SURA Asset Management has invested the seed capital in the fund through its subsidiary SURA Asset Management Chile S.A. while King Irving Funds Investment acts as administrator and distributor of the fund.

The King Irving Sura Pacific Alliance (KIPA fund) had a gross return of 9.22% in dollar terms during 2019, with a gross alpha of 2.08% over the MSCI Pacific Alliance benchmark. This performance reflects the bottom-up strategy of the fund, whose investment is of high conviction for a 3-5-year horizon. In this way, the fund reaffirms its commitment to generating value for its clients, to the economic development of the region and to the internationalization being carried out by Sura Asset Management through SURA Investment Management. With the above, the gross alpha since its creation reaches 5.88%.

Multi-Active Fund Uruguay

On November 1, 2018, the SURA International Strategy fund was launched, which is domiciled and administered in Uruguay. The fund seeks to invest in a diversified portfolio with a medium to long term investment horizon, associated with moderate risk. It offers adequate liquidity, through a portfolio composed mainly of fixed-income and equity instruments, which participate in the local and international markets. The fund may invest a minimum of 60% and a maximum of 100% in fixed income instruments.

The professional manager of the fund is the Administradora de Fondos de Inversión S.A. AFISA SURA. SURA Asset Management has invested the seed capital in the fund through SURA Asset Management Uruguay Sociedad De Inversión S.A.

The fund had a profitability of 10.16% during 2019.

Infrastructure Fund

4G Credicorp Capital-Sura Asset Management Infrastructure Fund

At the end of 2015, SURA Asset Management and Credicorp Capital signed a strategic alliance to develop a debt fund to finance infrastructure projects in the region. As a result of this effort, the 4G Credicorp Capital-Sura Asset Management infrastructure fund was born, raising commitments from institutional investors to the value of COP 1.39 billion (USD 423.39 million)

After four years of operation, the fund has invested 100% of the committed capital in the financing of four road concession projects (Pacifico 3, Neiva-Girardot, Bogotá-Villavicencio and Ruta del Cacao).

Due to the nature of the investments, this capital will be exposed to the risk of financial volatility due to possible deviations in the valuation of the projects.

The capital committed by SURA Asset Management through its subsidiary SURA Asset Management Chile, in this fund amounts to COP 75,000 million (USD 22.84 million), of which COP 25,564 million have been called as of December 31, 2019. The book value of the interest at December 31, 2019 amounts to COP 28,870 million (USD 8.81 million).

Infrastructure Liquidity Line Fund

During 2019, the professional manager (UPI) continued to work on raising resources for the second compartment of the 4G fund, whose objective is to provide a liquidity line to the credit structures of 4G infrastructure projects. As a result of these efforts, the sub-fund has five investors and a total committed capital of COP 70 billion (USD 21.32 million).

The capital committed by SURA Asset Management through its subsidiary SURA Investment Management S.A.S. in this sub-fund amounts to COP 10,000 million (USD 3.05 million), of which COP 21.66 million has been called. As of December 2019, its market value is COP 325 million (USD 99.059).

Infrastructure investment fund -AM Sura - Credicorp Capital

Continuing with the growth and development of the infrastructure platform, the strategic alliance of SURA Asset Management and Credicorp Capital successfully completed the first closing of its investment fund in Peru, which has a mandate to invest in the capital of infrastructure projects located in the Andean region. The fund received commitments of USD 86.5 million, of which Sura Asset Management through Sura SAF Funds committed USD 2,500,000. As of December 31, 2019, calls for USD 15,713 have been met.

Fondo de inversión carretera Perú AM Sura – Credicorp Capital

This investment alternative enabled the acquisition of 16.2% of the class B shares of the Norvial road concessionaire. The fund received commitments for a total value of USD 11,700,000 of which SURA Asset Management through Sura SAF Funds committed USD 240,000. As of December 31, 2019, 100% of the commitment had been called.

Real Estate Fund:

Private Equity Fund FCP Sura Asset Management Real Estate Development

The main objective of this fund is to obtain long-term capital gains and/or other operating income by investing in real estate projects located in Colombia, Chile and/or Peru, participating directly or through strategic developers, in the design, construction, development, operation and/or management of such assets, intended for commercial, office, hotel or industrial use.

The fund received total commitments of COP 294,338 million (USD 90.57 million), of which SURA Asset Management through its subsidiary SURA Asset Management Chile S.A. committed COP 5,886 million (USD 1.81 million). As of December 31, 2019, 46.06% equivalent to COP 2,711,494,630 has been called. The book value of this investment amounts to COP 2,246 million (USD 685,462) on the same date)

Given the nature of the fund, the capital invested is exposed to the risk of financial volatility due to changes in the value of the real estate projects deriving from the fund and to deviations in the behavior of currencies due to the fact that the projects may be in different countries.

FICI Colombia

The Real Estate Collective Investment Fund SURA AM Rentas Inmobiliario - FICI - is a closed, long-term real estate collective investment fund whose main objective is to invest in income generating assets located in the main cities of Colombia.

FICI closed on June 5, 2019, obtaining contributions of COP 180,029,781,579. SURA Asset Management invested COP 17,678 million in the fund, which recorded a book value on December 31, 2019 of COP 20,509 million (USD 6,258,088)

Sura Private Property Investment Fund

The private real estate investment fund is managed by Fondos Sura SAF, which invests in a single asset located in the city of Lima, with the aim of managing its occupation, stabilizing it and subsequently selling it to a real estate rental fund.

The initial seed capital investment in this fund amounted to USD 24,725,000. During 2019, two capital returns were made, the first for USD 7,444,733 on July 5. The second for USD 3,300,000 on November 21. The accounting balance as of December 31st amounts to USD 15,012,427.

Income III

The objective of the SURA Renta Inmobiliaria III Investment Fund is to invest in stabilized assets in Chile, in the office, industrial and commercial segments. The fund began operations in January 2019, obtaining investment commitments of 1,091,745 promotion units (Unidades de Fomento). On August 31, it closed its second year with commitments of 2,051,585 promotion units (Unidades de Fomento).

As of December 31, 2019, Sura Asset Management Chile has investment commitments for 319,110 745 promotion units (Unidades de Fomento), equivalent to CLP 9,735,558,851 (USD 12,932,893) of which 162,879 units equivalent to CLP 4,969,189,590 (USD 6,601,162) have been called *.*.

* The capital calls of the fund Income III chile are at November 30, 2019.

Other related investments

During the fourth quarter of 2019, two investments related to real estate assets in Colombia - land - were made for the senior segment, with the aim of boosting this strategy. For this purpose two trusts were constituted, Fideicomiso Los Cedros and Fideicomiso Rincón del Chicó in Fiduciaria Bancolombia. On November 27, 2019, the contribution was made and the transfer of trust rights by the owners of the properties to the Los Cedros Trust was regulated. This operation amounted to COP 7,457 million of which COP 6,052 million were drawn. On the other hand, on December 5, 2019, the purchase and sale and public deed of the lands that make up the "Rincón del Chicó" project was carried out. For this, COP 7.3 billion will be contributed to the trust.

Fideicomiso Uruguay

This Guarantee Trust aims to guarantee the repayment of debt securities issued by Casa de Galicia, one of the main mutual associations in Uruguay. The trust, which is composed of monthly credits, has as its source of payment the flows of the National Health Fund (FONASA).

As of December 2017, the Trust closed with resources of COP 22,748 million (USD 7 million), within which Sura Asset Management's own capital of COP 3,219.85 (USD 1 million) was disbursed through its subsidiary SURA AM Sociedad de Inversión S.A. To date, Sura Asset Management has received a total of USD 423,500 in capital amortization and investments, and maintains a balance of USD 663,935.

Due to the nature of the investments (securities with credit content issued by Casa de Galicia), this capital is exposed to credit risk from FONASA. The originator has assigned to the Trust a percentage of the flows it receives from FONASA for affiliates of the National Health Fund. This risk is mitigated by the existence of a Guarantee Trust, which implies the accelerated payment of obligations, with monthly availability of FONASA flows for UI 4 million (the flows assigned are transferred directly to the Guarantee Trust account and then sent to the originator "Casa de Galicia").

2.1.3 Liquidity Risk Management

Liquidity risk refers to the ability of companies to generate the resources that allow them to meet their obligations to stakeholders and the proper functioning of their businesses.

In order to manage this risk, the Companies orient their actions within the framework of a short- and long-term liquidity management strategy, tending to comply with the obligations acquired, under the conditions initially agreed and avoiding incurring in cost overruns.

At the same time, the Companies carry out a proactive follow-up accompanied by projections of their cash flows in the short and medium term, so as to allow them to manage their cash collection and payment activities, as well as to anticipate future liquidity surpluses or deficits that allow for optimum management of resources.

In addition, in order to face potential situations, the Companies maintain available credit lines with national and international financial entities, as well as liquid investments in the treasuries that enable access to immediate liquidity.

During 2019, in order to gain greater financial flexibility, Grupo SURA implemented a deleveraging strategy, applying the income from available funds to debt repayment, after a period of investment and growth in previous years. Additionally, during the year, the company refinanced its loans, improving the maturity profile of financial obligations and taking advantage of market opportunities to obtain better financing rates.

2.1.3.1 Liquidity Risk Management in the Insurance Portfolios

The maturities, of the financial assets, are presented at December 31, 2018 and 2019.

Assets for months, due 2019

Suramericana

Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay
0 to 1	246,302	1,152	386,357	376,333	1,889,416	113,459	293,198	101,874	45,772	90,254
1 to 3	211,303	3,336	36,335	479,435	961,755	64,404	146,965	71,468	51,746	40,020
1 to 6	204,406	47136	33,118	523,361	2,088,586	149,028	128,060	175,247	47,289	107,156
0 to 12	662,012	51,624	455,810	1,379,130	4,939,756	326,891	568,223	348,589	144,807	237,430

Assets for months, at maturity 2018

Suramericana

Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay
0 to 1	275,711	37,268	217,780	427,777	1,010,758	77,740	141,790	101,023	86,381	95,042
1 to 3	242,021	12,627	49,312	632,901	441,792	111,391	74,649	70,870	19,757	91,716
3 to 12	230,726	-	31,004	523,439	1,079,250	128,565	212,250	173,782	35,018	115,348
0 to 12	748,458	49,895	298,096	1,584,117	2,531,800	317,696	428,689	345,675	141,156	302,106

Assets for months, due 2019

SURA Asset Management

Term (months)	Chile	Mexico
0 to 1	87,748	136,413
1 to 3	22,253	1,656
3 to 12	108,940	102,449
0 to 12	218,941	240,519

Assets for months, at maturity 2018

SURA Asset Management

Term (months)	Chile	Mexico
0 to a 1	62,799	50,682
1 to 3	15,991	806
3 to 12	83,054	101,665
0 to 12	161,845	153,152

The following are the maturities of the insurance liabilities, of the Companies, at December 31, 2019. These values correspond to obligations derived from reported losses, incidents incurred, but not reported and estimated claims, in the flow profile of the mathematical reserves, where applicable.

Liabilities for months, due 2019									
				Suramericana					
Term (months)	Argentina	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay
0 to 1	54,412	112,313	129,020	682,540	21,201	79,413	16,951	7,705	17,676
1 to 3	81,618	50,841	211,814	588,002	68,574	143,902	41,221	15,411	39,315
1 to 6	205,635	65,435	382,984	1,610,891	97,439	289,317	85,880	56,315	155,825
0 to 12	341,666	228,589	723,818	2,881,433	187,214	512,632	144,052	79,432	212,816

Liabilities for months at maturity 2018									
				Suramericana					
Term (months)	Argentina	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dominican Republic	Uruguay
0 to 1	54,808	66,277	114,262	396,766	12,957	42,067	14,704	9,605	20,487
1 to 3	82,213	51,782	258,523	650,485	45,948	121,886	38,401	19,211	45,567
1 to 6	222,771	66,474	299,500	1,716,871	107,389	158,774	73,892	63,152	180,606
0 to 12	359,792	184,533	672,285	2,764,122	166,294	322,727	126,997	91,968	246,660

Liabilities for Months due 2019		
SURA Asset Management		
Term (months)	Chile	Mexico
0 a 1	44,773	19,842
1 a 3	18,404	24,370
3 a 12	80,820	117,378
0 a 12	143,997	161,591

Liabilities for Months due 2018		
SURA Asset Management		
Term (months)	Chile	Mexico
0 to 1	52,859	19,515
1 to 3	20,937	23,071
3 to 12	88,910	111,163
0 to 12	162,705	153,750

2.2 Business risk management

This refers to those risks that derive from the business model and the operation of the Companies. For Suramericana and SURA Asset Management, these risks arise especially from the insurance activities, the pension businesses, and the management of third-party funds.

The following is a breakdown of the business risks, to which the Companies are exposed:

2.2.1 Management of Technical Risks of Insurers

The main technical risks that may affect the Companies are related to changes in the trend of mortality, longevity and morbidity of the population. as well as adverse deviations from accidents, sufficiency of technical reserves and the operational efficiency of the Companies.

2.2.1.1 Risk of Mortality, Longevity and Morbidity

Sensitivity analyzes are conducted, against sociodemographic trends, that could affect a population. This is the case of the mortality that represents the percentage of deaths, in a given population, the morbidity describes the number of sick people, and the longevity refers to the time of life of the individuals.

Suramericana

Life Insurance: The Company's exposure to changes in longevity, mortality and morbidity variables is evaluated. The methodology used consists of making changes to each of the variables to obtain the magnitude of the impact on the Companies' results.

It should be noted that the sensitivity analysis presented, analyzes the effects on the annual financial statement as a result of structural changes of 10% in the behavior of mortality, morbidity and longevity of the portfolios; which has implications on the expectations of future years (not only the first year as the Risk of Volatility), affecting the value of the Long Term Reserves of the policies.

In turn, in relation to occupational risk insurance, analyses are carried out concerning behaviour and trends in occupational accidents and morbidity, as well as the trend in longevity over pension obligations. The analysis is made taking into account a 10% increase in trend behavior:

The impacts on pre-tax income for each type of risk are presented below:

Country	Risk	2018	2019
	Longevity	(63,094)	(66,185)
Colombia*	Mortality	(27,498)	(34,097)
	Morbidity	(71,141)	(87,751)

** Includes ARL*

It should be noted that the sensitivity analysis presented considers the effects on the annual Financial Statements as a result of the change of some of the most important parameters in the valuation of long-term commitments with the insured. That is, it quantifies the impact of structural changes on the mortality, morbidity and longevity behavior of the portfolios. which has implications for the expectations of future years (not only the first year as the Volatility Risk), affecting the value of the long-term reserves of the policies.

SURA Asset Management

In SURA Asset Management, the risk of morbidity is mainly linked to exposure in the Collective Health Insurance business in Chile.

Exposure in Chile has decreased, because it has migrated to life products with savings, which have a low exposure to mortality risk.

With respect to the longevity risk, the impacts derive from the increase in the volume of the Company's Life Annuity portfolio.

The following is an analysis from the perspective of structural changes of 10% in the mortality and longevity behaviors of the portfolios, which reflect the effects on long-term commitments to clients.

Sensibilities *		
SURA Asset Management		
Business Unit	**Impact on Income before taxes 2019**	**Impact on Profit before taxes 2018**
	+10% in mortality	
Chile	(12,085)	(12,259)
Mexico	N/A	N/A
Total	**(12,085)**	**(12,259)**
	+10% in morbidity	
Chile	(4,973)	(4,973)
Mexico	N/A	N/A
Total	**(4,199)**	**(4,973)**
	+10% in longevity	
Chile	N/A	N/A
Mexico	(61,751)	(58,188)
Total	**(61,751)**	**(58,188)**

Risk of underwriting, pricing and insufficient reserves

The risk of insufficient reserves refers to the probability of loss as a result of underestimation or overestimation in the calculation of technical reserves and other contractual obligations (share of profits, payment of guaranteed benefits, among others).

The reserve risk is manifested mainly by related changes in mortality, longevity and morbidity of the exposed population. as well as for the adverse deviations of claims and sufficiency of reserves generated by increases in the frequency of claims or severity represented in a higher value of these.

The Companies have designed and implemented actuarial methodologies and processes of sufficient development, both technical and practical, using complete and robust information that allows reasonable estimates of the obligations with the insured. There are also tools for periodic monitoring of the adequacy of reserves against their obligations, which allows them to take actions to maintain adequate levels of liabilities.

Underwriting risk, on the other hand, refers to the possibility of incurring losses as a result of inadequate policies and practices in the design of products or services or in their placement, as well as the probability of loss as a result of errors in the calculation of rates, whose premiums are insufficient to cover business costs.

These analyzes are intended to identify whether the retained premium accrued is sufficient to cover the items of the insurance Company, taking into account the loss ratio, technical and administrative expenses, financial income and the minimum return expected by the shareholder given the risk assumed.

In SURA Asset Management, for its part, the underwriting strategy is designed to avoid the risk of anti-selection and to ensure that the rates consider the actual risk status. For this, health statements and medical check-ups are available, as well as a periodic review of the claims experience and the pricing of the products. In addition, there are subscription limits to ensure the appropriate selection criteria.

Sensitivity analysis for General Insurance Companies

In the Compañía de Seguros Generales de Suramericana, sensitivity analyzes are realized to the risks of premiums and insufficient reserves.

The sensitivity analysis shows how the result of the period could have been affected due to deviations of the relevant risk variable, whose occurrence was reasonably possible at the end of the reporting period. The risks analyzed and the methods and hypotheses used in preparing the sensitivity analysis are described below.

The Company performs a sensitivity analysis of premium and reserve risks that is defined in the "QIS 5 Technical Specifications" of Solvency II. This analysis identifies the variation that these risks can have by means of adjustments of probability distributions to historical operating performance data of the different lines of business. In this sensitivity, the distributions built for the Company's risks are used and an event with a higher probability of occurrence is chosen.

The selection of this model allows the organization to understand the assumed risks and their possible deviations in a connected manner, taking into account their correlations and internal processes. Given this approach, the sensitivities are not realized by solution, but the impact of these is measured throughout the Company, as it would be in the case of materializing a deviation as the one proposed.

The corresponding sensitivity analysis, assuming an impact on pre-tax income, is presented below:

Risk - Seguros Generales						
Country	Premiums		Reserves		Total	
	2018	2019	2018	2019	2018	2019
Argentina	(16,757)	(3,613)	(12,167)	(3,223)	**(28,924)**	**(6,836)**
Brazil	(33,398)	(28,163)	(10,252)	(10,332)	**(43,650)**	**(38,495)**
Chile	(32,341)	(24,240)	(4,081)	(4,254)	**(36,422)**	**(28,494)**
Colombia	(33,849)	(44,788)	(21,044)	(19,308)	**(54,893)**	**(64,096)**
El Salvador	(3,166)	(4,824)	(484)	(547)	**(3,650)**	**(5,371)**
Mexico	(12,625)	(12,998)	(3,103)	(4,395)	**(15,728)**	**(17,393)**
Panama	(5,939)	(4,621)	(772)	(567)	**(6,711)**	**(5,188)**
Dominican Republic	(2,337)	(2,627)	(797)	(757)	**(3,134)**	**(3,384)**
Uruguay	(6,228)	(5,958)	(1,376)	(1,580)	**(7,604)**	**(7,538)**
Total	**(146,640)**	**(131,832)**	**(54,076)**	**(44,963)**	**(200,716)**	**(176,795)**

Real Claims vs. previous estimates for insurance companies.

The following tables set out the evolution of the latest claims - payments, reserves of foreclosures and reserves of incidents that occurred and not reported (IBNR) - for each of the subsidiaries of Suramericana for the years 2016, 2017, 2018 and 2019.

Final claims represent the final amount that a company is expected to pay for claims in each occurrence period. Since it is not possible to know exactly the final amount to be paid by the company after the end of the policy period, actuarial estimates, IBNR Reserve, are made in order to associate such losses to the accounting year in which premium income is recorded.

By comparing the initial estimates of past claims with current estimates it is possible to observe the evolution of these estimates and how adjusted they were. The deviations as follows are mainly explained by claims in legal proceedings (civil liability, cars and transport among others), for the time that elapses between the accident and the knowledge of this by the Company (pension insurance, occupational risks) and for hedges whose development is greater than one year naturally (bonds mainly).

It is important to note that this analysis includes all the solutions of each subsidiary except EPS Colombia because, as it is a Healthcare Company, its operations are different from the rest of the subsidiaries and the fact of not registering the notified reserves would distort the analysis.

On the other hand, in order to homogenize the information, the incremental balances of payments and reserves that are included in the tables exposed in this section of the document are transformed into Colombian Pesos (COP) taking into account the exchange rate of each year of information cut.

Below, the tables for each Country with the aforementioned information:

Table 1. Argentina, Preliminary Estimates vs. Real

(Figures in millions of $ COP)

Evolution of Latest Incidents					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	382,181	375,194	381,315	390,236	398,544
2016	351,657	347,402	350,781	361,210	
2017	409,841	405,917	421,282		
2018	305,539	318,284			
2019	310,260				

Payment of Accumulated Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	172,958	250,066	268,253	272,486	270,693
2016	157,024	232,824	237,702	236,744	
2017	184,237	231,153	230,085		
2018	120,960	175,800			
2019	114,938				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	270,693	127,851	398,544	382,181	(16,363)	(4%)
2016	236,744	124,466	361,210	351,657	(9,553)	(3%)
2017	230,085	191,196	421,282	409,841	(11,441)	(3%)
2018	175,800	142,484	318,284	305,539	(12,745)	(4%)

Table 2. Brazil, Preliminary vs. Real Estimates

(Figures in millions of $ COP)

Evolution of Latest Incidents					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	215,589	209,885	211,739	210,565	210,978
2016	263,681	252,408	247,660	247,061	
2017	272,790	264,536	259,067		
2018	255,276	281,237			
2019	286,312				

Payment of Accumulated Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	111,570	181,266	187,870	189,728	189,183
2016	148,169	205,856	210,972	210,428	
2017	147,532	209,910	218,897		
2018	149,328	212,570			
2019	174,741				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	189,183	21,795	210,978	215,589	4,610	2%
2016	210,428	36,633	247,061	263,681	16,620	7%
2017	218,897	40,170	259,067	272,790	13,723	5%
2018	212,570	68,667	281,237	255,276	(25,961)	(9%)

Table 3. Chile, Preliminary vs. Real Estimates

(Figures in millions of $ COP)

Evolution of Latest Incidents					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	824,557	761,248	735,925	735,491	740,682
2016	983,043	910,643	907,522	908,080	
2017	1,496,172	1,421,934	1,407,472		
2018	674,978	745,314			
2019	1,313,590				

Payment of Accumulated Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	301,238	682,592	738,432	745,933	748,600
2016	493,728	874,482	914,885	928,746	
2017	590,094	1,144,965	1,303,265		
2018	390,483	621,647			
2019	441,790				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	748,600	-7,918	740,682	824,557	83,875	11%
2016	928,746	-20,666	908,080	983,043	74,963	8%
2017	1,303,265	104,206	1,407,472	1,496,172	88,700	6%
2018	621,647	123,667	745,314	674,978	(70,336)	(9%)

Table 4. Colombia General, Preliminary Estimates vs. Real

(Figures in millions of $ COP)

Evolution of Latest Incidents					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	834,264	914,595	936,105	952,759	946,210
2016	1,538,453	1,577,669	1,610,987	1,607,536	
2017	1,263,191	1,349,522	1,376,094		
2018	1,073,208	1,112,798			
2019	1,267,280				

Payment of Accumulated Claims

Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	537,506	789,355	869,395	896,292	913,648
2016	1,160,759	1,457,189	1,526,523	1,559,318	
2017	807,087	1,144,121	1,222,253		
2018	693,822	970,283			
2019	814,190				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	913,648	32,562	946,210	834,264	(111,946)	(12%)
2016	1,559,318	48,218	1,607,536	1,538,453	(69,083)	(4%)
2017	1,222,253	153,841	1,376,094	1,263,191	(112,903)	(8%)
2018	970,283	142,515	1,112,798	1,073,208	(39,591)	(4%)

Table 5. Colombia Life, Preliminary Estimates vs. Real

(Figures in millions of $ COP)

Evolution of Latest Incidents					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	1,548,298	1,631,173	1,706,470	1,705,844	1,726,750
2016	1,883,574	1,979,014	2,005,901	2,038,457	
2017	2,161,625	2,297,116	2,305,551		
2018	1,834,318	1,818,964			
2019	2,170,741				

Payment of Accumulated Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	858,111	1,302,620	1,480,798	1,566,528	1,608,921
2016	1,004,682	1,554,497	1,798,113	1,881,106	
2017	1,183,810	1,817,713	2,034,689		
2018	1,260,101	1,604,968			
2019	1,492,383				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	1,608,921	117,830	1,726,750	1,548,298	(178,452)	(10%)
2016	1,881,106	157,352	2,038,457	1,883,574	(154,884)	(8%)
2017	2,034,689	270,862	2,305,551	2,161,625	(143,926)	(6%)
2018	1,604,968	213,996	1,818,964	1,834,318	15,354	1%

Tabla 6. México, Estimaciones Previas vs Real

(Figures in millions of $ COP)

Evolution of Recent Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	131,737	133,713	133,196	134,635	135,429
2016	113,148	114,894	119,073	119,701	
2017	122,253	137,913	146,686		
2018	177,307	184,605			
2019	198,056				

Payment of Accumulated Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	98,456	125,968	142,965	144,818	125,489
2016	88,089	129,493	136,569	119,023	
2017	96,885	151,005	147,302		
2018	128,001	177,257			
2019	114,443				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	125,489	9,940	135,429	131,737	(3,692)	(3%)
2016	119,023	678	119,701	113,148	(6,553)	(5%)
2017	147,302	-617	146,686	122,253	(24,433)	(17%)
2018	177,257	7,348	184,605	177,307	(7,298)	(4%)

Table 7. Panama, Previous Estimates vs Real

(Figures in millions of $ COP)

Evolution of Recent Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	142,573	140,010	138,277	140,554	132,093
2016	173,469	158,706	157,960	139,732	
2017	164,346	154,245	134,068		
2018	140,703	136,959			
2019	151,150				

Year	Payment of Accumulated Claims During the same year	One year later	Two years later	Three years later	Four years later
2015	97,891	127,655	131,309	136,096	128,651
2016	86,941	143,578	156,230	140,827	
2017	82,333	143,016	138,370		
2018	87,815	134,868			
2019	102,313				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	128,651	3,441	132,093	142,573	10,480	8%
2016	140,827	(1,095)	139,732	173,469	33,737	24%
2017	138,370	(4,302)	134,068	164,346	30,278	23%
2018	134,868	2,091	136,959	140,703	3,744	3%

Table 8. Dominican Republic, Preliminary Estimates vs. Real

(Figures in millions of $ COP)

Year	Evolution of Recent Claims During the same year	One year later	Two years later	Three years later	Four years later
2015	42,028	41,112	40,258	41,119	44,096
2016	51,452	47,379	48,120	51,413	
2017	63,152	42,985	43,284		
2018	72,055	83,213			
2019	62,414				

Year	Payment of Accumulated Claims During the same year	One year later	Two years later	Three years later	Four years later
2015	23,724	33,534	35,652	36,758	39,497
2016	30,195	41,535	43,497	46,596	
2017	29,688	41,650	41,456		
2018	40,388	51,146			
2019	37,608				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	39,497	4,599	44,096	42,028	(2,068)	(5%)
2016	46,596	4,817	51,413	51,452	39	0%
2017	41,456	1,828	43,284	63,152	19,868	46%
2018	51,146	32,067	83,213	72,055	(11,158)	(13%)

Table 9. El Salvador, Preliminary Estimates vs. Real

(Figures in millions of $ COP)

Evolution of Recent Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	243,934	275,010	270,509	259,867	244,890
2016	151,805	143,589	144,759	133,374	
2017	167,843	156,633	144,633		
2018	219,949	177,846			
2019	312,535				

Payment of Accumulated Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	137,721	216,699	222,530	231,697	233,068
2016	104,886	131,671	133,598	134,325	
2017	117,180	142,642	144,622		
2018	140,029	173,918			
2019	186,165				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	233,068	11,822	244,890	243,934	(956)	0%
2016	134,325	(951)	133,374	151,805	18,431	14%
2017	144,622	11	144,633	167,843	23,210	16%
2017	173,918	3,928	177,846	219,949	42,103	24%

Table 10. South American, Preliminary vs. Real Estimates

(Figures in millions of $ COP)

Evolution of Recent Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	4,367,840	4,484,605	4,556,277	4,573,533	4,582,289
2016	5,513,577	5,535,112	5,596,108	5,610,139	
2017	6,125,083	6,234,606	6,242,152		
2018	4,758,269	4,864,142			
2019	6,076,063				

Payment of Accumulated Claims					
Year	During the same year	One year later	Two years later	Three years later	Four years later
2015	2,340,920	3,712,079	4,079,563	4,222,717	4,260,325
2016	3,276,824	4,774,379	5,161,428	5,260,643	
2017	3,241,467	5,029,816	5,484,822		
2018	3,014,094	4,126,943			
2019	3,481,265				

Year of Occurrence	Accumulated payments	Current Reserves	Updated claims	Initial claims	Estimated deviation	% Deviation
2015	321,964	321,964	4,260,325	4,582,289	(214,449)	(5%)
2016	349,496	349,496	5,260,643	5,610,139	(96,562)	(2%)
2017	757,330	757,330	5,484,822	6,242,152	(117,069)	(2%)
2018	737,199	737,199	4,126,943	4,864,142	(105,873)	(2%)

2.2.1.2 Proof of Liability Adequacy

In the insurance companies of Suramericana, the registered technical reserves are analyzed periodically, to determine if they are adequate. If, as a result of these analyzes, it becomes clear that they are not sufficient, an adjustment is realized, in accordance with the established methodologies and according to the plans established, by the organization.

In the Insurance Companies of SURA Asset Management, the Liability Adjustment Test is realized. This test seeks to verify that the bookings are sufficient, in all their dimensions (technical assumptions, expenses and discount rates). For this, it is verified that the flow of the assets (including the reinvestment projected in a manner consistent with the Company's reinvestment strategy), together with the premiums to be collected for the existing commitments, are sufficient to cover the established commitment.

2.2.1.3 Reinsurance Risk

This consists of the possibility of incurring losses, derived from inadequate reinsurance management. This situation includes the design of the reinsurance program, the placement of the reinsurance, and differences between the conditions, originally accepted by the policyholders and those accepted, in turn, by the reinsurers of the entity.

To manage this risk, part of the obligations with the insured, are transferred through proportional, non-proportional reinsurance schemes, and facultative contracts for special risks, with previously approved reinsurers. Proportional contracts allow to reduce the value exposed to risk and non- proportional contracts, limit the accident rates, and the exposure retained to catastrophes.

Despite having a defined reinsurance scheme, the organization is directly responsible for obligations to its clients, so there is credit risk with respect to the assignment, mitigated through the diversification of counterparties and by quantifying the respective credit risk.

With respect to reinsurance contracts, the companies analyze the capacity and financial strength of the reinsurers to meet their obligations.

With the objective of managing this risk, its financial strength is analyzed through quantitative and qualitative variables (financial solidity, positioning in the market, among others), in order to support decision making and comply with internal control procedures.

The following shows, in a general manner, and through an indicator of ceded premiums, the participation of the most representative reinsurers with which the Company yields risks:

Suramericana	SURA Asset Management
Munich Re	American Bankers Life
Lloyd's	Generali
Mapfre Re	Mapfre
RSA	GEN Re
Swiss Re	Hannover Re
Hannover Re	Scor Global Life
Partner Re	Scotia Insurance (Barbados) Ltd
	SwissRe

Additionally, in accordance with asset impairment practices, accounts receivable, from Reinsurers and Co-insurers, are impaired, under the principles and methodologies, defined by the Companies (See section 2.1.1.4 of the risk management chapter).

Due to its business models, this reinsurance risk is relevant for the Suramericana insurance operations, but not for the insurance operations of SURA Asset Management, whose strategy focuses on life solutions.

2.2.2 Risk Management in Pension Fund Administrators

2.2.2.1 Risks of the Business Variables

The Business Risks in the Pension Companies are related to the deviation in variables, that could affect the financial results of the Companies. From the perspective of this volatility risk, the financial effects are analyzed in the horizon of one year, taking into account the following variables:

- **Behaviour in commission income:** the effects of a 10% drop in commission income are analysed. 10%.
- **Customer behaviour:** the effects of a 10% increase in the number of transfers from affiliates are analysed.

The following table contains the effects of the Pension Business Volatility Risk, in SURA Asset Management.

Sensitivities			
SURA Asset Management			
Business Unit	**Deviation**	**Impact on profit, before taxes 2019**	**Impact on profit, before taxes 2018**
Chile	-10% in commission	(62,873)	(63,485)
Mexico	-10% in commission	(93,207)	(82,967)
Peru	-10% in commission	(40,182)	(44,392)
Uruguay	-10% in commission	(5,921)	(8,085)
Total		**(202,183)**	**(198,929)**
Chile	+ 10% in Transfers	(7,490)	(3,464)
Mexico	+ 10% in Transfers	(2,556)	(1,722)
Peru	+ 10% in Transfers	(3,328)	(9,448)
Uruguay	+ 10% in Transfers	(1,868)	(6)
Total		**(15,242)**	**(14,640)**

The presented results do not consider the interdependence of the evaluated risks.

The greatest effects stem from the risks that impact the behavior of commission income. This income can be affected for the following reasons:

(1) a reduction in commission rates (decreases due to market competitiveness, etc.)

(2) a decrease in the number of taxpayers (unemployment, informality, etc.).

(3) a fall in the wage base, due to causes not contained in the previous point (fall in real salaries, deflation, etc.) or,

(4) a regulatory change. In the case of Mexico (collection on assets), the cause (3) is related to the fall of affiliate funds.

The commission sensitivity, presented here, explains any combination of the above risks that has the effect of reducing the commission collected by 10%.

With respect to the risk of an increase in the number of transfers, its magnitude is linked to the commercial activity of each market in which SURA Asset Management operates; noting a greater commercial activity in the case of Chile and Peru; which is consistent with the social and regulatory situation of both countries. In addition, a methodological change was made in the calculation of sensitivity, which explains the variations.

2.2.2.2 Guaranteed Minimum Return Risks

The regulation, associated with the Pension business (with the exception of Mexico), requires that each Company maintain performance, against the other funds, in the industry. In this sense, the Companies monitor the gap (GAP) between the profitability of the funds, managed by the business units of SURA Asset Management, and the return of funds from the industry.

In the event that the profitability gap is greater than that allowed, the Pension Funds Administrator must refund the sums of money, so that the yield limit is respected.

The effects of a 1pbs deviation on the minimum yield gap, if activated, are shown below.

It is important to note that, given that average return measurements are made over a period of 36 months, and the great similarity between the strategic asset allocation of the industry's funds, it is very unlikely that there will be significant deviations in the short and medium term.

Sensitivities			
SURA Asset Management			
Business Unit	Deviation	Impact on profit, before taxes 2019	Impact on profit, before taxes 2018
Chile			
Fund A	Deviation 1pbs against minimum profitability	(1,815)	(5,192)
Fund B	Deviation 1pbs against minimum profitability	(2,038)	(5,604)
Fund C	Deviation 1pbs against minimum profitability	(4,642)	(12,098)
Fund D	Deviation 1pbs against minimum profitability	(2,695)	(6,971)
Fund E	Deviation 1pbs against minimum profitability	(2,421)	(6,191)
Peru	Deviation 1pbs against minimum profitability		
Fund 1	Deviation 1pbs against minimum profitability	(759)	(1,916)
Fund 2	Deviation 1pbs against minimum profitability	(4,831)	(12,601)
Fund 3	Deviation 1pbs against minimum profitability	(753)	(2,251)
Uruguay	Deviation 1pbs against minimum profitability		
Accumulation	Deviation 1pbs against minimum profitability	(2,247)	(2,253)
Retirement	Deviation 1pbs against minimum profitability	(427)	(443)

2.2.2.3 Volatility Risk in the valuation of the deferred income provision

Those Pension Fund Administrators who charge their administration fee on a salary basis constitute a deferred income provision, in order to cover resource administration expenses, in those periods of inactivity in which the affiliate does not make contributions to the funds, but maintains its savings under the custody and administration of the Companies, without the latter receiving income from such management.

This provision is determined as the present value of the estimated costs, which are calculated on historical variables of customer behavior. This present value is determined, using the discount rate of a local AAA corporate bonds, without a prepayment option, which has a similar term to the projection horizon (20 years). For this reason, given the volatility of the discount rate, there will be variations in the valuation of the provision, which could impact the results of the SURA Asset Management Companies.

The following table contains the effects of volatility risk, in the valuation of the deferred income provision, of SURA Asset Management, as a result of variations, in the discount rates.

Sensitivities
SURA Asset Management

Business Unit	Deviation	Impact on profit, before taxes 2019	Impact on profit, before taxes 2018
Chile	-100pbs in Interest Rates	(2,325)	(2,103)
Peru	-100pbs in Interest Rates	(1,965)	(1,909)
Uruguay	-100pbs in Interest Rates	(208)	(235)
Total		**(4,498)**	**(4,247)**

The results presented do not consider the interdependence of the evaluated risks.

2.2.3 Risk Management in Funds Management Companies and Securities Brokers

The Business Risks in Fund Management Companies and Securities Brokers are related to the deviation in variables that could affect the financial results of the Company, as is the case of the behavior in income from commissions.

Below, are the impacts that a drop-in income, of 10%, would have, for a 1-year horizon.

Sensitivities					
SURA Asset Management					
		Impact on profit, before 2019		Impact on profit, before 2018	
Business Unit	Deviation	Retail	Institutional	Retail	Institutional
Chile	-10% in Administration Commission	(13,420)	(447)	(11,919)	(1,138)
Mexico	-10% in Administration Commission	(2,997)	(4,027)	(1,452)	(5,082)
Peru	-10% in Administration Commission	(2,692)	(50)	(1,298)	(1,240)
Uruguay	-10% in Administration Commission	(913)	(0)	(458)	(8)
Total		**(20,022)**	**(4,524)**	**(15,127)**	**(7,468)**

The presented results do not consider the interdependence of the evaluated risks.

2.3 Risk Management as a Business Group

In order to continue strengthening the capacity, to anticipate events that may become risks, in 2019, progress was realized in the Strategic Risk Management System of the Business Group, in which the Conglomerate risk has been prioritized, for which the following dimensions are highlighted and managed:

Conglomerate Risks:

In addition to the existing risk management system, the Conglomerates Law issued on September 21, 2018, gives Grupo SURA new obligations as the Financial Holding Company of the Conglomerate in terms of risk management. The scope of this system covers not only the Business Group but also all the Companies that make up the Financial Conglomerate. Said regulations seek to develop a Risk Management Framework for the Financial Conglomerate SURA-Bancolombia (FC), emphasizing the development of guidelines to define risk appetite, adequate capital level and the management of strategic, contagion, concentration and reputational risks.

This year Decree 774 of 2018 and External Circular Letter 012 of 2019 issued by the Ministry of Finance and the Superintendence of Finance of Colombia came into force to regulate the adequate level of capital of Financial Conglomerates. It is important to emphasize that the coming into force of such regulations assigns the responsibility of Grupo SURA to watch over the capital sufficiency of the CF. As relevant activities in the matter, it is important to highlight the presentation of the technical document with the respective justification for the definition of the base of financial statements and solvency regimes for the companies of the conglomerate and the transmission of test calculations to the Superintendence of Finance of Colombia (SFC) evidencing the capital sufficiency of the FC.

Continuing with the projects related to the Law of Conglomerates, during the year there have been important advances related to the definitions of Decree 1486 of 2018. In particular, progress was made in the identification of FC related parties, the definition of the conflict of interest policy, the risk concentration policy and the definition of FC exposure and risk concentration limits.

Additionally, the Company participated with SFC in the preparation of External Circular Letter 013 of 2019, by means of which the operation of the Risk Management Framework for FC is regulated, which becomes effective in mid-2021. In compliance with the regulatory requirements in this matter, the work plan containing the necessary activities for the implementation of the Risk Management Framework within the stipulated term was submitted. The definitions of this framework have focused on strategic risk management, contagion and concentration.

Risks associated with other portfolio investments

Grupo SURA, has significant stakes in Grupo Bancolombia, Grupo Nutresa, and Grupo Argos, which imply an indirect exposure to the risks, derived from the business sectors, and the performance of said companies.

The risks, to which Grupo Bancolombia is exposed to, are mainly the financial risks, associated with the banking business: i) impairment of the portfolio, ii) liquidity risk and iii) market risk due to adverse fluctuations in interest rates, change and prices of assets. There are also other relevant risks, such as changes in banking norms, higher capital requirements, and others that could affect the Company.

With respect to Grupo Argos, the main risks are related to the production and distribution of products, in the cement sector, and exposure to risks, in the energy and infrastructure sector. Additionally, for its participation in these industries, there is exposure to environmental, social, and regulatory restrictions.

In the food industry, in which Grupo Nutresa participates, the main risks are derived from the volatility in the prices of raw materials, the norms on nutrition and health, in the countries where it has a presence, and the impact of business, due to the highly competitive environments in which they find themselves.

Risks associated with other companies of the Business Group:

ARUS, and Hábitat Adulto Mayor, are part of the investments in growth, that make up the SURA Grupo Empresarial.

In the case of Hábitat, an entity specializing in the care of the elderly, the Company is exposed to behavioral risks and socio-demographic changes, that could impact its current and potential clients, and therefore, the performance of the Company. Likewise, the conditions that impair services, and operations, of the business, and the issuance of norms, that regulate the sector, could affect this entity.

ARUS, a company of integrated information, technology, and knowledge solutions, is exposed mainly to the risks associated with its technological platform (operation, availability, capacity and obsolescence of the companies in this sector), risk of non-formal competitors that generate pressure in the margins of some of its business lines, and possible regulatory changes in social security payments, that could affect the Integrated Payroll Settlement (PILA) business.

2.4 Management of Operational Risks and other risks

Functional risks, or operational risks, refer to events that impede the normal development of the Company's operation, and that are associated with people, technology, and processes. When controls fail, these risks can cause reputational, legal damage, or have regulatory implications, that could result in financial and customer losses.

In the administration of these risks, the following stand out:

- **Risk of Business Continuity:** in order to ensure the proper implementation of strategies and procedures for action, in case of events that impact the processes and projects, of the Company, Grupo SURA, has a Business Continuity Plan, that includes procedures, strategies, and trained response teams to deal with adverse events.

  The Company’s additionally have a system, with a response plan and financial and reputational crisis management process, which are fundamental to ensure the continuity of the Company's operations. In this area, the last year, we worked from the Holding, to strengthen its business continuity plan and the assessment of associated risks.

- **Reputational risk:** In the Grupo Empresarial SURA, the perception that the various stakeholders have, of the Companies with which they are related, is a fundamental asset for the fulfillment of the strategic objectives.

  A situation of loss of prestige, bad image, or negative publicity, among others, whether true or not, with respect to the Companies and their business practices, could affect the different relationships, with the stakeholders.

  Companies have guidelines for the management of events that may cause a reputational risk and escalate into a crisis. As part of the strategy to strengthen capacities in all subsidiaries, new training programs were developed both for the internal teams involved in the management of these risks, and for the adequate management of the employees' social networks.

  In addition, during 2019, progress was made in the risk management and reputational crisis system, particularly in the design and implementation of the reporting and systematization system for reputational risk events. It is important to highlight that during said period no relevant events occurred in the Business Group.

  Risk of fraud, corruption, bribery and LAFT (Policy for the Prevention of Money Laundry and Terrorism Financing): Companies have provisions and guidelines to manage events that may generate this type of risk and minimize the probability of occurrence, materialization and impact of these events. In turn, they have an Integral System for the Prevention and Control of Money Laundering and Financing of Terrorism - SIPLA, which establishes procedures to avoid that these be used, without their consent and knowledge, for the administration or investment of money coming from illicit activities. The procedures established include due diligence in the involvement of suppliers, investors, among other interest groups, and periodic monitoring, follow-up and checking activities on international restrictive lists.

- **Legal Risk - Compliance:** Companies in highly regulated sectors, may be exposed to administrative processes and sanctions, in cases of non-compliance, with the guidelines issued, by the control entities, in each of the countries where they have a presence.

  In order to manage compliance with legal requirements, the Companies have legal and compliance departments, that monitor compliance with the commitments acquired, internally and externally. Additionally, with the consolidation of the compliance departments, in Grupo SURA, the articulated management of this risk, in the Corporate Group, will be strengthened through the definition of corporate guidelines.

  During 2019, we continued to strengthen the culture of ethics and compliance through different activities, which included strategies for dissemination and training of employees, related to the standards of ethics and conduct defined by the Business Group, actively involving the Senior Management and the presidents of the companies who were responsible for disseminating the values that characterize the corporate culture. Similarly, aware of the importance of suppliers, with whom the purpose of generating value and trust is shared, strategies and spaces for conversation were designed around the business philosophy.

- **Process Risks**: given the relevance of some processes of the financial reports, and on the Companies' results, we have worked on the identification and management of the risks in these processes, as well as the development of strategies that allow us to strengthen the internal control, in these processes.

- **Technology and information risk:** understanding the role that technology plays in the Companies, a comprehensive assessment is developed to determine the status of this risk and the effect that it may have, on the achievement of strategic objectives, the operation and the development of projects. Last year, training on cybersecurity was realized for different departments of the Companies.

  Likewise, in the face of information, the Companies permanently develop initiatives and/or information security programs, seeking to maintain confidentiality, integrity, and availability of the same. In this way, corporate guidelines are given to all subsidiaries, to develop tactical plans to protect the Companies against information security threats, and mitigate the associated risks, according to local needs.

Ongoing management of operational risks in conjunction with strategic risk management, increases the level of maturity in the understanding of risks and supports better decision making, helping the Organization in its competitiveness and sustainability.

NOTE 37. CAPITAL MANAGEMENT

The policy, of the Grupo SURA, is to maintain a base of solid capital, in order to preserve the confidence of investors, creditors, and the market, and sustain the future development of the business. The Company monitors the return on capital and the level of dividends paid to shareholders.

The main objective of the Capital Management of Grupo de Inversiones Suramericana is to ensure a financial structure that optimizes the cost of capital of the Company, which maximizes the performance of its shareholders, and allows for the access to the financial markets, at a competitive cost, to cover its financing needs.

Grupo SURA monitors capital, using an adjusted net debt and equity index. For this purpose, the adjusted net debt is defined as total financial liabilities, which include loans that accrue interest, minus cash and cash equivalents.

In order to comply with the indicators of financial indebtedness, established by the rating agencies, to measure the degree of investment in the companies, the adjusted debt-equity ratio of Grupo SURA at December 31st is as follows:

	December 2019	December 2018
Financial liabilities (Note 7.3) (1)	10,092,894	10,446,774
Cash and cash equivalents (Note 6)	(2,346,157)	(1,878,040)
Net debt	**7,746,737**	**8,568,734**
Equity (Note 24)	28,091,003	26,900,912
Adjusted debt index - equity (2)	27.58%	31.85%

(1) Includes issued securities and other financial liabilities
(2) Net Debt/Equity

NOTE 38. INFORMATION DISCLOSED ON RELATED PARTIES

38.1. Related parties

Grupo SURA subsidiaries are considered to be key management personnel, as well as entities over which key management personnel may exercise joint control, or control, and post-employment benefit plans for the benefit of employees.

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

a) Companies under direct or indirect control of the SURA Group are listed in Note 1. Reporting entity.

b) Investments in associates and joint ventures

Associated companies and joint ventures of the Grupo SURA are detailed in Note 16.1. Investments in associates and Note 16.2. Joint ventures.

Shareholders of Grupo de Inversiones Suramericana
See the breakdown of Shareholders in Note 1. Reporting Entities

38.2. Transactions with related parties

Among the operations registered between related parties are:

- Loans between related companies, with terms and conditions contractually agreed upon and at interest rates established in accordance with market rates. All are canceled in the short-term.

- Provision of financial services, administration services, IT services, and payroll services.
- Leases and sub-leases of offices and commercial properties, as well as the re-billing of related public services
- Cash reimbursements

It should be mentioned that all operations are considered short-term and are considered market transactions.

Balances are reconciled, at the end of each year, in order to effect the elimination of transactions between related companies. The difference in exchange, generated by the difference in the registration fees, is charged to the results of the consolidated financial statements.

38.2.1. Transactions related to Subsidiaries

The following is a summary of the total of transactions, with related parties, between subsidiaries at December 31st, that have been eliminated in the consolidated:

2019

Entity	Operations with the Parent Company		Consolidated business GRUPO EMPRESARIAL			
	Liability accounts	Expenses	Asset accounts	Liability accounts	Income	Expenses
Administradora General de Fondos Sura S.A.	-	-	578	(6,659)	-	(53,932)
AFAP Sura S.A.	-	-	-	(3)	222	(24)
AFISA SURA S.A.	-	-	-	(252)	-	(2,058)
Afore Sura S.A. de C.V.	-	-	1,004	(1,975)	10,274	(13,155)
AFP Capital S.A.	-	-	-	(2,536)	415	(36,266)
AFP Integra S.A.	-	-	-	(285)	261	(1,173)
Arus S.A.	-	-	3,938	(10,291)	30,873	(300)
Aseguradora de Créditos y Garantías S.A.	-	-		-	-	(466)
Aseguradora Suiza Salvadoreña S.A. Asesuisa	-	-	914	(229)	8,793	(501)
Asesores Sura S.A. de C.V.	-	-	3,067	(509)	31,329	(431)
Asesuisa Vida, S.A. Seguros de Personas	-	-	92	(914)	750	(8,744)
Chilean Holding Suramericana SPA	-	-	-	(52,669)	-	(2,514)
Consultoría en Gestión de Riesgos Suramericana S.A.S.	-	(14)	144	(788)	106,608	(791)
Corredor de Bolsa SURA S.A.	-	-	252	-	2,058	(222)
Corredores de Bolsa Sura S.A.	-	-	2,750	(141)	33,858	(9,421)
Diagnóstico y Asistencia Médica S.A.	-	-	14,262	(1,779)	214,336	(8,674)
Enlace Operativo S.A.	-	-	12,799	-	17,194	(50)
EPS y Medicina Prepagada Suramericana S.A.	-	-	11,758	(21,066)	4,840	(546,451)
Fondos Sura SAF S.A.C.	-	-	131	(113)	-	(1,315)
Hábitat Adulto Mayor S.A.	-	-	-	-	-	(119)
Inversiones SURA Brasil Participacoes LTDA	-	-	-	(271)	-	-
Inversiones Suramericana Chile Limitada	-	-	-	(212)	-	-
Inversiones y Construcciones Estratégicas S.A.S.	(74,225)	(1,574)	74,234	-	1,665	-
NBM Innova, S.A de C.V	-	-	-	(93)	-	(1,140)
Operaciones Generales Suramericana S.A.S.	-	(19)	11,136	(38,740)	108,014	(3,506)
Pensiones Sura S.A. de C.V.	-	-	-	(2,386)	-	(7,956)
Promotora Sura AM S.A. de C.V.	-	-	5,855	-	22,273	-
Seguros de Vida Sura S.A. (Chile)	-	-	5,859	(996)	43,664	(20,898)

Entity	Operations with the Parent Company		Consolidated business GRUPO EMPRESARIAL			
	Liability accounts	Expenses	Asset accounts	Liability accounts	Income	Expenses
Seguros de Vida Suramericana S.A (Chile)	-	-	1	(2,154)	-	(2,813)
Seguros de Vida Suramericana S.A.	(22)	-	17,528	(23,790)	12,483	(317,034)
Seguros Generales Suramericana S.A (Chile)	-	-	54,761	(74)	5,238	(1,750)
Seguros Generales Suramericana S.A.	(111)	(357)	29,304	(15,626)	36,603	(118,229)
Seguros Sura S.A (Argentina)	-	-	-		-	466
Seguros Sura S.A (Brasil)	-	-	271	-	-	-
Seguros Sura S.A.	-	-	-	(335)	10	(2,355)
Seguros Sura, S.A de C.V. (México)	-	-	-	(498)	-	(2,101)
Seguros Suramericana Panamá S.A.	-	-	-	(34,655)	520	(8,366)
Servicios de Salud IPS Suramericana S.A.	-	(3)	15,454	(15,307)	538,944	(62,934)
Servicios Generales Suramericana S.A.	(154)	-	41,445	(20,115)	5,238	(3,334)
Servicios Generales Suramericana S.A. (Panamá)	-	-	327	-	502	-
Sociedad Agente de Bolsa S.A.	-	-	101	-	968	(3)
Sura Art Corporation S.A. de C.V.	-	-	126	(13)	1,247	(98)
Sura Asset Management Argentina S.A.	-	-	-	(1)	-	-
SURA Asset Management Chile S.A.	-	-	-	(258)	10,847	(2,294)
Sura Asset Management México S.A. de C.V.	-	-	-	(12)	-	(101)
Sura Asset Management Perú S.A.	-	-	343	-	443	-
Sura Asset Management S.A.	-	-	1,955	(3,587)	5,546	(22,670)
Sura Asset Management Uruguay Sociedad de Inversión S.A.	-	-	-	101	5,552	(6,061)
Sura Data Chile S.A.	-	-	-	-	9,666	-
Sura Investment Management S.A. de C.V.	-	-	244	(6,883)	3,344	(48,619)
SURA Real Estate S.A.S.	-	-	-	-	-	(7)
SURA Servicios Profesionales S.A.	-	-	6,550	(799)	47,736	(675)
Suramericana S.A.	-	-	25,896	(1,318)	1,923	(1,354)
WM Asesores en inversiones S.A DE C.V.	-	-	-	(185)	-	(1,666)
Seguros Sura S.A. (Uruguay)	-	-	7	(69)	-	(267)
Sura RE	-	-	27	(116)	790	(688)
	(74,512)	(1,967)	343,113	(268,601)	1,325,027	(1,323,060)

2018

Entity	Operations with the Parent Company			Operaciones consolidadas grupo empresarial			
	Asset accounts	Liability accounts	Expenses	Asset accounts	Liability accounts	Income	Expenses
Administradora General de Fondos Sura S.A.	-	-	-	733	(4,820)	4,181	(53,560)
AFAP Sura S.A.	-	-	-	67	(3)	228	(135)
AFISA Sura S.A.	-	-	-	-	(196)	128	(2,050)
AFORE Sura S.A. DE C.V.	-	-	-	824	(4,744)	7,840	(16,606)
AFP Capital S.A.	-	-	-	8	(1,179)	(412)	(33,770)
AFP Integra S.A.	-	-	-	-	(708)	(222)	(1,863)
Arus Holding S.A.S	-	-	-	-	(131)	-	-
Arus S.A.	-	-	-	3,563	(3)	26,458	(85)
Aseguradora de Créditos y Garantías S.A.	-	-	-	-	(5)	(503)	-
Aseguradora Suiza Salvadoreña S.A. Asesuisa	-	-	-	531	(2,539)	3,121	(2,111)
Asesores Sura S.A. de C.V.	-	-	-	5,852	-	30,228	-
Asesuisa Vida, S.A. Seguros de Personas	-	-	-	700	(1,157)	2,033	(5,160)
Chilean Holding Suramericana SPA	-	-	-	-	(53,866)	-	(2,428)
Consultoría en Gestión de Riesgos Suramericana S.A.S.	-	-	-	34	(580)	95,375	(860)
Corredor de bolsa Sura S.A.	-	-	-	196	(67)	2,050	(239)
Corredores de bolsa Sura S.A.	-	-	-	2,508	(256)	29,665	(9,935)
Diagnóstico y Asistencia Médica S.A.	-	-	-	8,376	(1,542)	151,654	(3,850)
Enlace Operativo S.A.	-	-	-	1,405	-	16,414	(39)
EPS y Medicina Prepagada Suramericana S.A.	-	-	-	1,792	(16,575)	2,989	(444,425)

Entity	Operations with the Parent Company			Operaciones consolidadas grupo empresarial			
	Asset accounts	Liability accounts	Expenses	Asset accounts	Liability accounts	Income	Expenses
Fondos Sura SAF S.A.C.	-	-	-	-	(40)	(18)	(1,051)
Grupo SURA Chile Holdings I B.V.	-	-	-	28	-	-	-
Habitat Adulto Mayor S.A.	-	-	-	-	-	-	(56)
Inversiones Sura Brasil Participacoes LTDA	-	-	-	-	(162)	-	-
Inversiones Suramericana Chile Limitada	-	-	-	-	(217)	-	-
Inversiones y Construcciones Estratégicas S.A.S.	-	(39,388)	(1,780)	39,388	-	1,780	(88)
NBM Innova, S.A de C.V	-	-	-	-	(122)	-	(211)
Operaciones Generales Suramericana S.A.S.	-	-	(13)	9,349	(50,199)	91,960	(4,683)
Pensiones Sura S.A. DE C.V.	-	-	-	-	(742)	-	(6,079)
Promotora Sura AM S.A. DE C.V.	-	-	-	2,988	-	22,417	-
Seguros Sura Uruguay S.A.	-	-	-	17	(46)	-	(251)
Seguros de Riesgos Laborales Suramericana S.A.	22	-	-	46	(7,079)	(607)	(156,768)
Seguros de Vida Sura México S.A. de C.V.	-	-	-	-	(482)	443	(4,233)
Seguros de Vida Sura S.A. (Chile)	-	-	-	3,681	(1,122)	22,042	(5,552)
Seguros de Vida Suramericana S.A (Chile)	-	-	-	60	(351)	59	(2,344)
Seguros de Vida Suramericana S.A.	11	(10)	-	2,331	(16,634)	12,288	(107,059)
Seguros Generales Suramericana S.A (Chile)	-	-	-	54,424	(235)	4,624	(1,038)
Seguros Generales Suramericana S.A.	-	-	(84)	47,558	(29,486)	52,285	(143,444)
Seguros Sura S.A (Argentina)	-	-	-	(25)	30	503	-
Seguros Sura S.A (Brasil)	-	-	-	162	(13)	-	-
Seguros Sura S.A.	-	-	-	-	(274)	-	(283)
Seguros Sura, S.A de C.V. (México)	-	-	-	-	(82)	-	(687)
Seguros Suramericana Panamá S.A.	-	-	-	206	(32,074)	17,511	(32,445)
Servicios de Salud IPS Suramericana S.A.	-	(1)	(9)	18,135	(7,362)	456,879	(51,100)
Servicios Generales Suramericana S.A.	-	(68)	-	54,207	(86)	4,135	(2,850)
Servicios Generales Suramericana S.A. (Panamá)	-	-	-	351	(206)	517	-
Sociedad Agente de Bolsa S.A.	-	-	-	27	-	565	(86)
Sura Art Corporation S.A. de C.V.	-	-	-	171	(6)	1,218	(91)
Sura Asset Management Argentina S.A.	-	-	-	-	(1)	-	-
Sura Asset Management Chile S.A.	-	-	-	-	(555)	-	(1,383)
Sura Asset Management España S.L.	-	-	-	(28)	-	-	-
Sura Asset Management México S.A. de C.V.	-	-	-	-	(5)	-	(84)
Sura Asset Management Perú S.A.	-	-	-	-	-	360	(69)
Sura Asset Management S.A.	-	-	-	1,598	(2,219)	8,874	(10,003)
Sura Asset Management Uruguay Sociedad de Inversión S.A.	-	-	-	10	(122)	(190)	(311)
Sura Data Chile S.A.	-	-	-	19	-	12,035	(8)
Sura Investment Management S.A. DE C.V.	-	-	-	311	(6,566)	2,991	(45,814)
Sura RE Ltda.	-	-	-	18,535	-	25,593	(1,078)
Sura Real Estate S.A.S.	-	-	-	9	-	1,250	-
Sura Servicios Profesionales S.A.	-	-	-	5,220	(7)	48,123	(405)
Suramericana S.A.	11	-	-	99	(1,201)	-	(100)
WM Asesores en inversiones S.A DE C.V.	-	-	-	-	(79)	-	(135)
	44	**(39,467)**	**(1,886)**	**285,466**	**(246,116)**	**1,158,864**	**(1,156,905)**

38.2.2. Transactions related parties to associates

The following is a summary of total of transactions, with related parties, between associates, at December 31st:

2019

COMPANY	CONSOLIDATED OPERATIONS WITH GRUPO EMPRESARIAL				
	ASSET ACCOUNTS	PROPERTIES	LIABILITY ACCOUNTS	INCOME	EXPENSES
Grupo Argos	27,057	-	60,960	100,317	24,507
Grupo Bancolombia	1,390,462	-	2,828,153	860,822	272,034
Grupo Nutresa	-	12,567	-	99,026	194,195
Otras Asociadas	-	-	-	9,328	-
TOTAL	**1,417,519**	**12,567**	**2,889,113**	**1,069,493**	**490,736**

2018

COMPANY	CONSOLIDATED OPERATIONS WITH GRUPO EMPRESARIAL				
	ASSET ACCOUNTS	PROPERTIES	LIABILITY ACCOUNTS	INCOME	EXPENSES
Grupo Argos	106,560	-	-	106,560	-
Grupo Bancolombia	1,584,319	-	1,996,715	523,314	-
Grupo Nutresa	91,648	-	-	91,648	-
Protección	1,205,883	-	-	86,209	-
Otras Asociadas	20,914	-	-	-	-
TOTAL	**3,009,324**	**-**	**1,996,715**	**807,731**	**-**

* Purchase of *city medica* building, Rionegro

38.3. information from related parties

Below, additional information from related parties, is as follows:

Remuneration of key personnel

Benefits to executive employees

	December 2019	December 2018
Short-term employee benefits	75,524	71,862
Long-term employee benefits	7,427	6,040
Post-employment benefits	9,981	4,621
By termination	-	773
Total	**92,932**	**83,296**

Transactions with directors:

	December 2019	December 2018
Directors' receivables (1)	7,208	5,102
Accounts payable directors	1,917	

(1) Corresponds to loans with directors at an agreed upon rate of 0.56% EMV.

Board of Directors Honorariums

Honorariums to the Board of Directors are as follows:

	December 2019	December 2018
Honorariums, Member Board of Directors	6,520	5,766

During the year ended December 31, 2019 and 2018, the Members of the Board of Directors, received remuneration for their participation in the meetings of the Board and the Board Committees, in accordance with the provisions of the Company's bylaws, and the guidelines of the Shareholders' Meeting, which determined the following:

It is the responsibility of the members of the Board of Directors of Grupo de Inversiones Suramericana and its subsidiaries, to formulate the norms and guidelines of the business, and to make key decisions.

NOTE 39. EVENTS AFTER THE REPORTING PERIOD

On January 22, 2020, at the second call meeting, the Assembly of Corporate Bondholders corresponding to the 2016 Issue of its subsidiary Suramericana S.A., approved the proposal to spin-off an equity portion of Seguros de Vida Suramericana S.A., to be absorbed by Suramericana S.A.; this equity portion will be represented by an investment portfolio. To perfect this operation, it still remains to obtain the authorisation of the Colombian Superintendence of Finance.

On January 30, 2020, Grupo de Inversiones Suramericana S.A. (Grupo SURA) reported that the Board of Directors, in its meeting of this day, with respect to the Program for the Issuance and Placement of Ordinary Bonds and Commercial Papers for the year 2014 (Program), authorized the extension of the Program's global quota by one billion pesos ($1,000,000,000,000), amounting to two trillion three hundred thousand million pesos ($2,300,000,000,000). It also approved the renewal of the term of the Program's public offering authorization for an additional three (3) years.
Said modifications to the Program are subject to the respective authorization of the Superintendence of Finance of Colombia.

On January 30, 2020, Dr. David Bojanini García, President of Grupo SURA S.A., presented his resignation to the Company's Board of Directors, with the purpose of enjoying his retirement as of April 2020 and devoting himself to personal projects, after presiding over the ordinary meeting of the company's General Shareholders' Meeting.
In accordance with the succession plans established for the Company's Senior Management, the Board of Directors asked its Appointments and Remuneration Committee to advance in the process of evaluating candidates, taking into account the profile and skills required to continue leading the sustainable development of the SURA Group.

In addition to the above, there were no other relevant events after the closing of the financial statements and up to the date of their approval that could significantly affect the financial situation of the company reflected in the financial statements as of December 31, 2019.

NOTE 40. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the Financial Statements of Grupo SURA, corresponding to the period ended December 31, 2019, were authorized by the Board of Directors, as stated in Meeting Minutes No. 291 of February 27, 2020, to be presented to the market.

ANALYSIS OF FINANCIAL RESULTS (unaudited)

The following are the analyses of financial results, for the period ended December 31, 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		December 2019			December 2018			INTERPRETATION	
			40,946,828			44,172,460				Totally
	Solidity			=	59.31%		=	62.15%	Creditors own 59.31% as of December 2019 and 62.15% as of December 2018, with shareholders owning the complement: 40.69% as of December 2019 and 37.85% as of December 2018	
			69,037,830			71,073,372				Total Asset
IDEBTNESS			40,946,828			44,172,460				Totally Liability
	Total			=	59.31%		=	62.15%	Of each peso that the company has invested in assets, 59.31% at December 2019 and 62.15% at December 2018 have been financed by creditors	
			69,037,830			71,073,372				Total Asset
			2,434,840			1,968,472				Net profit + interest
	Interest coverage			=	339.98%		=	314.86%	The Company generated a net profit equal to 339.98% as of December 2019 and 314.86% in December 2018 of interest paid	
			716,162			625,181				Financial expenses
	Leverage									
			40,946,828			44,172,460				Total liabilities with third parties
		Total		=	145.76%		=	164.20%	Each peso ($1.00) of the Company's owners is committed 145.76% as of December 2019 and 164.2% as of December 2018	
			28,091,002			26,900,912				Equity
			10,092,894			10,446,774				Total liabilities with financial entities
		Total Financial		=	35.93%		=	38.83%	For each peso of equity 35.93%, is financially committed as of December 2019 and 38.83% as of December 2018	
			28,091,002			26,900,912				Equity

PERFORMANCE	Net profit margin	1,718,678 / 21,914,783	=	7.84%	1,343,291 / 19,349,821	=	6.94%	Net income corresponds to 7.84% of net income in December 2019 and 6.94% of net income in 2018	Net profit / Net income
	Return on equity	1,718,678 / 26,372,324	=	6.52%	1,343,291 / 25,557,621	=	5.26%	The net results correspond to 6.52% of the assets in December 2019 and 5.26% in December 2018	Net profit / Equity - profit
	Total asset performance	1,718,678 / 69,037,830	=	2.49%	1,343,291 / 71,073,372	=	1.89%	The net results with respect to total assets correspond to 2.49% in December 2019 and 1.89% in December 2018	Net profit / Total Asset