Interim condensed individual financial statements of Grupo de Inversiones Suramericana S.A. for the nine-month period between January 1st and September 30th 2020

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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 financial position of the company, results, and cash flows, at September 30, 2020, with comparative figures at September 30 and December 31, 2019. For the preparation of these financial statements, the Directors are required to:

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

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

Gonzalo Alberto Pérez Rojas
President

Luis Fernando Soto Salazar
Public accountant
Professional Card 16951-T

CERTIFICATION OF THE CONDENSED INDIVIDUAL FINANCIAL STATEMENTS

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

That for the issuance of the statement of financial position, at September 30, 2020, and of the income statement for the year, as well as, the statement of other comprehensive income, changes in equity statement, and the cash flow statement, for the year ended on that date, which are in compliance with the norms, and are made available to shareholders and third parties, and whose information, contained in them, have been previously verified and the figures taken faithfully from the books.

Said affirmations, explicit and implicit, are the following:

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

Integrity: All economic events have been recognized.

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

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

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

In accordance with Article 46 of Law 964 of 2005, in my capacity as legal representative of Grupo de Inversiones Suramericana S.A., the financial statements, and other reports relevant to the public, related to the fiscal year between September 30, 2020 and September 30, 2019 and December 31, 2019, do not contain defects, inaccuracies, or errors, that prevent the knowledge of the true financial situation, and the operations of the company.

Gonzalo Alberto Pérez Rojas
President

Luis Fernando Soto Salazar
Public accountant
Professional card 16951-T

AUDITORS REPORT

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM STATEMENT OF INDIVIDUAL FINANCIAL POSITION
At 30 September, 2020 (with comparative figures at December 31,2019)
(Values expressed as millions of Colombian pesos)

	Note	September 2020	December 2019
Assets			
Cash and cash equivalents		646,646	3,145
Investments	6.1.3	398,725	19,716
Trade and other account receivables	6.1.1	90,814	99,581
Accounts receivable related parties and associates	6.1.2	424,964	108,851
Current tax assets	7.1	3,246	-
Other financial assets	6.1.4	828,863	305,660
Other non-financial assets		244	244
Property and equipment		3,652	3,413
Right-of-use assets	8	19,651	20,742
Investments in associates	9.1	14,414,818	14,392,657
Investments in subsidiaries	9.2	14,847,248	14,133,102
Deferred tax assets	7.2	94,494	62,961
Total assets		**31,773,365**	**29,150,072**
Liabilities			
Other financial liabilities	6.2.1	942,279	848,773
Financial lease liabilities	8	13,207	13,815
Trade and other accounts payable	6.2.3	134,986	149,804
Accounts payable to related parties	6.2.2	171,577	155,960
Current tax liabilities	7.1	8,710	2,765
Provisions for employee benefits		5,326	12,250
Other provisions		3,470	3,470
Securities issued	10	5,869,383	4,419,096
Total liabilities		**7,148,938**	**5,605,933**
Equity			
Share capital issued		109,121	109,121
Share premiums		3,290,767	3,290,767
Profit for the period		606,369	932,190
Retained earnings		11,824,123	11,793,652
Other comprehensive income		1,839,925	1,027,504
Reserves		6,954,122	6,390,905
Total equity		**24,624,427**	**23,544,139**
Total equity and liabilities		**31,773,365**	**29,150,072**

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

Gonzalo Alberto Pérez Rojas
Legal representative

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

Mariana Milagros Rodríguez
Auditor
P.C. 112752-T
Designated by Ernst & Young Audit S.A.S. TR-530
(See my report of 13 November 2020)

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

At 30 September, 2020 (with comparative figures at September 30,2019)

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

		Accumulated		Quarter	
	Notes	September 2020	September 2019	September 2020	September 2019
Dividends	9.1	575,861	435,403	63	-
Income from investments		4,916	467	2,767	37
Profit at fair value – investments		1,558	(21)	961	117
Profit from the Equity method of subsidiaries, net	9.2	449,788	809,468	117,349	309,895
Other income		744	373	389	25
Operational income		**1,032,867**	**1,245,690**	**121,529**	**310,074**
Administrative expenses	13	(25,570)	(23,328)	(6,884)	(4,280)
Employee benefits		(25,254)	(17,543)	(6,556)	(6,119)
Fees	14	(5,726)	(7,177)	(2,101)	(1,741)
Depreciation		(1,598)	(1,688)	(541)	(564)
Operational expenses		**(58,148)**	**(49,736)**	**(16,082)**	**(12,704)**
Operating profit		**974,719**	**1,195,954**	**105,447**	**297,370**
Profit at fair value- Derivatives		218,370	79,042	61,842	88,324
Exchange differences (Net)		(327,674)	(127,965)	(61,184)	(150,484)
Interest		(286,308)	(254,458)	(91,168)	(84,643)
Financial Results	**15**	**(395,612)**	**(303,381)**	**(90,510)**	**(146,803)**
Profit before tax		**579,107**	**892,573**	**14,937**	**150,567**
Income tax	7	27,262	6,514	(572)	13,178
Profit, net of continuing operations		**606,369**	**899,087**	**14,365**	**163,745**
Earnings per share					
Earnings per share for the period	16	1,094	1,597	42	299

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

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME
At 30 September, 2020 (with comparative figures at 30 September, 2019)
(Values expressed in millions of Colombia pesos)

		Accumulated		Quarter	
	Note	September 2020	September 2019	September 2020	September 2019
Profit for the period		**606,369**	**899,087**	**14,365**	**163,745**
Items that will not be reclassified to income for the period					
Investments in equity instruments net of taxes		(5,289)	3,000	(572)	927
New measures of defined benefit plans net of taxes		3,592	-	-	-
Total other comprehensive income not reclassified to profit or loss, net of tax		**(1,697)**	**3,000**	**(572)**	**927**
Items to be reclassified to income for the period					
Profit (loss) on cash flow hedges, net of taxes		(1,261)	(7,878)	(1,809)	(6,458)
Participation of other comprehensive income of associates and joint ventures accounted for using the Equity Method that is reclassified to profit or loss, net of tax	9.2	815,379	385,315	437,114	317,186
Total other comprehensive income that is reclassified to results		**814,118**	**377,437**	**435,305**	**310,728**
Total other comprehensive income		**812,421**	**380,437**	**434,733**	**311,655**
Total comprehensive income		**1,418,790**	**1,279,524**	**449,098**	**475,400**

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

Gonzalo Alberto Pérez Rojas
Legal representative

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
At 30 September, 2020 (with comparative figures at 30 September, 2019)
(Values expressed in millions of Colombia pesos)

	Note	Issued capital	Share premium	Retained earnings	Other equity interests	Legal reserves	Occasional reserves	Total reserves	Profit for the period	Total Equity
Balance at January 1, 2020		**109,121**	**3,290,767**	**11,793,652**	**1,027,504**	**138,795**	**6,252,110**	**6,390,905**	**932,190**	**23,544,139**
Other comprehensive income	**12**	-	-	-	812,421	-	-	**-**	-	812,421
Profit for the period		-	-	-	-	-	-	**-**	606,369	606,369
Total net comprehensive income for the period		**-**	**-**	**-**	**812,421**	**-**	**-**	**-**	**606,369**	**1,418,790**
Transfer to retained earnings		-	-	932,190	-	-	-	**-**	(932,190)	-
Distribution of 2019 results According to the minutes of the Shareholders' Meeting No. 25 of March 27, 2020:	**11**									
Ordinary dividend (583 pesos per share) and extraordinary dividend (51 pesos per share) recognized as distributions to owners		-	-	(368,973)	-	-	-	**-**	-	(368,973)
Reserves for the protection of investments		-	-	(263,217)	-	-	263,217	**263,217**	-	-
Reserves for share repurchase		-	-	(300,000)	-	-	300,000	**300,000**	-	-
Minimal dividends, preferences shares	**10**	-	-	30,471	-	-	-	**-**	-	30,471
Balance at September 30, 2020		**109,121**	**3,290,767**	**11,824,123**	**1,839,925**	**138,795**	**6,815,327**	**6,954,122**	**606,369**	**24,624,427**

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
At 30 September, 2020 (with comparative figures at 30 September, 2019)
(Values expressed in millions of Colombia pesos)

	Note	Issued capital	Share premium	Retained earnings	Other equity interests	Legal reserves	Occasional reserves	Total reserves	Profit for the period	Total Equity
Balance at January 1, 2019		**109,121**	**3,290,767**	**11,760,980**	**1,203,532**	**138,795**	**5,923,603**	6,062,398	**648,593**	**23,075,391**
Other comprehensive income	**12**	-	-	-	380,437	-	-	-	-	380,437
Profit for the period		-	-	-	-	-	-	-	899,087	899,087
Total net comprehensive income for the period		**-**	**-**	**-**	**380,437**	**-**	**-**	-	**899,087**	**1,279,524**
Transfer to retained earnings		-	-	648,593	-	-	-	-	(648,593)	-
2018 Profit distribution in accordance with the minutes No. 24 of the shareholder's assembly March 29, 2019:										
Dividends recognized as distributions for owners (550 pesos per share)	**11**	-	-	(320,086)	-	-	-	-	-	(320,086)
Reserves for the protection of investments		-	-	(328,507)	-	-	328,507	328,507	-	-
Minimal dividends, preferences shares	**10**	-	-	30,471	-	-	-	-	-	30,471
Balance at September 30, 2019		**109,121**	**3,290,767**	**11,791,451**	**1,583,969**	**138,795**	**6,252,110**	**6,390,905**	**899,087**	**24,065,300**

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

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE CASH FLOWS STATEMENT
At 30 September, 2020 (with comparative figures at 30 September, 2019)
(Values expressed in millions of Colombian pesos)

	Note	September 2020	September 2019
Profit for the period		**606,369**	**899,087**
Adjustments to reconcile profit			
Adjustments for income tax expenses	7	(27,262)	(6,514)
Interests	15	286,308	254,458
Adjustments for decrease in trade receivables		8,767	(77,515)
Adjustments for increases in other accounts receivable from operating activities		(468,508)	(435,371)
Adjustments for increases in accounts payable from trade sources		(14,818)	154,022
Adjustments for depreciation and amortization expenses		1,598	1,688
Adjustments for provisions		(3,332)	(15,971)
Adjustments for losses from unrealized foreign currency		325,990	127,446
Adjustments for fair value profit		(215,083)	(145,169)
Adjustments for undistributed profits from application of the Equity Method	9	(449,788)	(809,468)
Dividends receivable, associates		707,075	782,833
Interest paid		(1,381)	(157)
Income taxes paid (reimbursed)		(427)	(8,764)
Other non-financial assets		(603)	3,077
Cash flows from operating activities		**754,905**	**723,682**
Cash flows from (used in) investing activities			
Cash flows from loss of control of subsidiaries or other businesses		(25,818)	(11,640)
Other payments to acquire equity or debt instruments from other entities		(384,291)	-
Property and equipment purchase		(748)	(474)
Purchases of other long-term assets		-	(682)
Payments derived from forwards, options and swap contracts (swaps)		-	(85,255)
Collections from forward contracts, options and swap contracts (swaps)		(26,070)	-
Net cash flows from (used in) investing activities		**(436,927)**	**(98,051)**
Cash flows from financing activities			
Payments from issuance of shares		30,471	30,475
Payments from loans		1,173,080	233,191
Reimbursement of loans		(416,048)	(522,891)
Payment of financial lease liabilities		(1,293)	(4,403)
Dividends paid	11	(279,132)	(235,044)
Interest paid		(183,127)	(128,882)
Cash flows from financing activities		**323,951**	**(627,554)**
Net increase in cash and cash equivalents		**641,929**	**(1,923)**
Effects of exchange rate changes on cash and cash equivalents		1,572	(251)
Cash and cash equivalents at beginning of period	6.1	3,145	9,241
Cash and cash equivalents at end of period	**5**	**646,646**	**7,067**

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

Gonzalo Alberto Pérez Rojas Legal representative	Luis Fernando Soto Salazar Accountant P.C. 16951-T	Mariana Milagros Rodríguez Auditor P.C. 112752-T Designated by Ernst & Young Audit S.A.S. TR-530 (See my report of 13 November 2020)

GRUPO DE INVERSIONES SURAMERICANA S.A.

NOTES FOR THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

Period ended September 30, 2020 (with comparative for the year ended at 31 December 2019 for the statement of the financial position and at 30 September, 2019 for the statement results, other comprehensive income, changes in the assets and cash flow).

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

NOTE 1. REPORTING ENTITY

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

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

NOTE 2. BASIS OF PREPARATION OF THE SEPERATE FINANCIAL STATEMENTS

2.1. Statement of compliance

The separate interim financial statements of Grupo de Inversiones Suramericana S.A., for the six months ended September 30, 2020, have been prepared in accordance with the International Accounting Standard - IAS 34 Interim Financial Reporting, which is part of the Accounting and Financial Reporting Standards accepted in Colombia (NCIF), established in Law 1314 of 2009, regulated by means of External Circular 038 of 2015 in the Sole Regulatory Decree 2420 of 2015 modified by Decree 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018 and 2270 of 2019. The NCIF are based on International Financial Reporting Standards (IFRS), together with their interpretations, issued by the International Accounting Standards Board (IASB), officially translated and authorized by the International Accounting Standards Board (IASB) as of December 31, 2016.

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

- Article 4 of decree 2131 of 2016 amended part 2 of book 2 of decree 2420 of 2015 added by decree 2496 of 2015 allowing as of December 31, 2016 the determination of post-employment benefits for future retirement or disability pensions, 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, article 1. 2.1.18.46 and following, and, in the case of partial pension commutations in accordance with the provisions of paragraph 5 of article 2.2.8.8.31 of Decree 1833 of 2016, reporting the variables used and the differences with the calculation made in the terms of the technical framework under NCIF.

2.2. Basis of presentation

2.2.1. Measurement and presentation bases

Measurement bases

The financial statements have been prepared on the historical cost basis with the exception of the following 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 measured at fair value
- Employee benefits, which are measured at the present value of the defined benefit obligation.

Presentation of financial statements

The separate condensed interim financial statements are prepared based on the following:

The separate statement of financial position presents assets and liabilities on the basis of their liquidity, as 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 separate income statement and the other comprehensive income are presented separately. Income statement items are broken down according to the nature of expense method, so as to provide reliable and more relevant information.

The separate cash flow statement is presented using the indirect method, whereby cash flows from operating activities are determined by adjusting the profit for the effects of items that do not affect cash flow, net changes in assets and liabilities related 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.

2.3. Significant accounting policies

The accompanying financial statements do not include all the information and disclosures required for a year-end financial statement and therefore, these condensed financial statements should be read in conjunction with the annual financial statements as of December 31, 2019.

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

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

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

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

Accounting estimates and assumptions.

Following is a description of the key assumptions that estimate the future behavior of the variables at the reporting date and that have a significant risk of causing a material adjustment to the value of assets and liabilities during the next financial statement as a result of the uncertainty surrounding such behaviors.

a) Revaluation of property for own use

Grupo SURA records real estate. (land and buildings), at fair value and changes, of the same are recognized in other comprehensive income of the equity.

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

When the carrying amount of an asset, is reduced, as a result of a revaluation, such decrease shall be recognized in the profit and loss for the period. However, the decrease will be recognized in other comprehensive income, to the extent that there is a credit balance, in the revaluation surplus, in relation to that asset. The decrease recognized in other comprehensive income, reduces the accumulated value in the equity, denominated revaluation surplus.
The fair value of land and buildings is based on periodic evaluations, realized by qualified external appraisers, as well as internally.

b) Fair Value of financial instruments

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

c) Taxes

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

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

d) The useful life and residual values of property, equipment, right of use and intangibles

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

e) Term leases

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

- The time established for possible renewals
- Increases in fees in relation to the market
- Development of the strategic plan of the company
- The company's expectation of a return on the investment made
- The costs to be paid in the event of leaving the contract (Penalty)
- The additional costs incurred in the event of cancellation of the contract and starting a new one.

f) Estimated incremental lease interest

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 term, risk 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).

g) The probability of occurrence and value of liabilities of uncertain value or contingent liabilities

Grupo SURA must recognize a provision when the following conditions exist

- There is a present obligation (legal or implicit) as a result of a past event.
- It is likely that Grupo SURA should release resources, which incorporate economic benefits to cancel such obligation.
- A reliable estimate of the value of the obligation can be made.

h) Employee Benefit

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

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

Employee benefits are discounted using the TES Type B bond rate of the government, for each country at the end of the reporting period, since this rate reflects the currency and estimated payment period of the post-employment benefit and defined benefit obligations, and corresponds to the rate that best indicates market returns.

i) Impairment of financial assets

For the calculation of the deterioration of the financial assets, the future cash flows of the respective financial asset of the group of them must be estimated.

Judgments

Information on critical judgments in the application of accounting policies that have the most significant effect on the amount recognized in the financial statements is described below:

- Note 8. Leases
- Note 9. Investments in Subsidiaries, Associates and Joint Ventures: determination of the existence of control in the subsidiaries.

NOTE 4. STANDARDS ISSUED WITHOUT EFFECTIVE IMPLEMENTATION

The accounting policies adopted in the preparation of the condensed separate interim financial statements are consistent with those used in the preparation of the annual consolidated financial statements at December 31, 2019, except for the adoption of new standards, effective January 1, 2020. The Group has not adopted in advance any standards, interpretations or amendments that have been issued but are not yet effective.

Several amendments and interpretations are applied for the first time in 2020, but have no impact on the condensed separate financial statements of the Group. These will be adopted on the date they become effective, in accordance with the decrees issued by local authorities.

Amendment to IFRS 16: Lease reductions related to Covid – 19

In May 2020, as a result of the Covid-19 pandemic, the IASB issued an amendment to IFRS 16 that permits the recording of modifications to lease agreements for the lessee as income; this amendment may be used as long as the following conditions are met:

- If the new payments are equal to or less than those initially agreed.
- The reduction in payments affects only those due up to June 30, 2021.
- There are no changes in other terms and conditions of the lease.

The accounting of the lessor has no changes in this amendment.

It is important to mention that this amendment was approved in Colombia by the Ministry of Commerce, Industry and Tourism by means of Decree 1432 of November 5, 2020, with applicability for general purpose financial statements prepared as of the effective date of said decree, allowing its voluntary application in a comprehensive and early manner for financial statements covering periods beginning on or after January 1, 2020.

Therefore, the Group is evaluating the potential effect that it could have on these.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that, to be considered a business, an integrated set of assets and activities must include, at a minimum, an input and a substantive process that together contribute significantly to the ability to generate outputs. Furthermore, it clarified that a business can be considered as such even if it does not include all the inputs and processes necessary to generate outputs. These changes have no impact on the current financial statements of the Group, but may affect future periods if the Group enters into a business combination.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material if omission or misstatement would reasonably influence the decisions that the primary users of general-purpose financial statements make based on those statements, which provide information about a specific reporting entity.

The amendments clarify that materiality depends on the nature or extent of the information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is significant if it would reasonably be expected to influence decisions made by primary users. These amendments had no impact on the present financial statements and are not expected to have an impact on the future financial statements of the Group.

IFRS 17: Insurance contracts

In May 2017, the IASB issued IFRS 17, a new comprehensive accounting standard for insurance contracts covering measurement and recognition, presentation and disclosure. Upon its entry into force, IFRS 17 will replace IFRS 4, issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation features. This standard includes few exceptions.

The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast 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, complemented by:

- A specific adaptation for contracts with direct participation features (variable rate approach)
- A simplified approach (the bonus assignment 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 effect of this standard on its financial statements.

Amendments to IAS 19: Changes in the Plan, curtailment or settlement

The amendments to IAS 19 address accounting when there is a change, reduction or settlement of the plan during the reporting period. The amendments specify that when a plan modification, curtailment or settlement occurs during the annual reporting period, the entity is required to determine current service cost for the remainder of the period following the plan modification, curtailment or settlement, using the actuarial assumptions used to remediate the net defined benefit liability (asset) reflecting the benefits provided under the plan and the plan assets after that event. An entity is also required to determine net interest for the remainder of the period after the plan is amended, curtailed or terminated by using the net defined benefit liability (asset) reflecting the benefits provided under the plan and plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These changes had no impact on the current financial statements on the Group, as there were no changes, reductions or settlements of a plan during the period.

Conceptual framework for financial reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained in it, overrides the concepts or requirements detailed in another standard. The purpose of the Framework is to assist the IFRS in developing standards and preparers in determining consistent accounting policies where no specific standard exists and to help all parties understand and interpret standards. The revised conceptual framework includes some new concepts, provides updated definitions, recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the current financial statements of the Group.

NOTE 5. COVID – 19 CRISIS RESPONSE

In December 2019 the World Health Organization (WHO) reported the appearance of cases of Severe Acute Respiratory Infection (SARI) caused by a new coronavirus (COVID - 19) in the Asian continent, specifically in the city of Wuhan in China. Subsequently, due to the spread of the virus to other continents, on March 11th this Organization declared the outbreak as a pandemic. In Latin America, the first case was registered in Brazil last February 26th, from then on, since the expansion of the virus through the countries of the region and the confirmation of the first case in Colombia on March 6th, the different governments have been taking measures in order to preserve the social balance, the economy, the health and the life of the population; among these measures, the restriction of trips and the social isolation (quarantine) stand out, which has the purpose of containing the virus, flattening the contagion curve. In this way, it is expected to avoid the collapse of health systems and guarantee specialized medical attention when required, preserving the lives of people who can be cured by being adequately assisted.

These measures, which so far have proven to be the most effective in containing the virus, have been made more flexible but at the same time prolonged in a sectorized manner, bringing with them impacts on the activities of the different sectors of the economy, as well as on the habits and living conditions of the people, impacts which have not been foreign to Grupo SURA and its employees in the region. In this regard, the Company has prepared itself by constantly monitoring the evolution of the pandemic since its beginning, evaluating the impacts from various fields and undertaking the measures and strategies it considers appropriate. It should be noted that Grupo SURA is characterized by its long-term vision, which has historically guided its strategy and will continue to be a key factor in its growth. Similarly, the experience acquired by the company over the years has allowed it to consolidate its knowledge of issues associated with risk assessment and capital allocation, which are fundamental to ensuring the continuity of its business and the well-being of its employees, customers and suppliers at times of high volatility and uncertainty such as those we are currently experiencing. Grupo SURA materializes the generation of value through human talent committed to the management of trends and risks, which allows it to have the capacity to anticipate and face the demands of the world and its dynamics of change, as well as in the design of social protection systems that prioritize the care of people, responding to our commitment to society, this being supported by a solid financial system and an adequate technological environment.

Human Talent

For Grupo de Inversiones Suramericana, the conservation of jobs and the care of people has been a priority. Nowadays, a high percentage of the collaborators work under the remote work modality, complying with the instruction of preventive social isolation given by the governments, similarly, all the protection measures have been taken with those who carry out sensitive functions for the continuity of the services or the processes in physical headquarters. Below are the main measures taken by the company in terms of protection and conservation of human talent and its performance:

- **Preserving employment:** Freezing hiring, firing and analysis of impacts on total employee compensation.

- **Accompaniment and care of all employees:** Monitoring of mental and physical health, psychological care for employees and their families, financial health, accompaniment of leaders, measurement of the collective mood and confidence of employees in the company, monitoring the evolution of the pandemic, accompaniment of employees with Covid-19 and their families with medical guidance and recommendations additional to those defined by the social security systems of each country.

- **Accompaniment and special care for employees in face-to-face work:** Training and encouragement for the appropriation of prevention habits, use of protective elements, reduction of transfers between sites, alternate schedules, transport and food facilities.

- **Communication:** Close relationship, sharing of recommendations and permanent quality information, keeping communication as a transversal process that supports the purposes and actions addressed to the employees.

- **Adaptation to the new normality** Accompanying the change in human relations, healthy habits in the new daily life, normalization of working life in the family environment and adaptation of work spaces at home.

- **Care for the performance of the strategy:** Platforms for the development of knowledge and skills, flexible organizations, evaluation of the focus, speed and good performance of the projects, contribution of human talent to the development and fulfilment of the goals of the company.

- **Return to physical headquarters:** Accompanying the subsidiaries to define the guidelines for return to headquarters, taking into account as a premise the care of employees, their families and external relationship groups. These guidelines include the identification of the positions that require presence to fulfill their role and others that can remain in remote work, measures with the people related to their state of physical and psychosocial vulnerability before the contingency, measures with leaders to accompany them before the new challenges that distance work demands, measures in front of the physical work environment starting with previous prevention measures in home care, the management of social relations, physical distance, transfers to the headquarters and the biosecurity adjustments from the entrance, permanence and exit of the headquarters; and finally, company actions and policies that support the new forms of work, covering only some of them: Definitions regarding schedules, meetings and work places and locations, additionally, regarding the integral health process that includes the attention, report, accompaniment and reincorporation of employees who are affected by COVID-19.

In accordance with our commitment to contribute to the care of society in the countries in which we are present, it is a source of satisfaction for the company to mention that we have joined forces with Fundación Sura to deliver aid aimed at strengthening the capacities of the health system and helping families whose income is affected to acquire food and basic necessities, a purpose with which thousands of our employees have also been linked.

Property and Administrative Management

The adoption of the remote work scheme for a large number of collaborators has generated that the physical headquarters that the company had been occupying for the development of its different administrative functions remain unoccupied, except for the Health Care Centers and the Clinical Laboratories of Sample Processing that the subsidiary Sura Colombia has for the provision of services, which have operated permanently given their nature and fundamental role in the face of the contingency generated by the COVID-19, our Centros de Servicio de Autos Sura *(Sura Car Service Centers)* have been gradually opened as the measures were made more flexible by the National and Regional Governments. Notwithstanding the rapid adaptation and the almost zero percentage of occupation of the headquarters, an agile and efficient transformation was required in their administration, seeking to preserve their good condition and the intelligent management of resources to optimize the costs that they demand.

In this sense, the constant monitoring of the evolution of the pandemic, the impact of this on the economic variables of the market, the continuity and good performance of the operation that we have been achieving under a home working scenario, allowed us to approach the transformation and optimization of the offices from different perspectives: return to the offices in the COVID-19 or post COVID-19 period in the short term and return to the new daily life post COVID-19 in the long term.

Under the first scenario, our focus was on transforming office management under a focus on healthy work environments that generate well-being for employees and third parties that occupy them. Thus, guidelines were established regarding the use of mask, mouthpiece or mouthpiece covers inside the offices; always maintaining the physical distance (2 meters) between people; the demarcation of spaces or, alternatively, the installation of separating barriers; the installation of disinfection products in common areas or areas of high transit; the most frequent cleaning and disinfection of the spaces; the implementation of air conditioning systems with constant air renewal and filtration or cleaning of the same; the registration and taking of temperature at the entrances; the non-occupation of the spaces in rates higher than 35%; among other implementations, were indispensable to be executed during this short term period.

On the other hand, in a post COVID-19 long term scenario, the results of the current experience lead us to think about a new everyday life where remote work will have a greater participation and therefore offices will require a transformation towards more collaborative spaces that will bring us closer to the Flexible Organizations strategy and help us to complement what virtuality does not allow or facilitate, such as it is, the relationship from the physical presence, to learn, share, create, talk and enliven the organizational culture and take advantage of the different offices as meeting points and access to our customers facilitating the attention and giving greater visibility to the brand, among others.

Meanwhile, as we build this new model that responds to long-term needs, given the visible results of adaptation to remote work, the monitoring and careful review of the expiration dates of lease agreements in offices where at a strategic level there is another expectation and the constant search for intelligent management of resources has influenced subsidiaries such as Sura Argentina, Colombia, Panama and Uruguay to make decisions in some of their properties, making total or partial deliveries of square meters that represent annual savings of more than one million dollars in leases, administration, utilities, maintenance, surveillance, among others. Connected with these initiatives, in Sura Panama the decision was taken not to reoccupy one of the towers of the main building whose property is owned by the company.

Nevertheless, we continue to carry out improvement projects in Insurance Branches in subsidiaries such as Sura Argentina, Chile, Dominican Republic and Panama, taking into consideration financial and real estate analyses, evaluating whether the purchase or lease of the property is more optimal, location criteria for proximity and accessibility to customers, brand visibility, and adaptations that involve eco-efficient systems to optimize the use of resources and therefore costs.

On the other hand, understanding the general impact of the pandemic in all sectors and recognizing the importance of suppliers for the fulfillment of the objectives of the company and their role as driving force of the economy and the society in general, Grupo Sura has chosen from the beginning of the contingency to seek an approach so that under mutual agreement, a point of balance could be reached in which the contracted services would not be cancelled altogether, but if the frequency and therefore the costs were reduced, according to the volume of operation. Thus, in services related to cleaning, maintenance, supply of cleaning supplies, cafeteria, office supplies and document management in unoccupied buildings, were substantially reduced without affecting the proper functioning of systems and / or care of assets. On the contrary, services such as real estate taxes, administration and surveillance, continued without representative changes.

It is also worth mentioning that another economic effect presented during this second quarter is the reduction in costs of public services such as electricity and water, due to the non-occupation of the buildings and the non-operation of their systems and equipment.

In relation to the above, it is not a minor detail to mention that the implementation of technology and digitalization in the processes added to facilitate remote work and avoid displacements that put at risk the personnel, not only their own but also those of the suppliers. Among the greatest economic benefits associated with the use of technology and digitalization, we can highlight services such as paper consumption, printing, mail and messenger services, archiving of physical documents, a high reduction in ground travel and the total suspension of employee air travel, the hiring of hotels and other travel expenses, which in the end also reduces the environmental impact of our operations.

With respect to real estate leases and maintenance services that have their payment stipulated in dollars according to the current exchange rate, a special approach was made with the counterpart, highlighting the impact that this implies due to the volatility of the currency. In this way, agreements were reached that result in mutual benefit and gave continuity to the good relationship.

The real estate strategy and its growth projection for the next years is in a new stage of revision that involves all areas and that connects the operative model and attention, the optimization of square meters, costs and other changes that the post COVID-19 era is proposing to us in the long term.

Regulatory Environment

During the year 2020 different measures have been taken and others are expected in the near future that generate risks and opportunities for Grupo Sura and its operations in the region. Among others, in Colombia, regulations have been issued that require the return of premiums in branches with lower accident rates as a result of obligatory isolation, including SOAT; however, the return will not be to the policyholders but to the national government. The possibility of the same happening in other countries of the region, such as Argentina, where a judicial action was filed in this sense, and Mexico, is not discarded.

Generally speaking, there has been a constant dynamic on the part of the different governments and regulators in search of intervening and generating positive impacts on the economy and society. This is demonstrated by fiscal stimulus measures such as modifications in the tax calendar and the flexibility of tax payment methods for the year 2020. In labor matters, modifications have been made to the rules of teleworking, generating flexibility in this regard, which seems to remain in the long term. In this sense, taking the Colombian regulator as an example, it can be said that it has been broad in the interpretation of the norms in order to promote teleworking, and in countries such as Panama, and Chile, legislative reforms that were underway have been accelerated.

With regard to measures related to capital flow, we note that in countries such as Mexico and Chile, conversations have begun to be generated in the face of the impossibility of distributing dividends in 2020 by the companies to their parent companies, with the purpose of protecting the liquidity of the internal markets. In Mexico, the situation is based on a recommendation from the financial regulator to the insurance sector, while in the case of Chile it is a requirement to be able to access economic benefits or relief. We continue to permanently monitor the regulation, since it is not ruled out that similar measures will be adopted by other regulators in the region by 2021.

In the short term, given the fiscal crisis that is foreseen due to the increase in the expenditure of the countries, it is expected that between 2021 and 2022 structural fiscal reforms will be implemented that may affect the available resources of the citizens, thus limiting their capacity to access insurance services, and the increase of tax rates on assets, which may affect the results of the insurance industry. While this phenomenon is seen as a general measure in Latin America, the presidential promises in Argentina and Uruguay seem to generate little probability of this happening.

In terms of social security in Colombia, regulations have been generated with great impact, especially those that oblige ARLs *(Administrator of occupational risks)* to allocate additional

resources for elements of biosecurity and prevention at work for those employees with direct exposure to COVID-19. Similarly, the new regulation defines COVID-19 as a direct occupational disease for frontline occupations. Likewise, rules have been issued to regulate basic coverage baskets for COVID-19 care by the state, alleviating the economic burden of EPSs *(Health Providers)*, and advances have been generated that allow more and more faculties for remote patient care under the modality of telemedicine.
It is also worth noting the presentation of Bill 010/2020, which has an urgent message from the national government, and which would change the model of the health care system to an insurance model, which would imply a transformation of the EPS business.

Business

For the second quarter of the year, the operating results of the subsidiaries of Grupo Sura have begun to show some impacts due to the effect of COVID-19, due to the evolution of the infection curve and the quarantines implemented in the region, which are having an impact on a slowdown in the economies. However, in this regard, the situation in Uruguay stands out positively, where a shorter quarantine was introduced, compromising local economic activity to a lesser extent.

At the end of September, the company continues to strengthen initiatives developed to counteract the negative effects, such as measures to accompany and advise clients on renovations, transforming the solutions delivered so that they respond to the new conditions of the environment, granting additional terms for payments, promoting virtual platforms and new tools for distribution channels, as well as accelerating the implementation of initiatives associated with the transformation of the operating model, which tend towards greater agility, relevance in the offer of value, virtuality and efficiency in the new conditions in which the world moves.

Today, more than ever, the role of our service providers in the health sector in Colombia is relevant. They contribute to contain and mitigate the health emergency, in coordination with government authorities. Part of the actions with which we contribute to the solution are the expansion of capacities for assistance and services, increasing the number of health professionals, which today add up to nearly 10 thousand employees, as well as the implementation of technology for virtual attention, with a significant amount of daily care, the collection of samples in own IPS *(Health Provider Institute)*, at home and in the modality of drive thru.

On March 27, 2020, the President of the Republic of Colombia issued Decree 488, which in its article 5. Resources of the System of Labor Risks to face the Coronavirus COVID-19, decreed that until the facts that gave rise to the economic, social and health emergency remain, the Administrators of Labor Risks, which in our case would be the company Seguros de Vida Suramericana S.A. with its subsidiary ARL SURA, must allocate the resources from the contributions on labor risks dealt with in Article 11 of Law 1562 of 2012, to activities of promotion and prevention of contagion, through the purchase of personal protection elements, frequent medical check-ups of a preventive and diagnostic nature, as well as to undertake direct intervention actions related to the containment, mitigation and care of the pandemic. These resources are destined to the workers of the affiliated companies, who on occasion of the tasks they perform, are directly exposed to the contagion of the virus.

Income from insurance premiums showed an accumulated growth of 7% as of September, with a lower dynamic in new businesses, with higher impacts on mobility and life solutions and on the affinity channel due to economic closures during the quarantines; on the other hand, renewals continue with similar levels to the same period of the previous year thanks to the initiatives for accompanying the segments of people, and small and medium enterprises. In addition, the dynamics of premiums issued reflect strategies that seek to reward customers for lower risk exposure, whether in the form of premium refunds, discounts or the addition of coverage. During the third quarter, we began to see greater dynamics in our mobility solutions, mainly with a recovery in new sales and a good performance of the affinity and digital channel for the mandatory car solution.

Compulsory insurance in Colombia has presented a contraction in its income associated with the lower economic dynamics and higher unemployment in the country, with impacts mainly on the ARL which presents a decrease in income of 3%.

In line with the above, the production reserves generated a lower constitution, which partially relieves the reduction in premiums. At the end of the third quarter the reserves presented a release of COP $91,650 million.

Similarly, in line with the reduction in income and lower economic activity, during the second quarter there was a decrease in risk exposure, mainly in mobility, property and asset solutions, which generated a reduction in the frequency of claims for these solutions. Additionally, fewer claims were filed in the health solution due to the postponement of medical procedures.

In countries where there is greater exposure to Health, Occupational Risks and Life solutions, there is already evidence of the impact of claims payments associated with COVID-19 for more than COP 540 billion. Nonetheless, it should be noted that the strategies for customer care and support, with initiatives that include virtual care models, treatment through oxygen therapy, delivery of medicines to the home, expansion of the capacities installed in the provision and support in risk management and prevention in companies, have resulted in less severity and mortality of cases.

Reserves

During the last quarter, the reserves of the company did not show significant changes and it is considered that the levels of insurance reserves calculated and presented in its financial statements for September 30, 2020 are sufficient, and no additional impacts are expected based on the information known at that time, since the estimates of claims made for this cut are consistent with the evaluations that have been made on the possible effects derived from the COVID-19 pandemic.

However, everything will depend on the evolution of the measures taken by the governments, the health conditions of the population and their consequences on the macroeconomic variables of the different countries. Therefore, within the company, the evolution of the main variables, actions and their consequences continue to be permanently evaluated, with the purpose of capturing new information that will allow us to better understand the behavior of the risks and our exposure to them in the short and medium term. This allows the company to maintain an adequate diagnosis on the adequacy of its reserves, even given the atypical nature of the situation.

Investment Portfolio

The third quarter of the year was characterized by a more stable environment compared to the previous two quarters, reflecting a capital market that assimilated the potential impacts of the COVID. The movement of prices of bonds, shares and currencies was moderate between the beginning and the end of the quarter, but showed volatility in the middle with some specific macroeconomic data in some of the countries. What did remain constant is an expansionary monetary policy that continues to generate ample liquidity in the markets and a marked dislocation of financial asset prices with the economic growth data.

Once again, it is worth highlighting the management of portfolios based on our ALM (Asset-Liability Mapping) models, which mitigate the mismatches between assets and liabilities and enable us to significantly decrease the volatility of the results of the company and guarantee compliance with the obligations to our insured parties.

Credit Risk

During the last quarter the general credit risk situation in terms of portfolio issuers remained stable. Nevertheless, there were some specific situations in Argentina and El Salvador, as detailed below:

- **Argentina:** During the third quarter of the year, the Argentine government managed to restructure the foreign debt with the approval of more than 90% of its creditors. This represented an improvement in the credit quality by the three major rating agencies, taking into account that from the point of view of the cash flow of the country, a very important relief was achieved. Nonetheless, macroeconomic conditions and the recovery continue to be challenging in the coming quarters, and the Group is constantly monitoring this situation.

- **El Salvador:** In this portfolio, one issuer presented an additional 6-month grace period plan for payment of capital. This was approved by investors in order to provide liquidity relief. The book value of this investment amounts to USD 234 thousand.

In addition to the above points, there are no further significant impairments in the book value of the investments of the subsidiaries of Suramericana S.A., the above taking into account that the portfolio is diversified in issuers with good credit quality and high operational soundness that has allowed them to remain stable in the midst of the pandemic.

Currently, the countries in which we have financial instruments classified as amortized cost are Colombia, Dominican Republic, El Salvador, Panama and Chile, for these, an impact on investment portfolios and financial statements would be expected in the event of a downgrade in the credit rating of the issuers. Securities classified at market value permanently incorporate the effects of quotation and fluctuations in interest rates, therefore, they do not imply additional effects associated with prospective impairment analyses. Nevertheless, as a result of the downgrading of the credit rating of issuers, for those securities classified at market value with changes in other comprehensive income the company may reflect negative impacts on the results of the period associated with an estimated impairment.

With respect to accounts receivable from reinsurers and co-insurers, similar to the previous quarter, no major impact is perceived on the stability of the reinsurers and co-insurers with which the company currently carries out transactions, given their financial strength and stability in their operating performance, which is constantly validated within Grupo Sura. Nonetheless, we continue to constantly monitor the reality of the global reinsurance market and its connection with the variables associated with the pandemic and macroeconomic variables in order to be able to anticipate any impact that may affect any of the companies in the Group.

Regarding accounts receivable from our clients, although in some countries longer terms are being granted to pay premiums due to government decisions generating an increase in the days of turnover of accounts receivable, especially in Panama, generally speaking no significant risk has been identified that represents large losses for the company. In relation to the above, it is important to take into account that in Sura Panama there is a significant deterioration for this quarter in the car and individual life portfolios since there has been an increase in the default especially in the accounts from 90 to 120 days. In order to mitigate this, the subsidiary is taking various actions such as arrangements with clients and policy cancellations in order to mitigate the impact that is occurring in the deterioration of the portfolio.

Notwithstanding the above, with respect to not observing significant impacts associated with credit risk during this second quarter, we are aware of the volatility and high uncertainty generated by the current situation, so the company permanently monitors the measures adopted by governments and the implications these may have on the behavior of different sectors, among others, the interruption in supply chains, extensive suspension of productive activity, increased unemployment, income recession for some sectors, price behavior (inflation), economic slowdown, etc.

Exchange Rate Impacts

This quarter has been more stable regarding the prices of the currencies of the countries where Grupo SURA is present. The Colombian peso devalued by nearly 3% against the US dollar, and in general the other currencies showed a similar result. It is expected that the end of the year will not present significant volatility in these variables that will affect the financial situation and performance of the company; nonetheless, the Group remains cautious and does not lose sight of the conditions and expectations associated with the behavior of currencies and the risks that this entails.

In any case, the exchange effects on operations and those arising from the translation of the results of the period and financial situation of the subsidiaries to the presentation currency of these financial statements (COP) have already been recognized and incorporated as of September 30, 2020.

Recoverability of deferred tax assets

As a preventive measure in the face of the COVID-19 pandemic, as of September 30, 2020, the company evaluated the recoverability of deferred tax assets, concluding that no elements were identified that would generate the non-recoverability of these, however, it will continue to monitor the evolution of the business and the economic impacts derived from the situation in its financial statements, without losing sight of the possible effects on these positions.

Business continuity

The management of the company believes that for the time being none of its operations present significant difficulties that would prevent it from continuing as a going concern. Our continuity plans have allowed the implementation of remote work to a high percentage of the collaborators and the qualification of technological capacities to attend the commercial and business processes, without incurring in material or disproportionate costs for it. In addition to the above, we are aware of the importance of maintaining the financial soundness and liquidity necessary to meet the needs of businesses at the present time. In this regard, we believe that the dynamics that operations bring, as well as the financial strategy that the company has followed over several periods, in relation to the optimization of resources and capital allocation decisions, place us in a suitable position.

Impairment of value

At Grupo SURA we understand that the situation generated by COVID-19 represents, given its concentrated impact, principally in the short term, a deviation in some financial and operational indicators, initially considered in order to conclude whether it is pertinent to evaluate signs of deterioration in each of the subsidiaries. However, within the company we consider that for the time being we are beginning to dimension the situation and understand the impacts that we may have during the year 2020. Thus, in view of the high uncertainty, we do not possess solid bases to foresee the consequences derived from the contingency from the year 2021 onwards, which generates limitations when making any long-term financial assessment. In addition to the restrictions this brings from the modelling point of view.

The second indicator evaluated reflects the percentage of the recoverable value as of September 2019 of the companies, explained by the dividend flows expected from 2022 onwards, where it was evident for all cases that the impact of these flows is above 90%, which under a scenario of no dividend distribution in 2020 and 2021 given the business plan, would not have caused an impairment, because much of the value of these companies is explained in the materialization of a strategy that today requires investment in the short term and expects returns for the medium and long term.

A third element that is relevant for the company in the context of the modeling performed last year is that the future dividends obtained in this simulation are the result of the definition of minimum indicators of solvency and suitability, which as a company we consider adequate, in other words, they are modeled based on our internal vision. Nonetheless, these indicators, which are independent by subsidiary, represent a conservative vision in relation to the compliance that local regulations must have. Given this context, if as a company we did not include these factors, the level of dividends that we would expect from our subsidiaries would be higher, and therefore this would have repercussions in having greater sufficiency in the valuation of capital gains; an approach that any shareholder that does not manage our standards would have.

Therefore, following the analysis of the previous period, we ratify that the management of Grupo SURA does not identify any deterioration in the value conditions of its subsidiaries. The levels of adequacy and solvency that allow us to define the capacity to distribute dividends in the subsidiaries remain sufficient, which allows us to infer that the value measured through the discount of future flows has not been impacted. Similarly, it is important to emphasize that there is still a high level of uncertainty due to the behavior of the main variables of the insurance business such as premium income, its cash collection and future claims payments, which makes it difficult to project behavior and results beyond this year, in relation to the information known up to now.

We are constantly monitoring the capital needs of all our subsidiaries, whether due to deteriorating conditions or the growth of the different lines of business, as well as the impact this may have on the value of our companies.

Pensions

During the first months of the pandemic, the governments of the countries where SURA Asset Management operates defined quarantines with different degrees of restriction, in order to flatten the infection curves and not exceed the capabilities of the health services.

As this pandemic has evolved, some countries have made the measures more flexible, such as Colombia, where a "pico y cedula" (*Daily alternating system allowing citizens to go out depending on the last digit of their Identification document)* mechanism was established; or Peru, where quarantine was lifted in some cities such as Lima as of early July. In Uruguay, the government has opted for a gradual return to the "new normality", progressively resuming commercial and educational activities in the country. In Mexico, where the quarantine was more voluntary by region than ordered by the central government, activities are also gradually resuming.

On the other hand, Chile was forced to retake the restrictions after observing a vertiginous growth in cases of contagion when the quarantine was lifted in some sectors, these have been established by geographical sectors in a gradual way.

Given the aforementioned, during the third quarter practically all the locations where Grupo Sura operates through its subsidiary Sura Asset Management have gradually resumed commercial activities, as the confinement measures have been made more flexible. Nevertheless, it is likely that in some locations where there is evidence of further increases in the level of contagion and occupation of the Intensive Care Unit, some restrictions will be re-imposed that may again limit commercial activity.

The Company has been continuously making different estimation and projection exercises of its results and the impact on the financial statements given the worldwide health crisis. Throughout the months of the pandemic, impacts were identified in the countries derived mainly from economic and social measures adopted by the governments to face the crisis. The following are the impacts identified and updated at the end of the third quarter of the year:

In the retirement savings business:

- The loss of profitability observed during the first quarter as a result of the reaction of the markets to the crisis has been fully recovered. September was another month of negative results; nonetheless, the accumulated positive results have been maintained. Only in Peru there is an accumulated deficit, which is reflected in the financial statements in the profitability of the reserve fund.

- Impact on the contribution rates of members and the level of wage bases due to unemployment triggered by quarantines and the general economic crisis: worldwide, an immediate and direct effect of the interruption of activities due to quarantines has been the temporary closure of different companies and the loss of jobs. While only a portion of these jobs are expected to be permanently lost given government initiatives, the Company has been monitoring official government projections in terms of unemployment. Starting in May, a decrease in these business variables was observed, which naturally has an impact on commission income. On the other hand, as of August we began to observe recoveries through the wage base levels, with the exception of Chile, where the wage bases still have a decreasing trajectory.
  At the end of the third quarter it is still premature to predict how much of the job losses observed so far will be structural and/or temporary. Nevertheless, the impacts on observed revenues do not jeopardize the ability of the Company to continue as a going concern.

- Impact of government measures directly affecting the Retirement Savings business: during the months of the pandemic, legislative initiatives and government decrees have been presented to lessen the economic impacts, the most notable being:
  - Peru:
    - **Suspension of contributions** to the pension funds during the month of April: in order to provide more liquidity to formal workers, the government allowed the April contributions, as well as the respective fees for the administration of contributions, to be suspended. The impact of this measure is valued at 28,685 million pesos[1] of lower income.

    - **Withdrawal of contributions**:
      - Partial withdrawal of up to PEN 2,000 (approximately COP 2,162,573[1]) of the individual capitalization account (CIC): this measure, at the beginning, applied to people who had not reported contributions (that is, had no formal work) during the last 6 months counted up to 31/03. Days later, the decree was expanded to cover individuals:

- That they have not reported contributions in February or March,
- Whose employers have taken advantage of the Perfect Work Suspension scheme (temporary suspension of employment and payment)
- Whose salaries are less than PEN 2,400 (approximately COP 2,595,088[1]), regardless of whether they are working or not.

- Partial withdrawal of up to 25% of the CIC of the affiliate, with a minimum of PEN 4,300 (COP 4,607,645[1]) and a maximum of PEN 12,900 (COP 13,822,934[1]) This measure was enacted in May, allowing withdrawals to be requested up to 60 days after the publication of the regulation. This law provides for the optional withdrawal of all members of the system, without the condition of suspension from work or income limits.
- Considering both provisions, between the months of April and September, around 1.5 million retirement requests were received, for a total equivalent to 9.1 billion COP[1]. It is worth mentioning that only a part of the income is charged on the assets managed; it is estimated that this reduction will have an impact of 9,562 million COP[1] less commissions by 2020.

- Chile:
  - In July 2020, a decree was issued allowing members and pensioners of AFPs to withdraw 10% of the funds accumulated in their CICs, up to 150 UFs (Unidades de Fomento) (approx. 19,886,212 of COP[1]).

  - By the end of September, approximately 1.5 million withdrawal requests had been received, totaling COP[2] 11.4 billion. Important: the income driver in Chile is 100% wage base for the Retirement Savings business, so these do not affect the commission income.

- Colombia:
  - Legislative Decree 558 of 2020, published on 04/15/2020, which ordered the suspension of contributions to the General Pension System for the months of April and May 2020, as well as the transfer to Colpensiones of the portfolio of pensioners under the modality of programmed retirement who receive a pension allowance equivalent to a monthly legal minimum wage in force, was declared unconstitutional by the Colombian Constitutional Court on July 23, 2020, leaving the measures without effect.

[1] At average rate at the end of September.

[2] At September closing rate.

Therefore, in the business of Inversiones Sura and Investment Management:

- Although during the first months of the pandemic there were negative effects on returns, for some months these have shown a significant recovery, generating positive returns of +200 MUSD.

- Potential reduction in managed assets due to increased customer outflow: by the end of the third quarter the voluntary businesses already have positive net commercial flow.

- Potential reduction in average fees, due to the reliance on fixed income products instead of equity or alternative products: In the months of the last quarter, average fees also show a recovery, and almost all of them (except for retail funds) are at similar or higher levels than in 2019.

Generally speaking, as in other industries, the businesses in which SURA Asset Management operates have been affected by reduced mobility and quarantines, and this has made it difficult to close affiliations or attract new clients. Nevertheless, the focus on the client in previous years has allowed us to develop initiatives for digital acquisition and proximity, which were already in place at the beginning of the crisis, and have allowed us to maintain a close relationship with clients, digital consultancy and acquisition in some products where regulation allows for 100% remote processes.

In the months of the last quarter, commercial activity had already gradually resumed in all locations.

As mentioned, the company has been continuously making projections and models that allow it to anticipate and quantify the impacts that the businesses will have, and as a consequence, the possible impacts on its Financial Statements. Given that the pandemic continues, this is an exercise that will continue to be developed during the coming weeks and months, in which SURA Asset Management will carry out constant analysis to incorporate any effects, in compliance with IFRS regulations and the accounting policies given by Grupo Sura.

At the end of the third quarter, in addition to the aforementioned impacts, it was identified:

- That there have been no significant changes to the lease agreements recognized under IFRS 16, which could require the amendment of the assets or liabilities in right of use. For cancelled or non-renewed contracts, the related assets and liabilities have been derecognized, as indicated by the standard.

- That there are no indications of impairment requiring revaluation of investment properties held by the Company.

- That there is no evidence that the Company has difficulties in recovering long-term items (DAC, DIL, deferred tax assets).

- That there have been no changes in the flow of committed dividends for the year.

In accordance with accounting policies, the corresponding impairment tests will be carried out at year-end to validate the recoverability of the assets of SURA Asset Management.

Finally, at the end of the third quarter the results continued to show resilience to the crisis. SURA Asset Management is not unaware of the impacts of the crisis; nevertheless, to date these impacts have been identified and controlled, and do not jeopardize the ability of the company to continue operating the business in the future.

NOTE 6. FINANCIAL INSTRUMENTS

The following, describes 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 receivables.

ASSETS WHOSE FAIR VALUE APPROXIMATES THE BOOK VALUE
For financial assets with a maturity of less than three months (e.g., demand deposits and non-matured savings accounts), the carrying value approximates fair value. For debt instruments with a maturity of more than three months, valuation is performed and the balance is adjusted to reflect the change in the initial valuation.

As for short-term instruments receivable, which are measured at amortized cost, their carrying value is a reasonable approximation of their fair value.

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

HIERARCHY OF FAIR VALUE
In order to increase the consistency and comparability of fair value measurements and related disclosures, IFRS 13 establishes a fair value hierarchy that classifies, at three levels, the input data of valuation techniques used to measure it. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in markets for identical assets and liabilities (level 1 input data) and the lowest priority to unobservable input data (input data from Level 3).

Thus, some of the accounting policies and disclosures of Grupo SURA S.A. require the measurement of fair values of both financial, and non-financial, assets and liabilities. The following are the definitions used to determine the fair value of the financial assets of the investment portfolio of Grupo SURA S.A.:
LEVEL 1 - PRICES LISTED IN ACTIVE MARKETS
These are assets, whose prices are quoted (unadjusted) in active markets for assets or liabilities, identical to those that the entity can have access to at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and will be used without adjustment for the measurement of fair value, whenever it is available. The valuation of securities, at fair value, is performed through the prices delivered by price suppliers or official sources such as central banks, stock exchanges, and valuation committees. Among the assets belonging to hierarchy 1 are bonds of the local fixed income portfolios that report a price.

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

LEVEL 3 - MODELED WITH NON-OBSERVABLE ENTRY DATA
These are assets, whose valuations are based on non-observable data, important for the asset or liability. For level 3, it will be Grupo SURA S.A., who will be responsible for defining the variables and applying the methodology.
FINANCIAL LIABILITIES WHOSE FAIR VALUE IS APPROXIMATED TO THE BOOK VALUE
In the case of those obligations that have a short-term maturity, the book value approximates the fair value.
Accounts, payable in the long-term, usually have maturities of between one and two years. This means that the respective book values are reasonable approximations of their fair 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 rates for similar loans does not differ significantly, therefore, the book value corresponds to a reasonable approximation of its fair value.
The following is a detail of the balances of the financial assets and liabilities, that Grupo SURA owns at September 30, 2020 and December 31, 2019.

6.1. Financial assets

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

	Notes	September 2020	December 2019
Cash and cash equivalents		646,646	3,145
Investments	6.1.3	398,725	19,716
Commercial accounts and other accounts receivable	6.1.1	90,814	99,581
Accounts receivable, related parties and current associates	6.1.2	424,964	108,851
Other financial assets	6.1.4	828,863	305,660
		2,390,012	**536,953**

Within the heading of cash and cash equivalents, there are restricted assets for a value of $1,219 to cover post-employment benefits (retirement bonus and performance bonus).

The detail of current and non-current financial assets and by type of financial asset is presented below:

September 2020					
Current	**Financial assets at amortized cost**	**Financial assets at fair value**		**Cash**	**Total**
		Result	**Equity**		
Cash and cash equivalents	-	-	-	645,427	645,427
Investments	-	384,298	-	-	384,298
Trade and other accounts receivable	90,814	-	-	-	90,814
Accounts receivable related parties	424,964	-	-	-	424,964
Derivatives	-	236,040	-	-	236,040
Total	**515,778**	**620,338**	**-**	**645,427**	**1,781,543**

Non- Current	Financial assets at amortized cost	Financial assets at fair value	Cash	Total

		Result	Equity		
Restricted cash	-	-	-	1,219	1,219
Investments	-	-	14,427	-	14,427
Derivatives	-	592,823	-	-	592,823
Total	**-**	**592,823**	**14,427**	**1,219**	**608,469**

Financial assets	**515,778**	**1,213,161**	**14,427**	**646,646**	**2,390,012**

December 2019					
Current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
		Result	Equity		
Cash and cash equivalents	-	-	-	3,145	3,145
Trade and other accounts receivable	99,581	-	-	-	99,581
Accounts receivable related parties	108,851	-	-	-	108,851
Derivatives	-	9,789	-	-	9,789
Total	**208,432**	**9,789**	**-**	**3,145**	**221,366**

Non- Current	Financial assets at amortized cost	Financial assets at fair value		Cash	Total
		Result	Equity		
Investments	-	-	19,716	-	19,716
Derivatives	-	295,871	-	-	295,871
Total	**-**	**295,871**	**19,716**	**-**	**315,587**

Financial assets	**208,432**	**305,660**	**19,716**	**3,145**	**536,953**

6.1.1. Trade and other accounts receivable

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

	September 2020	December 2019
Derivative premiums	90,677	99,461
Debtors	69	78
Advances to contracts and workers	68	42
Total	**90,814**	**99,581**

6.1.2. Accounts receivable, related parties

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

	September 2020	December 2019
Bancolombia S.A.	136,974	64,031
Grupo Argos S.A.	43,107	20,063
Grupo Nutresa S.A.	52,754	24,757
Total dividends, receivable, associates	**232,835**	**108,851**
Sura Asset Management S.A.	191,952	-
Total dividends receivable subsidiaries	**191,952**	**-**
Seguros de Vida Suramericana S.A.	64	-
Consultoría y Gestión de Riesgo IPS Suramericana	9	-
Inversiones y Construcciones Estratégicas S.A.S.	104	-
Total accounts receivable to other companies	**177**	**-**

Total accounts receivable to related parties and current associates	**424,964**	**108,851**

6.1.3. Investments

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

	September 2020			December 2019		
	# Shares	% Part.	Fair value	# Shares	% Part.	Fair value
Enka S.A.	1,973,612,701	16.76%	14,427	1,973,612,701	16.76%	19,716

The breakdown of investments at fair value through profit and loss is included below:

	September 2020	December 2019
Bonds	23,812	-
Certificate of Savings Deposit	351,631	-
Trade papers	8,855	-
Total	**384,298**	**-**

The variation with respect to December 2019 is due to the fact that with part of the resources obtained from the bond issue made by Grupo SURA in the Colombian market in August 2020 for one billion pesos, these investments were made in fixed-income assets with issuers of the best credit quality in the same market in order to reduce the cost of debt.

6.1.4. Other financial assets

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

	September 2020			December 2019		
	Swaps	Options	Total	Swaps	Options	Total
			Asset			
Trading						
Interest rate	6,540	-	6,540	3,252	147,145	150,397
Exchange rate	229,579	250,299	479,878	32,507	-	32,507
	236,119	**250,299**	**486,418**	**35,759**	**147,145**	**182,904**
Hedging						
Exchange rate	342,445	-	342,445	122,756	-	122,756
	342,445	**-**	**342,445**	**122,756**	**-**	**122,756**
Total derivative assets	**578,564**	**250,299**	**828,863**	**158,515**	**147,145**	**305,660**

The variation compared to December corresponds to the high volatility that has been occurring in the capital markets, which have been strongly affected mainly by the economic impacts of the COVID-19 pandemic. In this sense, this behavior has generated significant variations in the valuation curves and exchange rates. See details in note 15. Financial results.

6.2. Financial liabilities

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

	Note	September 2020	December 2019
Other financial liabilities	6.2.1	942,279	848,773
Trade and other accounts payable	6.2.3	134,986	149,804
Accounts payable to related parties	6.2.2	171,577	155,960
Securities issued	10	5,869,383	4,419,096
Total		**7,118,225**	**5,573,633**

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

September 2020			
Current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Derivatives	-	19,714	19,714
Trade and other accounts payable	134,986	-	134,986
Accounts payable to related parties	171,577	-	171,577
Securities issued	1,182,721	-	1,182,721
Total	**1,489,284**	**19,714**	**1,508,998**
Non-current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Derivatives	-	236,035	236,035
Other financial liabilities	686,530	-	686,530
Securities issued	4,686,662	-	4,686,662
Total	**5,373,192**	**236,035**	**5,609,227**
Total Financial liabilities	**6,862,476**	**255,749**	**7,118,225**

December 2019			
Current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Derivatives	-	1,070	1,070
Trade and other accounts payable	149,804	-	149,804
Accounts payable to related parties	155,960	-	155,960
Other financial liabilities	145,963	1,501	147,464
Total	**451,727**	**2,571**	**454,298**
Non-current	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Derivatives	-	165,570	165,570
Other financial liabilities	534,669	-	534,669
Securities issued	4,419,096	-	4,419,096
Total	**4,953,765**	**165,570**	**5,119,335**
Total Financial liabilities	**5,405,492**	**168,141**	**5,573,633**

6.2.1. Other financial liabilities

Corresponds to short and long-term financial obligations, options and swaps, which are detailed below for the period ended September 30, 2020 and December 31, 2019:

Entity	Rate	Term (days)	Credit currency	September 2020	December 2019

Bancolombia S.A.	IBR + 2.05%	2,023	COP	226,752	272,054
Bancolombia S.A.	DTF + 0.76%	2,021	COP	150,963	145,963
Banco Nacional de México S.A.	Libor + 0.62%	2,022	USD	308,815	262,615
Subtotal financial obligations				**686,530**	**680,632**
Repo operations		2,020	COP	-	1,501
Subtotal other financial liabilities				**686,530**	**682,133**
Derivatives *				255,749	166,640
Total other financial liabilities				**942,279**	**848,773**

* The growth presented is mainly due to the creation of two new trading options and five new trading swaps (CCS), which causes the liability for derivatives to increase. Furthermore, this increase is also due to the high volatility of the markets, which leads to the curves used for their valuation increasing the liability.

6.2.2. Accounts payable to related entities

Corresponds to the payment of short-term stock dividends declared at the March 31, 2020 meeting of stockholders and to accounts payable to subsidiaries:

	September 2020	December 2019
Ordinary shares	139,186	66,570
Preference shares	33,118	15,673
Others	(727)	(508)
Subtotal accounts payable, related parties (Note 11. Dividends)	**171,577**	**81,735**
Accounts payable subsidiaries	-	(74,225)
Total accounts payable to related parties	**171,577**	**155,960**

6.2.3. Trade and other accounts payable

The detail of the trade payables is shown below:

	September 2020	December 2019
Premiums payable (*options)	131,500	142,484
Payroll deductions and contributions	1,374	1,176
Services	710	1,099
Suppliers	582	3,897
Withholdings	432	1,121
Pension Funds	173	-
Family compensation fund, ICBF and SENA	92	-
Health promoting entities	76	-
Other unions	43	26
Administrators of occupational hazards	4	-
Judicial	-	1
Total	**134,986**	**149,804**

NOTE 7. TAXES

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

	Note	September 2020	December 2019
Current tax assets	7.1	3,246	-
Deferred tax asset (net)	7.2	94,494	62,961
Current tax liability	7.1	8,710	2,765

7.1. Current income tax

a. Current tax recognized in the statement of financial position

	September 2020	December 2019
Current tax assets		
Local taxes	3,246	-
Total current tax assets	**3,246**	**-**

	September 2020	December 2019
Current tax liabilities		
Income and complementary taxes	4,407	1,105
Local taxes	4,303	1,660
Total current tax liabilities	**8,710**	**2,765**

b. Tax recognized in income for the period

	Accumulated		Results of the period	
	September 2020	September 2019	September 2020	September 2019
Current tax expenses	**(3,730)**	**(2,936)**	**(1,409)**	**(95)**
Current tax	(5,484)	(285)	(1,409)	(95)
Adjustment of previous periods	1,754	(2,651)	-	-
Deferred tax expense	**30,992**	**9,450**	**837**	**13,273**
Constitution/reversal of differences Temporary	30,787	9,450	837	13,273
Deferred tax adjustment	205	-	-	-
Tax expenses	**27,262**	**6,514**	**(572)**	**13,178**

c. Reconciliation of the effective tax rate.

The reconciliation of the effective tax rate of the Group applicable for the years ended September 30, 2020 and 2019, respectively, is as follows:

	September 2020	September 2019

	Rate	Balance	Rate	Balance
Profit before tax		**579,107**		**892,573**
Income tax applying the local tax rate	32%	(185,314)	33%	(294,549)
Plus Tax Effect of:		**(103,131)**		**(69,838)**
Non-deductible expenses[1]		(94,040)		(56,747)
Financial obligations		(9,091)		(10,115)
Others		-		(2,976)
Less Tax Effect of:		**315,707**		**370,901**
Other concepts		951		152
Adjustment of previous periods		1,959		-
Tax discount		1,828		-
Untaxed income (2)		143,932		208,957
Dividends on the recorded (3)		167,037		161,792
Income tax revenue (expense)	**-4.71%**	**27,262**	**-0.73%**	**6,514**

(1) Includes expenses due to legal limitations associated with unearned income, donations, among others.

(2) Includes income from subsidiaries under the equity method.

(3) Corresponds to non-taxed dividend income, including that of the Andean Community of Nations (CAN).

The variation in income tax is presented mainly due to the effect of the behavior of the difference in exchange and its effects on financial obligations and hedging operations.

d. Movement of the current tax

The following is the movement that generated the income and complementary balance as of September 30, 2020 and 2019:

	2020	2019
Balance of income tax payable at January 1	**1,105**	**(12,686)**
Liability Current income tax	3,730	2,937
Withholdings and advances	(428)	(8,764)
Balance of income tax payable at September 30	**4,407**	**(18,513)**

Tax returns for the year 2020 and 2019 will be firm according to the general rule of 3 years; for transfer pricing returns, the term of their firmness will be 6 years.

For those tax returns in which balances are presented in favor, the term of firmness will be 3 years, from the date of presentation of the request for return or compensation.

7.2. Deferred tax

Movement and balances of deferred taxes

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

Deferred tax assets (liabilities)	September 2020	Recognized results	Other participation in equity	December 2019	Recognized results	Other participation in equity	December 2018
Financial assets	(159,687)	(130,336)	(541)	(28,810)	(7,297)	(2,402)	(19,111)
Properties and equipment	196	298	-	(102)	(32)	-	(70)
Financial liabilities	253,128	164,550	-	88,578	8,331	-	80,247
Employee benefits	1,015	(2,304)	-	3,319	(5,296)	(781)	9,396
Rights of use	(32)	(9)	-	(23)	(23)	-	-
Investments	(126)	(126)	-	-	-	-	-
	94,494	**32,073**	**(541)**	**62,962**	**(4,317)**	**(3,183)**	**70,462**

7.3. Tax matters in Colombia

The fiscal income is taxed at the rate of 32% as income tax, except for the taxpayers who by express disposition have special rates and at 10% the income from occasional profits. Tax losses may be offset within the 12 taxable periods following the year in which the loss was generated.

It should be noted that Law 1943 (Financing Law) was declared unconstitutional in 2019. The declaration of unconstitutionality was proposed to take effect on 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, before the end of 2019, a regulation 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 the reporting of operations performed with foreign economic partners, complementing the information with the OECD guidelines with the Master and Country by Country reports.

Economic Growth Act (Act 2010 of 2019)

Below 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 decreased 32% by 2020, 31% in 2021 and 30% from 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 reduced to 0.5% by 2020 and from 2021 it will be 0%.
First job deduction is created, that is, 120% of salary payments to employees under 28 years of age, who are new employees 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%.

An 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 Fondos de Pensiones del Régimen de Ahorro Individual con Solidaridad (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) provided they meet the minimum investment requirement of $157 million in 3 years, generating at least 3 jobs without counting the managers.

The Holding Company Regime (CHC) was continued for companies whose principal purpose is the holding of securities, investment or holding of shares or interests in national and/or foreign companies, as long as the direct or indirect participation 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 perform the activity (3 employees and management). Dividends received by the CHC from foreign entities will be exempt from tax.

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

Regulations of COVID – 19

As a consequence of the spread of COVID-19, the National Government of Colombia took measures in the midst of the economic and social emergency, such as, extension of the deadline for payment of the second income tax instalment; additionally, the deadlines for filing the income tax return and payment of the third instalment were extended until June 2020; automatic refund of applications for the return of balances in favor of a maximum of 15 days; transitory exemption from the tax on financial movements for non-profit entities; The tax known as solidarity contribution is temporarily created, which applies to some public employees, state contractors and mega-pensions to help vulnerable people; during the contingency, donations of goods or services destined only and exclusively to the treatment of COVID 19 will not have VAT, furthermore, tariff exemptions and flexibility in the importation of medical devices and medicines are contemplated.

7.4 Deferred Tax Not Recognized Asset

The company does not have a deferred tax asset for tax losses, which is a result of the analysis and the low probability of recovery.

7.5. Uncertainty over income tax treatments.

IFRIC 23, or IFRIC 23, is an interpretation by the IASB that assumes that there may not be clarity about how tax law applies to a particular transaction or circumstance, so that the acceptability of a particular tax treatment under tax law may not be known until the relevant tax authority or courts make a decision in the future. Accordingly, a dispute or inspection of a particular tax treatment by the taxing authority may affect the accounting by an entity for a current or deferred tax asset or liability.

This interpretation applies only to income taxes, meaning all taxes, whether domestic or foreign, that relate to taxable income. Uncertain tax treatment" means all those tax aspects that generate benefits for the entity but that, nevertheless, there is uncertainty as to whether the tax authority will accept the tax treatment under the tax law.

Thus, IFRIC clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty about income tax treatments. In this circumstance, an entity will recognize and measure 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 bases, unused tax losses, unused tax credits and tax rates determined by applying that standard.

Considering the criteria and judgments in the determination and recognition of taxes, as of September 30, 2020, no situations have been identified that generate tax uncertainty and should be recognized for accounting purposes, in accordance with the framework defined by IFRIC 23.

NOTE 8. LEASES

Grupo SURA as lessee

The initial term regarding the lease of the building was 15 years. Grupo SURA has no restrictions on subleasing the leased assets.

At 30 September 2020, the carrying value of the leases is:

	Right-of-use asset	Lease liability
Balance of December 31, 2019	**20,742**	**13,815**
Depreciation and amortization	(1,091)	-
Interest expenses	-	685
Lease payments	-	(1,293)
At September 30, 2020	**19,651**	**13,207**

NOTE 9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

9.1. Investments in associates

General information on investments in associates
Herewith a breakdown of associates of Grupo SURA, to date of the reporting period:

	September 2020			December 2019		
Investment	**% Participation**	**% voting rights**	**# Shares**	**% Participation**	**% voting rights**	**# Shares**
Bancolombia S.A.	24.41%	46.05%	234,737,591	24.39%	46.02%	234,545,239
Grupo Argos S.A.	26.75%	35.53%	229,295,179	26.75%	35.53%	229,295,179
Grupo Nutresa S.A.	35.35%	35.35%	162,656,194	35.17%	35.17%	161,807,155

Corporate purpose of the associates and nature of the relationship

Bancolombia S.A: It is a financial institution listed in the Colombian Stock Exchange (BVC), as well as in the New York Stock Exchange (NYSE), since 1981 and 1995 respectively,
Grupo Bancolombia consolidates operations in the banking, trust, off-shore banking 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.

The percentage with voting rights as of September 2020 and December 2019 of Bancolombia S.A. is 46.05% and 46.02% respectively. The above taking into account the issuance of non-voting preferred shares issued by this associate.

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 with voting rights at September 2020 and December 2019 of Grupo Argos S.A. is 35.53%, taking into account the issuance of non-voting preferred shares issued by this associate.

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 processed food segment of the industrial sector include a 35.35% stake in Grupo Nutresa S.A., where Grupo SURA is the largest shareholder.

Significant influence on the three companies is exercised through participation of the Board of Directors and governing committees, where Grupo SURA has two representatives (out of seven in total) of the Boards of Directors.

Balance of investment in associated companies

The following is a detail of investments in associates at 30 September 2020 and 31 December 2019:

Investment	September 2020	December 2019
Bancolombia S.A.	5,599,884	5,594,878
Grupo Argos S.A.	4,510,388	4,510,388
Grupo Nutresa S.A.	4,304,546	4,287,391
Total	**14,414,818**	**14,392,657**

Dividends received

Dividend income comes from the following issuers:

	September 2020	September 2019
Bancolombia S.A.	384,185	256,123

Grupo Argos S.A.	86,215	80,253
Grupo Nutresa S.A.	105,461	99,027
	575,861	**435,403**

Financial information of associates

The assets, liabilities, equity and results of the exercise of each of the associated companies included in the financial statements for the period to September 30, 2020 and December 2019 are the following:

September 2020	Location	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A. (*)	Colombia	265,645,237	-	236,205,396	-	29,439,841	6,459,396	564,392	1,151,315	1,715,707
Grupo Argos S.A.	Colombia	7,703,285	46,568,718	7,283,963	19,176,995	27,811,045	10,414,775	166,041	1,901,360	2,067,401
Grupo Nutresa S.A.	Colombia	4,132,208	11,350,777	2,711,693	4,812,141	7,959,151	8,178,270	473,584	(891,101)	(417,517)

December 2019	Location	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A. (*)	Colombia	236,088,113	-	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

(*) The associate Grupo Bancolombia, presents the statement of financial position for liquidity purposes, and therefore does not include the detail of current and non-current financial assets and liabilities

The investments in associates of Grupo SURA are listed on the Colombian Stock Exchange and are highly liquid; their fair value at September 30, 2020 and December 2019 in the stock market is as follows:

Associate	September 2020	December 2019
Bancolombia S.A.	5,699,429	10,319,991
Inversiones Argos S.A.	2,659,824	4,081,454
Grupo Nutresa S.A.	3,685,789	4,109,902

Movement of investments in associates:

	Bancolombia S.A.	Grupo Argos S.A.	Grupo Nutresa S.A.	Total
At December 31, 2019	**5,594,878**	**4,510,388**	**4,287,391**	**14,392,657**
Additions *	5,006	-	17,155	22,161
At September 30, 2020	**5,599,884**	**4,510,388**	**4,304,546**	**14,414,818**

* Corresponds to 192,352 shares of Bancolombia S.A. and 849,039 shares of Grupo Nutresa S.A. acquired at September 30, 2020.

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

9.2. Investments in subsidiaries

General information on investments in subsidiaries

The following is a breakdown of the entities over which Grupo SURA possesses direct control at September 30, 2020 and December 2019:

			Percentage of property		
Company	Country	Economic Activity	September 2020	December 2019	Date of creation
SURA Asset Management S.A.	Colombia	Investor	83.58%	83.58%	15/09/2011
ARUS Holding S.A.S.	Colombia	Investment in movable and immovable property	100%	100%	11/07/2012
ARUS S.A.	Colombia	Services and marketing of products and solutions in telecommunications	100%	100%	16/08/1988
Enlace Operativo S.A.	Colombia	Information processing services under the figure of outsourcing	100%	100%	31/05/2006
Inversiones y Construcciones Estratégicas S.A.S.	Colombia	Investments	100%	100%	30/08/2007
Suramericana S.A.	Colombia	Investments	81.13%	81.13%	25/05/1999
SURA Ventures S.A.	Panama	Investments	100%	100%	21/02/2018

The following is the detail of the balance of investments in subsidiaries under the equity method as of September 30, 2020 and December 2019:

Company	September 2020	December 2019
SURA Asset Management S.A.	10,309,911	9,726,909
Suramericana S.A.	4,308,341	4,069,574
Inversiones y Construcciones Estratégicas S.A.S.	102,257	181,441
SURA Ventures S.A.	51,728	77,499
ARUS Holding S.A.S.	70,435	72,952
ARUS S.A.	3,266	3,460
Enlace Operativo S.A.	1,310	1,267
Total	**14,847,248**	**14,133,102**

The equity method of subsidiaries

The following is a breakdown of profit or loss from the equity method, as of September 30, 2020 and 2019:

Subsidiary	Accumulated September 2020	Accumulated September 2019	Quarter September 2020	Quarter September 2019
Suramericana S.A.	244,706	243,686	8,019	102,825
SURA Asset Management S.A.	214,509	569,018	216,967	209,842
Enlace Operativo S.A.	62	102	13	33
SURA Ventures S.A.	(3,328)	(3,266)	(1,642)	(1,103)
ARUS S.A.	(194)	(267)	(14)	(117)
Inversiones y construcciones Estratégicas S.A.S.	(3,451)	3,398	(103,542)	(9)
Arus Holding S.A.S.	(2,516)	(3,203)	(2,456)	(1,575)
Total	**449,788**	**809,468**	**117,345**	**309,896**

Movement of investments in subsidiaries

The movement of investments in subsidiaries, is as follows

	SURA Asset Manegement S.A.	Suramericana S.A.	Inversiones y construcciones estratégicas S.A.S.	SURA Ventures S.A.	Arus Holding S.A.S.	Enlace Operativo S.A.	Arus S.A.	Total
Balance at January 1, 2019	**9,775,377**	**3,909,300**	**150,259**	**80,693**	**71,569**	**1,026**	**3,612**	**13,991,836**
Additions (1)	-	-	-	12,592	-	-	-	12,592
Equity method	604,971	316,867	29,200	(16,975)	1,393	242	(131)	935,566
Dividends	(460,924)	(165,923)	-	-	-	-	(22)	(626,869)
Equity variation	(192,515)	9,330	1,982	1,189	(10)	-	-	(180,024)
Balance at December 31, 2019	**9,726,909**	**4,069,574**	**181,441**	**77,499**	**72,952**	**1,268**	**3,460**	**14,133,102**
Additions (1)	-	-	-	3,658	-	-	-	3,658
Equity method	214,509	244,706	(3,451)	(3,329)	(2,516)	62	(194)	449,788
Dividends	(301,639)	(178,517)	(74,503)	-	-	(19)	-	(554,678)
Equity variation	670,132	172,578	(1,229)	(26,101)	-	-	-	815,379
Balance at September 30, 2020	**10,309,911**	**4,308,341**	**102,257**	**51,728**	**70,435**	**1,311**	**3,266**	**14,847,248**

(1) Capitalisations made to SURA Ventures during 2020.

Assets, liabilities, equity and results of subsidiaries

The assets, liabilities, equity and results for the year of each of the subsidiary companies included in the financial statements for the period September 30, 2020 and December 2019 are as follows:

September 2020	Asset	Liabilities	Equity	Profit	Other comprehensive income
SURA Asset Management S.A. (*)	20,561,909	10,796,531	9,765,378	256,660	805,807
Arus Holding S.A.S.	73,118	2	73,116	(2,612)	-
ARUS S.A.	116,372	87,359	29,013	(3,745)	-
Enlace Operativo S.A.	27,623	4,776	22,848	1,084	-
Inversiones y Construcciones Estratégicas S.A.S	106,668	4,411	102,257	(3,451)	(267)
Suramericana S.A. (*)	30,578,073	25,259,015	5,319,058	301,626	199,277

Sura Ventures S.A.	107,697	31	107,666	(71)	21,633

(*) Figures taken from the Consolidated Financial Statements

December 2019	Asset	Liabilities	Equity	Profit	Other comprehensive income
SURA Asset Management S.A. (*)	20,926,946	11,860,459	9,066,487	723,846	(230,672)
Arus Holding S.A.S.	75,730	2	75,728	1,446	(396)
ARUS S.A.	126,687	93,930	32,758	(2,540)	-
Enlace Operativo S.A.	26,462	4,361	22,101	4,220	-
Inversiones y Construcciones Estratégicas S.A.S	189,276	7,834	181,441	29,200	2,208
Suramericana S.A. (*)	28,414,922	23,391,494	5,023,429	390,571	(31,160)
Sura Ventures S.A.	120,132	21	120,111	(12,840)	1,547

(*) Figures taken from the Consolidated Financial Statements

NOTE 10. SECURITIES ISSUED

The following is an overview of the securities issued:

	September 2020	December 2020
Outstanding bonds (1)	5,408,627	3,958,384
Preference shares (2)	460,756	460,712
Total	**5,869,383**	**4,419,096**

The following is a breakdown of bonds issued:

(1) Outstanding bonds:

				Cost amortized		Fair value	
Date Issued	Maturity Date	Nominal value	Emission rate	September 2020	December 2019	September 2020	December 2019
29-april-16	29-abr-26	USD 550*	+ 5.50%	2,153,839	1,799,460	2,411,573	1,059,566
18-may-11	18-may-21	USD 300*	+ 5.70%	1,182,721	987,839	1,221,498	2,110,775
07-may-14	07-may-23	223,361	CPI + 3.80%	225,418	225,364	239,365	238,766
23-feb-17	23-feb-22	193,549	+ 7.21%	194,802	194,720	204,833	202,910
23-feb-17	23-feb-29	190,936	CPI + 3.58%	190,627	191,423	193,850	200,610
23-feb-17	23-feb-24	165,515	CPI + 3.19%	165,431	166,053	169,605	172,942
07-may-14	07-may-30	100,000	CPI + 4.15%	100,817	100,797	104,313	131,728
07-may-16	07-may-20	100,000	CPI + 3.55%	-	101,005	-	120,354
25-nov-09	25-nov-29	98,000	CPI + 5.90%	96,165	96,488	114,554	109,842
25-nov-09	25-nov-49	97,500	CPI + 6.98%	94,802	95,235	116,349	101,849
11-aug-20	11- aug -23	223,750	IBR + 2.00%	223,686	-	226,372	-
11-aug-20	11- aug -27	296,350	CPI + 3.00%	297,625	-	304,612	-
11-aug-20	11- aug -32	180,320	CPI + 3.80%	181,309	-	187,215	-
11-aug-20	11- aug -40	299,580	CPI + 4.20%	301,385	-	315,428	-
				5,408,627	**3,958,384**	**5,809,567**	**4,449,342**

** Values expressed in millions of dollars

(2) Preferential shares:

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

On March 31, 2017, the meeting of shareholders approved the amendments to the issuance and placement of preference shares regulations, issued in 2011, which establishes the payment of a preferential minimum dividends, equivalent to one percent (1%), per annum, over the sum, equivalent to the reference subscription price (as defined below), as long as the value resulting from this calculation exceeds the dividend decreed for ordinary shares. otherwise, the latter will be recognized.

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

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

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

Movements of the debt instruments issued, for September 30, 2020 and December 31, 2019, are as follows:

	Bonds	Preference shares	Total
At December 31, 2019	**3,958,384**	**460,712**	**4,419,096**
Additions (1)	1,000,787	-	1,000,787
Withdrawals	(100,000)	-	(100,000)
Caused Interest	203,726	30,515	234,241
Interest payments	(158,495)	(30,471)	(188,966)
Exchange differences	504,225	-	504,225
At September 30, 2020	**5,408,627**	**460,756**	**5,869,383**

(1) On August 11, 2020, Grupo SURA made an ordinary bond issue for one billion Colombian pesos, the resources from the placement of the ordinary bonds will be used mainly to replace the financial liabilities of Grupo SURA.

NOTE 11. DIVIDENDS

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

Dividends payable at December 31, 2019 (note 6.2.2.)	**81,735**
Ordinary declared	297,370
Preferential declared	71,603
Subtotal dividends declared	**368,973**
Payment ordinary shares	(224,754)
Payment of preference shares	(54,159)
Others	(218)
Dividends payable at September 30, 2020 (note 6.2.2.)	**171,577**

The General Meeting of Shareholders of Grupo SURA held on March 27, 2020, approved the following profit distribution project:

Dividends

An ordinary dividend of five hundred and eighty-three pesos (COP$583) per share and an extraordinary dividend of fifty-one pesos (COP$51) per share, on 581,977,548 ordinary and preferred shares.

This ordinary and extraordinary dividend was declared from the occasional reserves, with profits generated until December 31, 2016 for $368,974.

Repurchase of Company Shares

Authorization to reacquire shares of the Company up to the amount of three hundred billion pesos $300,000 for a period of up to three years, counted from the approval of the Assembly.

Occasional reserves

Approval of the constitution of occasional reserves with profits generated on December 31, 2019 for $ 263,217

NOTE 12. OTHER COMPREHENSIVE INCOME

The other comprehensive income of Grupo SURA is presented below:

Concept	December 2018	Adjustment of the period	September 2019
Losses (gains) actuarial plans (post-employment)[1]	(1,822)	-	(1,822)
Financial instruments fair value changes ORI[2]	(10,454)	3,000	(7,454)
Exchange rate difference due to conversion[3]	(10,827)	-	(10,827)
Cash Flow Derivatives Hedge[4]	(6,299)	(7,878)	(14,177)
Equity method subsidiaries[5]	1,232,934	385,315	1,618,249
Total comprehensive income	**1,203,532**	**380,437**	**1,583,969**

Concept	December 2019	Adjustment of the period	September 2020
Losses (gains) actuarial plans (post-employment)[1]	(4,276)	3,592	(684)
Financial instruments fair value changes ORI[2]	(4,454)	(5,289)	(9,743)
Exchange rate difference due to conversion[3]	(10,827)	-	(10,827)
Cash Flow Derivatives Hedge[4]	(695)	(1,261)	(1,956)
Equity method subsidiaries[5]	1,047,756	815,379	1,863,135
Total comprehensive income	**1,027,504**	**812,421**	**1,839,925**

(1) The new measures component of defined benefit plans represents the cumulative value of actuarial gains or losses, excluding amounts included in net interest on net defined benefit liability. The net value of the new measurements is transferred to retained earnings and is not reclassified to earnings for the period.

(2) The other comprehensive income component of equity investments measured at fair value through earnings represents the cumulative value of the profit or loss from the valuation at fair value less the values transferred to retained earnings when these investments have been sold. Changes in fair value are not reclassified to earnings for the period. For further details see note 6.1. Financial assets.

(3) This corresponds to the conversion of foreign currency resulting from the merger of the companies Grupo SURA Finance and Grupo de Inversiones SURA Panamá.

(4) The other comprehensive income component of cash flow hedges represents the cumulative value of the effective portion of gains or losses arising from changes in the fair value of hedged items in a cash flow hedge. The cumulative value of the gain or loss will be reclassified to earnings for the period only when the hedged transaction affects earnings for the period or the highly probable transaction is not expected to occur, or is included, as part of its carrying value, in a non-financial hedged item. The balance includes a tax of (234) (See note 7.2. Deferred taxes).

(5) It corresponds to the equity changes in the application of the equity method of the subsidiaries.

NOTE 13. ADMINISTRATIVE EXPENSES

Administrative expenses are as follows:

	Accumulated		Quarter	
	September 2020	September 2019	September 2020	September 2019
Others *	(6,532)	(6,306)	(208)	(133)
Travel and entertainment expenses	(6,325)	(6,148)	(3,008)	(1,898)
Taxes	(5,675)	(5,526)	(1,821)	175
Advertising	(2,109)	(1,621)	(616)	(521)
Contributions	(1,337)	(945)	(488)	(391)
Insurances	(1,085)	(105)	(127)	(93)
Commissions	(765)	(659)	(262)	(210)
Maintenance and repairs	(704)	(1,272)	(57)	(931)
Public services	(389)	(392)	(115)	(148)
Seasonal services	(343)	(92)	(96)	(42)
Leases	(164)	(207)	(65)	(64)
Tools and stationery	(83)	(49)	(1)	(22)

Electronic data processing	(53)	-	(19)	-
Legal	(6)	(6)	(1)	(2)
Total	**(25,570)**	**(23,328)**	**(6,884)**	**(4,280)**

* Donation made to the Fundación Suramericana for $6,064 according to profit sharing 2019

NOTE 14. HONORARIUM EXPENSES

Honorarium expenses are detailed as follows:

	Accumulated		**Quarter**	
	September 2020	September 2019	September 2020	September 2019
Consultants and advisory	(4,535)	(6,205)	(1,759)	(1,406)
Board of Directors	(887)	(688)	(248)	(244)
Auditor	(303)	(284)	(94)	(91)
Appraisals	(1)	-	-	-
Total	**(5,726)**	**(7,177)**	**(2,101)**	**(1,741)**

NOTE 15. FINANCIAL RESULTS

The financial results are detailed as follows:

	Accumulated		**Quarter**	
	September 2020	**September 2019**	**September 2020**	**September 2019**
Fair value gains – Derivatives (1)	218,370	79,042	61,842	88,324
Exchange differences (net) (2)	(327,674)	(127,965)	(61,184)	(150,484)
Interests (3)	(286,308)	(254,458)	(91,168)	(84,643)
Total	**(395,612)**	**(303,381)**	**(90,510)**	**(146,803)**

(1) It corresponds to the valuation of trading derivatives and the increase in the number of transactions, in September 2019 there were 89 and in September 2020 there are 103. The increase in these operations is due to the need to cover the difference in exchange rates for dollar bonds, which have not been classified as hedge accounting.

(2) Here is a detail of the exchange difference:

	Accumulated		Quarter	
	September 2020	**September 2019**	**September 2020**	**September 2019**
Derivatives	223,565	18,066	41,492	21,742
Dollar credits	(47,014)	(17,781)	(8,716)	(21,825)
Bonds	(504,225)	(128,250)	(93,960)	(150,401)
Total	**(327,674)**	**(127,965)**	**(61,184)**	**(150,484)**

(3) The following is a detail of the interests:

	Accumulated		Quarter	
	September 2020	September 2019	September 2020	September 2019
Securities issued (1)	(203,727)	(188,512)	(66,575)	(65,153)
Preference shares	(30,515)	(30,396)	(10,246)	(10,238)
Hedging	(28,738)	417	(8,377)	796
Bank credits	(20,692)	(33,960)	(5,620)	(9,468)
Others	(1,381)	(157)	(76)	(48)
Financial leases	(685)	(817)	(227)	(260)
Repo operations	(570)	(1,033)	(47)	(272)
Total	**(286,308)**	**(254,458)**	**(91,168)**	**(84,643)**

(1) Interest is offset by the return on the invested portfolio from the new $3,293 million bond issue.

NOTE 16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

The calculation of basic earnings per share is as follows:

	Accumulated		Quarter	
	September 2020	September 2019	September 2020	September 2019
Controlling earnings	**606,369**	**899,087**	**14,365**	**163,744**
Plus: Preferred shares interest expense (Note 14)[1]	30,515	30,396	10,246	10,238
Less: retained earnings to preferred stockholders [2]	(123,596)	(180,378)	(4,776)	(33,763)
Profit corresponding to ordinary continuous operations	**513,289**	**749,105**	**19,835**	**140,219**
Ordinary shares	469,037,260	469,037,260	469,037,260	469,037,260
Earnings per share from continuing operations	**1,094**	**1,597**	**42**	**299**

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

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

NOTE 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Measures taken in response to the State of Economic, Social and Environmental Emergency decreed in Colombia as a result of COVID-19

As part of its Risk Management System, Grupo SURA has a Business Continuity Plan designed to maintain the operation of its critical activities in the face of interruption scenarios, such as the worldwide contingency generated by COVID-19.

In order to preserve the operation of critical business activities and at the same time protect the health of employees, Grupo SURA established as a general business continuity measure the activation of the remote work scheme for the people who make up its work team, which began on March 16; nevertheless, on September 1 the pilot test for returning to the facilities began, complying with the biosecurity practices and recommendations provided by the ARL and other regulatory entities, which has shown positive results as no infections have been reported at the facilities to date.

In this way, the internal management that the company has carried out based on the implemented continuity plan has allowed it to adequately solve the impacts generated by events of different nature that could attempt against the continuity of its operation and the fulfillment of its obligations. To date, there has been no evidence of the materialization of risks with significant impacts for the entity.

Issuance of bonds by Grupo SURA in the Colombian market

Among other relevant matters to be mentioned during the quarter, we highlight the bond issue made by Grupo SURA in the Colombian market for one billion pesos, distributed in four series: COP 223,750,000,000 with a 3-year term and a rate at IBR + 1. 49%; COP 296,350,000,000 with a 7-year term and CPI rate + 2.54%; COP 180,320,000,000 with a 12-year term and CPI rate + 3.39% and COP 299,580,000,000 with a 20-year term and CPI rate + 3.78%. The management of the resources obtained from this placement will be explained in detail throughout the report, in each of the risk sections.

Financial Risks

The performance of the financial markets and the economies of the region have effects on the operation of businesses and, consequently, on their financial results. In order to manage these eventualities and their effect on the sustainability of the Company, the Company has management systems that allow it to monitor the exposure to credit, market and liquidity risk, from the management of the treasury and investment portfolios.

Risk management of the Company is framed by the Risk Management Framework Policy of Grupo Empresarial SURA and the Internal Risk Manual of Grupo SURA, which establish the responsibilities of the Board of Directors, the Risk Committee and Senior Management with regard to the Risk Management System and define the framework for action of the Company in this area. In addition, these documents provide guidelines both for the risks of the Company itself, associated with its business model and derived from its strategy, and for the risks of its investments. The latter are managed by each business unit, taking into account their level of experience and expertise. The work of Grupo SURA is focused on developing appropriate interaction mechanisms to monitor their profiles and the way they manage their risks.

17.1. Credit risk

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

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

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

17.1.2. Methods used to measure risk

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

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

At the end of the quarter, it is important to note that part of the resources obtained from the bond placement will be managed by three recognized stockbrokers, to whom the risk and treasury area of Grupo SURA gave an investment mandate that they must comply with in order to manage these resources. These investments will be made mostly in fixed-income assets with issuers of the best credit quality in the Colombian market, thus mitigating exposure to credit risks derived from these investments, guaranteeing the availability of resources for compliance with the obligation that matures in May 2021.

17.2. Liquidity risk

Liquidity risk refers to the ability of the Companies to generate the resources to meet the obligations acquired and the operation of their business.

Based on the analyses developed during the year, strategies were developed to strengthen the liquidity position of the Company, thereby generating the capability to respond to its short- and long-term obligations. Among these strategies, the previously mentioned bond placement is worth mentioning, which has allowed us to improve the cash flow of the company, anticipating the maturity of the dollar-denominated bond stipulated in May 2021, and enabling the distribution of series and the creation of a maturity profile adjusted to the cash generation of Grupo SURA.

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

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

17.2.2. Methods used to measure risk

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

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

17.2.3. Description of changes in risk exposure

During the quarter, as a result of the evaluations carried out by the company, there were no negative impacts or deteriorations on the exposure to this risk. To the contrary, the resources obtained from the aforementioned bond issue were destined in part to the total payment of a debt of 50,000 million with Bancolombia and a capital payment was also made to another obligation of 23,900 million with the same entity. Additionally, in order to reduce the cost of the debt, another part of the resources were transferred to three stockbrokers recognized as follows: 100,000 and 300,000 million to two APTs with Credicorp and Valores Bancolombia respectively, 110,000 million to an active management portfolio with BTG Pactual, 350,000 million in a virtual investment (term deposit) with

Bancolombia with maturity in May 2021 and finally the remaining resources were deposited in the bank accounts of the company in order to meet other current obligations.

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

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

17.3. Market risks

Market risk refers to how changes in market prices affect the income of the Company, or the value of its investments.

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

- The liquidity management, in the treasury, through the exposure to collective portfolios and issuers of fixed income instruments. These activities do not generate a significant market risk, due to their nature of low volatility assets.
- Financial liabilities, obtained in foreign currency, and those tied at a variable rate, which result in an exposure to exchange rate risk and interest rate.

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

17.3.1. Exchange rate risk

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

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

To manage this risk, the Company monitors its exposures in accordance with the policies and guidelines issued by the Board of Directors and, if necessary, determines the convenience of having some type of coverage scheme.

17.3.1.2. Methods used to measure risk

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

17.3.1.3. Description of changes in risk exposure

During the third quarter, the coverage of the USD 300 million bonds maturing in 2021 was extended, thus increasing a part of the coverage ceilings, in order to minimize the exposure in case of an increase in the exchange rate.

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

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

For further details please refer to **Note 6.1.4 "Other financial assets" and Note 6.2.1 "Other financial liabilities".**

17.3.2. Interest rate risk

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

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

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

17.3.2.2. Methods used to measure risk

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

17.3.2.3. Description of changes in risk exposure

Considering the bond issue in the Colombian market by Grupo SURA during the quarter, it is worth mentioning that the resources obtained and managed by stockbrokers must comply with the investment policy delivered by Grupo SURA to guarantee a balance between profitability and risk, so as to ensure the availability of resources for the maturity of international bonds. The issue made in August was made at variable rates (IBR and IPC), increasing the exposure to interest rate risk, for which the company will evaluate possible coverage, in order to mitigate this situation.

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

The Company maintains hedging strategies for loans acquired at a variable rate, with the objective of reducing the possible impacts due to increases in the local and foreign interest rate.
For further details, please refer to **Note 6.1.4 "Other financial assets" and Note 6.2.1 "Other financial liabilities".**

17.3.3. Share price risk

Share price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in equity asset prices.

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

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

17.3.3.2. Methods used to measure risk

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

17.3.3.3. Description of changes in risk exposure

In general terms, the Colombian stock market did not present high levels of volatility in the last quarter, which was reflected in a slight increase in the Colcap stock index, which in turn was reflected in the price of Grupo Bancolombia and Grupo Nutresa shares.
Although the economic dynamics in Colombia have shown signs of reactivation in some sectors, it is important to clarify that the prices of the associated companies are still below the level of early 2020.

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

Given the nature of the portfolio and the investments, exposures to this risk are not material. For more details, please refer to **Note 6.1.3 "Investments"**

NOTE 18. INFORMATION DISCLOSED ON RELATED PARTIES

Subsidiaries, associated companies, key management personnel and entities over which key management personnel may exercise control are considered to be related parties of Grupo SURA.

The following is a detail of related parties at September 30, 2020, 2019 and December 31, 2019 of Grupo SURA:

September 2020		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Assets	**Note**			
Accounts receivable from related parties	6.1.2	-	232,835	192,129
Total assets		**-**	**232,835**	**192,129**
Liabilities	**Note**			
Financial liabilities	6.2.1	-	377,715	-
Accounts payable to related parties	6.2.2	-	171,577	-
Employee Benefits [1]		22,491	-	-
Total liabilities		**22,491**	**549,292**	**-**

[1]Post employment benefits for senior management.

September 2020		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Income	**Note**			
Investment returns	9.1	-	575,861	-
Other income		-	-	306
Total income		**-**	**575,861**	**306**
Expenses				
Administrative expenses		-	-	98
Employee Benefits[1]		30,822	-	-
Fees	14	887	-	-
Other expenses		-	-	766
Total expenses		**31,709**	**-**	**864**

[1]Short-term senior management benefits of $8,331 and post-employment benefits of $22,491

December 2019		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Assets	**Note**			
Accounts receivable from related parties	6.1.2	-	108,850	-
Total assets		**-**	**108,850**	**-**
Liabilities				
Financial liabilities	6.2.1	-	418,017	-

	Note			
Accounts payable to related parties	6.2.2	-	81,735	74,225
Employee Benefits [1]		26,001	-	-
Total liabilities		**26,001**	**499,752**	**74,225**

[1]Post employment benefits for senior management.

September 2019		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Income	**Note**			
Investment returns	9.1	-	435,403	-
Total income		**-**	**435,403**	**-**
Expenses				
Administrative expenses		-	-	103
Employee Benefits[1]		33,364	-	-
Fees	14	688	-	-
Other expenses		-	-	1,170
Total expenses		**34,052**	**-**	**1,273**

[1]Short-term senior management benefits of $7,363 and post-employment benefits of $26,001

Subsidiaries under direct control of Grupo SURA are listed in Note 9.2 Investments in subsidiaries.

NOTE 19. EVENTS AFTER THE REPORTING PERIOD

These separate financial statements as of September 30, 2020 were prepared for supervisory purposes and authorized for issuance by the Board of Directors of Grupo SURA on October 29, 2020, after that cut-off date and until its publication, no relevant facts involving adjustments have been presented, and the following additional information was presented:

- On October 15, 2020, Grupo SURA informed that Tatyana Maria Orozco De La Cruz resigned from her position as Vice President of Corporate Affairs and Legal Representative, a position she had held since April 2017. Her resignation will be effective as of October 31, 2020.

- On October 29, 2020, Grupo SURA informed that its Board of Directors appointed Monica Guarin Montoya as the new Vice President of Corporate Affairs and Legal Representative of the Company, a position she will hold as of November 1, 2020.

  The Vice-presidency of Corporate Affairs will be in charge of the areas of Human Talent, Communications and Corporate Responsibility of Grupo SURA.

  As for the legal representation of Grupo SURA, it will be as follows:
  Legal Representatives:

  1. Gonzalo Alberto Pérez Rojas, President
  2. Ricardo Jaramillo Mejía, Vice President of Corporate Finance
  3. Juan Luis Múnera Gómez, Vice President, Corporate Legal Affairs
  4. Mónica Guarín Montoya, Vice President of Corporate Affairs

  Legal Representative for Judicial and Administrative Affairs:
  Nathalia Velásquez Correa

- On October 29, 2020, Grupo SURA reported that its Board of Directors authorized Director Lina María Echeverri Pérez to proceed with the acquisition of 160 common shares and 31 preferred dividend shares of Grupo SURA.

  This decision was made with the favorable vote of all members of the Board of Directors, excluding the requesting Director, who abstained from voting on this decision.

  The purchase of the mentioned shares will be made under market conditions and following all corporate governance guidelines.

NOTE 20. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the financial statements of Grupo SURA for the year ended September 30, 2020 was authorized by the Board of Directors for publication, as stated in Minute No. 318 of the Board of Directors dated October 29, 2020, for presentation to the market.

ANALYSIS OF FINANCIAL RESULTS (unaudited)

The following is an analysis of the financial results for the period ended September 30, 2020, with comparative figures as of December 31, 2019. These analyses are performed by management and are not part of the financial statements. (Expressed in millions of pesos)

COMPARATIVE INDEX ANALYSIS

(Expressed in millions of pesos)

	INDEX		September 2020		December 2019		INTERPRETATION	
INDEBTEDNESS	Solidity		7,148,938 31,773,365	= 22.50%	5,605,933 29,150,072	= 19.23%	Creditors own 22.5% as of September 2020 and 19.23% as of December 2019, with shareholders owning the complement: 77.5% in September 2020 and 80.77% as of December 2019	Total liability Total asset
INDEBTEDNESS	Total		7,148,938 31,773,365	= 22.50%	5,605,933 29,150,072	= 19.23%	Of each peso that the company has invested in assets, 22.5% as of September 2020 and 19.23% as of December 2019 have been financed by creditors	Total liability Total asset
INDEBTEDNESS	Coverage of interest		892,677 286,308	= 311.79%	1,153,545 254,458	= 453.33%	The Company generated a net profit equal to 311.79% as of September 2020 and 453.33% as of December 2019 of interest paid	Net profit + interest Financial expenses
INDEBTEDNESS	Leverage	Total	7,148,938 24,624,427	= 29.03%	5,605,933 23,544,139	= 23.81%	Each peso ($1.00) of the Company's owners is committed 29.03% at September 2020 and 23.81% at December 2019	Total liabilities with third parties Equity
INDEBTEDNESS		Financial Total	6,811,662 24,624,427	= 27.66%	5,267,869 23,544,139	= 22.37%	For each peso of equity, 27.66% is committed as of September 2020 and 22.37% as of December 2019	Total liabilities with financial entities Equity
PERFORMANCE	Net profit margin		606,369 1,032,867	= 58.71%	899,087 1,245,690	= 72.18%	Net profit corresponds to 58.71% of net income in September 2020 and 72.18% of net income in 2019	Net Profit Net Income
PERFORMANCE	Return on equity		606,369	= 2.52%	899,087	= 3.97%	The net results correspond to 2.52% of assets in September 2020 and 3.97% in December 2019	Net Income

	24,018,058		22,645,052				Equity - profits
Return on total assets	606,369	= 1.91%	899,087	= 3.08%	The net results with respect to total assets, correspond to 1.91% in September 2020 and 3.08% in December 2019		Net Profit
	31,773,365		29,150,072				Total assets