Consolidated financial statements of Grupo de Inversiones Suramericana S.A.

at December 31, 2020, with comparative figures at December 31, 2019

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CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Said affirmations, explicit and implicit, are the following:

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

Integrity: All economic events have been recognized.

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

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

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

In accordance with Article 46 of Law 964 of 2005, in my capacity as Legal Representative of Grupo de Inversiones Suramericana S.A., the financial statements, and other reports relevant to the public, related to the fiscal year ended December 31, 2020 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
Accountant
Professional Card 16951-T

AUDITOR REPORT

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2020 (with comparative figures at December 31, 2019)

(Values expressed in millions of Colombian pesos)

	Note	December 2020	December 2019
Assets			
Cash and cash equivalents	6	3,311,225	2,346,157
Investments	7	23,927,463	23,982,370
Derivative instruments	8	659,174	594,249
Assets under insurance contracts	9	4,498,053	4,060,206
Assets under reinsurance contracts	9	4,792,079	4,607,155
Accounts receivable from related parties		116,952	109,153
Other accounts receivable	7	1,874,765	1,871,670
Current tax assets	10	114,800	177,166
Non-current assets held for sale		106,141	5,212
Business acquisition cost -DAC	11	1,516,386	1,331,711
Investments in associated companies and joint ventures	12	19,836,275	19,965,689
Properties and equipment	13	1,270,778	1,309,173
Assets by right of use	14	559,271	645,484
Other intangible assets	15	2,790,345	2,857,006
Deferred tax assets	10	242,235	194,114
Other assets	16	457,801	259,620
Goodwill	15	4,868,020	4,721,695
Total assets		**70,941,763**	**69,037,830**
Liabilities			
Financial liabilities	7	1,502,283	1,685,559
Derivative instruments	8	176,518	204,190
Lease liabilities	14	531,354	666,663
Insurance contract liabilities	9	24,207,380	24,172,633
Liabilities under reinsurance contracts	9	1,313,544	1,230,672
Accounts payable to related entities		87,093	82,008
Other accounts payable	7	2,338,687	1,918,899
Current tax liabilities	10	165,204	95,886
Employee benefits	17	636,979	533,657
Non-current liabilities held for sale		357	-
Provisions	18	227,171	227,155
Deferred income		535,548	469,992
Bonds issued	19	8,765,419	7,742,433
Deferred tax liabilities	10	1,451,654	1,456,369
Preferred shares	20	460,847	460,712
Total liabilities		**42,400,038**	**40,946,828**
Equity			
Issued capital	21	109,121	109,121
Share premium	21	3,290,767	3,290,767
Reserves	21	5,703,485	4,814,146
Net income		225,125	1,525,537
Retained earnings		13,770,027	13,472,589
Other integral results	23	2,906,307	2,424,607
Equity attributable to the holders of the controlling interest		**26,004,832**	**25,636,767**
Non-controlling interest	24	2,536,893	2,454,235
Total equity		**28,541,725**	**28,091,002**
Total equity and liabilities		**70,941,763**	**69,037,830**

The notes are an integral part of the financial statements.

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 February 25, 2021).

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED INCOME STATEMENT

For the years ended December 31, 2020 and 2019

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

Income from continuing operations Income		December 2020	December 2019
Insurance premiums		14,741,620	13,951,313
Premiums and health services		4,588,377	3,809,285
Premiums issued	**9**	**19,329,997**	**17,760,598**
Premiums ceded in reinsurance	9	(3,348,641)	(2,737,502)
Retained premiums (net)	**9**	**15,981,356**	**15,023,096**
Net production reserves	9	(447,626)	(296,269)
Retained premiums earned	**9**	**15,533,730**	**14,726,827**
Net return on investments at amortized cost		801,239	924,850
Net profit on investments at fair value	7	813,656	957,865
Commission income	26	2,845,836	2,732,088
Provision of services	27	178,580	217,514
Income from equity method	12	362,495	1,255,222
Gain from the sale of investments	7	22,684	210,926
Other income	28	279,691	302,873
Total income		**20,837,911**	**21,328,165**
Costs and Expenses			
Insurance claims		(7,639,130)	(8,618,181)
Claims and health services		(4,201,587)	(3,468,336)
Total claims	**9**	**(11,840,717)**	**(12,086,517)**
Reimbursement claims		1,521,849	2,152,971
Retained claims	**9**	**(10,318,868)**	**(9,933,546)**
Expenses for commissions to intermediaries	26	(2,613,914)	(2,519,682)
Insurance costs and expenses	9	(785,722)	(747,493)
Costs for the provision of services	27	(330,425)	(377,736)
Administrative expenses	29	(1,939,536)	(1,813,688)
Employee benefits		(2,226,265)	(2,123,552)
Fees	30	(366,953)	(347,199)
Depreciation and amortization	13,14	(525,631)	(503,768)
Other expenses	28	(122,774)	(79,171)
Total costs and expenses		**(19,230,088)**	**(18,445,835)**
Operating profit		**1,607,823**	**2,882,330**
Gains at fair value - Derivatives	31	8,943	(6,300)
Exchange differences (net)	31	(88,923)	96,870
Interest	31	(731,400)	(716,162)
Financial result		**(811,380)**	**(625,592)**
Pre-tax profits		**796,443**	**2,256,738**
Income tax	10	(453,537)	(650,706)
Profit, net continuing operations		**342,906**	**1,606,032**
Net (loss) income from discontinued operations	32	(6,669)	112,646
Net profit attributable to:		**336,237**	**1,718,678**
Controlling shareholders		225,125	1,525,537
Non-controlling shareholders		111,112	193,141
Net earnings per share			
Net earnings per share from continuing operations	33	442	2,465
(loss) net income per share from discontinued operations	33	(12)	201

The notes are an integral part of the financial statements. The notes are an integral part of the financial statements.

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 February 25, 2021).

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the years ended December 31, 2020 and 2019
(Values expressed in millions of Colombian pesos)

	Notes	December 2020	December 2019
Net income for the year		**336,237**	**1,718,678**
Other comprehensive income			
Items that will not be reclassified to income for the period, net of taxes			
Gain (loss) from investments in equity instruments	23	14,361	11,416
Gain from revaluation of properties	23	(5,933)	67,653
New defined benefit plan measures	23	1,064	(9,779)
Total other comprehensive income that will not be reclassified to the results of the period, net of taxes		**9,492**	**69,290**
Items to be reclassified to income for the period, net of taxes			
(Loss) Gain for translation exchange differences	23	518,119	(397,439)
Gain (Loss) for cash flows hedges	23	(29,537)	130,039
Gain (Loss) from hedges of derivatives of net investments abroad	23	(55,270)	(62,780)
Participation of other comprehensive income of associates and joint ventures accounted for using the equity method	23	111,133	92,147
Total other comprehensive income to be reclassified to profit or loss, net of taxes		**544,445**	**(238,033)**
Total other comprehensive income		**553,937**	**(168,743)**
Total comprehensive income		**890,174**	**1,549,935**
Comprehensive income attributable to:			
Controlling interest		706,824	1,403,177
Non-controlling interest		183,350	146,758

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

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P.C. 16951-T

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2020 and 2019
(Values expressed in millions of Colombian pesos)

		Issued capital	Share premium	Total reserves	Profit for the year	Retained earnings	Other equity Participation (OCI)	Equity attributable to controlling interest	Non-controlling interests	Total equity
Balance at January 1, 2020 as adjusted	**Note**	**109,121**	**3,290,767**	**4,814,146**	**1,525,537**	**13,472,589**	**2,424,607**	**25,636,767**	**2,454,235**	**28,091,002**
Other comprehensive income	23	-	-	-		-	481,700	**481,700**	**72,237**	**553,937**
Profit for the year		-	-	-	225,125	-	-	**225,125**	**111,112**	**336,237**
Total net comprehensive income for the period		-	-	-	**225,125**	-	**481,700**	**706,825**	**183,349**	**890,174**
Transfer to retained earnings		-	-	-	(1,525,537)	1,525,537	-	-	-	-
Distribution of results 2019 According to the minutes of the Shareholders Meeting No. 25 of March 27, 2020:										
Ordinary dividend (583 pesos per share) and extraordinary dividend (51 pesos per share) recognized as distributions to owners	22	-	-	-	-	(368,974)	-	**(368,974)**	**(100,783)**	**(469,757)**
Reserves for protection of investments	21	-	-	589,339	-	(589,339)	-	-	-	-
Reserves for share repurchase reserve	21	-	-	300,000	-	(300,000)	-	-	-	-
Minimum dividends, preferred shares	20	-	-	-	-	40,628	-	**40,628**	-	**40,628**
Shareholder dividend withholding effect		-	-	-	-	(4,635)	-	**(4,635)**	-	**(4,635)**
Increases (decreases) due to other changes, Equity [1]		-	-	-	-	(5,779)	-	**(5,779)**	92	**(5,687)**
Balance at December 31, 2020		**109,121**	**3,290,767**	**5,703,485**	**225,125**	**13,770,027**	**2,906,307**	**26,004,832**	**2,536,893**	**28,541,725**

[1] Includes the effect of the inflation adjustment of the equity accounts of the subsidiaries in Argentina $5,354.

GRUPO DE INVERSIONES SURAMERICANA S.A.
ESTADO DE CAMBIOS EN EL PATRIMONIO CONSOLIDADO
For the years ended December 31, 2020 and 2019
(Values expressed in millions of Colombian pesos)

		Issued capital	Share premium	Profit for the year	Total reserves	Retained earnings	Other equity Participation (OCI)	Equity attributable to controlling interest	Non-controlling interests	Total equity
Balance at January 1, 2019	**Note**	**109,121**	**3,290,767**	**1,182,880**	**3,905,725**	**13,450,646**	**2,534,610**	**24,473,749**	**2,427,163**	**26,900,912**
Other comprehensive result	23	-	-	-	-	-	(110,003)	**(110,003)**	**(44,110)**	**(154,113)**
Profit for the year		-	-	1,525,537	-	-	-	**1,525,537**	**193,143**	**1,718,680**
Total Net Income for the period		-	**-**	**1,525,537**	**-**	**-**	**(110,003)**	**1,415,534**	**149,033**	**1,564,567**
Transfer to accumulated earnings		-	-	(1,182,880)	-	1,182,880	**-**	**-**	**-**	**-**
Distribution of 2018 results According to the minutes of the Shareholders Meeting No. 24 of March 29, 2019										**-**
Dividends recognized as distributions to owners (550 pesos per share)	22	-	-	-	-	(320,088)	-	**(320,088)**	**(129,163)**	**(449,251)**
Reserves for investment protection	21	-	-	-	908,421	(908,421)	-	**-**	-	**-**
Shareholder dividend withholding effect		-	-	-	-	(13,425)	-	**(13,425)**	-	**(13,425)**
Dividend minimum preferred shares	20	-	-	-	-	40,628	-	**40,628**	-	**40,628**
Increases (decreases) due to other changes, Equity [1]		-	-	-	-	40,369	-	**40,369**	7,202	**47,571**
Balance at December 31, 2019		**109,121**	**3,290,767**	**1,525,537**	**4,814,146**	**13,472,589**	**2,424,607**	**25,636,767**	**2,454,235**	**28,091,002**

[1] Includes the effect of the inflation adjustment of the equity accounts of the subsidiaries in Argentina.

The notes are an integral part of the financial statements.

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(See my report of February 25, 2021).

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONSOLIDATED CASH FLOWS STATEMENT
For the years ended December 31, 2020 and 2019
(Values expressed in millions of Colombian pesos)

	Note	December 2020	December 2019
Cash flows from operating activities			
Net profit for the year		336,237	1,718,678
Adjustments to reconcile net income			
Income tax expense	10	453,537	650,706
Interest		721,239	707,663
Decreases (increases) in inventories		(29,200)	(1,036)
Decreases (increases) in accounts receivable from the insurance activity		(505,314)	279,220
Decrease (increase) in other accounts receivable		4,779	163,276
Increases (decreases) in accounts receivable from related parties		18,453	(4,568)
Increase in other accounts payable		419,734	219,513
Increase (decrease) in accounts payable from insurance activity		34,746	1,080,108
Business acquisition cost adjustment -DAC		(184,676)	49,450
Depreciation and amortization expense		525,631	503,769
Impairment of value recognized in profit or loss for the period		78,776	21,399
Provisions		103,704	(41,994)
Unrealized losses from foreign currency		(477,647)	(213,647)
Fair value profit		(830,732)	(1,176,918)
Undistributed earnings from the application of the equity method	12	(362,495)	(1,255,222)
Other non-financial assets and liabilities		5,704	5,500
Loss (gain) on disposal of non-current assets		(105,488)	679,494
Valuation of investments at amortized cost and gain on sale of investments		(801,239)	(924,850)
Variation in net insurance contracts		(102,052)	(621,414)
Dividends received, associates		622,676	517,833
Income tax paid	10	(387,931)	(715,678)
Interest paid		(23)	910
Interest received		347,724	709,394
Other income (cash outflows)		62,623	5,232
Other charges from the sale of equity or debt instruments of other entities		15,796,067	8,090,685
Other payments to acquire equity or debt instruments of other entities		(13,844,094)	(7,969,142)
Cash flows from operating activities		**1,900,739**	**2,478,361**
Cash flows from investing activities			
Cash flows from the loss of control of subsidiaries or other businesses		1,229	34,587
Cash flows used to obtain control of subsidiaries or other businesses		(43,743)	(6,310)
Imports from the sale of property, plant and equipment		103,103	134,526
Purchase of property and equipment		(132,373)	(193,175)
Amounts from sales of intangible assets		37,693	1,462
Purchase of intangible assets		(212,598)	(114,471)
Resources for sales of other long-term assets		86,393	27,502
Purchases of other long-term assets		(251,742)	(416,455)
Cash flows from (used in) investment activities		**(412,038)**	**(532,334)**
Cash flows from financing activities			
Amounts from the issuance of shares		35,993	40,628
Proceeds from loans		3,512,962	1,773,422
Collections from futures contracts, forward contracts and financial options (swaps)		(87,911)	(316,374)
Loan repayments		(2,833,566)	(1,981,362)
Payment of financial lease liabilities		(148,513)	(156,889)
Dividends paid to controlling stockholders		(363,901)	(315,233)
Dividends paid to non-controlling interests		(100,719)	(129,332)
Interest paid		(602,223)	(358,438)
Cash flows from financing activities		**(587,878)**	**(1,443,578)**
Net increase in cash before the effect of exchange rate changes		**900,823**	**502,449**
Effect of exchange rate changes on cash and cash equivalents		64,245	(34,332)
Net increase in cash and cash equivalents		**965,068**	**468,117**
Cash and cash equivalents at the beginning of the period	6	2,346,157	1,878,040
Cash and cash equivalents at the end of the period	6	**3,311,225**	**2,346,157**

The notes are an integral part of the financial statements.

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Accountant P.C. 16951-T

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(See my report of February 25, 2021).

(Values expressed in millions of Colombian pesos except for the net profit per share and exchange rates expressed in Colombian pesos)

NOTE 1. REPORTING ENTITY

Grupo de Inversiones Suramericana S.A., (hereinafter Grupo SURA), is the parent company of Grupo Empresarial SURA and through its subsidiaries is present in eleven countries in Latin America and participates in strategic sectors of the economy such as insurance, pensions, savings and investment and asset management. It is listed on the Colombian Stock Exchange (BVC).

Grupo SURA is the result of the spin-off of Compañía Suramericana de Seguros S.A., according to Public Deed No. 2295 of December 24, 1997; the main domicile is the city of Medellín, at Cra. 43ª # 5ª - 113 Piso 13-15; the duration of the Company is until the year 2097.

The Company is subject to oversight by the Financial Superintendence of Colombia (SFC), given its role as a holding company in the SURA-Bancolombia Financial Conglomerate through Resolution No. 156 of February 2019 of the Financial Superintendence of Colombia.

In preparing the financial statements, Grupo SURA directly consolidates its main insurance and asset management operations through:

Suramericana (Seguros SURA)
Subsidiary specialized in insurance and trend and risk management. It is headquartered in Medellín, Colombia, and has subsidiaries in ten Latin American countries. It was created in 1999 by deed No. 689.

Sura Asset Management
Subsidiary specialized in pension fund management, savings and investment, and asset management. It is headquartered in Medellín, Colombia, and has subsidiaries in seven Latin American countries. It was created in 2011 by deed No. 1548.

Company	Type of Entity	December 2020	December 2019	Country	Functional Currency
Grupo de Inversiones Suramericana S.A.	Holding Company		Matrix		
Suramericana and subsidiaries:					
Suramericana S.A.	Holding Company	81.13%	81.13%	Colombia	Colombian Peso
Seguros de Vida Suramericana S.A.	Personal Insurance	81.13%	81.13%	Colombia	Colombian Peso
Seguros Generales Suramericana S.A.	General insurance	81.12%	81.12%	Colombia	Colombian Peso
EPS Suramericana S.A.	Organization, guarantee and provision of health services.	81.13%	81.13%	Colombia	Colombian Peso
Servicios de Salud IPS Suramericana S.A.S.	Provision of medical, paramedical and dental services	81.13%	81.13%	Colombia	Colombian Peso
Diagnóstico y Asistencia Médica S.A.S.	Provision of diagnostic aid services in health	81.13%	81.13%	Colombia	Colombian Peso
Operaciones Generales Suramericana S.A.S.	Investment in movable and immovable property	81.13%	81.13%	Colombia	Colombian Peso
Servicios Generales Suramericana S.A.S.	Investment in movable property, especially shares, quotas or parts of companies.	81.13%	81.13%	Colombia	Colombian Peso

Company	Type of Entity	December 2020	December 2019	Country	Functional Currency
Consultoría en Gestión de Riesgos Suramericana S.A.S.	Provision of consulting services in integrated risk management	81.13%	81.13%	Colombia	Colombian Peso
Inversiones Suramericana Colombia S.A.S. [9]	Entering into mutual contracts and making investments	0.00%	81.12%	Colombia	Colombian Peso
Seguros de Vida Suramericana S.A.	Life insurance company	81.13%	81.13%	Chile	Chilean peso
Seguros Generales Suramericana S.A.	General insurance	81.11%	81.11%	Chile	Chilean peso
Chilean Holding Suramericana SPA [8]	Investments	81.13%	81.13%	Chile	Chilean peso
Inversiones Suramericana Chile Limitada	Investments	81.13%	81.13%	Chile	Chilean peso
Seguros Sura, S.A. de C.V.	General insurance operations	81.13%	81.13%	Mexico	Mexican Peso
Santa Maria del Sol S.A.	Investments	81.13%	81.13%	Argentina	Argentine Peso
Atlantis Sociedad Inversora S.A.	Investments	81.13%	81.13%	Argentina	Argentine Peso
Aseguradora de Créditos y Garantías S.A.	Insurance, coinsurance and reinsurance operations in general on all kinds of risks.	81.12%	81.12%	Argentina	Argentine Peso
Seguros Sura S.A.	General insurance operations	80.67%	80.67%	Argentina	Argentine Peso
Seguros Suramericana, S.A.	Insurance	81.13%	81.13%	Panama	Dollar
Servicios Generales Suramericana S.A.	Inspection service, repair, purchase and sale of vehicles.	81.13%	81.13%	Panama	Dollar
Seguros Sura S.A. Seguros de Personas	Personal Insurance	81.13%	81.13%	El Salvador	Dollar
Seguros Sura S.A.	General insurance	81.13%	81.13%	El Salvador	Dollar
Seguros Sura S.A.	Operation in personal and damage insurance	81.13%	81.13%	Brazil	Brazilian Real
Inversiones SURA Brasil Participacoes LTDA.	Investments	81.13%	81.13%	Brazil	Brazilian Real
Seguros Sura S.A.	General insurance	81.13%	81.13%	Uruguay	Uruguayan Peso
Suramericana Uruguay S.A. [1]	Investments	81.13%	0.00%	Uruguay	Uruguayan Peso
Vinnyc S.A. [7]	Provision of services of assistance in the solution of vehicles, but not in the insurance business.	81.13%	0.00%	Uruguay	Uruguayan Peso
Russman S.A. [7]	Provision of services of assistance in the solution of vehicles, but not in the insurance business.	81.13%	0.00%	Uruguay	Uruguayan Peso
Seguros Sura S.A.	Insurance	81.13%	81.13%	Dominican Republic	Dominican Peso
Sura RE Ltd.	Insurance and/or reinsurance businesses	81.13%	81.13%	Bermuda Islands	Dollar
Sura SAC Ltd.	Insurance and/or reinsurance businesses	81.13%	81.13%	Bermuda Islands	Dollar
Sura Assets Management and subsidiaries:					
Sura Investment Management Colombia S.A.S.	Holding Company	83.58%	83.58%	Colombia	Colombian Peso
Activos Estratégicos Sura A.M. Colombia S.A.S.	Holding Company	83.58%	83.58%	Colombia	Colombian Peso
SURA IM Gestora de Inversiones S.A.S.	Management consultancy activities, real estate activities carried out with own or leased property	83.58%	83.58%	Colombia	Colombian Peso
SURA Asset Management S.A.	Investment in movable and immovable property	83.58%	83.58%	Colombia	Colombian Peso
NBM Innova S.A.S.[4]	The Company may engage in any lawful commercial or civil activity.	83.58%	0.00%	Colombia	Colombian Peso
Fiduciaria Sura S.A. [5]	Entering into all acts, contracts, services and operations of trust companies.	83.58%	0.00%	Colombia	Colombian Peso
SURA Asset Management Chile S.A.	Holding Company	83.58%	83.58%	Chile	Chilean peso
Seguros de Vida SURA S.A.	Company dedicated to insurance activities, related to life insurance.	83.58%	83.58%	Chile	Chilean peso
Administradora General de Fondos SURA S.A.	Company dedicated to manage mutual and investment funds.	83.58%	83.58%	Chile	Chilean peso

Company	Type of Entity	December 2020	December 2019	Country	Functional Currency
Corredores de Bolsa SURA S.A.	Company dedicated to the purchase and sale of securities and securities brokerage operations	83.58%	83.58%	Chile	Chilean peso
Sura Data Chile S.A.	Vehicle dedicated to the provision of data processing services and leasing of computer equipment	83.58%	83.58%	Chile	Chilean peso
SURA Servicios Profesionales S.A.	Vehicle dedicated to business consulting and advice	83.58%	83.58%	Chile	Chilean peso
AFP Capital S.A.	Company dedicated to the administration of pension funds	83.33%	83.33%	Chile	Chilean peso
Sura Asset Management México S.A. de C.V.	Holding Company	83.58%	83.58%	Mexico	Mexican Peso
Pensiones SURA S.A. de C.V.	Pension insurance	83.58%	83.58%	Mexico	Mexican Peso
SURA Investment Management S.A. de C.V.	Company dedicated to the operation of investment companies	83.58%	83.58%	Mexico	Mexican Peso
Afore SURA S.A. de C.V.	Company engaged in the management of investment companies specialized in retirement funds.	83.58%	83.58%	Mexico	Mexican Peso
Asesores SURA S.A. de C.V.	Sale of financial products and services	83.58%	83.58%	Mexico	Mexican Peso
WM Asesores en inversiones S.A. de C.V.	Management Consulting Services	83.58%	83.58%	Mexico	Mexican Peso
Promotora SURA AM S.A. de C.V.	Provision of marketing, promotion and dissemination services for products of any kind	83.58%	83.58%	Mexico	Mexican Peso
Sura Art Corporation S.A. de C.V.	Company dedicated to collecting Mexican art	83.58%	83.58%	Mexico	Mexican Peso
NBM Innova, S.A. de C.V.[10]	To provide all kinds of services for the management, promotion, dissemination and marketing of all types of goods and services.	83.58%	83.58%	Mexico	Mexican Peso
Proyectos empresariales AI SURA S.A. de C.V. [2]	Perform the function of Trustee in Titling processes.	83.58%	0.00%	Mexico	Mexican Peso
SURA Asset Management Argentina S.A.	Company dedicated to financial and investment management	83.58%	83.58%	Argentina	Argentine Peso
SUAM Corredora de Seguros S.A. de C.V.	Company dedicated to all kinds of activities related to insurance and reinsurance	83.58%	83.58%	El Salvador	Dollar
SURA Asset Management Perú S.A.	Holding Company	83.58%	83.58%	Peru	Soles
AFP Integra S.A.	Pension Fund Administrator	83.58%	83.58%	Peru	Soles
SURA Asset Management Uruguay Sociedad de Inversión S.A.	Holding Company	83.58%	83.58%	Uruguay	Uruguayan Peso
AFAP SURA S.A.	Company dedicated to the administration of social security savings funds.	83.58%	83.58%	Uruguay	Uruguayan Peso
AFISA SURA S.A.	Company dedicated to the administration of investment funds	83.58%	83.58%	Uruguay	Uruguayan Peso
Corredor de Bolsa SURA S.A.	Intermediation services	83.58%	83.58%	Uruguay	Uruguayan Peso
Disgely S.A.	Company dedicated to the marketing of goods, leasing of goods, works and services.	83.58%	83.58%	Uruguay	Uruguayan Peso
Fondos SURA SAF S.A.C.	Company dedicated to managing mutual and investment funds	83.58%	83.58%	Peru	Soles
Sociedad Agente de Bolsa S.A.	Securities brokers	83.58%	83.58%	Peru	Soles
Sociedad Titulizadora SURA S.A.[3]	Perform the function of Trustee in Titling processes.	83.58%	0.00%	Peru	Soles
Other companies:					
Arus Holding S.A.S.	Investment in movable and immovable property	100.00%	100.00%	Colombia	Colombian Peso
Arus S.A.	Services and marketing of products and solutions in telecommunications	100.00%	100.00%	Colombia	Colombian Peso

Company	Type of Entity	December 2020	December 2019	Country	Functional Currency
Enlace Operativo S.A.	Information processing services under the figure of outsourcing.	100.00%	100.00%	Colombia	Colombian Peso
Inversiones y Construcciones Estratégicas S.A.S.	Investor	100.00%	100.00%	Colombia	Colombian Peso
Hábitat Adulto Mayor S.A.	Provision of health services for the elderly	82.66%	82.66%	Colombia	Colombian Peso
SURA Ventures S.A.	Investor	100.00%	100.00%	Panama	Dollar
Planeco Panamá S.A. [6]	Acquisition and disposal of movable and immovable property	0.00%	95.28%	Panama	Dollar

Changes in equity investments in controlled entities

Year 2020

Suramericana (Seguros SURA)

[1]On February 21, Suramericana S.A. incorporated the company Suramericana Uruguay S.A., with a 100% participation in the capital stock of the company.

[7]In July, Suramericana S.A. acquired, through its subsidiary Suramericana Uruguay S.A., 100% of the capital shares of the companies VINNYC S.A. and RUSSMAN S.A. The price of the operation was approximately 1.4 million dollars.

[8]On September 24, Suramericana S.A. carried out the capitalization of its subsidiary Chilean Holding Suramericana SPA. for a value of CLP 5,800 million, through the issuance of 5,823 ordinary nominative shares, thus leaving a total of 6,964 shares equivalent to 100% of the participation in the capital.

[9] On December 23, the request for registration of the liquidation of the company Inversiones Suramericana Colombia S.A.S. and the corresponding cancellation of the commercial registry before the Medellín Chamber of Commerce was made.

Sura Asset Management

[2] On March 27, Grupo SURA incorporated the company Proyectos Empresariales AI SURA, S.A. de C.V., domiciled in Mexico. The participation of SURA Asset Management S.A. in the new company will be 100%, with a capital stock of 100 Mexican pesos divided into 100 nominative shares.

The participation of Grupo SURA and SURA Asset Management S.A. in the new company will be 100%, directly and indirectly through the subordinated companies SURA Asset Management México, S.A. de C.V. (99%) and SURA Art Corporation, S.A. de C.V. (1%), both domiciled in Mexico. With a capital stock of 100 Mexican pesos divided into 100 nominative shares. On December 14, Sura Asset Management S.A. de C.V. approved the capitalization of the subsidiary Proyectos Empresariales S.A. de C.V. for MXN 50,000,000, leaving a total of 2000,000,001 shares. The objective of the company was to increase the variable capital of the company.

[3]On March 27 SURA Asset Management S.A. incorporated the company Titulizadora Sura S.A. in the new company the participation is 100%, directly and indirectly through the subordinate

SURA Asset Management and Sociedad Agente de Bolsa Sura S.A., domiciled in Peru. With a capital stock of 1,000 Peruvian soles divided into 1,000 registered shares.

[4]On April 13, SURA Asset Management S.A. incorporated a company called NBM Innova S.A.S., The participation of Grupo SURA in the new company will be indirect through Sura Asset Management S.A. (100%). (100%), with an initial capital investment of USD 500 thousand.

[5]On July 10, the companies SURA Investment Management Colombia S.A.S., SURA Asset Management S.A., Activos Estratégicos SURA AM Colombia S.A.S., Inversiones y Construcciones Estratégicas S.A.S. and Fundación Suramericana purchased all the shares representing the capital of Fiduciaria Sura S.A. (9,265,000 shares).

In the purchase and sale agreement, the original price was agreed at COP $11,000 billion subject to some adjustments according to compliance with certain clauses agreed in the agreement.

[10]On December 14, Sura Asset Management Mexico S. A de C.V. approved a capitalization to the subsidiary NBM Innova S.A de C.V., for MXN 25,100,000, leaving a total of 153,600,000 shares. The purpose of the capitalization is to increase the variable capital of the company.

On December 31, Sura Asset Management S.A. approved the capital increase of the subsidiary NBM Innova S.A. de C.V. by COP 11,957,595,587; through the issuance of 11,957,596 leaving 13,597,595 registered shares. The purpose of the capitalization is the acquisition of the qiip software, which was assigned by Sura Asset Management as payment in lieu of the aforementioned capitalization.

Other companies

[6] On June 5, an extraordinary Meeting of Shareholders of Planeco Panamá S.A. was held for the purpose of dissolving the company. The total number of shares represented was 13,798,276, representing 100% of the subscribed and paid-in capital, and the dissolution and liquidation of the company was unanimously approved and recorded in minute number 6.

Legal and regulatory restrictions

The subsidiaries of Grupo SURA do not have any restrictions to transfer dividends to the parent company, except for the legal reserve mentioned in note No. 21.3.

Grupo SURA and its subsidiaries have no significant restrictions on their ability to access or use their assets and settle their liabilities other than those resulting from regulatory frameworks, which require a minimum regulatory capital.

The Argentine subsidiary has restrictions on capital outflows due to exchange rate issues in the country in accordance with legal provisions.

NOTE 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The consolidated financial statements of Grupo de Inversiones Suramericana S.A. have been prepared in accordance with the accounting and financial reporting standards accepted in Colombia (NCIF), compiled and updated in Decree 2270 of 2019, issued by Decree 2420 of 2015, as amended. These accounting and financial reporting standards correspond to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), in the versions accepted by Colombia through the aforementioned Decrees.

The application of these international standards in Colombia is subject to certain exceptions established by the regulator and contained in Decree 2420 of 2015 and amendments. These exceptions vary depending on the type of company and are as follows:

-Exceptions applicable to banking establishments, financial corporations, financing companies, financial cooperatives, higher grade cooperative organizations and insurance entities: the exceptions contained in Title 4, Chapter 1 of Decree 2420 of 2015 must be taken into account in the preparation of separate/individual financial statements of these types of companies that have securities registered in the National Registry of Securities and Issuers– (*Registro Nacional de Valores y Emisores*) RNVE; and in the preparation of consolidated and separate/individual financial statements of these companies that do not have securities registered in the RNVE..

Title 4, Chapter 1 of Decree 2420 of 2015, contains exceptions for financial sector entities proposed by the Financial Superintendence of Colombia (SFC) for prudential reasons for financial statements.

These exceptions refer to the accounting treatment of the loan portfolio and its impairment, the classification and valuation of investments, which will continue to be applied in accordance with the requirements of the Basic Accounting and Financial Circular of the SFC, instead of the application of IFRS 9; as well as the treatment of catastrophe technical reserves and reserves for loss deviation and the asset deficiency reserve, which will continue to be calculated and accumulated in liabilities and recognized on a deferred basis (in the case of the asset deficiency reserve) in accordance with the provisions of Decree 2973 of 2013, instead of the application of IFRS 4, which prohibits the accumulation of catastrophe reserves and loss deviation reserves for expired periods and requires the immediate constitution of reserves for asset deficiency. On the other hand, the decrees establish that for purposes of the application of IFRS 4, concerning the value of the adjustment that may arise as a result of the test of the adequacy of liabilities referred to in paragraph 15 of said standard, the transition periods established in Decree 2973 of 2013, or the rules that modify or replace it, will continue to be applied, as well as the gradual adjustments of the reserves constituted before October 1, 2010 for the calculation of the pension products of the General Pension System (including the pension commutations celebrated), of the General System of Labor Risks and of the other insurance products that use the annuitant mortality tables in their calculation, established by the Financial Superintendence of Colombia. The above without prejudice that the entities may comply in advance with the terms set forth in the transition regimes referred to above. In any case, insurance companies must include a note on the matter in their financial statements.

- Exceptions applicable to capitalization companies, brokerage firms, private pension and severance fund management companies, trust companies, stock exchanges, agricultural, agro-industrial or other commodities exchanges and their members, securitization companies, clearing houses of agricultural, agro-industrial or other commodities exchanges, centralized securities depository management companies, central counterparty risk chambers, investment management companies, foreign exchange brokerage companies and special financial services (SICA and SFE), voluntary and mandatory pension funds, severance funds, collective investment funds and the universalities referred to in Law 546 of 1999 and Decree 2555 of 2010 and others that meet this definition.

Title 4, Chapter 2 of Decree 2420 of 2015, contains exceptions for financial sector entities proposed by the Financial Superintendence of Colombia (SFC). Said exceptions refer to the classification and valuation of investments, for which the provisions of the Basic Accounting and Financial Circular of the SFC will continue to apply, instead of the application of IFRS 9.

- Exceptions applicable to third party portfolios managed by brokerage firms, trust businesses and any other special purpose entities.

Third party portfolios managed by stock exchange brokerage firms, trust businesses and any other special purpose entities, managed by entities supervised by the Superintendence of Finance of Colombia, that do not contractually establish to apply the technical regulatory framework established in the annex to Decree 2420 of 2015, or the rules that modify or add to it, or are of public interest, shall prepare financial information for supervisory purposes, in the terms established for such purpose by the Financial Superintendence of Colombia, taking into account the regulatory technical frameworks of financial information issued by the National Government in development of Law 1314 of 2009.

Instructions included in the Single Catalog of financial information for supervisory purposes, applicable to companies supervised by the Financial Superintendence of Colombia that belong to Group 1 or are recipients of Resolution 743 of 2013, issued by the General Accounting Office of the Nation.

The single catalog issued by the Financial Superintendency of Colombia (SFC) includes instructions related to reclassifications that in some cases are not consistent with those required by the Accounting and Financial Reporting Standards. This catalog must be applied by the companies supervised by the SFC, as well as to the preparers of financial information subject to the competence of the General Accounting Office of the Nation (CGN), in accordance with the powers granted to the SFC, according to Article 5 of Resolution 743 of 2013.

- Exceptions applicable to all financial information preparers.

Article 2.1.2 of Decree 2420 of 2015 added by Decree 2496 of 2015 and amended by Decrees 2131 of 2016, 2170 of 2017, 2483 of 2018 and 2270 of 2019 requires the application of Article 35 of Law 222 of 1995, which indicates that interests in subsidiaries should be recognized in the separate financial statements by the equity method, instead of recognition, in accordance with the provisions of IAS 27, at cost, fair value or the equity method.

Article 2.2.1 of Decree 2420 of 2015, added by Decree 2496 of the same year and amended by Decrees 2131 of 2016, 2170 of 2017, 2483 of 2018 and 2270 of 2019, establishes that the determination of post-employment benefits for future retirement or disability pensions shall be made in accordance with the requirements of IAS 19, nevertheless, it requires the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, Articles 1. 2.1.1.18.46 and following and, in the case of partial pension commutations in accordance with the provisions of numeral 5 of Article 2.2.2.8.8.31 of Decree 1833 of 2016, reporting the variables used and the differences with the calculation made under the terms of the technical framework under NCIF.

2.2. Basis of presentation

2.2.1 Bases of measurement and presentation

Bases of measurement

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

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

Presentation of financial statements

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

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

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

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

2.2.2. Principles of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of Grupo SURA and its subsidiaries as of December 31, 2020 and 2019, and for the years then ended. Grupo SURA consolidates the assets, liabilities and financial results of the entities over which it exercises control. Grupo SURA exercises control in another entity if, and only if, it has all of the following elements:

- Power over the entity in which it has an interest, which gives it the current ability to direct its relevant activities, that is, activities that significantly affect its performance.

- Exposure, or entitlement, to variable returns from its involvement in the investee

- Ability to use its power over the investee to influence the amount of the returns to the investor

The consolidated financial statements of Grupo SURA are presented in Colombian pesos, which is both the functional and presentation currency of Grupo SURA, the controlling company. Each subsidiary of the Group SURA determines its own functional currency and includes the items in its financial statements using that functional currency.

For consolidation purposes, the financial statements of subsidiaries are prepared under the accounting policies of Grupo SURA and are included in the consolidated financial statements from the date of acquisition until the date on which Grupo SURA loses control.

Assets, liabilities, equity, income, costs, expenses and intragroup cash flows are eliminated in the preparation of the consolidated financial statements.

When Grupo SURA loses control over a subsidiary, any residual interest it retains is measured at fair value, and the gains or losses arising from this measurement are recognized in the income statement for the period.

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

Associated

The share of profit or loss of an associate is presented in the statement of income, net of taxes and non-controlling interests in subsidiaries of the associate or joint venture, the share of changes recognized directly in equity and in other comprehensive income of the associate are presented in the consolidated statement of changes in equity and in other comprehensive income.

The equity method is a method of accounting whereby the investment is initially recorded at cost and subsequently adjusted periodically for changes in the net assets of the investee in proportion to the interest of the Group. The comprehensive income for the period of Grupo SURA includes its share in the income for the period of the investee and in the other comprehensive income account.

The results, assets and liabilities of the associate are included in the consolidated financial statements using the equity method. The equity method is applied from the date of acquisition until significant influence over the entity is lost.

Dividends received in cash from the associate are recognized by reducing the carrying amount of the investment.

Non-controlling interests

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

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

2.2.3. Reclassifications

Some of the figures and disclosures in relation to December 31, 2019, presented in the statement of financial position and statement of income for comparison purposes, may present variations compared to the information published at this cut-off. The Management of Grupo SURA considers that these adjustments do not affect the reasonableness of the information previously published and present better information to users aligned with practices of the industries where Grupo SURA operates.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	December 2019 Presentation	Reclassification	December 2019 Current
Assets			
Cash and cash equivalents	2,346,157	-	2,346,157
Investments	23,982,370	-	23,982,370
Trade and other accounts receivable	6,334,838	(6,334,838)	-
Derivative instruments	594,249	-	594,249
Other non-financial assets	124,654	(124,654)	-
Assets under insurance contracts	-	4,060,206	4,060,206
Assets under reinsurance contracts	4,103,398	503,757	4,607,155
Accounts receivable from related parties	109,153	-	109,153
Inventories	11,920	(11,920)	-
Other accounts receivable	-	1,871,670	1,871,670
Current tax assets	231,720	(54,554)	177,166
Non-current assets held for sale	5,212	-	5,212
Deferred acquisition cost DAC	-	1,331,711	1,331,711
Investments in associated companies and joint ventures	19,965,689	-	19,965,689
Investment properties	169,287	(169,287)	-
Property and equipment	1,309,173	-	1,309,173
Right-of-use assets	645,484	-	645,484
Other intangible assets	4,188,717	(1,331,711)	2,857,006
Deferred tax assets	194,114	-	194,114
Other assets	-	259,620	259,620
Goodwill	4,721,695	-	4,721,695
Total assets	**69,037,830**	**-**	**69,037,830**
Liabilities			
Financial obligations	1,889,749	(204,190)	1,685,559
Derivative instruments	-	204,190	204,190
Lease liabilities	666,663	-	666,663
Trade and other accounts payable	3,613,429	(3,613,429)	-
Liabilities under insurance contracts	23,215,289	957,344	24,172,633
Liabilities under reinsurance contracts	-	1,230,672	1,230,672
Accounts payable to related parties	81,949	59	82,008
Other accounts payable	-	1,918,899	1,918,899
Current tax liabilities	464,723	(368,837)	95,886
Employee benefits	533,657	-	533,657
Non-current liabilities in available-for-sale assets	-	-	-
Other non-financial liabilities	594,700	(594,700)	-
Provisions	227,155	-	227,155
Deferred income (DIL)	-	469,992	469,992
Securities issued	8,203,145	(8,203,145)	-
Bonds issued	-	7,742,433	7,742,433
Deferred tax liabilities	1,456,369	-	1,456,369
Preferred shares	-	460,712	460,712

Total liabilities	**40,946,828**	**-**	**40,946,828**
Equity			
Issued capital	109,121	-	109,121
Share premium	3,290,767	-	3,290,767
Reserves	4,234,232	579,914	4,814,146
Profit for the period	1,525,537	-	1,525,537
Retained earnings	14,080,389	(607,800)	13,472,589
Other comprehensive results	2,396,714	27,893	2,424,607
Equity attributable to owners of the controlling company	**25,636,760**	**7**	**25,636,767**
Non-controlling interests	2,454,242	(7)	2,454,235
Total equity	**28,091,002**	**-**	**28,091,002**
Total equity and liabilities	**69,037,830**	**-**	**69,037,830**

- The changes in the presentation of asset accounts were mainly due to the opening of trade and other accounts receivable in assets for insurance contracts and other accounts receivable, the separation of DAC from other intangible assets, among other reclassifications between accounts.

- The changes in the presentation of the liability accounts are due to the opening of the derivative instruments line item, which was presented within financial obligations, reclassification from other accounts payable to current tax liabilities and the opening of securities issued between bonds and preferred shares.

- The changes in the equity accounts correspond to the reclassification of retained earnings to reserve due to the adjustment in the equity elimination methodology.

CONSOLIDATED INCOME STATEMENT

Income from continuing operations Income	December 2019 Presentation	Reclassification	December 2019 Current
Insurance premiums	13,576,909	374,404	13,951,313
Premiums and health services	379,863	3,429,422	3,809,285
Issued premiums	**13,956,772**	**3,803,826**	**17,760,598**
Premiums ceded in reinsurance	(2,737,502)	-	(2,737,502)
Retained premiums (net)	**11,219,270**	**3,803,826**	**15,023,096**
Net production reserves	-	(296,269)	(296,269)
Retained earned premiums	**11,219,270**	**3,507,557**	**14,726,827**
Net return on investments at amortized cost	1,090,921	(166,071)	924,850
Net gain on investments at fair value	957,865	-	957,865
Commission income	2,733,630	(1,542)	2,732,088
Provision of services	4,026,799	(3,809,285)	217,514
Dividends	7,181	(7,181)	
Income from equity method	1,255,222	-	1,255,222
Gain on sale of investments	309,475	(98,549)	210,926
Income from investment properties	14,866	(14,866)	
Other income	299,554	3,319	302,873
Total income	**21,914,783**	**(586,618)**	**21,328,165**
Costs and Expenses			
Insurance claims	(8,847,520.0)	229,339	(8,618,181.0)
Claims and health services		(3,468,336)	(3,468,336.0)
Total claims	**(8,847,520)**	**(3,238,997)**	**(12,086,517)**

Claims reimbursement	2,244,668	(91,697)	2,152,971
Retained claims	**(6,602,852)**	**(3,330,694)**	**(9,933,546)**
Net production reserves	(285,563)	285,563	-
Intermediary commission expenses	(2,439,073)	(80,609)	(2,519,682)
Insurance costs and expenses	-	(747,493)	(747,493)
Cost for provision of services	(3,846,072)	3,468,336	(377,736)
Administrative Expenses	(1,925,216)	111,528	(1,813,688)
Employee benefits	(2,123,552)	-	(2,123,552)
Fees	(518,025)	170,826	(347,199)
Depreciation and amortization	(503,769)	1	(503,768)
Other expenses	(629,418)	550,247	(79,171)
Impairment	(21,399)	21,399	-
Total costs and expenses	**(18,894,939)**	**449,104**	**(18,445,835)**
Operating profit	**3,019,844**	**(137,514)**	**2,882,330**
Gains at fair value - Derivatives	(6,300)	-	(6,300)
Exchange difference (Net)	96,870	-	96,870
Interests	(716,162)	-	(716,162)
Financial result	**(625,592)**	**-**	**(625,592)**
Income before taxes	**2,394,252**	**(137,514)**	**2,256,738**
Income taxes	(683,746)	33,040	(650,706)
Net income from continuing operations	**1,710,506**	**(104,474)**	**1,606,032**
Net income from discontinued operations	8,172	104,474	112,646
Net income attributable to:	**1,718,678**	**-**	**1,718,678**
Controlling shareholders	1,525,537	-	1,525,537
Non-controlling shareholders	193,141	-	193,141
Net income per share			
Net earnings per share from continuing operations	2,677	(212)	2,465
Net gains per share discontinued operations	15	186	201

The changes in presentation were mainly due to:

- The reclassification of the discontinued operation for the sale of the Mexican annuities (See Note 32. Discontinued operations).
- Reclassification of the income, costs and expenses of services rendered to the premiums and health services income line and in the outflow to the claims and health services line.
- The insurance costs and expenses line was opened in order to improve the quality of information and achieve better presentation practices for the insurance industry.

2.2.4 Currency

2.2.4.1 Functional and presentation

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

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

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

2.2.4.2 Foreign Currency

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

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

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

The rates used for currency translation in the consolidated financial statements expressed in Colombian pesos and U.S. dollars are as follows:

	Average rate		Closing rate	
	December 2020	**December 2019**	**December 2020**	**December 2019**
Colombian Peso (COP/USD)	3,693.36	3,281.09	3,432.50	3,277.14
Chilean peso (CLP/USD)	791.59	702.94	791.59	752.78
Dominican Peso (DOP/USD)	56.57	51.34	56.57	52.98
Euro (EUR/USD)	1.14	0.89	1.14	0.89
Mexican Peso (MXN/USD)	21.49	19.25	21.49	18.88
Peruvian Nuevo Sol (PEN/USD)	3.49	3.34	3.49	3.31
Uruguayan Peso (UYU/USD)	42.05	35.25	42.05	37.22
Argentina (ARS/USD)	70.63	48.24	70.63	59.86
Brazil (BRS/USD)	5.15	3.94	5.15	4.03

2.3. Significant accounting policies

The following is a detail of the most significant accounting policies used by Grupo SURA for the preparation of consolidated financial statements, in accordance with International Financial Reporting Standards IFRS, issued by the IASB, which have been consistently applied during the years ended December 31, 2020 and 2019, unless otherwise indicated:

2.3.1 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and in the statement of cash flows include cash on hand and at banks, highly liquid investments and money market transactions readily convertible into a specified amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less, from the date of acquisition.

2.3.2. Financial instruments

A financial instrument is any contract that gives rise simultaneously to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

a) Definition

A financial asset is any asset that is:

1. Cash;
2. an equity instrument of another entity;
3. a contractual right:
    (i) to receive cash or another financial asset from another entity; or
    (ii) to exchange financial assets or financial liabilities with another entity on terms that are potentially favorable to the entity; or
4. a contract that will or may be settled using the equity instruments of the entity.

Accordingly, Grupo SURA has classified its financial assets as: cash and cash equivalents, investments, derivative instruments, insurance receivables included in insurance assets, receivables from related parties, current accounts with reinsurers included in reinsurance contract assets and other receivables.

b) Classification of financial instruments included in investments

In accordance with IFRS 9 "Financial Instruments", Grupo SURA classifies its financial assets for investment in debt securities, taking into account its business model for managing them and the characteristics of the contractual flows of the financial asset in three groups:

i) At fair value through profit or loss
ii) At fair value with adjustment to other comprehensive income.
iii) At amortized cost

In accordance with its liquidity and risk appetite strategy, Grupo SURA has classified most of its investments in debt securities in financial assets at fair value through profit or loss, and another portion in debt securities at amortized cost. To see how Grupo SURA determines its investment business model, see note 3 of "Significant accounting judgments and estimates".

For financial assets in equity instruments, an irrevocable election can be made to present in "other comprehensive income - OCI" in equity subsequent changes in the fair value of an investment that is not held for trading. Grupo SURA has decided to use this election and consequently, some of its equity investments where it does not have control or significant influence are recorded at fair value with adjustment to OCI". (See note 6.1.1. Investments).

c) Initial recognition

Regular purchases and sales of financial assets are recognized on the date on which Grupo SURA and its subsidiaries commit to purchase or sell securities. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are recognized as an expense when incurred. Financial assets classified as at amortized cost are recorded at acquisition or grant at their transaction value in the case of investments, or at their nominal value which, unless there is evidence to the contrary, coincides with their fair value, plus transaction costs directly attributable to their acquisition or grant.

d) Subsequent recognition

After initial recognition, investments are recorded as follows:

i. Investments classified and measured at fair value through profit or loss, the profits and losses resulting from changes in fair value are presented net in the statement of income in the account "Net gain in investments at fair value".
ii. Investments in debt securities measured at fair value with adjustment to OCI, changes in their fair value are recorded in the equity account "Other Comprehensive Income - OCI". The value accumulated in this account is transferred to the income statement when the investments are sold.
iii. Investments in equity instruments that are not classified as held for trading, changes in their fair value are recorded in the ORI account indicated in item ii) above. The value accumulated in this account is transferred directly to retained earnings, without going through the statement of income, when they are sold.
iv. Investments in debt securities classified as at amortized cost, subsequent to their initial recording, are adjusted with a credit to income based on the effective interest rate method, deducting payments or credits received from the issuers.

The effective interest rate is the rate that exactly equals the estimated future cash payments or collections over the expected life of the financial instrument; or, when appropriate, for a shorter period, with the net book value of the asset at the initial time. To calculate the effective interest rate, Grupo SURA estimates cash flows considering the contractual terms of the financial instrument, except for future credit losses, and considering in the initial balance, transaction costs and premiums granted, less commissions and discounts received that are an integral part of the effective rate.

f) Impairment

At each reporting date, Grupo SURA measures and records through profit or loss the allowance for losses of a financial instrument at an amount equal to the expected credit loss over the life of the asset, if the credit risk of that financial instrument has increased significantly since its initial recognition. If the credit risk has not increased significantly since initial recognition, an entity should measure the allowance for losses for that financial instrument at an amount equal to the expected credit losses over the next 12 months.

g) Offsetting of financial instruments in the statement of financial position

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when legally there is a right to offset the recognized amounts and there is a management intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Operations with derivative financial instruments and hedge accounting

In accordance with IFRS 9 "Financial Instruments", a derivative is a financial instrument whose value changes over time in response to changes in an underlying variable (a specified interest rate, the price of a financial instrument, the price of a quoted commodity, a foreign currency exchange rate, etc.), requires no net initial investment or requires a lower investment than would be required for other types of contracts in relation to the underlying asset and is settled at a future date.

In the development of its operations, Grupo SURA and its subordinated entities trade in the financial markets with forward contracts, futures contracts, swaps and options that meet the definition of a derivative.

Derivative transactions are initially recorded at fair value. Subsequent changes in fair value are adjusted with a charge or credit to income, as appropriate, unless the derivative instrument is designated as a hedge and, if so, it will depend on the nature of the hedged item, in accordance with the following:

(a) Fair value hedges of recognized assets or liabilities or firm commitments, in which case changes in the fair value of the derivative are recorded in the statement of income, as well as any change in the fair value of the asset, liability or firm commitment attributable to the hedged risk.

(b) Cash flow hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, in which case the effective portion of the changes in the fair value of the derivatives is recognized in "other comprehensive income" in equity.

(c) The profit or loss on the derivative related to the portion that is not effective to the hedge or that does not correspond to the hedged risk is recognized immediately in the statement of income. The amounts accumulated in the other comprehensive income account are transferred to profit or loss in the same period in which the hedged item is taken to profit or loss.

(d) Hedges of a net investment in a foreign currency, which are recorded in a manner similar to cash flow hedges: the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss. The gain or loss on the hedging instrument accumulated in equity is recorded in the statement of income when the net investment in a foreign subsidiary is fully sold or proportionally when it is partially sold.

Grupo SURA documents at the beginning of the transaction the relationship between the hedging instrument and the hedged item as well as the risk objective and the strategy for undertaking the hedging relationship.

Financial liabilities

A financial liability is any contractual obligation of Grupo SURA to deliver cash or another financial asset to another entity or person, or to exchange financial assets or financial liabilities under conditions that are potentially unfavorable to Grupo SURA, or a contract that will or may be settled using the equity instruments of the entity.

Financial liabilities are initially recorded at their transaction value, which, unless otherwise determined, is similar to their fair value less the transaction costs that are directly attributable to their issuance. Subsequently, such financial liabilities are measured at amortized cost in accordance with the effective interest rate method determined at the initial time and charged to income as financial expenses. Financial liabilities are only derecognized from the consolidated statement of financial position when the obligations they generate have been extinguished or when they are acquired, either with the intention to cancel them or with the intention to reposition them again.

Non-voting preferred stock

In accordance with IAS 32 "Financial Instruments: Presentation", the issuer of a non-derivative financial instrument must evaluate the terms of the instrument to determine whether it contains liability and equity components. These components are classified separately as financial liabilities or equity instruments for the issuer. In accordance with the above, Grupo SURA has evaluated this requirement in relation to the non-voting preferred shares it has issued and has proceeded at the initial moment to separate the liability component that is recorded at amortized cost and the equity component that is recorded in equity for the difference between the value received for the shares issued and the value determined as a liability.

The direct costs incurred at the time of placement of the preferred shares were allocated and recorded proportionally in liabilities and in the equity component of the shares.

2.3.3. Insurance contract

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

In particular, the Company:

- Does not recognize as a liability provisions for future claims when they arise from insurance contracts that do not exist at the end of the reporting period (such as catastrophe or equalization provisions).

- Perform the liability adequacy test.
- Eliminate an insurance contract liability (or a portion of it) from its statement of financial position when, and only when, it is extinguished, i.e., when the obligation specified in the contract is settled or cancelled, or has expired.

- It shall not offset (i) reinsurance contract assets against related insurance liabilities, or (ii) expenses or income from reinsurance contracts against income or expenses, respectively, from related insurance contracts.

- Consider whether its reinsurance assets have been impaired.

According to the characteristics of our products, the portfolio is classified under the concept of insurance contract. It is important to note that once a contract is classified as an insurance contract, its classification is maintained during its term, even if the insurance risk is significantly reduced during its term.

Permitted practices and policies include mandatory liability adequacy testing and reinsurance asset impairment testing. Prohibited practices and policies include the establishment of catastrophe reserves, maintaining or establishing compensation or contingent reserves and offsetting reinsurance assets and liabilities.

Written premium income

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

Unearned premiums are calculated separately for each individual policy to cover the remaining portion of premiums written.

Classification of products in accordance with IFRS 4 of Insurance Contracts

Grupo SURA considers for the classification of its insurance portfolios, the following criteria established by IFRS 4:

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

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

Revenues from health care providers

The health companies of Suramericana, as delegates of the Administrator of Resources of the General Social Security Health System *(Administradora de Recursos del Sistema General de Seguridad Social en Salud) (ADRES)* for the collection of the contributions of the Mandatory Health Plan, receive a per capita value for the provision of services to each member, which is called the capitation payment unit *(unidad de pago por capitación) – (UPC)*, which is modified annually by the National Social Security Council (*Consejo Nacional de Seguridad Social en*

Salud) and recognizes the income for this concept. The Company recognizes income for UPC and promotion and prevention to the extent that the rights arise from the values of the contributions that are expected to be received considering an expected UPC for the population of compensable affiliates.

The compensable population is defined as the users on which the contribution amounts are expected to be collected and therefore are entitled to receive health care coverage.

Revenues from contracts for additional health plans, i.e., prepaid medicine and complementary plans, are accrued as their term elapses.

Income of the labor risk management company

Income of the labor risk management company

The labor risk management company estimates the value of the mandatory contributions taking into account the workers who were affiliated during all or part of the period (new entries and withdrawals), the contribution base salary and the risk class, reported in the last self-assessment or in the affiliation. When the employer does not report new developments, the estimated value of the contribution cannot be less than the amount contributed in the last self-assessment form.

Reinsurance and coinsurance operations

Reinsurance

Grupo SURA considers reinsurance as a contractual relationship between an insurance company and a reinsurance company, in which the former totally or partially cedes to the reinsurer the risk or risks assumed with its policyholders.

Premiums corresponding to ceded reinsurance are recorded in accordance with the terms of the reinsurance contracts and under the same criteria as for direct insurance contracts.

Ceded reinsurance contracts do not release Grupo SURA from its obligations with policyholders.

Grupo SURA does not offset reinsurance assets with liabilities generated by insurance contracts and they are presented separately in the statement of financial position.

Coinsurance

Grupo SURA considers coinsurance as the agreed concurrence of two or more insurance entities in the coverage of the same risk; for coinsurance contracts the liability of each insurer to the insured is limited to its percentage of participation in the contract.

Grupo SURA recognizes in the statement of financial position the balance derived from coinsurance operations based on the percentage of participation agreed in the insurance contract.

Impairment of reinsurance and coinsurance

Grupo SURA considers that a reinsurance and coinsurance asset is impaired and will reduce its carrying value, and will recognize the effects in income, if, and only if:

- There is objective evidence, as a result of an event occurring after the initial recognition of the reinsurance asset, that the ceding company may not receive all amounts due to it, based on the terms of the contract; and

- that event has a reliably measurable effect on the amounts to be received by the ceding company from the reinsurer.

Reinsurance contract assets are evaluated for impairment at least once a year to detect any events that may cause impairment. Triggering factors may include legal disputes with third parties, changes in capital and surplus levels, modifications to counterparty credit ratings and historical experience with respect to the collection of the respective reinsurance companies. In the case of the insurance companies of Grupo SURA, there is no impairment of assets from reinsurance contracts.

Estimated insurance contract liabilities

Estimated liabilities for insurance contracts represent for Grupo SURA the best estimate of future payments to be made for the risks assumed in the insurance obligations, which are measured and recognized as a liability: The liabilities for Grupo SURA are as follows:

a. Estimated liabilities of insurance contracts for claims: these are provisions constituted to reflect the estimated cost of claims that have occurred and have not been paid. This category includes:

b. Estimated liabilities of insurance contracts for unsettled notified claims: correspond to liabilities and direct settlement expenses for notified claims. The liability is recognized on the date on which the insured and/or beneficiary notifies the occurrence of the covered loss and is subject to a monthly recalculation.

c. Estimated liabilities for claims not reported (IBNR): this liability is constituted to reflect those claims that have occurred, but which at the date of the reporting period have not been reported by the insured and/or beneficiary.

d. Estimated liabilities for future commitments: these are provisions created to reflect expected future commitments with policyholders.

e. Estimated liability for risks in progress: this is the liability for compliance with future obligations arising from the commitments assumed in the policies in force at the calculation date. The estimated current risk liability is comprised of the unearned premium liability and the premium deficiency liability.

   The estimated unearned premium liability represents the portion of premiums written on policies in force and premiums written on policies with future inception.

   The estimated liability for insufficient premiums will supplement the unearned premium liability to the extent that the premium is not sufficient to cover the current risk and unearned expenses;

f. Actuarial liability: this liability is constituted to meet the payment of obligations assumed in individual life insurance and in insurance policies whose premium has been calculated on a level basis or insurance policies whose benefit is paid in the form of an annuity.

g. Actuarial liability for insurance (excluding annuities): estimated insurance liabilities are calculated based on the actuarial method, taking into account the current conditions of the insurance contracts. The liability is determined as the sum of the present value of expected future benefits, claims handling and policy administration expenses, options and guarantees and the investment income of assets backing such liabilities, which are directly related to the contract, less the discounted value of premiums expected to be required to meet future payments based on the valuation assumptions used.

h. Actuarial liability for annuities: it is calculated on the basis of the present value of the future benefits committed under the contract and the direct operating expenses that the company will incur for the payment of the contract commitments.

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

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

k. Estimated Asset Deficit Liabilities: is that which is constituted to compensate the insufficiency that may arise when covering the flows of expected liabilities that make up the actuarial liability with the flows of assets of the insurance company;

l. Estimated liabilities for pending claims: are those which are constituted to meet the payment of claims that have occurred once they have been reported or to guarantee the coverage of those not reported, as of the calculation date. The estimated liability for outstanding claims is composed of the liability for claims reported and the liability for claims not reported.

   The estimated liability for claims reported corresponds to the amount of resources that the insurance company must allocate to meet the payments of claims that have occurred once they have been reported, as well as the expenses associated with them, at the date of calculation of this estimated liability.

   The estimated liability for claims incurred but not reported represents an estimate of the amount of resources that the insurance company must allocate to meet future payments for claims that have already occurred, at the date of calculation of this liability, but which have not yet been reported to the insurance company or for which sufficient information is not available;

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

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

n. Liability adequacy test: The technical provisions recorded are subject to a reasonableness test at least once a year, in order to determine their adequacy based on projections of all future cash flows of the contracts in force. If, as a result of this test, it becomes apparent that they are insufficient, they are adjusted with a charge to income for the year.

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

The methodology for testing the adequacy of estimated insurance contract liabilities and assumptions includes the following instances:

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

- Generation of rate of return scenarios (considering the investment-divestment dynamics of each of the subsidiaries of the company).

- Discounting of commitment flows (in order to obtain the present value of the commitments).

- Calculation of the 50th percentile of present values and comparison with booked reserves. In the case of Mexico and Peru, where the contracts do not have optionalities (they are symmetrical), the projection of flows is symmetrical. However, in the case of Chile, where there are non-symmetric contracts (e.g., flexible with guaranteed rates), stochastic projections are made and then the 50th percentile is determined.

Assumptions used for the adequacy test of estimated insurance contract liabilities include:

Operative Assumptions:

- Leakage, Partial Surrenders, Collection Factor (not applicable to Life Annuities): periodically, experience analyses are performed in order to incorporate the most recent behavior to the assumption. The analyses are performed by family of homogeneous products.

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

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

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

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

Deferred acquisition costs-DAC

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

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

2.3.4. Taxes

The tax structure of each country where Grupo SURA companies are located, the regulatory frameworks and the plurality of operations carried out by the companies, make each company liable for national and territorial taxes, rates and contributions.

Income tax

Current

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

Deferred

The deferred income tax is recognized using the liability method calculated on temporary differences between the carrying amounts assets and liabilities and its tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, future compensation of tax credits and unused tax losses to the extent that it is probable availability profit future tax against which they can be imputed. Deferred taxes are not discounted.

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

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

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

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

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

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

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

a) There is a legal recognition of the right to compensate, before the tax authorities, the amounts recognized in those items. and

b) Deferred tax assets and liabilities are derived from the income tax, corresponding to the same tax authority, which are:

1. The same entity or fiscal subject. or

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

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

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

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

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

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

2.3.6. Property and equipment

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

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

Grupo SURA measures real estate assets (land and buildings) subsequent to their recognition, under a revaluation model. Revaluation increases are usually credited to other comprehensive income and accumulated as a separate component of equity called "revaluation surplus".

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

The cost model is used for the other classes of property and equipment, that is, they are recorded at purchase value and depreciated over their useful lives.

Depreciation

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

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

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

Useful lives

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

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

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

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

2.3.7. Leases

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

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

Right-of-use asset: It is measured at cost, which includes the initial measurement value of the liability, plus advances, less incentives, plus initial direct costs, plus decommissioning costs.

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

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

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

2.3.8. Intangible assets

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

The useful lives of intangible assets are determined as finite or indefinite. Intangible assets with finite useful lives are amortized over their useful lives on a straight-line basis with useful lives ranging from: 3 years to 66 years depending on the asset and are evaluated for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each period. Changes in the expected useful life or in the expected pattern of consumption of the future economic benefits of the asset are accounted for when changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expense for intangible assets with finite useful lives is recognized in the income statement.

Intangible assets with indefinite useful lives are not amortized, but are tested annually for impairment, either individually or at the cash-generating unit level. The indefinite life assessment is reviewed annually to determine whether the indefinite life is still valid. If not, the change of the useful life from indefinite to finite is made prospectively.

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

The capital gains arising from business combinations in the period are presented in the same functional currency of the foreign operation and are translated into the presentation currency at the closing rate of exchange.

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

2.3.9. Investments in associates

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

- Has, directly or indirectly, 20% or more of the voting power in the Company, unless it can be shown that such influence does not exist through the management bodies; or
- Although it holds, directly or indirectly, less than 20% of the voting power in the company, it can clearly demonstrate that significant influence exists through the management bodies.

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

Representation in the management body of the company or associate;

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

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

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

Impairment

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

Methodology for impairment of investments in subsidiaries and associated companies

The identification of signs of impairment is a key step in the evaluation process, as it will determine whether or not an impairment test should be performed.

As established in IAS 36- Paragraph 9: An entity shall assess, at the end of each reporting period, whether there is any indication of impairment of an asset. If such an indication exists, the entity shall estimate the recoverable amount of the asset.

In accordance with IAS 36, "Impairment of Assets". The subsidiaries and associates of Grupo SURA must consider the following facts and circumstances to establish whether or not there are indications of impairment.

1. Operating loss or negative cash flows in the current period, as compared to what was budgeted.
2. Increases during the period in interest rates associated with investments and debt. Information: Investments in securities with indexed rates, agreed rates of debt acquired with banks.
3. Significant changes in the technological environment, defined as the risk associated with losses arising from technology (hardware or software) or the use thereof.

Information: Significant decrease in production associated with the technology or high exposure to hacker risk.

4. Significant changes in the legal environment, established as losses from penalties or lawsuits due to non-compliance with regulations or contractual obligations.
5. Significant changes in the regulatory environment. Referring to the negative implications on a company derived from changes in the regulatory framework in which it operates.
6. Changes in the competitive environment. Information: How much market share is lost (measure growth and loss ratio), new competitors or aggressiveness of current competitors and sales compliance on the commercial side.
7. Significant changes in the manner or extent to which the cash generating unit (CGU) is used or expected to be used.
8. Significant reduction in the use of installed capacity.
9. Generation of new debt
10. Cessation or significant reduction, other than a mere fluctuation, in the demand or need for the services provided with the asset.
11. For investments in associates listed on the Colombian Stock Exchange (BVC), internal valuation models are used.

Every year at the end of its fiscal year, Grupo SURA and its subsidiaries will perform impairment tests to operations, CGUs or other recorded goodwill and intangible assets where it will estimate the recoverable amount of the asset, and if applicable, adjust the recorded value to reflect an eventual impairment in the financial statements.

Joint Ventures

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

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

2.3.10. Employee benefits

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

Short-term benefits
Short-term benefits are benefits expected to be paid to employees within twelve months after the date of preparation of the financial statements. Short-term benefits are recognized as the employees render the service, at the value expected to be paid. The effects of the change in the valuation of short-term benefits are charged to income for the period.

The short-term benefits of Grupo de Inversiones Suramericana include the following:

a) Social security and mandatory benefits: accrued monthly in accordance with the legal regulations of each country. Payments are made as required by law.
b) Short-term incentive compensation plan (ICP): It is accrued monthly based on an estimated percentage of compliance, it is paid in March of each year and, among other considerations, entitled to all employees who have met previously set objectives and provided that corporate objectives communicated in a timely manner are met.
c) Other benefits: these correspond to benefits such as vacation bonus, extra-legal service bonus and Christmas bonus, which are charged to expenses as the service or benefit is rendered.

Post-employment benefits

Post-employment benefits are all those remunerations granted to the employee after retirement or termination of the contract other than severance payments.

In Grupo SURA there are the following post-employment benefits:

Retirement pensions directly assumed by the Entities, severance payable to employees who continue in labor regime prior to Law 50 of 1990, and certain extra-legal benefits or those agreed in collective bargaining agreements.

The liability for post-employment benefits is determined based on the present value of the estimated future payments, calculated based on actuarial studies prepared by the projected unit credit method, using actuarial assumptions of mortality rates, salary increases and employee turnover, and interest rates determined by reference to current market yields of bonds at the end of the period of National Government issuances or high-quality corporate bonds. Under the projected unit credit method, future benefits to be paid to employees are allocated to each accounting period in which the employee renders service. Therefore, the corresponding expense for these benefits recorded in the consolidated statement of income of Grupo SURA includes the present service cost allocated in the actuarial calculation plus the financial cost of the calculated liability. Changes in the liability due to changes in actuarial assumptions are recorded in equity in the OCI account.

Variations in the actuarial liability for changes in employee benefits granted retroactively are recorded as an expense at the earliest of the following dates:

- When there is a modification of the employment benefits granted.

- When provisions are recognized for restructuring costs by a subsidiary or business of the Company.

Long-term benefits

These are all additional benefits to employees other than short-term benefits that are paid prior to retirement or termination of service by the employee. In accordance with the collective bargaining agreements and regulations of each Grupo SURA company, such benefits correspond mainly to seniority premiums and severance indemnities paid to certain employees hired before Law 50 of 1990.

Liabilities for long-term employee benefits are determined in the same way as post-employment benefits, with the only difference that changes in the actuarial liability due to changes in actuarial assumptions are also recorded in income.

Termination benefits

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

2.3.11. Provisions and contingencies

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

Grupo SURA recognizes the provisions in the statement of financial position, for the best estimate of the required disbursement, that is, the value for which Grupo SURA must settle the obligation, in the reported period, taking into account the risks and uncertainties surrounding said estimate.

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

2.3.12. Operating segments

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

- It can obtain income, and incur costs and expenses,
- Over which financial information is available
- whose operating results are reviewed regularly by the highest authority in the decision-making process, of operating decisions of Grupo SURA, to decide on the allocation of resources to the segments and evaluate their performance.

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

2.3.13. Income

Revenue from customers:

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

1. Identification of the contract with the customer

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

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

Below is a detail of the main non-insurance revenues of Grupo SURA:

Complementary services to the insurance activity

The Company presents as complementary services to the insurance activity, the services provided that do not correspond to insurance risks, these services include: transportation for injury or illness, travel and accommodation of a family member, travel for the death of a family member, transportation in case of death, transfer costs for interruption of travel, legal assistance by telephone, among others.

Income received for services complementary to the insurance activity is recognized when the transfer of the services committed to its customers is made, and is recognized for the amounts that reflect the consideration that the Company expects to receive in exchange for such services.

"Policies issued by insurance companies must identify as a separate performance obligation, those that are associated with the rendering of services that do not require the occurrence of a loss".

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

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

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

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

Dividend Income
Grupo SURA recognizes dividend income when

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

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

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

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

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

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

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

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

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

Deferred income liability (DIL)

The Deferred Income Liability (DIL) provision is generated in the Mandatory Pension Savings segment in the countries of Chile, Peru and Uruguay, as a result of administration costs, in order to defer the income of contributing members in the periods in which these members become non-contributing members or pensioners who cannot be charged for the administration of their funds and/or payment of pensions.

The foundation of this arises because, under the condition of non-contributor, these affiliates do not generate any income that allows them to face the costs. For this purpose, a provision is created, whose constitution takes place as long as the Company makes the corresponding collection, and its release is given as the aforementioned cost is incurred.

DIL calculation methodology

The provision is calculated with a periodicity, at least quarterly. The currency of calculation is the currency in which the collections and commitments, of the company, are fixed. For those subsidiaries in which the provision is calculated in a unit indexed by inflation, the provision is restated in legal tender, at the equivalent exchange rate, between said currency and the indexed unit for inflation of the closing period, of the balance or closing month.

The provision is calculated, based on the estimated cost of the non-contributors and the cost of the pensioners, who are not charged for the administration of their funds and/or the pension payment, discounted at the rate of a Corporate AAA Bond, without prepayment options.

2.3.14. Earnings per share

Basic earnings per share are calculated by dividing the results of the period, attributable to holders of outstanding shares, by the weighted average number of ordinary shares outstanding, during the period.

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

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

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

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

Information about key judgments and assumptions that estimate the future behavior of 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 due to the uncertainty surrounding such behaviors.

a) Liabilities under insurance contracts

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

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

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

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

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

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

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

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

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

b) Fair value of financial instruments

The fair value of financial instruments where there is no active market or where quoted prices are not available are determined using valuation techniques. In these cases, fair values are estimated based on observable inputs for similar financial instruments or using models. Where observable market inputs are not available, they are estimated based on appropriate assumptions.

When valuation techniques (e.g., models) are used to determine fair values, they are validated and reviewed periodically by qualified personnel independent of those who obtained them. All models are certified prior to use and the models are calibrated to ensure that the results reflect actual data and comparative market prices. To the extent possible, the models use only observable data; however, areas such as credit risk (both own and counterparty credit risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 34 on fair value

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

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

c) Impairment of financial assets
To calculate the impairment of financial assets, the future cash flows, of the respective financial asset, of the group, must be estimated. See Note 7.2 of financial instruments, in the impairment section.

d) Taxes
There is some uncertainty regarding the interpretation of complex tax regulations, changes to tax legislation and measurement and timing of future taxable income. Given the wide range of international trade relations and the complexity and long-term horizons of contractual agreements, differences between actual results and the estimates and assumptions made, as

well as future changes to the latter arise. This may require future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible findings of audits performed by tax authorities in all countries where it operates. The scope of these provisions is based on several factors, including historical experience from previous tax audits conducted by the tax authorities, upon the taxable entity.

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

e) Impairment of goodwill

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

f) The useful life and residual values of property and equipment, rights of use and intangible assets.

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.

g) Term of leasing contracts

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. The assessment is reviewed if a significant event occurs or a significant change in circumstances that affects this assessment. During 2020, the financial effect of leases is noted in Note 14 Leases.

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

Contingent liabilities of the SURA Group include those related to legal proceedings, regulatory proceedings, glosses, arbitration, taxes and other claims arising from the normal activities of the Group. These contingencies are evaluated taking into account the best estimates made by management and the necessary provisions have been established for legal and other claims, validating the probability of occurrence, whether it is probable, possible or remote. Contingencies are provided for and recorded when all available information indicates that their occurrence is feasible, the Group is obliged in the future to make disbursements for events that occurred before the balance sheet date and the amounts can be reasonably estimated. To make an adequate assessment of the probability and estimate of the amounts involved, the Group takes into account the opinions of internal and external experts.

Throughout the existence of a contingency, the Group may obtain additional information that may affect assessments related to the probability of occurrence or estimates of the amounts involved; changes in these assessments may lead to changes in the provisions.

Grupo SURA considers the estimates used to determine the provisions for contingent liabilities as critical estimates because the probability of their occurrence and the amounts that the Group may require to pay them are based on the criteria of the Group and its internal and external experts, which do not necessarily coincide with the future results of the procedures.

i) Employee benefits

The measurement of obligations for post-employment benefits, and defined benefits, includes the determination of key actuarial assumptions that allow for the calculation of the value of the liability. Among the key assumptions are the discount and inflation rates, salary increases, among others.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the associated cost. Future measurements of the obligations may vary significantly from those presented in the financial statements, among others, due to changes in economic and demographic assumptions and significant events. See note 16 on employee benefits.

NOTE 4. NORMS ISSUED WITHOUT EFFECTIVE APPLICATION

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements as of December 31, 2020, except for the standards and interpretations that have been published but are not applicable at the date of these financial statements and are disclosed below.

The Group will adopt these standards on the date on which they become effective, in accordance with the decrees issued by the local authorities.

4.1 New standards incorporated into the accounting framework accepted in Colombia whose application must be evaluated on a mandatory basis in periods subsequent to January 1, 2021

Decree 1432 of 2020 updated the technical frameworks of the Accounting and Financial Reporting Standards accepted in Colombia incorporating the amendment to IFRS 16, Leases: Rent Reductions Related to Covid-19 which can be applied immediately in 2020. No other standards, interpretations or amendments were added to the standards that had already been compiled by Decree 2270 of 2019 considering the regulations incorporated by Decrees 2420 and 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018.

4.2 New standards issued by the International Accounting Standards Board (IASB) that have not yet been incorporated into the accounting framework accepted in Colombia

Amendment to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

The amendments issued in January 2020 clarify the criteria for classifying liabilities as current or non-current, based on the rights that exist at the end of the reporting period. The classification is not affected by the expectations of the entity or events after the reporting date. The changes also clarify what is meant by "settlement" of a liability in terms of the standard. These amendments did not have an impact on these financial statements and are not expected to have an impact on future financial statements of the Group.

Amendment to IAS 16 Property, Plant and Equipment - Amounts Obtained Prior to Intended Use

The amendment published in May 2020 prohibits the deduction from the cost of an item of property, plant and equipment of any amounts from the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity would recognize the amounts of those sales in profit or loss for the period. The Company does not expect significant impacts from this modification, in any case it is evaluating the impact that they could have on the financial statements.

Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework

The amendment published in May 2020 addressed 3 amendments to the standard in order to: update the references to the Conceptual Framework; add an exception for the recognition of contingent liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Liens; and confirm that contingent assets should not be recognized at the acquisition date. These amendments do not impact the current financial statements of the Group, but may affect future periods if the Group were to enter into any business combination.

Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Cost of Fulfillment of a Contract

The purpose of this amendment, which was also published in May 2020, is to specify the costs that an entity includes in determining the "cost of performing" a contract for the purpose of assessing whether a contract is onerous; it clarifies that the direct costs of performing a contract include both the incremental costs of performing a contract and an allocation of other costs that relate directly to the performance of the contract. Before recognizing a separate provision for an onerous contract, the entity must recognize impairment losses on the assets used to fulfill the contract. The Company does not expect significant impacts from this modification, in any case it is evaluating the impact that these could have on the financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reform of the Reference Interest Rate

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates (IBOR) has become a priority for global regulators. There is currently uncertainty about the precise timing and nature of these changes. In order to transition existing contracts and agreements that reference LIBOR, term spread and credit spread adjustments may need to be applied to allow the two reference rates to be economically equivalent in the transition

The amendments made to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures provide certain alternatives in relation to the reform of the benchmark interest rate. The alternatives relate to hedge accounting and have the effect that the reforms generally should not cause hedge accounting to end. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the widespread nature of hedges involving interbank rate-based contracts (IBORs), the alternatives will affect companies in all industries.

Accounting policies related to hedge accounting should be updated to reflect alternatives. Fair value disclosures may also be affected due to transfers between fair value hierarchy levels as markets become more or less liquid.
The Company does not expect significant impacts from these changes, but is evaluating the impact they may have on the financial statements.

Annual Improvements to IFRS Standards 2018-2020 cycle

The following improvements were completed in May 2020:

- IFRS 9 Financial Instruments: clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases: modifies illustrative example 13 of the standard to eliminate the illustration of lessor payments related to leasehold improvements, to eliminate any confusion on the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards: allows entities that have measured their assets and liabilities at the carrying amounts recorded in their Parent accounts to also measure cumulative translation differences using the amounts reported by the Parent. This amendment will also apply to associates and joint ventures under certain conditions.
- IAS 41 Agriculture: eliminates the requirement for entities to exclude tax cash flows when measuring fair value under IAS 41.

The Company does not expect significant impacts from this amendment, in any case it is evaluating the impact it could have on the financial statements.

Conceptual Framework

The IASB has issued a revised Conceptual Framework to be used in standard-setting decisions with immediate effect. Key changes include:

- Increasing the importance of management in the objective of financial reporting;
- Restoring prudence as a component of neutrality;
- Defining a reporting entity, which can be a legal entity or a part of an entity;
- Review the definitions of an asset and a liability;
- Remove the probability threshold for recognition and add guidance on derecognition;
- Add guidance on different measurement bases; and
- Indicate that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be reclassified when this improves the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework to determine their accounting policies for transactions, events or conditions that are not otherwise addressed in the accounting standards will be required to apply the revised Framework as of January 1, 2020. These entities will need to consider whether their accounting policies continue to be appropriate under the revised Framework.
These amendments had no impact on the current financial statements of the Group.

4.3 New standards issued by the International Accounting Standards Board (IASB) that have not yet been incorporated into the accounting framework accepted in Colombia

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts issued with discretionary participation components. The objective is to ensure that entities provide relevant information in a manner that faithfully represents those contracts to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 was initially applicable to annual periods beginning on or after January 1, 2021; however, the application date was extended to annual periods beginning on or after January 1, 2023, by amendment issued by the IASB in June 2020. Earlier application is permitted.

IFRS 17 repeals IFRS 4 Insurance Contracts which was an interim standard that allowed entities to use a wide variety of accounting practices for insurance contracts, reflecting national accounting requirements and variations of those requirements. Some previous insurance accounting practices permitted under IFRS 4 did not adequately reflect the true underlying financial situations or financial performance of insurance contracts.

IFRS 17 requires a current measurement model where estimates are remeasured at each reporting period. Contracts are measured using the components of:

- Discounted probability-weighted cash flows;
- An explicit risk adjustment, and
- A contractual service margin (CSM) representing the unearned contract profit which is recognized as revenue during the hedge period.

The standard allows a choice between recognizing changes in discount rates in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers record their financial assets under IFRS 9.

An optional simplified premium allocation approach is allowed for the remaining coverage liability for short-duration contracts, which are often offered by non-life insurers.

There is a modification to the general measurement model called the "variable fee method" for certain life insurance contracts of insurers in which the policyholders share the returns of the underlying items. When applying the variable fee method, the share of changes of the entity in the fair value of the underlying items is included in the contractual service margin. Therefore, the results of insurers using this model are likely to be less volatile than under the general model.

The new standards will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

IFRS 17 has not been introduced into the Colombian accounting framework by means of any decree to date. The Group is evaluating the potential effect of this standard on its financial statements.

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 gradually extended, 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 to which Grupo SURA and its employees in the region are not indifferent. In this sense, the company has been preparing itself by constantly monitoring the evolution of the pandemic since its beginning, evaluating the impacts from different areas 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 SURA it has been a priority to preserve employment and care for people, today a high percentage of employees work under the modality of remote work, trying to take care of their health, that of their families and contribute to the containment of the virus in society; all protective measures have also been taken with those who perform sensitive functions for the continuity of services or processes in physical locations.

Technological Environment

In response to the pandemic generated by COVID-19, the Vice-Presidency of Technology of the Corporate Office and the Technology Managers in the different countries where SURA has presence, have strengthened and implemented technological and digital tools that have allowed and facilitated, among others, the remote work of employees and the constant provision of services to individuals and companies, allowing collaboration and promoting productivity and efficiency, maintaining the necessary levels of availability, capacity and security of information.

Thus, tools such as Office 365, DCM (Digital Communication Tools), the technology trend radar, projects such as Acceso Directo Digital, Red de Empresarios SURA, a strong cybersecurity program and a detailed management of technology suppliers, allowed Suramericana to continue its operations without trauma, almost as if it were done from the offices and headquarters, achieving effective conditions to minimize non-essential face-to-face work according to Human Talent management policies and guidelines.

Real Estate and Administrative Management

The pandemic led us to ratify and prioritize in a more stringent manner the health care and welfare of people. The most relevant measures are the 35% maximum occupancy rate in offices; the physical distance of 2 meters, supported by the scheduling of workstations and signage; the use of masks during the entire time of stay, the constant awareness of hand washing and the reinforcements in terms of cleaning all offices more frequently than usual. At the same time, variations in the peaks of contagion in the different jurisdictions meant that on several occasions we opted to close sites and concentrate 100% on the remote working scheme, opening and closing sites as the situation required.

The successful adoption of remote work allowed us to free up physical space in countries such as Argentina, Brazil, Colombia, Panama and Uruguay, generating favorable financial impacts. Therefore, it is appropriate for the company to evaluate the option of having a greater participation of remote work in a post COVID- 19 era where this scheme alternates with face-to-face and collaborative work.

During the pandemic, we have continuously monitored the validity of the leasing contracts and the constant evaluation of their conditions, which has allowed us to understand and reevaluate the benefit of the properties and the opportunities for improvement, not only in the negotiation of the conditions, but also in the location, size, among other relevant variables. Simultaneously, we continued with the management of civil projects in our headquarters, which allows us to improve our attention to our policyholders and strengthen our capacities in the provision of health services in subsidiaries where our business demands it.

In terms of cost optimization, the greatest reduction was mainly in administrative offices and branches, due to the decrease in the consumption of utilities, maintenance activities, office supplies, printing services, mail, courier services and especially in corporate air travel, which before the pandemic represented significant sums of money and an environmental impact in the generation of carbon footprint. On the other hand, cleaning services, security, ground transportation, and health operation supplies took all the attention of resources.

Regulatory Environment

Throughout 2020, various measures were taken and additional ones are expected in the near future that generate risks and opportunities for Grupo SURA and its operations in the region.

Among others, it is worth mentioning the regulations issued in Colombia that forced the return of benefits in lines of business with lower loss ratio as a result of mandatory isolations.

Generally speaking, there was a constant dynamic on the part of the different governments and regulators seeking to intervene, generating positive impacts on the economy and society. This was demonstrated by stimulus measures in the fiscal area, such as modifications in the tax calendar and more flexible tax payment methods. In labor matters, modifications were made to the telework rules, generating flexibilizations that seem to remain in the long term.

In the area of social security in Colombia, regulations of great impact were generated, especially those that obliged the Labor Risks Administrators to allocate additional resources for biosafety and prevention elements at work for those employees with direct exposure to COVID-19; likewise, the new regulation defined COVID-19 as a direct occupational disease for occupations in the first line of attention. Similarly, rules were issued that regulate basic coverage baskets for COVID-19 care by the state, relieving the economic burden on health insurance providers, and advances have been made that have allowed increasing powers for remote patient care under the telemedicine modality. Also noteworthy is the presentation of Bill 010/2020, which had 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 health insurance providers business.

Similarly, in Colombia, proposals are being developed regarding the possibility of approving withdrawals of money from pension funds and the Financial Superintendence has defined stress tests to be performed on insurance companies in terms of fit, solvency and liquidity, which they must withstand prior to the approval of distributing dividends to their shareholders during the year 2021.

With respect to measures related to the flow of capital, we note that in countries such as Mexico and Chile, conversations were generated regarding the impossibility for companies to distribute dividends in 2020 to their parent companies, in order to protect the liquidity of domestic markets. In Mexico, the situation arose from a recommendation of the financial regulator to the insurance sector, while in the case of Chile it is presented as a requirement to be able to access economic benefits or relief. In this regard, we continue to monitor the regulation on an ongoing basis, as it is not ruled out that similar measures will be adopted by other regulators in the region by 2021.

In general, for the countries of the region, fiscal reforms that help to solve the debt and public spending, while favoring economic reactivation, are necessary.

Business

Insurance

At the end of the year, the operating results of the subsidiaries of Grupo SURA were impacted by the effect of COVID-19, due to the evolution of the contagion curve and the quarantines implemented in the region, which had an impact on the slowdown of the economies; in this sense, the situation in Uruguay stands out positively, where less strict isolation measures were implemented, compromising to a lesser extent the local economic activity.

Revenues from insurance premiums reflect a slight growth in 2020, despite presenting a lower dynamic in new business for mobility solutions, life and the affinity channel due to economic closures during quarantines; on the other hand, renewals remained at similar levels to the previous year thanks to the initiatives to support the segments of individuals and small and medium-sized enterprises. On the other hand, social security insurance in Colombia has presented a contraction in its revenues associated with the lower economic dynamics and the increase in unemployment in the country, with impacts mainly in the labor risks administrators, which presented a decrease in revenues of 3% in the year. Additionally, the dynamics of premiums issued reflect strategies that seek to reimburse the client for the lower exposure to risks, either in the form of return of premiums, discounts or addition of coverage.

It is important to highlight that during the last quarter there was a 22% growth in enterprise solutions due to the issuance of new business and the scope of renewals in the corporate segment, while the health solution grew by 12% in the same period, consolidating the positive dynamics presented during the year. Finally, mobility solutions continue to show a recovery in new sales and a good performance of the affinity and digital channel for the mandatory car solution.

Furthermore, coherently with the reduction in revenues and the lower economic activity, during the year there was a decrease in exposure, mainly in the mobility, property and equity solutions, which generated a reduction in the frequency of claims in these solutions; this added to lower claims in the health solution due to the postponement of medical procedures. At the end of the year, COVID claims were recorded for more than COP $1,070 billion, with greater effects in the subsidiaries in Colombia, El Salvador, Mexico and Panama, where there is greater exposure to the Health, Occupational Risks and Life solutions.

Pensions

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 was fully recovered at the close of the year. All countries closed with positive returns for this variable:

Country	Q1	Q2	Q3	Q4	Total accumulated 2020
Chile	-148,990	166,652	1,584	65,982	**85,228**
Mexico	-47,474	76,072	24,062	43,777	**96,437**
Peru	-74,406	48,893	24,764	57,967	**57,218**
Uruguay	1,847	1,762	3,416	2,552	**9,577**
Total in millions of COP	**-269,024**	**293,378**	**53,857**	**170,279**	**248,460**

- Towards the end of the year, a certain recovery in macroeconomic variables was observed in all countries where Grupo SURA is present, which resulted in improved revenues in the last months.

In the Inversiones Sura and Investment Management business:

- Returns for the year in the voluntary businesses of Grupo SURA reached USD 1.2 billion.

- Clients found in the portfolios offered by this segment attractive investment and savings alternatives; the business had positive net commercial flows, which together with the yield, generated a growth in assets under management of 9.6%, reaching 17.1 billion USD.

- The recovery of the financial markets and the digital proximity strategies that allowed fostering the commercial activity despite the confinement boosted the growth of these segments during 2020, reaching the point where these growths supported the fall that was had in the Retirement Savings segment at the level of fee income, managing to maintain the level of fee income for 2019 for Grupo SURA.

Reserves

During the last quarter and as for the September cut-off, the reserves of the company did not present significant changes and it is considered that the levels of insurance reserves calculated and presented in its financial statements for December 31, 2020 are sufficient, and no additional impacts are foreseen based on the information known at that time, since the loss estimates made for this cut-off are consistent with the evaluations that have been made on the possible effects derived from the COVID-19 pandemic.

However, the correct development of the technical reserves 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, and therefore, within the company, we continue to permanently evaluate the evolution of the main variables, actions and their consequences, 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.

Investment Portfolios

The fourth quarter of the year was characterized by a more optimistic environment than previous quarters, thanks to the launch of the COVID 19 vaccine, reflecting a capital market with a greater appetite for risk. The movement of bond, stock and currency prices was positive at the end of the quarter; however, there was volatility in the interim due to the electoral uncertainty in the United States, the increase in the number of people infected by the second wave of the pandemic and the origin of new, more contagious variants of the virus. An expansionary monetary policy remained constant, which continues to generate ample liquidity in the markets and a marked dislocation of the prices of financial assets with the economic growth data and the fiscal situation of the economies. In this sense, the investment income of the portfolios was very close to the expected budget and only in the case of the Colombian portfolio, which maintains an important indexation to inflation, there was a delay as a consequence of the low monthly records of this indicator.

Impairment due to expected loss was also found in a debt instrument held by SURA Asset Management Peru, in a securitized bond whose underlying is an office building. An expected loss recognized in results was determined, representing approximately 18% of the value of the investment at the end of 2020 (Impairment value: COP 2,929 million).

Credit Risk

During 2020, the general credit risk situation in terms of investment portfolio issuers did not present significant changes. However, there were specific situations in Argentina, Chile and El Salvador, which are detailed below:

- **Argentina:** The Argentine government was able to restructure its foreign debt with the approval of more than 90% of its creditors. This meant an improvement in credit quality by the three main risk rating agencies, considering that from the cash flow point of view of the country a very important relief was seen. However, macroeconomic and reactivation conditions continue to be difficult for the next year, so the Group is constantly monitoring these conditions.

- **Chile:** Due to the operating impairment in the bonds of an issuer of the investment portfolio, a higher amount of impairment was recognized in the financial statements at the end of 2020. This could be identified due to the effectiveness of the analysis and continuous monitoring carried out through the investment impairment methodology structured by the company.

- **El Salvador:** In this portfolio, two issuers presented grace period plans for payment of capital, which were approved by investors in order to provide liquidity relief; nevertheless, once the periods were completed, payments were made normally.

In addition to the above points, there are no other credit risks or expectations of impairment in the book value of the investments of the subsidiaries of Grupo SURA, considering that the portfolio is diversified in issuers with a good credit quality and high operational strength that has allowed them to remain stable in the midst of the pandemic.

Regarding accounts receivable from reinsurers and coinsurers, no major impacts are perceived in the stability of the reinsurers and coinsurers with which the company currently develops transactions, given their financial strength and stability in their operating performance, which is constantly validated within the company.

With regard to accounts receivable from our clients, although in some countries longer terms are being granted to pay premiums, generating an increase in the number of days of accounts receivable turnover, in general, no significant risk has been identified that represents major losses for the company. In relation to the aforementioned, it is important to point out that in the particular case of SURA Panama there was a significant deterioration throughout the year in the auto and individual life portfolios, since an increase in arrears was evidenced, especially in the accounts of 90 to 120 days. In this sense, the subsidiary took several actions such as arrangements with clients and policy cancellations in order to mitigate the impact generated by the deterioration of the portfolio.

Exchange Rate Impacts

The currencies of the region showed some revaluation behavior with respect to the US dollar, which had an impact on the portfolios of some subsidiaries with foreign currency positions. However, this behavior was offset by a positive market valuation of fixed income securities as the risk appetite of investors for emerging markets increased, especially in the last month of the year.

Nevertheless, the exchange effects materialized in the operations and those resulting from translating the results of the period and the financial position of the subsidiaries to the presentation currency of these financial statements (COP), have already been recognized and incorporated as of December 31, 2020.

Recoverability of deferred tax assets

As a preventive measure against the COVID -19 pandemic, as of December 31, 2020, the company performed an evaluation of the recoverability of deferred tax assets, concluding that in generally no elements that generate the non-recoverability of these assets were identified, except for the particular case of Brazil, where a minimal portion of the deferred tax corresponding to short-term temporary differences was impaired.

Business continuity

While the ultimate effects of the COVID-19 pandemic are still uncertain, we believe that based on the measures that have been taken as described above and that we will be adjusting accordingly in the future, Grupo SURA and all of its subordinate companies will be able to continue as a going concern for a period in excess of 12 months following the issuance of these financial statements.
These financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and expenses reported that might otherwise be required if the going concern basis were not appropriate.

In addition to the foregoing, we are aware of the importance of maintaining the financial strength and liquidity necessary to meet current business needs. In this regard, we believe that the dynamics of our operations, 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 an appropriate position.

Impairment

The situation generated by COVID-19 represented impacts mainly in the short term, which meant a deviation in some financial and operating indicators, considered to evaluate signs of impairment in each of the subsidiaries. However, thanks to the active and permanent management of the companies, in addition to the adequate implementation of strategies for business continuity, where resilience has characterized our organization, the sustainability of operations has been guaranteed; which is ratified with the result of the impairment tests performed at the end of 2020, where no accounting impairment is recorded for any of the operations.

Grupo SURA has been monitoring the main business variables that could have a significant impact on the recoverability of the capital gains and investments held in the different companies. For further details of the impairment test see Note 15 Intangible Assets.

Effects on financial statements
From a social and economic point of view, the pandemic has resulted in severe restrictions by governments on the mobility of people, high unemployment rates, closure of companies and production and supply chains, and interruption of international trade, which in turn has caused a substantial slowdown in the world economy and overall negative effects on various industries.

Although most of the effects have been adverse for all companies, in some cases, such as in the insurance business, there have also been favorable situations from the point of view of increases in the valuation of the fixed income securities of our investments at fair value and a decrease in the loss ratio in some lines of business, such as the automobile line.

In accordance with the above, the following is a summary of the impacts occurred in the different accounts of our financial statements as of December 31, 2020:

- *Premiums written:* as of May 2020, there was a slowdown in the growth of this line, explained as an effect of the COVID-19 contingency. However, during the month of December a recovery in the commercial dynamics of affinity and branch channels was observed.

- *Reserves:* There is a significant release of production reserves compared to December 2019, this effect is directly related to the decrease presented by the companies in the line of premiums written due to the low commercial dynamics generated by the contingency as a result of COVID-19 throughout Latin America.

- *Retained claims:* Retained claims expense as of December 31, 2020 showed an increase of 4.02%, corresponding to the lower frequency of claims associated with the low exposure of clients of SURA insurers during the last few months, due to the confinement measures that have been taken in the countries to contain the spread of COVID-19.

  Health Services
  Claims were impacted by COVID 19, at year-end by $362.4 billion for diagnostic tests, benefits, hospitalization and disability; this effect was partially offset by a lower frequency of non-COVID care between the months of March and October.

- *Administrative expenses:* There was an increase in commissions of $91 billion, mainly due to provisions made by COVID-19 in the general and life insurance companies in Colombia for $46 billion and $45 billion respectively. There was also an increase in expenses for temporary services, mainly in the health and life insurance companies (ARL), due to the strategy of providing remote attention to members; medical appointment services, specialized assistance, home health, COVID patient monitoring and contingency lines.

- *Employee benefits:* there has been an increase in employee benefits, mainly in the health companies, which have had to increase their personnel in order to face the COVID contingency during 2020.

Lease contracts
In May 2020, as a result of the Covid -19 pandemic, the IASB issued an amendment to IFRS 16 that allows recording as income the modifications that arise in lease contracts for the lessee; this amendment can 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 through June 30, 2021.
- There are no changes in other terms and conditions of the lease.

The accounting of the lessor has not been modified in this amendment.

Grupo SURA has decided to apply the amendment, presenting the following results: a total of 14% of the contracts have presented modifications due to cancellation of contracts, modification of the lease installment and/or extension of the lease term.

The impact on the financial statements is approximately one thousand two hundred million pesos in the company income.

NOTE 6. CASH AND EQUIVALENTS

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

	December 2020	December 2019
Cash and bank	1,284	8,333
National banks	1,660,582	1,476,767
Foreign Banks	448,854	236,434
Cash equivalent (*)	1,038,153	535,091
Cash and cash equivalents	**3,148,873**	**2,256,625**
Restricted cash (**)	162,352	89,532
Cash and cash equivalents in the statement of cash flows	**3,311,225**	**2,346,157**

(*) Include checks, special investment funds, fiduciary rights, and other cash equivalents.
Balances with banks bear interest at variable rates based on daily bank deposit rates. Short-term placements are made for varying periods of between one day and three months, depending on the immediate cash needs of Grupo SURA and its subsidiaries, and bear interest at the applicable short-term placement rates.

Restricted cash (**)
The restricted cash that is presented at the cut-off date is as follows:

Breakdown of the restriction	Country	Restricted cash value 2020
Securities in legal proceedings	Salvador	42
Legal processes realized in bank accounts	Colombia	157,920
Funds destined for the payment of taxes administered by the SUNAT	Peru	410
Hedge fund commissions - Foreign broker	Peru	2,659
Employee benefit obligations	Panama	1,321
Total		**162,352**

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

NOTE 7. FINANCIAL INSTRUMENTS

7.1. Financial assets

7.1.1. Investments

The breakdown of investments is as follows:

	December 2020	December 2019
At fair value through profit or loss	6,401,685	5,602,232
At amortized cost	11,089,242	12,852,369
Debt securities	**17,490,927**	**18,454,601**
At fair value through profit or loss	5,594,748	4,935,046
At fair value through OCI	887,440	633,828
Equity instruments	**6,482,188**	**5,568,874**
Sub total investments	23,973,115	24,023,475
Impairment in investments at fair value through OCI	(41,295)	(34,318)
Impairment on investments at amortized cost	(4,357)	(6,787)
Subtotal impairment	**(45,652)**	**(41,105)**
Total Investments	**23,927,463**	**23,982,370**

As of December 31, 2020, and 2019, the following is the detail of investments pledged as collateral:

	December 2020	December 2019
Foreign issuers	813	793
Total	**813**	**793**

The following is a detail of equity investments held as of December 31, 2020 and 2019 with adjustment to results:

	December 2020	December 2019
Mutual funds	3,971,572	3,783,123
National issuers	1,367,310	974,269
Foreign issuers	255,866	177,654
Total	**5,594,748**	**4,935,046**

The following is a detail of net earnings on investments at fair value:

	December 2020	December 2019
Legal reserve [(a)]	248,459	369,600
Fair value investments [(b)]	579,605	607,625
Trading derivatives	(7,624)	(1,310)
Difference on exchange of investments	(6,784)	(18,050)
Total	**813,656**	**957,865**

[(a)] Corresponds to the yield stabilization reserve of each portfolio; it is constituted with own resources and represents a percentage (depending on each country) of the value of each managed fund. In the event of noncompliance with the minimum yield for the portfolios that require it, the necessary resources to cover it will be obtained from said reserve.

(b) The fair value is detailed below:

	Profit / unrealized loss		Profit / unrealized loss	
	December 2020	December 2019	December 2020	December 2019
Debt securities	395,829	315,034	24,302	115,022
Equity instruments	183,776	292,591	(1,618)	95,904
Total	**579,605**	**607,625**	**22,684**	**210,926**

The following is the detail of realized and unrealized profits or losses on investments in available-for-sale debt securities as of December 31, 2020 and 2019:

December 2020

Debt securities	Cost	Profit / unrealized loss	Profit / unrealized loss
National issuers	10,205,405	23,611	396,354
Foreign issuers	3,585,151	551	-
Mutual funds	2,876,421	314	(726)
Investment funds	823,950	(174)	201
Total	**17,490,927**	**24,302**	**395,829**

December 2019

Debt securities	Cost	Profit / unrealized loss	Profit / unrealized loss
National issuers	11,814,466	113,476	318,542
Mutual funds	2,705,963	1,403	(127)
Investment funds	418,382	143	(3,990)
Foreign issuers	3,515,790	-	609
Total	**18,454,601**	**115,022**	**315,034**

Investments at fair value with change in other comprehensive income

The following is a detail of realized and unrealized profits or losses on investments in equity instruments with adjustment to other comprehensive income as of December 31, 2020 and 2019:

December 2020	Cost	Profit / realized loss	Profit / unrealized loss
Bolsa de Comercio de Santiago (chile)	13,208	-	(764)
Enka de Colombia S.A.	28,232	-	4,229
Other debt securities	146,585	-	12,222
Total	**188,025**	**-**	**15,687**
December 2019	**Cost**	**Profit / realized loss**	**Profit / unrealized loss**
Bolsa de Comercio de Santiago (chile)	12,540	-	(1,045)
Enka de Colombia S.A.	24,003	-	7,304
Other debt securities	166,126	-	5,866
Total	**202,669**	**-**	**12,125**

7.1.2. Other accounts receivables

The detail of accounts receivable as of December 31, 2020 and 2019 is presented below:

	December 2020	December 2019
Debtors	750,522	772,902
Payments of customers, consumption accounts	399,873	413,808
Various	216,751	235,322
Judicial deposits	196,946	231,485
Commissions	127,332	118,315
Payments on behalf of customers, housing	117,633	96,006
Securities trading company	81,934	99,462
Tax receivables	72,821	54,554
Advances to contracts and suppliers	54,313	36,185
Interest	38,131	-
Credit portfolio	34,311	44,816
To employees	15,761	25,626
Leases	8,555	1,522
Sale of goods and services	59	-
Subtotal other accounts receivable	**2,114,942**	**2,130,003**
Impairment (provision) trade accounts, receivable	(209,554)	(229,155)
Impairment (provision) other accounts receivable	(24,524)	(23,845)
Impairment (provision) accounts receivable, consumption	(5,416)	(4,494)
General Impairment (provision)	(658)	(640)
Impairment of other loan portfolio items	(25)	(199)
Subtotal Impairment	**(240,177)**	**(258,333)**
Total	**1,874,765**	**1,871,670**

7.2. Impairment of financial assets

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

	December 2020	December 2019
Impairment accounts receivable	(240,177)	(258,333)
Impairment investments	(45,652)	(41,105)
Total	**(285,829)**	**(299,438)**

The following is a reconciliation of the impairment of financial assets:

	Accounts receivable	Investments	Total
Balance at December 31, 2018	**204,045**	**25,999**	**230,044**
Additions Impairment of the period	25,948	15,637	41,585
Valuation	-	(171)	(171)
Recoveries	(18,408)	179	(18,229)
Other adjustments	50,911	(993)	49,918
Exchange differences	(4,163)	454	(3,709)
Balance at December 31, 2019	**258,333**	**41,105**	**299,438**
Additions Impairment of the period	85,147	15,394	100,541
Valuation	-	9,094	9,094
Recoveries	(59,132)	180	(58,952)
Other adjustments	(39,303)	(17,310)	(56,613)
Exchange differences	(4,868)	(2,811)	(7,679)
Balance at December 31, 2020	**240,177**	**45,652**	**285,829**

7.3. Financial liabilities

The following are the financial liabilities of Grupo SURA:

	Note	December 2020	December 2019
Financial obligations [1]		1,502,283	1,685,559
Derivative instruments	8	176,518	204,190
Accounts payable to related parties		87,093	82,008
Other accounts payable	7.3.1	2,338,687	1,918,899
Bonds issued	19	8,765,419	7,742,433
Preferred shares	20	460,847	460,712
Total		**13,330,847**	**12,093,801**

[1]Financial obligations generate interest between 1.33% and 7.70% for the year 2020 and for the year 2019 between 0.96% and 7.70%. The variation is partly due to the cancellation of the loan in dollars.

The breakdown of financial liabilities into current and non-current and by type of financial liability is presented below:

December 2020				
Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at amortized cost**	**Total**
Financial obligations		977,637	-	977,637
Derivative instruments	8	-	3,638	3,638
Accounts payable to related parties		87,093	-	87,093
Other accounts payable	7.3.1	2,300,367	-	2,300,367
Bonds issued	19	1,036,113	-	1,036,113
Total		**4,401,210**	**3,638**	**4,404,848**
Non-Current		**Financial liabilities at amortized cost**	**Financial liabilities at amortized cost**	**Total**
Financial obligations		524,646	-	524,646
Derivative instruments	8	-	172,880	172,880
Other accounts payable	7.3.1	38,320	-	38,320
Bonds issued	19	7,729,306	-	7,729,306
Preferred shares	20	460,847	-	460,847
Total		**8,753,119**	**172,880**	**8,925,999**
Financial liabilities		**13,154,329**	**176,518**	**13,330,847**

December 2019				
Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at amortized cost**	**Total**
Financial obligations		1,260,228	1,501	1,261,729
Derivative instruments	8	-	21,501	21,501
Accounts payable to related parties		82,008	-	82,008
Other accounts payable	7.3.1	1,876,173	-	1,876,173
Bonds issued	19	249,145	-	249,145
Total		**3,467,554**	**23,002**	**3,490,556**
Non-Current		**Financial liabilities at amortized cost**	**Financial liabilities at amortized cost**	**Total**

Financial obligations		423,830	-	423,830
Derivative instruments	8	-	182,689	182,689
Other accounts payable	7.3.1	42,726	-	42,726
Bonds issued	19	7,493,288	-	7,493,288
Preferred shares	20	460,712	-	460,712
Total		**8,420,556**	**182,689**	**8,603,245**
Financial liabilities		**11,888,110**	**205,691**	**12,093,801**

Grupo SURA has had no capital, interest or other defaults with respect to liabilities during 2020 and 2019.

7.3.1. Other accounts payable

A breakdown of other financial liabilities is as follows:

	December 2020	December 2019
Others [1]	742,188	451,678
Suppliers	475,101	444,381
Sales tax [2]	285,111	265,261
Services	210,631	134,054
Commissions	107,540	112,946
Retirement pensions [3]	91,045	102,942
Fees	58,606	56,664
Withholdings	54,741	59,417
Solidarity and guarantee fund	47,658	44,017
Intermediation collections	46,107	36,602
Surcharges and others	34,062	43,763
Industry and commerce	22,036	19,787
Premiums to be collected from co-insurance provided	21,768	15,458
Income tax withheld	21,372	26,650
Withholdings to pensioners	18,366	14,989
Chamber of compensation of SOAT	16,900	11,539
Publicity and advertising	14,127	7,904
Pension funds	13,287	9,917
Sales tax withheld	12,911	12,354
National road prevention fund	12,723	13,239
Official creditors, or state entities	8,275	7,759
Health promoting entities	8,128	6,983
Withholdings and payroll taxes	8,107	8,267
Checks drawn, not cashed	7,897	12,328
Total	**2,338,687**	**1,918,899**

[1]Corresponds to: wealth tax, stamps, RUNT support fee, unions, cooperatives, employees fund, labor risk management companies, fund management, retained industry and commerce, legal, maintenance and repairs, travel expenses, leases, national firefighters fund, family compensation fund, ICBF, SENA.

[2]Tax (VAT).

[3]Payments pending to retired personnel.

NOTE 8. DERIVATIVE INSTRUMENTS

The following is a detail of derivative financial instruments assets and liabilities outstanding as of December 31, 2020 and 2019:

		December 2020		December 2019	
	Note	Asset	Liabilities	Asset	Liabilities
Hedge Derivatives	8.1	403,412	1,221	369,770	22,364
Trading derivatives	8.2	255,762	175,297	224,479	181,826
		659,174	176,518	594,249	204,190

8.1. Hedge derivatives

In accordance with its financial risk management policies, Grupo SURA uses hedge accounting to manage exchange rate risks due to variations in the cash flows of certain financial obligations in foreign currency.

Grupo SURA accesses international markets to obtain effective sources of funds. As part of this process, the Group assumes significant exposure to foreign currencies, mainly with the U.S. dollar (USD). The foreign currency risk component is managed and mitigated using cross-currency swaps and options, which exchange foreign currency payments for principal payments in the functional currency of the Group and its subsidiaries in Mexico, Peru and Chile. These instruments are applied to match the maturity profile of the estimated payments of the debt instruments of the Group. The foreign currency risk component is determined as the change in cash flows of foreign currency debt resulting solely from changes in the exchange rate for the related foreign currency swaps and options. Such changes constitute a significant portion of the overall changes in the cash flows of the instrument.

The effectiveness of these strategies is assessed by comparing changes in the fair value of the cross-currency swaps and options with changes in the fair value of the hedged debt attributable to the foreign currency risk of the hedged foreign currency obligations using the symmetry method of the critical elements of the hedging instruments and the hedged instruments.

The Group establishes the hedge ratio by crossing the notional value of the derivative with the principal amount of the point-in-time debt instrument being hedged. The possible sources of ineffectiveness are as follows:

i. Differences in the timing of cash flows between debt instruments and cross-currency swaps;
ii. Differences in the discount between the hedged item and the hedging instrument, given that cross-currency swaps are supported by cash collateral.
iii. The hedging of derivatives with a fair value different from zero at the initial date of designation as hedging instruments; and
iv. Counterparty credit risk, which impacts the fair value of the uncollateralized cross-currency swaps but does not affect the hedged items.

Accordingly, the following is a summary of cash flow hedging transactions in effect as of December 31, 2020 and 2019:

1. On May 18, 2011 Grupo SURA contracted a foreign currency obligation in the amount of US$ 300 million, with a single principal maturity on May 18, 2021 and a fixed interest rate of 5.70% payable semiannually.

On September 30, 2018, the Group decided to implement a cash flow hedge accounting strategy for this obligation using the following hedging instruments for this purpose:

- 21 principal - only cross currency swap in which Grupo SURA will receive on May 18, 2021 a total value of US$ 270 million without interest and will pay on the same date $787,161 million plus interest of 3.2420% per annum.
- A structure combining principal only cross currency in which Grupo SURA will receive in swaps US$ 30 million on May 18, 2021 and will deliver on that same date $80.630 million plus interest of 2.0612% per annum and the issuance of swaps together with a call out of the money option issue with an exercise price on that same date of $4,000 per US$ 1.
- The issuance of additional call out of the money options in the amount of US$ 50 million with an exercise price of $4,000 per US$ 1 with a compliance date of May 18, 2021.
- Principal and interest on financial indebtedness with Banamex in the amount of US$ 80 million hedged with cross currency swap. The debt was cancelled in December together with the hedging operation.

2. On April 11, 2017, the subsidiary Sura Asset Managment S. A. carried out a placement of US dollar bonds in the US market under Regulation S and Rule 144 A for the amount of US 350 million at a price of 99.07%, with a single principal maturity on April 11, 2027 and at a fixed interest rate of 4.375% per annum payable semiannually.

   On August 2, 2018, the subsidiary decided to implement a cash flow hedge accounting strategy to protect the bonds issued against foreign exchange risks for US$ 290 million corresponding to 82.86% of the principal obligation with the following cross currency swaps "CCS" maturing on the same date as the principal in 2027:
   - Swap in which the Subsidiary receives US$ 90 million and pays $258.174 million plus a fixed interest rate of 2.54%.
   - Swap in which the Subsidiary receives US$ 80 million and pays Mexican Pesos in the amount of Ps.1,59.168 million plus a fixed interest rate of 2.54%.
   - Swap in which the Subsidiary receives US$ 120 million and pays Chilean pesos in the amount of Ch$78.738 million plus a fixed interest rate of 2.54%.

3. On April 17, 2017, the same above subsidiary carried out a US$ 500 million placement of bonds in dollars in the Luxembourg market under Regulation S and Rule 144 A for US$ 500 million at a price of 99.57%, with a single principal maturity on April 17, 2024 and at a fixed interest rate of 4.875% per annum payable semiannually.

   Also, on August 2, 2018, the subsidiary decided to implement a cash flow hedge accounting strategy to protect the bonds issued against foreign exchange risks for US$ 500 million corresponding to 100% of the principal obligation with the following cross currency swaps "CCS" maturing on the same date as the principal in 2024:
   - 3 swaps in which the Subsidiary receives a total of US$ 155 million and pays Colombian Pesos in the amount of $ 277,375 million plus a fixed interest rate between 2.79 and 2.80% per annum.
   - 3 swaps in which the Subsidiary receives a total of US$ 85 million and pays Peruvian Soles in the amount of $1,59,168 million plus a fixed interest rate between 1.70% and 1.71% per annum.

- 3 swaps in which the Subsidiary receives a total of US$ 260 million and pays Chilean pesos in the amount of $167,260.6 million plus a fixed interest rate between 0.75% and 0.76% per annum.

The above two cash flow hedging strategies were carried out by the Subsidiary to effect a non-accounting economic hedge of the foreign exchange risk exposure of the net investments in the subsidiaries owned by Grupo Sura in Mexico, Peru and Chile, with which it expects to achieve a non-accounting economic hedge of the exposure in the currencies of those countries against the US dollar, as follows as of December 31, 2020 and 2019.

			December 2020		December 2029	
Country	**Subsidiary**	**Currency**	**Investment value**	**Covered value**	**Investment value**	**Covered value**
Chile	Sura Asset Management Chile S.A.	CLP	4,018,668	1,285,974	4,018,668	1,245,787
Mexico	Sura Asset Management México S.A. de C.V.	MXN	2,272,943	272,753	2,272,943	272,753
Peru	Sura Asset Management Perú S.A.	PEN	797,617	295,118	797,617	279,166

In accordance with the above hedging strategies, Grupo SURA has decided to record the time value of the options and swaps in Other comprehensive income and amortize it systematically to income over the life of the hedges.

	December 2020		December 2019	
	Nominal value	**Fair Value**	**Nominal value**	**Fair Value**
Assets				
Swap				
Cross currency	3,588,421	403,412	3,727,858	369,770
Subtotal	**3,588,421**	**403,412**	**3,727,858**	**369,770**
Total Assets	**3,588,421**	**403,412**	**3,727,858**	**369,770**
Liabilities				
Swap				
Cross currency	-	-	41,292	17,119
Subtotal	**-**	**-**	**41,292**	**17,119**
Options				
Foreign currency to buy	443,000	1,221	443,000	5,245
Subtotal	**443,000**	**1,221**	**443,000**	**5,245**
Total Liabilities	**443,000**	**1,221**	**484,292**	**22,364**

The following is a summary of the movements in the Other comprehensive income account for the effect of the effective cash flow hedges indicated above and for the effect of the time value of the options and swaps used as hedging instruments, as well as the amounts taken to income for the ineffectiveness of the hedges, during the years ended December 31, 2020 and 2019:

	OCI		Results
	Effective part	Time value	Ineffective part
Balance at December 31, 2018	**(74,610)**		
Variation in the fair value of hedges during the year.	167,678		16,071
Amortization of temporary securities.	(67,153)	16,147	51,006
Balance at December 31, 2019	**25,915**		
Variation in the fair value of hedges during the year.	23,270		(24,209)
Amortization of temporary securities.	(82,102)	(3,253)	85,355
Balance at December 31, 2020	**(32,917)**		

8.2. Trading derivatives

Grupo SURA and some of its subsidiaries trade derivative financial instruments for trading purposes, especially forward contracts, swaps and options on exchange rates and interest rates.

The following is a summary detail of derivative financial instruments assets and liabilities outstanding as of December 31, 2020 and 2019 used for trading purposes:

	December 31, 2020		December 31, 2019	
	Nominal value	Fair Value	Nominal value	Fair Value
Assets				
Forward				
Foreign currency to buy	723,240	55,222	1,136,649	41,575
Subtotal	**723,240**	**55,222**	**1,136,649**	**41,575**
Swap				
Cross currency	1,115,395	37,795	1,138,216	32,507
Interest rate	178,100	3,350	178,100	3,252
Subtotal	**1,293,495**	**41,145**	**1,316,316**	**35,759**
Options				
Foreign currency to buy	1,040,786	159,395	607,075	147,145
Subtotal	**1,040,786**	**159,395**	**607,075**	**147,145**
Total Assets	**3,057,521**	**255,762**	**3,060,040**	**224,479**
Liabilities				
Forward				
Foreign currency to buy	93,024	3,638	500,556	20,431
Subtotal	**93,024**	**3,638**	**500,556**	**20,431**
Swap				
Cross currency	2,495,915	51,441	2,428,489	55,310
Subtotal	**2,495,915**	**51,441**	**2,428,489**	**55,310**
Options				
Foreign currency to buy	1,809,914	120,218	1,392,740	106,085
Subtotal	**1,809,914**	**120,218**	**1,392,740**	**106,085**
Total liabilities	**4,398,853**	**175,297**	**4,321,785**	**181,826**

NOTE 9. INSURANCE CONTRACTS

9.1. Assets under insurance contracts

Assets from insurance contracts represent mainly accounts receivable from insurance contracts for the years ended December 31 as follows, net of impairment:

	December 2020	December 2019
Direct insurance	4,187,922	3,771,028
Coinsurance accepted	87,557	75,641
Other	222,574	213,537
Assets under insurance contracts	**4,498,053**	**4,060,206**

9.2. Assets under reinsurance contracts

Reinsurance contract assets represent the benefits derived from reinsurance contracts as of December 31 as follows:

	December 2020	December 2019
Current accounts with reinsurers	502,702	457,511
Share of insurance liabilities: of claims reported and not cancelled	2,239,139	2,578,747
Unearned ceded premiums	1,645,612	1,261,719
Unnotified claims	351,034	262,389
Reinsurance deposits	427	542
Other assets	53,165	46,247
Assets under reinsurance contracts	**4,792,079**	**4,607,155**

Current accounts with reinsurers are short term; reinsurance assets from participation in insurance liabilities have the same maturity as those liabilities to the extent of their realization. Assets for unearned ceded premiums are recognized against income in the following year.

As of December 31, 2020, and 2019, after performing the corresponding impairment evaluations, it was not considered necessary to record any provision in this regard.

In relation to reinsurance contracts, see risk note 2.2.1.3.

	December 2020	December 2019
Life insurance contracts	10,776,804	9,691,147
Non-life insurance contracts	8,553,193	8,069,451
Premiums issued	**19,329,997**	**17,760,598**
Life insurance contracts - reinsurer party	(308,633)	(295,746)
Non-life insurance contracts - reinsurer party	(3,040,008)	(2,441,756)
Premiums ceded in reinsurance	**(3,348,641)**	**(2,737,502)**
Total net retained premiums	**15,981,356**	**15,023,096**
Life insurance contracts	(179,651)	(356,148)
Non-life insurance contracts	(267,975)	59,879
Net production reserves	**(447,626)**	**(296,269)**
Retained earned premiums	**15,533,730**	**14,726,827**

9.3. Claims withheld

The claims incurred by Grupo SURA and subsidiaries for the years ended December 31, 2020 and 2019 are the following:

	December 2020	December 2019
Total claims	11,840,717	12,086,517
Claim reimbursement	(1,521,849)	(2,152,971)
Claims withheld	**10,318,868**	**9,933,546**

9.4. Insurance costs and expenses

Insurance costs and expenses for the years ended December 31 are as follows:

	December 2020	December 2019
Net reinsurance costs	(414,599)	(420,751)
Services for the promotion and prevention of occupational risks	(193,019)	(140,252)
Insurance company contributions	(98,064)	(100,458)
Fees	(80,040)	(86,032)
Total insurance costs and expenses	**(785,722)**	**(747,493)**

The insurance costs and expenses that contribute to the consolidation basically correspond to the investment made by the insurance companies in the insured other than the payment of the claim.

9.5. Liabilities for insurance contracts

Liabilities for insurance contracts represent the estimated liabilities for insurance contracts of the Insurance Companies and other accounts, which for the years ended December 31 are as follows:

	December 2020	December 2019
Accounts payable insurance activity (note 9.5.1)	886,790	922,313
Estimated liabilities under insurance contracts (note 9.5.2)	23,275,002	23,215,289
Surplus	45,588	35,031
Liabilities under insurance contracts	**24,207,380**	**24,172,633**

9.5.1. Accounts payable insurance activity

Insurance payables with insurance companies for the years ended December 31 are as follows:

	December 2020	December 2019
To coinsurance companies	147,763	164,522
Policies	47,492	49,453
Claims settled payables	115,428	132,463
Commissions	456,868	444,331
Others	119,239	131,544
Insurance portfolios	**886,790**	**922,313**

9.5.2. Estimated insurance contract liabilities

The estimated insurance contract liabilities of Grupo SURA and its subsidiaries are as follows:

	December 2020	December 2019
Actuarial liabilities	5,710,641	7,508,261
Estimated unearned premiums liabilities	8,901,647	7,845,487
Estimated unnotified claims incurred liabilities (IBNR)	1,988,793	1,503,463
Estimated liabilities for claims reported	6,081,828	5,818,924
Special estimated liabilities	246,928	216,447
Other estimated insurance contract liabilities	345,165	322,707
Total insurance technical reserves	**23,275,002**	**23,215,289**

Grupo SURA considers that the adequacy of premiums is a particularly important element and its determination is supported by specific computer applications.
The treatment of benefits, as well as the adequacy of provisions, are basic principles of insurance management. Technical provisions are estimated by the actuarial teams in the various countries.

The movement and effects on the measurement of insurance liabilities and reinsurance are presented below:

	Liabilities for insurance contracts	Assets from insurance contracts	Net
At December 31, 2018	**22,199,074**	**3,562,157**	**18,636,917**
Changes in estimated liabilities for insurance contracts	4,806,238	589,909	4,216,329
Adjustments for conversion	(3,790,023)	(91,860)	(3,698,163)
At December 31, 2019	**23,215,289**	**4,060,206**	**19,155,083**
Changes in estimated liabilities for insurance contracts	(337,023)	373,826	(710,849)
Adjustments for conversion	402,481	63,933	338,548
Adjustments for monetary correction	(5,745)	88	(5,834)
At December 31, 2020	**23,275,002**	**4,498,053**	**18,776,949**

9.5. Liabilities under reinsurance contracts

Liabilities under reinsurance contracts represent obligations arising from reinsurance contracts at the date of the statement of financial position.

	December 2020	December 2019
Ceded premiums payable	12,308	25,312
External reinsurers current account	1,301,236	1,205,360
Liabilities under reinsurance contracts	**1,313,544**	**1,230,672**

9.6. Premiums

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

	December 2020	December 2019
Life insurance contracts	10,776,804	9,691,147
Non-life insurance contracts	8,553,193	8,069,451
Premiums issued	**19,329,997**	**17,760,598**
Life insurance contracts - reinsurer party	(308,633)	(295,746)

Non-life insurance contracts - reinsurer party	(3,040,008)	(2,441,756)
Reinsurance ceded premiums	**(3,348,641)**	**(2,737,502)**
Total net premiums retained	**15,981,356**	**15,023,096**
Life insurance contracts	(179,651)	(356,148)
Non-life insurance contracts	(267,975)	59,879
Net production reserves	**(447,626)**	**(296,269)**
Retained earned premiums	**15,533,730**	**14,726,827**

9.7. Claims withheld

Claims incurred by Grupo SURA and subsidiaries for the years ended December 31, 2020 and 2019 are as follows:

	December 2020	December 2019
Total claims	11,840,717	12,086,517
Claim reimbursement	(1,521,849)	(2,152,971)
Retained claims	**10,318,868**	**9,933,546**

9.8 Insurance costs and expenses

Insurance costs and expenses for the years ended December 31 are as follows:

	December 2020	December 2019
Net reinsurance cost	(414,599)	(420,751)
Services for the promotion and prevention of occupational hazards	(193,019)	(140,252)
Contributions Insurance companies	(98,064)	(100,458)
Fees	(80,040)	(86,032)
Total insurance costs and expenses	**(785,722)**	**(747,493)**

The insurance costs and expenses that contribute to the consolidation basically correspond to the investment made by the insurance companies in the insured other than the payment of the claim.

NOTE 10. INCOME TAXES

This note presents the balances of income tax assets and liabilities, the analysis of income tax expense, amounts recognized directly in equity and income tax expense affected by non-taxable and non-deductible items. It also includes information related to the tax position of the Group.

10.1. Applicable regulations

The current and applicable tax provisions establish that the nominal income tax rates for 2020 and 2019 applicable to Grupo SURA and its subsidiaries located in Colombia, Chile, Peru, Argentina, Brazil, Uruguay, Mexico, Panama, Dominican Republic and El Salvador, are as follows:

Country	2020	2019
Colombia	32%	33%
Chile	27%	27%
Peru	29.5%	29.5%
Argentina	30%	30%
Brazil	40%	40%
Uruguay	25%	25%
Mexico	30%	30%
Panama	25%	25%
Dominican Republic	27%	27%
El Salvador	25%	25%
Bermuda	0%	0%

Colombia: Law 2010 of 2019, known as the Economic Growth Law, was created, which gradually decreases the income tax rate to 32% for the year 2020, 31% in 2021 and 30% as from the taxable year 2022. Additional points are included for financial institutions as from 2020: 4% in 2020 and 3% for 2021 and 2022. The presumptive income rate is reduced to 0.5% for 2020 and as from 2021 it will be 0%.

Chile: Law 21,210 issued in February 2020 called Income Tax Law classifies income into income from "capital" and income from "labor" and establishes an income tax rate of 27%.

Peru: The income tax rate is 29.5% on taxable income after calculating employee profit sharing, which is calculated by applying a rate of 5% on net taxable income. Losses may be offset within a period of 4 years from the fiscal year following the generation of the loss.

Mexico: Income tax is calculated at an applicable rate of 30%; additionally, statutory employee profit sharing is established at a rate of 10%. Tax losses may be offset over a period not to exceed 10 years.

Brazil: In Brazil there is a category of taxes on gross income and on net income. The net income tax rate is 15% for income tax purposes, plus 10% on the portion of the taxable income in excess of R$ 240,000 reais per fiscal year. There is no minimum alternative tax base and tax losses can be taken in future periods indefinitely as long as they do not exceed 30% of net income.

Argentina: The local tax regulation in force is Law 27,541 of social solidarity and productive reactivation published in December 2019, modified the income tax rate for fiscal years after 2019 established a rate of 30%. The withholding on dividends distributed to shareholders is maintained at a rate of 7%.

Panama: The income tax rate for corporations in Panama is 25% for the years 2020 and 2019 on income obtained from national sources. Law No.8 of March 15, 2010, eliminates the Alternative Income Tax Calculation (CAIR) and substitutes it with another modality of presumptive income taxation, obliging any legal entity that earns income in excess of B/.1,500,000 to determine as taxable income for such tax, the amount that is greater between: (a) the net taxable income calculated by the ordinary method established in the Tax Code and (b) the net taxable income resulting from applying to the total taxable income, 4.67%.

Dominican Republic: The tax code of the Dominican Republic establishes that the income tax payable will be the higher of the net taxable income or 1% of the taxable assets. The income tax rate for legal entities is 27% on income obtained in the country. In the event of tax losses, taxpayers may offset them within 5 years following the year of generation of the loss.

El Salvador: Legal entities, whether domiciled or not, will calculate their tax by applying a rate of 30% to taxable income, except for companies that have obtained taxable income less than or equal to US $150,000.00, which will apply a rate of 25%, excluding from such calculation those incomes that have been subject to definitive withholding of income tax in the legal percentages established in the Law.

El Salvador does not have a minimum alternative tax and tax losses generated in any period may not be carried forward to subsequent periods.

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

Bermuda: In Bermuda, there are no taxes on profits, income, dividends or capital gains, nor withholding taxes on such items. Profits may be accumulated and dividends are not required to be paid. In the event that direct taxes are applicable, there is the possibility of accessing legal stability contracts until 2035. Although there are no taxes on corporate income, investment income derived from foreign sources may be subject to withholding tax. Interest earned on foreign currency deposits is tax exempt.

10.2. Current taxes

The following is the detail of current tax assets and liabilities as of December 31, 2020 and 2019:

	December 2020	December 2019
Current tax assets		
Income tax and supplemental taxes	57,854	97,571
Withholdings	14,533	12,648
Tax in favor	42,403	66,945
Others	10	2
Total assets for current taxes	**114,800**	**177,166**

	December 2020	December 2019
Current tax liabilities		
Income tax and supplemental taxes	165,204	95,886
Total current tax liabilities	**165,204**	**95,886**

10.3. Tax recognized in the income statement for the period

The income tax expense for the period is detailed below:

	December 2020	December 2019

Current tax expense	**(536,617)**	**(585,848)**
Current tax	(535,561)	(617,556)
Adjustment of previous periods (1)	(1,056)	31,708
Deferred tax expense	**83,080**	**(64,858)**
Constitutions / reversal of temporary differences	80,562	(27,674)
Deferred tax adjustments	2,518	(37,246)
Exchange rates	-	62
Tax expense	**(453,537)**	**(650,706)**

(1) In 2020, the difference between the income provision and the tax declared to the Dian in the companies of Grupo SURA and Suramericana was adjusted. In 2019, in Grupo SURA recorded the account receivable corresponding to the request for refund of the overpayment made in 2017 for $33,601, which arises as a result of the correction of that return for that year

Grupo SURA believes that the accrued tax liabilities are appropriate for all open tax years based on evaluation of many factors, including interpretations of tax laws and prior experience.

10.4. Effective rate reconciliation

The reconciliation of the effective rate is presented below:

	December 2020		December 2019	
Profit before tax		**796,443**		**2,256,738**
Income tax by applying the local tax rate	29.06%	231,449	30.00%	677,022
Plus, tax impact from:		**840,857**		**1,092,531**
Effect of elimination on consolidated results	0.00%	-	0.00%	-
Provisions and Contingencies	0.00%	-	0.00%	-
Non-deductible expenses (1)	24.14%	192,245	8.70%	196,391
Investments (2)	73.86%	588,282	38.84%	876,589
Adjustment of previous periods	0.00%	-	0.25%	5,605
Tax losses	1.10%	8,751	0.36%	8,093
Financial liabilities	2.94%	23,398	0.19%	4,325
Inflation adjustments	0.53%	4,188	0.00%	-
Other alternative taxable income	2.64%	21,006	0.00%	-
Alternative base effect	0.00%	-	0.00%	-
Others	0.38%	2,987	0.07%	1,528
Minus the tax effect of:		**(618,769)**		**(1,118,847)**
Non-taxed income (3)	25.39%	(202,219)	13.65%	(307,954)
Financial assets (4)	2.25%	(17,917)	1.06%	(23,843)
Provisions and Contingencies	1.77%	(14,091)	0.06%	(1,402)
Unrecorded Dividends	20.58%	(163,944)	17.19%	(388,004)
Properties and equipment	0.06%	(454)	0.12%	(2,651)
Adjustment of previous periods	0.18%	(1,430)	0.00%	-
Discounts / tax deductions	12.59%	(100,247)	4.58%	(103,286)
Exempt income (5)	14.39%	(114,591)	11.34%	(255,833)
Others	0.49%	(3,876)	1.59%	(35,874)
Income tax	**56.95%**	**453,537**	**28.83%**	**650,706**
Profit, discontinued operations		**(5,644)**		**153,102**
Income tax discontinued operations	-0.13%	(1,025)	-1.79%	(40,457)
Tax on paid earnings	**56.82%**	**452,512**	**27.04%**	**610,249**

* The tax rate determined for the reconciliation of the consolidated effective tax rate corresponds to an average of the nominal rates of each company.

(1) Includes expenses due to legal limitations such as assumed taxes, expenses associated with untaxed income, among others.
(2) Corresponds to the equity method of associates.
(3) Corresponds to the equity method of subsidiaries.
(4) Includes valuation, impairment and exchange difference.
(5) Dividends from the Andean Community of Nations (CAN) and other exempt income.

10.5. Deferred taxes

The balance of deferred tax assets and liabilities as of December 31, 2020 and 2019 is:

December 2020	Asset deferred tax	Deferred tax liability	Net	Recognized results	Other equity interests	December 2019
Unused tax losses and tax credits	41,044	(64,565)	105,609	48,883	-	56,726
Financial Assets	(74,234)	(11,592)	(62,642)	(100,183)	(894)	36,647
Intangible assets	(9,115)	735,779	(744,894)	111,548	-	(856,442)
Deferred acquisition cost DAC	(41,724)	139,003	(180,727)	(83,604)	-	(97,123)
Properties and Equipment	(24,722)	139,056	(163,778)	(80,463)	(2,994)	(86,309)
Financial Liabilities	207,927	(33,968)	241,895	275,923	31,694	(2,334)
Employee Benefits	19,522	(19,448)	38,970	12,209	562	27,323
Technical insurance reserves	77,765	(7,211)	84,976	89,086	-	(4,110)
Provisions	69,024	26,239	42,785	(27,518)	-	70,303
Other non-financial liabilities	4,543	(39,439)	43,982	368,304	-	(324,322)
Investments	(50,720)	587,504	(638,224)	(517,028)	-	(121,196)
Other non-financial assets	8,644	1,859	6,785	(12,040)	-	18,825
Right of use	14,281	(1,563)	15,844	(3,913)	-	19,757
Foreign currency conversion	-	-	-	1,876	-	-
Total	**242,235**	**1,451,654**	**(1,209,419)**	**83,080**	**28,368**	**(1,262,255)**

December 2019	Asset deferred tax	Deferred tax liability	Net	Recognized results	Other equity interests	December 2018
Unused tax losses and tax credits	50,528	(6,198)	56,726	(59,335)	-	116,061
Financial Assets	8,591	(28,056)	36,647	38,695	(792)	(2,840)
Intangible assets	(15,887)	840,554	(856,441)	25,258	-	(881,699)
Deferred acquisition cost DAC	(28,614)	68,510	(97,124)	16,345	-	(113,469)
Properties and Equipment	(19,728)	66,581	(86,309)	(61,200)	(44,095)	(69,204)
Financial Liabilities	39,519	41,853	(2,334)	(33,081)	9,078	39,825
Employee Benefits	12,584	(14,739)	27,323	(7,145)	2,847	37,315
Technical insurance reserves	27,783	31,893	(4,110)	(77,496)	-	73,386
Provisions	86,693	16,390	70,303	111,313	-	(41,010)
Other non-financial liabilities	2,987	327,309	(324,322)	(108,433)	-	(215,889)
Investments	(7,475)	113,721	(121,196)	(22,227)	-	(98,969)
Other non-financial assets	18,825	-	18,825	15,127	-	3,698
Right of use	18,308	(1,449)	19,757	19,757	-	-
Foreign currency conversion	-	-	-	77,564	-	-
Total	**194,114**	**1,456,369**	**(1,262,255)**	**(64,858)**	**(32,962)**	**(1,152,795)**

Deferred tax on unused tax losses and unused tax credits:

The balance of deferred tax for tax loss carryforwards originated in the companies in Argentina, Brazil, Chile and Colombia. In Argentina, there was a tax credit originated mainly by tax inflation adjustments and loss on investment securities in 2019, which was partially reversed in 2020 and will continue to be computed in 2021.
In Brazil there is a balance of $30,908, this balance has been carried forward since 2019, for the year 2020 there was no recognition of a higher deferred tax for tax losses, these are imprescriptible credits, that is to say that they do not expire according to the Brazilian tax laws.

The tax credits generated in Chile correspond to the companies Seguros de Vida, Holding Spa and Inversiones Chile Ltda. were generated between the periods 2013 to 2019. Under Chilean tax regulations, the tax loss carryforwards do not expire.

10.6. Uncertainty in income tax treatments.

As of December 31, 2020, the Company analyzed those tax aspects susceptible to be qualified as uncertain and disclosed, according to the tax legislation applicable to each jurisdiction, resulting in a total uncertain tax treatment of $564 million, distributed in $114 million in the Dominican Republic and $450 million pesos in Mexico.

NOTE 11. COST OF BUSINESS ACQUISITION -DAC

The detail of the movements of the business acquisition costs -DAC- of Grupo SURA is as follows:

	December 2020	December 2019
Cost		
Cost at January 1	**3,655,114**	**2,103,112**
Addictions	1,664,399	1,547,355
Provisions		-
Exchange rate differences	72,397	4,647
Cost in books at December 31	**5,391,910**	**3,655,114**
Accumulated amortization and impairment		
Accumulated amortization and impairment at January 1	**(2,323,403)**	**(721,952)**
Amortization for the period (note 26.2)	(1,651,957)	(1,626,805)
Provisions		-
Exchange rate differences	99,836	25,354
Accumulated amortization and impairment at December 31	**(3,875,524)**	**(2,323,403)**
Deferred acquisition cost at December 31	**1,516,386**	**1,331,711**

NOTE 12. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

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

	Note	December 2020	December 2019

Investments in associates	12.1	19,827,560	19,956,740
Joint ventures	12.2	8,715	8,949
Total investments in associates and joint ventures		**19,836,275**	**19,965,689**

	Note	December 2020	December 2019
Income from equity method associates	12.1	366,807	1,254,632
Income from equity method joint ventures	12.2	(4,312)	590
Total equity method income from investments in associates and joint ventures		**362,495**	**1,255,222**

12.1 Investment in associates

The detail of the associated companies of Grupo SURA as of the date of the reporting period is as follows:

			December 2020			December 2019		
Companies	**Main activity**	**Country**	**% Participation (*)**	**% right to vote (**)**	**# Shares**	**% Participation (*)**	**% right to vote (**)**	**# Shares**
Associates:								
Grupo Bancolombia S.A.	Universal banking	Colombia	24.49%	46.22%	235,565,920	24.45%	46.13%	235,098,823
Grupo Argos S.A.	Cement, energy, real estate and ports	Colombia	26.75%	35.53%	229,295,179	26.75%	35.53%	229,295,179
Grupo Nutresa S.A.	Food and processed	Colombia	35.43%	35.43%	163,005,625	35.17%	35.17%	161,807,155
Administradora de Fondos de Pensiones y Cesantías Protección S.A.	Pension and severance fund	Colombia	49.36%	49.36%	25,407,446	49.36%	49.36%	12,541,088
Promotora de Proyectos	Logistics services	Colombia	48.26%	48.26%	11,076,087	48.26%	48.26%	11,076,087
Inversiones DCV S.A.	Shareholder registration management	Chile	34.82%	34.82%	9,854	34.82%	34.82%	3,431
Fondos de Cesantías Chile I S.A.	Pension and severance fund	Chile	29.40%	29.40%	570,000	29.40%	29.40%	167,580
Servicios de Administración Previsional S.A.	Voluntary funds	Chile	22.64%	22.64%	745,614	22.64%	22.64%	168,806
Acsendo S.A.S.	Investments	Colombia	25.80%	25.80%	63,570	25.80%	25.80%	63,570
Joint Venture:								
Interejecutiva de Aviación S.A.S.	Air Transport Administration	Colombia	33.00%	33.00%	1,500,000	33.00%	33.00%	1,500,000
Subocol S.A.	Marketing of spare parts for vehicle repair	Colombia	58.70%	58.70%	11,163	50.00%	50.00%	4,070
Viliv S.A.S.	Technology services	Colombia	50.00%	50.00%	2,621,886	50.00%	50.00%	-
Unión Para La Infraestructura S.A.S.	Fund	Colombia	50.00%	50.00%	2,708,000	50.00%	50.00%	1,354,000
Unión Para La Infraestructura S.A.S.	Fund	Peru	50.00%	50.00%	300,000	50.00%	50.00%	150,000
P.A Dinamarca	Mobility solutions	Colombia	33.33%	33.33%	-	33.33%	33.33%	-

(*) Equity interest in the associated company based on total issued shares.

(**) Equity interest in the associated company based on the total number of common shares with voting rights.

Reciprocal shareholdings

In the course of their operations, both Grupo Argos S.A. and Grupo Nutresa S.A. have equity interests in Grupo SURA. These shareholdings are not prohibited by Colombian regulations since the shareholders are not subordinate companies of Grupo SURA. The participation that Grupo ARGOS and Grupo Nutresa have in Grupo SURA as of December 31 is as follows:

Investment in associates	% Participation	% right to vote	% Participation	% right to vote
	2020		2019	
Grupo Argos S. A.	27,13%	33,67%	27,13%	33,67%
Grupo Nutresa S. A.	13.01%	13.01%	13.01%	13.01%

Grupo SURA and its associate Grupo Argos record their cross-shareholdings by the equity method, as described in note to the financial statements 2.3.9 on accounting policies. When calculating this method, both the associated company and Grupo SURA do so simultaneously and without considering the effect of the reciprocal shareholding, i.e., without affecting the results between them.

In the case of Grupo Nutresa, the investment is recognized at fair value with effect in ORI and Grupo SURA recognizes this associate under the equity method, as described in note to the financial statements 2.3.9 of accounting policies.

Financial information of associates (Issuers of securities)

The assets, liabilities, equity and results for the year of each of the associated companies included in the consolidated financial statements of the company as of December 31, 2020 and December 31, 2019 are as follows:

	December 2020									
	Location	Asset Current	Asset non-current	Current Liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Partners:										
Grupo Bancolombia S.A. *	Colombia	255,568,505	-	227,453,292	-	28,115,213	8,303,918	315,359	(131,084)	184,275
Grupo Argos S.A. *	Colombia	6,666,051	44,107,516	6,624,149	17,919,567	26,229,851	13,990,523	153,945	508,558	662,503
Grupo Nutresa S.A. *	Colombia	3,860,888	11,676,994	2,437,649	4,843,090	8,257,143	11,127,541	583,844	(700,477)	(116,633)
Fondo de Pensiones y Cesantías Protección S.A.*	Colombia	767,659	2,382,620	303,366	846,401	2,000,512	1,974,439	291,391	1,088	292,479
Inversiones DCV S.A.	Chile	3,081	26,688	2,911	-	26,858	4,946	4,911	-	3,950
Servicios de Administración Previsional S.A.	Chile	76,855	39,688	69,307	612	46,604	128,212	52,875	-	38,639
Fondos de Cesantías Chile II	Chile	79,654	58,858	45,882	25,635	66,995	171,667	11,955	693	11,262
Joint business:										
Interejecutiva de aviación S.A.S.	Colombia	176,453	-	173,190	-	3,263	34,700	(8,481)	2,233	(6,248)
Subocol S.A.	Colombia	6,595	-	3,121		3,474	-	(547)	-	(547)
Unión para la infraestructura S.A.S.	Colombia	5,905	812	3,450	687	2,580	10	2	-	2
Unión para la infraestructura S.A.S.	Peru	2,895	371	1,549	-	1,717	-	510	-	510
P.A Dinamarca	Colombia	9,432		4,285		5,147	-	(2,440)	-	(2,440)
Viliv S.A.S	Colombia	3,932		499		3,433	21	(1,811)	-	(1,811)

*Figures taken from the consolidated financial statements

The associate Grupo Bancolombia S.A. presents the statement of financial position by order of liquidity; therefore, the detail of current and non-current financial assets and liabilities is not included.

	December 2019									
	Location	Asset Current	Asset non-current	Current Liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Partners:										
Grupo Bancolombia S.A. *	Colombia	236,088,113	-	207,282,494	-	28,805,619	12,731,348	3,214,567	117,129	3,331,696
Grupo Argos S.A. *	Colombia	7,126,839	43,698,302	6,760,718	17,574,166	26,490,257	16,798,588	1,256,137	10,177	1,266,254
Grupo Nutresa S.A. *	Colombia	3,262,962	12,382,279	2,347,837	4,612,540	8,684,864	9,958,851	513,441	111,180	624,621
Fondo de Pensiones y Cesantías Protección S.A.*	Colombia	700,916	1,931,845	257,039	547,872	1,827,850	1,427,727	442,789	16,022	458,811
Inversiones DCV S.A.	Chile	1,195	21,046	1,211	-	21,030	4,215	4,186	-	4,186
Servicios de Administración Previsional S.A.	Chile	60,090	41,879	58,674	646	42,649	134,037	58,944	-	58,944
Fondos de Cesantías Chile II	Chile	44,460	63,109	32,121	24,767	50,681	159,143	31,220	(1,860)	29,360
Subocol S.A.	Colombia	5,395	-	3,304		2,091	-	771	-	771
Joint business:										
Interejecutiva de aviación S.A.S.	Colombia	106,315	-	90,989	-	15,326	43,074	299	(1,349)	(1,051)
Unión para la infraestructura S.A.S.	Colombia	5,916	938	3,238	850	2,766	9,245	2,663	-	2,663
Unión para la infraestructura S.A.S.	Peru	2,414	101	898	-	1,617	-	(1,571)	-	(1,571)

*Figures taken from the consolidated financial statements

The associate Grupo Bancolombia S.A. presents the statement of financial position by order of liquidity; therefore, the detail of current and non-current financial assets and liabilities is not included.

Balance and movement in associates

The following is a detail of investments in associates as of December 31, 2020 and December 31, 2019:

Associate movement	Bancolombia S.A.	Grupo argos S.A.	Grupo Nutresa S.A.	Administradora de fondos de pensiones y cesantías Protección S.A.	Others	Total
Balance at December 31, 2018	**8,214,022**	**5,057,575**	**4,696,941**	**1,121,113**	**74,295**	**19,163,946**
Derecognition [2]					(29,271)	(29,271)
Gain from equity method	761,972	89,742	178,077	203,516	21,325	1,254,632
Property Variation	(7,831)	59,113	39,640	(1,028)	4,170	94,064
(-) Dividends	(256,728)	(80,253)	(99,026)	(54,265)	(31,103)	(521,375)
Adjustment in conversion	-	-	-	-	(5,256)	(5,256)
Balance at December 31, 2019	**8,711,435**	**5,126,177**	**4,815,632**	**1,269,336**	**34,160**	**19,956,740**
Additions [1]	11,707	-	24,838	-	-	36,545
Reclassification	-	-	-	-	(1,046)	(1,046)
Gain from the equity method	67,595	(46,019)	203,859	128,785	12,587	366,807
Property Variation	236,084	125,655	(252,791)	639	3,151	112,738
(-) Dividends	(385,280)	(86,215)	(105,604)	(59,245)	(11,252)	(647,596)
Adjustment in conversion	-	-	-	-	3,372	3,372
Balance at December 31, 2020	**8,641,541**	**5,119,598**	**4,685,934**	**1,339,515**	**40,972**	**19,827,560**

[1]In 2020, 467,097 common shares of Bancolombia and 1,198,470 common shares of Grupo Nutresa S.A. were acquired.

[2]In December 2019, the shares of the associates Sodexo On-Site with a 35% equity interest and Sodexo Beneficios with a 49% equity interest were disposed of.

Restrictions and commitments

There are 44,706,571 shares of Grupo Argos delivered in guarantee to support financial obligations in the years 2020 and 2019 for a book value equivalent to $879,408.

12.2 Joint ventures

The following is a detail of the cost of investments as of December 31, 2020 and December 31, 2019:

	Interejecutiva	Viliv S.A.S.	UPI Colombia	UPI Perú	P.A Dinamarca	P. A Serv. Tecnológicos	Subocol S.A.	Total
Balance at December 31, 2018	**4,855**	**-**	**1,239**	**-**	**-**	**-**	**-**	**6,094**
Additions	-	2,200	-	1,345	506	250	-	4,301
Decrease	-	(1,191)	-	-	-		-	(1,191)
Gain from the equity method	100	-	1,331	(786)	(3)	(52)	-	590
Property Variation	354	-	5	-	-	-	-	359
(-) Dividends	-	-	(1,193)	-	-	-	-	(1,193)
Adjustment in conversion	-	-		(11)	-	-	-	(11)
Balance at December 31, 2019	**5,309**	**1,009**	**1,382**	**548**	**503**	**198**	**-**	**8,949**
Additions [1]	-	2,613	-	13	2,027	-	1500	6,153
Reclassification [2]	-	-	-	-	-	-	1046	1,046
Decrease	-	-	-	-	-	(183)	-	(183)
Gain from the equity method	(2,827)	(1,905)	1,238	331	(813)	(15)	(321)	(4,312)
Property Variation	(1,355)	-	-	(63)	(2)	-	(185)	(1,605)
(-) Dividends	-	-	(1,333)	-	-	-	-	(1,333)
Balance at December 31, 2020	**1,127**	**1,717**	**1,287**	**829**	**1,715**	**-**	**2,040**	**8,715**

[1] Viliv S.A.S. is incorporated, which receives the rights previously held in the equity of Proyecto Crece.

[2] On September 11, 2020, Subocol S.A. is reclassified as a joint venture.

12.3 Impairment of associates investments

The comparability of the different issuer securities is detailed below:

	2020		
Main Associates of Grupo SURA	**Recoverable value**	**Book value**	**Value stock market value (1)**
Grupo Nutresa S.A.	5,649,998	4,685,934	3,912,135
Grupo Argos S.A.	5,711,185	5,119,598	3,187,203
Bancolombia S.A.	10,072,521	8,641,541	8,240,096

(1) Calculated with the market price of the share at the respective cut-off date.

This exercise includes the recoverable value of the associated companies of Grupo SURA, as explained below:

- For Grupo Argos, the recoverable value of its portfolio of companies was summed, also incorporating its expenses, taxes and indebtedness at the corporate level.
- For Grupo Nutresa, a valuation of its industrial business was made based on a discounted free cash flow model, following projections that incorporate the competitive positions, capacities and future prospects of the businesses.
  In both cases, the recoverable value of its investments is incorporated in its value, which includes the recoverable value of Grupo SURA.
- For Bancolombia a valuation was made based on a discounted dividend model, the methodology used assumes a short-term impact on the main figures of the bank (2020-2022) and then return to the long-term fundamentals of the business.

In future periods, the recoverable value of the investments may vary depending on the assumptions used in the valuations of the businesses.

As shown in the table, the recoverable value of the investments of Grupo SURA in Grupo Nutresa S.A, Grupo Argos S.A and Bancolombia is higher than the book value, therefore it is determined that there is no impairment on these investments at the end of 2020.

During 2020, the stock market value of the investments of Grupo SURA in Grupo Nutresa S.A, Grupo Argos S.A and Bancolombia, calculated based on the price per share listed on the Colombian Stock Exchange, was below the book value. Taking into account the above, an impairment test was performed on the book value of the associated companies, which, even incorporating the current situation due to the pandemic and a gradual recovery, confirm that the recoverable value exceeds the value recorded in the books of Grupo SURA. At this point it was also evaluated how the outflow of capital from foreign investors, the decreasing liquidity of the Colombian public market, and the little space presented by the pension funds produce oversupply conditions that may be explaining the greater devaluation of the Colombian market in contrast with other markets in the region and the world, and producing significant deviations between the recoverable value and the prices present in the market.

Main assumptions

- **Grupo Nutresa S.A.**

  - ✓ A discounted cash flow exercise was performed for a 10-year projection horizon, corresponding to a period between 2021 and 2030.
  - ✓ The operational income of the company is projected to grow by an average of 5.6% annually.
  - ✓ Cost of sales represents 56.3% of operational revenues, maintaining a stable gross margin in the projected years.
  - ✓ The EBITDA margin is projected to start at 12.8% in the first year of the projection, stabilizing in the long term at 12.4%.
  - ✓ CAPEX investment is projected to average between 3.2% and 3.55% of sales.
  - ✓ Working capital is estimated to average 6.5% of sales.
  - ✓ For the calculation of the terminal value, a nominal growth rate of 3.3% was used.
  - ✓ In order to estimate the fundamental value of the company, the flows have been discounted using a discount rate based on its risk profile. This rate was calculated in Colombian pesos and in nominal terms, applying the CAPM methodology. The WACC at which flows were discounted was 9.3%.
  - ✓ As for the other investments, a fundamental valuation of their investments is made which includes the fundamental value of Grupo SURA.

- **Grupo Argos S.A.**

  - ✓ To calculate the fundamental value of Grupo Argos, the sum of parts of its investment portfolio was used, also incorporating its expenses, taxes and debt at the corporate level.
  - ✓ In the case of Cementos Argos, a discounted free cash flow model is used, with a projection for a 5-year horizon, where operational revenues show a post-pandemic recovery of 13.4% during 2021, thereafter the projection moderates, growing by an average of 5.4%. On the other hand, costs and expenses grow by 10.1% during 2021, mainly driven by revenue recovery. For the next years of projection, an average growth of 4.8% is considered, all in line with the BEST and RESET efficiency programs that are being carried out in the company.
  - ✓ Based on the above, the EBITDA Margin is projected to increase in 2021 to 20.6%. This is due to the continuity in the control of expenses that was carried out during 2020 for COVID 19 reasons, henceforth the EBITDA Margin moderates a little so that it ends the last year of projection at 19.4%.
  - ✓ For the calculation of the terminal value, a nominal growth rate of 4.0% was used.
  - ✓ In order to estimate the recoverable value of the company, cash flows have been discounted using a discount rate based on its risk profile, where the risk of its countries in Central America and Colombia was weighted with that of the U.S. This rate was calculated in Colombian pesos and in nominal terms, applying the CAPM methodology. The WACC at which the flows were discounted was 8.8%.
  - ✓ In the case of Celsia, a discounted free cash flow model is used, with a projection for a 10-year horizon, where revenues grow by an average of 3.5%, in line with the projects that the company expects to implement over the next few years. Costs and expenses are projected to increase by an average of 4.1%.
  - ✓ Considering the above, EBITDA margin is expected to be 32.9% for the last year of the projection, which is mainly affected by lower margins of future businesses, the start-up of Hidroituango and the impact on the Central American businesses.
  - ✓ A nominal growth rate of 2.8% was used to calculate the terminal value.
  - ✓ In order to estimate the recoverable value of the company, cash flows have been discounted using a discount rate based on its risk profile. This rate was calculated in Colombian pesos and in nominal terms, applying the CAPM methodology. The WACC at which the cash flows were discounted was 8.11%.
  - ✓ The other companies of the Grupo Argos portfolio are taken at book value and in the case of Odinsa, the value recorded in the separate books of the company is taken as a reference.
  - ✓ As for the other investments, a fundamental valuation of their investments is made, which includes the recoverable value of Grupo SURA.

- **Bancolombia S.A.**

  - ✓ A discounted dividend valuation exercise was performed, for which the main financial figures and value levers of Bancolombia were projected for 10 years, simulating three different scenarios, which capture and incorporate different materialities of the potential effects that the crisis generated by the COVID19 may have, such effects are mainly materialized in a lower net interest margin (NIM), and higher expenses for provisions (higher cost of credit). The methodology used assumes a short-term impact on the main figures of the bank (2020-2022) to then return to the long-term fundamentals of the business. The ranges used for the main value levers are as follows:
  - ✓ Portfolio: consolidated COP$ growth between 6%-8% for the period (2020-2022), to then resume growth levels between 8%-9% in the period (2023-2030), around 1.3x economic growth.
  - ✓ Net interest margin (NIM): range between 5.2%-5.3% for the period (2020-2022), which is approximately 40bps lower than in 2019, to normalize between 5.3% and 5.5% between (2023-2030), estimate with a conservative profile, considering historical figures and expectations of monetary policy normalization in the long term.
  - ✓ Provisions Expense - Cost of Credit: we estimate a cost of credit (provisions expense/average portfolio) between 2.6% and 3% for the period (2020-2022), reflecting an important pressure on provisions expenses compared to a historical cost of credit that is closer to 1.8% or 2.3% in recent years (affected by specific issues such as Electricaribe, SITP, Ruta del Sol, among others). For the period 2023-2030 we assume that the cost of credit returns to levels closer to the average of 1.8%-1.9%.
  - ✓ Expenses and Efficiency: We assume growth with inflation+1% in the coming years, which represents a controlled growth in line and consistent with the pressure of expenses due to provisions, this would lead the efficiency indicator (operational expenses/revenues) to improve slightly in the period (2021-2023) to a range between 47%-49%. Going forward, we assume that this level is sustainable in the long term, keeping this indicator within this range, which implicitly means that operational expenses grow in line with revenues.
  - ✓ Solvency, TIER I: A conservative estimate was assumed, seeking to maintain a wide solvency margin in the modeling, especially the basic solvency or TIER I. The capacity to deliver dividends is modeled based on maintaining a basic solvency target higher than historical solvency, due to the current situation, this implies that between the years (2020-2022) a TIER I of between 11%-11.5% is estimated, and then gradually decreasing to 10%, figures higher than the historical ones, which are closer to a 9% TIER I.
  - ✓ Net income and ROE: with the assumptions used, the net income and implied profitability of the business would be below 10% in the short term (1 digit), to progressively return in the medium term to a range between 14%-16%, for perpetuity a ROE lower than the range of scenarios was used.
  - ✓ Perpetuity | Discount rate: cash flows were discounted at a discount rate (cost of capital of 11.6%) and perpetuity was estimated using the Gordon Growth methodology that estimates the fair value of equity, taking into account a terminal ROE of 13.5% (Cost of capital +200 bps) and a terminal nominal growth rate of 6%

NOTE 13. PROPERTY AND EQUIPMENT

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

	December 2020	December 2019
Land	387,022	396,353
Buildings	595,537	592,463
Vehicles	27,162	23,559
Office equipment	41,144	44,028
Information equipment	129,044	116,519
Appliances and accessories	4,231	11,386
Machinery and medical equipment	52,919	48,557
Constructions-in-progress	33,593	44,952
Leasehold improvement rights	126	31,356
Total	**1,270,778**	**1,309,173**

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

	Land	Buildings	Transportation equipment	Office equipment	Informatic equipment	Appliances and accessories	Machinery and medical equipment	Constructions in progress	Lease improvements	Total
Cost				-						
Cost at January 1, 2020	**397,965**	**675,043**	**38,334**	**86,680**	**307,272**	**44,382**	**76,843**	**44,952**	**65,449**	**1,736,920**
Additions	2,252	16,110	9,813	6,546	57,750	2,403	14,759	19,786	3,259	132,678
Provisions (-)	(8,572)	(8,896)	(5,546)	(4,235)	(16,611)	(230)	(7,291)	(8,675)	(30,638)	(90,694)
(-) Transfer to investment property	(2,935)	(2,882)	-	-	-	-	-	-	(13)	(5,830)
(+) Transfer of investment property	759	3,993	-	-	-	-	-	-	-	4,752
Reclassification of non- current assets held for sale	(1,393)	(3,688)	-	-	-	-	-	-	-	(5,081)
Reclassification between assets	-	18,430	-	(6,447)	3,538	2,400	4,297	(21,776)	(35,788)	(35,346)
Reevaluation of property and equipment	-	(2,275)	-	-	-	-	-	-	-	(2,275)
Exchange differences	266	6,774	219	3,695	5,378	(5,911)	56	(694)	1,177	10,960
Book value at December 31, 2020	**388,342**	**702,609**	**42,820**	**86,239**	**357,327**	**43,044**	**88,664**	**33,593**	**3,446**	**1,746,084**
Accumulated depreciation and impairment										
Accumulated depreciation and impairment at January 1, 2020	**(1,612)**	**(82,580)**	**(14,775)**	**(42,652)**	**(190,753)**	**(32,996)**	**(28,286)**	**-**	**(34,093)**	**(427,747)**
Depreciation	-	(13,959)	(5,294)	(9,444)	(44,932)	(5,900)	(8,821)	-	(1)	(88,351)
Provisions (-)	1,130	(3,889)	4,371	2,226	12,869	306	2,437	-	17,663	37,113
Reclassification of non- current assets held for sale	-	277	-	-	-	-	-	-	-	277
Reclassification between assets	(842)	(7,240)	-	2,936	(2,318)	-	(1,187)	-	13,688	5,037
(-) Transfer to investment property	-	164	-	-	-	-	-	-	-	164
Exchange differences	4	155	40	1,839	(3,149)	(223)	112	-	(577)	(1,799)
Accumulated depreciation and impairment at December 31, 2020	**(1,320)**	**(107,072)**	**(15,658)**	**(45,095)**	**(228,283)**	**(38,813)**	**(35,745)**	**-**	**(3,320)**	**(475,306)**
Property and equipment at December 31, 2020	**387,022**	**595,537**	**27,162**	**41,144**	**129,044**	**4,231**	**52,919**	**33,593**	**126**	**1,270,778**

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

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

- At the end of the period, an analysis was performed to determine whether there is any indication that the property and equipment of Grupo SURA may be impaired in value, evidencing that: during the period, the market value of the assets has not decreased more than would be expected as a result of the passage of time or normal use.
- It is not expected to have significant changes in their value due to situations adverse to the company.
- There is no evidence of obsolescence or physical deterioration of assets.
- No changes in the use of the assets that could adversely affect the company are expected in the foreseeable future.

There are no restrictions related to property and equipment.

NOTE 14. LEASES

Grupo SURA as lessee

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

The Group generally has no restrictions to sublease the leased assets.
There are lease contracts that include extension and early termination options; there are also contracts for variable lease payments.

Grupo SURA also has equipment leases that are short-term and/or for lesser amounts. Grupo SURA applies the exception allowed by the standard for this type of contracts.

As of December 31, the carrying value of right-of-use assets is:

	Land	Transportation equipment	Office equipment	Informatic equipment	Lease improvements	Total
Balance at January 1, 2019	**583,977**	**16,884**	**-**	**15,254**	**5,103**	**621,218**
Additions and increases	92,519	-	-	-	1,479	93,998
Reclassification between assets	26,832	28,031	-	6,024	-	60,887
Decreases	(6,749)	-	10362	-	4,121	7,734
Inflation adjustments	9,124	-	-	-	-	9,124
Depreciation	(112,241)	(6,784)	(2,432)	(4,689)	(2,142)	(128,288)
Exchange differences	(13,442)	322	(1,685)	(49)	(4,335)	(19,189)
Balance at December 31, 2019	**580,020**	**38,453**	**6,245**	**16,540**	**4,226**	**645,484**
Additions and increases	34,939	323	9,219	11,851	37,199	93,531
Reclassification between assets	9,281	-	(2,801)	-	13,325	19,805
Decreases	(41,987)	(32,261)	(1,562)	(1,394)	(9,170)	(86,374)
Business combination	1,335	-	-	-	78	1,413
Inflation adjustments	24,857	-	-	5,868	586	31,311
Depreciation	(117,029)	(3,162)	(3,174)	(9,085)	(9,593)	(142,043)

	Land	Transportation equipment	Office equipment	Informatic equipment	Lease improvements	Total
Exchange differences	(15,646)	3,156	452	(5,802)	13,984	(3,856)
Balance at December 31, 2020	**475,770**	**6,509**	**8,379**	**17,978**	**50,635**	**559,271**

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

Balance at January 1, 2019	**620,801**
Additions	61,348
Decrease due to contract terminations	(62,088)
Transfer to available for sale	14,216
Interest payments	(94,802)
Reclassifications	78,363
Exchange differences	3,940
Interest accrual	44,885
Balance at December 31, 2019	**666,663**
Additions	38,407
Leasing payments	(148,513)
Business combination	1,179
Exchange differences	(65,946)
Interest accrual	39,564
Balance at December 31, 2020	**531,354**

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

	Minimum payments due 2019	Present value of minimum payments 2019	Future interest charges of 2019
To one year	168,206	102,068	66,138
More than a year and up to five years	481,415	376,576	104,839
More than five years	216,498	188,019	28,479
Total leases	**866,119**	**666,663**	**199,456**

	Minimum payments due 2020	Present value of minimum payments 2020	Future interest charges of 2020
To one year	73,519	57,214	16,305
More than a year and up to five years	335,436	308,471	26,965
More than five years	168,381	165,669	2,712
Total leases	**577,336**	**531,354**	**45,982**

Payments recognized in income for the period for lease contracts are presented below:

	December 2020	December 2019
Depreciation expense for right-of-use assets	142,044	128,288
Interest expense on lease liabilities (note 31)	39,564	44,885
Lease expense for low value assets	9,511	8,162
Short-term active lease expense	14,808	19,932
Variable lease payments	985	(26)
Total recognized in results	**206,912**	**201,241**

Details of possible future undiscounted rental payments related to periods subsequent to the period are shown below:

	Less than 5 years	More than 5 years	Total
Contracts with extensions not expected to be renewed	32,792	-	32,792
Contracts with extensions expected to be renewed	133,807	61,358	195,165
At December 2020	**166,599**	**61,358**	**227,957**

NOTE 15. INTANGIBLE ASSETS

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

	Note	December 2020	December 2019
Goodwill	15.1	4,868,020	4,721,695
Intangible assets other than goodwill	15.2	2,790,345	2,857,006
Other total intangible assets including goodwill		**7,658,365**	**7,578,701**

15.1 Goodwill

A breakdown of goodwill, is as follows:

Company	December 2020	December 2019
AFP Capital S.A. Chile	1,773,061	1,579,673
AFP Integra S.A. Peru	1,273,280	1,327,347
AFORE Sura S.A. de C.V. México	940,246	944,321
Seguros Generales Suramericana S.A. Chile	167,487	149,219
AFAP Sura S.A. Uruguay	117,106	127,609
Seguros Colombia S.A. e IATM	94,290	94,290
Seguros Sura S.A. Uruguay	86,572	91,358
Corredores de Bolsa Sura S.A. y Administradora General de Fondos Sura S.A. Chile	79,916	71,199
Seguros Sura S.A. El Salvador	69,473	66,328
Fondos Sura SAF S.A.C. Peru	60,072	62,623
Seguros Suramericana S.A. Panama	57,622	55,015
Seguros Sura S.A. Mexico	48,807	49,018
Seguros Sura S.A. Brazil	32,683	40,231
Arus S.A. Colombia	25,429	25,429
Sura Investment Management S.A. de C.V. México	22,292	22,389
Seguros Sura S.A. República Dominicana	13,661	14,359
Fiduciaria SURA S.A. Colombia	4,736	-

Company	December 2020	December 2019
Hábitat (El Ciruelo) Colombia	1,287	1,287
Total	**4,868,020**	**4,721,695**

Impairment of goodwill

The value in use of the cash generating units of the Group was estimated by applying different valuation techniques, including the income approach, discounted cash flow, among others. The projections were based on the detailed budget prepared by the management of each country for 2021. Indicators such as growth in premiums, claims, commissions, administrative expenses, financial income, taxes, among others, are also projected.

- *Projection horizon*: Given the current macroeconomic conditions and the characteristics and maturity of the businesses of the different CGUs under analysis, together with the information available, a projection horizon of between 5 and 10 years has been considered depending on each Cash Generating Unit.

- *Residual value:* Since the cash generating units under analysis are expected to continue operating and generating positive cash flows beyond the projection period, a perpetuity has been estimated. This value is known as residual or terminal value.

- *Year-end:* The year-end date considered in the financial projections of the cash-generating units at the date of analysis is December 31 of each year, which coincides with the closing date of the financial statements of the legal entities related to such CGUs.

- *Monetary Unit:* Grupo SURA and its Subsidiaries have estimated their cash flows in the functional currency of their businesses in each market. For the currencies of each country see note 2.2.3 Currencies.

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

  The discount rates applied in the projections consider the cost of equity (Ke) for each CGU, including the 10-year U.S. treasury return, the equity risk premium, country risk, sector beta, and the difference between long-term local inflation and that expected for the U.S. economy. Considering the above, depending on the country and sector of the company, the discount rates range from 8.8% to 14.2%.
- *Income Tax Rates:* Projected cash flows were estimated on an after-tax basis. For these purposes, the income tax rates in effect in each country as of December 31, 2020 were applied. For further details of the tax rates in each country see Note 10 Income Taxes.

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

Subsidiary	Macroeconomic assumptions	
	GDP	Inflation
Brazil	1.70%	3.20%
Chile	((2.7%)-2.50%)	3.00%
Mexico	((5.9%)-1.30%)	3.50%
Uruguay	((3.2%)-2.20%)	7.10%-9.7%
Colombia	1.60%	2.90%
Panama	3.60%	1.30%
Peru	(10.0%)	1.8%
Dominican Republic	3.80%	3.70%
El Salvador	1.80%	0.90%

- *Growth rate:* The growth rate used to extrapolate the projections reflect factors such as the historical growth of each subsidiary, the historical growth of the industry in each country, as well as the estimated nominal economic growth projected for each of the countries. During this period, compound annual revenue growth rates are a few points above economic growth. The growth rates used range from 3.6% to 9.20%.

After performing the projections and calculations for the determination of the impairment test of the goodwill of the company, Grupo SURA concluded that there is no impairment, since the recoverable value of the company is higher than the value recorded in books.

15.2 Intangible Assets other than goodwill

The detail of the movements of intangible assets of Grupo SURA is as follows:

	Acquired brands	Customer-related intangible assets	Software and computer applications	Rights	Licenses and franchises	Other intangible assets	Total
		Cost					
Cost at January 1, 2019	**138,911**	**3,810,482**	**450,872**	**34,268**	**26,990**	**2,340**	**4,463,863**
Additions	-	11,924	90,438	-	7,134	4,975	114,471
Provisions	-	(2,002)	(230)	-	(1,562)	-	(3,794)
Exchange rate differences	(4,211)	(49,682)	8,998	230	(883)	(489)	(46,037)
Cost in books at December 31, 2019	**134,700**	**3,770,722**	**550,078**	**34,498**	**31,679**	**6,826**	**4,528,503**
		Accumulated amortization and impairment					
Accumulated amortization and impairment at January 1, 2019	**(2,995)**	**(1,193,226)**	**(215,873)**	**(24,563)**	**(10,544)**	**-**	**(1,447,201)**
Amortization for the period	-	(211,430)	(70,320)	(6,116)	(4,470)	-	(292,336)
Provisions	-	1,204	1,172	-	1,857	-	4,233
Exchange rate differences	(24)	22,066	40,469	(146)	1,442	-	63,807
Accumulated amortization and impairment at December 31, 2019	**(3,019)**	**(1,381,386)**	**(244,552)**	**(30,825)**	**(11,715)**	**-**	**(1,671,497)**
Intangible assets other than goodwill at December 31, 2019	**131,681**	**2,389,336**	**305,526**	**3,673**	**19,964**	**6,826**	**2,857,006**

	Acquired brands	Customer-related intangible assets	Software and computer applications	Rights	Licenses and franchises	Other intangible assets	Total
			Cost				
Cost at January 1, 2019	**134,700**	**3,770,722**	**550,078**	**34,498**	**31,679**	**6,826**	**4,528,503**
Additions	-	6,835	171,383	-	2,870	23,764	204,852
Provisions	-	(14,820)	(48,292)	-	(807)	(5,567)	(69,486)
Business combination	-	-	155	-	-	-	155
Restatement of assets	1,831	10,690	7,626	-	54	-	20,201
Exchange rate differences	5,870	76,180	(6,154)	1,306	(481)	1,613	78,334
Cost in books at December 31, 2020	**142,401**	**3,849,607**	**674,796**	**35,804**	**33,315**	**26,636**	**4,762,560**
			Accumulated depreciation and impairment				
Accumulated amortization and impairment at January 1, 2019	**(3,019)**	**(1,381,386)**	**(244,552)**	**(30,825)**	**(11,715)**	**-**	**(1,671,497)**
Amortization of the period	-	(199,484)	(88,511)	(4,139)	(3,993)	(286)	(296,413)
Business combination	-	-	(115)	-	-	-	(115)
Restatement of assets	-	(7,001)	-	-	(24)	-	(7,025)
Provisions	-	6,028	25,755	-	258	(250)	31,791
Exchange rate differences	(143)	(24,956)	(3,735)	(840)	433	286	(28,955)
Accumulated amortization and impairment at December 31, 2020	**(3,162)**	**(1,606,799)**	**(311,158)**	**(35,804)**	**(15,041)**	**(250)**	**(1,972,215)**
Intangible assets other than goodwill at December 31, 2020	**139,239**	**2,242,808**	**363,638**	**0**	**18,275**	**26,386**	**2,790,345**

The carrying value of trademarks with indefinite useful lives is presented below:

Brands	Country	Valuation currency	Value in local currency	Total
ACG	Argentina	Argentine pesos	79	3,200
Answer	Argentina	Argentine pesos	94	3,789
Seguros Argentina			**173**	**6,989**
Hogar Master	Mexico	Mexican pesos	8	1,383
Top driver	Mexico	Mexican pesos	2	346
Seguros México			**10**	**1,729**
AFP Capital	Chile	Chilean peso	18	86,369
AFP Integra	Peru	Peruvian Sol	47	44,154

The following assumptions were used for the impairment test of the trademarks:

- *Projection Horizon:* for the estimation of the value in use of the brands, an indefinite useful life was considered, in accordance with the trajectory and positioning of the brands and the market participant approach assumed. For this reason, an explicit 5-year projection was made for the AFP Capital and AFP Integra brands, respectively; and then the present value of a perpetual net royalty flow was calculated, considering a growth of 4.0% for AFP Capital and 3.4% for AFP Integra nominal in local currency in the long term over the stabilized flow.

- *Income Projection:* In order to estimate the value in use of the AFP Capital and AFP Integra brands, the operational income generated by the AFP Capital and AFP Integra business, respectively, was considered. These are the income from commissions and the return on the reserve requirement, both corresponding to the mandatory and voluntary pension business.

- *Market Royalties and Attributes of Brands:* For the purposes of applying the Royalties Saving methodology ("Relief from Royalty"), a market royalty rate was estimated. Additionally, in order to define the royalty applicable to brands, from the estimated market royalty range, the positioning and relative strength of the brand, was taken into account, based on the following attributes:
  - The current status and potential for future development of the brands was considered.
  - Recognition: According to market studies, the degree of spontaneous knowledge or awareness that the public has about brands was evaluated.
  - Loyalty: According to market studies, the degree of customer loyalty to brands was evaluated.
  - Market share: According to market studies, the market share of the brands, in the Chilean and Peruvian markets, was analyzed.
  - Longevity: According to studies, that the Company has, the age of the brands, in the Chilean and Peruvian markets was evaluated.

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

NOTE 16. OTHER ASSETS

	Note	December 2020	December 2019
Investment properties	16.1	328,968	169,287
Other non-financial assets	16.2	87,714	78,413
Inventories	16.3	41,119	11,920
Total		**457,801**	**259,620**

16.1 Investment properties

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

	December 2020	December 2019
Land	70,127	53,529
Buildings	258,841	115,758
Total	**328,968**	**169,287**

The changes in investment properties are as follows:

	Land	Buildings	Total
Investment properties at December 31, 2018	**49,074**	**107,773**	**156,847**
Purchase acquisition	84	872	956

Impairment losses recognized in results	(2,208)	(4)	(2,212)
Reclassification	(1,080)	1,080	-
Transfers of inventories and owner-occupied properties	(6,060)	14,703	8,643
Reclassification of non-current assets held for sale	(152)	(589)	(741)
Gain from fair value adjustments	13,823	(1,025)	12,798
Conversion effect	48	(7,052)	(7,004)
Investment properties at December 31, 2019	**53,529**	**115,758**	**169,287**
Purchase acquisition	11,712	125,281	136,993
Impairment losses recognized in results	(39)	55	16
Reclassification of non-current assets held for sale	(204)	(4,611)	(4,815)
Gain from fair value adjustments	596	8,861	9,457
Transfer of property, plant and equipment	2,044	(1,299)	745
Conversion effect	2,489	14,796	17,285
Investment properties at December 31, 2020	**70,127**	**258,841**	**328,968**

The fair value of the investment properties of Grupo SURA for the years ended December 31, 2020 and 2019, has been determined in accordance with the valuation performed by external consultants. These companies are independent and have the capacity and experience in performing valuations in the sites and types of assets that were valued. The appraisers are accredited before the Colombian Real Estate Market or in the case of foreign appraisers, a second signature of a Colombian appraiser accredited before the Colombian Real Estate Market is required.

Income from investment properties

Rental income from investment properties as of December 31, 2020 and 2019 is as follows:

	December 2020	December 2019
Lease income	11,309	12,291
Gain or loss on sale of investment properties	561	66
Income by valuation	8,133	10,520
Income from investment properties	**20,003**	**22,877**

Restrictions

Grupo SURA has no restrictions on the possible disposition or sale of its investment properties, nor contractual obligations to purchase, construct or develop investment properties, or to carry out repairs, maintenance and/or expansions.

16.2 Other non-financial assets

The other non-financial assets are as follows:

	December 2020	December 2019
Expenses paid in advance [1]	31,236	27,820
Artwork	39,869	39,989
Other assets	16,609	10,604
Total	**87,714**	**78,413**

[1] balance corresponds mainly to insurance contracts acquired in the Company.

16.3 Inventories

Inventory is as follows:

	December 2020	December 2019
Goods not manufactured by the Company	139	49
Materials, spare parts, and accessories	40,826	11,629
Other inventories	154	242
Total	**41,119**	**11,920**

The Company uses the weighted average method to determine the cost of the inventory.

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

NOTE 17. EMPLOYEE BENEFITS

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

	Note	December 2020	December 2019
Short-term	17.1	477,719	330,679
Long-term	17.2	68,347	128,912
Post-employment	17.3	78,606	69,591
By termination		12,307	4,475
Total		**636,979**	**533,657**

17.1 Short-term benefits

In accordance with labor regulations, such benefits correspond to salaries, legal and extra-legal bonuses, performance bonuses, vacations, severance payments and parafiscal contributions to government entities, which are paid within 12 months following the end of the period.

17.2 Long-term benefits

The following is a description of the long-term benefits of Grupo de Inversiones Suramericana:

- Seniority premium: This benefit is paid to employees during their working life every five years of service, calculated as days of salary per year worked.

- Performance bonus: The performance compensation system is a recognition of the efforts of all employees to achieve the objectives of the Company and continue generating value. It is defined based on a scheme of clear, measurable and achievable performance indicators. These indicators are defined at the beginning of each year and must be aligned with the strategic direction of the Company, as well as with the various activities and human competencies required to achieve the objectives of the Company. This includes measurement period, evaluation scheme, follow-up and adjustments, definition of indicators.

Payment system: it is subject to compliance with performance indicators and approval by the Appointments and Compensation Committee. The remuneration scheme is defined according to each level and is payable between 3 and 5 years.

- Advisor Productivity Bonus: The benefit is paid upon completion of five-year seniority if and only if the advisor has complied with the minimum commission averages.

- Severance payments and interest on severance payments payable by the company: In accordance with Colombian labor regulations, employees hired before the entry into force of Law 50 of 1990, are entitled to receive, upon termination of the employment contract, one month salary for each year of service and proportionally for each fraction of a year as severance payment, for any reason that causes the termination of the employment, including: retirement, disability, death, etc. The benefit is liquidated at the time of retirement of the employee based on the last salary earned. There may be distributions prior to the retirement date at the request of the employee, which are not distributable on a mandatory basis.

With the entry into force of Law 50 of 1990, the Colombian Government allowed companies, subject to the approval of their employees, to transfer their severance benefit obligation to private pension funds.

The long-term benefits are detailed below:

	December 2020	December 2019
Seniority premium	43,499	38,743
Performance bonus	18,827	81,425
Retro-active severance	4,894	7,857
Premiums of productivity	1,127	887
Total	**68,347**	**128,912**

The following shows the movement of long-term profits of Grupo SURA:

	Performance bonus	Assets of the plan	Net profit	Retro-active Severance	Seniority premium	Premiums of productivity	Total
Initial balance at January 1, 2019	**17,508**	**-**	**17,508**	**10,358**	**28,448**	**821**	**57,135**
Cost of the present service	7,944	-	7,944	-	9,527	-	17,471
(Gain)/loss on changes in financial assumptions with effect in results	7,829	-	7,829	571	8,697	369	17,466
Payments to employees	(1,373)	-	(1,373)	(3,072)	(5,757)	(303)	(10,505)
Effect on movement due to exchange rates	(3,028)	-	(3,028)	-	(2,891)	-	(5,919)
Reclassifications	52,545	-	52,545	-	719	-	53,264
Present value of obligations at December 31, 2019	**81,425**	**-**	**81,425**	**7,857**	**38,743**	**887**	**128,912**
Costs incurred during the period	6,708	-	6,708	608	3,294	126	10,736
Recognition of plan assets	-	1,513	(1,513)	-	-	-	(1,513)
Interest costs	-	-	-	-	55	-	55
Past service costs	-	-	-	-	951	-	951
(Gain)/loss on changes in financial assumptions with effect on profit (loss)	1,951	-	1,951	(3,000)	3,466	333	2,750
Payments to employees	(16,240)	-	(16,240)	(571)	(3,481)	(219)	(20,511)
Reclassifications	(52,545)	-	(52,545)	-	(719)	-	(53,264)
Effect on movement due to exchange rates	(959)	-	(959)	-	1,190	-	231
Present value of obligations at December 31, 2020	**20,340**	**1,513**	**18,827**	**4,894**	**43,499**	**1,127**	**68,347**

The main actuarial assumptions used to determine the obligations for long-term benefit plans are as follows:

	Performance bonus		Seniority premium		Retro-active Severance		Premiums of productivity	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Discount rate (%)	1.48% al 10.4%	2.02% - 9.10%	1.48% - 5.10%	2.02% - 7.5%	2.35%	2.33% - 2.35%	1.48%	2.02%
Annual salary increase rate (%)	---	---	2.5% - 6.00%	1.50% - 6.00%	4.50%	4.50%	4.50%	4.50%
Annual inflation rate (%) LP	1.5.0% - 10.0% Argentina 35%	2.0% -7.0% Argentina 40%	1.5% - 3.5%	2.0% - 3.5%	3.00%	3.00%	3.00%	3.00%
Mortality tables	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08	RV - 08

The following tables show the sensitivity of the effect of a 0.5% variation in the discount rate and a 0.5% variation in the salary increase for the performance bonus, retroactive severance, seniority premium and productivity premium benefits:

2020
Performance bonus

Discount rate	Current value of benefits	Sensitivity variation
Increase	20,275	64
Decrease	20,407	(67)

Retro-active Severance

Discount rate	Current value of benefits	Sensitivity variation
Increase	4,799	95
Decrease	4,991	(97)

Salary increase rate	Current value of benefits	Sensitivity variation
Increase	5,057	(163)
Decrease	4,734	160

Seniority premium

Discount rate	Current value of benefits	Sensitivity variation
Increase	42,164	1,536
Decrease	44,928	(1,629)

Salary increase rate	Current value of benefits	Sensitivity variation
Increase	44,159	(1,541)
Decrease	41,111	1,462

Premium of productivity

Discount rate	Current value of benefits	Sensitivity variation
Increase	1,096	31
Decrease	1,159	(32)

Salary increase rate	Current value of benefits	Sensitivity variation
Increase	1,201	(74)
Decrease	1,601	66

2019
Performance bonus

Discount rate	Current value of benefits	Sensitivity variation
Increase	28,777	93
Decrease	28,984	(104)

Retro-active Severance

Discount rate	Current value of benefits	Sensitivity variation
Increase	7,687	169
Decrease	8,032	(176)

Salary increase rate	Current value of benefits	Sensitivity variation
Increase	8,165	(309)
Decrease	7,555	301

Seniority premium

Discount rate	Current value of benefits	Sensitivity variation
Increase	37,184	653
Decrease	39,172	(1,401)

Salary increase rate	Current value of benefits	Sensitivity variation
Increase	32,749	(1,218)
Decrease	31,109	489

Premium of productivity

Discount rate	Current value of benefits	Sensitivity variation
Increase	863	24
Decrease	913	(26)

Salary increase rate	Current value of benefits	Sensitivity variation
Increase	946	(59)
Decrease	815	73

17.3 Post-employment benefits

The following is a description of the post-employment benefits offered by Grupo de Inversiones Suramericana:

- Retirement bonus: corresponds to a lump sum defined by the company that is payable to employees upon retirement.

- Retirement pension: is a benefit paid to an employee after completing his or her period of employment and is recognized directly by the Company.

In Colombia, retirement pensions, when employees retire after reaching certain age and years of service, are assumed by public or private pension funds based on defined contribution plans where the entities and the employees contribute monthly amounts defined by law in order to have access to the pension at the time of retirement of the employee. However, for some employees hired by Group entities before 1968 and who met the age and years of service requirements, pensions are assumed directly by the respective Grupo SURA entities.

- Post-employment medical: The Company offers fully insured medical benefits to all employees and qualified dependents. Health legislation (Law 9656/98) guarantees the right of employees (and their beneficiaries) who have contributed to medical premiums to the option to extend medical coverage in retirement or in the event of involuntary termination.

The following are the post-employment benefits:

	December 2020	December 2019
Retirement bonus	53,372	39,043
Retirement pensions	18,290	23,319
Post-employment medical	6,944	7,229
Total	**78,606**	**69,591**

17.3.1 Defined benefit plans

Grupo SURA has a legal or constructive obligation to respond for the benefit payments that remained under its responsibility, and will require the use of an actuarial calculation, in order to recognize the defined benefit obligation based on actuarial assumptions, in addition to the estimate of the corresponding plan assets; it must determine the value of the net defined benefit by finding the deficit or surplus of the obligation.

	Retirement benefit	Assets of the plan	Net profit	Retirement pension	Others benefits	Total
Present value of obligations at January 1, 2019	**69,072**	**27,960**	**41,112**	**21,369**	**-**	**62,481**
Cost of the present service	8,084	-	8,084	2,535	7,397	18,016
Interest cost	3,734	2,215	1,519	1,939	-	3,458
Recognition of plan assets	-	15,635	(15,635)	-	-	(15,635)
Gains or loss on changes in financial assumptions with effect in income	10,276	-	10,276	2,206	-	12,482
Gains or loss from changes in actuarial assumptions with effect on OCI	(10,460)	-	(10,460)	(3,000)	-	(13,460)
Payments to employees	(3,889)	(2,359)	(1,530)	(4,072)	-	(5,602)
Effect on foreign exchange rate movement	4,902	(775)	5,677	2,342	(168)	7,851
Present value of obligations at December 31, 2019	**81,719**	**42,676**	**39,043**	**23,319**	**7,229**	**69,591**
Costs incurred during the period	9,739	180	9,559	3,198	1,164	13,921
Interest costs	1,050	-	1,050	(5,900)	-	(4,850)
Recognition of plan assets	-	(7,573)	7,573	-	-	7,573
Gains or loss on changes in financial assumptions with effect in income	13,455	-	13,455	644	-	14,099
Gains or loss from changes in actuarial assumptions with effect on OCI	-	-	-	366	-	366
Transfers from other Group companies	17,247	-	17,247	-	-	17,247
Payments to employees	(44,806)	(8,391)	(36,415)	(2,016)	-	(38,431)
Effect on foreign exchange rate movement	1,860	-	1,860	(1,321)	(1,449)	(910)
Present value of obligations at December 31, 2020	**80,264**	**26,892**	**53,372**	**18,290**	**6,944**	**78,606**

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

	Employee Retirement Benefit		Retirement Pension	
	2020	2019	2020	2019
Discount rate (%)	2.5% - 6.06%	2.33% -7.5%	5.20%	2.33%
Annual salary increase rate (%)	2.50% - 4.63%	1.00%-6.00%	---	---
Rate of future increase in annual pension (%)	---	---	3.00%	1.00%
Annual inflation rate (%)	1.50% - 3.0%	3.00%-3.50%	3.00%	3.00%
Mortality tables (**)	RV - 08	RV - 08	RV - 08	RV - 08

(**) Mortality Tables for Valid Annuitants prepared by the Superintendency of Colombia.

Sensitivity analyses

The following table shows the effect of variation between 0.5% and 1.00%, in the inflation rate, in the discount rate, and in the rate of future pension increase.

Retirement bonus

2020

Discount rate	Current value of benefits	Sensitivity variation
Increase	78,430	814
Decrease	80,103	(882)

Rate of inflation	Current value of benefits	Sensitivity variation
Increase	80,146	(918)
Decrease	70,401	836

2019

Discount rate	Current value of benefits	Sensitivity variation
Increase	70,190	50
Decrease	70,414	(48)

Rate of inflation	Current value of benefits	Sensitivity variation
Increase	70,431	(101)
Decrease	70,189	86

Retirement Pension

2020

Discount rate	Current value of benefits	Sensitivity variation
Increase	17,734	802
Decrease	18,883	(884)

Rate of inflation	Current value of benefits	Sensitivity variation
Increase	18,932	(643)
Decrease	17,683	605

2019

Discount rate	Current value of benefits	Sensitivity variation
Increase	16,760	600
Decrease	18,004	(645)

Rate of inflation	Current value of benefits	Sensitivity variation
Increase	23,938	(618)
Decrease	22,739	580

Other benefits

2020

Discount rate	Current value of benefits	Sensitivity variation
Increase	6,421	522
Decrease	7,534	(590)

Rate of inflation	Current value of benefits	Sensitivity variation
Increase	8,171	(1,227)
Decrease	5,965	979

Comparative calculation of retirement pensions according to the requirements established in Colombia. See note 2.1. Statement of compliance

The following is a comparison of the benefit to post-employment employees of retirement pensions and the calculation under International Financial Reporting Standards:

	December 2020	December 2019
Pension liabilities under IFRS	18,290	23,319
Local Pension liability (*)	14,149	20,492
Difference	**4,141**	**2,827**

(*) Calculated on the basis of Decree 2783 of December 2001 and Law 100 of 1993

17.3.2 Defined contribution plans

Grupo SURA made contributions to defined contribution plans recognized as an expense in the results for the period 2020 for $111,542 million and 2019 for $100,107 million.

NOTE 18. PROVISIONS AND CONTINGENT LIABILITIES

18.1 Provisions

The following is a breakdown of the provisions of Grupo SURA:

	December 2020	December 2019
Lawsuits and litigation (*)	185,663	197,398
Other provisions (**)	40,250	28,918
Provisions for restructuring	1,258	839
Total	**227,171**	**227,155**

The movement of claims and litigation provisions, others and provisions, from IFRS 37, of Grupo SURA, at the cut-off date, is:

	Provision for restructuring	Provisions for legal processes and contingencies *	Others provisions **	Total
Initial balance at January 1, 2019	**694**	**206,720**	**42,144**	**249,558**
New provisions	60	2,640	251	2,951
Provisions used		(5,438)	(16,550)	(21,988)
Reverted provisions, not used		(3,551)	-	(3,551)
Increase in existing provisions	85	567	3,611	4,263
Exchange differences		(3,540)	(538)	(4,078)
Final balance at December 31, 2019	**839**	**197,398**	**28,918**	**227,155**
New provisions	1,000	4,738	18,577	24,314
Provisions used	(914)	(4,979)	(15,321)	(21,214)
Reverted provisions, not used	-	(1,554)	-	(1,554)
Increase in existing provisions	333	18,419	7,685	26,437
Increase (decrease) due to transfers and other changes	-	-	(1,154)	(1,154)
Exchange differences	-	(28,359)	1,546	(26,814)
Final balance at December 31, 2020	**1,258**	**185,663**	**40,250**	**227,171**

(*) Includes the following items, among others:

In Seguros SURA S.A. of Brazil there are litigations for tax processes with the Federal Justice of Brazil, lawsuit by COFINS for questioning on invoicing according to Law No. 9,718/98, the amount is $121,887 in 2020 and $147,745 in 2019.

(**) The other miscellaneous provisions include outstanding balances not paid due to glosses in the initial billing of health service providers; which may be subject to claim for EPS SURA and it must have a cash available for the recognition of these balances.

18.2 Contingent liabilities

Eventual and remote legal contingencies are those that, upon performing the legal analysis of the probabilities of success, it is evident that there is a medium or low possibility of obtaining a conviction. As of December 31, 2020, there is a medium or low possibility of generating an expense for the company of $4,687. The eventual or possible legal contingencies as of December 31, 2019, which were not provisioned, had an estimated value of $ 19,659.

The following eventual or possible processes of classification are the most significant that the company has:

- Seguros SURA S.A. Seguros de Personas (formerly Asesuisa Vida S.A. Seguros de Personas) is actively involved in an administrative judicial proceeding, challenging a resolution in which the Superintendence of Competition alleges a possible price collusion in which the company participated. The process seeks to annul an administrative sanctioning act. However, it is important to mention that when Suramericana acquired this operation, this process was underway, and it has sufficient contractual guarantees with the seller that commits it to cover any related sanction imposed on the company, in case the claims of the company are unsuccessful.
- AFP Integra must provide a guarantee in favor of the Peruvian Superintendency of Banks, Insurance and AFP by means of a joint and several, unconditional, irrevocable and automatically executed bank guarantee, issued by a local or foreign bank of recognized solvency, at the beginning of each calendar quarter, for an amount not less than 0.5 percent of the value of each fund, deducting the value of the reserve requirement calculated as of the last day of the previous quarter, with a term of no less than 95 calendar days. As of December 31, 2020, and 2019, letters of guarantee are maintained for this concept, amounting to PEN 282,600 million and PEN 320 million, respectively.

NOTE 19. BONDS ISSUED

Details of the bonds issued are presented below:

				Amortized cost		Fair value	
Date of issue	Maturity date	Nominal value	Emission rate	December 2020	December 2019	December 2020	December 2019
29- Apr -16	29- Apr -26	USD 550*	+ 5.50%	1,887,579	1,799,460	2,171,359	2,110,775
17-Apr-14	17-Apr-24	USD 500*	+ 4.875%	1,649,371	1,646,321	1,890,796	1,764,421
11-Apr-17	14-Apr-27	USD 350*	+ 4.375%	1,274,264	1,140,923	1,359,451	1,229,037
18-May-11	18- May -21	USD 300*	+ 5.70%	1,036,113	987,839	1,056,963	1,059,566
22-Jun-16	22- Jun -26	305,622	CPI + 4.09%	303,611	304,399	341,108	331,487
22-Jun-16	22- Jun -31	289,235	CPI + 4.29%	286,920	287,795	328,389	315,735
22- Jun -16	22- Jun -23	257,145	CPI + 3.90%	255,986	256,471	275,647	273,625
07- May -14	07- May -23	223,361	CPI + 3.80%	225,388	225,364	239,774	238,766
23-Feb-17	23- Feb -22	193,549	+ 7.21%	194,830	194,720	204,845	202,910
23- Feb -17	23- Feb -29	190,936	CPI + 3.58%	190,551	191,423	207,324	200,610
23- Feb -17	23- Feb -24	165,515	CPI + 3.19%	165,405	166,053	175,936	172,942

				Amortized cost		Fair value	
Date of issue	**Maturity date**	**Nominal value**	**Emission rate**	**December 2020**	**December 2019**	**December 2020**	**December 2019**
22- Jun -16	22- Jun -20	147,998	CPI + 3.39%	-	148,140	-	149,599
07- May -14	07- May -30	100,000	CPI + 4.15%	100,814	100,797	114,201	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%	96,158	96,488	123,096	109,842
25- Nov -09	25- Nov -49	97,500	CPI + 6.98%	94,752	95,235	151,443	101,849
11-Aug-20	11- Aug -23	223,750	IBR + 2.00%	223,708	-	226,124	-
11- Aug -20	11- Aug -27	296,350	CPI + 3.00%	297,496	-	307,555	-
11- Aug -20	11- Aug -32	180,320	CPI + 3.80%	181,226	-	190,512	-
11- Aug -20	11- Aug -40	299,580	CPI + 4.20%	301,247	-	322,741	-
				8,765,419	**7,742,433**	**9,687,262**	**8,513,246**

(*) Values expressed in millions of dollars.

On August 11, 2020, Grupo SURA issued ordinary bonds for one trillion Colombian pesos. The proceeds from the placement of the ordinary bonds will be used mainly for the replacement of the financial liabilities of Grupo SURA.

NOTE 20. PREFERRED SHARES

On November 29, 2011, 106,334,963 preferred shares were issued at a value of $32,500 pesos per share; from the date of the issue and for 3 years, a quarterly dividend of 3% ADP is paid on the issue price. From 2015 onwards, a quarterly dividend of 0.5% EA on the issue price will be paid quarterly.

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

For these purposes, the Reference Subscription Price shall mean the subscription price of Preferred Shares in any placement of Preferred Shares by the Company in the most recent primary market transaction approved by the meeting, including, but not limited to, public issues and offerings, private issues, capitalization of claims, payment of dividends in shares, among others. In no case shall it be understood that the Reference Subscription Price shall correspond to the trading price of the Preferred Shares in the secondary market.

The General Shareholders' Meeting shall determine the form and dates of payment of the dividend on the preferred shares under the same conditions as the dividend on the common shares.

Likewise, on March 31, 2017, the Board of Directors of the Company set at thirty-five thousand nine hundred seventy-three pesos ($35,973) the subscription price of the preferred shares that would be delivered by way of payment of dividends in shares.

The movement of the preferred shares as of December 31, 2020 and December 31, 2019 are detailed below:

At December 31, 2018	**460,699**
Interest accrued	40,643
Interest payments	(40,630)
At December 31, 2019	**460,712**
Interest accrued	40,764
Interest payments	(40,629)
At December 31, 2020	**460,847**

NOTE 21 EQUITY

21.1. Issued capital

The authorized capital of the Company is constituted by 600,000,000 shares of the nominal value $187.50 pesos for each one. The share and paid capital, at December 31, 2020 and 2017, was 581,977,548 shares.

	December 2020	December 2019
Authorized shares	600,000,000	600,000,000
Subscribed and paid shares:		
Ordinary, with nominal value	469,037,260	469,037,260
With a preferred dividend, without voting rights	112,940,288	112,940,288
Total shares	**581,977,548**	**581,977,548**
Subscribed and paid capital (nominal value)	109,121	109,121

21.2. Issuance premium

The balance of the account at December 31, 2020 and 2019 is 3,290,767. It includes the highest paid on nominal value of the shares that are charged when disposing of them.

21.3. Reserves

The reserves consist of the following concepts:

	December 2020	December 2019
Legal Reserve (1)	286,683	252,539
Occasional Reserve (2)	5,416,802	4,561,607
Total reserves	**5,703,485**	**4,814,146**

[1] Legal reserve:

In compliance with Article 452 of the Código de Comercio de la República de Colombia (Commercial Code of the Republic of Colombia), which establishes that public limited companies will constitute a legal reserve, that will amount to at least fifty percent of the share capital, formed with ten percent of net profits of each reporting. The constitution, of said reserves, will be mandatory until it reaches 50% of the share capital. The legal reserve fulfills two special objectives, increasing and maintaining the capital of the Company, and absorbing losses generated in the operation. Therefore, its value cannot be distributed in dividends for shareholders.

[2] Occasional reserves:

Occasional reserves include the following components:

- In 2020, a value of $6,815,327 and of $6,252,110 in 2019, corresponding to the appropriations, realized by the Shareholders Assembly, which are available when considered necessary with a specific destination.

- Other reserves for a value of $2,152,362 in 2020 and 2019, corresponding to the excesses paid, in the acquisition of non-controlling shares of the pension administrator business. This is recognized as a liability, in the separate financial Statements of the insurance companies, monitored by the Superintendencia Financiera de Colombia (Financial Superintendence of Colombia), but is not allowed, under the Norma de Contabilidad de Información Financiera (Accounting Standard of Financial Statements), accepted in Colombia, for the consolidated financial statement, and therefore is eliminated from the liability.

NOTE 22. DIVIDENDS PAID AND DECLARED

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

Dividends

An ordinary dividend of five hundred eighty-three pesos (COP$583) per share and an extraordinary dividend of fifty-one pesos (COP$51) per share, on 581,997,548 ordinary and preferred shares.
Ordinary and extraordinary dividend declared from occasional reserves with profits generated up to December 31, 2016 for $368,974.

	2020						2019		
Dividends declared	**N° of shares**	**Annual pesos per share ordinary dividend**	**Ordinary dividend balance**	**Annual pesos per share extraordinary dividend**	**Extraordinary dividend balance**	**Total dividend declared**	**N° of shares**	**Annual pesos per share ordinary dividend**	**Ordinary dividend balance**
Ordinary shares	469,037,260	583	273,449	51	23,921	297,370	469,037,260	550	257,971
Preferred shares	112,940,288	583	65,844	51	5,760	71,604	112,940,288	550	62,117
	581,977,548		**339,293**		**29,681**	**368,974**	**581,977,548**		**320,088**

In Colombia, dividends are distributed on the basis of separate financial statements.

The companies comprising the SURA Group in Colombia are subject to the following restrictions regarding the transfer of profits or development of operations, in accordance with Colombian law:

- In compliance with the provisions of the Code of Commerce, corporations must constitute a mandatory legal reserve amounting to at least fifty percent of the subscribed capital, formed with ten percent of the net profits of each fiscal year.

The subsidiaries of Grupo SURA abroad are not restricted from transferring dividends to the parent company, except for the legal reserve mentioned above.

Grupo SURA and its subsidiaries have no significant restrictions on their ability to access or use their assets and settle their liabilities other than those resulting from regulatory frameworks.

NOTE 23. OTHER COMPREHENSIVE INCOME

The other comprehensive income by concept as of December 2020 and 2019 is presented below:

Year 2020

Concept	December 2019	Movement for the period	December 2020	Non-controlling interest other comprehensive income	Total Other comprehensive income
Revaluation assets [1]	221,354	(4,764)	216,590	(1,169)	(5,933)
Losses (Gains) actuarial plans (post-employment)	(17,237)	1,547	(15,690)	(483)	1,064
Financial instruments measured at fair value with changes in the OCI	1,344	12,610	13,954	1,751	14,361
Exchange difference on conversion [2]	1,137,693	435,136	1,572,830	82,983	518,119
Hedges with cash flow derivatives	33,695	(27,138)	6,557	(2,399)	(29,537)
Hedges with derivatives of net investments abroad	(49,227)	(46,193)	(95,420)	(9,077)	(55,270)
Equity method of associates and joint ventures [3]	1,096,985	110,502	1,207,486	631	111,133
Total comprehensive income	**2,424,607**	**481,700**	**2,906,307**	**72,237**	**553,937**

Year 2019

Concept	December 2018	Movement for the period	December 2019	Non-controlling interest other comprehensive income	Total Other comprehensive Result
Revaluation assets [1]	166,872	54,482	221,354	13,171	67,653

Losses (Gains) actuarial plans (post-employment)	(8,824)	(8,413)	(17,237)	(1,366)	(9,779)
Financial instruments measured at fair value with changes in the OCI	(9,314)	10,658	1,344	758	11,416
Exchange difference on conversion	1,468,025	(330,332)	1,137,693	(67,107)	(397,439)
Hedges with cash flow derivatives	(75,908)	109,603	33,695	20,436	130,039
Hedges with derivatives of net investments abroad	3,243	(52,470)	(49,227)	(10,310)	(62,780)
Equity method of associates and joint ventures	1,005,146	91,839	1,096,985	308	92,147
Total comprehensive income	**2,549,240**	**(124,633)**	**2,424,607**	**(44,110)**	**(168,743)**

[1]The component of other comprehensive income from revaluation of assets corresponds to gains from the valuation at fair value of real estate properties measured under the revaluation model. (See note 13 Property and equipment).

[2] The conversion differences component represents the cumulative value of exchange differences arising from the translation to the presentation currency of Grupo SURA of the results and net assets of foreign operations. The cumulative translation differences are reclassified to profit or loss for the period, partially or in full, when the foreign operation is disposed of.

[3] The component records the changes in equity in investments in associated companies and joint ventures in the application of the equity method. (See detail in Note 12. Investments accounted for using the equity method).

NOTE 24. NON-CONTROLLING INTEREST

The following table shows summarized financial information as of December 2020 and 2019, of the main subsidiaries of Grupo SURA that have significant non-controlling interests.

Financial information before eliminations of related party transactions is presented below:

	Suramericana S.A. and subsidiaries		**Sura Asset Management S.A. and subsidiaries**	
	December 2020	**December 2019**	**December 2020**	**December 2019**
Main domicile		Colombia		Colombia
% Non-controlling interest	18.87%	18.87%	16.42%	16.42%
Ordinary income	16,985,096	16,157,797	3,441,162	3,890,119
Income from continuing operations	211,431	390,328	438,050	612,342
Income from discontinued operations	-	-	(6,669)	112,646
Other comprehensive income	51,515	(31,161)	370,468	(230,672)
Comprehensive income	262,946	359,167	801,849	494,316
Assets	30,541,225	28,414,922	19,881,315	20,926,967
Liabilities	25,468,379	23,391,494	10,377,655	11,860,459

Equity	5,072,846	5,023,428	9,503,660	9,066,508
Dividends paid to non-controlling interests	41,517	38,593	54,032	90,517

The contribution of the main companies to the consolidated financial statements of Grupo SURA that have significant non-controlling interests is presented below:

	Suramericana S.A. and subsidiaries		Sura Asset Management S.A. and subsidiaries		Other		Grupo SURA and subsidiaries	
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
Non-controlling income	40,002	73,458	71,474	120,020	(363)	(347)	111,113	193,131
Total comprehensive income	49,982	67,636	133,352	81,547	16	(157)	183,350	149,026
Equity	873,311	812,721	1,364,229	1,294,716	4,890	4,641	2,242,430	2,112,078
Total non-controlling interests equity	**963,295**	**953,815**	**1,569,055**	**1,496,283**	**4,543**	**4,137**	**2,536,893**	**2,454,235**

NOTE 25. OPERATING SEGMENTS

25.1. Segments to be informed about

The operating segments of the Group have been defined as the companies, consolidation groups and the holding company that manage the operations of the following activities:

Grupo SURA:
This segment includes holding companies whose main objective is the acquisition of investment vehicles.

Suramericana (Seguros SURA):

It includes companies engaged in the coverage of risks, in charge of guaranteeing or indemnifying all or part of the loss caused by the occurrence of certain accidental situations.

1.1. Life Insurance: Companies in charge of covering risks against the individual are classified in this segment.

1.2. Non-life insurance: Insurance companies covering risks other than personal injury are classified in this segment.

1.3. Health Insurance: Includes companies engaged in the provision of mandatory and complementary health services.

Sura Asset Management:

Includes companies engaged in the administration of funds, responsible for the administration of contributions made by employees in individual mandatory savings accounts and their voluntary contributions.

1.1. Mandatory fund management: Its main activity refers to the collection and management of contributions made by employees in individual mandatory savings accounts and, in turn, the management and payment of benefits established by the pension system.

1.2. Voluntary fund management: its main activity is focused on voluntary pension savings, life annuities, among others.

Other:
Includes companies engaged in the provision of services and marketing of products and solutions in telecommunications and information processing services. Additionally, other services are reported that are not directly related to the business strategy but complement the service offering.

The highest authority in operating decision making in the segments in Grupo SURA are the financial vice presidents of the subsidiaries and Grupo SURA, who is responsible for monitoring the operating results of the operating segments separately in order to make decisions on the allocation of resources and evaluate their performance.

Segment performance is evaluated on the basis of pre-tax operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements

25.2. Information about operating segments
Consolidated Income Statement at December 31, 2020 by Segment

December 2020	Grupo SURA	Suramericana y Subsidiarias	Sura Asset Management y Subsidiarias	Others	Eliminations and adjustments	Total
Continuing operations						
Income						
Insurance premiums	-	14,129,045	617,976	-	(5,401)	14,741,620
Premiums for health services	-	4,570,937	-	18,017	(577)	4,588,377
Premiums issued	**-**	**18,699,982**	**617,976**	**18,017**	**(5,978)**	**19,329,997**
Premiums ceded in reinsurance	-	(3,340,704)	(7,937)	-	-	(3,348,641)
Retained premiums (net)	**-**	**15,359,278**	**610,039**	**18,017**	**(5,978)**	**15,981,356**
Net production reserves	-	(333,876)	(113,750)	-	-	(447,626)
Retained earned premiums	**-**	**15,025,402**	**496,289**	**18,017**	**(5,978)**	**15,533,730**
Return on investments	1,141,126	739,650	50,420	1,822	(1,131,779)	801,239
Net gain on investments at fair value	191	449,088	364,278	(202)	301	813,656
Commission Income	-	509,159	2,337,972	756	(2,051)	2,845,836
Provision of Services	-	11,007	-	167,612	(39)	178,580
Gains from equity method	-	(1,134)	146,531	(1,920)	219,018	362,495
Gains from sales of investments	-	8,265	16,062	(1,643)	-	22,684
Other income	437	243,660	29,610	7,572	(1,588)	279,691
Total income	**1,141,754**	**16,985,097**	**3,441,162**	**192,014**	**(922,116)**	**20,837,911**
Costs and expenses						
Insurance claims	-	(7,061,206)	(580,768)	-	2,844	(7,639,130)
Health service claims	-	(4,189,770)	-	(12,138)	321	(4,201,587)
Total claims	**-**	**(11,250,976)**	**(580,768)**	**(12,138)**	**3,165**	**(11,840,717)**
Reimbursement of claims	-	1,521,849	-	-	-	1,521,849
Retained claims	**-**	**(9,729,127)**	**(580,768)**	**(12,138)**	**3,165**	**(10,318,868)**
Expenses for commissions to intermediaries	-	(2,601,072)	(13,100)	-	258	(2,613,914)
Insurance costs and expenses	-	(785,765)	-	-	43	(785,722)
Costs of provision of services	-	(161,252)	-	(169,173)	-	(330,425)
Administrative expenses	(33,867)	(1,446,392)	(496,870)	(18,145)	55,738	(1,939,536)
Employee benefits	(47,988)	(1,264,098)	(891,105)	(24,345)	1,271	(2,226,265)
Fees	(8,741)	(223,295)	(134,857)	(1,066)	1,006	(366,953)
Depreciation and amortization	(2,141)	(233,669)	(274,766)	(15,054)	(1)	(525,631)
Other expenses	-	(91,542)	(21,144)	(10,087)	(1)	(122,774)
Total costs and expenses	**(92,737)**	**(16,536,212)**	**(2,412,610)**	**(250,008)**	**61,479**	**(19,230,088)**
Operating profit	**1,049,017**	**448,885**	**1,028,552**	**(57,994)**	**(860,637)**	**1,607,823**
Financial Results	**(444,619)**	**(108,355)**	**(253,697)**	**(4,709)**	**-**	**(811,380)**
Income from continuing operations before income tax	**604,398**	**340,530**	**774,855**	**(62,703)**	**(860,637)**	**796,443**
Provision for income tax	13,534	(129,100)	(336,807)	(1,164)	-	(453,537)

Net gains, continued operations	**617,932**	**211,430**	**438,048**	**(63,867)**	**(860,637)**	**342,906**
Net gains, discontinued operations	-	-	(6,669)	-	-	(6,669)
Net income	**617,932**	**211,430**	**431,379**	**(63,867)**	**(860,637)**	**336,237**
Net income attributable to controlling shareholders	617,932	211,300	430,626	(63,474)	(971,259)	225,125
Net income attributable to non-controlling interest	-	130	753	(393)	110,622	111,112

Consolidated Income Statement at December 31, 2019 by Segment

December 2019	Grupo SURA	Suramericana y Subsidiarias	Sura Asset Management y Subsidiarias	Others	Eliminations and adjustments	Total
Continuing operations						
Income						
Insurance premiums	-	13,268,623	685,328	-	(2,638)	13,951,313
Premiums for health services	-	3,792,089	-	17,347	(151)	3,809,285
Premiums issued	**-**	**17,060,712**	**685,328**	**17,347**	**(2,789)**	**17,760,598**
Premiums ceded in reinsurance	-	(2,702,438)	(35,064)	-	-	(2,737,502)
Retained premiums (net)	**-**	**14,358,274**	**650,264**	**17,347**	**(2,789)**	**15,023,096**
Net production reserves	-	(114,704)	(181,565)	-	-	(296,269)
Retained earned premiums	**-**	**14,243,570**	**468,699**	**17,347**	**(2,789)**	**14,726,827**
Return on investments	437,676	728,099	192,869	4,377	(438,171)	924,850
Net gain on investments at fair value	24	375,798	582,037	(259)	265	957,865
Commission Income	-	440,674	2,292,177	580	(1,343)	2,732,088
Provision of Services	-	15,665	-	201,904	(55)	217,514
Gains from equity method	-	(996)	227,683	(2,734)	1,031,269	1,255,222
Gains from sales of investments	-	86,314	94,293	28,954	1,365	210,926
Other income	323	268,671	32,361	4,958	(3,440)	302,873
Total income	**438,023**	**16,157,795**	**3,890,119**	**255,127**	**587,101**	**21,328,165**
Costs and expenses						
Insurance claims	-	(7,842,503)	(780,105)	-	4,427	(8,618,181)
Health service claims	-	(3,457,959)	-	(10,382)	5	(3,468,336)
Total claims	**-**	**(11,300,462)**	**(780,105)**	**(10,382)**	**4,432**	**(12,086,517)**
Reimbursement of claims	-	2,152,971	-	-	-	2,152,971
Retained claims	**-**	**(9,147,491)**	**(780,105)**	**(10,382)**	**4,432**	**(9,933,546)**
Expenses for commissions to intermediaries	-	(2,499,079)	(20,604)	-	1	(2,519,682)
Insurance costs and expenses	-	(747,566)	-	-	73	(747,493)
Costs of provision of services	-	(178,103)	-	(199,633)	-	(377,736)
Administrative expenses	(33,508)	(1,324,112)	(490,381)	(13,266)	47,579	(1,813,688)
Employee benefits	(33,437)	(1,189,224)	(876,359)	(26,094)	1,562	(2,123,552)
Fees	(9,927)	(231,054)	(107,844)	(1,596)	3,222	(347,199)
Depreciation and amortization	(2,213)	(227,013)	(259,987)	(14,556)	1	(503,768)
Other expenses	(1)	(49,941)	(13,402)	(13,613)	(2,214)	(79,171)
Total costs and expenses	**(79,086)**	**(15,593,583)**	**(2,548,682)**	**(279,140)**	**54,656**	**(18,445,835)**

December 2019	Grupo SURA	Suramericana y Subsidiarias	Sura Asset Management y Subsidiarias	Others	Eliminations and adjustments	Total
Operating profit	**358,937**	**564,212**	**1,341,437**	**(24,013)**	**641,757**	**2,882,330**
Financial Results	**(377,514)**	**(121,586)**	**(119,772)**	**(6,720)**	**-**	**(625,592)**
Income from continuing operations before income tax	**(18,577)**	**442,626**	**1,221,665**	**(30,733)**	**641,757**	**2,256,738**
Provision for income tax	17,168	(52,299)	(609,322)	(6,253)	-	(650,706)
Net gains continuous operations	**(1,409)**	**390,327**	**612,343**	**(36,986)**	**641,757**	**1,606,032**
Net gains from discontinued operations	-	-	112,646	-	-	112,646
Net income	**(1,409)**	**390,327**	**724,989**	**(36,986)**	**641,757**	**1,718,678**
Net income attributable to controlling shareholders	(1,409)	390,570	723,847	(36,762)	449,291	1,525,537
Net income attributable to non-controlling interest	-	(243)	1,142	(224)	192,466	193,141

Consolidated Statement of Financial Position as of December 31, 2020 by Segment

December 2020	Grupo SURA	Suramericana y Subsidiarias	Sura Asset Management y Subsidiarias	Others	Eliminaciones y ajustes	Total
Assets						
Investments	10,518,584	14,407,093	8,805,585	(199,133)	(9,604,666)	23,927,463
Assets under insurance contracts	-	4,498,134	-	-	(81)	4,498,053
Assets under reinsurance contracts	-	4,788,680	3,400	-	(1)	4,792,079
Investments in associated companies and joint ventures	14,429,203	3,755	1,382,885	18,828	4,001,604	19,836,275
Goodwill	-	570,595	4,270,708	24,950	1,767	4,868,020
Other assets	3,244,755	6,272,969	5,418,737	242,612	(2,159,200)	13,019,873
Total assets	**28,192,542**	**30,541,226**	**19,881,315**	**87,257**	**(7,760,577)**	**70,941,763**
Liabilities						
Financial liabilities	572,954	395,185	515,395	18,748	1	1,502,283
Liabilities under insurance contracts	-	19,600,134	4,607,468	-	(222)	24,207,380
Other accounts payable and accounts payable to related parties	212,758	1,529,559	662,781	28,228	(7,546)	2,425,780
Issued bonds and preferred shares	5,456,115	846,517	2,923,635	-	(1)	9,226,266
Other liabilities	208,643	3,096,985	1,668,378	64,328	(5)	5,038,329
Total liabilities	**6,450,470**	**25,468,380**	**10,377,657**	**111,304**	**(7,773)**	**42,400,038**
Total equity	**21,742,072**	**5,072,846**	**9,503,658**	**(24,047)**	**(7,752,804)**	**28,541,725**
Total equity and liabilities	**28,192,542**	**30,541,226**	**19,881,315**	**87,257**	**(7,760,577)**	**70,941,763**

Consolidated Statement of Financial Position as of December 31, 2019 by Segment

December 2019	Grupo SURA	Suramericana y Subsidiarias	Sura Asset Management y Subsidiarias	Others	Eliminaciones y ajustes	Total
Assets						
Investments	9,837,175	13,311,052	10,550,206	(98,772)	(9,617,291)	23,982,370
Assets under insurance contracts	-	4,060,283	-	-	(77)	4,060,206
Assets under reinsurance contracts	-	4,586,061	21,094	-	-	4,607,155
Investments in associated companies and joint ventures	14,392,658	(2,092)	1,304,664	18,318	4,252,141	19,965,689
Goodwill	-	559,818	4,135,161	24,950	1,766	4,721,695
Other assets	2,763,034	5,899,803	4,915,822	281,859	(2,159,803)	11,700,715
Total assets	**26,992,867**	**28,414,925**	**20,926,947**	**226,355**	**(7,523,264)**	**69,037,830**
Liabilities						
Financial liabilities	682,132	372,368	606,167	24,892	-	1,685,559
Liabilities under insurance contracts	-	17,776,579	6,396,623	-	(569)	24,172,633
Other accounts payable and accounts payable to related parties	232,912	1,364,335	371,304	39,382	(7,026)	2,000,907
Issued bonds and preferred shares	4,419,096	996,805	2,787,245	-	(1)	8,203,145
Other liabilities	197,280	2,881,407	1,699,121	106,777	(1)	4,884,584
Total liabilities	**5,531,420**	**23,391,494**	**11,860,460**	**171,051**	**(7,597)**	**40,946,828**
Total equity	**21,461,447**	**5,023,431**	**9,066,487**	**55,304**	**(7,515,667)**	**28,091,002**
Total equity and liabilities	**26,992,867**	**28,414,925**	**20,926,947**	**226,355**	**(7,523,264)**	**69,037,830**

Intersegment revenues are eliminated in consolidation and are reflected in the "eliminations" column.

25.3. Geographical information

Grupo SURA presents investments in the following Countries: Colombia, Chile, Argentina, El Salvador, Mexico, Panama, Peru, Dominican Republic, and Uruguay.

The following table shows the distribution of income, by geographical area:

	December 2020	December 2019
Colombia	12,582,166	12,676,424
Chile	2,928,904	3,345,247
Mexico	1,967,200	1,918,567
Argentina	890,703	856,923
Panama	541,215	479,377
El Salvador	469,784	434,345
Peru	456,707	504,005
Brazil	421,508	532,267
Uruguay	365,269	387,056
Dominican Republic	205,815	189,251
Bermuda	8,640	4,703
Total	**20,837,911**	**21,328,165**

As of December 2020, and December 2019, the Group has no customers representing 10% or more of consolidated revenues.

The following table shows the distribution of assets by geographic area:

	December 2020	December 2019
Colombia	53,505,883	51,165,553
Chile	9,867,233	7,934,103
Mexico	1,986,916	4,361,058
Argentina	1,330,677	1,128,691
Peru	1,160,111	1,362,295
Brazil	763,393	912,443
Panama	728,963	669,981
El Salvador	677,938	635,496
Dominican Republic	472,793	424,787
Uruguay	397,079	422,276
Bermuda	50,777	21,147
Total	**70,941,763**	**69,037,830**

The following table shows net income (loss) by geographic area:

	December 2020	December 2019
Mexico	351,257	375,892
Chile	248,672	341,803
Peru	113,602	158,348
Panama	50,244	44,035
Uruguay	31,044	36,454
Dominican Republic	24,498	19,655
El Salvador	2,522	8,586
Bermuda	1,873	1,072
Argentina	(298)	(89,100)

	December 2020	December 2019
Brazil	(17,834)	(1,659)
Colombia	(469,343)	823,592
Total	**336,237**	**1,718,678**

NOTE 26. COMMISSION INCOME AND EXPENSES

26.1. Commission income

Commission income for Grupo SURA is detailed below:

	December 2020	December 2019
Administration of mandatory pension fund	2,032,321	1,996,580
Gains on disposals	497,280	433,512
Others (*)	185,326	159,818
Voluntary pension fund administration	120,518	137,000
Participation in gains of reinsurers	10,374	4,976
Reinsurance income/cancellations	17	202
Total	**2,845,836**	**2,732,088**

(*) Includes mainly income from the administration of client portfolios received.

26.2. Expenses for commissions to intermediaries

The detail of commissions to intermediaries is presented below:

	December 2020	December 2019
Deferred acquisition cost (DAC)	(1,651,957)	(1,626,805)
Insurance administration	(656,971)	(591,621)
Property and casualty insurance	(175,473)	(167,046)
Occupational risk insurance	(77,144)	(81,968)
Intermediation commissions	(18,884)	(21,473)
Commission for data processing and collection of contributions	(9,857)	(9,157)
Mandatory insurance	(9,429)	(8,465)
Rebates paid	(6,440)	(8,200)
Acceptance fees	(4,208)	(1,457)
Accepted coinsurance	(3,178)	(3,128)
Social security insurance	(373)	(362)
Total	**(2,613,914)**	**(2,519,682)**

NOTE 27. PROVISION OF SERVICES

The revenues and costs for rendering services correspond basically to the EPS SURA and outsourcing companies of Arus Holding.

27.1. Income from provision of services

The income for services rendered, of Grupo SURA, is as follows:

	December 2020	December 2019
Maintenance and repairs	89,704	106,582
Data processing	35,615	41,253
Rental of machinery and equipment	20,021	27,157
Sale of office machinery equipment and computer programs	17,208	18,308
Activities related to wiring	11,166	17,205
Sale of parts, pieces, and accessories	2,087	3,679
Telecommunications service	1,633	1,740
Others	663	91
Business consulting activities	250	1,364
Community, social, and personal service activities	112	135
Claims settlement	97	-
Salvage management	24	-
Total	**178,580**	**217,514**

27.2. Costs for the provision of services

The costs for services rendered, of Grupo SURA, are as follows:

	December 2020	December 2019
Data processing	(108,993)	(128,680)
Business consulting activities	(77,301)	(79,595)
Others (*)	(62,706)	-
Consulting of computer equipment and software	(42,605)	(44,177)
Maintenance and repairs	(13,977)	(15,419)
Sales of office machinery, office equipment, and computer programs	(12,492)	(18,144)
Pension contributions	(6,345)	(7,424)
Sale of parts, pieces, and accessories	(3,981)	(79,333)
Amortization	(1,177)	(997)
Health contributions	(771)	(757)
Rental of machinery and equipment	(77)	-
Impairment	-	(3,210)
Total	**(330,425)**	**(377,736)**

(*) Includes mainly general operations assistance.

NOTE 28. OTHER INCOME AND EXPENSES

28.1 Other income

The following is a breakdown of other income:

	December 2020	December 2019
Others *	157,590	168,834
Moratoriums for collection of contributions	41,599	53,298
Recoveries and recuperations	36,658	29,343
Investment properties	20,003	22,877
Cancellations and/or annulments of other reinsurance income	8,239	10,499
Conditional trade discounts	5,772	5,660
Land	3,400	962

	December 2020	December 2019
Recoveries other than operating risk insurance	1,771	6,151
Buildings	1,326	588
Expenses recognized by reinsurers	1,238	1,527
Reimbursements for occupational illness	706	990
For claims	456	77
Demand deposits	399	1,319
Vehicles	335	536
Other concepts	178	96
Computer equipment	21	41
Simultaneous operations and repos	-	75
Total	**279,691**	**302,873**

* Corresponds to recovery of provisions, leases and services.

28.2 Other Expenses

The following is a breakdown of the other expenses:

	December 2020	December 2019
Impairment accounts receivable	(85,147)	(25,948)
Impairment of investments	(15,394)	(15,637)
Expenses generated in operations and joint ventures	(10,549)	(13,643)
Inflation adjustments in hyperinflationary economies	(6,826)	(21,576)
Losses from claims	(4,773)	(3,213)
Impairment other assets	(68)	(427)
Real estate	(12)	(10)
Bonuses	(5)	(1)
Credit portfolio	-	(560)
Impairment of land and buildings	-	1,844
Total	**(122,774)**	**(79,171)**

NOTE 29. ADMINISTRATIVE EXPENSES

The administrative expenses of Grupo SURA as of December 31, 2020 and 2019 are detailed below:

	December 2020	December 2019
Others (*)	(332,034)	(311,938)
Taxes	(310,716)	(319,443)
Commissions	(251,602)	(146,129)
Maintenance and repairs	(198,090)	(162,560)
Temporary services	(152,749)	(126,397)
Advertising	(142,535)	(163,350)
Utilities	(119,671)	(127,752)
Contributions	(96,880)	(82,074)
Travel and representation expenses	(83,601)	(104,184)
Electronic data processing	(75,560)	(64,741)
Legal	(63,971)	(69,272)

Cost of sales	(39,526)	(48,169)
Insurance	(26,802)	(25,181)
Leases	(25,304)	(28,068)
Supplies and stationery	(20,495)	(34,430)
Total	**(1,939,536)**	**(1,813,688)**

(*) Correspond mainly to expenses for cleaning and security services, transportation services and subscriptions, public relations expenses and donations.

NOTE 30. FEES

The expenses from fees, for Grupo SURA, are as follows:

	December 2020	December 2019
Other *	(310,647)	(275,161)
Legal Advice	(15,804)	(17,467)
Statutory Auditor	(13,417)	(10,438)
Commissions	(8,158)	(12,396)
Board of Directors	(7,310)	(6,133)
Financial advice	(6,700)	(19,968)
Human talent management services	(4,734)	(4,796)
Appraisals	(183)	(840)
Total	**(366,953)**	**(347,199)**

(*) Corresponds mainly to technical expenses of inspection and evaluation for entry into policies.

NOTE 31. FINANCIAL RESULT

The financial income and expenses of Grupo SURA and its subsidiaries as of December 31, 2020 and 2019 are detailed below:

	December 2020	December 2019
Earnings at fair value – Derivatives (1)	8,943	(6,300)
Exchange difference (net) (2)	(88,923)	96,870
Interests (3)	(731,400)	(716,162)
Total	**(811,380)**	**(625,592)**

(1) Corresponds to the valuation of trading derivatives.
(2) Corresponds to difference in net exchange rate for financial liabilities.
(3) Below is a detail of interest as of the cut-off date:

	December 2020	December 2019
Bond issued (1)	(488,546)	(462,702)
Hedging operations	(82,102)	(67,153)
Bank loans	(69,620)	(90,294)
Preferred shares	(40,763)	(40,641)
Financial leasing	(39,564)	(44,885)
Others	(10,230)	(8,500)
Repo operations	(575)	(1,987)
Total	**(731,400)**	**(716,162)**

(1) Interest is offset by the yield of the invested portfolio resulting from the new bond issuance of $6,879 million.

NOTE 32. DISCONTINUED OPERATIONS

For the year 2020, COFECE approval was received in Mexico for the transfer of the SURA Pension portfolio, this divestiture of this line of business generated an effect on the result. Below is a detail of the discontinued operation:

	December 2020
Profit of the entity	44,538
Penalty	(25,636)
Adjustment of reserves	(31,744)
Adjustment of investments	3,376
Deferred tax adjustment	(1,025)
Adjustment for exchange differences	3,822
Total discontinued operations line	**(6,669)**

In 2019 the Chilean Financial Market Commission authorized the spin-off of the annuities business by Seguros de Vida SURA S.A. (SURA Chile), a subsidiary of SURA AM, therefore the reclassification of the discontinued operation is made as of November 2018.

The reclassification of the life annuity operation in Chile as of December 31, 2019 is detailed below:

	December 2019
Selling price	(696,212)
Investment cost	681,278
Transaction movement April 2019	13,148
Translation effect reclassified to income April 2019	50,415
Deferred tax adjustment	(40,457)
Total discontinued operations annuities Chile	**8,172**
Profitability of the entity Mexico	104,474
Total discontinued operations	**112,646**

NOTE 33. EARNINGS PER SHARE

Basic earnings for share are calculated by dividing profit and loss, attributable to Shareholders, by the number of outstanding shares, during the year.

The calculation of basic earnings per share is detailed below:

	December 2020	December 2019
Profit, net	336,237	1,718,678
Non-controlling profit	111,112	193,141
Profit of controlling shareholder	**225,125**	**1,525,537**
Profit, net of discontinued operations	(6,669)	112,646

	December 2020	December 2019
Profit, net of non-controlling discontinued operations	(1,095)	18,500
Profit, net from discontinued operations of controlling shareholder	**(5,574)**	**94,146**
Less: Preferred dividends declared - Preferred shares interest	(65,844)	(62,117)
Plus: Preferred stock interest expense (Note 31)1	40,763	40,641
Less: Undistributed earnings to preferred stockholders 2	1,467	(253,875)
Profit from continuing operations	**207,085**	**1,156,040**
Ordinary shares	469,037,260	469,037,260
Earnings per share from continuing operations	**442**	**2,465**
Profit from discontinued operations	**(5,574)**	**94,146**
Earnings per share discontinued operations	**(12)**	**201**

[1] It corresponds to the minimum guaranteed dividend of the preferential shares caused as an expense during the period.

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

NOTE 34. FAIR VALUE

Fair value is the price that would be received to sell an asset for or paid for transferring a liability in an orderly transaction between market participants at the measurement date.

- The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt securities, equity instruments and derivatives that are actively traded on stock exchanges or interbank markets) is based on prices provided by a price vendor, calculated based on the average prices taken on the last trading day at the cut-off date of the financial statements.

- The fair value of financial assets that are not quoted in an active market is determined using valuation techniques. Grupo SURA uses a variety of methods and assumptions based on market conditions existing at each reporting date. The valuation techniques used include the use of recent comparable and arms' length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market data.

Valuation techniques used for non-standardized financial instruments, such as options, currency swaps and OTC derivatives, include the use of interest rate or currency valuation curves constructed by vendors and extrapolated to instrument-specific conditions for valuation, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants that are based primarily on market data rather than entity-specific data.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all factors relevant to the positions of the Group. Therefore, valuations are adjusted, if necessary, to take into account additional factors, including country risk, liquidity risks and counterparty risks.

Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of financial instruments that are recognized and measured at fair value in the financial statements. To indicate the reliability of the inputs used in determining fair value, the Group classified its financial assets and liabilities into the three levels indicated by accounting standards. An explanation of each level is provided below.

- Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: Level 2 inputs are different from the quoted prices included in Level 1 as they are observable for the assets or liabilities, directly or indirectly in markets that are not active.

- Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined based on the lowest level input that is most significant to its overall fair value measurement. For this purpose, the significance of an input is assessed in relation to the overall fair value measurement. Financial instruments that are quoted in markets that are not considered active, but are valued according to quoted market prices, quotations from price vendors or alternative pricing sources supported by observable inputs, are classified in Level 2.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is classified as Level 3. Assessing the significance of a particular input to the fair value measurement as a whole requires judgment, taking into account factors specific to the asset or liability.

Determining what is considered 'observable' requires significant judgment by the Group. The Group considers as observable inputs market data that are already available, distributed or updated by price vendors, and are reliable and verifiable, non-proprietary, and provided by independent entities actively participating in the relevant market.

34.1 Fair value measurement on a non-recurring basis

The fair value of non-recurring assets classified as Level 3 is determined using pricing models, discounted cash flow methodologies, a current replacement cost or similar techniques, using internal models or external experts with sufficient experience and knowledge of the real estate market or the assets being evaluated. In general, these evaluations are carried out by reference to market data or on a replacement cost basis, when sufficient market data is not available.

Grupo SURA presents within assets at fair value on a recurring basis the investment properties, which are in the Level 3 category and their value as of December 31, 2020 and 2019 is found in Note 16.1 The fair value of investment properties of Grupo SURA is determined in accordance with the valuation performed by external consultants. These companies are independent and have the capacity and experience in performing valuations in the sites and types of assets that were valued. The appraisers are accredited before the Colombian Real Estate Market or in the case of foreign appraisers, a second signature of a Colombian appraiser accredited before the Real Estate Market is required.

34.2. Determination of fair value

a. Debt securities

Grupo SURA assigns the price to its debt investments, making use of the prices provided by its official price vendor (Precia) and assigns the corresponding level in accordance with the procedure described above. For unlisted securities such as certain bonds issued by other financial institutions, Grupo SURA generally determines fair value using standard internal valuation techniques. These techniques include the determination of future cash flows, which are discounted using curves of the applicable currencies or interest rates such as the Consumer Price Index (CPI), adjusted with a premium for credit and liquidity risk. The interest rate is usually determined using observable market data and benchmark yield curves obtained from interest rates quoted in appropriate time bands, which match the timing of the cash flows and maturities of the instruments.

b. Equity instruments

Grupo SURA performs the valuation at market prices of its equity investments by applying the prices provided by its official price vendor (Precia) and performs the classification of such investments following the procedure described above. In addition, the fair value of unlisted equity instruments is based on the individual valuation of the investments using methodologies that include publicly traded comparables, obtained by multiplying a key performance metric (e.g., earnings before interest, taxes, depreciation and amortization) of the company, by the relevant valuation multiple observed for comparable companies, acquisition comparables and, if deemed necessary, subject to discounts for lack of liquidity and or marketability.

The participations in investment funds, trusts and collective portfolios are valued taking into account the value of the unit calculated by the management company; in the case of trusts that own investment properties, the value of the unit reflects the value of these, which is measured as indicated in item "d. Investment properties".

c. Derivative instruments

Grupo SURA has positions in standardized derivatives, such as futures on local shares and on the representative market rate (TRM), which are valued with the information provided by the official price provider of Grupo SURA (Precia), which in turn corresponds to the information provided by the central counterparty risk chambers that clear and settle such instruments.
Additionally, Grupo SURA records positions in OTC derivatives, which, in the absence of prices, are valued using the inputs and methodologies supplied by the price provider, which have the no objection of the Financial Superintendence of Colombia. The key inputs depend on the type of derivative and the nature of the underlying instrument and include yield rate curves, foreign currency exchange rates, the spot price of the underlying volatility, and credit curves.

d. Investment properties

The investment properties of Grupo SURA are valued by external experts, who use valuation techniques based on comparable prices, direct capitalization, discounted cash flows and replacement cost.

34.3. Fair value measurement on a recurring basis

Fair value measurements on a recurring basis are those required or permitted in the statement of financial position at the end of each accounting period.

The following table presents an analysis, within the fair value hierarchy, of assets and liabilities of the Group (by class), measured at fair value at December 31, 2020 and 2019 on a recurring basis.

December 2020	Level 1	Level 2	Level 3	Total
Assets				
At fair value through profit or loss				
Debt securities				
National issues	222,551	4,337,692	-	4,560,243
Foreign issues	1,394,612	446,059	771	1,841,442
	1,617,163	**4,783,751**	**771**	**6,401,685**
Equity Instruments				
National issues	775,435	4,563,466	-	5,338,901
Foreign issues	91,726	164,121	-	255,847
	867,161	**4,727,587**	**-**	**5,594,748**
Total investments at fair value through profit or loss	**2,484,324**	**9,511,338**	**771**	**11,996,433**
At fair value through other comprehensive income				
Debt securities				
National issues	33,249	54,887	-	88,136
Foreign issues	57,095	-	15,041	72,136
	90,344	**54,887**	**15,041**	**160,272**
Equity Instruments				
National issues	28,871	-	101,114	129,985
Foreign issues	213,763	340,869	1,256	555,888
	242,634	**340,869**	**102,370**	**685,873**
Total investments at fair value with changes in equity	**332,978**	**395,756**	**117,411**	**846,145**
Total investments at fair value	**2,817,302**	**9,907,094**	**118,182**	**12,842,578**

December 2019	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Debt securities				
National issues	9,230	3,691,225	-	3,700,455
Foreign issues	1,339,652	562,125	-	1,901,777
	1,348,882	**4,253,350**	**-**	**5,602,232**
Equity Instruments				
National issues	190,985	4,566,437	-	4,757,422
Foreign issues	63,072	114,275	277	177,624
	254,057	**4,680,712**	**277**	**4,935,046**
Total investments at fair value through profit or loss	**1,602,939**	**8,934,062**	**277**	**10,537,278**
At fair value through other comprehensive income				
Debt securities				

National issues	-	463,415	-	463,415
Foreign issues	-	-	-	-
	-	**463,415**	**-**	**463,415**
Equity Instruments				
National issues	35,037	-	100,245	135,282
Foreign issues	-	-	813	813
	35,037	**-**	**101,058**	**136,095**
Total investments at fair value with changes in equity	**35,037**	**463,415**	**101,058**	**599,510**
Total investments at fair value	**1,637,976**	**9,397,477**	**101,335**	**11,136,788**

The following are derivatives that are classified at fair value level 2 and are presented on a net basis:

December 2020	Level 1	Level 2	Level 3	Total
Derivatives				
Negotiation				
Interest rate swaps	-	3,404	-	3,404
Exchange rate swaps	-	(13,699)	-	(13,699)
Currency forwards	-	51,584	-	51,584
Options	-	39,176	-	39,176
Total trading derivatives	**-**	**80,465**	**-**	**80,465**
Hedging				
Interest rate swap	-	224	-	224
Exchange rate swap	-	403,412	-	403,412
Options	-	(1,444)	-	(1,444)
Total hedging derivatives	**-**	**402,191**	**-**	**402,191**
Total derivatives	**-**	**482,656**	**-**	**482,656**

December 2019	Level 1	Level 2	Level 3	Total
Derivatives				
Negotiation				
Interest rate swap	-	21,144	-	21,144
Exchange rate swap	-	(13,867)	-	(13,867)
Currency forwards	-	(22,803)	-	(22,803)
Options	-	41,060	-	41,060
Total trading derivatives	**-**	**25,534**	**-**	**25,534**
Hedging				
Interest rate swap	-	-	-	-
Exchange rate swap	-	369,770	-	369,770
Options	-	(5,245)	-	(5,245)
Total hedging derivatives	**-**	**364,525**	**-**	**364,525**
Total derivatives	**-**	**390,059**	**-**	**390,059**

34.4 Transfer between hierarchy level 1 and fair value hierarchy level 2

The following table summarizes the transfer between fair value Levels 1 and 2 during 2020 and 2019. In general, transfers between Level 1 and Level 2 in the investment portfolios are primarily due to changes in the liquidity levels of investments in the markets.

	December 2020		December 2019	
	Transfer between:		Transfer between:	
	Level 2 to 1	Level 1 to 2	Level 2 to 1	Level 1 to 2
In local currency				
Government-issued or government-guaranteed securities	33,145	49,873	85,919	87,100
Securities issued or guaranteed by other financial institutions	60,137	60,464	-	6,510
Total securities in local currency	**93,282**	**110,337**	**85,919**	**93,610**
Total	**93,282**	**110,337**	**85,919**	**93,610**

34.5 Reconciliation of fair value hierarchy level 3

	Financial assets in debt securities	Equity instruments	Investment properties
December 31, 2018	**-**	**25,209**	**156,847**
Additions	-	108,604	9,599
Sales /alienation	-	(8,319)	(2,212)
Valuation adjustment affecting net income	-	2	12,798
Valuation adjustment with effect on equity	-	(23,277)	-
Conversion effect	-	(884)	(7,004)
Transfers to non-current assets held for sale	-	-	(741)
December 31, 2019	**-**	**101,335**	**169,287**
Addictions	22,502	8,083	136,993
Sales /alienation	(971)	(136)	(4,801)
Valuation adjustment affecting net income	49	-	9,456
Valuation adjustment with effect on equity	(2,929)	(8,343)	-
Conversion effect	(2,839)	1,432	17,288
Transfer of property and equipment	-	-	745
December 31, 2020	**15,812**	**102,370**	**328,968**

34.6 Fair value of financial assets and liabilities recognized at amortized cost or other valuation method.

The following table shows a summary of assets and liabilities with a value other than fair value as of December 31, 2020 and 2019 for disclosure purposes only.

	December 2020		December 2019	
	Book Value	Fair Value	Book Value	Fair Value
Assets				
Debt securities at amortized cost (1)	11,084,885	12,139,260	12,845,582	13,691,926
Assets insurance contracts (2)	4,498,053	4,498,053	4,060,206	4,060,206

Assets under reinsurance contracts [2]	4,792,079	4,792,079	4,607,155	4,607,155
Accounts receivable from related parties [2]	116,952	116,952	109,153	109,153
Other accounts receivable [2]	1,874,765	1,874,765	1,871,670	1,871,670
Non-current assets available for sale	106,141	92,467	5,212	5,212
Investments in associated companies and joint ventures [4]	19,836,275	16,719,921	19,965,689	19,894,231
Total Assets	**42,309,150**	**40,233,497**	**43,464,667**	**44,239,553**

Liabilities				
Financial obligations [1]	1,502,283	1,502,283	1,685,559	1,685,559
Finance lease liabilities [1]	531,354	531,354	666,663	666,663
Liabilities under insurance contracts [2]	24,207,380	24,207,380	24,172,633	24,172,633
Liabilities under reinsurance contracts [2]	1,313,544	1,313,544	1,230,672	1,230,672
Other accounts payable [2]	2,338,687	2,338,687	1,918,899	1,918,899
Accounts payable to related parties [2]	87,093	87,093	82,008	82,008
Non-current liabilities in available-for-sale assets	357	357	-	-
Bonuses [3]	8,765,419	9,687,262	7,742,433	8,513,246
Preferred shares	926,722	2,484,686	885,959	3,309,150
Total Liabilities	**39,672,839**	**42,152,646**	**38,384,826**	**41,578,830**

(1) Debt securities at amortized cost and other financial assets and liabilities

The fair value of fixed income investments at amortized cost was determined using the price calculated by the pricing vendor, investments in an active market and with a market price for the day of valuation are classified as level 1, investments without active market and / or with an estimated price (present value of the flows of a security, discounted with the reference rate and the corresponding margin) given by the vendor are classified as level 2.

(2) Accounts receivable and accounts payable

For these accounts, the carrying value was considered similar to their fair value, due to their short-term nature.

(3) Bonds issued

The fair value of securities issued is determined according to quoted or estimated prices provided by the price vendor. This is considered to be a level 2 valuation.

(4) Fair value was determined using prices based on those provided by a price vendor when traded in the stock market. For other equity investments that are not traded on the stock market, the value was measured in the same way as the carrying value was measured because it is difficult to make a special valuation for them.

NOTE 35. RISK MANAGEMENT OBJECTIVES AND POLICIES

The following information describes the main characteristics of the Risk Management System Governance Framework in the Companies of the Business Group and some definitions in relation to the Conglomerates Law. Likewise, the most relevant risks to which the Companies are exposed are analyzed, taking into account their characteristics, complexity, business dimension, and the particularities that arise in the geographies where they develop their economic activities.

General information on economic, social and political context

The year 2020 was characterized by a strong health crisis derived from a new coronavirus (SARS-CoV-2) that spread from China to the rest of the world. This context has generated high uncertainty in general due to the lack of knowledge of the virus and the possible evolution of the pandemic, generating a far-reaching negative effect at an economic, political and social level, which will be addressed throughout the text with particular focus on the region where Grupo SURA and its subsidiaries develop their businesses.

Latin America has not been immune to this situation generated by COVID-19, reaching a little more than 12.5 million confirmed cases at the end of 2020, despite all the measures implemented locally and internationally to contain its spread.

Since the declaration of the health emergency in different localities, most of the Latin American governments decided to take measures to face the pandemic, among them: the establishment of restrictions to the mobility of citizens and the interruption of the general development of different economic activities, the adaptation of hospital facilities and the creation of new intensive care units, the creation of economic stimulus packages and subsidies to the most vulnerable population (which was highly affected by the increase in the unemployment rate). All these elements, among others, had a significant impact on public spending in the countries, negatively impacting the fiscal balance and increasing debt levels in most of them, generating pressure and deterioration in sovereign ratings.

Continuing the analysis of the economic context of the region, it is important to highlight that the measures previously described also had an impact on the performance of Latin American stock markets, which, although they showed a significant recovery in the second half of the year, still lagged behind the stock indexes of developed economies. This situation stems mainly from the fact that the latter have greater fiscal capacity to inject resources into their economies to stimulate and contribute to the recovery of private consumption levels, consumer confidence and local and international investment in their territories. As a consequence, this generalized situation in the Latin American financial market affected the value of the companies' investment portfolios, and therefore, the aggregate results of the Business Group.

The effects described in the previous paragraphs translate into an economic downturn estimated by ECLAC of -7.7% for 2020, being the worst impact on economic growth in Latin America in decades. In conclusion, the economic recovery of the region in the short and medium term will depend on the evolution of the pandemic, the measures taken by governments to prevent the spread of the virus, the effectiveness of vaccination plans against it and the ability of each government to influence the economic recovery of their territories.

On the other hand, and contributing to the general understanding of the social context in the region, it is also important to highlight the broad social unrest that was evident during the year, which manifested itself through massive protests in countries such as Chile, Peru, Colombia and Argentina; most of them motivated by feelings of inequality and distrust in the system, high levels of poverty, corruption in the State and the management of their leaders in general. Although the region showed progress in income inequality indexes and other relevant dimensions in the last two decades, as evidenced by the Gini coefficient that went from 0.53 to 0.46 between 2001 and 2019 (where 1 is complete inequality and 0 is complete equality); it is highly probable that there will be a relevant setback in this front given the economic situation generated by the pandemic.

Finally, the repercussions derived from the economic and social context described above have contributed to generate greater instability in the political context of the region. Considering that presidential elections are approaching in some countries in the region, it is foreseeable that the electoral processes will lean towards recovery proposals based on the active role of the State as a provider of the necessary resources to alleviate the needs of the population and address the triggers of social unrest among citizens. It is clear and evident that the results of these elections will be decisive in defining the political course of the region, as well as the pace of its economic recovery and the confidence of international investors; since, due to the uncertainty that the region is experiencing, economic development may suffer ups and downs that are also generated by the electoral processes, thus generating economic repercussions in the different territories.

Bond placement by Grupo SURA in the Colombian market

Among other relevant matters, in spite of the generalized effects in the market due to the pandemic, it is worth mentioning the bond issue made by Grupo SURA in the Colombian market for one trillion pesos, distributed in four series: COP 223,750,000,000 with a term of 3 years and a rate at *(Benchmark Banking Indicator)* IBR + 1. 49%; COP 296,350,000,000,000 with a 7-year term and a rate at CPI + 2.54%; COP 180,320,000,000,000 with a 12-year term and a rate at CPI + 3.39% and COP 299,580,000,000 with a 20-year term and a rate at CPI + 3.78%. The management of the resources obtained from this placement will be explained in detail throughout this report.

Annuities business in Mexico - SURA Asset Management

As a result of a strategic review of the business units of SURA Asset Management, the Company decided to exit the annuities business in Mexico, transferring the portfolio of liabilities and assets backing these obligations to its buyer. Based on this, the Company is left with few assets necessary for its future liquidation.

1. **Governance Framework of the Risk Management System**

For Grupo SURA, risk management is a dynamic and interactive process, which is a fundamental component of the strategy that supports decision-making processes. Understanding risks as opportunities, preparing for uncertainty, configuring new businesses, exploring geographies, strengthening talent, among other aspects, are an essential part of this management.

Risk management is framed in the Risk Management Framework Policy of Grupo Empresarial SURA and the Internal Risk Management Manual. These documents establish the responsibilities of the Board of Directors, the Risk Committee and Senior Management with respect to the Risk Management System and define the framework for action of Grupo SURA in this area.

In addition to the existing risk management system, the Conglomerates Law issued on September 21, 2017, imparts new obligations for Grupo SURA as a Financial Holding Company of the Conglomerate in terms of risk management. The scope of this system covers not only the Business Group but also all the Companies that make up the SURA-Bancolombia Financial Conglomerate (FC), seeking to develop a Risk Management Framework, which comprehensively addresses the risk appetite, adequate level of capital and the management of strategic, contagion, concentration and reputational risks of the FC.

One of the milestones to highlight in this work front is the Master Plan submitted to the Financial Superintendence of Colombia in December, which details the schedule and set of activities defined by Grupo SURA to develop the data aggregation and reporting model that comprises the Risk Management Framework.

On the other hand, in order to comply with the requirements embodied in Decree 1486 of 2018, the Board of Directors of Grupo SURA (BOD) approved the policy containing the exposure and risk concentration limits of the CF. With this approval, the risk concentration management model was implemented, through which service and confidentiality agreements were developed with the entities that make up the FC for the reporting of information on transactions between the companies that make up the Conglomerate, and between them and their related parties. This information was submitted on a quarterly basis to the BOD for its knowledge and evaluation of the exposure to this type of risk in the FC, which is within the appetite of the financial holding company.

This management model is consistent with our risk vision as an investment manager, reaffirms our comprehensive management of the aggregate risks of the portfolio and enables us to perform prospective risk analysis considering the existing correlation between them.

1. Risk Categories

Below are the main risks around which the Companies prioritize and focus their management, grouped into three categories: Financial Risks, Business Risks and Operational Risks.

1.1 Financial Risk Management

Financial Risks are those risks whose impact on the financial results of the Companies is caused by changes in market conditions or non-compliance with obligations that third parties have with the Companies. The performance of the financial markets and the economies of the region have effects on the operation of the businesses and, therefore, on their financial results.

Additionally, for Grupo Empresarial SURA it is essential to have optimal capital structures and adequate levels of capital, in order to enable compliance with the obligations acquired with its stakeholders, as well as the consolidation and expansion strategies of the Companies. For this reason, management systems are required to monitor and manage exposure to the different financial risks (credit, market and liquidity risks) arising from treasury operations, investment portfolios and the management of third-party portfolios.

Below, the main financial risks will be characterized and the exposures to them in the different activities developed by the Companies that make up the Business Group will be detailed. In this analysis, credit risk, market risks (currency, interest rate, inflation and asset price) and liquidity risk will be taken into account.

2.1.1 Credit Risk Management

Credit risk management seeks to reduce the probability of incurring losses derived from the non-compliance of financial obligations contracted by third parties with the Companies. For this purpose, policies and procedures have been defined to facilitate the analysis and follow-up of issuers and counterparties in order to mitigate the exposure to this risk in the resources managed in the treasury, the portfolios of insurance companies and third-party funds.

In addition to the credit risk exposures mentioned below, the Company is also exposed to other credit risks, which are detailed in Note 7.1.2 Other accounts receivable.

2.1.1.1 Risk Management in treasuries

In the treasury departments of Grupo SURA, Suramericana and SURA Asset Management, risk mitigation policies provide guidelines to ensure that investments are aligned with the use of resources and always backed by issuers and/or managers with adequate credit support.

To date, treasury investments of Grupo SURA are mostly concentrated in liquid collective investment funds managed by high credit quality managers, savings accounts and checking accounts.

In this regard, it is important to highlight that most of the resources obtained in the aforementioned debt placement are being managed by three recognized stockbrokers in Colombia, following the investment mandate defined by Grupo SURA for the management of these resources, which is based on risk criteria for its definition. These investments have been made mainly in fixed income assets with issuers of the highest credit quality in the Colombian market, with the objective of minimizing the exposure to the credit risks derived from them, and guaranteeing the availability of the resources to comply with the financial obligation that matures in May 2021. The resource managers and their resource management rating (in local scale) are presented below:

Stockbroker	Qualification
Comisionista de Bolsa Valores Bancolombia S.A.	AAA
BTG Pactual Colombia S.A. Comisionista de Bolsa	AA
Credicorp Capital Colombia S.A.	AAA

Regarding the credit risk in derivative instruments positions, the Companies have as counterparties local and international banks with adequate credit ratings, all of which are above investment grade. Below is a list of the counterparties and their credit rating (on an international scale):

Grupo SURA

Bank	Qualification
Merrill Lynch International	A+
Citibank N.A.	A+
JP Morgan Chase Bank, N.A.	A+
Morgan Stanley & Co International Plc	A+
BBBVA Colombia S.A.	BBB-
Goldman Sachs International	A+
Bancolombia S.A.	BBB-

SURA Asset Management

Bank	Qualification
BBVA Colombia S.A.	BBB
JP Morgan Chase Bank	A+
Citibank	A+
Morgan Stanley	BBB+
Bank Of America	A+
Banco De Bogotá S.A.	BBB-
Bancolombia S.A.	BBB-

Suramericana

Bank	Qualification
JP Morgan Corporation Financiera S.A.	BBB-
Banco Davivienda S.A.	BBB-
Citibank Colombia	BBB-
Banco De Bogotá S. A.	BBB-
JP Morgan Chase & Co	AA-
Banco De Comercio Exterior De Colombia	BBB-

2.1.1.2 Credit Risk Management in the portfolios of insurers:

The Insurance Companies, when managing the investment portfolios that support the technical reserves, manage the exposure to credit risk by means of quota allocation policies, limits and controls, which in turn are accompanied by methodologies and procedures that allow characterizing, quantifying and monitoring the evolution of this risk in the different assets of the portfolio. These methodologies contemplate quantitative and qualitative analyses that allow obtaining a comprehensive understanding of the strength and financial conditions of issuers, counterparties and investment managers.

The majority of the portfolios of the insurers are invested in fixed income instruments, with significant exposure to sovereign instruments.

In order to provide a uniform scale that allows for comprehensive comparisons and analysis of exposure to this risk, the ratings are restated on an international scale, based on sovereign ratings issued by S&P, Fitch and Moody's. The rating selection methodology consists of taking the best rating from the three sources, provided that such rating has been issued within the last three months. Otherwise, the most recent rating available from any of the three rating agencies is taken: Colombia BBB-, Brazil BB-, Argentina CCC+, Chile A+, Mexico BBB, Uruguay BBB, Panama BBB, El Salvador B-, Dominican Republic BB-.

The following table presents a detail of the distribution of the fixed income financial assets of the Companies, by credit rating (International Scale):

Assets Fixed Income by Credit Rating 2020 (International Scale)

	Suramericana										SURA AM	
	Argentina	**Brazil**	**Chile**	**Colombia**	**El Salvador**	**Mexico**	**Panama**	**Dominican Republic**	**Uruguay**	**Bermuda**	**Chile**	**Mexico**
Sovereign Rating	**CCC+**	**BB-**	**A+**	**BBB-**	**B-**	**BBB**	**BBB**	**BB-**	**BBB**	**A**	**A+**	**BBB**
Government	60%	72%	21%	18%	14%	69%	15%	47%	49%	0%	30.1%	59%
AAA	0%	0%	0%	1%	4%	0%	0%	0%	0%	0%	0.0%	0%
AA+	0%	0%	0%	0%	0%	0%	2%	0%	6%	0%	0.0%	0%
AA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.0%	0%
AA-	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0.0%	0%
A+	0%	0%	0%	1%	0%	0%	0%	0%	4%	0%	13.5%	0%
A	0%	0%	37%	1%	1%	0%	0%	0%	2%	0%	7.8%	0%
A-	0%	0%	4%	1%	0%	0%	0%	0%	0%	0%	19.2%	41%
BBB+	0%	0%	15%	0%	1%	0%	1%	0%	24%	0%	20.5%	0%
BBB	0%	0%	9%	0%	2%	0%	0%	0%	4%	0%	4.8%	0%
BBB-	0%	0%	3%	54%	0%	22%	3%	0%	11%	100%	2.5%	0%
BB+	0%	0%	1%	14%	0%	2%	11%	0%	0%	0%	1.6%	0%
BB	0%	0%	0%	1%	0%	3%	0%	0%	0%	0%	0.0%	0%
BB-	0%	28%	0%	0%	0%	4%	27%	0%	0%	0%	0.0%	0%
Others	40%	0%	10%	7%	78%	0%	41%	53%	0%	0%	0.0%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Assets Fixed Income by Credit Rating 2019 (International Scale)

	Suramericana										SURA AM	
	Argentina	**Brazil**	**Chile**	**Colombia**	**El Salvador**	**Mexico**	**Panama**	**Do**	**Uruguay**	**Bermuda**	**Chile**	**Mexico**
Sovereign Rating	**CCC**	**BB-**	**A+**	**BBB-**	**B-**	**BBB**	**BBB**	**BB-**	**BBB-**	**A**	**A+**	**BBB**
Government	45%	100%	41%	20%	25%	33%	20%	46%	51%	0%	29%	91%
AAA	0%	0%	0%	0%	0%	0%	0%	0%	10%	0%	0%	0%
AA+	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%
AA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
AA-	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%	0%

A+	0%	0%	22%	0%	0%	0%	0%	0%	3%	0%	0%	0%
A	0%	0%	3%	0%	1%	0%	0%	0%	1%	0%	47%	1%
A-	0%	0%	13%	1%	1%	0%	0%	0%	2%	0%	0%	1%
BBB+	0%	0%	12%	0%	2%	0%	1%	0%	9%	0%	0%	1%
BBB	0%	0%	2%	3%	1%	64%	11%	0%	13%	100%	23%	0%
BBB-	0%	0%	0%	57%	1%	2%	35%	0%	11%	0%	0%	1%
BB+	0%	0%	0%	16%	2%	1%	6%	0%	0%	0%	0%	0%
BB	0%	0%	7%	0%	0%	0%	1%	0%	0%	0%	1%	0%
BB-	0%	0%	0%	0%	0%	0%	19%	0%	0%	0%	0%	0%
Others	55%	0%	0%	1%	67%	0%	5%	54%	0%	0%	0%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

In the case of the "Other" category, there are Securities with an investment-grade local rating, which, when re-expressed on an international scale, are rated lower than BB- due to the sovereign rating of these countries.

During 2020 the credit risk situation in terms of investment portfolio issuers did not present significant changes, however, there were specific situations in: i.) Chile, given a significant operational impairment in the bonds of an issuer of the portfolio, which, due to the analysis and continuous monitoring through the methodology of impairment of investments, a higher value of impairment was recognized in the financial statements for this investment, ii.) El Salvador, given that two issuers presented grace period plans for principal payment, which were approved by investors in order to provide liquidity relief, however, once the periods were completed, payments were made with total normality and, finally iii.) the Argentinean Government was able to restructure the foreign debt with an approval of more than 90% of its creditors. This meant an improvement in credit quality by the three main rating agencies, considering that from the cash flow point of view of the country a very important relief was seen. However, macroeconomic and reactivation conditions continue to be difficult for next year, so the Group is constantly monitoring these conditions.

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

On the other hand, another exposure to credit risk generated in the insurance portfolios is presented in derivative transactions with local and international counterparties.

Financial derivative contracts entered into with local and international counterparties also represent a credit risk in the insurers' portfolios.

Below is the active and passive exposure in derivatives that Suramericana S.A. companies had as of December 31, 2020 (and December 31, 2019). This exposure is presented together with the credit rating (on an international scale) of the counterparties with which there are current derivative transactions. It is important to highlight that, at present, the only companies that carry out operations with financial derivatives are those based in Colombia (figures in thousands).

Portfolio of Derivativas – Suramericana Seguros Colombia 2020				
Bank	**International Credit Rating**	**Asset exposure**	**Liability exposure**	**Net position**

JP Morgan Corporacion Financiera S.A.	BBB-	298,905	(277,803)	21,102
Banco Davivienda S.A.	BBB-	129,507	(122,810)	6,697
Citibank Colombia	BBB-	236,720	(224,561)	12,159
Banco De Bogota S. A.	BBB-	156,392	(148,766)	7,626
JP Morgan Chase & Co	AA-	35,730	(32,865)	2,865
Banco De Comercio Exterior De Colombia	BBB-	136,521	(132,501)	4,020
Total		**993,775**	**(939,306)**	**54,469**

Portfolio of Derivatives– Suramericana Seguros Colombia 2019				
Bank	**International Credit Rating**	**Asset exposure**	**Liability exposure**	**Net position**
Banco Davivienda S.A.	BBB	125,757	(120,900)	4,857
Banco De Bogota S. A.	BBB	73,438	(71,393)	2,045
Banco De Comercio Exterior De Colombia S.A.	BBB	407,994	(410,334)	(2,340)
Banco De Occidente S.A.	BBB	62,567	(59,705)	2,862
Citibank Colombia	BBB	148,399	(148,947)	(548)
BBVA Colombia S.A.	BBB	357,048	(350,241)	6,807
JP Morgan Corporación Financiera	BBB	434,675	(427,214)	7,461
JP Morgan Chase & Co	AA-	10,296	(9,598)	698
Total		**1,620,174**	**(1,598,332)**	**21,842**

Finally, note 12.3 of these disclosures presents the balance and impairment methodology of the investments in this chapter. It is important to note that, at the end of each reporting period, the Companies assess whether there is any probability that a financial asset or a group of financial assets measured at amortized cost or available-for-sale may be impaired.

To recognize the impairment loss, the Companies reduce the carrying amount of the associated asset and recognize the loss in profit or loss. If in subsequent periods, the value of the impairment loss decreases and the decrease could be objectively related to an event subsequent to the recognition of the impairment, the previously recognized impairment loss must be reversed.

2.1.1.3 Credit Risk Management in Third Party Resource Management

In its activity of Third-Party Resource Management and in compliance with its fiduciary duty, the management of the funds includes a due diligence process for the issuers, counterparts, and fund managers, in which they are invested.

For this, it has independent risk teams, both functionally and organizationally, from the investment areas. These teams are responsible for monitoring the investment portfolios, monitoring levels of market risk, credit, liquidity, and other circumstances that may have a negative impact on the return of the portfolios. It is the responsibility of the risk team to warn about the possible breach of the defined limits, both internal and regulatory, and raise said alerts to the Risk Committee to order the necessary corrections.

2.1.1.4 Impairment of assets and accounts receivable

The Companies periodically analyze the existence of impairment indicators and, if necessary, recognize impairment losses in the associated account.

As defined in IFRS 9, impairment is recognized as the expected or prospective loss of financial assets, considering a 12-month or whole-life approach to the instrument. In the Companies, both approaches will be applied, based on the type of instrument and the credit conditions of the counterparty.

Specifically, for accounts receivable of associates with the client portfolio, the Companies use the general or 12-month approach considering the nature of the policies and the cancellations associated to them. Based on available historical information, an impairment percentage is calculated for each default level. A percentage that is applied prospectively from the initial moment of the portfolio and is updated over time.

For accounts receivable derived from reinsurance contracts, generally for the entire region, the individual financial strength of each reinsurer is reviewed and the percentage of impairments, associated with each, is estimated. Each subsidiary, according to its market characteristics can consider the payment agreements already established. The percentages are updated in a general manner for all subsidiaries annually.

On the other hand, given that the volume of negotiation of the Company, through coinsurance contracts, is not a relevant item, and that additionally, the accounts receivable associated with this, are not representative of the total accounts receivable. Each subsidiary uses the criteria obtained in the accounts receivable model of the client portfolio.

Finally, for portfolio investments, the financial strength of each counterparty is analyzed through the Credit Risk Process of each subsidiary and "default" probabilities published by international risk rating agencies, are used, in order to maintain a prospective approach, in the calculation.

It is important to highlight that, regarding the operations of third-party funds administration, securities brokerage, and insurance, considering the accounting policy for the recognition of income and the valuation of financial instruments, the entry into force of IFRS 9 did not impact the financial statements or on the equity position of the Companies.

Detailed information on the methods and tests for impairment of financial assets, non-financial assets, accounts receivable, reinsurance and coinsurance can be found in Note 7.2. Impairment of financial assets, note 12.3 Impairment of investments in associates and Note 16.1 Investment properties of this report.

2.1.2 Market Risk Management

Market risk management seeks to mitigate the impact of variations in market prices, on the value of the portfolios that are managed and the revenues of the Companies.

For this, both the portfolios of insurers and the processes of portfolio management, and third-party resources, Market Risk Management Systems have, through which the exposures are identified, measured, and monitored. These systems are composed of a set of policies, procedures, and internal monitoring and control mechanisms that allow for the integral management of this risk.

In turn, the Companies periodically estimate the impact that fluctuations in variables such as interest rates, exchange rates and asset prices may have on the results of the year in question. In addition, in order to mitigate the exposure to these risks and the volatility that characterizes them, the Company determines the convenience of developing hedging schemes with financial derivatives.

2.1.2.1 Market Risk Management in Treasuries

In the treasuries of Grupo SURA, Suramericana and SURA Asset Management, market risk management focuses on exposures to currency risk and interest rate risk derived from financial debt.

For further details on financial debt and derivatives, see Note 7.3 "Financial liabilities" and Note 8 "Derivative instruments".

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

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

Following the issuance of bonds in the Colombian market by Grupo SURA, a material portion of the resources obtained is managed by brokerage firms recognized in the Colombian financial market. It is important to highlight that the company provided them with an investment policy for the management of such resources, which should seek to minimize the exposure to interest rate risk by investing them in financial assets whose duration is equal or close to their term to maturity, both converging to the time when Grupo SURA will make the payment of the obligation associated to the international bond.

At the same time, it is important to highlight that the issue made in August was made at variable rates (IBR and IPC), increasing the exposure to interest rate risk in the liability, for which the company has been evaluating different hedges, in order to mitigate such exposure.

On the other hand, during 2020, in order to mitigate the associated risk and the consequent volatility in the financial statements due to the variation in the exchange rate, Grupo SURA fully hedged the nominal value of the bond issued for 550 million dollars, maturing in 2026; and additionally, it extended the limits defined for the coverage of the principal of the bond issued for 300 million dollars, maturing in 2021; going from a coverage level of COP/USD $4,000 to a level of COP/USD $4,500.

In the case of **Suramericana SA**, there are the following exposures to market risk:

- Suramericana has, within its accounts, liquidity positions that it handles in accordance with the obligations presented with the different interest groups. In this way, and in accordance with the dividend and capitalization schedules, as well as the commitment acquired in the capital market, resources are managed in Colombian pesos and in US dollars, seeking to optimize exchange risk and take advantage of short-term returns. In this way and taking into account that all the subsidiaries of Suramericana S.A. operate in different countries, with different functional currencies, a foreign exchange risk is generated when exchanging flows between the subsidiaries and Suramericana SA, either due to concepts of capitalization, undercapitalization, and dividend distribution.

- On the other hand, and as a result of the issuance made in 2016 in the Colombian public securities market of ordinary bonds for $ 1 billion pesos, the Company is exposed to inflation risk in Colombian pesos. This risk is mitigated to a great extent with the revenues from the Insurance operation in Colombia, which are denominated in Colombian pesos.

For their part**, SURA Asset Management**, from the treasuries, has the following exposure to market risk:

- The different business units have unrestricted capital constituted with retained earnings. The investment of such capital is mainly invested in fixed income assets, mutual funds, cash and banks; aligned with the uses that will be given to them, among them: dividend payments or reinvestments in the business units in accordance with their strategic plans.

  Currency risk: it has been decided to maintain unrestricted capital invested in local currencies in accordance with their planned uses.

- On the other hand, within the Capital Structure of SURA Asset Management, there is a debt component composed of a bond issued in the international market and bank debt. Since most of the debt is denominated in USD, this generates an exchange rate matching risk, since the financial results of the subsidiaries of SURA Asset Management are in local currencies and there is an exchange rate risk for their transfer to SURA Asset Management.

2.1.2.2 Market Risk Management in the portfolios of insurers

In Suramericana, for the management of market risk, in the portfolios of the Insurers, methodologies, limits, and/or alerts are established, in accordance with the internal policies and the rules applicable to each of the countries, where the Companies are present. In addition, the companies carry out the construction and joint formulation of methodologies that ensure joint management of assets and liabilities (Asset Liability Management - ALM), allowing for the identification and management of market risks, with a comprehensive view, of the balance. Other measures that are taken into account for the management of this risk are: Value at Risk, Sensibilities, and Simulations.

For its part, SURA Asset Management performs market risk management, framed in a process of joint Asset and Liability Management (ALM), dynamic, and continuous. This process starts with the analysis of the liabilities profile of SURA Asset Management, and is based on, the appetite for risk and return. A strategic allocation of assets is determined, which takes into account its feasibility of implementation, based on market conditions (liquidity and depth) and the distribution of the current investment portfolio (especially in relation to the maturity term and accrual rates).

2.1.2.2.1 Exposure to currency in the portfolios of insurers

The currency exposures of the portfolios of the insurers are presented below.

Assets, in each Country, by type of currency - 2020					
Country	**Local currency ***	**Real local currency ****	**USD**	**Other**	**Total**
		Suramericana			
Argentina	60%	-	40%	-	100%
Bermuda	-	-	100%	-	100%
Brazil	100%	-	-	-	100%
Chile	11%	89%	-	-	100%
Colombia	72%	20%	8%	-	100%
El Salvador	-	-	100%	-	100%
Mexico	93%	3%	4%	-	100%
Panama	-	-	100%	-	100%
Dominican Republic	76%	-	24%	-	100%
Uruguay	29%	30%	41%	-	100%
		SURA Asset Management			
Chile Seguros	0%	100%	0%	0%	**100%**
Mexico (Discontinued Op.)	0%	81%	19%	0%	**100%**

Assets, in each Country, by type of currency - 2019					
Country	**Local currency ***	**Real local currency ****	**USD**	**Other**	**Total**
		Suramericana			
Argentina	72%	-	28%	-	**100%**
Bermuda	-	-	100%	-	**100%**

Brazil	100%	-	-	-	**100%**
Chile	14%	86%	-	-	**100%**
Colombia	76%	18%	6%	-	**100%**
El Salvador	-	-	100%	-	**100%**
Mexico	92%	3%	5%	-	**100%**
Panama	-	-	100%	-	**100%**
Dominican Republic	77%	-	23%	-	**100%**
Uruguay	29%	22%	49%	-	**100%**
		SURA Asset Management			
Chile Seguros	0%	100%	0%	0%	**100%**
Mexico	0%	100%	0%	0%	**100%**

This table includes the Unit Linked funds (product of insurance and savings component offered by insurers of SURA Asset Management), because they are included in the financial statements of the Companies, even though the risk of the performance of the investment is assumed by the insured.
**Local currency: Colombia - COP, Panama - PAB, Dominican Republic - DOP, El Salvador - SVC, Chile - CLP, Mexico - MXN, Peru - PEN, Uruguay - UYU, Brazil - BRL.*
*** Actual local currency: Colombia - UVR, Chile - UF, Mexico - UDI, Peru - Soles VAC, Uruguay- UI.*

Analysis of sensitivity to exchange rate risk in the portfolios of the insurers

The following is a sensitivity analysis that measures the impact that a movement in the exchange rate would have on the Companies' pre-tax profits.

The methodology used to perform the exchange rate sensitivity analysis was to take the foreign currency exposure of the company on both the asset and liability sides of the balance sheet of the Company, evaluating a -10% variation in the exchange rate and taking the impact as the difference in pre-tax earnings.

The net income obtained, is as follows:

Sensitivity to the exchange rate		
(-10%) in Exchange rate	**Impact on profit, before taxes 2020**	**Impact on profit, before taxes 2019**
	Suramericana	
Argentina	(11,371)	(4,795)
Bermuda	-	-
Brazil	(1,536)	(1,596)
Chile	(6,269)	(2,557)
Colombia	(13,474)	(64,054)
El Salvador	-	-
Mexico	(282)	(606)
Panama	-	-
Dominican Republic	(5,009)	(63)
Uruguay	(1)	(1,052)
Total	**(37,942)**	**(74,723)**

For the management of exchange rate risk, the Companies realized their hedging operations, in accordance with the guidelines, issued by their Board of Directors and/or their business strategies.

As of December 31, 2020, Suramericana had derivative contracts to hedge its exchange rate risk and its impact on the fair value of financial instruments, with forwards on USD for a notional amount of $903,946 million Colombian pesos. Additionally, it has a swap contract for a notional amount of $8,740 million, associated with a USD-denominated Ecopetrol bond maturing in September 2023 with a semiannual coupon payment of 5.875%, and a swap contract for a notional amount of $22,974 million, associated with a USD-denominated SACI Falabella bond maturing in April 2023 with a semiannual coupon payment of 3.750%. These last two instruments allow the company to back the technical reserves resulting from the insurance activity through hedge accounting. All of the aforementioned hedges belong to the companies in Colombia.

2.1.2.2.2 Exposure to interest rate in the portfolios of insurers

Below is the distribution of the exposures to the Fixed tax and Variable tax, of the insurers' portfolios.

Exposure on Fixed tax and Variable tax 2020								
	Fixed tax			Variable tax				
Country	**Fixed rate**	**Variable rate**	**Subtotal**	**National**	**Foreign**	**Subtotal**	**Others**	**Total**
Suramericana								
Argentina	41%	59%	100%	0%	0%	0%	0%	**100%**
Bermuda	100%	0%	100%	0%	0%	0%	0%	**100%**
Brazil	1%	99%	100%	0%	0%	0%	0%	**100%**
Chile	96%	0%	96%	0%	4%	4%	0%	**100%**
Colombia	46%	43%	89%	8%	3%	11%	0%	**100%**
El Salvador	100%	0%	100%	0%	0%	0%	0%	**100%**
Mexico	93%	7%	100%	0%	0%	0%	0%	**100%**
Panama	100%	0%	100%	0%	0%	0%	0%	**100%**
Dominican Republic	99%	0%	99%	0%	1%	1%	0%	**100%**
Uruguay	100%	0%	100%	0%	0%	0%	0%	**100%**
SURA Asset Management								
Chile	80%	0%	**80%**	0%	0%	**0%**	**20%**	**100%**
Mexico (Discontinued Op.)	100%	0%	**100%**	0%	0%	**0%**	**0%**	**100%**

Exposure on Fixed tax and Variable tax 2019								
	Fixed tax			Variable tax				
Country	**Fixed rate**	**Variable rate**	**Subtotal**	**National**	**Foreign**	**Subtotal**	**Others**	**Total**
Suramericana								
Argentina	43%	28%	**71%**	29%	-	**29%**	**0%**	**100%**
Bermuda	-	100%	**100%**	-	-	**-**	**0%**	**100%**
Brazil	80%	-	**80%**	20%	-	**20%**	**0%**	**100%**
Chile	-	54%	**54%**	46%	-	**46%**	**0%**	**100%**
Colombia	49%	39%	**88%**	11%	1%	**12%**	**0%**	**100%**
El Salvador	-	100%	**100%**	-	-	**-**	**0%**	**100%**
Mexico	46%	52%	**98%**	0%	2%	**2%**	**0%**	**100%**
Panama	0%	100%	**100%**	-	-	**-**	**0%**	**100%**
Dominican Republic	1%	98%	**99%**	1%	-	**1%**	**0%**	**100%**
Uruguay	-	100%	**100%**	-	-	**-**	**0%**	**100%**

Exposure on Fixed tax and Variable tax 2019								
			SURA Asset Management					
Chile	25%	0%	**25%**	0%	0%	**0%**	**75%**	**100%**
Mexico	100%	0%	**100%**	0%	0%	**0%**	**0%**	**100%**

In the case of SURA Asset Management, the Unit Linked funds are included, since they are part of the financial accounts of the insurers, although the risk of the performance, of the investment, is that of the insured.

Sensitivity analysis of interest rate risk in the portfolios of insurers

The following is a sensitivity analysis that measures the impact on the companies' profits, before taxes that would have an unfavorable movement in interest rates. The tool used in each Company considers the systems and tools that each one has implemented.

Suramericana: To carry out the sensitivity analysis of the interest rate, only the investments, classified to market (fair value), and the position invested in each one, were taken, given that the liabilities, and the rest of the investments are classified at maturity. For each asset, the modified duration was calculated and weighted, by its market value. This measurement shows the impact on the price given the variation of the implicit rate. For this, a variation of 10 basis points was evaluated, and this result was applied in the Company's position. The net result obtained for December 2020 (and December 2019), is:

Interest rate sensitivities - Modified duration method		
(+10pbs) in Interest Rates	**Impact on profit, before taxes 2020**	**Impact on profit, before taxes 2019**
Argentina	(1,026)	(283)
Bermuda	(54)	(4)
Brazil	(433)	(344)
Chile	(384)	(1,088)
Colombia	(1,189)	(1,629)
El Salvador	(18)	(98)
Mexico	(1,169)	(1,616)
Panama	(325)	(380)
Uruguay	(223)	(258)
Total	(4,821)	**(5,700)**

SURA Asset Management: Interest rate risk is analyzed from the following perspectives:

a. Accounting: with the adoption of IFRS 9, fixed-income assets are now classified from available for sale to amortized cost; the accounting asymmetry in equity in the face of interest rate movements has been eliminated. As a consequence of this, there is no sensitivity of results or equity to changes in interest rates.
b. Reinvestment or adequacy of Assets/Liabilities: to estimate the sustainability of this investment margin (accrual of assets over recognition of interest on liabilities), the Liabilities Adequacy Test is performed. This test verifies that the asset flows (including the projected reinvestment) together with the premiums to be collected for the existing commitments are sufficient to cover the commitment established in the reserve. In case of insufficiency, the reserve must be strengthened and consequently the volume of assets must be increased. The following table shows the adequacy levels of the test.

Interest rate sensitivities - Interest Rate Reinvestment Perspective		
Business Unit	**Liabilities reserves 2020**	**Sufficiency of reserves 2020**
Chile	4,509,619	4.4%

Mexico (Discontinued Op.)	N/A	N/A

Interest rate sensitivities - Interest Rate Reinvestment Perspective		
Business Unit	**Liabilities reserves 2019**	**Sufficiency of reserves 2019**
Chile	3,825,382	4.1%
Mexico	2,335,553	2.9%

Considering the sale of the annuity business in Mexico, it is important to note that all sensitivities related to liabilities for 2020 would not apply and therefore this company is reported as discontinued.

2.1.2.2.3 Risk Price variation: Real Estate and Variable Income

The portfolios of the insurance companies are exposed to risks derived from the variation in the prices of equities and real estate assets.

The following table shows the impact on pre-tax earnings of a 10% drop in the prices of equities and/or real estate assets in the insurers' portfolios.

Suramericana

Sensitivities, at the price of shares and real estate assets				
	Impact on profit before taxes 2020		Impact on profit before taxes 2019	
Business Unit	**(-10%) in Shares Price**	**(-10%) in Real Estate**	**(-10%) in Shares Price**	**(-10%) in Real Estate**
Argentina	(104)	-	-	-
Chile	-	(2,724)	(5,410)	(13,614)
Colombia	(17,802)	(64,479)	(13,210)	(62,560)
Panama	(178)	-	1,681	-
Total	**(18,084)**	**(67,203)**	**(16,939)**	**(76,174)**

It should be kept in mind, that the sensitivity analyzes performed, previously do not consider the interdependence of the risks evaluated, so that the impact of these could be considerably less.

SURA Asset Management

Sensitivities, at the price of shares and real estate assets				
	Impact on profit before taxes 2020		Impact on profit before taxes 2019	
Business Unit	**(-10%) in Shares Price**	**(-10%) in Real Estate**	**(-10%) in Shares Price**	**(-10%) in Real Estate**
Chile	(418)	(27,238)	(324)	(11,381)
Total	**(418)**	**(27,238)**	**(324)**	**(11,381)**

It should be kept in mind that the sensitivity analyzes, performed previously, do not consider the interdependence of the risks evaluated, so that the impact of these could be considerably less.

2.1.2.2.4 Risk of Volatility in the Pension Businesses

The regulation, associated with the pension business, requires that each Company must maintain a position of its own capital, invested in a reserve that acts as a reserve in case of breach of the obligations of each Company.
The following table contains the Funds Managed by SURA Asset Management's Affiliate Portfolio in the Pension Business. The figures shown do not include the assets under management of AFP Crecer, AFP Protección, nor the assets held by the insurance companies of SURA AM.

Pension Companies - Assets under Management (COP) 2020		
Country	**Mandatory**	**Voluntary**
Chile	138,658,400	6,127,456
Mexico	116,578,761	3,678,552
Peru	56,576,298	827,821
Uruguay	9,958,701	0
Total	**321,772,160**	**10,633,829**

Pension Companies - Assets under Management (COP) 2019		
Country	**Mandatory**	**Voluntary**
Chile	130,174,039	4,509,830
Mexico	99,958,924	2,520,254
Peru	63,863,357	803,406
Uruguay	8,984,466	0
Total	**302,980,786**	**7,833,490**

The regulation, associated with the pension business, requires that each Company must maintain a position of its own capital, invested in a reserve that acts as a reserve, in case of breach of the obligations of each Company.

It is important to note that the underlying assets, invested, must maintain the same proportion as the underlying assets in the Managed Funds (that is, the Company must purchase investment units from the managed funds). The following table shows the different reserve percentages, in each business unit, as a percentage of managed funds:

Percentage of reserve of managed fund	
Business Unit	**% Reserve**
Chile	1.00%
Mexico	0.63%
Peru	1.00%
Uruguay	0.50%

Faced with these investments, the Companies are exposed to market risks, which may affect the valuation of such reserves, and their Companies, we analyze the impacts that the market variables could have on the profit, before taxes, in the horizon of one year.

In the case of Mexico and Peru, where the remuneration obtained depends on the amounts administered, this exercise also includes the impact derived from the reduction in the values of the managed funds, product of the market variations.

Volatility Risk of the Pension Businesses

Deviation	Impact of profit, before taxes 2020	Impact of profit, before taxes 2019
-10% in Variable Appraisal		
Chile	(50,147)	(49,590)
Mexico	(49,869)	(31,457)
Peru	(28,120)	(29,614)
Uruguay	(1,091)	(415)
Total	**(129,227)**	**(111,076)**
+100bps in Interest Rates		
Chile	(79,496)	(70,677)
Mexico	(36,847)	(61,594)
Peru	(18,127)	(24,810)
Uruguay	(1,405)	(2,224)
Total	**(135,875)**	**(159,305)**
-10% Depreciation of FC		
Chile	(61,609)	(55,989)
Mexico	(18,221)	(17,841)
Peru	(36,242)	(39,762)
Uruguay	(930)	(523)
Total	**(117,002)**	**(114,115)**

The analyzes realized, do not consider the interdependence of the evaluated risks, so that the impact of the risks could be considerably lower.

2.1.2.2.5 Risk Exposure of Seed Capital SURA Asset Management

During 2020, SURA Asset Management has participated in seven new investment projects with its seed capital. It has also ended the strategy of the Pacific Alliance Fund - Equities (Australia), returning the Seed Capital invested in this initiative in order to concentrate efforts on the new strategies that were generated through the SICAV in Luxembourg. By the end of 2020, the company has sixteen projects in its investment portfolio.

The following is a brief summary of these projects, the participation of SURA ASSET Management and the capital committed to them.

Traditional Assets

Latin America Corporate Debt USD Fund

On December 14, 2020, the SURA Latin America Corporate Debt USD fund was launched, which is domiciled in Luxembourg and managed in Mexico. The objective of the fund is to achieve income and capital appreciation over the medium to long term through a diversified strategy based on investments in corporate debt instruments in Latin America. The fund seeks to invest primarily in debt instruments issued in U.S. dollars by corporate issuers whose assets and/or revenues are mostly from countries such as Mexico, Colombia, Peru, Chile, Argentina and Brazil. In addition, the fund seeks to invest in a diversified portfolio with a medium to long term investment horizon, associated with moderate risk.

The professional fund manager is SURA Investment Management México S.A. de C.V., S.O.F.I. SURA. SURA Asset Management has invested the seed capital directly in a sub-fund of the AM SURA SICAV.

The fund had a net effective return of 0.56% between December 14 and December 31, 2020.

SURA Deuda Latinoamericana Investment Fund (Feeder Fund)

On August 21, 2020, the SURA Deuda Corporativa Latinoamericana Investment Fund was launched, which is domiciled and managed in Chile. The objective of the fund is to offer an investment alternative for individuals and/or legal entities interested in carrying out financial operations in a diversified portfolio with a medium- and long-term horizon associated with a medium risk, providing adequate liquidity, through a portfolio composed mainly of debt instruments issued by institutions participating in the Latin American market. The fund seeks to invest in a diversified portfolio with a medium to long term investment horizon, associated with moderate risk.

On December 4, 2020, changes to the regulations of the fund came into effect, with the new objective of investing in quotas of the fund domiciled in Luxembourg called AM SURA - Latin America Corporate Debt USD ("Master Fund"). According to its Prospectus and Annexes (Internal Regulations of the Master Fund), the objective of the Master Fund is to carry out financial operations in a diversified portfolio with a medium- and long-term horizon, through a portfolio composed mainly of debt instruments issued by institutions participating in the Latin American market.

The professional manager of the fund is Administradora General de Fondos SURA S.A.; SURA Asset Management has invested the seed capital in the fund through SURA Asset Management Chile Sociedad de Inversión S.A.

The fund had a return of 3.1% in dollars between November 30 and December 31, 2020 and a return of 7.8% during 2020.

Alternative Assets

Infrastructure Fund

Credicorp Capital-SURA Asset Management 4G Infrastructure Fund

At the end of 2015, SURA Asset Management and Credicorp Capital entered into a strategic alliance to develop a debt fund to finance infrastructure projects in the region. As a result of this effort, the Credicorp Capital-SURA Asset Management 4G infrastructure fund was born, raising commitments from institutional investors in the amount of COP 1.4 billion (USD 406.1 million).

After five years of operation, the fund has invested resources for 100% of the committed capital in the financing of four road concession projects (Pacifico 3, Neiva-Girardot, Bogotá-Villavicencio and Ruta del Cacao). Due to the nature of the investments, this capital will be exposed to the risk of financial volatility due to possible deviations in the valuation of the projects.

The capital committed by SURA Asset Management in this fund (through its subsidiary SURA Asset Management Chile) amounts to COP 75,000 million (USD 21.8 million), of which COP 40,804 million (USD 11.9 million) have been called as of December 31, 2020. The book value of the participation amounts to COP 48,549 Million (USD 14.1 Million).

Infrastructure Liquidity Line Fund

During 2020, the professional manager (UPI) continued working on raising resources for the second sub-fund of the 4G fund, whose objective is to grant a liquidity line to the credit structures of the 4G infrastructure projects. As a result of these efforts, the sub-fund has five investors and a total committed capital of COP 70,000 million (USD 20.4 million).

The capital committed by SURA Asset Management (through its subsidiary SURA Investment Management S.A.S.) in this sub-fund amounts to COP 10,000 million (USD 2.9 million), of which COP 21.2 million (USD 0.01 million) have been called. The book value of the participation as of December 31, 2020 is COP 362.6 million (USD 0.1 million).

Infrastructure Investment Fund -AM SURA - Credicorp Capital

Continuing with the growth and development of the infrastructure platform, the strategic alliance of SURA Asset Management and Credicorp Capital successfully carried out in 2019 the first closing of its investment fund in Peru, which has the mandate to invest in the capital of infrastructure projects located in the Andean region. The fund received commitments for USD 86.5 million, of which SURA Asset Management through Fondos Sura SAF committed USD 2.5 million. As of December 31, 2020, calls for USD 549,250 have been met and its equity value is USD 551,965.

Road Investment Fund Perú AM SURA - Credicorp Capital

This investment alternative enabled the acquisition of 16.2% of the class B shares of the road concessionaire Norvial. The fund received commitments for a total value of USD 10.9 million, of which SURA Asset Management through Fondos Sura SAF committed USD 240,000. As of December 31, 2020, 100% of the commitment had been called, additionally, SURA Asset Management received a distribution equivalent to USD 9,083. In this sense, the net value disbursed by SURA Asset Management in this vehicle is USD 230,917 and its equity value at the end of the period was USD 151,702.

Real Estate

Private Equity Fund FCP SURA Asset Management Real Estate Development

The main objective of this fund is to obtain long-term capital gains and/or other operating income by investing in real estate projects located in Colombia, Chile and/or Peru, participating directly or through strategic developers, in the design, construction, development, operation and/or management of such assets, for commercial, office, hotel or industrial uses.

The fund received total commitments of COP 294,338 million (USD 85.8 million), of which SURA Asset Management (through its subsidiary SURA Asset Management Chile S.A.) committed COP 5,886 million (USD 1.7 million). As of December 31, 2020, 69.4% equivalent to COP 4,085 million (USD 1.2 million) has been called; its investment equity value at the end of the period was COP 3,659 million (USD 1.1 million).

Given the nature of the fund, the invested capital is exposed to the risk of financial volatility due to changes in the valuation of the real estate projects derived from the fund and to deviations in the behavior of currencies due to the fact that the projects may be in various countries.

SURA private real estate investment fund

The private real estate investment fund is managed by Fondos SURA SAF (Peru) and invests in a single asset located in the city of Lima, with the objective of managing its occupancy, stabilizing it and subsequently selling it to a real estate rental fund.

The initial seed capital investment in this fund amounted to USD 24,725,000. During 2019, 2 capital returns were made, the first for USD 7,444,733 on July 5 and the second for USD 3,300,000 on November 21. During 2020 a return of capital for USD 6,000,000 was made on December 17; the balance as of December 31, 2020 amounts to USD 7,980,267 and the invested equity value is USD 8,252,613.

SURA Renta Inmobiliaria III Mutual Fund

The SURA Renta Inmobiliaria III Investment Fund aims to invest in stabilized assets in Chile, in the office, industrial and retail segments. The fund began operations in January 2019 obtaining investment commitments of 1,091,745 unidades de fomento. On August 31, 2019 it held its second closing reaching commitments of 2,051,585 unidades de fomento.

As of December 31, 2020, SURA Asset Management Chile has made seed capital disbursements of CLP 6,995 million (USD 10.0 million) which have a book value of CLP 7,781 million (USD 11.1 million) at year-end.

Private Debt

Colombia Corporate Debt Fund

The Colombia Corporate Debt Investment Fund, launched on October 1, 2020, aims to invest in senior credit instruments granted to small and medium-sized Colombian companies.

As of December 31, 2020, SURA Asset Management Chile has investment commitments of COP 37,000 million (USD 10.8 million) and SURA Asset Management Colombia of COP 600 million (USD 0.2 million), equivalent to total commitments of the manager of COP 37,600 million (USD 11.0 million). Of this amount, COP 23,864 million have been disbursed from SURA Asset Management Chile and COP 389 million from SURA Asset Management Colombia for a total of COP 24,253 million (USD 7.1 million).

SURA Deuda Privada Investment Fund

The SURA Deuda Privada investment fund launched in the fourth quarter of 2020, managed by Administradora General de Fondos SURA S.A. (Chile), aims to provide financing to small and medium-sized companies through mechanisms that incorporate collateral and credit risk mitigation mechanisms granted by insurers and reciprocal guarantee companies.

As of December 31, 2020, the manager (through SURA Asset Management Chile) has investment commitments of CLP 3,958 million (USD 5.6 million), of which calls of CLP 1,361 million (USD 1.9 million) have been made. A refund was made through the sale of quotas for the equivalent of CLP 10,000,000 in October 2020 to comply with the Single Fund Law and to have an institutional contribution. The committed investment to date is CLP 1,351 million (USD 1.9 million) and its book value was CLP 1,374 million (USD 2.0 million).

SURA Libranzas Closed-end Mutual Fund

The fund launched on December 1, 2020, aims to acquire loans granted to individuals in Colombia originated and managed by specialized credit intermediaries.

As of December 31, 2020, the manager (through SURA Asset Management Chile) has investment commitments of COP 18,144 million (USD 5.3 million), which have been fully invested in the fund. The net asset value of the investment at year-end was COP 18,279 million (USD 5.3 million).

SURA Peru Factor Fund

The fund provides working capital financing to supplier companies in major industries in Peru. While there is no direct seed capital investment in the fund, USD 3.0 million was wired from SURA Asset Management Chile to a USD Money Market in Peru, awaiting use or return to the manager.

Other related investments

The portfolio includes three investments related to real estate assets in Colombia, two of which are aimed at the elderly segment, in order to promote this strategy. For these, two trusts were constituted, Fideicomiso Los Cedros and Fideicomiso Rincón del Chicó in Fiduciaria Bancolombia. On November 27, 2019, the contribution was made and the transfer of trust rights by the owners of the properties to the Los Cedros Trust was regulated. During 2020, contributions of COP 7,300 million for the Rincón del Chicó Trust and COP 7,589 million for the Los Cedros Trust were completed, for a total of COP 14,889 million (USD 4.3 million).

Additionally, in April 2020, the third investment was made. In order to develop an office building, the lot of project 1 Sur (area of approximately 2,600 m2) located in Medellín was acquired for COP

16,500 million, which will be part of the Development Fund II. The final budget and area table are currently being worked on; the lot is housed in the 1 Sur Trust at Alianza Fiduciaria. Total disbursements for this initiative as of December 31, 2020 are COP 18,094 million (USD 5.3 million) for a total of all related investments of COP 32,983 million (USD 9.6 million).

The book value of the equity of the trusts as of this date is COP 7,252 million for the Los Cedros Trust and COP 7,195 for the Rincón del Chicó Trust. Similarly, the book value for Trust 1 Sur in Alianza Fiduciaria is COP 16,308 million. The total book value of the three related investments is COP 30,755 million (USD 9.0 million).

2.1.3 Liquidity Risk Management

Liquidity risk refers to the ability of companies to generate the resources that allow them to meet their obligations to stakeholders and the proper functioning of their businesses.

In order to manage this risk, the Companies orient their actions within the framework of a short- and long-term liquidity management strategy, tending to comply with the obligations acquired, under the conditions initially agreed and avoiding incurring in cost overruns.

At the same time, the Companies carry out a proactive follow-up accompanied by projections of their cash flows in the short and medium term, so as to allow them to manage their cash collection and payment activities, as well as to anticipate future liquidity surpluses or deficits that allow for optimum management of resources.

In addition, in order to face potential situations, the Companies maintain available credit lines with national and international financial entities, as well as liquid investments in the treasuries that enable access to immediate liquidity.

Among the strategies developed to strengthen the liquidity position, Grupo SURA decided to anticipate the maturity of the $300 million bond in May 2021 and issued bonds for $1 billion pesos to guarantee financial flexibility and the payment of the bond at the coverage rate (total amount $876,746 million pesos). These resources will be invested in fixed income strategies that guarantee a balanced risk-return and allow us to cover the cost of debt to a certain extent.

Additionally, in order to reduce the cost of the debt, part of the resources was used to pay in full one obligation and the principal payment of another for 50,000 million pesos and 23,900 million pesos with Bancolombia. On the other hand, the other portion of the resources were transferred to three recognized stockbrokers as follows: COP 100,000 and 300,000 million to two APTs with Credicorp and Valores Bancolombia respectively, COP 110,000 million to an active management portfolio with BTG Pactual, COP 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.

2.1.3.1 Liquidity Risk Management in the Insurance Portfolios

The maturities of financial assets as of December 31, 2020 and 2019 are presented below.

Assets by months to maturity 2020										
	Suramericana									
Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dom.Rep	Uruguay
0 to 1	197,122	-	233,883	411,152	3,349,830	136,418	320,438	116,981	214,546	83,444
1 to 3	235,023	3,603	51,779	597,940	1,126,123	46,497	170,484	135,780	107,297	43,053
1 to 6	150,664	51,140	44,664	694,408	1,642,977	108,192	191,649	461,909	30,590	126,615
0 to 12	582,809	54,743	330,326	1,703,500	6,118,930	291,107	682,571	714,670	352,433	253,112

Assets by months to maturity 2019										
Suramericana										
Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dom.Rep	Uruguay
0 to 1	246,302	1,152	386,357	376,333	1,889,416	113,459	293,198	101,874	45,772	90,254
1 to 3	211,303	3,336	36,335	479,435	961,755	64,404	146,965	71,468	51,746	40,020
1 to 6	204,406	47136	33,118	523,361	2,088,586	149,028	128,060	175,247	47,289	107,156
0 to 12	662,011	51,624	455,810	1,379,129	4,939,757	326,891	568,223	348,589	144,807	237,430

Assets by months to maturity 2020		
SURA Asset Management		
Term (meses)	Chile	Mexico (Op. Discontinued)
0 to 1	47,381	31,288
1 to 3	44,444	0
3 to 12	140,007	1,277
0 to 12	231,832	32,565

Assets by months to maturity 2019		
SURA Asset Management		
Term (meses)	Chile	Mexico
0 to 1	87,748	136,413
1 to 3	22,253	1,656
3 to 12	108,940	102,449
0 to 12	218,941	240,518

The following are the maturities of the insurance liabilities, of the Companies, at December 31, 2020. These values correspond to obligations derived from reported losses, incidents incurred, but not reported and estimated claims, in the flow profile of the mathematical reserves, where applicable.

Liabilities by months to maturity 2020										
Suramericana										
Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dom.Rep	Uruguay
0 to 1	129,994	-	11,108	454,897	940,920	28,434	315,157	5,935	16,825	33,070
1 to 3	194,991	-	31,773	199,938	1,302,135	88,664	147,515	21,708	33,651	55,614
1 to 6	171,242	-	169,589	348,962	1,971,549	102,295	341,518	85,761	139,742	77,715
0 to 12	496,227	-	212,470	1,003,797	4,214,604	219,393	804,190	113,404	190,218	166,399

Liabilities by months to maturity 2019										
Suramericana										
Term (months)	Argentina	Bermuda	Brazil	Chile	Colombia	El Salvador	Mexico	Panama	Dom.Rep	Uruguay
0 to 1	54,412	-	112,313	129,020	682,540	21,201	79,413	16,951	7,705	17,676
1 to 3	81,618	-	50,841	211,814	588,002	68,574	143,902	41,221	15,411	39,315
1 to 6	205,635	-	65,435	382,984	1,610,891	97,439	289,317	85,880	56,315	155,825
0 to 12	341,665	-	228,589	723,818	2,881,433	187,214	512,632	144,052	79,431	212,816

Liabilities by months to maturity 2020		
SURA Asset Management		
Term (months)	Chile	Mexico (Op. Discontinued)
0 to 1	53,397	63
1 to 3	23,478	126
3 to 12	110,098	608
0 to 12	186,973	797

Liabilities by months to maturity 2019		
SURA Asset Management		
Term (months)	Chile	Mexico
0 to 1	44,773	19,842
1 to 3	18,404	24,370
3 to 12	80,820	117,378
0 to 12	143,997	161,590

2.2 Business risk management

This refers to those risks that derive from the business model and the operation of the Companies. For Suramericana and SURA Asset Management, these risks arise especially from the insurance activities, the pension businesses, and the management of third-party funds.

The following is a breakdown of the business risks, to which the Companies are exposed:

2.2.1 Management of Technical Risks of Insurers

The main technical risks that may affect the Companies are related to changes in the trend of mortality, longevity and morbidity of the population. as well as adverse deviations from accidents, sufficiency of technical reserves and the operational efficiency of the Companies.

2.2.1.1 Risk of Mortality, Longevity and Morbidity

Sensitivity analyses are then performed for sociodemographic trends that could affect a population; this is the case for mortality, which represents the percentage of deaths in a given population, morbidity, which describes the number of sick people, and longevity, which refers to the life span of individuals.

Suramericana

Life Insurance: The exposure of the Company to changes in longevity, mortality and morbidity variables is evaluated. The methodology used consists of making changes to each of the variables to obtain the magnitude of the impact on the results of the Company.

It should be noted that the sensitivity analysis presented, analyzes the effects on the annual financial statement as a result of structural changes of 10% in the behavior of mortality, morbidity and longevity of the portfolios; which has implications on the expectations of future years (not only the first year as the Risk of Volatility), affecting the value of the Long-Term Reserves of the policies.

In turn, in relation to occupational risk insurance, analyses are carried out concerning behavior and trends in occupational accidents and morbidity, as well as the trend in longevity over pension obligations. The analysis is made taking into account a 10% increase in trend behavior:

The impacts on pre-tax income for each type of risk are presented below:

Country	Risk	2020	2019
Colombia*	Longevity	(74,834)	(66,185)
	Mortality	(54,594)	(34,097)
	Morbidity	(148,345)	(87,751)

Includes ARL

Country	Risk	2020	2019
Panama	Mortality	(38,424)	(43,879)

Country	Risk	2020	2019
Mexico	Mortality	(1,885)	(4,979)

Units in millions of pesos, figures as of December 2019 and December 2020.

It should be noted that the sensitivity analysis presented considers the effects on the annual financial statements as a result of the change of some of the most important parameters in the valuation of long-term commitments with the insured. That is, it quantifies the impact of structural changes on the mortality, morbidity and longevity behavior of the portfolios. which has implications for the expectations of future years (not only the first year as the Volatility Risk), affecting the value of the long-term reserves of the policies.

SURA Asset Management

In SURA Asset Management, morbidity risk is mainly related to exposure in the Group Health Insurance business in Chile.

The exposure in Chile has decreased, due to the migration to life products with savings, which have a low exposure to mortality risk.

The following is an analysis from the perspective of structural changes of 10% in the mortality and longevity behavior of the portfolios, which reflect the effects on long-term commitments with clients.

Sensibilities *		
	SURA Asset Management	
Business Unit	**Impact on Income before taxes 2020**	**Impact on Income before taxes 2019**
	+10% in mortality	
Chile	(7,121)	(12,085)
Mexico (Op. Discontinued)	N/A	N/A
Total	**(7,121)**	**(12,085)**
	+10% in morbidity	
Chile	(4,375)	(4,973)
Mexico (Op. Discontinued)	N/A	N/A
Total	**(4,375)**	**(4,199)**
	+10% in longevity	
Chile	N/A	N/A
Mexico (Op. Discontinued)	N/A	(61,751)
Total	**-**	**(61,751)**

Considering the sale of the Mexican annuity business, it is important to note that all sensitivities related to 2020 liabilities do not apply.

Risk of underwriting, pricing and insufficient reserves

The risk of insufficient reserves refers to the probability of loss as a result of underestimation or overestimation in the calculation of technical reserves and other contractual obligations (share of profits, payment of guaranteed benefits, among others).

The reserve risk is manifested mainly by related changes in mortality, longevity and morbidity of the exposed population. as well as for the adverse deviations of claims and sufficiency of reserves generated by increases in the frequency of claims or severity represented in a higher value of these.

The Companies have designed and implemented actuarial methodologies and processes of sufficient development, both technical and practical, using complete and robust information that allows reasonable estimates of the obligations with the insured. There are also tools for periodic monitoring of the adequacy of reserves against their obligations, which allows them to take actions to maintain adequate levels of liabilities.

Underwriting risk, on the other hand, refers to the possibility of incurring losses as a result of inadequate policies and practices in the design of products or services or in their placement, as well as the probability of loss as a result of errors in the calculation of rates, whose premiums are insufficient to cover business costs.

These analyzes are intended to identify whether the retained premium accrued is sufficient to cover the items of the insurance Company, taking into account the loss ratio, technical and administrative expenses, financial income and the minimum return expected by the shareholder given the risk assumed.

In SURA Asset Management, for its part, the underwriting strategy is designed to avoid the risk of anti-selection and to ensure that the rates consider the actual risk status. For this, health statements and medical check-ups are available, as well as a periodic review of the claims experience and the pricing of the products. In addition, there are subscription limits to ensure the appropriate selection criteria.

Sensitivity analysis for General Insurance Companies

In the Compañía de Seguros Generales de Suramericana, sensitivity analyzes are realized to the risks of premiums and insufficient reserves.

The sensitivity analysis shows how the result of the period could have been affected due to deviations of the relevant risk variable, whose occurrence was reasonably possible at the end of the reporting period. The risks analyzed and the methods and hypotheses used in preparing the sensitivity analysis are described below.

The Company performs a sensitivity analysis of premium and reserve risks that is defined in the "QIS 5 Technical Specifications" of Solvency II. This analysis identifies the variation that these risks can have by means of adjustments of probability distributions to historical operating performance data of the different lines of business. In this sensitivity, the distributions built for the Company's risks are used and an event with a higher probability of occurrence is chosen.

The selection of this model allows the organization to understand the assumed risks and their possible deviations in a connected manner, taking into account their correlations and internal processes. Given this approach, the sensitivities are not realized by solution, but the impact of these is measured throughout the Company, as it would be in the case of materializing a deviation as the one proposed.

The corresponding sensitivity analysis, assuming an impact on pre-tax income, is presented below:

Risk - General Insurance						
Country	**Premiums**		**Claims**		**Total**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Argentina	(3,804)	(3,613)	(3,394)	(3,223)	**(7,198)**	**(6,836)**
Brazil	(26,390)	(28,163)	(9,682)	(10,332)	**(36,072)**	**(38,495)**

Chile	(31,203)	(24,240)	(4,476)	(4,254)	**(35,679)**	**(28,494)**
Colombia	(68,866)	(44,788)	(21,836)	(19,308)	**(90,702)**	**(64,096)**
El Salvador	(4,148)	(4,824)	(470)	(547)	**(4,618)**	**(5,371)**
Mexico	(13,089)	(12,998)	(4,426)	(4,395)	**(17,515)**	**(17,393)**
Panama	(4,874)	(4,621)	(598)	(567)	**(5,472)**	**(5,188)**
Dom. Rep	(2,768)	(2,627)	(797)	(757)	**(3,565)**	**(3,384)**
Uruguay	(5,549)	(5,958)	(1,465)	(1,580)	**(7,014)**	**(7,538)**
Total	**(160,691)**	**(131,832)**	**(47,144)**	**(44,963)**	**(207,835)**	**(176,795)**

Real Claims vs. previous estimates for insurance companies.

The following tables set out the evolution of the latest claims - payments, reserves of foreclosures and reserves of incidents that occurred and not reported (IBNR) - for each of the subsidiaries of Suramericana for the years 2015, 2016, 2017, 2018, 2019 and 2020.

Final claims represent the final amount that a company is expected to pay for claims in each occurrence period. Since it is not possible to know exactly the final amount to be paid by the company after the end of the policy period, actuarial estimates, IBNR Reserve, are made in order to associate such losses to the accounting year in which premium income is recorded.

By comparing the initial estimates of past claims with current estimates it is possible to observe the evolution of these estimates and how adjusted they were. The deviations as follows are mainly explained by claims in legal proceedings (civil liability, cars and transport among others), for the time that elapses between the accident and the knowledge of this by the Company (pension insurance, occupational risks) and for hedges whose development is greater than one year naturally (bonds mainly).

It is important to note that this analysis includes all the solutions of each subsidiary except EPS Colombia because, as it is a Healthcare Company, its operations are different from the rest of the subsidiaries and the fact of not registering the notified reserves would distort the analysis.

On the other hand, in order to homogenize the information, the incremental balances of payments and reserves included in the tables shown in this section of the document are transformed into Colombian Pesos (COP) taking into account the exchange rate of each year in which the information is cut off.

Below, the tables for each Country with the aforementioned information:

Table 1. Argentina, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	**During the same year**	**One year later**	**Two years later**	**Three years later**	**Four years later**	**Five years Later**
2015	382,181	375,194	381,315	390,236	398,544	410,541
2016	351,657	347,402	350,781	361,210	369,137	
2017	409,841	405,917	421,282	437,099		
2018	305,539	318,284	338,816			
2019	310,260	330,968				
2020	236,475					

Payment of Accumulated Claims						
Year	**During the same year**	**One year later**	**Two years later**	**Three years later**	**Four years later**	**Five years Later**
2015	172,958	250,028	268,216	272,447	270,711	279,541

2016	157,062	232,858	237,738	236,780	242,687
2017	184,237	231,153	230,085	246,960	
2018	120,960	175,800	187,487		
2019	114,938	169,469			
2020	76,308				

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	382,181	410,541	279,541	-28,359	-7%	209,223	131,000
2016	351,657	369,137	242,687	-17,480	-5%	194,595	126,450
2017	409,841	437,099	246,960	-27,258	-6%	225,604	190,139
2018	305,539	338,816	187,487	-33,278	-10%	184,579	151,329
2019	310,260	330,968	169,469	-20,708	-6%	195,323	161,499

Table 2. Brazil, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	215,530	209,878	211,726	210,573	210,986	212,201
2016	263,544	252,381	247,656	247,057	245,691	
2017	272,693	264,529	259,060	259,975		
2018	255,276	281,237	272,293			
2019	286,312	287,441				
2020	291,683					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	111,570	181,266	187,870	189,728	189,183	189,564
2016	148,169	205,856	210,972	212,350	213,887	
2017	147,532	209,910	218,897	220,310		
2018	149,328	212,570	226,233			
2019	174,741	230,176				
2020	165,132					

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	215,530	212,201	189,564	3,328	2%	103,960	22,637
2016	263,544	245,691	213,887	17,852	7%	115,375	31,804
2017	272,693	259,975	220,310	12,718	5%	125,161	39,664
2018	255,276	272,293	226,233	-17,017	-6%	105,949	46,060
2019	286,312	287,441	230,176	-1,128	0%	111,572	57,265

Table 3. Chile, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	824,557	761,248	735,925	735,491	740,682	738,748
2016	983,043	910,643	907,522	908,080	908,800	
2017	1,496,172	1,421,934	1,407,472	1,391,227		
2018	674,978	745,314	731,353			
2019	1,313,590	1,326,563				
2020	850,727					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	301,238	682,592	738,432	745,933	748,600	751,485
2016	493,728	874,482	914,885	928,746	935,522	
2017	590,094	1,144,965	1,303,265	1,313,207		
2018	390,483	621,647	661,535			
2019	441,790	1,008,636				
2020	476,065					

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	824,557	738,748	751,485	85,808	12%	523,318	-12,736
2016	983,043	908,800	935,522	74,244	8%	489,315	-26,723
2017	1,496,172	1,391,227	1,313,207	104,945	8%	906,078	78,021
2018	674,978	731,353	661,535	-56,374	-8%	284,495	69,817
2019	1,313,590	1,326,563	1,008,636	-12,973	-1%	871,800	317,927

Table 4. Colombia General, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2,015	834,264	914,595	936,105	952,759	946,210	950,806
2,016	1,538,453	1,577,669	1,610,987	1,607,536	1,610,796	
2,017	1,263,191	1,349,522	1,376,094	1,370,054		
2,018	1,073,208	1,112,798	1,123,501			
2,019	1,267,280	1,278,503				
2,020	1,078,719					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	537,506	789,355	869,395	896,292	913,648	921,989
2016	1,160,759	1,457,189	1,526,523	1,559,318	1,573,388	

2017	807,087	1,144,121	1,222,253	1,278,294
2018	693,822	970,283	1,019,540	
2019	814,190	1,122,568		
2020	642,780			

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	834,264	950,806	921,989	-116,541	-12%	296,759	28,816
2016	1,538,453	1,610,796	1,573,388	-72,343	-4%	377,694	37,408
2017	1,263,191	1,370,054	1,278,294	-106,863	-8%	456,104	91,760
2018	1,073,208	1,123,501	1,019,540	-50,293	-4%	379,385	103,960
2019	1,267,280	1,278,503	1,122,568	-11,223	-1%	453,090	155,934

Table 5. Colombia Life, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	1,548,298	1,631,173	1,706,470	1,705,844	1,726,750	1,770,591
2016	1,883,574	1,979,014	2,005,901	2,038,457	2,088,204	
2017	2,161,625	2,297,116	2,305,551	2,343,492		
2018	1,834,318	1,818,964	1,851,004			
2019	2,170,741	2,194,447				
2020	2,611,208					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	858,111	1,302,620	1,480,798	1,566,528	1,608,921	1,637,819
2016	1,004,682	1,554,497	1,798,113	1,881,106	1,917,563	
2017	1,183,810	1,817,713	2,034,689	2,103,797		
2018	1,260,101	1,604,968	1,661,330			
2019	1,492,383	1,897,625				
2020	1,505,761					

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	1,548,298	1,770,591	1,637,819	-222,293	-13%	690,187	132,771
2016	1,883,574	2,088,204	1,917,563	-204,630	-10%	878,892	170,641
2017	2,161,625	2,343,492	2,103,797	-181,867	-8%	977,815	239,695
2018	1,834,318	1,851,004	1,661,330	-16,686	-1%	574,217	189,674
2019	2,170,741	2,194,447	1,897,625	-23,706	-1%	678,358	296,822

Table 6. Mexico, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	131,737	133,713	133,196	134,635	135,429	132,002
2016	113,148	114,894	119,073	119,701	115,780	
2017	122,253	137,913	146,686	141,858		
2018	177,307	184,605	180,115			
2019	198,056	181,406				
2020	201,223					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	98,456	125,968	142,965	144,818	125,489	112,629
2016	88,089	129,493	136,569	119,023	104,005	
2017	96,885	151,005	147,302	130,957		
2018	128,001	177,257	166,117			
2019	114,443	154,474				
2020	102,523					

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	131,737	132,002	112,629	-266	0%	33,281	19,373
2016	113,148	115,780	104,005	-2,632	-2%	25,059	11,775
2017	122,253	141,858	130,957	-19,606	-14%	25,368	10,901
2018	177,307	180,115	166,117	-2,808	-2%	49,306	13,998
2019	198,056	181,406	154,474	16,650	9%	83,613	26,932

Table 7. Panama, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	142,573	137,905	136,405	135,850	123,794	124,215
2016	162,044	150,900	145,568	131,429	131,644	
2017	164,700	157,023	126,570	126,800		
2018	140,866	129,760	129,661			
2019	138,651	148,086				
2020	110,531					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	97,891	125,550	129,437	131,391	120,406	120,756
2016	75,516	135,773	143,837	132,665	132,746	
2017	82,687	145,794	131,086	131,245		

2018	87,978	128,610	131,102
2019	97,613	145,969	
2020	64,816		

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	142,573	124,215	120,756	18,357	15%	44,682	3,459
2016	162,044	131,644	132,746	30,400	23%	86,528	-1,102
2017	164,700	126,800	131,245	37,900	30%	82,013	-4,445
2018	140,866	129,661	131,102	11,205	9%	52,888	-1,441
2019	138,651	148,086	145,969	-9,436	-6%	41,037	2,118

Table 8. Dominican Republic, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	42,028	41,112	40,258	41,119	44,096	43,626
2016	51,452	47,379	48,120	51,413	51,297	
2017	63,152	42,985	43,284	43,399		
2018	72,055	83,213	77,971			
2019	62,414	58,082				
2020	47,302					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	23,724	33,534	35,652	36,758	39,497	39,542
2016	30,195	41,535	43,497	46,596	46,716	
2017	29,688	41,650	41,456	41,675		
2018	40,388	51,146	65,210			
2019	37,608	49,638				
2020	47,302					

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	42,028	43,626	39,542	-1,598	-4%	18,304	4,083
2016	51,452	51,297	46,716	155	0%	21,257	4,581
2017	63,152	43,399	41,675	19,752	46%	33,463	1,725
2018	72,055	77,971	65,210	-5,916	-8%	31,667	12,761
2019	62,414	58,082	49,638	4,332	7%	24,806	8,444

Table 9. El Salvador, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	0	0	0	0	0	0
2016	151,805	143,589	144,759	133,374	121,843	
2017	167,843	156,633	144,633	135,120		
2018	219,949	177,846	168,945			
2019	312,535	183,334				
2020	235,009					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	0	0	0	0	0	0
2016	104,886	131,671	133,598	134,325	122,978	
2017	117,180	142,642	144,622	137,203		
2018	140,029	173,918	137,148			
2019	186,165	130,236				
2020	109,412					

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	0	0	0	0		0	0
2016	151,805	121,843	122,978	29,963	25%	46,920	-1,135
2017	167,843	135,120	137,203	32,723	24%	50,663	-2,083
2018	219,949	168,945	137,148	51,004	30%	79,920	31,796
2019	312,535	183,334	130,236	129,200	70%	126,369	53,098

Table 10. Uruguay, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	2,679	2,665	2,484	2,464	2,616	2,618
2016	3,294	3,409	3,344	3,574	3,577	
2017	3,871	3,804	4,016	4,015		
2018	4,936	4,921	4,933			
2019	3,725	4,043				
2020	2,353					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	1,745	2,326	2,358	2,382	2,575	2,580
2016	2,353	3,254	3,338	3,529	3,555	
2017	2,621	3,639	3,881	3,901		

2018	3,167	4,485	4,557
2019	2,695	3,548	
2020	1,722		

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	2,679	2,618	2,580	62	2%	934	38
2016	3,294	3,577	3,555	-283	-8%	941	22
2017	3,871	4,015	3,901	-144	-4%	1,250	114
2018	4,936	4,933	4,557	3	0%	1,769	376
2019	3,725	4,043	3,548	-319	-8%	1,030	496

Table 11. Total Suramericana, Preliminary Estimates vs. Actual

(Figures in millions of $ COP)

Evolution of recent claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	4,123,846	4,207,484	4,283,883	4,308,970	4,329,108	4,385,348
2016	5,502,014	5,527,279	5,583,711	5,601,831	5,646,769	
2017	6,125,339	6,237,377	6,234,647	6,253,040		
2018	4,758,432	4,856,943	4,878,591			
2019	6,063,564	5,992,874				
2020	5,665,228					

Payment of Accumulated Claims						
Year	During the same year	One year later	Two years later	Three years later	Four years later	Five years Later
2015	2,203,199	3,493,238	3,855,123	3,986,277	4,019,029	4,055,906
2016	3,265,438	4,766,608	5,149,071	5,254,438	5,293,046	
2017	3,241,820	5,032,593	5,477,538	5,607,550		
2018	3,014,257	4,120,685	4,260,261			
2019	3,476,566	4,912,339				
2020	3,191,822					

Year of Occurrence	Last Historical Claims	Latest Current Claims	Accumulated Payments	Estimated Deviation	% Deviation	Reserves Initial	Current Reserves
2015	4,123,846	4,385,348	4,055,906	-261,501	-6%	1,920,648	329,442
2016	5,502,014	5,646,769	5,293,046	-144,755	-3%	2,236,576	353,723
2017	6,125,339	6,253,040	5,607,550	-127,701	-2%	2,883,519	645,490
2018	4,758,432	4,878,591	4,260,261	-120,159	-3%	1,744,175	618,330
2019	6,063,564	5,992,874	4,912,339	70,690	1%	2,586,998	1,080,535

2.2.1.2 Proof of Liability Adequacy

In the insurance companies of Suramericana, the registered technical reserves are analyzed periodically, to determine if they are adequate. If, as a result of these analyzes, it becomes clear that they are not sufficient, an adjustment is realized, in accordance with the established methodologies and according to the plans established, by the organization.

In the Insurance Companies of SURA Asset Management, the Liability Adjustment Test is realized. This test seeks to verify that the bookings are sufficient, in all their dimensions (technical assumptions, expenses and discount rates). For this, it is verified that the flow of the assets (including the reinvestment projected in a manner consistent with the Company's reinvestment strategy), together with the premiums to be collected for the existing commitments, are sufficient to cover the established commitment.

2.2.1.3 Reinsurance Risk

This consists of the possibility of incurring losses, derived from inadequate reinsurance management. This situation includes the design of the reinsurance program, the placement of the reinsurance, and differences between the conditions, originally accepted by the policyholders and those accepted, in turn, by the reinsurers of the entity.

To manage this risk, part of the obligations with the insured, are transferred through proportional, non-proportional reinsurance schemes, and facultative contracts for special risks, with previously approved reinsurers. Proportional contracts allow to reduce the value exposed to risk and non-proportional contracts, limit the accident rates, and the exposure retained to catastrophes.

Despite having a defined reinsurance scheme, the organization is directly responsible for obligations to its clients, so there is credit risk with respect to the assignment, mitigated through the diversification of counterparties and by quantifying the respective credit risk.

With respect to reinsurance contracts, the companies analyze the capacity and financial strength of the reinsurers to meet their obligations.

With the objective of managing this risk, its financial strength is analyzed through quantitative and qualitative variables (financial solidity, positioning in the market, among others), in order to support decision making and comply with internal control procedures.

The following shows, in a general manner, and through an indicator of ceded premiums, the participation of the most representative reinsurers with which the Company yields risks:

Suramericana	SURA Asset Management
Munich Re	American Bankers Life
Lloyd's	Generali
Mapfre Re	GEN Re
HDI	Hannover Re
Swiss Re	Scor Global Life
	Scotia Insurance (Barbados) Ltd
	SwissRe

Additionally, in accordance with the Asset impairment practices, the Accounts Receivable from Reinsurers and Coinsurers are impaired under the principles and methodologies defined by the Companies (See numeral 2.1.1.4. of the risk management chapter).

Due to their business models, this reinsurance risk is relevant for the insurance operations of Suramericana, but not for the insurance operations of SURA Asset Management, whose strategy is focused on life solutions.

2.2.2 Risk Management in Pension Fund Administrators

2.2.2.1 Risks of the Business Variables

The Business Risks in the Pension Companies are related to the deviation in variables, that could affect the financial results of the Companies. From the perspective of this volatility risk, the financial effects are analyzed in the horizon of one year, taking into account the following variables:

- **Commission income behavior:** the effects of a 10% decrease in commission income are analyzed.
- **Customer behavior:** the effects of a 10% increase in the number of transfers from affiliates are analyzed.

The following table contains the effects of the Pension Business Volatility Risk, in SURA Asset Management.

Sensitivities			
SURA Asset Management			
Business Unit	**Deviation**	**Impact on profit, before taxes 2020**	**Impact on profit, before taxes 2019**
Chile	-10% in commission	(71,464)	(62,873)
Mexico	-10% in commission	(100,092)	(93,207)
Peru	-10% in commission	(30,789)	(40,182)
Uruguay	-10% in commission	(3,846)	(5,921)
Total		**(206,191)**	**(202,183)**
Chile	+10% in transfers	(4,487)	(7,490)
Mexico	+10% in transfers	(3,086)	(2,556)
Peru	+10% in transfers	(362)	(3,328)
Uruguay	+10% in transfers	(13)	(1,868)
Total		**(7,948)**	**(15,242)**

The presented results do not consider the interdependence of the evaluated risks.

The greatest effects stem from the risks that impact the behavior of commission income. This income can be affected for the following reasons:

(1) a reduction in commission rates (low market competitiveness, etc.);
(2) a drop in the number of contributors (unemployment, informality, etc.);
(3) a fall in the wage base due to causes not included in the previous point (fall in real wages, deflation, etc.) or,
(4) a regulatory change. In the case of Mexico (collection on assets), cause (3) is related to the fall in members' funds.

The commission sensitivity, presented here, explains any combination of the above risks that has the effect of reducing the commission collected by 10%.

With respect to the transfer risk, its magnitude has been decreasing due to the lower commercial activity in the markets where SURA Asset Management operates, mainly in Chile, Peru and Uruguay, influenced by the global pandemic.

2.2.2.2 Guaranteed Minimum Return Risks

The regulation, associated with the Pension business (with the exception of Mexico), requires that each Company maintain performance, against the other funds, in the industry. In this sense, the Companies monitor the gap between the profitability of the funds, managed by the business units of SURA Asset Management, and the return of funds from the industry.

In the event that the profitability gap is greater than that allowed, the Pension Funds Administrator must refund the sums of money, so that the yield limit is respected.

The effects of a 1pbs deviation on the minimum yield gap, if activated, are shown below.

It is important to note that, given that average return measurements are made over a period of 36 months, and the great similarity between the strategic asset allocation of the industry's funds, it is very unlikely that there will be significant deviations in the short and medium term.

Sensitivities			
SURA Asset Management			
Business Unit	**Deviation**	**Impact on profit, before taxes 2020**	**Impact on profit, before taxes 2019**
Chile			
Fund A	Deviation 1pbs against minimum profitability	(1,750)	(1,815)
Fund B	Deviation 1pbs against minimum profitability	(1,843)	(2,038)
Fund C	Deviation 1pbs against minimum profitability	(4,456)	(4,642)
Fund D	Deviation 1pbs against minimum profitability	(2,840)	(2,695)
Fund E	Deviation 1pbs against minimum profitability	(3,512)	(2,421)
Peru			
Fund 1	Deviation 1pbs against minimum profitability	(850)	(759)
Fund 2	Deviation 1pbs against minimum profitability	(4,143)	(4,831)
Fund 3	Deviation 1pbs against minimum profitability	(575)	(753)
Uruguay			
Accumulation	Deviation 1pbs against minimum profitability	(2,519)	(2,247)
Retirement	Deviation 1pbs against minimum profitability	(484)	(427)

2.2.2.3 Volatility Risk in the valuation of the deferred income provision

Those Pension Fund Administrators who charge their administration fee on a salary basis constitute a deferred income provision, in order to cover resource administration expenses, in those periods of inactivity in which the affiliate does not make contributions to the funds, but maintains its savings under the custody and administration of the Companies, without the latter receiving income from such management.

This provision is determined as the present value of the estimated costs, which are calculated on historical variables of customer behavior. This present value is determined, using the discount rate of a local AAA corporate bonds, without a prepayment option, which has a similar term to the projection horizon (20 years). For this reason, given the volatility of the discount rate, there will be variations in the valuation of the provision, which could impact the results of the SURA Asset Management Companies.

The following table contains the effects of volatility risk, in the valuation of the deferred income provision, of SURA Asset Management, as a result of variations, in the discount rates.

Sensitivities			
SURA Asset Management			
Business Unit	**Deviation**	**Impact on profit, before taxes 2020**	**Impact on profit, before taxes 2019**
Chile	-100pbs in Interest Rates	(2,663)	(2,325)
Peru	-100pbs in Interest Rates	(1,680)	(1,965)
Uruguay	-100pbs in Interest Rates	(212)	(208)
Total		**(4,555)**	**(4,498)**

The results presented do not consider the interdependence of the evaluated risks.

2.2.3 Risk Management in Funds Management Companies and Securities Brokers

Business Risks in Fund Management Companies and Brokerage Firms are related to the deviation in variables that could affect the financial results of the Company, as is the case of the performance in income from commissions.
The effects of a 10% decrease in commission income over a 1-year horizon are shown below.

Sensitivities					
SURA Asset Management					
		Impact on profit, before taxes 2020		**Impact on profit, before taxes 2019**	
Business Unit	**Deviation**	**Retail**	**Institutional**	**Retail**	**Institutional**
Chile	-10% in Administration Commission	(15,026)	(1,355)	(13,420)	(447)
Mexico	-10% in Administration Commission	(4,355)	(4,361)	(2,997)	(4,027)
Peru	-10% in Administration Commission	(4,500)	(1,082)	(2,692)	(50)
Uruguay	-10% in Administration Commission	(1,178)	(31)	(913)	(0)
Argentina	-10% in Administration Commission	(0)	(2)	NA	NA
Colombia	-10% in Administration Commission	(0)	(152)	NA	NA
Total		**(25,059)**	**(6,983)**	**(20,022)**	**(4,524)**

It is important to note that the results presented do not consider the interdependence of the risks evaluated.

2.3 Risk Management as a Business Group

In order to continue strengthening the capacity to anticipate events that may become risks, in 2020 progress was made in the Strategic Risk Management System of the Business Group, in which the Conglomerate risk has been prioritized; for which the following dimensions are highlighted and managed:

Risks associated with other portfolio investments

Grupo SURA, has significant stakes in Grupo Bancolombia, Grupo Nutresa, and Grupo Argos, which imply an indirect exposure to the risks, derived from the business sectors, and the performance of said companies.

The risks to which Grupo Bancolombia is exposed are associated with the banking business: i) portfolio deterioration, ii) liquidity risk and iii) market risk due to adverse fluctuations in interest rates, exchange rates and asset prices. There are also other relevant risks such as changes in banking regulation, higher capital requirements, cybersecurity, fraud and others that could affect the Company.

With respect to Grupo Argos, the main risks are related to the production and distribution of products, in the cement sector, and exposure to risks, in the energy and infrastructure sector. Additionally, for its participation in these industries, there is exposure to environmental, social, and regulatory restrictions.

In the food industry, in which Grupo Nutresa participates, the main risks are derived from the volatility in the prices of raw materials, the norms on nutrition and health, in the countries where it has a presence, and the impact of business, due to the highly competitive environments in which they find themselves.

Risks associated with other companies of the Business Group:

ARUS, and Hábitat Adulto Mayor, are part of the investments in growth, that make up the SURA Grupo Empresarial.

In the case of Hábitat, an entity specializing in the care of the elderly, the Company is exposed to behavioral risks and socio-demographic changes, that could impact its current and potential clients, and therefore, the performance of the Company. Likewise, the conditions that impair services, and operations, of the business, and the issuance of norms, that regulate the sector, could affect this entity.

ARUS, a company of integrated information, technology, and knowledge solutions, is exposed mainly to the risks associated with its technological platform (operation, availability, capacity and obsolescence of the companies in this sector), risk of non-formal competitors that generate pressure in the margins of some of its business lines, and possible regulatory changes in social security payments, that could affect the Integrated Payroll Settlement (PILA) business.

2.4 Management of Operational Risks and other risks

Functional risks, or operational risks, refer to events that impede the normal development of the Company's operation, and that are associated with people, technology, and processes. When controls fail, these risks can cause reputational, legal damage, or have regulatory implications, that could result in financial and customer losses.

In the administration of these risks, the following stand out:

- **Risk of Business Continuity:** in order to ensure the proper implementation of strategies and procedures for action, in case of events that impact the processes and projects, of the Company, Grupo SURA, has a Business Continuity Plan, that includes procedures, strategies, and trained response teams to deal with adverse events.

  The Companies additionally have a system, with a response plan and financial and reputational crisis management process, which are fundamental to ensure the continuity of the Company's operations. In this area, the last year, we worked from the Holding, to strengthen its business continuity plan and the assessment of associated risks.

- **Reputational risk:** In Grupo Empresarial SURA, the perception that the different stakeholders with whom it relates have of the Companies, is a fundamental asset for the fulfillment of the strategic objectives.

A situation of discredit, bad image, negative publicity, among others, whether true or not, with respect to the Companies and their business practices could affect the different relationships with stakeholders.

The Companies have action guidelines for the management of events that may cause reputational risk and escalate into a crisis. As part of the strategy to strengthen capacities in all subsidiaries, new training programs were developed for internal teams involved in the management of these risks, as well as for the proper management of social networks by employees.

During 2020, a centralized management of the reputational events that occurred in the companies of the Business Group was developed, information that was consolidated and presented to the respective authorities for analysis and decision making.

- **Risk of fraud, corruption, bribery and LAFT (Policy for the Prevention of Money Laundry and Terrorism Financing):** Companies have provisions and guidelines to manage events that may generate this type of risk and minimize the probability of occurrence, materialization and impact of these events. In turn, they have an Integral System for the Prevention and Control of Money Laundering and Financing of Terrorism - SIPLA, which establishes procedures to avoid that these be used, without their consent and knowledge, for the administration or investment of money coming from illicit activities. The procedures established include due diligence in the involvement of suppliers, investors, among other interest groups, and periodic monitoring, follow-up and checking activities on international restrictive lists.

• **Legal Risk - Compliance:** Companies in highly regulated sectors, may be exposed to administrative processes and sanctions, in cases of non-compliance, with the guidelines issued, by the control entities, in each of the countries where they have a presence.

In order to manage compliance with legal requirements, the Companies have legal and compliance departments, that monitor compliance with the commitments acquired, internally and externally. Additionally, with the consolidation of the compliance departments, in Grupo SURA, the articulated management of this risk, in the Corporate Group, will be strengthened through the definition of corporate guidelines.

During 2020, the culture of ethics and compliance continued to be strengthened through different activities, which included dissemination and training strategies for employees, related to the standards of ethics and conduct defined by the Business Group, actively involving Senior Management and the presidents of the companies who were responsible for disseminating the values that characterize the corporate culture.

- **Process Risks:** given the relevance of some processes of the financial reports, and on the Companies' results, we have worked on the identification and management of the risks in these processes, as well as the development of strategies that allow us to strengthen the internal control, in these processes.

- **Technology and information risk:** understanding the role that technology plays in the Companies, a comprehensive assessment is developed to determine the status of this risk and the effect that it may have, on the achievement of strategic objectives, the operation and the development of projects. Last year, training on cybersecurity was realized for different departments of the Companies.

Likewise, in the face of information, the Companies permanently develop initiatives and/or information security programs, seeking to maintain confidentiality, integrity, and availability of the same. In this way, corporate guidelines are given to all subsidiaries, to develop tactical plans to protect the Companies against information security threats, and mitigate the associated risks, according to local needs.

Ongoing management of operational risks in conjunction with strategic risk management, increases the level of maturity in the understanding of risks and supports better decision making, helping the Organization in its competitiveness and sustainability.

NOTE 36. CAPITAL MANAGEMENT

The policy, of the Grupo SURA, is to maintain a base of solid capital, in order to preserve the confidence of investors, creditors, and the market, and sustain the future development of the business. The Company monitors the return on capital and the level of dividends paid to shareholders.

The main objective of the Capital Management of Grupo de Inversiones Suramericana is to ensure a financial structure that optimizes the cost of capital of the Company, which maximizes the performance of its shareholders, and allows for the access to the financial markets, at a competitive cost, to cover its financing needs.

Grupo SURA monitors capital, using an adjusted net debt and equity index. For this purpose, the adjusted net debt is defined as total financial liabilities, which include loans that accrue interest, minus cash and cash equivalents.

In order to comply with the indicators of financial indebtedness, established by the rating agencies, to measure the degree of investment in the companies, the adjusted debt-equity ratio of Grupo SURA at December 31st is as follows:

	December 2020	December 2019
Financial liabilities (note 7.3) (1)	10,728,549	9,888,704
Cash and cash equivalents (note 6)	(3,311,225)	(2,346,157)
Net debt	**7,417,324**	**7,542,547**
Equity (note 21)	28,541,725	28,091,002
Adjusted debt index - equity (2)	25.99%	26.85%

(1) Includes issued securities and other financial liabilities
(2) Net Debt/Equity

NOTE 37. INFORMATION DISCLOSED ON RELATED PARTIES

37.1. Related parties

Related parties to Grupo SURA are considered to be subsidiaries, associated companies, key management personnel, as well as entities over which key management personnel (including family members) may exercise control.

The following is the detail of related parties as of December 31, 2020, December 31, 2019 of Grupo SURA:

a) Companies under direct or indirect control of Grupo SURA are listed in Note 1. Reporting entity.

b) Investments in associates and joint ventures

Associated companies and joint ventures of Grupo SURA are listed in Note 12.1 Investments in associates and Note 12.2 Joint ventures.

37.2. Transactions with related parties

Among the operations registered between related parties are:

Subsidiaries:

- Loans between related companies, with contractually agreed terms and conditions and at interest rates established in accordance with market rates. All are repaid in the short term.
- Provision of financial services, administration services, IT services, payroll services.
- Leases and subleases of offices and commercial premises, as well as the re-invoicing of related utilities.
- Cash reimbursements

These transactions are eliminated in the Financial Statement consolidation process.

Associates:

- Sale of insurance policy from insurance companies.
- Bank loans to Bancolombia Group entities.
- Brokerage commission from the Bancaseguros channel.
- Collection and payment of investment dividends.
- Purchase of financial instruments

It is important to mention that all operations are deemed to be short-term and are considered market transactions.

Statement of financial position:

Year ended in:	December 2020		December 2019	
	Individuals	Entities	Individuals	Entities
	Key management personnel	Associates And joint ventures	Key management personnel	Associates And joint ventures
Assets				
Investments	-	441,471	-	528,960
Insurance contract assets	-	1,460,370	-	1,248,348
Accounts receivable from related parties	5,092	98,101	7,208	444,731
Other accounts receivable	-	481,210	-	705,305
Investments in associated companies and joint ventures	-	11,312	-	-
Property and equipment	-	-	-	12,567
Total assets	**5,092**	**2,492,463**	**7,208**	**2,939,911**
Liabilities				
Financial obligations	-	1,235,400	-	1,167,237
Liabilities under insurance contracts	-	32,498	-	280,121
Accounts payable to related parties	1,216	-	1,917	-
Employee benefits	88,422	-	82,714	-
Other accounts payable	-	2,602,576	-	1,666,335
Total liabilities	**89,638**	**3,870,474**	**84,631**	**3,113,693**

Income statement:

Year ended in:	December 2020		December 2019	
	Individuals	Entities	Individuals	Entities
	Key management personnel	Associates And joint ventures	Key management personnel	Associates And joint ventures
Income				
Insurance premiums	-	648,432	-	624,762
Net return on investments at amortized cost	-	489,230	-	444,731
Net gain on investments at fair value	-	-	-	76,004
Other income	-	3,452	-	
Total income	**-**	**1,141,114**	**-**	**1,145,497**
Expenses				
Insurance claims	-	79,063	-	232,239
Employee benefits	77,632	-	75,758	-
Intermediary commission expenses	-	295,412	-	221,778
Administrative expenses	-	-	-	8,039
Fees	7,310	-	6,133	-
Other expenses	-	21,870	-	168,435
Total expenses	**84,942**	**396,345**	**81,891**	**630,491**

Outstanding amounts are not guaranteed and will be settled in cash. No guarantees have been given or received. No expense has been recognized during the current or prior periods in respect of uncollectible or doubtful accounts related to amounts due from related parties.

NOTE 38. EVENTS SUBSEQUENT TO THE REPORTING DATE

These consolidated financial statements as of December 31, 2020 were prepared for supervisory purposes and authorized for issuance by the Board of Directors of Grupo SURA on February 25, 2021, after that cut-off date and until their publication, there were no relevant events that may significantly affect the financial position of the Company.

NOTE 39. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the financial statements of Grupo SURA for the year ended December 31, 2020 was authorized by the Board of Directors, as stated in Act No. 324 of the Board of Directors dated February 25, 2021, to be presented to the market.

ANALYSIS OF FINANCIAL RESULTS (unaudited)

The following are analyses of financial results for the period ended December 31, 2020, with comparative figures as of December 31, 2019. These analyses are performed by management and are not part of the Financial Statements.

	INDEX	December 2020			December 2019			INTERPRETATION	
IDEBTNESS	Solidity	42,400,038 70,941,763	=	59.77%	40,946,828 69,037,830	=	59.31%	Creditors own 59.77% as of December 2020 and 59.31% as of December 2019 with shareholders owning the complement: 40.23% as of December 2020 and 40.69% as of December 2019.	Total liabilities Total Asset
IDEBTNESS	Total	42,400,038 70,941,763	=	59.77%	40,946,828 69,037,830	=	59.31%	Of every peso the company has invested in assets, 59.77% as of December 2020 and 59.31% as of December 2019 have been financed by creditors.	Total Liability Total Asset
IDEBTNESS	Interest coverage	1,067,637 731,400	=	145.97%	2,434,842 716,162	=	339.98%	The Company generated net income equal to 145.97% as of December 2020 and 339.98% in December 2019 from Interest Paid	Net profit + interest Financial expenses
IDEBTNESS	Leverage								
IDEBTNESS	Total	42,400,038 28,541,725	=	148.55%	40,946,828 28,091,002	=	145.76%	Every peso ($1.00) of the owners of the Company is committed 148.55% as of December 2020 and 145.76% as of December 2019.	Total liabilities with third parties Equity
IDEBTNESS	Total Financial	10,728,549 28,541,725	=	37.59%	9,888,704 28,091,002	=	35.20%	For each peso of equity, 37.59% is committed financially as of December 2020 and 35.2% as of December 2019.	Total liabilities with financial entities Equity
PERFORMANCE	Net profit margin	336,237 20,837,911	=	1.61%	1,718,678 21,328,165	=	8.06%	Net profit corresponds to 1.61% of net income in December 2020 and 8.06% of the same in 2019	Net profit Net income
PERFORMANCE	Return on equity	336,237 28,205,488	=	1.19%	1,718,678 26,372,322	=	6.52%	Net income corresponds to 1.19% of equity in December 2020 and 6.52% in December 2019.	Net profit Equity - profit
PERFORMANCE	Total asset performance	336,237 70,941,763	=	0.47%	1,718,678 69,037,830	=	2.49%	Net income to total assets corresponds to 0.47% as of December 2020 and 2.49% in December 2019.	Net profit Total Asset