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

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

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RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNT

The Directors are required to prepare financial statements, for each financial period, that reasonably present the financial position of the Company, results, and cash flows, at December 31, 2020, with comparative figures at December 31, 2019. For the preparation of these financial statements, the Directors are required to:

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

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

Gonzalo Alberto Pérez Rojas
President

Luis Fernando Soto Salazar
Public Accountant
Professional Card 16951-T

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

The undersigned Legal Representative and Public Accountant, under whose responsibility, the separate 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, 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 at the balance sheet date and the transactions recorded have been carried out during the year.

Completeness: All economic events have been recognized.

Rights and obligations: Assets represent probable future economic benefits and liabilities represent probable future economic sacrifices, obtained or payable by Grupo de Inversiones Suramericana S.A. at 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 relevant reports for the public, related to the fiscal year as of December 31, 2020 and December 31, 2019 do not contain defects, inaccuracies or errors that prevent the true equity situation or the operations of the Company from being known.

Gonzalo Alberto Pérez Rojas
President

Luis Fernando Soto Salazar
Public Accountant
Professional Card 16951-T

AUDITOR REPORT

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE 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	438,154	3,145
Investments	7	622,990	19,716
Derivative instruments	8	343,734	305,659
Accounts receivable from related parties	7	116,633	108,851
Other accounts receivable	7	81,907	99,581
Current tax assets	9	1,356	-
Investments in associates	10	14,429,203	14,392,658
Investments in subsidiaries	10	14,423,080	14,133,102
Property and equipment	11	3,589	3,413
Right of use assets	12	19,288	20,740
Deferred tax assets	9	81,410	62,961
Other assets		246	246
Total assets		**30,561,590**	**29,150,072**
Liabilities			
Financial obligations	7	572,954	682,133
Derivative instruments	8	172,880	166,640
Lease liabilities	12	13,002	13,815
Accounts payable to related parties	7	86,832	155,960
Other accounts payable	7	126,069	151,464
Current tax liabilities	9	-	1,105
Employee benefits	13	19,291	12,250
Provisions	14	3,470	3,470
Securities issued	15	4,995,267	3,958,384
Preferred shares	16	460,847	460,712
Total liabilities		**6,450,612**	**5,605,933**
Equity			
Capital issued	17	109,121	109,121
Share premiums	17	3,290,767	3,290,767
Reserves	17	6,954,122	6,390,905
Profit for the year		579,969	932,190
Retained earnings		11,834,280	11,793,652
Other comprehensive income	19	1,342,719	1,027,504
Total equity		**24,110,978**	**23,544,139**
Total equity and liabilities		**30,561,590**	**29,150,072**

The notes are an integral part of these 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.
SEPARATE INCOME STATMENT
For the years ended December 31, 2020 and 2019
(Values expressed in millions of Colombian Pesos, except profit per share)

	Note	December 2020	December 2019
Income			
Dividends	20	576,193	435,403
Income from investments	20	10,253	2,273
Profit at fair value, net	7,20	191	24
Profit from the equity method	20	517,796	935,566
Other income	20	745	323
Operational income		**1,105,178**	**1,373,589**
Operational expenses			
Administrative expenses	21	(34,127)	(33,634)
Employee benefits		(47,988)	(33,439)
Fees	22	(9,101)	(10,192)
Depreciation	11,12	(2,141)	(2,213)
Other expenses		-	(1)
Operational expenses		**(93,357)**	**(79,479)**
Operating profit		**1,011,821**	**1,294,110**
Gains at fair value - Derivatives		(6,061)	(4,527)
Difference in change (Net)		(58,780)	(17,354)
Interest		(380,545)	(357,207)
Financial result	**23**	**(445,386)**	**(379,088)**
Profit before tax		**566,435**	**915,022**
Income tax	9	13,534	17,168
Profit, net of continuing operations		**579,969**	**932,190**
Net profit		**579,969**	**932,190**
Net earnings per share			
Net earnings per share from continuing operations	24	1,039	1,646

The notes are an integral part of these financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

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

Mariana Milagros Rodríguez
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(See my report of February 25, 2021)

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

	Note	December 2020	December 2019
Profit for the period		**579,969**	**932,190**
Other comprehensive income			
Items that will not be reclassified to profit or loss for the period, net of taxes			
Gain (loss) from investment in equity instruments	19	3,474	6,000
New defined benefit plan measures	19	3,575	(2,454)
Total other comprehensive income not to be reclassified to profit or loss for the period, net of deferred income tax		**7,049**	**3,546**
Items to be reclassified to income for the period, net of tax			
Gain (loss) from cash flow hedges	19	(14,931)	5,604
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	19	323,097	(180,024)
Total other comprehensive income to be reclassified to profit and loss, net of tax		**308,166**	**(174,420)**
Total other comprehensive income		**315,215**	**(170,874)**
Total comprehensive result		**895,184**	**761,316**

The notes are an integral part of these 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.
SEPARATE STATEMENT OF CHANGES IN EQUITY
December 31, 2020 (with comparative figures as of December 31, 2019)
(Values expressed in millions of Colombian pesos)

	Note	Issued capital	Share premium	Legal reserves	Occasional reserves	Total reserves	Retained earnings	Other comprehensive income	Profit for the period	Total equity
Balance at January 1, 2020		109,121	3,290,767	138,795	6,252,110	6,390,905	11,793,652	1,027,504	932,190	23,544,140
Other comprehensive income	19	-	-	-	-	-	-	315,215		315,215
Profit for the period		-	-	-	-	-	-	-	579,969	579,969
Total Net Comprehensive Results for the period		-	-	-	-	-	-	315,215	579,969	895,184
Transfer to occasional reserves	17	-	-	-	932,190	932,190		-	(932,190)	-
Distribution of 2019 results 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	18	-	-	-	(368,974)	(368,974)		-	-	(368,974)
Minimum preferred shares dividend	16	-	-	-		-	40,628	-	-	40,628
Balance at December 31, 2020		109,121	3,290,767	138,795	6,815,327	6,954,122	11,834,280	1,342,719	579,969	24,110,978

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2020 (with comparative figures year ended December 31, 2019)
(Values expressed millions of Colombian Pesos)

	Note	Issued capital	Share premium	Legal reserves	Occasional reserves	Total reserves	Retained earnings	Other equity holdings	Profit for the period	Total equity
Balance at January 1, 2019		**109,121**	**3,290,767**	**138,795**	**5,923,603**	**6,062,398**	**11,766,134**	**1,198,378**	**648,593**	**23,075,391**
Other comprehensive income	**19**	-	-	-	-	-	-	(170,874)	-	**(170,874)**
Profit for the period		-	-	-	-	-	-	-	932,190	**932,190**
Total net comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**(170,874)**	**932,190**	**761,316**
Transfer to occasional reservations	**17**	-	-	-	648,593	**648,593**	-	-	(648,593)	**-**
Distribution of 2018 results According to the minutes of the Shareholders' Meeting No. 24 of March 29, 2019:										
Dividends recognized as distributions for owners (550 pesos per share)	**18**	-	-	-	(320,086)	(320,086)	-	-	-	**(320,086)**
Minimal dividends, preference shares	**16**	-	-	-	-	-	40,630	-	-	**40,630**
Withholding effect of the shareholders' dividend		-	-	-	-	-	(13,112)	-	-	**(13,112)**
Balance at December 31, 2019		**109,121**	**3,290,767**	**138,795**	**6,252,110**	**6,390,905**	**11,793,652**	**1,027,504**	**932,190**	**23,544,139**

The notes are an integral part of these financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

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

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Revisor Fiscal
P.C. 112752-T
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(See my report of February 25, 2021)

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE CASH FLOW 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 period		**579,969**	**932,190**
Adjustments to reconcile net income for the period			
Income tax expenses	9	(13,534)	(17,168)
Interests	23	380,545	357,207
Decrease in other accounts receivable		17,674	(87,582)
Increases in accounts receivable from related parties		(576,192)	(435,360)
Decrease (increase) in other accounts payable		(25,396)	147,171
Depreciation and amortization expense		2,141	2,213
Adjustment for employee benefits		10,616	(10,121)
Losses from unrealized foreign currency		116,246	51,942
Fair value gains		6,061	(72,077)
Undistributed gains from the application of the equity method	10	(517,796)	(935,566)
Dividends received from associates		1,123,090	1,054,947
Interest paid		(1,842)	(794)
Income taxes paid (reimbursed)		(976)	35,277
Other payments to acquire equity or debt instruments of other entities		(599,800)	-
Cash flows from operating activities		**500,806**	**1,022,279**
Cash flows from (used in) investing activities			
Cash flows used to obtain control of subsidiaries or other businesses		(40,310)	(12,592)
Amounts from the sale of property, plant and equipment		4	8
Purchases of property, equipment		(868)	(514)
Purchases of other long-term assets		-	(682)
Cash flows from (used in) investing activities		**(41,174)**	**(13,780)**
Cash flows from (used in) financing activities			
Payments arising from futures, forwards, options and swaps		(65,738)	(84,215)
Proceeds from the issuance of shares		40,628	27,518
Proceeds from loans		1,603,500	667,403
Reimbursement of loans		(926,071)	(1,042,066)
Payment of financial lease liabilities		(1,721)	(1,784)
Dividends paid		(363,901)	(315,233)
Interest paid		(311,506)	(265,824)
Cash flows arising from (used in) financing activities		**(24,809)**	**(1,014,201)**
Increases, net of cash and cash equivalents		**434,823**	**(5,702)**
Impact of variations in the exchange rate on cash and cash equivalents		186	(394)
Cash and cash equivalents at beginning of period	6	3,145	9,241
Cash and cash equivalents at end of period	**6**	**438,154**	**3,145**

The notes are an integral part of these 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.STR- 530
(See my report of February 25, 2021)

GRUPO DE INVERSIONES SURAMERICANA S.A.

NOTES FOR THE SEPARATE FINANCIAL STATEMENTS

For the period ended December 31, 2020 (with comparative figures as of December 31, 2019). *(Values expressed in millions of Colombian Pesos, excluding exchange rates values and earnings per shares)*

NOTE 1. REPORTING ENTITY

Grupo de Inversiones Suramericana S.A., is a public corporation, established and domiciled in Colombia, whose shares are listed on the stock exchange. It is the result of the spin-off of Compañía Suramericana de Seguros S.A., according to Public Deed No. 2295 of December 24, 1997 of the 14th Notary Office of Medellín, formalized in accounting terms on January 1, 1998; its main domicile is the city of Medellín, at Cra. 43ª # 5ª - 113 Piso 13-15; but it may have branches, agencies, offices and representations in other places in the country and abroad, when so determined by its Board of Directors. The duration of the Company is until the year 2097. Its corporate purpose is investment in real estate and personal property. In the case of investment in personal property, in addition to any kind of personal property, investments may be in shares, quotas or parts in companies, entities, organizations, funds or any other legal figure that allows investment of resources. Likewise, it may invest in fixed or variable income papers or documents, whether or not they are registered in the public stock market, in any case, the issuers and/or receivers of the investment may be public or private, national or foreign. The fiscal year shall be adjusted to the calendar year, annually, effective December thirty-first (31).

The Company is subject to the surveillance of the Financial Superintendency of Colombia (SFC), given its role as a Holding Company in the Financial Conglomerate SURA-Bancolombia through Resolution No 156 of February 2019 of the Financial Superintendency of Colombia.

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

2.1. Statement of compliance

The separate financial statements of Grupo de Inversiones Suramericana S.A., for the twelve-month period ended December 31, 2020, 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 and amendments. 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 such international standards in Colombia is subject to some 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 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, however, it requires the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, articles 1. 2.1.1.18.46 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. Basis of measurement and presentation

Measurement bases

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

- Financial instruments measured at fair value, with a charge to income or other comprehensive income.
- Investment properties measured at fair value
- Property and equipment measured at fair value
- Employee benefits, which are measured at the present value of the defined benefit obligation.

Presentation of financial statements

The separate financial statements are prepared on the basis of the following:

The separate statement of financial position presents assets and liabilities on the basis of their liquidity, considering 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.

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

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

2.2.2. Reclassifications

Some of the figures and disclosures in relation to December 31, 2019, presented in the separate statement of financial position 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.

The reclassifications made are detailed below:

SEPARATE STATEMENT OF FINANCIAL POSITION

	December 2019 Presentation	Reclassification	December 2019 Current
Assets			
Cash and cash equivalents	3,145	-	3,145
Investments	19,716	-	19,716
Derivative instruments	305,659	-	305,659
Accounts receivable from related parties	108,851	-	108,851
Other accounts receivable	99,581	-	99,581
Investments in associates	14,392,658	-	14,392,658
Investments in subsidiaries	14,133,102	-	14,133,102
Property and equipment	3,413	-	3,413
Right-of-use assets	20,742	-	20,740
Deferred tax assets	62,961	-	62,961
Other assets	246	-	246
Total assets	**29,150,072**	**-**	**29,150,072**
Liabilities			
Financial liabilities	848,773	166,640	682,133
Derivative instruments	-	(166,640)	166,640
Lease liabilities	13,815	-	13,815
Accounts payable to related parties	155,960	-	155,960
Other accounts payable	149,804	(1,660)	151,464
Current tax liabilities	2,765	1,660	1,105
Employee benefits	12,250	-	12,250
Provisions	3,470	-	3,470
Bonds issued	-	(3,958,384)	3,958,384
Preferred shares	-	(460,712)	460,712
Securities issued	4,419,096	4,419,096	-
Total liabilities	**5,605,933**	**-**	**5,605,933**
Equity			
Issued capital	109,121	-	109,121
Share premium	3,290,767	-	3,290,767
Reserves	6,390,905	-	6,390,905
Profit for the period	932,190	-	932,190
Retained earnings	11,793,652	-	11,793,652
Other comprehensive income	1,027,504	-	1,027,504
Total equity	**23,544,139**	**-**	**23,544,139**
Total equity and liabilities	**29,150,072**	**-**	**29,150,072**

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 among other accounts payable to current tax liabilities and the opening of securities issued between bonds and preferred shares.

2.3. Significant accounting policies

The following is a detail of the most significant accounting policies used by Grupo SURA for the preparation of separate 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 cash flows statement, include cash and banks, highly liquid investments, and money market operations, readily convertible into a determined amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less, from the date of its acquisition.

2.3.2. 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 follows: cash and cash equivalents, investments, derivative instruments, insurance receivables included in insurance assets, accounts receivable from related parties, current accounts with reinsurers included in reinsurance contract assets and other accounts receivable.

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 OCI
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 profit 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. 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.

2.3.4. 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.

2.3.5. 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.

2.3.6. Investments in subsidiaries and associates

Investment in Subsidiaries
A subsidiary is an entity controlled directly or indirectly by one of the companies that make up the portfolio of Grupo SURA. Control exists when one of the Companies has the power to direct the relevant activities of the subsidiary, which are generally the operating and financing activities with the purpose of obtaining benefits from its activities and is exposed, or has the right, to the variable returns of the subsidiary.

Investments in subsidiaries are measured in the separate financial statements of Grupo SURA using the equity method, where the investment is initially recorded at cost, and adjusted for changes in the interest of Grupo SURA in the net assets of the subsidiary after the acquisition date less any impairment loss on the investment.

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 at the cost of the transaction at the initial moment and dividends received in cash from the associate are recognized in the results of the year.

When significant influence over the associate or joint control over the joint venture is lost, Grupo SURA measures and recognizes any residual investment retained therein at 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 resulting from its sale, is recognized in profit or loss for the period.

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 it 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.

2.3.7. 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 performance bonus : 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.

2.3.8. 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.

2.3.9. 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.

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.

2.3.10. 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 separate 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) 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 25 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.

b) Impairement of financial assets

To calculate the impairment of financial assets, the future cash flows, of the respective financial asset, of the group, must be estimated. See Note 2.3.2 of financial instruments, in the impairment section.

c) Taxes

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

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

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

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

e) 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 lease contracts is noted in Note 12 Leases.

f) **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.

g) 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 13 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 separate 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.

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 entity's share of changes 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.

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

Cash and cash equivalents correspond to:

	December 2020	December 2019
Cash and banks	9	7
National banks	29,649	529
Foreign Bank	5,746	7
Cash equivalents (*)	402,120	2,602
Restricted cash (**)	630	-
Total cash and cash equivalents	**438,154**	**3,145**

(*) Balances in 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 accrue interest at the applicable short-term placement rates.

(**) Within cash and cash equivalents, there are restricted assets in the amount of $630 to cover post-employment benefits (retirement bonus) and performance bonus.

NOTE 7. FINANCIAL INSTRUMENTS

7.1. Financial assets

7.1.1 Investments

The breakdown of investments is presented below:

	December 2020	December 2019
At fair value through profit or loss	599,800	-
Debt securities	**599,800**	**-**
At fair value through OCI	23,190	19,716
Equity instruments	**23,190**	**19,716**
Total Investments (*)	**622,990**	**19,716**

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

The following is a detail of net income from investments at fair value:

	December 2020	December 2019
Fair value investments	17	-
Difference on exchange of investments	174	24
Total	**191**	**24**

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

December 2020

National issuers	Debt securities	Equity instruments
Cost (*)	599,800	23,190
Unrealized profit/loss SCI	17	
Unrealized profit/loss OCI		3,474

December 2019

National issuers	Debt securities	Equity instruments
Cost (*)	-	19,716
Unrealized profit/loss SCI	-	
Unrealized profit/loss OCI		6,000

(*) The cost and fair value is the same as of December 31, 2020 and 2019.
As of the closing date there are no realized profits.

7.1.2. Accounts receivable from related parties

Correspond to dividends receivable from associated companies, which are detailed below:

	December 2020	December 2019
Bancolombia S.A.	68,624	64,031
Grupo Argos S.A.	21,553	20,063
Grupo Nutresa S.A.	26,456	24,757
Total accounts receivable from related parties	**116,633**	**108,851**

7.1.3. Other accounts receivable

The following is a detail of trade and other receivables:

	December 2020	December 2019
Derivatives premiums	81,851	99,461
Debtors	7	78
Advances to contract and employees	49	42
Total	**81,907**	**99,581**

7.2. Financial liabilities

The following is related to the financial liabilities included in accounts payable, of Grupo SURA:

	Note	December 2020	December 2019
Financial liabilities [1]		572,954	682,133
Derivative instruments	8	172,880	166,640
Accounts payable to related parties	7.2.1	86,832	155,960
Other accounts payable	7.2.2	126,069	151,464
Bonds issued	15	4,995,267	3,958,384
Preferred shares	16	460,847	460,712
Total		**6,414,849**	**5,575,293**

[1]1Financial obligations correspond to loans acquired with Grupo Bancolombia, at rates ranging between 2.39% and 3.59% as of December 2020 and between 2.53% and 6.18% for December 2019, rates ranging between 2.39% and 3.59% as of December 2020 and between 2.53% and 6.18% for December 2019, the variation is mainly due to the cancellation of the loan in USD.

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 fair value**	**Total**
Financial liabilities		144,520	-	144,520
Derivative instruments	8	-	19,583	19,583
Accounts payable to related parties	7.2.1	86,832	-	86,832
Other accounts payable	7.2.2	126,069	-	126,069
Bonds issued	15	1,036,113	-	1,036,113
Total		**1,393,534**	**19,583**	**1,413,117**
Non-current		**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial liabilities		428,434	-	428,434
Derivative instruments	8	-	153,297	153,297
Bonds issued	15	3,959,154	-	3,959,154
Preferred shares	16	460,847	-	460,847
Total		**4,848,435**	**153,297**	**5,001,732**
Financial liabilities		**6,241,969**	**172,880**	**6,414,849**

December 2019				
Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial liabilities		262,616	1,501	264,117
Derivative instruments	8	-	1,070	1,070
Accounts payable to related parties	7.2.1	155,960	-	155,960
Other accounts payable	7.2.2	151,464	-	151,464
Bonds issued	15	101,005	-	101,005
Total		**671,045**	**2,571**	**673,616**
Non-current		**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial liabilities		418,016	-	418,016
Derivative instruments	8	-	165,570	165,570
Bonds issued	15	3,857,379	-	3,857,379
Preferred shares	16	460,712	-	460,712
Total		**4,736,107**	**165,570**	**4,901,677**
Financial liabilities		**5,407,152**	**168,141**	**5,575,293**

The fair value hierarchy for liabilities measured at fair value is detailed below:

December 2020	Level 1	Level 2	Level 3	Total
Derivative instruments	-	172,880	-	172,880
Total	**-**	**172,880**	**-**	**172,880**

December 2019	Level 1	Level 2	Level 3	Total
Financial liabilities	1,501	-	-	1,501
Derivative instruments	-	166,640	-	166,640
Total	**1,501**	**166,640**	**-**	**168,141**

(*) Correspond to repo transactions.

7.2.1. Accounts payable to related parties

Corresponds to the dividend payable to the shareholders of the Company declared at the meeting of shareholders held on March 31, 2020 and accounts payable to subsidiaries:

	December 2020	December 2019
Ordinary shares	70,925	66,570
Preferred shares	16,671	15,673
Others	(764)	(508)
Subtotal accounts payable related parties	**86,832**	**81,735**
Accounts payable to subsidiaries	-	74,225
Total accounts payable to related parties	**86,832**	**155,960**

7.2.2. Other accounts payable

The detail of current trade accounts payable is as follows:

	December 2020	December 2019
Accounts payable premiums options	120,516	142,484
Industry and commerce	1,803	1,660
Withholdings and Payroll Contributions	1,286	1,176
Withholdings	1,088	1,121
Suppliers	801	3,897
Services	575	1,099
Legal	-	1
Other associations	-	26
Total	**126,069**	**151,464**

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
Hedging derivatives	8.1.	143,194	1,221	122,755	5,245
Trading derivatives	8.2.	200,540	171,659	182,904	161,395
		343,734	**172,880**	**305,659**	**166,640**

8.1. Hedge Derivatives

In accordance with the 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 payments in the foreign currency for principal payments in the functional currency of the Group. 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 the changes in the fair value of the cross-currency swaps and options with the 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 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 semi-annually.

   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.

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.

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	
Assets	**Nominal value**	**Fair Value**	**Nominal value**	**Fair Value**
Swap				
Cross currency	876,746	143,194	1,138,917	122,755
Subtotal	**876,746**	**143,194**	**1,138,917**	**122,755**
Total Assets	**876,746**	**143,194**	**1,138,917**	**122,755**
Liabilities				
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**	**443,000**	**5,245**

The following is the 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 values carried 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	**(8,999)**		
Variation in the fair value of hedges during the year.	23,989		17,354
Amortization of temporary securities.	(15,983)	16,147	(164)
Balance at December 31, 2019	**(993)**		
Variation in the fair value of hedges during the year.	15,315		(87,787)
Amortization of temporary securities.	(36,644)	(3,253)	39,897
Balance at December 31, 2020	**(22,322)**		

The decrease in these operations (December 2020 was 34 and 35 for December 2019) is due to the early cancellation of a CCS derivative, resulting from the payment of the obligation held in dollars.

8.2. Trading derivatives

Grupo SURA trades derivative financial instruments for trading purposes, especially Cross Currency Swap contracts and exchange rate and interest rate options. Although they are trading derivatives, the objective is to hedge foreign currency obligations, but they have not been designated as hedge accounting.

	December 2020		December 2019	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Assets				
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**	**41,146**	**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	**2,334,281**	**200,540**	**1,923,391**	**182,904**
Liabilities				
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	120,219	1,392,740	106,085
Subtotal	**1,809,914**	**120,219**	**1,392,740**	**106,085**
Total Liabilities	**4,305,829**	**171,659**	**3,821,229**	**161,395**

The results of trading derivatives are presented below:

	December 2020	December 2019
Income from trading	325,466	72,865
Trading expenses	(331,527)	(77,392)
	(6,061)	**(4,527)**

The increase in these operations (December 2020 was 71 and 60 for December 2019) is due to the need to cover the difference in the exchange rate of the bonds in dollars and the volatility of the markets, mainly represented by the exchange rate.

NOTE 9. Taxes

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

	Note	December 2020	December 2019
Current tax assets	9.1	1,356	-
Deferred tax asset (net)	9.2	81,410	62,961
Current tax liabilities	9.1	-	1,105

9.1. Current income tax

a. Current tax recognized in the statement of financial position

	December 2020	December 2019
Current tax assets		
Tax in favor	1,356	-
Total current tax assets	**1,356**	**-**

	December 2020	December 2019
Current tax liabilities		
Income and complementary taxes	-	1,105
Total current tax liabilities	**-**	**1,105**

b. Tax, recognized in profit and loss, for the period

	December 2020	December 2019
Current tax income (expense)	**1,485**	**21,486**
Current tax	(489)	(9,463)
Adjustment of previous periods (1)	1,974	30,949
Deferred tax expense	**12,049**	**(4,318)**
Constitution/reversal of temporary differences	11,844	(4,318)
Deferred tax adjustment	205	-
Tax expenditure	**13,534**	**17,168**

(1) In December 2020 corresponds to an adjustment for the difference between the income provision and the tax presented to the Tax Authorities. In the year 2019 the request for refund of payment of what was not due for the year 2017 of $33,601 million arising from the correction of the return was recorded.

c. Reconciliation of the effective tax rate.

The reconciliation of the effective tax rate of the Group applicable for the years ended December 31, 2020 and 2019, respectively, is as follows:

	December 2020		December 2019	
	Rate	Balance	Rate	Balance
Profit before tax		**566,435**		**915,022**
Tax on income by applying the local tax rate	32.00%	(181,259)	33.00%	(301,957)
Tax effect of:				
Items that increase the tax base		**(140,267)**		**(127,830)**
Non-deductible expenses [1]		(122,744)		(113,891)
Property and equipment		(9)		(99)
Provisions and contingencies		(3,740)		(344)
Financial liabilities		(13,774)		(13,496)
Items that decrease the tax base		**335,060**		**446,955**

	December 2020		December 2019	
	Rate	Balance	Rate	Balance
Untaxed income[2]		165,694		308,736
Non-taxed dividends		163,944		51,755
Adjustment for previous periods		2,179		30,949
Exempt income[3]		3,243		51,860
Tax discounts		0		3,655
Income Tax	**2.39%**	**13,534**	**1.88%**	**17,168**

(1) Includes expenses due to legal limitations associated with non-income taxable income and donations, among others.

(2) Corresponds to income from equity method of subsidiaries.

(3) Dividends Andean Community of Nations.

The variation in income tax is mainly due to the effect of the exchange rate associated with the valuation of foreign currency debt and hedging transactions.

d. Movement in current tax

The following is the movement that generated the balance of income and supplementary taxes as of December 31, 2020 and 2019:

	December 2020	December 2019
Income tax balance at January 1	**(1,105)**	**12,686**
Current income tax liabilities	1,485	21,486
Withholding and advances	976	(35,277)
Income tax balance at December 31	**1,356**	**(1,105)**

Income tax returns for 2020 and 2019 will become final according to the general rule of 3 years; for transfer pricing returns, the term of their finality will be 6 years.

Regarding the returns in which credit balances are presented, the term of finality will be of 3 years, from the date of filing the request for refund or compensation.

9.2. Deferred tax

Movement and net balance of deferred taxes consists of the following items:

Deferred tax asset (liability)	December 2020	Recognized results	Other participation in equity	December 2019	Recognized results	Other participation in equity	December 2018
Financial Assets	(39,590)	(17,180)	6,400	(28,810)	(7,297)	(2,402)	(19,111)
Properties and equipment	225	327	-	(102)	(32)	-	(70)
Financial liabilities	119,117	30,540	-	88,577	8,330	-	80,247
Employee Benefits	2,057	(1,262)	-	3,319	(5,296)	(781)	9,396
Rights of use	(36)	(13)	-	(23)	(23)	-	-
Investments	(363)	(363)	-		-	-	-
	81,410	**12,049**	**6,400**	**62,961**	**(4,318)**	**(3,183)**	**70,462**

9.3. Tax matters in Colombia

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

It is worth noting that Law 1943 (Financing Law) was declared unenforceable in 2019. The declaration of unenforceability was raised to take effect as from January 1, 2020, understanding that the effects of the ruling would only produce effects in the future and would not affect consolidated legal situations; likewise, it gave Congress a term so that before the end of 2019, it would issue a norm that would ratify, repeal, modify or subrogate the contents of Law 1943 of 2018; reason for which the Economic Growth Law was issued on December 27, 2019.

Economic Growth Act (Act 2010 of 2019)

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

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

The presumptive rent rate is decreased to 0.5% for 2020 and 0% from 2021.
First job deduction is created, i.e. 120% of salary payments to employees under 28 years of age, who are new jobs and whose first job is certified by the Ministry of Labor, will be deductible.

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

Audit benefit is again established for the taxable periods 2020 and 2021, giving firmness to the return in 6 months provided that the net income tax is increased by at least 30% in relation to the previous year, when the increase is at least 20% the firmness period is acquired after 12 months.
Among the exempted incomes are articles 4 of Decree 841 of 1998 and 135 of Law 100 of 1993 corresponding to the resources of the Pension Funds of the Individual Savings Regime with Solidarity and the mathematical reserves of the retirement or old age, disability and survivors' pension insurance, as well as their returns; also the yields generated by the stabilization reserve constituted by the pension fund management entities and the income from

the development of technological and creative value added industries (orange economy) as long as they comply with the minimum investment requirement of $157 million in 3 years, employment generation of at least 3 jobs without counting the administrators.

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

9.4 Deferred Tax Assets Not Recognized

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

9.5. Uncertainty over income tax treatments.

Considering the criteria and judgments in the determination and recognition of taxes, as of December 31, 2020, no situations have been identified that generate tax uncertainty and that should be recognized for accounting purposes, in accordance with the framework defined by IFRIC 23.

NOTE 10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

10.1. Investment in associates

General information on investments in associates

The detail of the associates of Grupo SURA at the date of the reporting period is as follows:

	December 2020			December 2019		
Investment	% Participation (*)	% right to vote (**)	# Shares	% Participation (*)	% right to vote (**)	# Shares
Bancolombia S.A.	24.43%	46.11%	235,012,336	24.39%	46.02%	234,545,239
Grupo Argos S.A.	26.75%	35.53%	229,295,179	26.75%	35.53%	229,295,179
Grupo Nutresa S.A.	35.43%	35.43%	163,005,625	35.17%	35.17%	161,807,155

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

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

Reciprocal shareholdings

In the course of their operations, 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:

Associated Company	% 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 investments under the cost model, as described in note to the financial statements 2.3.6 of accounting policies.

In the case of Grupo Nutresa, the investment is recognized at fair value with effect in OCI and Grupo SURA recognizes this associate under the cost model, as described in note to the financial statements 2.3.6 of accounting policies.

Balance and movement in associates

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

	Bancolombia S.A.	Grupo Argos S.A.	Grupo Nutresa S.A.	Total
As of December 31, 2019	**5,594,878**	**4,510,388**	**4,287,392**	**14,392,658**
Additions	11,708	-	24,837	36,545
As of December 31, 2020	**5,606,586**	**4,510,388**	**4,312,229**	**14,429,203**

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

The shares delivered in guarantee of Grupo Argos to guarantee obligations in the years 2020 and 2019 correspond to a book value of $879,408.

Dividends received

Dividend income comes from the following issuers

	December 2020	December 2019
Bancolombia S.A.	384,373	256,124
Grupo Argos S.A.	86,215	80,253
Grupo Nutresa S.A.	105,605	99,026
	576,193	**435,403**

Financial information of associates

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

December 2020	Location	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
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)

December 2019	Location	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A. (*)	Colombia	236,088,113	-	207,282,494	-	28,805,619	12,731,348	3,214,567	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

(*) The associate Bancolombia Group presents the statement of financial position in order of liquidity, therefore the detail of current and non-current financial assets and liabilities is not included

10.2. Investments in subsidiaries

General information on investments in subsidiaries

The following are the shareholdings of the subsidiaries where Grupo SURA has direct control as of December 31, 2020 and December 2019:

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

Balance and movement in investments in subsidiaries

The following is the detail of the balance and movement of investments in subsidiaries accounted for under the equity method as of December 31, 2020 and December 2019:

	SURA Asset Management S.A.	Suramericana S.A.	Inversiones y construcciones estratégicas S.A.S.	SURA Ventures S.A.	Arus Holding S.A.S.	Enlace Operativo S.A.	Arus S.A.	Total
Balance at January 1, 2019	**9,775,377**	**3,909,300**	**150,259**	**80,693**	**71,569**	**1,026**	**3,612**	**13,991,836**
Additions	-	-	-	12,593	-	-	-	**12,593**
Equity method	604,971	316,867	29,200	(16,976)	1,393	242	(131)	**935,566**
Dividends	(460,924)	(165,923)	-	-	-	-	(22)	**(626,869)**
Equity variation	(192,515)	9,330	1,982	1,189	(10)	-	-	**(180,024)**
Balance at December 31, 2019	**9,726,909**	**4,069,574**	**181,441**	**77,499**	**72,952**	**1,268**	**3,459**	**14,133,102**
Additions (1)	-	-	-	3,765	-	-	-	**3,765**
Equity method	359,907	171,427	(2,289)	(10,413)	(805)	87	(118)	**517,796**
Dividends	(301,639)	(178,517)	(74,504)	-	-	(20)	-	**(554,680)**
Equity variation	306,862	47,033	609	(31,407)	-	-	-	**323,097**
Balance at December 31, 2020	**10,092,039**	**4,109,517**	**105,257**	**39,444**	**72,147**	**1,335**	**3,341**	**14,423,080**

(1) Capitalizations made to SURA Ventures during 2020.

Financial information of subsidiaries

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

December 2020	Asset	Liability	Equity	Profit	Other comprehensive result
SURA Asset Management S.A. (*)	19,431,239	9,914,612	9,516,627	470,651	805,807
Arus Holding S.A.S.	77,713	6	77,707	1,661	-
ARUS S.A.	104,997	74,505	30,492	(2,266)	-
Enlace Operativo S.A.	27,287	4,011	23,275	1,512	-
Inversiones y Construcciones Estratégicas S.A.S	110,195	4,939	105,257	(2,289)	(267)
Suramericana S.A. (*)	30,562,262	25,489,415	5,072,846	211,301	199,277
Sura Ventures S.A.	89,146	30	89,116	(7,165)	21,633

(*) Figures taken from the Consolidated Financial Statements

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

(*) Figures taken from the Consolidated Financial Statements

10.3. Impairment of investments in associates and subsidiaries

The following is a detail of the comparability of the different securities of the issuers:

	2020		
Main associates de Grupo SURA	**Recoverable value**	**Book value**	**Market value (1)**
Grupo Nutresa S. A.	5,649,998	4,312,229	3,912,135
Grupo Argos S. A.	5,711,185	4,510,388	3,187,203
Bancolombia S. A.	10,048,851	5,606,586	8,220,732

(1) Calculated using the market price of the share at the respective cutoff 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%

Subsidiaries

Within the impairment testing exercise, valuation models were run for the subsidiary companies Suramericana and Sura Asset Management, which incorporate their respective business plans. As a result, the recoverable amount of both companies exceeded the value recorded in the books of Grupo SURA, which confirms that there is no impairment in any of them.

NOTE 11. PROPERTY AND EQUIPMENT

The following is a detail of the property and equipment as of December 31

	December 2020	December 2019
Transportation equipment	1,803	1,306
Office equipment	1,297	1,648
Computer equipment	489	459
Total property and equipment	**3,589**	**3,413**

The detail of the changes in property and equipment of Grupo SURA is as follows:

2020	Leased buildings (*)	Transportation equipment	Office equipment	Information equipment	Total property and equipment
Cost at January 1, 2020	**-**	**2,141**	**2,667**	**759**	**5,567**
Additions	-	676	-	192	868
Disposals (-)	-	-	-	(19)	(19)
Reclassifications	-	-	(3)	2	(1)
Carrying cost at December 31, 2020	**-**	**2,817**	**2,664**	**934**	**6,415**
Accumulated depreciation and impairment					
Accumulated depreciation and impairment at January 1, 2020	**-**	**(835)**	**(1,019)**	**(300)**	**(2,154)**
Depreciation for the period	-	(179)	(351)	(159)	(689)
Disposals (-)	-	-	-	15	15
Reclassifications	-	-	3	(1)	2
Accumulated depreciation and impairment at December 31, 2020	**-**	**(1,014)**	**(1,367)**	**(445)**	**(2,826)**

Property and equipment as of December 31, 2020	**-**	**1,803**	**1,297**	**489**	**3,589**

2019	Leased buildings (*)	Transportation equipment	Office equipment	Information equipment	Total property and equipment
Cost at January 1, 2019	**23,062**	**2,092**	**2,377**	**632**	**28,163**
Additions	-	49	290	176	515
Disposals (-)	-	-	-	(49)	(49)
Reclassifications	(23,062)	-	-	-	(23,062)
Carrying cost at December 31, 2019	**-**	**2,141**	**2,667**	**759**	**5,567**
Accumulated depreciation and impairment					
Accumulated depreciation and impairment at January 1, 2019	**(1,410)**	**(692)**	**(676)**	**(207)**	**(2,985)**
Depreciation for the period	-	(143)	(343)	(134)	(620)
Disposals (-)	-	-	-	41	41
Reclassifications	1,410	-	-	-	1,410
Accumulated depreciation and impairment at December 31, 2019	**-**	**(835)**	**(1,019)**	**(300)**	**(2,154)**
Property and equipment at December 31, 2019	**-**	**1,306**	**1,648**	**459**	**3,413**

(*) As of January 1, 2019, the balances were reclassified as right-of-use assets. (See Note 12 Leases).

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 reporting date.

- 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.

NOTA 12. LEASES

Grupo SURA as lessee

The initial term of the lease agreement for the building was 15 years. Grupo SURA has no restrictions to sublease the leased assets.

As of December 31, 2020, the carrying value of finance leases is:

	Assets by right of use	Lease liability
Balance at January 1, 2019	**21,652**	**14,216**
Increments	681	330
Depreciation and amortization	(1,593)	-
Interest expenditure	-	1,054
Lease payments	-	(1,785)
At December 31, 2019	**20,740**	**13,815**

Depreciation and amortization	(1,452)	-
Interest expenditure	-	908
Lease payments	-	(1,721)
As of December 31, 2020	**19,288**	**13,002**

The term of the financial leases is as follows

	Minimum payments due 2020	Present value of the minimum payments 2020	Future interest charges of 2020	Minimum payments due 2019	Present value of the minimum payments 2019	Future interest charges of 2019
To one year	1,712	1,656	56	1,711	1,608	103
Between one and five years	8,560	6,919	1,641	8,560	6,628	1,932
More than five years	7,276	4,427	2,849	9,273	5,579	3,694
Total leases	**17,548**	**13,002**	**4,546**	**19,544**	**13,815**	**5,729**

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

	December 2020	December 2019
Depreciation expense for right-of-use assets	(1,452)	(1,593)
Interest expense on lease liabilities (Note 23)	(908)	(1,054)
Variable lease payments (*) (note 21)	(231)	(239)
Total recognized in results	**(2,591)**	**(2,886)**

(*) Corresponds to charges for additional services to the building lease contract.

The lease contract of Grupo SURA includes an automatic extension for a term of 5 years, which has an approximate value of $10,020 million.

NOTE 13. EMPLOYEE BENEFITS

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

	Note	December 2020	December 2019
Short-term		6,583	8,970
Long-term	13.2	335	2,817
Post -Employment	13.3	12,373	463
Total		**19,291**	**12,250**

13.1 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.

13.2 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.

The long-term benefits are detailed below:

	December 2020	December 2019
Seniority premiums	335	267
Performance bonus	-	2,550
	335	**2,817**

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

	Performance bonus	Assets of the plan	Net Benefit	Seniority premium	Total
Initial balance at January 1, 2019	**1,190**	**-**	**1,190**	**175**	**1,365**
Costs incurred during the period	1,501	-	1,501	101	1,602
(Gain) loss on changes in financial assumptions with effect in results	57	-	57	8	65
Payments to employees	(198)	-	(198)	(17)	(215)
Present value of obligations at December 31, 2019	**2,550**	**-**	**2,550**	**267**	**2,817**
Costs incurred during the period	148	-	148	50	198
Recognition of plan assets	-	1,513	(1,513)	-	(1,513)
(Gain)/loss on changes in financial assumptions with effect on profit (loss)	884	-	884	45	929
Payments to employees	(2,069)	-	(2,069)	(27)	(2,096)
Present value of obligations at December 31, 2020	**1,513**	**1,513**	**-**	**335**	**335**

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

	Performance bonus		Seniority premiums	
	2020	**2019**	**2020**	**2019**
Discount rate (%)	1.48%	2.02%	5.10%	5.10%
Annual salary increases rate (%)	N/A	N/A	4.50%	4.50%
Annual inflation rate (%) LP	3.00%	3.8%	3.00%	3.00%

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 bond bank and seniority premium benefits:

2020	**Bond Bank**		**Seniority premium**			
	Discount rate		**Discount rate**		**Salary increase**	
	Increase +0.50%	**Discount -0.50%**	**Increase +0.5%**	**Discount -0.5%**	**Increase +0.5%**	**Discount -0.5%**
Current value of the obligation	1,509	1,518	323	348	348	323
Variation due to sensitivity in the variables	4	(5)	12	(13)	(13)	12

2019	Bond Bank		Seniority premium			
	Discount rate		Discount rate		Salary increase	
	Increase +0.50%	Discount -0.50%	Increase +0.5%	Discount -0.5%	Increase +0.5%	Discount -0.5%
Current value of the obligation	2,545	2,553	258	278	278	258
Variation due to sensitivity in the variables	4	(4)	9	(10)	(10)	9

13.3 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.

The following are the post-employment benefits:

	December 2020	December 2019
Retirement bonus	12,167	300
Retirement pension	206	163
Total	**12,373**	**463**

13.3.1 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.

The following shows the movement of post-employment benefits of Grupo SURA:

	Retirement benefits	Plan assets	Net profit	Retirement pension	Total
Present value of obligations at January 1, 2019	**25,901**	**12,646**	**13,255**	**100**	**13,355**
Cost of present service	905	-	905	10	915
Interest cost	1,526	-	1,526	6	1,532
Recognition of plan assets	-	17,059	(17,059)	-	(17,059)
Gains or losses from changes in financial assumptions with effect in results	1,673	-	1,673	65	1,738
Payments to employees	-	-	-	(18)	(18)
Present value of obligations at December 31, 2019	**30,005**	**29,705**	**300**	**163**	**463**
Costs incurred during the period	1,101	-	1,101	18	1,119
Interest costs	1,050	-	1,050	8	1,058
Recognition of plan assets	-	(6,575)	6,575	-	6,575
Gain or loss on changes in financial assumptions with effect in income	13,446	-	13,446	-	13,446
Profit or loss from changes in actuarial assumptions with effect on OCI	-	-	-	17	17
Transfers from other Group companies	17,247	-	17,247	-	17,247
Payments to employees	(27,552)	-	(27,552)	-	(27,552)
Present value of obligations at December 31, 2020	**35,297**	**23,130**	**12,167**	**206**	**12,373**

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

	Retirement bonus		Retirement pension	
	2020	2019	2020	2019
Discount rate (%)	3.82%	5.33%	5.20%	5.40%
Rate of increase in benefit (%)	-	-	4.00%	4.00%
Annual salary increase rate (%)	3.10%	4.80%	-	-
Annual inflation rate (%)	3.00%	3.20%	3.00%	3.00%

Sensitivity analyses

The following tables show the effects of changes in the inflation rate and the discount rate:

Retirement bonus

2020

Discount rate	Current value of benefits	% Variation	Cost of the current service
Current study	35,297		1,101
1% increase in the discount rate	35,252	-0,13%	1,099
1% reduction in the discount rate	35,342	0,13%	1,103

Rate of inflation	Current value of benefits	% Variation	Cost of the current service
Current study	35,297		1,101
1% increase in the discount rate	35,324	0,08%	1,103
1% reduction in the discount rate	35,270	-0,08%	1,100

2019

Discount rate	Current value of benefits	% Variation	Cost of the current service
Current study	30,005		905
1% increase in the discount rate	29,955	-0,17%	902
1% reduction in the discount rate	30,054	0,17%	907

Rate of inflation	Current value of benefits	% Variation	Cost of the current service
Current study	30,005		905
1% increase in the discount rate	30,027	0,08%	906
1% reduction in the discount rate	29,982	-0,08%	903

Retirement pension

2020

	Discount rate		Increase	Benefit
	Increase +0.5%	Discount -0.5%	Increase +0.5%	Discount -0.5%
Present value of the obligation	194	219	219	194
Variation by sensitivity in the variables	12	(13)	(13)	12

2019

	Discount rate		Increase	Benefit
	Increase +0.5%	Discount -0.5%	Increase +0.5%	Discount -0.5%
Present value of the obligation	153	173	173	153
Variation by sensitivity in the variables	9	(10)	(10)	9

13.3.2 Defined contribution plans

Grupo SURA made contributions to defined contribution plans recognized as an expense in the results for 2020 for $1,546 million and 2019 for $1,679 million.

NOTE 14. PROVISIONS

Provisions for contingencies

The following is a summary of provisions:

Company	December 2020	December 2019
National Directorate of Taxes and Customs (*)	3,470	3,470
Total	3,470	3,470

(*) Grupo de Inversiones Suramericana S.A., recently resolutions that decide the appeals of reconsideration where the values proposed by the DIAN in the official liquidation of revision are confirmed. The resolutions of the appeals originate in differences of interpretation with the DIAN in the income tax assessments for the years 2009, 2010, 2011, and 2013, a situation that was announced to the market in Relevant Information on March 23, 2016.

Based on the provisions of Law 1819 of 2016 on Tax Reform, the Company advanced the analyses to carry out a conciliation process with the DIAN, with respect to the value of the above-mentioned processes for an estimated amount of COP 37,666 million which was provisioned in the Financial Statements of the Company and of which COP 34,196 million were already paid in the month of October 2017. This procedure will be subject to the regulations issued by the National Government. The aforementioned procedure will allow a solution to the differences with the tax authority without implying acceptance of any responsibility on the part of the Company, which maintains its criterion regarding the interpretation of the tax regulation that gave rise to the difference. As of December 31, 2020, and December 31, 2019, $3,470 have been provisioned.

NOTE 15. BONDS ISSUED

The following is a breakdown of bonds issued:

				Amortized cost		Fair Value	
Date Issued	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
18-may-11	18-may-21	USD 300	+ 5.70%	1,036,113	987,839	1,056,963	1,059,566
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
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	-	322,739	-
				4,995,267	**3,958,384**	**5,491,871**	**4,449,342**

(*) 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 16. 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	40,763
Interest payments	(40,628)
At December 31, 2020	**460,847**

NOTE 17 EQUITY

17.1. 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 of nominal value	469,037,260	469,037,260
With a preference dividend without the right to vote	112,940,288	112,940,288
Total shares	**581,977,548**	**581,977,548**
Share and paid capital (nominal value)	109,121	109,121

17.2. Share 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.

17.3. Reserves

The reserves consist of the following concepts:

	December 2020	December 2019
Legal (1)	138,795	138,795
Occasional (2)	6,815,327	6,252,110
Total reservations	**6,954,122**	**6,390,905**

[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:*

Correspond to appropriations made by the shareholders and are available for a specific purpose when deemed necessary.

On March 27, 2020, the General Meeting of Shareholders of Grupo SURA approved an occasional reserve of $937,965, distribution of dividends of $368,974 and release of reserves for social investment projects of $5,775 from said reserves. It also authorized the repurchase of shares of the Company for up to three hundred billion pesos $300,000 during a term of up to three years, counted as of the approval of the Assembly.

On March 29, 2019, the General Meeting of Shareholders of Grupo SURA approved an occasional reserve of $654,095, distribution of dividends of $320,089 and release of reserves for social investment projects of $5,775 from said reserves.

NOTE 18. 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
Preference 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.

NOTE 19. OTHER COMPREHENSIVE INCOME

The other comprehensive results of Grupo SURA are presented below:

Concept	December 2018	Adjustment for the period	December 2019	Adjustment for the period	December 2020
Losses (gains) actuarial plans (post-employment) (1)	(1,822)	(2,454)	(4,276)	3,575	(701)
Financial instruments measured at fair value with changes in the OCI (Nota 7.1.1)	(10,454)	6,000	(4,454)	3,474	(980)
Exchange difference on conversion (2)	(10,827)	-	(10,827)	-	(10,827)
Hedges with cash flow derivatives (3)	(6,299)	5,604	(695)	(14,931)	(15,626)
Equity method subsidiaries (Note 10.2)	1,227,780	(180,024)	1,047,756	323,097	1,370,853
Total comprehensive income	**1,198,378**	**(170,874)**	**1,027,504**	**315,215**	**1,342,719**

(1) The component of remeasurements of defined benefit plans represents the accumulated value of actuarial gains or losses, excluding the values included in the net interest on the net defined benefit liability. The net value of remeasurements is transferred to retained earnings and is not reclassified to profit or loss for the period.

(2) Corresponds to foreign currency translation resulting from the merger of the companies Grupo SURA Finance and Grupo de Inversiones SURA Panama.

(3) The component of other comprehensive income of cash flow hedges represents the cumulative amount of the effective portion of gains or losses arising from changes in the fair value of hedged items in a cash flow hedge. The cumulative gain or loss is reclassified to profit or loss for the period only when the hedged transaction affects profit or loss for the period or the highly probable transaction is not expected to occur, or is included, as part of its carrying amount, in a non-financial hedged item. The balance includes a tax of $6,400 (See note 9.2. Deferred taxes).

NOTE 20. INCOME

The following is a detail of income:

	December 2020	December 2019
Dividends (note 10.1)	576,193	435,403
Income from the Equity Method (note 10.2)	517,796	935,566
Investment income, net (1)	10,253	2,273
Other income (2)	745	323
Income from the fair value of investments (Note 7.1.1)	191	24
Total	**1,105,178**	**1,373,589**

(1) The balance corresponds to cash equivalent yields. The variation is presented because in 2020 an investment in cash equivalents was made as a result of the issuance of bonds. See note 15. Bonds issued.

(2) Details of other income are presented below:

	December 2020	December 2019
Asset disposal	749	261
Recognition of work leave	-	70
Gain/loss from the sale of fixed assets	(4)	(8)
Total	**745**	**323**

NOTE 21. ADMINISTRATIVE EXPENSES

The administrative expenses are as follows:

	December 2020	December 2019
Travel and representative expenses	(9,771)	(8,674)
Taxes	(7,851)	(7,669)
Others *	(7,066)	(6,857)
Publicity	(2,772)	(3,449)
Insurance	(1,756)	(2,206)
Contributions	(1,709)	(964)
Commissions	(1,072)	(898)
Maintenance and repairs	(753)	(1,396)
Utilities	(505)	(544)
Seasonal services	(461)	(520)
Leases	(231)	(239)
Tools and paperwork	(88)	(198)
Electronic data processing	(84)	(13)
Legal	(8)	(7)
Total	**(34,127)**	**(33,634)**

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

NOTE 22. HONORARIUM EXPENSES

Honorarium expenses are as follows:

	December 2020	December 2019
Consultants and advisory	(7,567)	(8,877)
Board of Directors	(1,135)	(940)
Auditor	(397)	(375)
Appraisals	(2)	-
Total	**(9,101)**	**(10,192)**

NOTE 23. FINANCIAL RESULTS

The financial results are detailed below:

	December 2020	December 2019
Gains at fair value - Derivatives (Note 8)	(6,061)	(4,527)
Exchange rate difference (Net) (1)	(58,780)	(17,354)
Interest (2)	(380,545)	(357,207)
Total	**(445,386)**	**(379,088)**

(1) Below is a detail of the difference in exchange:

	December 2020	December 2019
Hedging derivatives	87,787	2,042
Dollar loans	23,112	(1,408)
Bonds	(169,679)	(17,988)
Total	**(58,780)**	**(17,354)**

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

	December 2020	December 2019
Securities issued (1)	(272,630)	(253,555)
Preference shares	(40,763)	(40,641)
Hedging operations	(36,644)	(15,983)
Bank loans	(27,182)	(43,201)
Others	(1,843)	(794)
Financial leasing	(908)	(1,054)
Repo operations	(575)	(1,979)
Total	**(380,545)**	**(357,207)**

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

NOTE 24. EARNINGS PER SHARE

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

The following table shows the data on income and shares used in basic earnings:

	December 2020	December 2019
Profit, net	579,969	932,190
Controlling profit	**579,969**	**932,190**
Less: preferred dividends declared - Interest on preferred stock	(65,844)	(62,117)
Plus: Interest expense on preference shares (Note 14) (1)	40,763	40,641
Less: undistributed earnings to preference stockholders (2)	(67,395)	(138,728)
Profit from continuing operations	**487,493**	**771,986**
Ordinary shares	469,037,260	469,037,260
Earnings per share from continuing operations	**1,039**	**1,646**

[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 earnings of the parent company attributable to the preferred shares, that has not been declared as a dividend.

NOTE 25. 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.

25.1. 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 the 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
Investments				
At fair value through profit or loss				

December 2020	Level 1	Level 2	Level 3	Total
Debt securities				
National issues	-	599,800	-	599,800
Total, investments at fair value through profit or loss	**-**	**599,800**	**-**	**599,800**
Equity Instruments				
National issues	23,190	-	-	23,190
Total, Investments at fair value with changes in equity	**23,190**	**-**	**-**	**23,190**
Total Investments	**23,190**	**599,800**	**-**	**622,990**
Derivatives				
Trading				
Interest Rate Swap	-	3,404	-	3,404
Exchange Rate Swap	-	(13,699)	-	(13,699)
Options	-	39,176	-	39,176
Total, trading derivatives	**-**	**28,881**	**-**	**28,881**
Hedging				
Interest Rate Swap	-	224	-	224
Exchange Rate Swap	-	143,193	-	143,193
Options	-	(1,444)	-	(1,444)
Total, hedging derivatives	**-**	**141,973**	**-**	**141,973**
Total derivatives	**-**	**170,854**	**-**	**170,854**

December 2019	Level 1	Level 2	Level 3	Total
Investments				
Equity Instruments				
Domestic issues	19,716	-	-	19,716
Total Investments at fair value with changes in equity	**19,716**	**-**	**-**	**19,716**
Total Investments	**19,716**	**-**	**-**	**19,716**
Derivatives				
Trading				
Interest Rate Swap	-	3,252	-	3,252
Exchange Rate Swap	-	(22,803)	-	(22,803)
Options	-	41,060	-	41,060
Total Trading Derivatives	**-**	**21,509**	**-**	**21,509**
Hedging				
Interest Rate Swap	-	-	-	-
Exchange Rate Swap	-	122,755	-	122,755
Options	-	(5,245)	-	(5,245)
Total hedging derivatives	**-**	**117,510**	**-**	**117,510**
Total derivatives	**-**	**139,019**	**-**	**139,019**

Derivatives are presented net (Assets minus liabilities)

25.2. 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.

25.3 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 accounted for at other than fair value as of December 31, 2010 and 2019 for disclosure purposes only.

.	December 2020		December 2019	
	Book Value	Fair Value	Book Value	Fair Value
Assets				
Accounts receivable from related parties (1)	116,633	116,633	108,851	108,851
Other accounts receivable (1)	81,907	81,907	99,581	99,581
Investments in associated companies and joint ventures (3)	14,429,203	15,320,070	14,392,658	18,511,347
Total Assets	**14,627,743**	**15,518,610**	**14,601,090**	**18,719,779**
Liabilities				
Financial obligations	572,954	572,954	682,132	682,132
Finance lease liabilities	13,002	13,002	13,815	13,815
Accounts payable to related parties (1)	86,832	86,832	155,960	155,960
Other accounts payable (1)	126,069	126,069	151,464	151,464
Bonds issued (2)	4,995,267	5,491,871	3,958,384	4,449,342
Preferred shares (2)	926,722	2,484,686	885,959	3,309,150
Total liabilities	**6,720,846**	**8,775,414**	**5,847,714**	**8,761,863**

(1) Accounts receivable and accounts payable

For these accounts, the carrying value was considered similar to their fair value, due to their short-term nature.

(2) Bonds and preferred shares

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.

The book value of preferred shares includes the value of equity and the value of the liability recorded for preferred shares and the fair value is the number of preferred shares multiplied by the quoted stock market value.

(3) Investment in associated companies

Investments in associates of Grupo SURA are listed on the Colombian Stock Exchange and are highly liquid; the fair value as of December 31, 2020 and December 2019 in the stock market is as follows:

Associate	December 2020	December 2019
Bancolombia S.A.	8,220,732	10,319,991
Inversiones Argos S.A.	3,187,203	4,081,454
Grupo Nutresa S.A.	3,912,135	4,109,902
Total associates	**15,320,070**	**18,511,347**

NOTE 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The following information describes the main characteristics of the Governance Framework of the Risk Management System of Grupo SURA and some definitions in relation to the Conglomerates Law. It also analyzes the most relevant risks to which the Company is exposed, taking into account its characteristics, complexity, size of its investments, and the particularities that arise in the geographies where they develop their economic activities.

General information on the economic, social and political context in the region

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.

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.

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.

Below are the main risks around which the Company prioritizes and focuses its management. These are grouped into financial and operating risks.

(2) Financial Risk Management

The behavior of the financial markets and the economies of the region have an effect on the results of the Company, its capital structure and in general on the performance of the investments in the portfolio. For this reason, the Company monitors its exposure to credit, market and liquidity risks.

The following is a detail of the management carried out by Grupo SURA on the main financial risks:

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.

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

To manage this risk, treasury resource management has defined guidelines to facilitate the analysis and follow-up of issuers and counterparties, ensuring that investments are always backed by issuers and/or managers with adequate credit strength.

- **Methods used to measure risk**

The risk management departments of the Company analyze counterparties, issuers and managers, in order to evaluate their credit support and provide the investment limits to be considered by the treasury.

- **Summary of quantitative data on the risk exposure of the entity**

As of December 31, 2020, the treasury investments of Grupo SURA are mostly concentrated in liquid mutual funds managed by high credit quality managers, savings accounts and checking accounts.

At the same time, it is important to highlight that a large part 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, based on risk criteria for this definition. These investments have been made mainly in fixed income assets with issuers of high 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 following is a list of the fund managers and their rating in fund management (in local scale):

Stockbroker	Calcification
Comisionista de Bolsa Valores Bancolombia S.A.	AAA
BTG Pactual Colombia S.A. Comisionista de Bolsa	AA
Credicorp Capital Colombia S.A.	AAA

With respect to the credit risk in derivative instruments positions, the Company has 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 (in international scale):

Bank	Qualification	Net exposure
Merrill Lynch International	A+	64,657
Citibank N.A	A+	31,781
JP Morgan Chase Bank, N.A.	A+	39,259
Morgan Stanley & Co International PLC	A+	27,613
BBVA Colombia S.A.*	BBB-	33,500
Goldman Sachs International	A+	0
Bancolombia S.A.*	BBB-	758

Figures in millions of pesos, at December 31, 2020.   .
** AAA local rating in Colombia*

For a more detailed description of the financial assets of the Company, see Note 7.1 Financial Assets.

Other minor assets, not material to the Company, are Loans and Receivables, which correspond to loans to employees and other accounts with low credit risk. Further details of these accounts receivable are included in Note 7.1. Financial Assets

- **Impairment of assets and accounts receivables**

The Company periodically analyzes the existence of impairment indicators and, if necessary, recognizes impairment losses in the associated account. Details of the accounting policies used to perform this management, including impairment methods, are presented in greater detail in Note 2.3.3 Financial instruments.

1.2. Market Risk Management

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

Market risk in Grupo SURA is mainly generated by the following factors and activities:

- Liquidity management in the treasury through exposure to collective portfolios and issuers of fixed income instruments; these activities do not generate significant market risk, due to their low volatility and short duration.
- Financial liabilities contracted in foreign currency and those tied to variable rate, which result in an exposure to exchange rate risk and fixed or variable interest rate
- Operations with financial derivative instruments structured as hedging mechanisms for the financial liabilities that comprise the obligations of the Company.

1.2.1. Exchange rate risk

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

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

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

- **Methods used to measure risk**

The exchange rate risk management performed by the treasury of the Company focuses on the analysis of the convenience of hedging in order to neutralize the impact that exchange rate variations may have on its results and thus reduce the exposure to this risk.

- **Description of changes in risk exposure**

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, the Company fully hedged the nominal value of the bond issued for USD 550 million, maturing in 2026; and additionally, it increased the limits defined for hedging the principal amount of the bond issued for USD 300 million, maturing in 2021; going from a hedging level of COP/USD $4,000 to a level of COP/USD $4,500.

- **Sensitivity analysis on foreign exchange risk exposure**

The following is a sensitivity analysis that seeks to estimate the impact generated by variations in the exchange rate on the liabilities in dollars and financial derivatives; and as such, on the pre-tax profits of the Company.

These sensitivities are made taking into account simulated variations of +/- 10% in the peso-dollar exchange rate compared to its closing value in 2019 and 2020; and represent the amounts in which the profit before taxes would be impacted, in the event of such movement.

Exchange rate sensitivities		
MRT 3,432.5	**Impact on pre-tax income 2020 versus +10% change in exchange rate**	**Impact on pre-tax income 2020 versus -10% in exchange rate**
Financial Liabilities	(188,760)	188,760
Derivatives	158,225	(158,703)
Total	**(30,535)**	**30,057**

Figures in millions of pesos, with a cut-off date of December 31, 2020.

Exchange rate sensitivities		
MRT 3,277.14	**Impact on pre-tax income 2019 versus +10% change in exchange rate**	**Impact on pre-tax income 2019 versus -10% in exchange rate**
Financial Liabilities	(180,235)	180,235
Derivatives	121,659	(124,139)
Total	**(58,576)**	**56,096**

Figures in millions of pesos, with a cut-off date of December 31, 2019.

1.2.2. Interest rate risk

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

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

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

- **Métodos utilizados para medir el riesgo**

The interest rate risk management performed by the treasury of the Company focuses on the analysis of the convenience of hedging in order to neutralize the impact that interest rate variations may have on its results and thus reduce the exposure to this risk.

- **Description of changes in risk exposure**

After the issuance of bonds in the Colombian market by the company, a material portion of the resources obtained is managed by brokerage firms recognized in the Colombian financial market. It is important to highlight that Grupo SURA 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 liabilities, for which the company has been evaluating different hedges in order to mitigate such exposure.

- **Sensitivity analysis of the exposure to interest rate risk**

A sensitivity analysis is presented below in order to estimate the impact that a change in the interest rate would have on the valuation of the hedging derivatives, based on scenarios of +/- 10 PB in the interest rate in pesos:

Interest Rate Sensitivities		
	Impact on Pre-tax Income 2020 versus +10PB variation in the interest rate	**Impact on Pre-tax Income 2020 vs. -10PB variation in the interest rate**
Derivatives	5,676	(5,724)
Total	**5,676**	**(5,724)**

Figures in millions of pesos, with a cut-off date of December 31, 2020.

Interest Rate Sensitivities		
	Impact on Pre-tax Income 2019 versus +10PB variation in the interest rate	**Impact on Pre-tax Income 2019 vs. -10PB variation in the interest rate**
Derivatives	5,157	(5,198)
Total	**5,157**	**(5,198)**

Figures in millions of pesos, with a cut-off date of December 31, 2019.

1.3. Liquidity Risk Management

Liquidity risk refers to the ability of the Company to generate the necessary resources to comply with the obligations acquired and the operation of its business.

- **Description of the objectives, policies and processes for risk management**

For the management of this risk, Grupo SURA orients its actions within the framework of a liquidity management strategy for the short and long term in accordance with the policies and guidelines issued by the Board of Directors and Senior Management, which contemplate short-term and structural aspects, in order to ensure compliance with the obligations acquired, under the conditions initially agreed and without incurring in cost overruns.

- **Methods used to measure risk**

To manage this risk, following the policies and guidelines issued by the Board of Directors and Senior Management, the Company monitors cash flow in the short term to manage collection and payment activities from the treasury, and cash flow projections in the medium term, in order to determine the liquidity position and anticipate the necessary measures for an adequate management.

In addition, the Company has credit lines available with financial institutions and treasury investments that could be sold as a mechanism to access liquidity, in addition to other complementary sources of liquidity.

- **Description of changes in risk exposure**

Among the strategies developed to strengthen the liquidity position, the company decided to anticipate the maturity of the USD 300 million bond in May 2021 and issued bonds for COP 1 billion to guarantee financial flexibility and the payment of the bond at the coverage rate (total amount COP 876,746 million). These resources will be invested in fixed income strategies that guarantee a balanced risk-return and allow covering to a certain extent the cost of debt.

Additionally, with the purpose of reducing the cost of debt, part of the resources were destined to the total payment of one obligation and the payment to capital of another for COP 50,000 million and COP 23,900 million 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.

During the year, the company also refinanced loans, improving the maturity profile of financial obligations and taking advantage of market opportunities to obtain better financing rates.

The Company also maintains investments in assets to manage liquidity. These investments are presented below:

Maturities associated with assets to manage liquidity - 2020:

December 2020	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Cash and cash equivalents	438,154	-	-	438,154
Investments	599,800	-	23,190	622,990
Accounts receivable, related parties	116,633	-	-	116,633
Other accounts receivable	81,907	-	-	81,907
Total	**1,236,494**	**-**	**23,190**	**1,259,684**

December 2019	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Cash and cash equivalents	3,145	-	-	3,145
Investments	-	-	19,716	19,716
Accounts receivable from related parties	108,851	-	-	108,851
Other accounts receivable	99,581	-	-	99,581
Total	**211,577**	**-**	**19,716**	**231,293**

For further details see Note 7.1 Financial Assets.

In addition, the maturities of the financial liabilities of the Company are presented below.

December 2020	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial obligations	161,851	466,173	-	628,024
Derivative instruments	1,183	-	171,697	172,880
Accounts payable to related parties	86,832	-	-	86,832
Other accounts payable	126,069	-	-	126,069
Bonds issued	1,056,963	2,791,914	1,642,994	5,491,871
Preferred shares	-	-	460,847	460,847
Total	**1,432,898**	**3,258,087**	**2,275,538**	**6,966,523**

December 2019	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial obligations	29,514	717,502	-	747,016
Derivative instruments	1,070	5,458	160,112	166,640
Accounts payable to related parties	155,960	-	-	155,960
Other accounts payable	151,465	-	-	151,465
Bonds issued	120,354	1,674,184	2,654,804	4,449,342
Preferred shares	-	-	460,712	460,712
Total	**458,363**	**2,397,144**	**3,275,628**	**6,131,135**

Figures in millions of pesos, as of December 31, 2020 and 2019.

For further details see Note 7.2 Financial Liabilities.

2. Strategic risk management

Considering the importance of strategic risks for the company and for the Financial Conglomerate, during 2020 a prioritization exercise was carried out for the proper understanding of the risks within the organization. As a result of this exercise, we worked on the characterization of Human Resources, Reputation and Environment risks. For each one of them, progress was made in their own definition according to the context of the company, their causes and associated indicators for their management and measurement, all of the above taking into account global trends and megatrends.

During 2021, progress will continue to be made in the understanding of the other strategic risks, as well as in the measurement of the identified indicators, in order to contribute to the decision-making process of the company regarding the fulfillment of the strategy and to carry out a prospective management of these exposures.

3. Operational risk management

Functional risks or operational risks refer to events that prevent the normal development of the operation of the Company and are associated with people, technology and processes. In Grupo SURA, the management of these risks is focused on analyzing the exposure of processes and projects, in order to propose strategies to mitigate their impacts.

Within the management of these risks, the following are highlighted:

- **Risk of Business Continuity:** In order to ensure the proper implementation of strategies and procedures for action in the occurrence of events that impact the processes and projects of the Company, the company has a business continuity plan for critical processes and enablers of the operation. During 2020, as a result of the situation associated with COVID-19, the business continuity plan was implemented, specifically to continue operating without the use of the administrative headquarters. Thanks to the plan designed, 100% of the processes were able to operate within the established timeframe.

- **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.

- **Fraud, corruption, bribery and LAFT risk:** Regarding fraud and corruption prevention, the Company has provisions and guidelines to manage the events that may generate this type of risks and minimize the probability of occurrence, materialization and impact of the same.

  It also has an Integral System for the Prevention and Control of Money Laundering and Financing of Terrorism - SIPLA, which establishes procedures to prevent the company from being used, without its consent or knowledge, for the management or investment of money from illicit activities. The established procedures include due diligence in the relationship with suppliers, investors, among other stakeholders, and periodic monitoring, follow-up and checks on international restrictive lists.

  During 2020, as part of the strengthening of the operational risk and internal control system, progress was made in updating the risks of fraud, corruption, bribery and LAFT, as well as in the design and implementation of controls for their mitigation. Additionally, Grupo SURA employees took a virtual course on ethics and corporate governance, which contributed to the development of an ethical and transparent culture.

- **Legal Risk - Compliance:** With respect to legal risk, Grupo SURA adopts the external and general guidelines issued by the respective control entity, as well as those established internally, issued by its Board of Directors.

  The Company has a Compliance area, whose main responsibility is the Compliance Management System so that the commitments acquired are complied with within Grupo SURA.

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. Likewise, Grupo SURA employees undertook virtual training on ethics and corporate governance, including some regulatory compliance issues.

- **Internal control system:** During the last year the company made progress in strengthening its internal control system, through the identification of operational risks and the structuring of controls for their mitigation, in order to continue improving the quality of the processes and their impact on all related parties of the company. This exercise was carried out for 100% of the critical processes of the company, which includes the financial areas and some transversal processes, for which the respective risks and controls were updated, as well as the associated governance model. By doing this in conjunction with the people of the areas involved, who act as the first line of defense, we also sought to generate a greater risk culture across the company.

  For 2021, we will continue working on the implementation of structured controls, which will be systematic, seeking to increasingly strengthen the operational risk and internal control system of the company, according to the demands of the environment and the scope of operation.

NOTE 27. 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.

Management attempts to maintain a balance between the higher returns that can be obtained with higher credit levels and the advantages and security provided by a strong capital position.

Grupo SURA monitors capital using a ratio of adjusted net debt to equity. For this purpose, adjusted net debt is defined as total financial liabilities (financial obligations, bonds issued and preferred shares), which include interest-bearing loans plus proposed unearned dividends, less cash and cash equivalents.

In order to comply with the financial indebtedness indicators established by the rating agencies to measure the investment grade of companies, Grupo SURA seeks to maintain the ratio below 25%. The adjusted debt-equity ratio of Grupo SURA as of December 31 was as follows:

	December 2020	December 2019
Financial liabilities (Note 7.2) [(1)]	6,029,068	5,101,228
Cash and cash equivalents (Note 6)	(438,154)	(3,145)
Net debt	**5,590,914**	**5,098,083**
Total Equity	24,110,978	23,544,139

Adjusted debt index - equity (2)	23.19%	21.65%

(1) Includes issued securities and other financial liabilities

(2) Net Debt/Equity

NOTE 28. RELATED PARTY DISCLOSURES

Related parties to Grupo SURA are considered to be subsidiaries, associated companies, key management personnel, as well as entities over which key management personnel may exercise control.

The following is the detail of related parties as of December 31, 2020 and December 31, 2019 of Grupo SURA:

December 2020		Individuals	Entities	
		Key management personnel	Associates	Subsidiaries
Assets	**Note**			
Investments		-	443,838	-
Accounts receivable from related parties	7.1.2	-	116,633	-
Total assets		**-**	**560,471**	**-**
Liabilities				
Financial obligations	7.2	-	572,954	-
Accounts payable to related parties	7.2.1	-	86,832	-
Employee benefits[1]		35,297	-	-
Total liabilities		**35,297**	**659,786**	**-**

[1]Post-employment benefits of uncompensated senior management.

December 2020		Individuals	Entities	
		Key management personnel	Associates	Subsidiaries
Income	**Note**			
Dividends	10.1	-	576,193	-
Other income		-	-	306
Total income			**576,193**	**306**
Expenses				
Administrative expenses		-	-	260
Employee benefits[1]		11,099	-	-
Honorariums	22	1,135	-	360
Other expenses		-	-	766
Total expenses		**12,234**	**-**	**1,386**

[1]Short-term employee benefits to senior management for$11,099.

December 2019		Individuals	Entities	
		Key management personnel	Associates	Subsidiaries
Assets	Note			
Accounts receivable from related parties	7.1.2	-	108,851	-
Total assets		**-**	**108,851**	**-**
Liabilities				
Financial obligations	7.2	-	418,017	-
Accounts payable to related parties	7.2.1	-	81,735	74,225
Employee benefits[1]		30,005	-	-
Total liabilities		**30,005**	**499,752**	**74,225**

[1]Post-employment benefits of uncompensated senior management.

December 2019		Individuals	Entities	
		Key management personnel	Associates	Subsidiaries
Income	Note			
Dividends	10.1	-	435,403	-
Total income			**435,403**	**-**
Expenses				
Administrative expenses		-	-	119
Employee benefits		9,599	-	-
Honorariums	22	940	-	5
Other expenses		-	-	1,842
Total expenses		**10,539**	**-**	**1,966**

1Short-term employee benefits to senior management for$9,599.

Subsidiaries under direct control of Grupo SURA are listed in Note 10.2 Investments in subsidiaries.

NOTE 29. EVENTS AFTER THE REPORTING DATE

These separate 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 30. APPROVAL OF THE 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 for publication, 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 made by management and are not part of the Financial Statements. (Expressed in millions of pesos)

	INDEX		December 2020			December 2019			INTERPRETATION	
	Solidity		6,450,612 / 30,561,590	=	21.11%	5,605,933 / 29,150,072	=	19.23%	Creditors own 21.11% as of December 2020 and 19.23% as of December 2019 leaving shareholders owning the complement: 78.89% as of December 2020 and 80.77% as of December 2019.	Total liability / Total Asset
INDEBTEDNESS	Total		6,450,612 / 30,561,590	=	21.11%	5,605,933 / 29,150,072	=	19.23%	Of every peso the company has invested in assets 21.11% as of December 2020 and 19.23% as of December 2019 have been financed by creditors	Total liability / Total Asset
INDEBTEDNESS	Coverage of interest		960,512 / 380,545	=	252.40%	1,289,397 / 357,207	=	360.97%	The Company generated a net income equal to 252.4% as of December 2020 and 360.97% in December 2019 from Interest paid	Net profit + interest / Financial expenses
INDEBTEDNESS	Leverage	Total	6,450,612 / 24,110,978	=	26.75%	5,605,933 / 23,544,139	=	23.81%	Every peso ($1.00) of the owners of the Company is committed 26.75% as of December 2020 and 23.81% as of December 2019.	Total liabilities with thirds / Equity
INDEBTEDNESS		Financial Total	6,029,068 / 24,110,978	=	25.01%	5,101,228 / 23,544,139	=	21.67%	For each peso of equity, 25.01% is financially committed as of December 2020 and 21.67% as of December 2019.	Total liabilities with financial entities / Equity
PERFORMANCE	Net margin of profit		579,967 / 1,105,178	=	52.48%	932,190 / 1,373,589	=	67.87%	Net income corresponds to 52.48% of net income in December 2020 and 67.87% of net income in 2019	Net profit / Net income
PERFORMANCE	Return on equity		579,967 / 23,531,009	=	2.46%	932,190 / 22,611,949	=	4.12%	Net income corresponds to 2.46% of equity at December 2020 and 4.12% at December 2019.	Net profit / Equity - profits
PERFORMANCE	Return on total assets		579,967 / 30,561,590	=	1.90%	932,190 / 29,150,072	=	3.20%	Net income to total assets corresponds to 1.9% as of December 2020 and 3.2% in December 2019.	Net profit / Total assets