

**GRUPO SURA (BVC: GRUPOSURA and PFGRUPSURA) posted a 13.7% growth in total revenues, compared to the same period last year, along with a net income of COP 211,188 million.**

## Highlights (Consolidated Results):

- Consolidated Net Income**  
 COP 211,188 million in net income was obtained at the end of this first quarter, compared to a loss recorded for the same period last year, the latter due to a weaker performance on the part of the regional capital markets. This improvement in the bottom line was mainly due to better operating results, a recovery in the investment income at SURA AM, higher levels of net income recorded from associate companies, as well as a firm control over operating expense.
- Total Revenues**  
 Total revenues totaled COP 5.6 trillion, for a growth of 13.7% compared to the same period last year. It is worthwhile noting that thanks to positive levels of business performance, written premiums posted a growth of 7.1% trailed by fee and commission income with another growth of 9.3%. Furthermore, investment income reached COP 296,443 million, compared to an atypical negative result obtained for the first quarter of last year due to a decline in global markets. Likewise, the increase in revenues obtained via the equity method was driven by higher net income figures from Bancolombia and Grupo Nutresa as well as the recovery seen with Grupo Argos and Protección.
- Total Costs and Expense**  
 These increased by 6.3% compared to the first quarter of 2020. This growth, which is lower than that of total revenues is noteworthy, considering that it includes additional expenses of COP 420,757 million incurred to tackle the COVID-19 pandemic. Efficiency initiatives at subsidiary level helped to achieve this result, having reduced their operating expenses by 0.4% compared to the previous year.
- Operating Earnings**  
 Operating earnings came to COP 499,951 million for the quarter, that is to say 276.5% higher than those recorded for the same period last year, thereby evidencing a widespread recovery for our different lines of business.
- Debt**  
 The Company and its subsidiaries continued to reduce their indebtedness with Grupo SURA amortizing a total COP 64,082 million trailed by SURA AM with another COP 275,966 million. Grupo SURA's net debt, at a holding level, totaled COP 4.38 trillion, reflecting an increase of COP 28,479 million, net of hedging appraisals given the depreciation of the Colombian peso along with higher market prices of derivatives, which affects the accounting of our USD-denominated bonds in spite of the fact that the foreign exchange component of this debt is hedged.

## Summary of the Consolidated Financial Results

Consolidated income statement	mar-21	mar-20	%Var
Written premiums	4,761,279	4,445,890	7.1%
<b>Retained earned premiums</b>	<b>4,094,094</b>	<b>4,156,248</b>	<b>-1.5%</b>
Fee and commission income	759,722	694,874	9.3%
Investment income	296,443	(180,415)	
Equity method - Revenues from Associates	239,140	95,007	151.7%
Others	167,452	123,432	35.7%
<b>Total revenues</b>	<b>5,556,851</b>	<b>4,889,145</b>	<b>13.7%</b>
Retained claims	(2,933,311)	(2,623,818)	11.8%
Operating expense	(1,994,385)	(2,003,182)	-0.4%
Depreciation and amortization	(129,205)	(129,353)	-0.1%
<b>Operating expense</b>	<b>(5,056,900)</b>	<b>(4,756,353)</b>	<b>6.3%</b>
<b>Operating earnings</b>	<b>499,951</b>	<b>132,792</b>	<b>276.5%</b>
Financial Result	(201,679)	(252,210)	-20.0%
Income tax	(91,332)	14,608	
<b>Net income from continuing operations</b>	<b>206,940</b>	<b>(104,810)</b>	
<b>Net income</b>	<b>211,188</b>	<b>(75,957)</b>	
<b>Earnings - parent company</b>	<b>194,230</b>	<b>(74,658)</b>	

Figures stated in COP millions. Written premiums include income corresponding to premiums and health care services that were previously recorded as revenues from services rendered.

## Summary of results broken down per line of business

Contribution to consolidated net income	mar-21	mar-20	%Var
Suramericana	(10,552)	106,697	
<b>SURA AM</b>	<b>115,652</b>	<b>(129,870)</b>	
Net income excluding return from encaje	87,297	59,626	46.4%
Return from encaje	28,724	(249,445)	
Fx exchange difference	(370)	59,949	
<b>Revenues via equity method: Grupo SURA (holding)</b>	<b>220,385</b>	<b>144,641</b>	<b>52.4%</b>
Bancolombia	132,870	82,100	61.8%
Grupo Argos	7,438	(3,944)	
Grupo Nutresa	81,322	66,919	21.5%
Other	(1,245)	(434)	186.7%
<b>Other results Grupo SURA (holding)</b>	<b>(114,297)</b>	<b>(197,425)</b>	<b>-42.1%</b>
Fx exchange effect	(1,040)	(73,429)	-98.6%
Administrative expenses	(15,552)	(17,765)	-12.5%
Interests	(106,839)	(97,824)	9.2%
Other	9,135	(8,407)	
<b>Net income</b>	<b>211,188</b>	<b>(75,957)</b>	

### Suramericana

This Company recorded a growth in written premiums of 7.3% compared to the first quarter of 2020, thanks to the efforts made for attracting and retaining clients. The most significant growth in premiums occurred with the Health Care and Life Insurance segments, with increases of 26.8% and 5.9% respectively. On the other hand, retained claims rose by 14.5% due to the effect of the pandemic, with COVID claims accounting for a total of COP 416,621 million, which did not apply in Q1-20 given the fact that contagion curves were still at their early stages. This higher claim rate was mitigated with efficiencies that helped to produce a comparatively lower 1.6% growth in operating expense. Nevertheless, a loss of COP 10,552 million was reported in this last quarter, this being lower than that reported for the same period last year when the effects of the pandemic were only just beginning to be felt. However, this is in keeping with the Company's budgeted figure and indeed signals a recovery compared to Q4-20 which was a trimester with similar conditions brought on by the COVID-19 pandemic.

### SURA Asset Management

SURA Asset Management contributed a net income of COP 115,652 million to Grupo SURA's bottom line, showing a recovery compared to the loss recorded for Q1-20. Here, it is worth noting the sustained growth in fee and commission income, along with a more efficient control over spending, with income from legal reserves as well as revenues received via the equity method returning to normal, the latter mainly in the case of our Colombian Pension Fund subsidiary, Protección. During this past quarter, the Investment Management and Inversiones SURA lines of business managed to maintain their double-digit growths in both AUM and fee and commission income, this compared to the same period last year, having posted positive levels of operating earnings for the second straight quarter.

### Equity Method

This account, which pools the revenues received from associates (except for Protección, which is included in SURA AM's net income), recorded a growth of 52.4% compared to the same period last year, having contributed COP 220,385 million to Grupo SURA's bottom line and evidencing a partial recovery compared to its pre-pandemic results. This improvement was mainly due to a sustained growth in Nutresa's net income, along with an increase in those posted by Bancolombia along with a recovery with Grupo Argos' bottom line.

### Other Results

This section includes expense relating to Grupo SURA's operations, as a holding company. Such expense declined by 42.1% compared to Q1-20, mainly due to a lower foreign exchange effect given a reduction in the exposure of dollar-denominated debt as a result of the hedges carried out during the second half of 2020 and the first quarter of 2021. Finally, interest expense rose compared to the same period last year due to a temporary effect caused by an increase in the Company's gross indebtedness, this as a result of an issue of local bonds worth COP 1 trillion placed in August 2020, which will cover the payment of international bonds becoming due and payable in May 2021 for a total of USD 300 million.

## Statement of Consolidated Financial Position - Summary of Key Figures

Consolidated statement of financial position	mar-21	dic-20	%Var
Total assets	72,158,015	70,941,764	1.7%
Total liabilities	42,847,243	42,400,039	1.1%
Equity attributable to owners of the parent company	26,742,999	26,004,832	2.8%
Non-controlling interest	2,567,774	2,536,894	1.2%
Total equity	29,310,773	28,541,725	2.7%

### Financial Liabilities

Grupo SURA (Holding)	mar-21	dic-20	Var\$
Grupo Sura - Bonds	5,248,833	4,995,267	253,566
Banks	508,872	572,954	(64,082)
<b>Debt</b>	<b>5,757,705</b>	<b>5,568,221</b>	<b>189,484</b>
Derivatives	189,919	172,880	17,039
Preferred dividends	460,715	460,847	(132)
<b>Total financial liabilities</b>	<b>6,408,339</b>	<b>6,201,948</b>	<b>206,391</b>
Fair value - hedging derivatives	554,190	343,733	210,457
Cash and cash equivalents	1,005,539	1,037,952	(32,413)
<b>Net debt</b>	<b>4,387,895</b>	<b>4,359,416</b>	<b>28,479</b>

SURA AM	mar-21	dic-20	Var\$
Bonds	3,170,463	2,923,635	246,828
Banks	239,427	515,395	(275,968)
<b>Debt</b>	<b>3,409,890</b>	<b>3,439,030</b>	<b>(29,140)</b>
Derivatives	1,505	0	1,505
<b>Total financial liabilities</b>	<b>3,411,395</b>	<b>3,439,030</b>	<b>(27,635)</b>
Fair value - hedging derivatives	390,866	257,256	133,610
<b>Financial liabilities, net of hedges</b>	<b>3,020,529</b>	<b>3,181,774</b>	<b>(161,245)</b>

Suramericana	mar-21	dic-20	Var\$
Bonds	846,998	846,517	481
Banks	344,371	395,185	(50,814)
<b>Suramericana</b>	<b>1,191,369</b>	<b>1,241,702</b>	<b>(50,333)</b>
Derivatives	17,474	3,638	13,836
<b>Total financial liabilities</b>	<b>1,208,843</b>	<b>1,245,340</b>	<b>(36,497)</b>

**The Company continues to provide its help and support to people and companies that have been impacted by the pandemic, through comprehensive risk management and client care models. It is worth mentioning the stable growth in premiums thanks to the efforts made in attracting new clients and encouraging greater loyalty among existing clients.**

## Highlights (Consolidated Results):

- **Premiums**

For the first quarter of this year, written premiums grew by 7.3%, driven by the performance of the business solutions, which produced an increase of 19.3% in premiums thanks to new business secured in the corporate segment as well as the affinity channel. It is also worth noting the positive performance with the voluntary health care solution, with premiums rising by 12.9% for the quarter, thereby maintaining the growth trend seen in 2020, thanks to the introduction of new products and plans in several of our subsidiaries. The EPS (Mandatory Health Care Subsidiary) in Colombia, which is the main driver of our Health Care segment, signed up more than 79 thousand new subscribers during the first quarter, which brought about a growth of 22.0% in revenues.

It is important to highlight the sales efforts made by all our subsidiaries with regard to extending client loyalty and recovering the previous rate of new sales, this based on a range of relevant products and solutions for our clients.

- **Claims**

The pandemic continues to be the most relevant factor with this year's increase in the claims rate; with COVID-related claims representing COP 416,621 million at the end of Q1-21, which accounts for 10.4% of total earned premiums. This impact on the Life, Health Care and Occupational Health and Safety branches of insurance is partly mitigated by reduced claims frequency in Auto and Health solutions, but to a lesser degree than those recorded for the second half of last year. It should be noted that for the same quarter last year, the pandemic had no effect on the Company's claims rate since contagion curves throughout the region were still at an early stage.

- **Technical Result**

The technical margin deteriorated during this quarter, and now stands at 10.9%, while for the same period last year, this came to 14.1%, thereby reflecting the impact of claims relating to COVID-19. The effect of the pandemic from the standpoint of claims and technical insurance expenses, reached a total of COP 420,757 million for the quarter. Were we to exclude the effects of the pandemic, the Company would have maintained positive margins thanks to our client retention efforts, firm controls over our claims rate and a lower exposure to certain risks.

- **Administrative Expense**

As part of the strategies used to mitigate the effects of the pandemic on the Company's results, beginning last year we intensified our efforts to control our expenses, mainly through changes made to our operating models, thereby achieving savings and greater efficiencies in real estate and operating expense, the latter including marketing, fees and commissions, public relations, travel, among others. These efforts are reflected in a growth of 2.2% in administrative expenses, which has produced a drop in administrative expense as a percentage of written premiums, which stood at 14.9% for Q1-21 compared to 15.6% for the same period last year.

- **Investment Income**

Investment income declined by 16.3% due to widespread increases in global interest rates which in turn affected market prices of our investment portfolios. Interest rates rose due to higher levels of risk perception in certain Latin American economies, as well as inflationary pressure in keeping with increased economic activity as well as supply shocks affecting both goods and services. Despite the decrease observed during 1Q21, investment income for the quarter is within our budget,

- **Net Income | Adjusted ROTE**

At the end of the first quarter of this year, Suramericana reported a loss of COP 10,552 million and a ROTE (Return on Tangible Equity) on a rolling 12-month basis of 3.4%. Net income for this past quarter reflected the impact of the COVID-19 pandemic, which produced increases in the claims rate, as well as lower financial income as a result of the amount of volatility prevailing on the capital markets.

## Summary of Consolidated Results | Selected Indicators

Results summary	mar-21	mar-20	%Var
Assets	<b>30,555,811</b>	30,541,226	0.0%
Liabilities	<b>25,591,615</b>	25,468,379	0.5%
Shareholders' equity	<b>4,956,722</b>	5,065,398	-2.1%
Tangible equity	<b>3,905,281</b>	4,055,844	-3.7%
Written premiums	<b>4,605,258</b>	4,290,094	7.3%
Ceded premiums	<b>(678,367)</b>	(606,365)	11.9%
<b>Retained premiums (net)</b>	<b>3,926,891</b>	<b>3,683,728</b>	<b>6.6%</b>
Adjustments to reserves	<b>66,344</b>	87,268	-24.0%
<b>Retained earned premiums (REP)</b>	<b>3,993,235</b>	<b>3,770,996</b>	<b>5.9%</b>
Total claims	<b>(3,115,988)</b>	(2,914,946)	6.9%
Reimbursed claims	<b>304,750</b>	459,011	-33.6%
<b>Retained claims</b>	<b>(2,811,238)</b>	<b>(2,455,935)</b>	<b>14.5%</b>
Net commissions	<b>(486,034)</b>	(550,191)	-11.7%
Revenues from services rendered	<b>19,713</b>	22,084	-10.7%
Costs from services rendered	<b>(42,132)</b>	(46,290)	-9.0%
Other operating expenses	<b>(170,313)</b>	(127,763)	33.3%
Impairment	<b>(695)</b>	(8,383)	-91.7%
<b>Technical result</b>	<b>502,537</b>	<b>604,517</b>	<b>-16.9%</b>
Administrative expenses	<b>(686,162)</b>	(671,134)	2.2%
Amortizations and depreciations	<b>(55,033)</b>	(58,101)	-5.3%
<b>Underwriting profit</b>	<b>(238,658)</b>	<b>(124,717)</b>	<b>-91.4%</b>
Dividends	<b>252</b>	117	115.8%
Investment income	<b>210,335</b>	251,257	-16.3%
Interest expenses	<b>(22,555)</b>	(31,558)	-28.5%
Other non-operating income (expense)	<b>63,658</b>	24,659	158.2%
<b>Earnings (losses) before tax</b>	<b>13,033</b>	<b>119,758</b>	<b>-89.1%</b>
Income tax	<b>(23,585)</b>	(13,061)	80.6%
<b>Earnings (losses), net</b>	<b>(10,552)</b>	<b>106,697</b>	
Earnings (losses) - parent company	<b>(10,481)</b>	106,727	

Main indicators	mar-21	mar-20	Var A/A
% Ceded premiums	<b>14.7%</b>	14.1%	0.6%
% Retained claims / Retained earned premiums	<b>70.4%</b>	65.1%	5.3%
% Claims ratio P&C and life segments	<b>60.8%</b>	55.7%	5.1%
% Claims ratio Health Care segments	<b>90.9%</b>	89.0%	1.9%
% Net commissions / Retained earned premiums	<b>12.2%</b>	14.6%	-2.4%
% Other operating expense / Written premiums	<b>3.7%</b>	3.0%	0.7%
% Administrative expense / Written premiums	<b>14.9%</b>	15.6%	-0.7%
ROE adj. (12m)	<b>2.7%</b>	8.9%	-6.1%
ROTE adj. (12m)	<b>3.4%</b>	11.1%	-7.7%

## Summary of Results Per Segment

Results by segment	mar-21	mar-20	%Var
Life	48,037	122,997	-60.9%
Property and Casualty (P&C)	(10,094)	3,003	
Health care	843	16,296	-94.8%
Supplementary services	1,017	1,904	-46.6%
<b>Revenues &amp; expenses Suramericana (subholding)</b>	<b>(50,354)</b>	<b>(37,503)</b>	<b>-34.3%</b>
Corporate expenses	(22,751)	(20,995)	-8.4%
Interest expense	(12,343)	(19,545)	36.8%
Taxes	(16,701)	(7,497)	-122.8%
Other	1,441	10,534	-86.3%
<b>Consolidated net income</b>	<b>(10,552)</b>	<b>106,697</b>	
<b>Net income - parent company</b>	<b>(10,481)</b>	<b>106,727</b>	
M&A Intangible amortization	(10,775)	(13,879)	22.4%
<b>Adjusted net income</b>	<b>294</b>	<b>120,606</b>	<b>-99.8%</b>

### Life insurance

The Life Insurance business maintained a steady level of performance, with growths of 5.9% in written premiums and 7.7% in earned premiums, especially in the case of our Occupational Health and Safety, Health Care and Life Insurance.

The segment continues to be impacted by the effects of higher COVID claims, mainly in Colombia and El Salvador. These effects gave rise to higher pay outs in assistance and economic benefits, as well as mortality and disability compensation and annuities, which totaled COP 221,783 million for the quarter.

### Property and Casualty Insurance

This segment's results were impacted by drops in our technical margins for this past quarter, due to higher COVID-related claims, mainly on the part of our subsidiaries in Mexico and Panama<sup>1</sup>. The segment was also affected by higher miscellaneous insurance expense associated with non-proportional reinsurance costs in the case of our Chilean and Mexican subsidiaries, given higher levels of exposure for some of the solutions offered. This reduction in the margins of our insurance business was partially offset by the efforts made to control our administrative expense, which produced a 41 bp decline with the Administrative Expense vs Written Premiums indicator.

### Health Care insurance

The drop recorded with our Health Care segment mainly relates to our EPS (mandatory health care subsidiary) which showed payments relating to COVID claims totaling COP 160,078 million for this first quarter, while for the same period last year, the pandemic was still at an incipient stage. It should be noted that our subsidiaries in this segment continue to make efforts to reduce their administrative expense to compensate for the decline with our technical margins in the light of the current pandemic.

### Income and Expense - Suramericana

The subholding's results show a decline given higher income taxes, due to an increase in deferred tax expense associated with higher expectations of future dividends to be received. Additionally, there was a YoY drop of 86% in the "Others" Account (see table above), explained by lower consolidated net income and by the change in the net worth of our reinsurance subsidiary in Argentina, together with lower gains from fluctuating exchange rates.

Expense for the Holding segment rose by 8.4% for the quarter due to higher investments in projects aimed at enhancing our client communications as well as our ongoing investments in technology in order to strengthen our on-line channels throughout the region. With regard to operating expense, these continue to reflect our efforts in managing our corporate office spending, mainly in terms of lower fee and commission income as well as traveling expense.

<sup>1</sup> In P&C segment, the results of Life Insurance operations of some subsidiaries outside of Colombia are included, mainly Mexico and Panama. This occurs because the P&C insurance company in certain countries also sells life insurance products.

## Premiums

Retained earned premiums (REP)	mar-21	mar-20	%Var
Written premiums (WP) Life	1,401,067	1,323,007	5.9%
<b>REP Life</b>	<b>1,356,720</b>	<b>1,260,017</b>	<b>7.7%</b>
Written premiums Property & Casualty (P&C)	1,877,163	1,864,214	0.7%
<b>REP P&amp;C</b>	<b>1,308,509</b>	<b>1,405,347</b>	<b>-6.9%</b>
<b>Written premiums Health care</b>	<b>1,656,665</b>	1,306,196	26.8%
Written premiums - Eliminations	(329,637)	(203,322)	62.1%
<b>REP - Eliminations</b>	<b>(328,659)</b>	<b>(200,563)</b>	<b>63.9%</b>
Consolidated written premiums	4,605,258	4,290,094	7.3%
<b>Consolidated REP</b>	<b>3,993,235</b>	<b>3,770,996</b>	<b>5.9%</b>

REP: Retained earned premiums

By country	Col	Ch	Mx	Arg	Br	SV	Pan	RD	Uru	Sura Re
Var A/A (Local Ccy)	14.1%	19.6%	-11.0%	26.9%	9.1%	-11.0%	-9.1%	-4.1%	11.1%	-
WP mar-21 (bn)	3,480	540	218	197	132	117	115	68	66	2

During the first quarter of the year, growth for the Life Insurance segment continued to be driven by the health care solutions, which rose by 12.9%, thanks to positive performance on the part of all our subsidiaries that make up this segment. There was also a 10% growth this year in individual life and group life solutions, mainly driven by the affinity channel in Colombia. The growth in this segment was impacted by not having participated in the disability and survivorship in El Salvador, which represented premiums at the end of Q1-20 totaling COP 25,202 million. Were we to exclude this effect, the growth in written premiums for the life insurance segment would have stood at 7.9%.

The change in written premiums for the Property and Casualty segment was impacted by the exchange rate effect; excluding this factor, the growth of the first quarter of the year would have come to 5.8%, showing the growth in local currencies. This includes a 19.3% increase in the premiums from business solutions, with the issuance of new property accounts in Chile and Mexico, as well as a positive level of performance with household insurance renewals corresponding to the affinity portfolios in Chile. On the other hand, the growth in our car insurance solution was negatively affected by the non-renewal of the Uber account in Mexico, and by the drop in new premiums given lower sales of vehicles throughout the region compared to the same period last year.

Premiums corresponding to the Health Care segment, mainly in the case of the EPS (mandatory health care) subsidiary in Colombia, rose by 22.0% for a total insured base of 4,270,209 subscribers, with another 79,610 signed up during the first quarter alone. Furthermore, the Complementary Health Care Plan recorded a total of 234,169 users at the end of Q1-21, for an increase of 28.8% in revenues compared to the same period last year. Our Diagnostic Aids subsidiary, for its part, posted a growth of 88.3% due to revenues from COVID-19 tests, with 156 thousand tests being carried out in this past quarter alone. Our capacity to provide this type of service has allowed us to offer our insured base in Colombia the advantage of detecting the virus while it is still in its early stages, which in turn has produced a mortality rate of 1.11% for our mandatory health care subsidiary (0.8% for SURA Colombia which also includes life solutions) compared to a country-wide mortality rate of 2.6%.

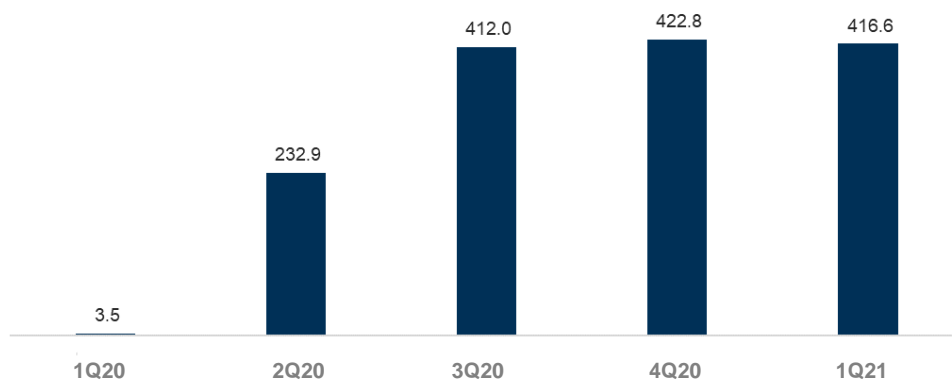
On the other hand, the growth in Retained Earned Premiums (REP) was lower than that for written premiums due to the fact that during Q1-21 policies for terms of more than one year were issued in the business solution segment, which implies lower production reserves being freed up compared to the same period last year. It is important to mention that production reserves directly relate to the terms of new policies being issued, thereby aligning the Company's income with the period in which the corresponding risk is covered, allowing the Company to address future obligations with policyholders.

## Claims

Retained claims	mar-21	mar-20	%Var
<b>Life</b>	<b>919,713</b>	<b>741,139</b>	<b>24.1%</b>
% Retained claims / REP	67.8%	58.8%	
<b>P&amp;C</b>	<b>699,969</b>	<b>743,235</b>	<b>-5.8%</b>
% Retained claims / REP	53.5%	52.9%	
<b>Health care</b>	<b>1,505,397</b>	<b>1,162,341</b>	<b>29.5%</b>
% Retained claims / REP	90.9%	89.0%	
<b>Eliminations</b>	<b>-313,841</b>	<b>-190,780</b>	<b>64.5%</b>
<b>Consolidated retained claims</b>	<b>2,811,238</b>	<b>2,455,935</b>	<b>14.5%</b>
% Retained claims / REP	70.4%	65.1%	

During Q1-21, the Company's claims rate was negatively affected by the COVID pandemic, while it posed no significant impact during the same period last year. This quarter, COVID -related claims reached COP 221,783 million in the Life Insurance segment, COP 160,078 million in the Health Care segment and COP 34,760 million in the Property and Casualty Insurance<sup>2</sup> segment, which represents an increase of 10.4% in the consolidated claims ratio for Suramericana. Our subsidiaries in Colombia, Mexico, El Salvador and Panama suffered the greatest impact from the pandemic, given their higher exposure with the amount of Life and Health Care solutions offered. It is important to highlight that the Occupational Health and Safety segment recorded lower mortality and severity rates than those originally expected this last quarter, as a result of the progress made with vaccinations being applied in Colombia as well as the risk management efforts on the part of our companies.

## Quarterly evolution of COVID claims



Stated in billion Colombian pesos (COP)

In 2021, our Companies continued to apply the same client care and support models that were developed in 2020. These included an on-line assistance model, oxygen therapy treatment, home medicine deliveries and extending our installed capacity for providing our services, all this for the purpose of furthering our risk management and prevention capabilities on a Company level. These efforts are reflected in a COVID fatality rate among SURA clients which is one third of the national average (0.8% vs. 2.6%), as of May 10.

On the other hand, the non-COVID claims rate corresponding to the Life Insurance and Health Care segments dropped due to lower health care claims rates, including the EPS (mandatory) solution in Colombia due to high occupancy levels of COVID patients within the country's health care system, as well as lower mortality and claims rates for the Occupational Health and Safety segment. The Property and Casualty Insurance segment partially compensated the effects of the COVID pandemic, due to business solutions that showed an improvement with their claims rate as a percentage of earned premiums, this now standing at

<sup>2</sup> In P&C segment, the results of Life Insurance operations of some subsidiaries outside of Colombia are included, mainly Mexico and Panama. This occurs because the P&C insurance company in certain countries also sells life insurance products.



30.1%, which is 5.6% lower than for the same period last year, with lower claims rates for our property insurance segment in Chile, El Salvador and Uruguay as well as Property and Transport insurance in Colombia.

## Fees and Commissions

Net commissions	mar-21	mar-20	%Var
<b>Life</b>	<b>243,759</b>	<b>268,593</b>	<b>-9.2%</b>
% net commissions / REP	18.0%	21.3%	
<b>P&amp;C</b>	<b>237,590</b>	<b>277,122</b>	<b>-14.3%</b>
% net commissions / REP	18.2%	19.7%	
<b>Health care</b>	<b>6,096</b>	<b>5,051</b>	<b>20.7%</b>
<b>Supplementary services</b>	<b>57</b>	<b>177</b>	<b>-67.8%</b>
<b>Eliminations</b>	<b>-1,468</b>	<b>-752</b>	<b>95.3%</b>
<b>Consolidated commissions</b>	<b>486,034</b>	<b>550,191</b>	<b>-11.7%</b>
% net commissions / REP	12.2%	14.6%	

Net fee and commissions declined for the quarter, this mainly due to a higher percentage of premiums corresponding to products and channels carrying lower brokerage expense. In the case of the Life Insurance segment, this drop was due to lower commissions paid to the affinity channels in both Colombia and El Salvador. Similarly, the Property and Casualty Insurance segment also showed a drop in fees and commissions, due to a greater volume of property insurance policies being issued which carries lower brokerage costs.

Total fee and commission income also benefited from a greater share from the Health Care segment, which also carries lower brokerage expense compared to the Life as well as the Property and Casualty branches of insurance.

## Technical Insurance Expenses

Technical insurance expenses	mar-21	mar-20	%Var
<b>Life</b>	<b>102,142</b>	<b>78,059</b>	<b>30.9%</b>
% Other op. expenses / Written premiums	7.3%	5.9%	
<b>P&amp;C</b>	<b>122,311</b>	<b>107,628</b>	<b>13.6%</b>
% Other op. expenses / Written premiums	6.5%	5.8%	
<b>Other segments</b>	<b>-54,140</b>	<b>-57,924</b>	<b>-6.5%</b>
<b>Other operating expenses - total</b>	<b>170,313</b>	<b>127,763</b>	<b>33.3%</b>
% Other op. expenses / Written premiums	3.7%	3.0%	

Technical insurance expenses corresponding to the Life Insurance segment rose 30.9%, this mainly due to the COP 29,700 million invested in our corporate clients pertaining to our Occupational Health and Safety solution, in the form of expense incurred with providing personal protection equipment, contagion prevention activities and COVID testing.

On the other hand, the Property and Casualty Insurance segment recorded a higher amount invested in the form of technical insurance expenses for this past quarter due to increases in non-proportional reinsurance costs in Chile given the growth in the country's mortgage business, as well in Mexico with increases in the fire and engineering branches of insurance.

## Technical Result

Technical result (TR)	mar-21	mar-20	%Var
<b>Life</b>	<b>91,106</b>	<b>167,580</b>	<b>-45.6%</b>
<i>TR / Written premiums</i>	6.5%	12.7%	
<b>P&amp;C</b>	<b>247,153</b>	<b>275,583</b>	<b>-10.3%</b>
<i>TR / Written premiums</i>	13.2%	14.8%	
<b>Health care</b>	<b>149,283</b>	<b>141,727</b>	<b>5.3%</b>
<i>TR / Written premiums</i>	9.0%	10.9%	
<b>Other segments</b>	<b>14,995</b>	<b>19,628</b>	<b>-24%</b>
<b>Consolidated technical result</b>	<b>502,537</b>	<b>604,517</b>	<b>-16.9%</b>
<i>TR / Written premiums</i>	10.9%	14.1%	

The Company's technical result was mainly affected by a higher claims rate given the COVID pandemic, which in turn showed drops of 6.2% in the technical margin corresponding to the life insurance segment and 1.8% for that of the Health Care segment.

The margin corresponding to the Property and Casualty Insurance segment was also impacted by COVID claims, mainly on the part of our subsidiaries in Panama and Mexico. This impact was greater than for previous quarters, given the fact that the gains obtained from lower claims rates for our car insurance solution due to the mobility restrictions introduced during the pandemic were not as representative as for 2020.

## Administrative Expense

Administrative expenses	mar-21	mar-20	%Var
<b>Life</b>	<b>227,750</b>	<b>215,843</b>	<b>5.5%</b>
<i>% Admin. Expenses / Written premiums</i>	16.3%	16.3%	
<b>P&amp;C</b>	<b>316,328</b>	<b>321,699</b>	<b>-1.7%</b>
<i>% Admin. Expenses / Written premiums</i>	16.9%	17.3%	
<b>Health care</b>	<b>124,746</b>	<b>113,491</b>	<b>9.9%</b>
<i>% Admin. Expenses / Written premiums</i>	7.5%	8.7%	
<b>Other segments</b>	<b>17,338</b>	<b>20,100</b>	<b>-13.7%</b>
<b>Consolidated</b>	<b>686,162</b>	<b>671,134</b>	<b>2.2%</b>
<i>% Admin. Expenses / Written premiums</i>	14.9%	15.6%	

Administrative expense for the quarter rose by 2.2%, a lower increase compared to that recorded for premiums showing an improvement of 74 bps in the ratio, given the efforts made since the beginning of the pandemic to increase both savings and efficiencies, with strategies focused on fine-tuning our operating model, including real estate and operating expense, marketing, fees and commissions, public relations, travel expense, among others; as well as having renegotiated and/or reviewed contracts made in foreign currency.

## Investment Income

Investment income	mar-21	mar-20	%Var
<b>Life</b>	<b>143,719</b>	<b>164,878</b>	<b>-12.8%</b>
<b>P&amp;C</b>	<b>66,470</b>	<b>80,117</b>	<b>-17.0%</b>
<b>Health care</b>	<b>-916</b>	<b>2,806</b>	<b>-132.6%</b>
<b>Other segments</b>	<b>1,063</b>	<b>3,456</b>	<b>-69.2%</b>
<b>Consolidated investment income</b>	<b>210,335</b>	<b>251,257</b>	<b>-16.3%</b>
<b>Consolidated investment portfolio</b>	<b>14,861,468</b>	<b>14,407,093</b>	<b>3.2%</b>

Portafolio por País	Arg	Br	Ch	Col	SV	Mx	Pan	RD	Uru
Tasa de Retorno	26.2%	2.0%	4.0%	5.7%	4.8%	-3.2%	1.3%	4.1%	12.9%
Valor de Portafolio	13,275	334	170,046	12,104,180	112	3,577	140	1,893	2,321

\*Retornos acumulados del trimestre expresados en EA

\*\*Cifras en moneda local millones

Market prices of fixed income assets, which account for 84.6% of our consolidated portfolio, were affected by rising interest rates against the backdrop of the current economic recovery, higher inflation, and higher country risk in Latin America. The Mexican and Brazilian portfolios, in particular, suffered the greatest impact in this sense given the amount of market volatility affecting their investments as shown in the Income Statement given their accounting classification.

In spite of the above, after a prolonged period of interest rate cuts, the recent increases heralded positive expectations for our portfolios, since reinvestments can be carried out at much better rates. The investment strategy and our positioning in terms of duration would allow us to take advantage of the best possible interest rates.

Other relevant factors contributing to the drop in investment income were: 1) The drop in inflation between Q120 and Q121, particularly in Colombia (from 3.80% to 1.51%) and Chile (from 3.7% to 2.9%), where CPI-indexed assets represent more than 60% and 90% of their respective portfolios; 2) lower quarterly currency depreciations against the dollar (comparatively in Q121 compared to Q120), which particularly affected the relative results of Mexico (with the Mexican peso depreciating by 25.3% for Q1 2020 compared to 1.9% for Q1-21), Brazil (29.6% vs 12.6 %) and the Dominican Republic (1.7% vs. -1.8%); 3) Negative impacts on investments as a consequence of the increase in country risk in Argentina (EMBI 1557 points), Panama (EMBI of 170 points after credit rating downgrade during the first quarter) and El Salvador (EMBI 537).

## Others | Non-Operating | Debt

Other	mar-21	mar-20	%Var
Amortizations and depreciations	(55,033)	(58,101)	-5.3%
Dividends	252	117	116%
Interest expense	(22,555)	(31,558)	-29%
<b>Total Debt</b>	<b>1,191,369</b>	<b>1,241,702</b>	<b>-4%</b>
<b>Cost of debt (annual basis)</b>	<b>CPI +4.1%</b>	<b>CPI +4.0%</b>	
Other non-operating income (expense)	63,658	24,659	158%
Income tax	(23,585)	(13,061)	81%

\*Cost of debt (annual basis) relates to Suramericana's local bonds

Interest expenses declined for the quarter, mainly in the Holding segment on a lower balance of indebtedness, given the payment made in Q2-20 on the first series of bonds issued in 2016, this totaling COP 147,998 million.

With regard to "Other Non-Operating Income/Expense", this included a provision release of COP 38,946 million by the Colombian Life Insurance subsidiary which was constituted in Q4-20 in order to cover COVID-related claims corresponding to the health care solution in 2020; this amount is netted with claims reported and paid for in the case of this specific branch of insurance.

Finally, the increase in income taxes mainly corresponded to the Holding segment, given an increase of COP 9,204 million in taxes on the part of Suramericana S.A. (insurance subholding) as a result of higher amounts of deferred tax relating to the dividends that this Company expected to receive. Similarly, there was an increase in earnings before tax in the Health Care segment, specifically on the part of the Diagnostic Aids subsidiary, which is subject to a higher tax rate compared to the EPS (mandatory health care) segment.

## Net Income | ROTE

Net income	mar-21	mar-20	%Var
Consolidated net income	(10,552)	106,697	-109.9%
M&A intangible amortization	(10,775)	(13,879)	-22.4%
<b>Adjusted net income</b>	<b>224</b>	<b>120,576</b>	<b>-99.8%</b>
Shareholders' equity	4,956,722	5,065,398	-2.1%
Tangible equity	3,905,281	4,055,844	-3.7%
Adjusted ROE (12m)	2.7%	8.9%	
<b>Adjusted ROTE (12m)</b>	<b>3.4%</b>	<b>11.1%</b>	

SURA Asset Management scored a positive level of performance for Q1 2021, this driven by improved returns on investments and an 18.4% growth in operating income.

## Highlights (Consolidated Results):

- **Wage Base | AuM**

The various income-generating drivers showed a positive level of performance for Q1-21. The Wage Base rose by 3.0% having rebounded from the drop recorded in 2020, while AuM increased by 14.6% thanks to a growth of 24.8% in AuM corresponding to our Mexican Pension Fund Management subsidiary along with another 23.7% growth in AuM held by Inversiones Sura and SURA Investment Management (SURA IM).

- **Operating Income**

Operating income increased by 18.4% thanks to improved returns from the legal reserves, which effectively reversed the losses sustained in Q1-2020 as a result of the COVID-19 pandemic, along with a 5.4% growth in fee and commission income and higher revenues received via the equity method, which includes the stake held in AFP Proteccion.

- **Operating Expenses**

Operating expenses dropped by 1.6% for Q1-21 thanks to continuous efforts in furthering the productivity initiatives that the Company has been developing over recent years, as well as the fact that certain budgeted expense items were not executed due to the restrictions that still prevail in the current pandemic coupled with a generally weaker performance throughout the entire Retirement Savings (APR) industry.

- **Highlights**

As for the Investment Management business, it is to be noted that most of the pension funds managed in Chile and Mexico have generated *alpha*, along with 68.8% of the traditional assets managed by SURA IM.

The Company continues to extend its digitization and automation processes, increasing new sign ups via its online channels while increasing its operating productivity. 97% of our client care and advisory services are provided online.

We continue to help driving the region's economic reactivation, through the role we play as investment managers with the launch of new infrastructure and private debt funds. We have launched initiatives worth COP 40,000 million to benefit SMEs by providing them with access to working capital via factoring arrangements, thereby helping to safeguard sources of jobs amid the current pandemic. SURA AM has also donated a total of COP 1,000 million to the health care sector.

SURA IM currently has 398 institutional clients and Inversiones Sura another 1.6 million retail clients, for a growth of 13.5% compared to Q1 2020. Thankfully the operations have managed to remain close to their clients during the pandemic with new digital tools with client satisfaction levels continuing to rise, as the SURA brand continues to gain greater recognition throughout the region, where we now have 20.9 million clients.

- **Net Income**

Net income at the end of Q1-21 came to COP 115,652 million in contrast with the loss sustained for the same period last year, thanks to a recovery in investment returns and a positive level of operating performance. The Company's ROE increased by 340 bp while its ROTE rose from 18.2% in Q1-20 to 29.3% for Q2-21.

## Summary of the Consolidated Financial Results

Estado de Resultados	mar-21	mar-20	%Var Ex - Fx
Fee and commission income	620,955	577,372	5.4%
Income from legal reserves (encaje)	19,019	(260,630)	
Income (expense) via equity method	19,335	(49,740)	
Other operating income	1,217	356	
<b>Operating revenues</b>	<b>660,526</b>	<b>267,359</b>	<b>146.1%</b>
Total insurance margin	22,308	18,575	7.7%
<b>Operating expenses</b>	<b>(445,893)</b>	<b>(442,352)</b>	<b>-1.6%</b>
<b>Operating earnings</b>	<b>236,941</b>	<b>(156,418)</b>	
Financial income (expense)	(47,579)	(47,121)	2.2%
Income (expense) from derivatives and exchange difference	(370)	59,949	
Income tax	(77,589)	(14,936)	422.3%
<b>Net income from continuing operations</b>	<b>111,404</b>	<b>(158,723)</b>	
Net income from discontinued operations	4,248	28,853	-85.1%
<b>Net income (losses)</b>	<b>115,652</b>	<b>(129,870)</b>	
<b>Adjusted net income (losses)</b>	<b>139,674</b>	<b>(110,991)</b>	

\*Adding -back amortization of M&A intangibles

## Summary of Results Per Segment

Results by segment	mar-21	mar-20	%Var Ex - Fx
Retirement savings (pension fund management)	213,495	(65,649)	
Investment Management   Inversiones SURA	14,172	(11,103)	
Insurance	497	25,267	-98.0%
<b>Income and expenses SURA AM</b>	<b>(112,512)</b>	<b>(78,385)</b>	<b>454.1%</b>
Fx exchange effect	(4,740)	50,274	
Corporate expenses and projects*	(50,951)	(49,954)	
Financial (expenses) income	(48,148)	(49,538)	-1.3%
Taxes, continued operations and other	(8,674)	(29,166)	-72.9%
<b>Consolidated net income</b>	<b>115,652</b>	<b>(129,870)</b>	
Amortization of M&A intangibles	(24,023)	(18,879)	27.2%
<b>Adjusted net income</b>	<b>139,674</b>	<b>(110,991)</b>	

\*Includes amortization of M&A intangibles

## Retirement Savings

Net income from the Retirement Savings business came to COP 213,495 million for Q1-21, having recovered from the loss reported for the same period last year due to the impact of lower returns from the legal reserves given the effects of the COVID pandemic on the financial markets. Legal reserves went from a loss of COP 260,630 million in Q1-20 to a positive level of returns amounting to COP 19,019 million for Q1 2021, while fee and commission income recorded an increase of 5.4% for Q1-21, mainly driven by a 6.4% growth in Mexico and a 3.0% increase in the Wage Base that determines the performance of the Retirement Savings lines of business in the rest of the countries. Operating expenses fell by 1.9% thanks to the productivity initiatives that the Company has been developing over recent years along with a decrease in levels of business activity throughout the entire pension industry as a result of the pandemic. Revenues obtained via the equity method also made an important contribution, as a result of a better financial performance on the part of AFP Protección compared to Q1-20, as well as a positive level of net income from the Severance line of business, for a total growth of 16.3% in operating income.

## Inversiones SURA | SURA IM

The voluntary savings segment, which consolidates the results of Inversiones SURA and SURA IM, reported COP 14,172 million in net income for Q1-21, being the second consecutive quarter with positive net income, which contrasts with the loss sustained last year. This positive level of performance is due to a greater degree of maturity of both the platform and our Investment teams of staff, as well as the successful value-added offering that the Company has deployed in recent years, having managed to accumulate a total volume of AuM worth COP 72.3 trillion for this segment after consistently posting double digit growths in recent years. AUM growth was possible by favorable levels of business performance, as evidenced by a positive Net Fund Flow of COP 5.4 trillion on the part of Inversiones SURA over the last 12 months as well as COP 1.9 trillion for Q1-21, a 13.5% growth in the number of retail clients and a balance of 398 institutional clients in the case of SURA IM. Investment performance also made an important contribution to the growth of AuM, with 68.8% of the traditional assets managed by SURA IM generating alpha, as well as building an alternative assets platform that positively impacts the risk-return ratio in favor of our clients. Good levels of performance with our Voluntary Pensions business at AFP Protección also boosted the segment's results.

## Insurance | SURA AM's Income and Expense

The insurance segment showed a drop in its result, mainly due to the amount of discontinued operations as a result of having transferred the annuity portfolio in Mexico, which in Q1-20 recorded an income of COP 28,852 million, while for Q1-21 this dropped to COP 4,247 million.

The variation with the exchange rate effect was mainly due to the performance of the Chilean peso and its impact on the USD-denominated cash balance that the Company maintains in Chile: while the CLP depreciated by 15.1% in Q1-20, in Q1-21 this came to 2.0%. Corporate expense declined thanks to the ongoing productivity initiatives, cost containment measures to protect our bottom line, as well as a lower budgetary execution of certain items as a result of the pandemic. Financial expense, net of financial income, fell in Q1-21 thanks to an 8.6% decrease in financial expense as a result of a lower level of debt and optimized financial costs. The tax account corresponding to the corporate segment dropped mainly due to lower income from the exchange difference compared to the same period last year.

## Operating Revenues

Retirement savings	2021	2020	%Var Ex - Fx
Wage base*	35,721,131	33,998,876	3.0%
<b>AUM Mexico</b>	<b>124,200,637</b>	<b>91,392,583</b>	<b>24.8%</b>
Total AUM Retirement savings	479,901,736	417,197,248	13.4%
Clients retirement savings	18.3	18.6	-1.6%
Contribution rate	38.1%	37.6%	

\* Includes AFP Protección and AFP Integra at 100%. \*\*Doesn't include FEAUM AFP Integra

\*\* FEAUM (Fee earning AUM)

IM   Inversiones Sura	2021	2020	%Var Ex - Fx
<b>FEAUM (IM   Inversiones Sura)</b>	<b>72,298,439</b>	<b>56,469,906</b>	<b>23.7%</b>
Clients IM/Inversiones Sura	1,672	1,480	13.0%
Net flow Inversiones SURA	1,898,225	432,587	270.2%
<b>Total clients</b>	<b>20.7</b>	<b>20.9</b>	<b>-0.9%</b>
<b>Total AUM</b>	<b>552,200,174</b>	<b>473,667,154</b>	<b>14.6%</b>

## Revenue Drivers

SURA Asset Management's AUM performed well in Q1-21 having secured a growth of 14.6% compared to Q1-20, mainly driven by an increase of 24.8% in the AUM corresponding to the Pension Fund Management business in Mexico and a growth of 23.7% in the AUM posted by both Inversiones SURA and SURA IM. This level of growth in AUM was made possible over the last 12 months, in spite of the extraordinary circumstances that involved outflows of almost USD 35 trillion in AUM, given the amounts withdrawn from pension funds that clients were allowed to carry out in Chile and Peru so as to be able to address the effects of the economic crisis unleashed by COVID-19, as well as severance withdrawals in Colombia, unemployment withdrawals in Mexico and having divested our Annuity business in Mexico along with the corresponding portfolio.

## Retirement savings

The Wage Base on a consolidated level recorded a growth of 3.0% for Q1-21, thereby reversing the decline that occurred in 2020 due to the debilitating effect of the pandemic on the job markets. The beginning of 2021 was marked by less restrictive mobility measures, as well as the beginning of vaccination campaigns in Latin American countries, which had a positive impact on the Wage Base as job markets began to show a certain improvement. The Contribution Rate went from 37.6% in Q1-20 to 38.1% for Q1-21, while the membership base for the Pension Fund Management business fell by 1.6%, this affected by the non-certification of the total number of accounts assigned in Mexico and the amount of AUM that fund members were allowed to withdraw in Peru and Chile, which have ended up with certain clients having zero balances in their pension accounts.

The AUM for the Pension Fund Management business rose by 13.4%, driven by our investment performance over the last 12 months, as well as positive levels of business activity which produced a Net Fund Flow of COP 7.3 trillion, along with the tender awarded for new fund members in Peru. It is worth noting that the pension funds managed over the last 12 months in Mexico and Chile generated alpha, the only exception was in Mexico with just 1 of the 10 Target Date Funds managed. The highest growth in AUM was obtained in Mexico (where charges are based on the amount of AuM held), which in addition to good levels of investment performance and a positive Net Fund Flow, contributions to employee accounts rose by 1.7% which will continue to benefit from the pension reform to the extent that these contributions gradually increase from 6.5% to 15% over a period of 8 years beginning in 2023.

## Inversiones Sura | SURA IM

AuM in the case of Inversiones SURA and SURA IM continued to show consistently positive levels of performance, reaching a 23.7% growth for Q1-21 versus Q1-20, which is the highest quarterly growth recorded during the last 3 years. This was driven by positive levels of investment performance and business activity, thanks to a relevant product offering and close relationships with our clients, where our efforts continue to be focused on really understanding their financial objectives and risk profiles. Inversiones SURA managed to increase its client base by 13.5% compared to Q1-20, at the same time that service levels have been positively impacted, as evidenced in the latest NPS (Net Promoter Score) study regarding how willing our clients are to recommend Inversiones SURA to third parties, for which a total of 4,030 clients were surveyed. We saw the same positive level of NPS performance on a regional basis with the number of neutral and detractor clients declining in all countries.

AUM corresponding to Inversiones SURA recorded a growth of 34.8% compared to Q1-20, driven by a positive Net Fund Flow reaching COP 5.4 trillion over the last 12 months, along with returns on investments. SURA IM, for its part, achieved a 9.1% increase in AUM compared to Q1-20, driven by the institutional segment where a total of 398 clients was reached. This level of performance was achieved in spite of having divested our Annuities portfolio in Mexico for COP 2.4 trillion, this as a result of having transferred this line of business. Sound levels of investment management also drove up the growth in SURA IM's AUM, as seen with 68.8% of the traditional assets managed generating alpha at the end of Q1-21. SURA IM's development focus is aimed at strengthening its multi-asset platform as well as its range of alternative assets in Infrastructure, Private Debt and Real Estate that have already reached close to COP 4 trillion including assets under management and committed capital.

Operating income	mar-21	mar-20	%Var Ex - Fx
Fee and commissions (Wage base - pension fund)	268,909	257,574	-0.6%
Fee and commissions (AUM - pension fund)	258,019	246,082	6.4%
Fee and commissions (AUM - IM   Inversiones Sura)	94,024	72,288	26.0%
<b>Total fee and commission income</b>	<b>620,955</b>	<b>577,372</b>	<b>5.4%</b>
Equity method	19,335	(49,740)	
Insurance margin	22,308	18,575	7.7%
Other	1,217	356	
<b>Total operating income</b>	<b>663,815</b>	<b>546,564</b>	<b>18.4%</b>

## Fee and Commission Income - Pension Fund Business

Fee and Commission income for the Pension Fund business rose by 2.7% in Q1-21, thanks to the two main revenue drivers, the Wage Base and AUM. In terms of fee and commission rates, there was no variation in the countries where these are charged based on the Wage Base, while Mexico recorded a drop of 9 bp, reaching 0.82%, given the normal dynamics of annual rate reductions in commissions which is offset by the growth in AUM. AUM-based commissions were precisely the segment that registered the greatest dynamism in the Pension Fund business with an increase of 6.4%, while Wage-Based Commissions fell slightly by 0.6% given a 7.1% decline in the income received in Peru, a country that has been particularly affected by the pandemic in recent months and where the Wage Base on which commissions are charged dropped by 5.9%.

## Fee and Commission Income - SURA IM | Inversiones SURA

Fee and commission income obtained by SURA IM and Inversiones SURA's rose by 26.0% compared to the same period last year, this in keeping with good levels of AUM performance. On an individual segment basis, it is worth noting the 18.3% growth in the Voluntary Pension business handled by Inversiones Sura, while retail fund distributions rose by 8.9% and revenues from Sales & Trading recorded a 2.3-fold increase. With regard to SURA IM, the insurance mandates segment was the one that registered the best performance, in spite of having divested the Annuities portfolio in Mexico and having transferred the corresponding portfolio, followed by the Institutional and Wealth Management segment, which is distributed through Inversiones SURA's sales force.

## Equity Method | Insurance Margin | Others

Revenues from the Equity Method, which mainly consolidates the 49.4% stake that SURA Asset Management holds in AFP Protección, reached COP 19,335 million in Q1-21, compared to a loss of COP 49,740 million sustained in the same quarter last year, when negative returns from the legal reserves were recorded by AFP Protection due to the widespread losses sustained on the financial markets after COVID-19 was declared as a pandemic. AFP Protección's operating results were driven by favorable levels of performance for its Voluntary Pension and Severance lines of business. As for Voluntary Pensions, fee and commission income rose by 19.9% in keeping with increases in AUM, which rose at a rate of 19.9%. The growth in AUM was made possible thanks to a positive Net Fund Flow of COP 1.0 trillion and a value-added offering that allowed us to maintain our leadership of the Voluntary Pensions market in Colombia where we enjoy a 43% share. The Severance line of business produced revenues of COP 48,643 million for Q1-21, for a 16.3% growth compared to the same period last year with this Colombian Pension Management Firm scoring the highest growth in its industry, as seen with the increase in its market share. As for the Mandatory Pension business, collections rose by 0.6%, which signaled a slowdown compared to the growth of 2.4% obtained in 2020, this due to the effects of the pandemic on the Colombian job market.

The Insurance Margin, which includes the life insurance business in Chile that is currently being run off, rose by 7.7% while the Others account, which mainly reflects returns obtained from the amounts that the Company invests in the form of seed capital for boosting SURA IM's lines of business, performed much better for Q1-21 as a result of better returns being obtained.



## Legal Reserve

Legal reserve (encaje)	mar-21	mar-20	%Var Ex - Fx
Vale of legal reserve (consolidated)	2,922,407	2,621,844	11.5%
Income from return on legal reserve (consolidated)	19,019	(260,630)	
<b>Consolidated annualized yield</b>	<b>2.6%</b>	<b>-39.8%</b>	
Chile	3.4%	-43.4%	
Mexico	0.4%	-23.2%	
Peru	2.0%	-44.9%	
Colombia	0.2%	-30.2%	
Uruguay	16.3%	14.1%	

Income from legal reserves came to COP 19,019 million for Q1-21, which came in contrast with a negative COP 260,630 million in Q1-20, when financial markets were adversely affected by the spread of COVID worldwide, the mobility restrictions imposed by different governments to protect public health, along with the sharp fall in the prices of commodities. Although Q1-21 presented a positive level of legal reserve returns, the annualized yield effectively dropped compared to the last 3 quarters, when investments produced significant gains as a result of the fiscal and monetary incentives that most countries introduced to mitigate the economic impacts of the pandemic, this in addition to the vaccination campaigns now underway. In Q1-21, the financial markets took a breather and interest rates in the US began to rise, as country began to leave behind the worst of the recession and inflation estimates started to rise.

## Operating expense

Operating expenses	mar-21	mar-20	%Var Ex - Fx
Acquisition expenses (Consolidated)	(127,821)	(128,846)	-3.9%
Administrative expenses (Consolidated)	(329,025)	(330,968)	-2.6%
<b>Total expenses (Consolidated)</b>	<b>(445,893)</b>	<b>(442,352)</b>	<b>-1.6%</b>
<b>Expenses / Revenues (Consolidated)</b>	<b>-67.2%</b>	<b>-80.9%</b>	
Acquisition expenses (Retirement savings)	(87,783)	(93,770)	-8.5%
Administrative expenses (Retirement savings)	(196,038)	(197,317)	-1.6%
<b>Expenses / Revenues (Retirement savings)</b>	<b>-49.0%</b>	<b>-141.6%</b>	
Acquisition expenses (IM   Inversiones SURA)	(36,907)	(32,532)	6.9%
Administrative expenses (IM   Inversiones SURA)	(72,476)	(74,375)	-5.8%
<b>Expenses / Revenues (IM   Inversiones SURA)</b>	<b>-102.8%</b>	<b>-136.3%</b>	

Operating expenses fell by 1.6% for Q1-21, thanks to the Company's continuous productivity efforts over recent years, these with regard to its digital transformation, process automation, robotization as well as adjusting employee remuneration plans based on the amount of added value created for their respective lines of business. 97% of all client care and service transactions are now carried out on-line, up from 76% in 2019; SURA Asset Management also has 597 robots that enable a more efficient deployment of its operating processes. Different smart spending and efficiency efforts that first began last year continued into this first quarter, without jeopardizing the sustainability of our business and the quality standards governing our value-added offering for our clients, this in order to mitigate the pressure that the pandemic has exerted on our revenues. The Company continued to deploy its strategic projects to ensure its ongoing business sustainability while allowing it to capitalize on opportunities arising in the midst of the current situation.

Operating expense for the Pension Fund business fell by 1.9%, with a 2.6% decrease in acquisition expense due to a lower levels of business activity throughout the pension fund industry as a result of the pandemic, along with savings in administrative expense amounting to 1.6%. The voluntary savings segment showed a drop of 5.8% in administrative expense, which, in addition to the productivity initiatives deployed, also benefited from a favorable base effect since the expense corresponding to Q1-20 included a portion of the investment made to strengthen the Inversiones SURA business in Mexico as well as that incurred in enhancing our on-line and remote channels while reinforcing our value-added offering for our clients. Acquisition expense for the voluntary segment rose by 6.9%, which was lower than the 26.0% growth in revenues, thereby providing an operating leverage that enabled a positive net result for this segment in Q1-21.

## Consolidated EBITDA

Consolidated EBITDA	mar-21	mar-20	%Var Ex - Fx
Consolidated EBITDA	306,700 -	89,730	
Consolidated EBITDA margin	44.9%	-31.4%	
<b>Consolidated EBITDA (excl. return on legal reserve)</b>	<b>285,193</b>	<b>238,478</b>	<b>19.6%</b>
<b>Consolidated EBITDA Margin (excl. legal reserve)</b>	<b>43.0%</b>	<b>43.6%</b>	

EBITDA recovered in Q1-21, to reach COP 306,700 million, which contrasts with a negative EBITDA for the same period last year of COP 89,730 million, the latter affected by lower returns from our legal reserves. The increase in EBITDA was not only due to higher returns from our legal reserve, since upon excluding this effect EBITDA would have risen by 19.6%, but rather was driven by increases in fee and commission income, savings in operating expense and improved revenues received from AFP Protección via the equity method.

## Others | Non-Operating | Debt

Non-operating   Taxes   Discontinued operations	mar-21	mar-20	%Var Ex - Fx
Financial expenses	(55,612)	(60,837)	-8.6%
Financial income	8,034	13,715	-43.7%
Income (expense) derivatives and exchange diff.	(370)	59,949	
<b>Total debt</b>	<b>3,148,788</b>	<b>3,309,040*</b>	<b>-4.8%</b>
<b>Cost of debt</b>	<b>6.18%</b>	<b>6.27%</b>	
Earnings (losses) before tax	188,993	(143,786)	N/A
Income tax	(77,589)	(14,936)	422.3%
Net income from continuing operations	115,652	(129,870)	

\* Total debt's result compares values of mar-21 and dec-20.

SURA Asset Management continues to maintain a sound financial position, having reduced its indebtedness by 6.7% over the last 12 months and 4.8% during the last quarter which represents prepayments of COP 270,000 million. The Gross Debt / EBITDA ratio ended the quarter at 1.8x, which was lower than the 2.8x recorded at year-end 2020, this as a result of having reduced our debt and increased our EBITDA. The Company maintains positive and diversified sources of cash on a regional level, with 40% of its dividends received from Chile, 30% from Mexico, 20% from Peru, and 10% from Colombia. This strong cash position allowed SURA Asset Management to increase ordinary dividend payments for its shareholders by 5.0% in 2021 this based on the net income obtained last year, in spite of the challenging conditions posed by the pandemic.

Financial expense fell by 8.6% at the end of Q1021 compared to the same period last year, this as a result of having reduced our debt and optimized our financial costs and expense. The Company's cash management function has taken advantage of the liquidity currently available on the market by renewing its COP-denominated short-term debt, thereby reducing its COP-denominated borrowing rate from 5.20% in Q1-20 to 2.95% for Q1-21. Income (expense) from financial derivatives and exchange rate differences recorded a loss of COP 370 million, which contrasts with a gain of COP 59,949 million in Q1-20. This was mainly due to the depreciation of the Chilean peso and its impact on the USD-denominated cash balance that the Company maintains in Chile, obtained from having divested the Annuity business, and with the CLP depreciating by 15.1% for Q1-20 compared to 2.0% for Q1-21.

Income tax increased from COP 14,936 million in Q1-20 to COP 77,589 million in Q1-21, mainly driven by higher returns from our legal reserves and to a lesser extent by the calendar effect of dividend payments due from Chile which this year were received in the first quarter, while last year, these were obtained in the second quarter.

## Net Income | ROTE

Net income	mar-21	mar-20	%Var Ex - Fx
Consolidated net income	115,652	-129,870	
Amortization of M&A intangibles	-24,023	-18,879	27.2%
<b>Adjusted net income</b>	<b>139,674</b>	<b>-110,991</b>	
Shareholders' equity	9,804,221	9,494,655	3.3%
Tangible equity	3,041,889	2,539,780	19.8%
Adjusted ROE (12m)	8.4%	5.0%	
<b>Adjusted ROTE (12m)</b>	<b>29.3%</b>	<b>18.2%</b>	

*\*Adjusted for amortization of M&A intangibles*

SURA Asset Management recorded a net income of COP 115,652 million for Q1-21, which contrasts with a loss of COP 129,870 million in the first quarter of 2020. Positive levels of operating performance driven by (i) fee and commission income growing at 5.4%; (ii) operating expense declining; (iii) a recovery with investments as reflected in the returns obtained from our legal reserves; and (iv) higher revenues from AFP Protección via the equity method. This latter item allowed for a 340 bp improvement in ROE, while ROTE increased from 18.2% in Q1-20 to 29.3% in Q1-21.

As SURA Asset Management is a company built on a series of acquisitions (with goodwill and intangible assets amounting to COP 6.6 trillion in the Assets accounts), ROTE (Return on Tangible Assets) is a relevant measure of profitability.

## Highlights (Separate Financial Statements):

Net income as recorded in Grupo SURA's separate financial statements reached COP 236,621 million for a 34.3% drop for the first quarter of this year. The following accounts are highlighted:

- **Dividends:** this includes all those received from Bancolombia, Grupo Argos and Grupo Nutresa. In Q1-2021, dividends declined by 54.3% compared to the same period in 2020, mainly due to lower dividends declared by Bancolombia for 2021.
- **Equity method:** this account includes the net income obtained from SURA Asset Management and Suramericana, duly adjusted based on the stakes held by Grupo SURA in each Company. Revenues via the equity method reached COP 96,016 million, having recovered from the loss recorded in Q1-20, thereby reflecting an improved performance on the part of SURA AM which offset the impact on Suramericana's net income due to claims and expense incurred with attending clients amid the current pandemic.
- **Exchange effect:** this account includes the exchange rate effect of our USD-denominated debt, net of hedging derivatives. In Q1 2021 there was a net expense of COP 12,461 million, for a decline compared to the loss of COP 118,349 million recorded in Q1-20. This is mainly due to the Colombian peso having depreciated by 7.2% in Q1-2021 that produced a loss on the unhedged portion of the holding's USD-denominated debt. However, in Q1-20 the exchange effect was greater due to the 24% depreciation recorded for this period.
- **Interest:** this account showed an increase of 9.7% due to greater indebtedness, after an issue of local bonds was placed in August 2020, the product of which shall be used to pay off international bonds becoming due and payable in May 2021.

## Financial Position and Indebtedness:

Grupo SURA ended Q121 with a net debt of COP 4.38 trillion. In Q1-21, a total of COP 64,082 million of the Company's indebtedness was amortized and no additional loans were taken out. It is important to note that the Company's Statement of Financial Position shows an increase in the value of issued bonds compared to year-end 2020, this due to the depreciation of the Colombian peso. This accounting increase is partially offset by the increase in the value of hedging derivatives.

## Summary of our Separate Financial Results

### Grupo de Inversiones Suramericana S.A

	mar-21	mar-20	Var%
Dividends	263,124	575,445	-54.3%
Investment income	1,292	113	
Gains (losses) at fair value	391	(1,474)	
Equity method	96,016	(22,059)	
Other revenues	10	0	
<b>Total revenues</b>	<b>360,833</b>	<b>552,025</b>	<b>-34.6%</b>
<b>Total expenses</b>	<b>(13,274)</b>	<b>(17,716)</b>	<b>-25.1%</b>
<b>Operating earnings</b>	<b>347,559</b>	<b>534,309</b>	<b>-35.0%</b>
Fx exchange effect (net)	(12,461)	(118,349)	-89.5%
Interest expenses	(108,472)	(98,903)	9.7%
<b>Financial result</b>	<b>(120,933)</b>	<b>(217,252)</b>	<b>-44.3%</b>
<b>Earnings before taxes</b>	<b>226,626</b>	<b>317,057</b>	<b>-28.5%</b>
Income tax	9,995	43,165	-76.8%
<b>Net income</b>	<b>236,621</b>	<b>360,222</b>	<b>-34.3%</b>

	mar-21	dic-20	Var%
Assets	31,472,591	30,561,590	3.0%
Liabilities	6,923,436	6,450,612	7.3%
Equity	24,549,155	24,110,978	1.8%

Figures stated in COP millions