Condensed Interim Separate Financial Statements of Grupo de Inversiones Suramericana S.A. for the six-month period between January 1st and June 30th 2021

TABLE OF CONTENT

RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNTS

The Directors are required to prepare the financial statements, for each financial period, that reasonably present the financial position of the Company, results, and cash flows, at June 30, 2021, with comparative figures at June 30 and December 31, 2020. For the preparation of these financial statements, the Directors are required to:

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

The Directors confirm that the accounts meet the above requirements.

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

Gonzalo Alberto Pérez Rojas
President

Juan Guillermo Chica Ramirez
Public accountant
Professional Card 64093-T

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

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

That for the issuance of the statement of financial position, at June 30, 2021, and of the income statement for the year, as well as, the statement of other comprehensive income, changes in equity statement, and the cash flow statement, for the year ended on that date, which are in compliance with the norms, and are made available to shareholders and third parties, and whose information, contained in them, have been previously verified and the figures taken faithfully from the books.

Said affirmations, explicit and implicit, are the following:

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

Integrity: All economic events have been recognized.

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

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

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

In accordance with Article 46 of Law 964 of 2005, in my capacity as legal representative of Grupo de Inversiones Suramericana S.A., the financial statements, and other reports relevant to the public, related to the fiscal year between June 30, 2021 and June 30 and December 31, 2020, do not contain defects, inaccuracies, or errors, that prevent the knowledge of the true financial situation, and the operations of the Company.

Gonzalo Alberto Pérez Rojas
President

Juan Guillermo Chica Ramirez
Public accountant
Professional card 64093-T

AUDITORS REPORT

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE FINANCIAL POSITION STATEMENT
At 30 June, 2021 and December 31,2020
(Amounts expressed in millions of Colombian pesos)

	Note	June 2021	December 2020
Assets			
Cash and cash equivalents		4,190	437,523
Investments	6.1.1	28,815	622,990
Derivative instruments	7	438,013	343,734
Receivables from related parties	6.1.2	437,668	116,633
Other accounts receivables	6.1.3	83,775	81,907
Current tax assets	8.1	198	1,356
Investments in associates	9.1	14,429,203	14,429,203
Investments in subsidiaries	9.2	14,921,898	14,423,080
Non-current assets held for sale	10	71,708	-
Properties and equipment		3,400	3,589
Right-of-use assets		18,563	19,288
Deferred tax assets	8.2	63,434	81,410
Other assets		1,289	877
Total assets		**30,502,154**	**30,561,590**
Liabilities			
Financial liabilities	6.2	556,547	572,954
Derivative instruments	7	204,396	172,880
Lease liabilities		12,574	13,002
Accounts payable to related entities	6.2.1	265,487	86,832
Other accounts payable	6.2.2	116,099	126,069
Employee benefits		17,481	19,291
Provisions		3,470	3,470
Bonds issued	11	4,136,449	4,995,267
Preferred shares	12	459,981	460,847
Total liabilities		**5,772,484**	**6,450,612**
Equity			
Issued capital		109,121	109,121
Share premium		3,290,767	3,290,767
Reserves		6,882,925	6,654,122
Share repurchase reserve	14	274,021	300,000
Earnings for the year		303,364	579,969
Retained earnings		11,865,741	11,834,280
Other comprehensive income	15	2,003,731	1,342,719
Total equity		**24,729,670**	**24,110,978**
Total equity and liabilities		**30,502,154**	**30,561,590**

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas	Juan Guillermo Chica Ramirez	Daniel Andrés Jaramillo Valencia
Legal Representative	Accountant	Auditor
	P.C. 64093-T	P.C. 140779 -T
		Designated by Ernst & Young Audit S.A.S. TR-530
		(See my report of August 13, 2021)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE INCOME STATEMENT
June 30, 2021 and June 30, 2020
(Amounts expressed in millions of Colombian pesos except net earnings per share)

		Accumulated		Quarter	
	Notes	June 2021	June 2020	June 2021	June 2020
Income					
Dividends	9.1	263,124	575,798	-	353
Income from investments		2,101	2,149	809	2,036
Net gain on investments at fair value	6.1.1, 10	(14,410)	596	(14,802)	2,070
Income from equity method	9.2	277,712	332,440	181,696	354,499
Other income		5	356	(3)	356
Operational income		**528,532**	**911,339**	**167,700**	**359,314**
Operational expenses					
Administrative expenses	16	(21,412)	(18,686)	(16,411)	(12,674)
Employee benefits		(13,363)	(18,698)	(7,162)	(8,978)
Fees		(5,516)	(3,626)	(3,987)	(2,168)
Depreciations		(1,090)	(1,057)	(545)	(531)
Operational expenses		**(41,381)**	**(42,067)**	**(28,105)**	**(24,351)**
Operating profit		**487,151**	**869,272**	**139,595**	**334,963**
Net gain from fair value adjustments to derivatives	7.2	(2,478)	156,528	8,855	(162,053)
Foreign exchange (losses) gains, net		39,345	(266,489)	40,474	170,440
Interest expense		(207,104)	(195,140)	(98,632)	(96,238)
Net financial income	**17**	**(170,237)**	**(305,101)**	**(49,303)**	**(87,851)**
Profits before tax		**316,914**	**564,171**	**90,292**	**247,112**
Income tax	8	(13,550)	27,834	(23,545)	(15,330)
Net income from discontinued operations		**303,364**	**592,005**	**66,747**	**231,782**
Net profit		**303,364**	**592,005**	**66,747**	**231,782**
Net earnings per share					
Net earnings per share from continuing operations	18	528	1,025	124	409

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

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P.C. 64093-T

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(See my report of 13 August, 2021)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME
June 30, 2021 and June 30, 2020
(Amounts expressed in millions of Colombian pesos)

		Accumulated		Quarter	
	Note	June 2021	June 2020	June 2021	June 2020
Net income for the period		**303,364**	**592,005**	**66,747**	**231,782**
Other comprehensive income					
Items that will not be reclassified to income for the period, net of taxes					
Gain (loss) from investments in equity instruments at FVOCI	15	5,625	(4,717)	(1,579)	(4,737)
Gain from properties revaluation		-	-	-	-
Gain from defined benefit plan measurements	15	-	3,592	-	3,592
Total other comprehensive income that will not be reclassified to the results of the period, net of taxes		**5,625**	**(1,125)**	**(1,579)**	**(1,145)**
Items to be reclassified to income for the period, net of taxes					
Gain (loss) from foreign currency translation exchange differences		-	-	-	-
Gain (Loss) on cash flows hedges	15	13,721	547	(392)	15,226
Gain (Loss) on hedges of net investments in foreign entities		-	-	-	-
Participation of other comprehensive income OCI from associates and joint ventures Accounted for using the equity method	15	641,666	378,266	133,532	(493,424)
Total other comprehensive income to be reclassified to profit or loss, net of taxes		**655,387**	**378,813**	**133,140**	**(478,198)**
Total other comprehensive income		**661,012**	**377,688**	**131,561**	**(479,343)**
Total comprehensive income		**964,376**	**969,693**	**198,308**	**(247,561)**

The notes are an integral part of these financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

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(See my report of 13, August 2021)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
June 30, 2021 and 2020
(Values expressed in millions of Colombian pesos)

	Note	Issued capital	Share premium	Reserves	Reserves for share repurchase	Retained earnings	Other Comprehensive Income (OCI)	Income for the period	Total equity
Balance at January 1, 2021		**109,121**	**3,290,767**	**6,654,122**	**300,000**	**11,834,280**	**1,342,719**	**579,969**	**24,110,978**
Other comprehensive income	**15**	-	-	-	-	-	661,012	-	**661,012**
Net income for the year		-	-	-	-	-	-	303,364	**303,364**
Total net comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**661,012**	**303,364**	**964,377**
Transfer to occasional reserves		-	-	579,969	-	-	-	(579,969)	-
Distribution of 2020 results									
Ordinary dividend (603.40 pesos per share) recognized as distributions to owners	**12**	-	-	(351,165)	-	-	-	-	**(351,165)**
Reserves for share repurchase	**14**				(25,979)				**(25,979)**
Shareholder dividend withholding effect		-	-	-	-	11,146	-	-	**11,146**
Minimum dividends, preferred shares	**11**	-	-	-	-	20,314	-	-	**20,314**
At June 30, 2021		**109,121**	**3,290,767**	**6,882,925**	**274,021**	**11,865,740**	**2,003,731**	**303,364**	**24,729,670**

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
June 30, 2021 and 2020
(Amounts expressed in millions of Colombian pesos)

	Note	Issued capital	Share premium	Reserves	Retained earnings	Other comprehensive income (OCI)	Income for the period	Total equity
At January 1, 2020		**109,121**	**3,290,767**	**6,390,905**	**11,793,652**	**1,027,504**	**932,190**	**23,544,140**
Other comprehensive income	**19**	-	-	-	-	377,688		**377,688**
Net income for the year		-	-	-	-	-	592,005	**592,005**
Total net comprehensive income for the period		**-**	**-**	**-**	**-**	**377,688**	**592,005**	**969,693**
Transfer to occasional reserves	**17**	-	-	932,190	-	-	(932,190)	-
Distribution of 2019 results								
Ordinary dividend (583 pesos per share) and extraordinary dividend (51 pesos per share) recognized as distributions to owners	**18**	-	-	(368,974)	-	-	-	**(368,974)**
Minimum dividends, preferred shares	**16**	-	-	-	20,314	-	-	**20,314**
At 30, June 2020		**109,121**	**3,290,767**	**6,954,122**	**11,813,966**	**1,405,192**	**592,005**	**24,165,172**

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

Gonzalo Alberto Pérez Rojas
Legal Representative

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(See my report of 13, August 2021)

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CASH FLOWS
June 30, 2021 and 2020
(Amounts expressed in millions of Colombian pesos)

	Note	June 2021	June 2020
Cash flows from operating activities			
Net profit for the year		**303,364**	**592,005**
Adjustments to reconcile net income			
Income tax expense	8	13,550	(27,834)
Interest	16	23,161	195,140
Decrease in other accounts receivable		(1,869)	7,316
Increases in accounts receivable from related parties		(175,619)	(501,359)
Decrease (increase) in other accounts payable		(10,069)	(12,095)
Adjustments for increase (decrease) in other operating accounts payable		-	
Depreciation and amortization expense		1,090	1,057
Adjustment for employee benefits		(1,810)	(3,714)
Unrealized losses from foreign currency translation		88,644	268,042
Gains on fair value adjustment		18,360	(156,528)
Undistributed earnings from the application of the equity method	9	(277,712)	(332,440)
Withholding tax on dividends received		13,110	-
Increase in noncurrent assets held for sale		(71,708)	-
Other adjustments for which the effects on cash are investing or financing cash flows		(3,065)	-
Increase in restricted cash		(416)	(5)
Dividends received from associates and subsidiaries		273,629	489,812
Interest paid		-	(1,305)
Income taxes paid (reimbursed)		(297)	(17,677)
Other payments to acquire equity or debt instruments of other entities	6.1	(483,458)	-
Other charges on the sale of equity or debt instruments of other entities	6.1	1,070,441	-
Cash flows from operating activities		**779,326**	**500,415**
Cash flows from (used in) investment activities			
Cash flows used to obtain control of subsidiaries or other businesses		(449)	(13,492)
Purchase of property and equipment		(174)	(664)
Cash flows from (used in) investment activities		**(623)**	**(14,156)**
Cash flows from (used in) investment activities			
Collections from futures contracts, forward contracts and financial options (swaps)		221,389	(21,299)
Payments derived from futures, forwards, options and swaps contracts		(5,926)	(480)
Payments for acquiring the company's own stock		(25,979)	-
Proceeds from loans		73,399	172,293
Loan repayments		(1,207,952)	(266,342)
Payment of financial lease liabilities		(856)	(865)
Dividends paid		(172,486)	(164,660)
Interest paid		(95,200)	(158,939)
Cash flows from (used in) financing activities		**(1,213,611)**	**(440,292)**
Net increase in cash and cash equivalents		**(434,908)**	**45,967**
Effect of exchange rate changes on cash and cash equivalents		1,575	235
Cash and cash equivalents at the beginning of the period		437,523	3,145
Cash and cash equivalents at the end of the period		**4,190**	**49,347**

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

Juan Guillermo Chica Ramirez
Accountant
P.C. 64093-T

Daniel Andrés Jaramillo Valencia
Auditor
P.C. 140779-T
Designated by Ernst & Young Audit S.A.S. TR-530
(See my report of August 13, 2021)

GRUPO DE INVERSIONES SURAMERICANA S.A.

NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

For the period ended June 30, 2021 (with comparative figures as of December 31, 2020 for the statement of financial position and as of June 30, 2020 for the statement of income, other comprehensive results, changes in equity and cash flows).

(Amounts expressed in millions of Colombian Pesos, excluding and earnings per shares and exchange rates values expressed in Colombian pesos).

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 acronym for the Spanish original), 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 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 six-month period ended June 30, 2021, have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF acronym for the Spanish original)), 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. Bases of measurement and presentation

Bases of measurement

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

- Financial instruments measured at fair value through other comprehensive income (FVTOCI).
- 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 condensed separate interim financial statements are prepared on the following basis:

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

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

2.3. Significant accounting policies

The accompanying financial statements do not include all the information and disclosures required for a year-end financial statement and therefore, these condensed financial statements should be read in conjunction with the annual financial statements as of December 31, 2020.

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 NCIF 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.

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 through profit or loss. 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.

At initial recognition, Grupo SURA can irrevocably designate an equity instrument of other companies, that is not held for trading, such as at fair value through 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 equity of the Company.

b) Impairment of financial assets

To calculate the impairment of financial assets, the future cash flows, of the respective financial asset, of the group, must be estimated.

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) Terms 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.

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

Contingent liabilities of the Grupo SURA 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 post-employment and long-term benefit obligations involves a wide variety of assumptions and the realization of assumptions of future long-term events, including the determination of key actuarial assumptions that allow the calculation of the value of the liability. Key assumptions include 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.

NOTE 4. NORMS ISSUED NOT EFFECTIVE YET

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

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

4.1 New standards incorporated into the accounting framework accepted in Colombia which 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: Covid-19 Related Rent Concessions, 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 share of changes of the entity in the fair value of the underlying items is included in the contractual service margin. Therefore, the results of insurers using this model are likely to be less volatile than under the general model.

The new standards will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.
IFRS 17 has not been introduced into the Colombian accounting framework by means of any decree to date. The Group is evaluating the potential effect of this standard on its financial statements.

NOTE 5. COVID – 19 CRISIS RESPONSE

In December 2019 the World Health Organization (WHO) reported the appearance of cases of Severe Acute Respiratory Syndrome (SARS) 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.

In some Latin American countries such as Brazil, Colombia and Mexico, the doors have been opened to the acquisition and application of vaccines by private legal entities, which is expected to accelerate the immunization process, achieve herd immunity and the possibility of total and definitive opening of the economy. Particularly in Colombia, Resolution 507 of April 19, 2021 defined the special rules to authorize the importation, acquisition and application of vaccines against Covid-19 by private individuals, thus allowing Grupo Sura and other companies in the country to start vaccinating their employees during the month of June.

Business

Insurance

In the year 2021, Grupo Sura, through its health care companies in Colombia, has participated in vaccination programs nationwide with the application of 183,601 vaccines, thus contributing to achieving a 12.9% vaccinated population in Colombia at the end of June.

Revenues from insurance premiums issued in the first half of the year showed a growth of 11%, leveraged by the health segment due to the increase in Health Promoting Entity users *(EPS acronym for the Spanish original)*, which reached 4.39 million, in addition to the growth in health services by Ayudas Diagnosticas and IPS Sura, companies that actively participate in the testing and vaccination services provided against COVID.

The Labor Risk Administrators *(ARL acronym for the Spanish original)* premiums, which are consolidated in the life segment, increased 14%, demonstrating a positive dynamic in the growth of affiliates, with a growth of 273 thousand users so far in 2021, this growth confirms the break in the trend since October 2020 after presenting decreases in the insured mass due to the increase in unemployment in Colombia and the high levels of absenteeism in the companies.

Premiums from insurance revenues have shown a higher growth dynamic, leveraged by an improvement in the trend of new business underwriting, which is mainly reflected in a 3% growth in the mobility solution.

Over this period, Life solutions also showed a better growth ratio, reaching 8%, due to the recovery of the dynamics in the intermediary and affinity channel. The launch of the protection product plan for COVID in Chile in June is another milestone to be noted. This product is mandatory for workers performing on-site functions and provides coverage for medical expenses and death.

Similarly, the health solution increased by 16% in the first half of the year, consolidating the positive dynamics of the previous year as a result of the offer of new plans in the companies of Colombia, Mexico, Chile and El Salvador.

Regarding claims, there continues to be a negative effect from claims associated with COVID-19, which are mainly materialized in increased mortality for life solutions, increased assistance benefits, economic benefits and diagnostic costs. These effects for the end of this period reached COP $1,106 billion with greater effects in the subsidiaries in Colombia, Mexico, El Salvador and Panama where there is greater exposure to Health, Occupational Risks and Life solutions. The different companies continue implementing strategies for customer care and support, with strategies that include virtual care models, treatment through oxygen therapy, home delivery of medicines, expansion of the capacities installed in the provision and support in the management and prevention of risk in the companies; these have resulted in a lower severity and mortality of the cases.

It is worth highlighting the decrease in the infection rates of the ARL in Colombia, a high percentage of whose policyholders in the health sector are vaccinated. Consequently, for the upcoming periods, a flattening of the infection curve is expected, as well as a decrease in the severity and mortality of the disease, associated to the evolution of the vaccination processes in all the countries where Grupo Sura is present.

Pensions

This has been a period in which savings and investment products have acquired particular relevance for customers, as a mechanism to mitigate the economic effects of the crisis. Similarly, we understand that the exceptional measures taken to make available some of the savings' instruments improve the liquidity of individuals and their ability to cope with the current situation.

In the Retirement Savings business:

- In Peru, the withdrawal of 100% of the value of the member's CIC has been allowed, with a cap of $18,610. This decree also allowed people without contributions in October to make a withdrawal with a limit of $4,652.

- In Chile, in November 2020, a second withdrawal of 10% was approved, effective for up to one year, with a limit of 150 UF equivalent to $21,099. It is worth mentioning that AFP Capital receives its commissions on a salary basis, so the withdrawals do not directly affect the income from commissions.

In the Inversiones SURA and Investment Management business:

- For the second quarter of 2021 the business had positive net trade flows despite the outflows and withdrawals in some of the locations caused by the turbulence and political uncertainty. Managed balances reached a growth of over 30%.

- The moderate recovery of the financial markets and the digital proximity strategies that allowed us to foster commercial activity despite the confinement, continue to drive growth in these segments, achieving double-digit fee income growth.

The first quarter in all businesses was also characterized by a moderate execution of expenses, which places this item below budget, and at lower levels than in the same period of 2020.

Foreign Exchange Impacts

The currencies of the region kept depreciating against the US dollar and accumulated an average movement of 3.6% so far this year, which caused positive effects from exchange rate fluctuations in the investment portfolios of the subsidiaries that have foreign currency positions. The Colombian peso depreciated 9.2% in the first half of 2021, generating positive translation effects in the consolidation of operations. The foreign exchange management of Grupo Sura is part of a strategy of matching and monitoring assets and liabilities in foreign currency, a strategy that limits exposure to exchange rate movements in each subsidiary.

Recoverability of deferred tax assets

As a preventive measure in the face of the COVID-19 pandemic, as of June 30, 2021, the company evaluated the recoverability of deferred tax assets, concluding that no elements were identified that would generate the non-recoverability of these, however, it will continue to monitor the evolution of the business and the economic impacts derived from the situation in its financial statements, without losing sight of the possible effects on these positions.

Business continuity

The Company management believes that by the end of the second quarter of 2021, no significant difficulties will prevent the company from continuing as a going concern. the Company is aware of the importance of maintaining the financial strength and liquidity necessary to meet the current business needs. Therefore, the Company believes that the dynamics of its operations, as well as the financial strategy followed by the Company in relation to the optimization of resources and capital allocation decisions, place us in an adequate position.

Effects on separate financial statements of Grupo Sura

A summary of the impacts on the different income statement accounts as of June 30, 2021 is as follows:

- *Dividend income:* decreased 54% compared to the same period of 2020, mainly as a result of the reduction in dividends declared by Bancolombia for the year 2021.

- *Income from equity method:* this item amounted to COP 277,712 million, with a decrease of 16% compared to June 2020. Sura Asset Management contributed a profit of COP 254,668, and Sura a loss of COP 761 million.

- *Gain/loss on investments at fair value:* presents the recognition at market value of shares received as a dividend payment from Grupo Argos. As of June 2021, the valuation at market prices had a negative effect of $717 million.

NOTE 6. FINANCIAL INSTRUMENTS

6.1. Financial assets

6.1.1 Investments

The breakdown of investments is as follows:

	June 2021	December 2020
At fair value through profit or loss	-	599,800
Debt securities	**-**	**599,800**
At fair value through OCI	28,815	23,190
Equity instruments	**28,815**	**23,190**
Total Investments	**28,815**	**622,990**
Short-term investments	-	599,800
Long-term investments	28,815	23,190
Total Investments (*)	**28,815**	**622,990**

(*) The variation regarding December 2020 is due to the issuance of bonds in August 2020, which were used for the payment of the maturity of bonds in May 2021. See note 11 Bonds issued.

The variation is shown below:

Balance as of December 31, 2020	**622,990**
Additions	483,458
Withdrawals	(1,070,441)
Investment Valuation	(15,882)
Financial instruments measured at OCI	5,625
Yields Amortized Cost	3,065
Balance as of June 30, 2021	**28,815**

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

	June 2021	June 2020
Fair value investments	(15,882)	-
Difference on exchange of investments	1,472	596
Total	**(14,410)**	**596**

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 June 30, 2021 and 2020:

June 2021

National issuers	Debt securities	Equity Instruments
Carrying value (*)	-	28,815
Profit / unrealized loss SCI	-	-
Profit / unrealized loss OCI	-	5,625

June 2020

National issuers	Debt securities	Equity Instruments
Carrying value (*)	-	14,999
Profit / unrealized loss SCI	-	-
Profit / unrealized loss OCI	-	(4,717)

(*) The carrying value and fair value is the same as of June 30, 2021 and 2020.

As of the closing date there are no realized profits

6.1.2. Accounts receivable from related parties

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

	June 2021	December 2020
Bancolombia S.A.	45,827	68,624
Grupo Argos S.A.	-	21,553
Grupo Nutresa S.A.	85,930	26,456
Total dividends receivable from associates	**131,757**	**116,633**
Sura Asset Management S.A.	115,172	-
Suramericana S.A.	190,653	-
Total dividends receivable from subsidiaries	**305,825**	**-**
Nubloq S.A.S (*)	86	**-**
Total receivables from other companies	**86**	**-**
Total current accounts receivable from related parties and associates	**437,668**	**116,633**

(*) Company incorporated on June 16, 2021, in which Grupo SURA will have a 100% indirect participation through its subsidiary Inversiones y Construcciones Estratégicas S.A.S.

6.1.3. Other accounts receivable

The following is a detailed breakdown of other accounts receivable:

	June 2021	December 2020
Other accounts receivable (1)	81,994	81,900
Other accounts receivable taxes	1,778	-
Trade accounts receivable	3	7
Total	**83,775**	**81,907**

(1) Derivative premiums and guarantees (margin call)

Current and non-current presentation:

	June 2021	December 2020
Other current accounts receivable	1,781	7
Other non-current accounts receivable	81,994	81,900
Total	**83,775**	**81,907**

6.2. Financial liabilities

The following is a list of financial liabilities, including accounts payable of Grupo SURA:

	Note	June 2021	December 2020
Financial obligations (1)		556,547	572,954
Derivative instruments	7	204,396	172,880
Accounts payable to related parties	20	265,487	86,832
Other accounts payable		116,099	126,069
Bonds issued	11	4,136,449	4,995,267
Preferred shares	12	459,981	460,847
Total		**5,738,959**	**6,414,849**

(1) The financial obligations correspond to loans acquired with Grupo Bancolombia, at interest rates ranging between 1.64% and 3.78% as of June 2021 and 2.39% and 3.59% as of December 2020.

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

June 2021				
Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial obligations		94,210	34,352	128,562
Accounts payable to related parties		265,487	-	265,487
Other accounts payable	6.2.2	6,506	-	6,506
Bonds issued	11	194,885	-	194,885
Total		**561,088**	**34,352**	**595,440**
Non-Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial obligations		427,985	-	427,985
Derivative instruments	7	-	204,396	204,396
Other accounts payable	6.2.2	109,593	-	109,593
Bonds issued	11	3,941,564	-	3,941,564
Preferred shares	12	459,981	-	459,981
Total		**4,939,123**	**204,396**	**5,143,519**
Financial liabilities		**5,500,211**	**238,748**	**5,738,959**

December 2020				
Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial obligations		144,520	-	144,520
Derivative instruments	7	-	19,583	19,583
Accounts payable to related parties		86,832	-	86,832
Other accounts payable	6.2.2	5,553	-	5,553
Bonds issued	11	1,036,113	-	1,036,113
Total		**1,273,018**	**19,583**	**1,292,601**
Non-Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial obligations		428,434	-	428,434
Derivative instruments		-	153,297	153,297
Other accounts payable		120,516		120,516
Bonds issued	10	3,959,154	-	3,959,154
Preferred shares	11	460,847	-	460,847
Total		**4,968,951**	**153,297**	**5,122,248**
Financial liabilities		**6,241,969**	**172,880**	**6,414,849**

6.2.1. 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 26, 2021 and accounts payable to subsidiaries:

	June 2021	December 2020
Ordinary shares	214,296	70,161
Preferred shares	51,191	16,671
Total accounts payable to related parties	**265,487**	**86,832**

6.2.2. Other accounts payable

The detail of other accounts payable is as follows:

	June 2021	December 2020
Other accounts payable (1)	111,990	122,890
Accounts payable taxes	2,126	1,803
Suppliers	1,983	1,376
Total	**116,099**	**126,069**

(1) Correspond to accounts payable for derivative premiums and social security payments such as: ICBF, SENA and retirement funds.

Current and non-current:

	June 2021	December 2020
Other current accounts payable	6,506	5,553
Other non-current accounts payable	109,593	120,517
Total	**116,099**	**126,069**

NOTE 7. DERIVATIVE INSTRUMENTS

The following is the detail of derivative financial instruments assets and liabilities outstanding as of June 30, 2021 and 2020:

		June 2021		December 2020	
	Note	Asset	Liabilities	Asset	Liabilities
Hedge Derivatives	7.1	397,717	200,449	143,194	1,221
Trading Derivatives	7.2	40,296	3,947	200,540	171,659
Total derivatives		**438,013**	**204,396**	**343,734**	**172,880**

Current and non-current presentation:

	June 2021		December 2020	
	Asset	Liabilities	Asset	Liabilities
Current Derivatives	-	-	155,836	19,583
Non-current Derivatives	438,013	204,396	187,898	153,297
Total derivatives	**438,013**	**204,396**	**343,734**	**172,880**

7.1. Hedge derivatives

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

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

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

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

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

Accordingly, the following is a summary of cash flow hedging transactions in effect as of June 30, 2021 and December 2020:

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 2020 together with the hedging operation.

On May 30, 2021, the bond obligation (see note 11 Issued Bonds) and the derivatives hedging this transaction, were cancelled.

2. On April 29, 2016 Grupo SURA contracted a foreign currency bond in the amount of USD 550 million, with a single principal maturity on April 29, 2026 and a fixed interest rate of 5.50%payable semiannually ((see note 11 Bonds Issued).

   On January 31, 2021, the Group decided to implement a cash flow hedge accounting strategy for this obligation using the following hedging instruments:

   - 22 Principal-Only Cross Currency Swap (Principal-Only CCS).
   - 4 Call spread structures (call option bought + call option sold).
   - 6 Out-of-the-money Call options sold as part of the structure and included in the CCS contracts.

   In this structure the company acquires the right to receive USD $550,000,000 at maturity and semiannual flows in USD at a fixed rate of 0% NASV; and in return it is obliged to pay an agreed amount and a specific fixed rate in COP in each of the derivatives that make up the structure.

According to the aforementioned 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 term of the hedges.

	June 2021		December 2020	
	Nominal value	Fair Value	Nominal value	Fair Value
Assets				
Swap				
Cross Currency Swap	1,239,880	188,755	876,746	143,194
Subtotal	**1,239,880**	**188,755**	**876,746**	**143,194**
Options				
Currency Call Option	579,450	208,962	-	-
Subtotal	**579,450**	**208,962**	**-**	**-**
Total Assets	**1,819,330**	**397,717**	**876,746**	**143,194**
Liabilities				
Swap				
Cross Currency Swap	39,185	24,891	-	-
Subtotal	**39,185**	**24,891**	**-**	**-**
Options				
Currency Call Option	1,191,220	175,558	443,000	1,221
Subtotal	**1,191,220**	**175,558**	**443,000**	**1,221**
Total Liabilities	**1,230,405**	**200,449**	**443,000**	**1,221**

The following is a summary of the movements in the Other Comprehensive Income account for the effect of the effective cash flow hedges indicated above and for the effect of the time value of the options and swaps used as hedging instruments, as well as the amounts taken to income for the ineffectiveness of the hedges, during the years ended June 30, 2021 and December 2020:

	OCI		Results	
	Effective part	Time value	Ineffective part	Effective part
Balance at December 31, 2019	**(993)**			
Variation in the fair value of hedges during the year.	15,315		-	102,126
Amortization of temporary securities.	(36,644)	(3,253)	39,897	
Balance at December 31, 2020	**(22,322)**			
Variation in the fair value of hedges during the year.	42,471		-	173,800
Amortization of temporary securities.	(20,361)	(7,338)	27,699	
Balance at June 30, 2021	**(212)**			

The decrease in these operations (June 2021 is 22 and December 2020 was 34) is due to the cancellation of the CCS derivatives, which resulted from the payment of the 300 million dollar obligation.

7.2. 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, their purpose is to hedge foreign currency obligations, they have not been designated as hedge accounting.

	June 2021		December 2020	
	Nominal value	Fair Value	Nominal value	Fair Value
Assets				
Swap				
Cross Currency	1,115,395	40,296	1,115,395	37,795
Interest rate	-	-	178,100	3,350
Subtotal	**1,115,395**	**40,296**	**1,293,495**	**41,145**
Options				
Currency option	-	-	1,040,786	159,395
Subtotal	**-**	**-**	**1,040,786**	**159,395**
Total Assets	**1,115,395**	**40,296**	**2,334,281**	**200,540**
Liabilities				
Swap				
Cross currency	769,262	3,947	2,495,915	51,440
Subtotal	**769,262**	**3,947**	**2,495,915**	**51,440**
Options				
Currency option	-	-	1,809,914	120,219
Subtotal	**-**	**-**	**1,809,914**	**120,219**
Total Liabilities	**769,262**	**3,947**	**4,305,829**	**171,659**

The results of trading derivatives are presented below:

	Accumulated		Quarter	
	June 2021	June 2020	June 2021	June 2020
Trading income	75,830	417,513	103,548	(275,751)
Negotiation expenses	(78,308)	(260,985)	(94,693)	113,698
Total	**(2,478)**	**156,528**	**8,855**	**(162,053)**

As of June 2021, and December 2020 there were 22 and 71 transactions, respectively, the decrease is generated by the change in the classification of trading derivatives to hedging derivatives.

NOTE 8. Taxes

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

	Note	June 2021	December 2020
Current tax assets (net)	8.1	198	1,356
Deferred tax asset (net)	8.2	63,434	81,410

8.1. Current income tax

a. Current tax recognized in the statement of financial position:

	June 2021	December 2020
Current tax assets		
Income and supplemental tax	(1,129)	-
Income tax payable	1,327	1,356
Total current tax assets	**198**	**1,356**

Grupo Sura expects to recover current tax assets and settle current tax liabilities as follows:

Current Tax	June 2021	December 2020
Current tax asset recoverable before 12 months	1,327	1,356
Current tax asset recoverable after 12 months	-	-
Total current tax asset	**1,327**	**1,356**

Current Tax	June 2021	December 2020
Current tax liability payable before 12 months	-	-
Current tax liability payable after 12 months	(1,129)	-
Total current tax liability	**(1,129)**	**-**

Grupo Sura estimates the recovery of deferred tax assets as follows:

Deferred tax	June 2021	December 2020
Deferred tax asset recoverable before 12 months	-	19,389
Deferred tax asset recoverable after 12 months	63,434	62,021
Total deferred tax asset	**63,434**	**81,410**

b. Tax recognized in income for the period:

	Accumulated		Result for the period	
	June 2021	June 2020	June 2021	June 2020
Current tax expense	**(1,455)**	**(2,320)**	**(29)**	**(2,259)**
Current tax	(1,426)	(4,074)	-	(4,013)
Adjustment of previous periods	(29)	1,754	(29)	1,754
Deferred tax expense	**(12,095)**	**30,154**	**(23,516)**	**(13,071)**
Constitutions / reversal of temporary differences	(12,095)	29,949	(23,516)	(13,071)
Deferred tax adjustments	-	205	-	-
Tax expense	**(13,550)**	**27,834**	**(23,545)**	**(15,330)**

c. Effective tax rate reconciliation.

The reconciliation of the effective tax rate of the Group applicable for the years ended June 30, 2021 and 2020, respectively, is as follows:

	June 2021		June 2020	
	Rate	Balance	Rate	Balance
Profit before tax		**316,914**		**564,171**
Income tax by applying the local tax rate	31.00%	98,243	32.00%	180,535
Plus, tax impact from:				
Items that increase taxable income		**57,256**		**75,135**
Non-deductible expenses (1)		44,843		67,927
Property and equipment		5		-
Financial liabilities		10,953		5,804
Capital gains		1,426		-
Others		29		1,404
Items that decrease taxable income		**(141,949)**		**(283,504)**
Non-taxed income (2)		(86,091)		(106,381)
Unrecorded Dividends		(55,695)		(173,238)
Provisions and Contingencies		(164)		(568)
Adjustment of previous periods		-		(1,959)
Discounts tax		-		(1,358)
Income tax	**4.28%**	**13,550**	**-4.93%**	**(27,834)**

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

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

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 generated by the balance of income and supplemental income as of June 30, 2021 and 2020:

	June 2021	June 2020
Balance of income tax payable as of January 1	**(1,356)**	**1,105**
Current income tax liability	1,455	2,320
Withholding and advances	(297)	(17,677)
Balance of income tax payable as of June 30	**(198)**	**(14,252)**

Income tax returns for the years 2021 and 2020 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.

8.2. Deferred tax

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

Deferred tax assets (liabilities)	June 2021	Recognized results	Other equity interests	December 2020	Recognized results	Other equity interests	December 2019
Financial Assets	(57,353)	(11,882)	5,881	(39,590)	(17,180)	6,400	(28,810)
Properties and Equipment	288	63	-	225	327	-	(102)
Financial Liabilities	119,274	157	-	119,117	30,540	-	88,577
Employee Benefits	1,274	(783)	-	2,057	(1,262)	-	3,319
Right of use	(49)	(13)	-	(36)	(13)	-	(23)
Investments	-	363	-	(363)	(363)	-	-
	63,434	**(12,095)**	**5,881**	**81,410**	**12,049**	**6,400**	**62,961**

8.3. Tax matters in Colombia

Taxable income is taxed at a rate of 31% 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. For the year 2021 the presumptive income rate is 0%.

8.4 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.

8.5. Uncertainty regarding income tax treatments

Taking into account the criteria and judgments in the determination and recognition of taxes, as of June 30, 2021, 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 9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

9.1. 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:

	June 2021			December 2020		
Investment	% Participation (*)	% Right to vote (**)	# Shares	% Participation (*)	% Right to vote (**)	# Shares
Bancolombia S.A.	24.43%	46.11%	235,012,336	24.43%	46.11%	235,012,336
Grupo Argos S.A. (1)	26.37%	34.87%	229,295,179	26.75%	35.53%	229,295,179
Grupo Nutresa S.A.	35.52%	35.52%	163,005,625	35.43%	35.43%	163,005,625

(*) 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.

(1) The percentage of ownership and voting rights do not include 7,170,753 shares received as payment of dividends, since these were not classified as associates and therefore, including them, the shareholding would be 27.20% and 35.96% with voting rights. See detail in Note 10. Non-current assets available for sale.

Cross shareholdings

In the course of their operations, both associates 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 June 30, 2021 and December 31, 2020 is as follows:

Associates	% Participation	% Right to vote	% Participation	% Right to vote
	June 2021		December 2020	
Grupo Argos S. A.	27,19%	33,75%	27,13%	33,67%
Grupo Nutresa S. A.	13.04%	13.04%	13.01%	13.01%

Grupo SURA and its associate Grupo ARGOS record their participations under the equity model.

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 equity method.

Balance and movement in associates

The following is the detail of investments in associates as of June 30, 2021 and December 31, 2020:

	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**
Additions	-	-	-	-
As of June 30, 2021	**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 acquired.

The shares pledged by Grupo Argos to guarantee obligations correspond to a book value of $853,180 as of June 30, 2021 and $879,408 as of December 31, 2020.

Dividends received

Dividend income is derived from the following issuers:

	June 2021	June 2020
Bancolombia S.A.	61,103	384,185
Grupo Argos S.A.	87,591	86,215
Grupo Nutresa S.A.	114,430	105,398
Total dividends received	**263,124**	**575,798**

Financial information of associates

The assets, liabilities, equity and results for the year of each of the associate companies included in the consolidated financial statements of the group as of June 30, 2021 and December 2020 are as follows:

June 2021	Location	Asset Current	Asset non-current	Current Liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A.	Colombia	265,484,002	-	234,888,990	-	30,595,012	6,372,089	1,752,757	945,362	2,698,119
Grupo Argos S.A.	Colombia	7,170,066	45,381,669	7,963,089	17,103,237	27,485,409	7,759,638	583,006	1,180,336	1,763,342
Grupo Nutresa S.A.	Colombia	4,166,905	11,254,957	2,542,177	5,003,494	7,876,191	5,775,714	373,861	(405,383)	(31,522)

December 2020	Location	Asset Current	Asset non-current	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)

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

9.2. Investments in subsidiaries

General information on investments in subsidiaries

The following are the shareholdings of the subsidiaries in which Grupo SURA has direct control as of June 30, 2021 and December 2020:

			Percentage of property		
Company	Country	Economic activity	June 2021	December 2020	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	Marketing of products and solutions in telecommunications	100%	100%	16/08/1988
Enlace Operativo S.A.	Colombia	Outsourcing of Information processing services	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 June 30, 2021 and December 2020:

	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 01, 2020	**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)**
Change in equity	306,862	47,033	609	(31,407)	-	-	-	**323,097**
Balance as of December 31, 2020	**10,092,039**	**4,109,517**	**105,257**	**39,444**	**72,147**	**1,335**	**3,341**	**14,423,080**
Additions [(2)]	-	-	-	449	-	-	-	**449**
Equity method	254,668	(761)	(2,255)	26,936	(827)	60	(108)	**277,712**
Dividends	(230,343)	(190,654)	-	-	-	(13)	-	**(421,009)**
Change in equity	429,906	151,866	1257	58,836	(200)	0	1	**641,666**
Balance as of June 30, 2021	**10,546,270**	**4,069,968**	**104,259**	**125,665**	**71,120**	**1,382**	**3,234**	**14,921,898**

[(1)] Capitalization made to SURA Ventures during the year 2020, corresponding to 334,055 shares

[(2)] Capitalization made to SURA Ventures in January 2021, corresponding to 41,737 shares

Financial information of subsidiaries

The assets, liabilities, equity and results for the year of each of the subsidiaries included in the financial statements as of June 30, 2021 and December 31, 2020 are as follows:

June 2021	Asset	Liability	Equity	Profit	Other comprehensive income
SURA Asset Management S.A.(*)	20,643,553	10,595,913	10,047,641	304,710	512,690
Arus Holding S.A.S.	76,646	4	76,642	(858)	(207)
ARUS S.A.	104,834	76,427	28,406	(2,086)	-
Enlace Operativo S.A.	30,124	6,040	24,084	1,029	-
Inversiones y Construcciones Estratégicas S.A. S	109,400	5,141	104,259	(2,255)	1,257
Suramericana S.A. (*)	31,254,882	26,230,595	5,024,287	(938)	150,919
Sura Ventures S.A.	125,700	35	125,665	26,936	9,164

(*) Figures taken from the Consolidated Financial Statements

December 2020	Asset	Liability	Equity	Profit	Other comprehensive income
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.	39,474	30	39,444	(10,413)	(7,360)

(*) Figures taken from the Consolidated Financial Statements

NOTE 10. NON-CURRENT ASSETS AVAILABLE FOR SALE

Below is a detail of the movements of assets classified as held for sale:

	June 2021	December 2020
As of January 1	**-**	**-**
Dividends received in shares	87,591	-
Valuation at market prices [1]	(15,883)	-
As of June 30, 2021	**71,708**	**-**

Assets classified as held for sale correspond to dividends paid in shares of the associate Grupo Argos S.A. on April 23, 2021 and for which there is a sale plan. These assets are measured at the lower of carrying amount and fair value less costs to sell.

[1] Correspond to the recognition of such assets, which in this case is the stock market price of the share at June 30, 2021, which is lower than its carrying value.

NOTE 11. BONDS ISSUED

Details of the bonds issued are presented below:

				Amortized cost		Fair value	
Date of issue	**Maturity date**	**Nominal value**	**Emission rate**	**June 2021**	**December 2020**	**June 2021**	**December 2020**
29-Apr-16	29-Apr-26	USD 550	5.50%	2,062,631	1,887,579	2,251,569	2,171,359
18-May-11	18-May-21	USD 300	+ 5.70%	-	1,036,113	-	1,056,963
07-May-14	07-May-23	223,361	CPI + 3.80%	225,515	225,388	236,671	239,773
23-Feb-17	23-Feb-22	193,549	7.21%	194,885	194,830	200,265	204,844
23-Feb-17	23-Feb-29	190,936	CPI + 3.58%	190,842	190,551	193,204	207,324
23-Feb-17	23-Feb-24	165,515	CPI + 3.19%	165,733	165,405	173,294	175,936
07-May-14	07-May-30	100,000	CPI + 4.15%	100,887	100,814	104,396	114,201
25-Nov-09	25-Nov-29	98,000	CPI + 5.90%	96,372	96,158	113,169	123,096
25-Nov-09	25-Nov-49	97,500	CPI + 6.98%	94,880	94,752	125,626	151,443
11-Aug-20	11-Aug-23	223,750(*)	IBR + 2.00%	223,769	223,708	224,817	226,124
11-Aug-20	11-Aug-27	296,350(*)	CPI + 3.00%	297,877	297,496	292,880	307,555
11-Aug-20	11-Aug-32	180,320(*)	CPI + 3.80%	181,449	181,226	175,148	190,512
11-Aug-20	11-Aug-40	299,580(*)	CPI + 4.20%	301,609	301,247	283,570	322,741
Total bonds issued				**4,136,449**	**4,995,267**	**4,374,609**	**5,491,871**
Current bonds issued				194,885	194,830	200,265	204,844
Non-current bonds issued				3,941,564	4,800,437	4,174,344	5,287,027

(*) 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 financial liabilities of Grupo SURA.

On May 18, 2021, the operation of USD 300 million matured, which were paid on that date with resources previously funded with the issuance of bonds and for which investments were made until the payment date (See note 17 Financial Result).

NOTE 12. PREFERRED SHARES

On November 29, 2011, 106,334,963 preferred shares were issued at a value of $32,500 Colombian 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 the above 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.

The aforementioned dividend will be paid in preference to the dividend corresponding to 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 June 30, 2021 and December 2020 are detailed below:

At December 31, 2019	**460,712**
Interest accrued	40,764
Interest payments	(40,629)
At December 31, 2020	**460,847**
Interest accrued (Note 17)	19,447
Interest payments	(20,313)
At June 30, 2021	**459,981**

As of June 30, 2021, preferred shares were repurchased, which decrease the value of the liability. See Note 14 Reserve for share repurchase.

NOTE 13. DIVIDENDS PAID AND DECLARED

The General Shareholders Meeting of Grupo SURA held on March 26, 2021, approved the following profit distribution project:

Dividends

An ordinary dividend of six hundred and three pesos (COP$603.4) per share, on 581,977,548 common and preferred shares.

The dividend declared from occasional reserves with profits generated up to December 31, 2016 for COP$351,165 per share.

2021				2020					
Dividends declared	**N° of shares**	**Annual ordinary dividend per share in COP$.**	**Ordinary dividend balance**	**N° of shares**	**Annual ordinary dividend per share in COP$.**	**Ordinary dividend balance**	**Annual ordinary dividend per share in COP$.**	**Extraordinary dividend balance**	**Total dividend declared**
Ordinary shares	469,037,260	603.4	283,017	469,037,260	583	273,449	51	23,921	297,370
Preferred shares	112,940,288	603.4	68,148	112,940,288	583	65,844	51	5,760	71,604
Total	**581,977,548**		**351,165**	**581,977,548**		**339,293**		**29,681**	**368,974**

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

NOTE 14. RESERVES FOR SHARE REPURCHASE

On March 27, 2020, the General Shareholders' Meeting authorized the repurchase of shares of the Company for up to three hundred billion Colombian pesos COP $300,000 for a term of up to three years, counted from that date.

On April 19, 2021 Grupo SURA started the share repurchase program within the framework of the authorization granted by the Shareholders' Meeting of March 27, 2020 and regulated by the Company's Board of Directors on March 26, 2021.

As of June 30, 2021, 1,127,585 common shares and 194,094 preferred shares have been repurchased at a weighted average price of $19.994 and $17.691 respectively and for a total amount to date of COP $25,979 as follows:

	June 2021	December 2020
As of January 1st	**300,000**	
Establishment of reserve	-	300,000
Common stock repurchases	(22,545)	0
Repurchase of preferred stock	(3,434)	0
Closing Balance	**274,021**	**300,000**

NOTE 15. OTHER COMPREHENSIVE INCOME

The other comprehensive income of Grupo SURA is presented below:

Concept	December 2020	Movement for the period	June 2021	Total Other Comprehensive Income
New defined benefit plan measurements[1]	(701)	-	(701)	-
Gain (loss) on investments in equity instruments[2]	(980)	5,625	4,645	5,625
Gain (loss) on exchange differences on conversion[3]	(10,827)	-	(10,827)	-
Cash flow hedges[4]	(15,626)	13,721	(1,905)	13,721
Share of other comprehensive income of subsidiaries accounted for using the equity method[5]	1,370,853	641,666	2,012,519	641,666
Total comprehensive income	**1,342,719**	**661,012**	**2,003,731**	**661,012**

[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 the change in Enka classified as an equity instrument. See note 6.1.1 Investments.

[3] Corresponds to foreign currency conversion resulting from the merger of the companies Grupo SURA Finance and Grupo de Inversiones SURA Panama.

[4] 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 $5,881 (See note 8.2. Deferred tax).

[5] Corresponds to the equity method of subsidiaries. See note 9.2 Investments in subsidiaries.

NOTE 16. ADMINISTRATIVE EXPENSES

The administrative expenses are detailed below:

	Accumulated		Quarter	
	June 2021	June 2020	June 2021	June 2020
Donations (*)	(6,276)	(6,064)	(6,276)	(6,064)
Travel and representation expenses	(4,205)	(3,317)	(2,025)	(1,456)
Insurance	(3,715)	(958)	(3,715)	(201)
Taxes	(3,107)	(3,854)	(1,833)	(2,853)
Advertising	(1,897)	(1,492)	(1,471)	(601)
Commissions	(718)	(503)	(370)	(256)
Contributions	(497)	(849)	(162)	(243)
Utilities	(289)	(273)	(160)	(117)
Others	(284)	(261)	(128)	(91)
Maintenance and repairs	(224)	(647)	(162)	(563)
Leases	(124)	(99)	(63)	(60)
Temporary services	(26)	(247)	(10)	(123)
Supplies and stationery	(23)	(82)	(17)	(30)
Electronic data processing	(22)	(35)	(15)	(15)
Legal	(5)	(5)	(4)	(1)
Total	**(21,412)**	**(18,686)**	**(16,411)**	**(12,674)**

(*) Donation made to the Suramericana Foundation according to 2020 profit sharing.

NOTE 17. FINANCIAL RESULT

Financial results are detailed below:

	Accumulated		Quarter	
	June 2021	**June 2020**	**June 2021**	**June 2020**
Earnings at fair value – Derivatives	(2,478)	156,528	8,855	(162,053)
Exchange difference (Net) [1]	39,345	(266,489)	40,474	170,440
Interests [2]	(207,104)	(195,140)	(98,632)	(96,238)
Total	**(170,237)**	**(305,101)**	**(49,303)**	**(87,851)**

[1] A detail of the difference in exchange rate is presented below:

	Accumulated		Quarter	
	June 2021	**June 2020**	**June 2021**	**June 2020**
Hedge Derivatives	303,260	182,073	94,058	(108,976)
Loans in dollars	(51)	(38,298)	(51)	23,917
Bonds	(263,864)	(410,264)	(53,533)	255,499
Total	**39,345**	**(266,489)**	**40,474**	**170,440**

[2] A detail of the interest is presented below:

	Accumulated		Quarter	
	June 2021	**June 2020**	**June 2021**	**June 2020**
Bond issued [3]	(134,754)	(137,152)	(66,133)	(70,033)
Bank loans	(8,226)	(15,072)	(4,028)	(6,571)
Preferred shares	(19,447)	(20,269)	(9,422)	(10,134)
Financial leasing	(428)	(458)	(213)	(227)
Repo operations	(60)	(523)	(60)	(282)
Hedging operations	(42,293)	(20,361)	(17,679)	(8,199)
Others	(1,896)	(1,305)	(1,097)	(792)
Total	**(207,104)**	**(195,140)**	**(98,632)**	**(96,238)**

[3] The interest expense is offset by $3,771 million from the return on the invested portfolio resulting from the bond issue made in the previous year, the balance of which was used to pay the maturity of the US dollar bonds in May 2021 (See Note 11 Bonds Issued).

NOTE 18. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit and loss for the period attributable to shareholders by the weighted average number of common shares outstanding during the period.

The calculation of basic earnings per share is detailed below:

	Accumulated		**Quarter**	
	June 2021	**June 2020**	**June 2021**	**June 2020**
Profit, net	303,364	592,005	66,747	231,782
Profit of controlling shareholder	**303,364**	**592,005**	**66,747**	**231,782**
Less: Preferred dividends declared - Preferred shares interest	(68,031)	(65,844)	(17,008)	(16,461)

Plus: Preferred stock interest expense (Note 17) (1)	19,447	20,269	9,422	10,134
Less: Undistributed earnings to preferred stockholders (2)	(7,859)	(65,753)	(1,084)	(33,680)
Profit from ordinary continuing operations	**246,921**	**480,676**	**58,077**	**191,775**
Ordinary shares (3)	467,909,675	469,037,260	467,909,675	469,037,260
Profit from discontinued operations	**528**	**1,025**	**124**	**409**

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

[2] Corresponds to the portion of the parent company's income attributable to preferred shares that has not been declared as a dividend. There is a variation due to the repurchase of preferred shares of 194,094. See note 14 reserve for share repurchase.

[3] The number of common shares is reduced by the repurchase during the period of 1,127,585 shares. See note 14 reserve for share repurchase.

NOTE 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

In order to preserve the operation of critical activities for the business and at the same time protect the health of employees, Grupo SURA established as a general business continuity measure the activation of the remote work scheme for the people who make up its work team. At the same time, the Company enabled the voluntary return to the facilities in compliance with the biosafety practices and recommendations provided by the ARL and other regulatory entities, which has shown positive results as no contagions have been reported in the facilities to date.

Therefore, the internal management performed by the Company based on the continuity plan implemented, has allowed it to adequately solve the impacts generated by events of different types that could threaten the continuity of its operations and the fulfilment of its obligations. To date, there has been no evidence of the materialization of risks with significant impacts for the entity.

Financial Risks

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

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

19.1. Credit risk

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.

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

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

19.1.2. Methods used to measure risk

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

19.1.3. Summary of the risk exposure of the entity

To date, investments made by the treasury of Grupo SURA are mostly concentrated in liquid mutual funds managed by high credit quality managers, savings accounts and checking accounts.

On the other hand, regarding credit risk exposure in current positions with financial derivative instruments, the Company has as counterparty local and international banks with adequate credit ratings.

19.2. Liquidity risk

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

On the basis of the analyses performed, since last year, strategies were implemented to strengthen the liquidity position of the Company, thereby generating the capacity to respond to its short- and long-term obligations. Among them, the aforementioned bond placement stands out, which allowed the Company to improve its cash flow by making available the necessary resources to pay the maturity of the bond in May of this year. At the same time, this placement has made possible the distribution of series and the creation of a maturity profile adjusted to the cash generation of Grupo SURA.

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

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

19.2.2. Methods used to measure risk

In order to manage this risk, following the policies and guidelines issued by the Board of Directors and Senior Management, cash flow is monitored in the short term to manage collection and payment activities from the treasury, and cash flow projections in the medium term, so that the liquidity position can be determined and the necessary measures for an adequate management can be anticipated.

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.

19.2.3. Description of changes in risk exposure

During the last quarter, the Company refinanced three bank loans in order to reduce the cost of debt, improve the maturity profile and take advantage of favorable market conditions.

Payment of the maturity of international bonds for USD 300 million

In May, Grupo SURA successfully paid the international bonds for USD 300 million, thus capitalizing the investment strategy developed in the last year with the resources raised in 2020 and reducing the cost of debt for the aforementioned period.

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

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

19.3. Market risks

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 treasury through exposure to collective portfolios and issuers of Fixed Income instruments; these activities do not generate significant market risk, given their nature of low volatility and short duration assets.
- 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. Currently all foreign currency debt principals are covered.
- Operations with financial derivative instruments structured as hedging mechanisms for financial liabilities that comprise the obligations of the Company.

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

19.3.1. Exchange rate risk

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

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

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

19.3.1.2. Methods used to measure risk

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

19.3.1.3. Description of changes in risk exposure

During the quarter, the company increased the hedging ceilings of a portion of the principal amount of the 2026 bond that has a CAPS structure in order to have a higher level of protection against volatility or depreciation of the Colombian peso.

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

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

19.3.2. Interest rate risk

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

19.3.2.1. 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.

19.3.2.2. Methods used to measure risk

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 thereby reduce exposure to this risk.

19.3.2.3. Description of changes in risk exposure

During the quarter there were no significant variations in this risk factor.

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

The Company maintains hedging strategies for loans acquired in order to reduce the possible impact of increases in local and foreign interest rates.

19.3.3. Share price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in equity asset prices.

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

For the management of this risk, treasury resource management has defined guidelines to facilitate the analysis and follow-up of how variations in the market prices of the instruments held could affect the Company.

19.3.3.2. Methods used to measure risk

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

19.3.3.3. Description of changes in risk exposure

There were no significant variations in this risk factor during the period.

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

Given the nature of the portfolio and the investments, the exposures to this risk are not material.

For further details please refer to **Note 6.1.1 "Investments".**

NOTE 20. RELATED PARTY DISCLOSURES

June 2021		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Assets	**Note**			
Non-current assets available for sale		-	71,708	-
Accounts receivable from related parties	6.1.2	-	131,757	305,911
Total assets		**-**	**203,465**	**305,911**
Liabilities				
Financial liabilities	6.2	-	522,195	-
Accounts payable to related parties	6.2.1	-	265,487	-
Employee Benefits		35,297	-	-
Total liabilities		**35,297**	**787,682**	**-**

Subsidiaries, associated companies, key management personnel, as well as entities over which key management personnel can exercise control are considered related parties of Grupo SURA.

The following is the detail of related parties as of June 30, 2021, December 31, 2020 and June 30, 2020 of Grupo SURA:

December 2020		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Assets	**Note**			
Investments		-	443,838	-
Accounts receivable from related parties	6.1.2	-	116,633	-
Total assets		**-**	**560,471**	**-**
Liabilities				
Financial liabilities	6.2	-	572,954	-
Accounts payable to related parties	6.2.1	-	86,832	-
Employee Benefits		35,297	-	-
Total liabilities		**35,297**	**659,786**	**-**

June 2021		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Income	**Note**			
Dividends	9.1	-	263,124	-
Total income			**263,124**	**-**
Expenses				
Administrative expenses		-	-	303
Employee Benefits		5,050	-	-
Fees		566	-	-
Gain (loss) on sale of investments		-	-	-
Other expenses		-	-	-
Total expenses		**5,616**	**0**	**303**

June 2020		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Income	**Note**			
Dividends	8.1	-	575,798	-
Total Income		**-**	**575,445**	**-**
Expenses				
Employee Benefits		6,476	-	-
Fees		639	-	-
Total expenses		**7,115**	**-**	**-**

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

NOTE 21. EVENTS SUBSEQUENT TO THE REPORTING DATE

These separate financial statements as of June 30, 2021 were prepared for supervisory purposes and authorized for issuance by the Board of Directors of Grupo SURA on July 29, 2021, after that date and until their publication, there were no relevant events that could significantly affect the financial position of the Company.:

NOTE 22. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the financial statements of Grupo SURA for the year ended June 30, 2021 was authorized by the Board of Directors for publication, as stated in Act No. 331 of the Board of Directors dated July 29, 2021, to be presented to the market.

ANALYSIS OF FINANCIAL RESULTS (unaudited)

Below are the analyses of the financial results for the period ended June 30, 2021, with comparative figures as of December 31, 2020. These analyses are made by management and are not part of the Financial Statements. (Expressed in millions of pesos)

	INDEX		June 2021			December 2020			INTERPRETATION	
INDEBTNESS	Solidity		5,772,484 / 30,502,154	=	18.92%	6,450,612 / 30,561,590	=	21.11%	Creditors own 18.92% as of June 2021 and 21.11% as of December 2020, leaving the shareholders owning 81.08% in June 2021 and 78.89% as of December 2020.	Total liability / Total asset
	Total		5,772,484 / 30,502,154	=	18.92%	6,450,612 / 30,561,590	=	21.11%	Of every peso the company has invested in assets, 18.92% as of June 2021 and 21.11% as of December 2020 have been financed by creditors.	Total liability / Total asset
	Coverage of interest		510,466 / 207,104	=	246.48%	960,512 / 380,545	=	252.40%	The Company generated a net income equal to 246.48% as of June 2021 and 252.40% in December 2020 from Interest Paid	Net profit + interest / Financial expenses
	Leverage	Total	5,772,484 / 24,729,670	=	23.34%	6,450,612 / 24,110,978	=	26.75%	Every peso ($1.00) of the Company's owners is committed 23.34% as of June 2021 and 26.75% as of December 2020.	Total liabilities with third parties / Equity
		Financial Total	5,152,977 / 24,729,670	=	20.84%	6,029,068 / 24,110,978	=	25.01%	For each peso of equity, 20.84% is committed financially as of June 2021 and 25.01% as of December 2020.	Total liabilities with financial entities / Equity
PERFORMANCE	Net profit margin		303,364 / 528,532	=	57.40%	592,005 / 911,339	=	64.96%	Net profit corresponds to 57.4% of net income in June 2021 and 64.96% of net income in 2020.	Net Profit / Net Income
	Return on equity		303,364 / 24,426,308	=	1.24%	592,005 / 23,518,973	=	2.52%	Net income corresponds to 1.24% of equity at June 2021 and 2.52% at December 2020.	Net Income / Equity - profits
	Return on total assets		303,364 / 30,502,154	=	0.99%	592,005 / 30,561,590	=	1.94%	Net income to total assets corresponds to 0.99% as of June 2021 and 1.94% in December 2020.	Net Profit / Total assets