

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

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RESPONSIBILITIES OF THE DIRECTORS OVER THE ACCOUNTS

The Directors are required to prepare the financial statements, for each financial period, that reasonably present the financial position of the Company, results, and cash flows, at September 30, 2021, with comparative figures at September 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 September 30, 2021, and of the separate income statement for the year, as well as, the statement of other comprehensive income, changes in equity statement, and the cash flow statement, for the year ended on that date, which are in compliance with the norms, and are made available to shareholders and third parties, and whose information, contained in them, have been previously verified and the figures taken faithfully from the books.

Said affirmations, explicit and implicit, are the following:

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

Integrity: All economic events have been recognized.

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

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

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

In accordance with Article 46 of Law 964 of 2005, in my capacity as legal representative of Grupo de Inversiones Suramericana S.A., the financial statements, and other reports relevant to the public, related to the fiscal year between September 30, 2021 and September 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 September, 2021 and December 31, 2020

(Amounts expressed in millions of Colombian pesos)

	Note	September 2021	December 2020
Assets			
Cash and cash equivalents		4,422	437,523
Investments	6.1.1	46,479	622,990
Derivative instruments	7	557,153	343,734
Receivables from related parties	6.1.2	298,265	116,633
Other accounts receivables	6.1.3	2,596	278
Current tax assets	8.1	767	1,356
Investments in associates	9.1	14,429,203	14,429,203
Investments in subsidiaries	9.2	14,779,779	14,423,080
Non-current assets held for sale	10	78,040	-
Properties and equipment		3,261	3,589
Right-of-use assets		18,713	19,288
Deferred tax assets	8.2	73,822	81,410
Other assets		1,624	877
Total assets		30,294,124	30,479,961
Liabilities			
Financial liabilities	6.2	537,805	572,954
Derivative instruments	7	274,971	172,880
Lease liabilities		12,969	13,002
Accounts payable to related entities	6.2.1	177,763	86,832
Other accounts payable	6.2.2	62,954	44,440
Employee benefits		17,291	19,291
Provisions		3,470	3,470
Bonds issued	11	4,208,559	4,995,267
Preferred shares	12	460,017	460,847
Total liabilities		5,755,799	6,368,983
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	258,670	300,000
Earnings for the year		424,747	579,969
Retained earnings		11,875,967	11,834,280
Other comprehensive income	15	1,696,128	1,342,719
Total equity		24,538,325	24,110,978
Total equity and liabilities		30,294,124	30,479,961

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 November 12, 2021)

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

September 30, 2021 and September 30, 2020

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

		Accumulated		Quarter	
	Notes	September 2021	September 2020	September 2021	September 2020
Income					
Dividends	9.1	263,124	575,861	-	63
Income from investments		3,218	4,916	1,117	2,767
Net gain on investments at fair value	6.1.1, 10	(1,966)	1,558	12,444	961
Income from equity method	9.2	487,928	449,788	210,216	117,348
Gains on sale of investments		102	-	102	-
Other income		2	744	(2)	389
Operational income		752,408	1,032,867	223,877	121,528
Operational expenses					
Administrative expenses	16	(27,260)	(25,570)	(5,848)	(6,884)
Employee benefits		(19,824)	(25,254)	(6,460)	(6,556)
Fees		(9,695)	(5,726)	(4,179)	(2,101)
Depreciations		(1,636)	(1,598)	(546)	(541)
Operational expenses		(58,415)	(58,148)	(17,033)	(16,082)
Operating profit		693,993	974,719	206,844	105,446
Net gain from fair value adjustments to derivatives	7.2	1,933	218,370	4,410	61,842
Foreign exchange net		39,324	(327,674)	(21)	(61,184)
Interest expense		(300,323)	(286,308)	(93,219)	(91,168)
Net financial income	17	(259,066)	(395,612)	(88,830)	(90,510)
Profits before tax		434,927	579,107	118,014	14,936
Income tax	8	(10,180)	27,262	3,370	(572)
Net income from discontinued operations		424,747	606,369	121,384	14,364
Net profit		424,747	606,369	121,384	14,364
Net earnings per share					
Net earnings per share from continuing operations	18	755	1,067	220	35

The notes are an integral part of the financial statements.

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

September 30, 2021 and September 30, 2020

(Amounts expressed in millions of Colombian pesos)

		Accumulated		Quarter	
	Nota	September 2021	September 2020	September 2021	September 2020
Net income for the period		424,747	606,369	121,385	14,364
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	23,289	(5,289)	17,664	(572)
Gain from properties revaluation		-	-	-	-
Gain from defined benefit plan measurements	15	-	3,592	-	-
Total other comprehensive income that will not be reclassified to the results of the period, net of taxes		23,289	(1,697)	17,664	(572)
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	17,744	(1,261)	4,023	(1,809)
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	312,376	815,379	(329,290)	437,114
Total other comprehensive income to be reclassified to profit or loss, net of taxes		330,120	814,118	(325,267)	435,305
Total other comprehensive income		353,409	812,421	(307,603)	434,733
Total comprehensive income		778,156	1,418,790	(186,218)	449,097

The notes are an integral part of these financial statements.

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

September 30, 2021 and 2020

(Amounts expressed in millions of Colombian pesos)

		Issued capital	Share premium	Reserves	Reserves for share repurchase	Retained earnings	Other Comprehen sive Income (OCI)	Income for the period	Total equity
Balance at January 1, 2021	Note	109,121	3,290,767	6,654,121	300,000	11,834,280	1,342,719	579,969	24,110,977
Other comprehensive income	15	-	-	-	-	-	353,409	-	353,409
Net income for the year		-	-	-	-	-	-	424,747	424,747
Total net comprehensive income for the period		-	-	-	-	-	353,409	424,747	778,156
Transfer to retained earnings		-	-	579,969	-	-	-	(579,969)	-
Distribution of 2020 results									
Ordinary dividend (603.40 pesos per share) recognized as distributions to owners	13	-	-	(351,165)	-	-	-	-	(351,165)
Reserves for share repurchase	14	-	-	-	(41,330)	-	-	-	(41,330)
Minimum dividends, preferred shares		-	-	-	-	30,453	-	-	30,453
Shareholder dividend withholding effect		-	-	-	-	11,039	-	-	11,039
Increases (decreases) due to other changes, equity		-	-	-	-	195	-	-	195
At September 30, 2021		109,121	3,290,767	6,882,925	258,670	11,875,967	1,696,128	424,747	24,538,325

GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

September 30, 2021 and 2020

(Amounts expressed in millions of Colombian pesos)

		Issued capital	Share premium	Reserves	Reserves for share repurchase	Retained earnings	Other Comprehensive Income (OCI)	Income for the period	Total equity
At January 1, 2020	Note	109,121	3,290,767	6,390,905	-	11,793,652	1,027,504	932,190	23,544,139
Other comprehensive income		-	-	-	-	-	812,421	-	812,421
Net income for the year		-	-	-	-	-	-	606,369	606,369
Total net comprehensive income for the period		-	-	-	-	-	812,421	606,369	1,418,790
Transfer to retained earnings		-	-	-	-	932,190	-	(932,190)	-
Distribution of 2019 results									
Ordinary dividend (583 pesos per share) and extraordinary dividend (51 pesos per share) recognized as distributions to owners	16	-	-	-	-	(368,974)	-	-	(368,974)
Investment protection reserves		-	-	263,215	-	(263,215)	-	-	-
Share repurchase reserve		-	-	-	300,000	(300,000)	-	-	-
Minimum dividends, preferred shares		-	-	-	-	30,471	-	-	30,471
Increases (decreases) due to other changes, equity		-	-	2	-	(1)	-	-	1
At September 30, 2020		109,121	3,290,767	6,654,122	300,000	11,824,123	1,839,925	606,369	24,624,427

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

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GRUPO DE INVERSIONES SURAMERICANA S.A.
CONDENSED INTERIM SEPARATE STATEMENT OF CASH FLOWS

September 30, 2021 and 2020

(Amounts expressed in millions of Colombian pesos)

	Note	September 2021	September 2020
Cash flows from operating activities			
Net profit for the year		424,747	606,369
Adjustments to reconcile net income			
Income tax expense	8	10,180	(27,262)
Interest	16	207,284	286,308
Decrease in other accounts receivable		(2,318)	5,522
Increases in accounts receivable from related parties		(175,533)	(468,509)
Decrease (increase) in other accounts payable		17,958	(12,195)
Depreciation and amortization expense		1,636	1,598
Adjustment for employee benefits		(1,999)	(3,332)
Unrealized losses from foreign currency translation		83,985	327,347
Gains on fair value adjustment		6,187	(218,376)
Undistributed earnings from the application of the equity method	9	(487,928)	(449,788)
Withholding tax on dividends received		13,110	-
Increase in noncurrent assets held for sale		(78,040)	-
Other adjustments for which the effects on cash are investing or financing cash flows		(3,065)	-
Increase in restricted cash		(751)	(1,219)
Dividends received from associates and subsidiaries		412,839	707,075
Interest paid		(9,841)	(427)
Interest received		8,563	-
Other payments to acquire equity or debt instruments of other entities	6.1	(492,021)	(384,291)
Other charges on the sale of equity or debt instruments of other entities	6.1	1,078,659	-
Cash flows from operating activities		1,013,652	368,820
Cash flows from (used in) investment activities			
Cash flows from loss of control of subsidiaries or other businesses		23,044	-
Cash flows used to obtain control of subsidiaries or other businesses		(449)	(25,818)
Purchase of property and equipment		(732)	(748)
Cash flows from (used in) investment activities		21,863	(26,566)
Cash flows from (used in) financing activities			
Collections from futures contracts, forward contracts and financial options (swaps)		185,978	(25,590)
Payments derived from futures, forwards, options and swaps contracts		(19,470)	(480)
Payments for acquiring the company's own stock		(41,330)	-
Proceeds from loans		154,843	1,173,080
Loan repayments		(1,309,230)	(385,577)
Payment of financial lease liabilities		(683)	(1,293)
Dividends paid		(260,210)	(279,132)
Interest paid		(185,227)	(181,215)
Cash flows from (used in) financing activities		(1,475,329)	299,793
Net increase in cash and cash equivalents		(439,814)	642,047
Effect of exchange rate changes on cash and cash equivalents		6,713	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		4,422	645,427

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 November 12, 2021)

GRUPO DE INVERSIONES SURAMERICANA S.A.

NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

For the period ended September 30, 2021 (with comparative figures as of December 31, 2020 for the statement of financial position and as of September 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 September 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, right 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.
- IAS 8 Definition of Accounting Estimates: The amendment was published by the IASB in February 2021 and clearly defines an accounting estimate: "Accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty". Clarify the use of an accounting estimate, and differentiate it from an accounting policy. In particular, it is mentioned "an accounting policy may require that elements of the financial statements be measured in a manner that involves measurement uncertainty, i.e., the accounting policy may require that these elements be measured at monetary amounts that cannot be directly observed and must be estimated. In this case, an entity develops an accounting estimate to achieve the objective set by the accounting policy"..
- IAS 12 Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction: The amendment allows the recognition of a deferred tax liability or asset that arose in a transaction that is not a business combination, in the initial recognition of an asset or liability that, at the time of the transaction, does not give rise to taxable and deductible temporary differences of the same amount. The cumulative effect of the change in accounting policy is recognized as of the beginning of the earliest comparative period presented as an adjustment to the opening balance of retained earnings at that date.

The amendments have not been introduced in 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.

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.

Grupo Empresarial SURA is defined by a long-term vision that has historically guided the Group and will continue to be key in its growth path, based on the knowledge accumulated in areas such as risk assessment and capital allocation. The companies of the Group play a fundamental role in being at the side of each of its clients in times of volatility and uncertainty. This value-generating presence is materialized in a financial system that supports the population in circumstances such as those we are experiencing today; in the management of trends and risks, with the capacity to anticipate that the world and its changing dynamics demand; and in the professional management of assets and investments, as well as in the development of savings instruments and sustainable social protection systems focused on caring for people.

Grupo SURA is committed to the management that the companies are carrying out today to respond to this new and challenging moment for all, contributing to the solution, activating their continuity plans and maintaining a clear strategy.

Business

Insurance

At the end of the third quarter of the year, the operating results of the subsidiaries of Suramericana were impacted by the effect of COVID-19, due to the evolution of the contagion curve during 2021, which in most of the countries where Suramericana is present shows new waves of contagions.

Revenues from insurance premiums issued in these three semesters showed a growth of 14%, leveraged by the health segment due to the increase in Health Promoting Entity users (EPS acronym for the Spanish original), which reached 4.55 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 16%, demonstrating a positive dynamic in the growth of affiliates, with a growth of 276 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 5% growth in the mobility solution.

Over this period, Life solutions also showed a better growth ratio, reaching 10%, 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 17% at the end of September, 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 \$1,337 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.

In this quarter there was a decrease in the rates of contagion and mortality of the Labor Risks Administrators in Colombia whose insured members of the health sector are vaccinated in a high percentage, thus evidencing the effectiveness of the vaccination process. 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.

Reserves are considered to be sufficient and no additional impacts are anticipated based on information known at this time, as the loss estimates made for this cut-off are consistent with the assessments that have been made of the potential effects of the COVID-19 pandemic.

Regarding investments, in the third quarter of 2021, inflationary expectations in the region materialized. The economic recovery and the disruption of global supply chains have generated shortages of multiple productive inputs and put upward pressure on the prices of goods and services. The central banks of Chile and Colombia followed the monetary policy actions of their peers in Brazil and Mexico, raising their intervention rate to control inflation. Interest rates on fixed income assets showed a similar behavior and their levels continued to rise. Additionally, the political landscape in several Latin American countries has been dynamic. The upcoming presidential elections in Chile and Colombia, the primary elections in Argentina and the decisions of political leaders in El Salvador influenced capital markets during the quarter.

Finally, Suramericana and its subsidiaries, in view of the COVID context, continue to make efforts to reduce administrative expenses, especially in real estate, travel, logistics and fees, as well as to evaluate the relevance of projects and focus on alternatives within the operating model to improve process efficiency.

Pensions

The Company has been permanently monitoring all social, economic and regulatory impacts that could impact its business as a consequence of the pandemic.

The good levels of assets under management contributed to the 10.40% growth in fee income in the third quarter of 2021.

In the Retirement Savings business:

Peru

- Withdrawal of 100% of the value of the member's CIC, with a limit of 16 million. This measure was approved in November 2020, and applies to people who wish to withdraw up to the indicated amount, provided that they have not registered contributions in the last 12 consecutive months counted up to October 31, 2020 or have an oncological diagnosis verified by a state health entity.
- The Congress of the Republic approved a new voluntary withdrawal of contributions of up to 16 million for all members.

Chile

- In November 2020, a second 10% withdrawal was approved, effective for up to one year, with a cap of approximately 150 UF-20 million pesos. In April 2021, the third withdrawal of 10% of the funds was approved. These applications can be submitted until April 2022.
- At the end of September 2021, net withdrawals amounted to 31 billion pesos.
- 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:

- Clients continue to find in the portfolios offered by these segments, attractive investment and savings alternatives; for the third quarter of 2021 the business had positive net commercial 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 11.3%.
- 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.

Business was characterized by a moderate execution of expenses, which places this item below budget, and with a growth of 4.8% due to the gradual reactivation of operations.

Foreign Exchange Impacts

The depreciation of Latin American currencies against the US dollar accelerated in the third quarter, accumulating an average variation of 4.68% so far this year compared to the 3.6% recorded in the second quarter. This movement generated positive effects due to exchange fluctuations in the investment portfolios of the subsidiaries with foreign currency positions.

The Colombian peso depreciated 11.1% in the first 9 months of 2021, generating positive translation effects in the consolidation of operations. Exchange rate management is framed within a strategy of matching and monitoring assets and liabilities in foreign currency, a strategy that limits exposure to exchange rate movements.

Recoverability of deferred tax assets

As a preventive measure in the face of the COVID-19 pandemic, as of September 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 third 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

The following is a summary of the impacts on the different income statement accounts as of September 30, 2021 compared to September 2020:

- *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.
- *Gain/loss on investments at fair value*: presents the recognition at market value of shares received as a dividend payment from Grupo Argos.
- A decrease in employee benefits by 21% due to lower recognition of employee retirement bonus benefits in April 2020.

NOTE 6. FINANCIAL INSTRUMENTS

6.1. Financial assets

6.1.1 Investments

The breakdown of investments is as follows:

	September 2021	December 2020
At fair value through profit or loss	-	599,800
Debt securities	-	599,800
At fair value through OCI	46,479	23,190
Equity instruments	46,479	23,190
Total Investments	46,479	622,990
Short-term investments	-	599,800
Long-term investments	46,479	23,190
Total Investments (*)	46,479	622,990

(*) The variation with respect to 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	492,021
Withdrawals	(1,078,659)
Interest received	(8,563)
Investment Valuation	(7,664)
Financial instruments measured at OCI	23,289
Yields Amortized Cost	3,065
Balance as of September 30, 2021	46,479

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

	September 2021	September 2020
Fair value investments	(7,664)	6
Trading derivatives	(456)	-
Difference on exchange of investments	6,154	1,552
Total	(1,966)	1,558

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 September 30, 2021 and 2020:

September 2021

	Debt securities	Equity Instruments
National issuers		
Carrying value (*)	-	46,479
Profit / unrealized loss SCI	-	-
Profit / unrealized loss OCI	-	23,289

September 2020

	Debt securities	Equity Instruments
National issuers		
Carrying value (*)	-	14,427
Profit / unrealized loss SCI	-	-
Profit / unrealized loss OCI	-	(5,289)

(*) The carrying value and fair value is the same

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:

	September 2021	December 2020
Bancolombia S.A.	30,552	68,624
Grupo Argos S.A.	-	21,553
Grupo Nutresa S.A.	57,215	26,456
Total dividends receivable from associates	87,767	116,633
Sura Asset Management S.A.	115,172	-
Suramericana S.A.	95,326	-
Total dividends receivable from subsidiaries	210,498	-
Total current accounts receivable from related parties and associates	298,265	116,633

6.1.3. Other accounts receivable

The following is a detailed breakdown of other accounts receivable:

	September 2021	December 2020
Other accounts receivable taxes	2,521	-
Trade accounts receivable	3	7
Other accounts receivable	72	271
Total	2,596	278

Current and non-current presentation:

	September 2021	December 2020
Other current accounts receivable	2,524	7
Other non-current accounts receivable	72	271
Total	2,596	278

6.2. Financial liabilities

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

	Note	September 2021	December 2020
Financial obligations ⁽¹⁾		537,805	572,954
Derivative instruments	7	274,971	172,880
Accounts payable to related parties	6.2.1	177,763	86,832
Other accounts payable	6.2.2	62,954	44,440
Bonds issued	11	4,208,559	4,995,267
Preferred shares	12	460,017	460,847
Total		5,722,069	6,333,220

⁽¹⁾ The financial obligations correspond to loans acquired with Grupo Bancolombia, at interest rates ranging between 1.64% and 3.78% as of September 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:

September 2021				
Current	Note	Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Financial obligations	-	80,105	29,308	109,413
Derivative instruments	7	-	-	-
Accounts payable to related parties	6.2.1	177,763	-	177,763
Other accounts payable	6.2.2	6,968	-	6,968
Bonds issued	11	194,885	-	194,885
Preferred shares	12	-	-	-
Total		459,721	29,308	489,029

Non-Current		Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Financial obligations	-	428,392	-	428,392

Derivative instruments	7	-	274,971	274,971
Accounts payable to related parties	6.2.1	-	-	-
Other accounts payable	6.2.2	55,986	-	55,986
Bonds issued	11	4,013,674	-	4,013,674
Preferred shares	12	460,017	-	460,017
Total		4,958,069	274,971	5,233,040

Financial liabilities	5,417,790	304,279	5,722,069
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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		38,888	-	38,888
Bonds issued	11	3,959,154	-	3,959,154
Preferred shares	12	460,847	-	460,847
Total		4,887,322	153,297	5,040,619

Financial liabilities	6,160,340	172,880	6,333,220
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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:

	September 2021	December 2020
Ordinary shares	143,095	70,161
Preferred shares	34,668	16,671
Total accounts payable to related parties	177,763	86,832

6.2.2. Other accounts payable

The detail of other accounts payable is as follows:

	September 2021	December 2020
Accounts payable taxes	2,928	1,803
Other accounts payable (1)	58,560	41,261
Suppliers	1,466	1,376
Total	62,954	44,440

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

Current and non-current:

	September 2021	December 2020
Other current accounts payable	6,967	5,552
Other non-current accounts payable	55,987	38,888
Total	62,954	44,440

NOTE 7. DERIVATIVE INSTRUMENTS

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

		September 2021		December 2020	
	Note	Asset	Liabilities	Asset	Liabilities
Hedge Derivatives	7.1	508,195	265,863	143,194	1,221
Trading Derivatives	7.2	48,958	9,108	200,540	171,659
Total derivatives		557,153	274,971	343,734	172,880

Current and non-current presentation:

	September 2021		December 2020	
	Asset	Liabilities	Asset	Liabilities
Current Derivatives	-	-	155,836	19,583
Non-current Derivatives	557,153	274,971	187,898	153,297
Total derivatives	557,153	274,971	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 September 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 that combines principal only cross currency in which Grupo SURA will receive US\$ 30 million in swaps on May 18, 2021 and will deliver on the 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 the 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 C all options sold as part of the structure and included in the CCS contracts.
- A seagull structure was created with 6 options whose objective is:

Sell put options at the same value as old options to create a synthetic swap because the latter is cheaper. Increase the hedge ceilings from 4,293 and 4,300 to 4,750 both.

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.

	September 2021		December 2020	
	Nominal value	Fair Value	Nominal value	Fair Value
Assets				
Swap				
Cross Currency Swap	1,239,880	217,229	876,746	143,194
Subtotal	1,239,880	217,229	876,746	143,194
Options				
Currency Call Option	579,450	290,966	-	-
Subtotal	579,450	290,966	-	-
Total Assets	1,819,330	508,195	876,746	143,194
Liabilities				
Swap				
Cross Currency Swap	39,185	23,585	-	-
Subtotal	39,185	23,585	-	-
Options				
Currency Call Option	1,191,220	237,786	443,000	1,221
Currency Put Option	50,000	4,492	-	-
Subtotal	1,241,220	242,278	443,000	1,221
Total Liabilities	1,280,405	265,863	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 September 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.	48,265		-	209,149
Amortization of temporary securities.	(28,738)	(18,055)	46,793	
Balance at September 30, 2021	(2,795)			

The increase in these operations (September 2021 is 42 and December 2020 was 34) is due to the creation of 6 new options to cover the US\$550 million debt.

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.

	September 2021		December 2020	
	Nominal value	Fair Value	Nominal value	Fair Value
Assets				
Swap				
Cross currency	1,115,395	48,958	1,115,395	37,795
Interest rate	-	-	178,100	3,350
Subtotal	1,115,395	48,958	1,293,495	41,145
Options				
Currency option	-	-	1,040,786	159,395
Subtotal	-	-	1,040,786	159,395
Total Assets	1,115,395	48,958	2,334,281	200,540
Liabilities				
Swap				
Cross currency	769,262	9,108	2,495,915	51,440
Interest rate	-	-	-	-
Subtotal	769,262	9,108	2,495,915	51,440
Options				
Currency option	-	-	1,809,914	120,219
Subtotal	-	-	1,809,914	120,219
Total Liabilities	769,262	9,108	4,305,829	171,659

The results of trading derivatives are presented below:

	Accumulated		Quarter	
	September 2021	September 2020	September 2021	September 2020
Trading income	84,464	492,997	8,633	75,484
Trading expenses	(82,531)	(274,627)	(4,223)	(13,642)
Total	1,933	218,370	4,410	61,842

As of September 2021, and December 2020 there were 17 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	September 2021	December 2020
Current tax assets	8.1	767	1,356
Deferred tax asset (net)	8.2	73,822	81,410

8.1. Current income tax

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

	September 2021	December 2020
Current tax assets		
Income tax payable	767	1,356
Total current tax assets	767	1,356

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

Current Tax	September 2021	December 2020
Current tax asset recoverable before 12 months	767	1,356
Current tax asset recoverable after 12 months	-	-
Total current tax asset	767	1,356

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

Deferred tax	September 2021	December 2020
Deferred tax asset recoverable before 12 months	-	19,389
Deferred tax asset recoverable after 12 months	73,822	62,021
Total deferred tax asset	73,822	81,410

b. Tax recognized in income for the period:

	Accumulated		Quarter	
	September 2021	September 2020	September 2021	September 2020
Current tax expense	(10,430)	(3,730)	(8,975)	(1,409)
Current tax	(10,401)	(5,484)	(8,975)	(1,409)
Adjustment of previous periods	(29)	1,754	-	-
Deferred tax expense	250	30,992	12,345	837
Constitutions / reversal of temporary differences	(10,459)	30,787	1,636	837
Deferred tax adjustments	-	205	-	-
Rate change	10,709	-	10,709	-
Tax expense	(10,180)	27,262	3,370	(572)

c. Effective tax rate reconciliation.

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

	September 2021		September 2020	
	Rate	Balance	Rate	Balance
Profit before tax		434,927		579,107
Income tax by applying the local tax rate	31.00%	(134,827)	32.00%	(185,314)
Plus, tax impact from:				
Items that increase taxable income		(82,488)		(103,131)
Non-deductible expenses ⁽¹⁾		(71,091)		(94,040)
Property and equipment		(16)		-
Financial liabilities		-		(9,091)
Capital gains		(11,353)		-
Others		(28)		-
Items that decrease taxable income		207,135		315,707
Non-taxed income ⁽²⁾		151,258		144,883
Untaxed dividends		41,976		167,037
Exempt income ⁽³⁾		1,844		-
Rate change adjustment		10,709		-
Adjustment of previous periods		-		1,959
Discounts tax		1,348		1,828
Income tax	(2.34%)	(10,180)	4.71%	27,262

⁽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.

⁽³⁾ Dividends Andean Community of Nations (CAN).

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.

c. Movement in current tax

The following is the movement generated by the balance of income and supplemental income as of September 30, 2021 and 2020:

	September 2021	September 2020
Balance of income tax payable as of January 1	(1,356)	1,105
Current income tax liability	10,430	3,730
Withholding and advances	(9,841)	(427)
Balance of income tax payable as of September 30	(767)	4,408

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)	September 2021	Recognized results	Other equity interests	December 2020	Recognized results	Other equity interests	December 2019
Financial Assets	(79,168)	(31,740)	(7,838)	(39,590)	(17,180)	6,400	(28,810)
Properties and Equipment	194	(31)	-	225	327	-	(102)
Financial Liabilities	151,162	32,045	-	119,117	30,540	-	88,577
Employee Benefits	1,486	(571)	-	2,057	(1,262)	-	3,319
Right of use	148	184	-	(36)	(13)	-	(23)
Investments	-	363	-	(363)	(363)	-	-
	73,822	250	(7,838)	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%.

Social Investment Law (Law 2155 of 2021)

The most important modifications to the Colombian income tax regime for the years 2022 and subsequent years, introduced by Law 2155 of September 14, 2021, are summarized:

Starting in 2022, the general income rate is increased from 30% to 35%. In the case of financial institutions, they will have a surtax of 3 percentage points during the years 2022 to 2025.

The industry and commerce discount (income tax) will continue at 50% and not at 100% as it was contemplated as of the year 2022.

An audit benefit is created for the years 2022 and 2023 to reduce the time of finality of the income tax return by 6 or 12 months, provided that the net income tax is increased by 35% or 25% respectively.

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 September 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:

Investment	September 2021			December 2020		
	% 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.	35.59%	35.59%	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 September 30, 2021 and December 31, 2020 is as follows:

Associates	% Participation	% Right to vote	% Participation	% Right to vote
	September 2021		December 2020	
Grupo Argos S. A.	27.23%	33.80%	27.13%	33.67%
Grupo Nutresa S. A.	13.06%	13.06%	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 September 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 September 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 September 30, 2021 and \$879,408 as of December 31, 2020.

Dividends received

Dividend income is derived from the following issuers:

	September 2021	September 2020
Bancolombia S.A.	61,103	384,185
Grupo Argos S.A.	87,591	86,215
Grupo Nutresa S.A.	114,430	105,461
Total dividends received	263,124	575,861

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 September 30, 2021 and December 2020 are as follows:

September 2021	Location	Asset Current	Asset non-current	Current Liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A.	Colombia	269,751,221	-	237,881,871	-	31,869,350	10,295,844	2,718,452	1,243,118	3,961,570
Grupo Argos S.A.	Colombia	7,284,387	45,898,748	8,127,204	17,234,935	27,820,997	11,875,053	957,673	1,322,295	2,279,968
Grupo Nutresa S.A.	Colombia	4,312,104	11,517,617	2,453,831	5,297,374	8,078,516	9,135,290	546,676	(300,540)	246,136

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 September 30, 2021 and December 2020:

Company	Country	Economic activity	Percentage of property		Date of creation
			September 2021	December 2020	
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 September 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
Withdrawals ⁽³⁾	-	-	-	(23,044)	-	-	-	(23,044)
Equity method	438,234	3,081	(4,652)	55,480	(3,992)	84	(307)	487,928
Dividends	(230,343)	(190,654)	-	-	-	(13)	-	(421,010)
Change in equity	110,192	139,589	5,418	57,379	(201)	-	-	312,376
Balance as of September 30, 2021	10,410,122	4,061,533	106,023	129,708	67,953	1,406	3,034	14,779,779

⁽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

⁽³⁾ Corresponds to the capital decrease in August 2021 equivalent to 2,358,333 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 September 30, 2021 and December 31, 2020 are as follows:

September 2021	Asset	Liability	Equity	Profit	Other comprehensive income
SURA Asset Management S.A. (*)	20,243,380	10,359,053	9,884,327	524,346	130,991
Arus Holding S.A.S.	73,363	7	73,356	(4,144)	(207)
ARUS S.A.	101,450	76,910	24,540	(5,952)	-
Enlace Operativo S.A.	30,032	5,506	24,526	1,471	-
Inversiones y construcciones Estratégicas	113,555	7,534	106,021	(4,652)	5,416
Suramericana S.A. (*)	31,626,451	26,612,770	5,013,681	3,798	93,154
Sura Ventures S.A.	129,747	40	129,707	55,480	54,193

(*) 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:

	September 2021	December 2020
As of January, 1	-	-
Dividends received in shares	87,591	-
Valuation at market prices ⁽¹⁾	(7,664)	-
Sale of shares ⁽²⁾	(1,887)	-
As of September 30, 2021	78,040	-

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 September 30, 2021 which is lower than its carrying value.

⁽²⁾ Corresponds to the sale of 177,957 shares.

NOTE 11. BONDS ISSUED

Details of the bonds issued are presented below:

Date of issue	Maturity date	Nominal value	Emission rate	Amortized cost		Fair value	
				September 2021	December 2020	September 2021	December 2020
29-Apr-16	29- Apr -26	USD 550	5.50%	2,127,732	1,887,579	2,307,331	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%	225,587	225,388	237,390	239,773
23-Feb-17	23- Feb -22	193,549	7.21%	194,914	194,830	198,194	204,844
23-Feb-17	23- Feb -29	190,936	CPI + 3.58%	191,822	190,551	197,439	207,324
23-Feb-17	23- Feb -24	165,515	CPI + 3.19%	166,587	165,405	173,458	175,936
07-May-14	07- May -30	100,000	CPI + 4.15%	100,903	100,814	106,576	114,201
25-Nov-09	25- Nov -29	98,000	CPI + 5.90%	96,910	96,158	114,682	123,096
25-Nov-09	25- Nov -49	97,500	CPI + 6.98%	95,379	94,752	129,506	151,443
11-Aug-20	11- Aug -23	223,750(*)	IBR + 2.00%	223,868	223,708	226,444	226,124
11- Aug -20	11- Aug -27	296,350(*)	CPI + 3.00%	299,367	297,496	296,599	307,555
11- Aug -20	11- Aug -32	180,320(*)	CPI + 3.80%	182,360	181,226	179,236	190,512
11- Aug -20	11- Aug -40	299,580(*)	CPI + 4.20%	303,130	301,247	297,234	322,741
Total bonds issued				4,208,559	4,995,267	4,464,089	5,491,871
Current bonds issued				194,914	194,830	198,194	204,844
Non-current bonds issued				4,013,645	4,800,437	4,265,895	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 September 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	29,623
Interest payments	(30,453)
At September 30, 2021	460,017

As of September 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 September 30, 2021, 1,804,337 common shares and 306,004 preferred shares have been repurchased at a weighted average price of \$19,878 and \$17,856, respectively, for a total amount of COP \$41,330 as follows:

	September 2021	December 2020
As of January 1st,	300,000	
Establishment of reserve	-	300,000
Common stock repurchases	(35,913)	-
Repurchase of preferred stock	(5,417)	-
Closing Balance	258,670	300,000

NOTE 15. OTHER COMPREHENSIVE INCOME

The other comprehensive income of Grupo SURA is presented below:

Concept*	December 2020	Movement for the period	September 2021	Total Other Comprehensive Income
New defined benefit plan measurements ¹	(701)	-	(701)	-
Gain (loss) on investments in equity instruments ²	(980)	23,289	22,309	23,289
Gain (loss) on exchange differences on conversion ³	(10,827)	-	(10,827)	-
Cash flow hedges ⁴	(15,626)	17,744	2,118	17,744
Share of other comprehensive income of subsidiaries accounted for using the equity method ⁵	1,370,853	312,376	1,683,229	312,376
Total comprehensive income	1,342,719	353,409	1,696,128	353,409

(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 \$6,400 (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	
	September 2021	September 2020	September 2021	September 2020
Donations (*)	(6,276)	(6,064)	-	-
Travel and representation expenses	(5,901)	(6,325)	(1,697)	(3,008)
Taxes	(4,715)	(5,675)	(1,608)	(1,821)
Insurance	(3,820)	(1,085)	(105)	(127)
Advertising	(2,477)	(2,109)	(581)	(616)
Commissions	(973)	(765)	(255)	(262)
Electronic data processing	(802)	(53)	(780)	(19)
Contributions	(783)	(1,337)	(286)	(488)
Others	(417)	(468)	(130)	(208)
Utilities	(415)	(389)	(126)	(115)
Maintenance and repairs	(316)	(704)	(92)	(57)
Leases	(277)	(164)	(153)	(65)
Temporary services	(39)	(343)	(13)	(96)
Supplies and stationery	(28)	(83)	(5)	(1)
Legal	(21)	(6)	(17)	(1)
Total	(27,260)	(25,570)	(5,848)	(6,884)

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

NOTE 17. FINANCIAL RESULT

Financial results are detailed below:

	Accumulated		Quarter	
	September 2021	September 2020	September 2021	September 2020
Earnings at fair value – Derivatives	1,933	218,370	4,410	61,842
Exchange difference (Net) ⁽¹⁾	39,324	(327,674)	(21)	(61,184)
Interests ⁽²⁾	(300,323)	(286,308)	(93,219)	(91,168)
Total	(259,066)	(395,612)	(88,830)	(90,510)

⁽¹⁾ A detail of the difference in exchange rate is presented below:

	Accumulated		Quarter	
	September 2021	September 2020	September 2021	September 2020
Hedge Derivatives	338,609	223,565	35,349	41,492
Loans in dollars	-	(47,014)	-	(8,716)
Bonds	(299,285)	(504,225)	(35,370)	(93,960)
Total	39,324	(327,674)	(21)	(61,184)

⁽²⁾ A detail of the interest is presented below:

	Accumulated		Quarter	
	September 2021	September 2020	September 2021	September 2020
Bond issued ³	(201,994)	(207,020)	(67,240)	(69,868)
Bank loans	(12,210)	(20,692)	(3,984)	(5,620)
Preferred shares	(29,623)	(30,515)	(10,176)	(10,246)
Financial leasing	(650)	(685)	(222)	(227)
Repo operations	(252)	(571)	(191)	(48)
Hedging operations	(53,009)	(28,738)	(10,716)	(8,377)
Others	(2,585)	(1,381)	(690)	(76)
Operational risk	-	3,294	-	3,294
Total	(300,323)	(286,308)	(93,219)	(91,168)

⁽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	
	September 2021	September 2020	September 2021	September 2020
Net profit	424,747	606,369	121,384	14,364
Profit of controlling shareholder	424,747	606,369	121,384	14,364
Less: Preferred dividends declared - Preferred shares interest	(67,964)	(65,844)	(16,991)	(16,461)
Plus: Preferred stock interest expense (Note 12) ⁽¹⁾	29,623	30,514	10,176	10,246

Less: Undistributed earnings to preferred stockholders ⁽²⁾	(33,495)	(70,529)	(11,864)	8,491
Profit from ordinary continuing operations	352,911	500,510	102,705	16,640
Ordinary shares ⁽³⁾	467,232,923	469,037,260	467,232,923	469,037,260
Profit from discontinued operations	755	1,067	220	35

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 306.004. See note 14 reserve for share repurchase.

³ The number of common shares is reduced by the repurchase during the period of 1,804,337 shares. See note 14 reserve for share repurchase.

NOTE 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Measures taken in response to the COVID-19 pandemic

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 Labor Risks Administrators 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, there were no significant changes in the exposure to this risk.

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 the treasury through exposure to collective portfolios and issuers of fixed income instruments; these activities do not generate significant market risk, due to their low volatility and short duration.
- Financial liabilities contracted in foreign currency and those tied to variable rate, which result in an exposure to exchange rate risk and fixed or variable interest rate. 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.

For further details please refer to **Note 6.1 "Financial assets" and Note 6.2 "Financial liabilities"**.

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

To date, the Company does not have any interest rate hedges, as a result of the sound mix between liabilities tied to variable and fixed rates.

For further details please refer to **Note 6.1 "Financial assets" and Note 6.2 "Financial liabilities"**.

19.3.3. Share price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate as a result of 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

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 September 30, 2021, December 31, 2020 and September 30, 2020 of Grupo SURA:

September 2021		Individuals Key Management Personnel	Entities	
Assets	Note		Associates	Subsidiaries
Non-current assets available for sale		-	78,040	-
Accounts receivable from related parties	6.1.2	-	87,767	210,498
Total assets		-	165,807	210,498

Liabilities				
Financial liabilities		-	508,348	-
Accounts payable to related parties	6.2.1	-	177,763	-
Employee Benefits		35,297	-	-
Total liabilities		35,297	686,111	-

December 2020		Individuals Key Management Personnel	Entities	
Assets	Note		Associates	Subsidiaries
Investments		-	443,838	-
Accounts receivable from related parties	6.1.2	-	116,633	-
Total assets		-	560,471	-

Liabilities				
Financial liabilities		-	572,954	-
Accounts payable to related parties	6.2.1	-	86,832	-
Employee Benefits		35,297	-	-
Total liabilities		35,297	659,786	-

September 2021		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Income	Note			
Dividends	9.1	-	263,124	-
Total income			263,124	-

Expenses				
Administrative expenses		-	-	323
Employee Benefits		6,893	-	-
Fees		853	-	-
Total expenses		7,746	-	323

September 2020		Individuals	Entities	
		Key Management Personnel	Associates	Subsidiaries
Income	Note			
Dividends	9.1	-	575,861	-
Other income				306
Total income		-	575,861	306

Expenses				
Administrative expenses		-	-	98
Employee Benefits		8,331	-	-
Fees		887	-	-
Other expenses		-		766
Total expenses		9,218	-	864

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 September 30, 2021 were prepared for supervisory purposes and authorized for issuance by the Board of Directors of Grupo SURA on October 28, 2021, after that date and until their publication, there were no relevant events that could significantly affect the financial position of the Company.

On October 20, the Colombian Ministry of Industry and Commerce issued Decree 1311 of 2021, which allows companies in Colombia to recognize the impact of the change in the income tax rate introduced by Article 7 of Law 2155 of 2021 in the equity account of accumulated results of previous years. However, the company chose not to make use of this option and proceeded to recognize the tariff adjustment in the statement of comprehensive income as established by the standard.

As is public knowledge, on November 10, 2021, the Financial Superintendency of Colombia (*SFC acronym for Spanish original*) requested the Colombian Stock Exchange to suspend the trading of the common shares of Grupo Nutresa due to the filing of a request for authorization of a Takeover Bid of Grupo Nutresa S.A. shares, in order to acquire a majority stake in that Company. In view of this request, which must still await the approval of the Financial Superintendency of Colombia, and as shareholders of Grupo Nutresa S.A., the Management of Grupo SURA convened the Board of Directors within the framework of corporate governance in order to determine the steps to follow in view of the potential offer presented, taking into account its status as a shareholder of Grupo Nutresa S.A., which appointed the President of Grupo SURA or his delegate, as the only authorized spokespersons to refer to the aforementioned takeover bid.

NOTE 22. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the financial statements of Grupo SURA for the year ended September 30, 2021 was authorized by the Board of Directors for publication, as stated in Act No. 335 of the Board of Directors dated October 28, 2021, to be presented to the market.

ANALYSIS OF FINANCIAL RESULTS (unaudited)

Below are the analyses of the financial results for the period ended September 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	September 2021		December 2020		INTERPRETATION	
	Solvency	5,755,799	= 19.00%	6,368,983	= 20.90%	Creditors own 19% as of September 2021 and 20.90% as of December 2020, leaving the shareholders owning 81% in September 2021 and 79.10% as of December 2020.	Total liability
		30,294,124		30,479,961			Total asset
INDEBTNESS	Total	5,755,799	= 19.00%	6,368,983	= 20.90%	Of every peso the company has invested in assets, 19% as of September 2021 and 20.90% as of December 2020 have been financed by creditors.	Total liability
		30,294,124		30,479,961			Total asset
	Coverage of interest	725,070		892,677		The Company generated a net income equal to 241.43% as of September 2021 and 311.79% in December 2020 from Interest Paid	Net profit + interest
			= 241.43%		= 311.79%		Financial expenses
	Leverage	300,323		286,308		Every peso (\$1.00) of the Company's owners is committed 23.46% as of September 2021 and 26.42% as of December 2020.	Total liabilities with third parties
							Equity
	Total	5,755,799		6,368,983		For every peso of equity, 21.22% is committed financially at September 2021 and 25.01% at December 2020.	Total liabilities with financial entities
		24,538,325	= 23.46%	24,110,978	= 26.42%		Equity
PERFORMANCE	Net profit margin	424,747	= 56.45%	606,369	= 58.71%	Net income corresponds to 56.45% of net income in September 2021 and 58.71% of net income in 2020.	Net Profit
		752,408		1,032,867			Net Income
	Return on equity	424,747	= 1.76%	579,967	= 2.46%	Net income corresponds to 1.76% of equity at September 2021 and 2.46% at December 2020.	Net Profit
		24,113,578		23,531,011			Equity - profits
	Return on total assets	424,747		579,967		Net income in relation to total assets corresponds to 1.4% as of September 2021 and 1.90% in December 2020.	Net Profit
		30,294,124	= 1.40%	30,479,961	= 1.90%		Total assets