Separate Financial Statements
at December 31, 2021 and 2020

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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 December 31, 2021, with comparative figures at 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 December 31, 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 financial year ending 31 December 2021 and 31 December 2020 do not contain defects, inaccuracies or errors that prevent the true financial position or operations of the Company from being known.

Gonzalo Alberto Pérez Rojas
President

Juan Guillermo Chica Ramirez
Public accountant
Professional card 64093-T

AUDITORS REPORT

GRUPO DE INVERSIONES SURAMERICANA S.A.

Profit distribution project

(Amounts expressed in Colombian pesos)

I. ALLOCATION OF PROFITS FOR THE 2021 FINANCIAL YEAR

Considering the balance of the Profit for the Year account shown in the Statement of Financial Position for the year 2021, the following allocation of profits and release of the reserve is proposed:

Profit for the year	408,327,839,445	
Release of the reserve for social benefit projects established in 2021.	6,275,981,250	
Occasional reserve		414,603,820,695

II. APPROPRIATION OF THE OCCASIONAL RESERVE

1. Proposal:

Appropriation of the non-taxed component of the occasional reserve for the declaration of dividends, as follows:		
From the untaxed occasional reserve established with profits generated up to December 31, 2016	322,051,254,500	
From the non-taxed occasional reserve constituted with profits generated as of January 1, 2017.	132,064,183,500	
Dividend declared		454,115,438,000
Appropriation of the taxed component of the occasional reserve to be used for social benefit projects.	6,589,780,313	
Constitution of a reserve to be used for social benefit projects. *		6,589,780,313

*The Legal Representative is authorized to make donations up to the amount indicated in this reserve.

2. Method and date of payment:

The dividend to be distributed to shareholders will be seven hundred eighty-four pesos (COP$ 784) per share, which comes from dividends paid to the Company by its subordinates and associates.

The dividend will be paid on 579,228. 875 common and preferred shares, and will be payable once it is declared by the General Shareholders' Meeting and will be 100% non-taxable for the shareholder, neither as income nor as occasional gain, as established in Articles 48 and 49 of the Tax Statute; nonetheless, the dividend from non-taxed occasional reserves generated as from January 1, 2017, will be subject to the special withholding on dividends established in Articles 242 and following of the Tax Statute.

The dividend will be claimable and paid in cash as follows:

One hundred ninety-six pesos (COP$196) per share on the following dates:
April 1, 2022, July 1, 2022, October 3, 2022 and January 2, 2023.

Considering the status of withholding agent that the Company has in the municipality of Medellín in terms of industry and commerce tax *(ICA, acronym in Spanish original)*, shareholders who are subject to withholding for this tax will be paid their dividend in cash after deducting the value of the withholding for industry and commerce tax.

3. Ex-dividend period

The ex-dividend period shall be between the first stock exchange business day of dividend payment and the four (4) stock exchange business days immediately preceding such date. Any trading of shares during the ex-dividend period shall be without dividends for the purchaser.

EQUAL AMOUNTS.	**$**	**875,309,039,008**	**875,309,039,008**

Medellin, February 25, 2022

GRUPO DE INVERSIONES SURAMERICANA S.A.

ADDENDUM TO BALANCE SHEET AS OF DECEMBER 31, 2021

ARTICLE 446 OF THE COMMERCIAL CODE

(Expressed in thousands of COP)

1 Expenditures in favor of management personnel

Fees for members of the Board of Directors	1,297,200
Salaries and benefits of management personnel	10,237,915

Per diems, representation expenses, bonuses, transportation and other remuneration of executives.

No direct payments are made for these items; the Company directly assumes the necessary expenses

for these items, for the fulfillment of its functions.

<u>Notes</u>

1. For travel undertaken by executives to the different offices in the performance of their duties, the

Company pays the hotel, transportation and other necessary expenses.

2. For services provided to visitors from abroad and within the country, the Company pays the value of the corresponding expenses.

2 Fees for professional and technical advisory services	13,023,153
3 Statutory Audit and External Audit Fees	362,125
4 Assets and liabilities abroad	
Available USD	32,642
Investments in other national or foreign companies	29,673,425,916
See details in the notes of the Separate Statement of Financial Position.	
5 Money and other assets transferred free of charge	6,275,981
6 Advertising expenses	2,349,572
7 Representation expenses	1,219,020

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

	Note	December 2021	December 2020
Assets			
Cash and cash equivalents	6	96,327	437,523
Investments	7.1.1	40,301	622,990
Derivative instruments	8	651,326	343,734
Receivables from related parties	7.1.2	43,883	116,633
Other accounts receivables	7.1.3	156	278
Current tax assets	9.1	14,759	1,356
Investments in associates	10.1	14,490,162	14,429,203
Investments in subsidiaries	10.2	15,142,963	14,423,080
Properties and equipment	11	3,064	3,589
Right-of-use assets	12	18,336	19,288
Deferred tax assets	9.2	81,834	81,410
Other assets		244	877
Total assets		**30,583,355**	**30,479,961**
Liabilities			
Financial liabilities	7.2	610,628	572,954
Derivative instruments	8	302,049	172,880
Lease liabilities	12	12,589	13,002
Accounts payable to related entities	7.2.1	90,074	86,832
Other accounts payable	7.2.2	60,805	44,440
Employee benefits	13	23,336	19,291
Provisions	14	-	3,470
Bonds issued	15	4,276,843	4,995,267
Preferred shares	16	460,067	460,847
Total liabilities		**5,836,391**	**6,368,983**
Equity			
Issued capital	17.1	109,121	109,121
Share premium	17.2	3,290,767	3,290,767
Reserves	17.3	6,883,389	6,654,122
Share repurchase reserve	17.4	244,848	300,000
Earnings for the year		408,328	579,969
Retained earnings		11,884,043	11,834,280
Other comprehensive income	19	1,926,468	1,342,719
Total equity		**24,746,964**	**24,110,978**
Total equity and liabilities		**30,583,355**	**30,479,961**

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas	Juan Guillermo Chica Ramírez	Daniel Andrés Jaramillo Valencia
Legal Representative	Accountant	Auditor
	P.C. 64093-T	P.C. 140779 -T
		Designated by Ernst & Young Audit S.A.S. TR-530
		(See my report of February 25, 2022)

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE INCOME STATMENT
December 31, 2021 and December 31, 2020
(Amounts expressed in millions of Colombian pesos except net earnings per share)

Income	Notes	December 2021	December 2020
Dividends	20	263,124	576,193
Income from investments	20	4,405	10,253
Net gain on investments at fair value	7, 20	3,297	191
Income from equity method	10.2	596,361	517,796
Gains on sale of investments		1,442	-
Other income		4,149	745
Operational income		**872,778**	**1,105,178**
Operational expenses			
Administrative expenses	21	(34,952)	(34,127)
Employee benefits	13	(37,458)	(47,988)
Fees	22	(14,682)	(9,101)
Depreciations	11, 12	(2,192)	(2,141)
Operational expenses		**(89,284)**	**(93,357)**
Operating profit		**783,494**	**1,011,821**
Net gain (loss) from fair value adjustments to derivatives	8.2	7,299	(6,061)
Foreign exchange (net)		40,469	(58,780)
Interest expense		(407,797)	(380,545)
Net financial income	**23**	**(360,029)**	**(445,386)**
Profits before tax		**423,465**	**566,435**
Income tax	9	(15,137)	13,534
Net income from discontinued operations		**408,328**	**579,969**
Net profit		**408,328**	**579,969**
Net earnings per share	**24**	**744**	**1,039**

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

Juan Guillermo Chica Ramírez
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 25 February, 2022)

GRUPO DE INVERSIONES SURAMERICANA S.A.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

December 31, 2021 and December 31, 2020

(Amounts expressed in millions of Colombian pesos)

	Note	December 2021	December 2020
Net income for the period		**408,328**	**579,969**
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	19	17,112	3,474
Gain from defined benefit plan measurements	19	3,142	3,575
Total other comprehensive income that will not be reclassified to the results of the period, net of taxes		**20,254**	**7,049**
Items to be reclassified to income for the period, net of taxes			
Gain (Loss) on cash flows hedges	19	(3,631)	(14,931)
Participation of other comprehensive income from associates and joint ventures Accounted for using the equity method	19	567,126	323,097
Total other comprehensive income to be reclassified to profit or loss, net of taxes		**563,495**	**308,166**
Total other comprehensive income		**583,749**	**315,215**
Total comprehensive income		**992,077**	**895,184**

The notes are an integral part of these financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

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

Daniel Andrés Jaramillo Valencia
Auditor
P.C. 140779 -T
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(See my report 25 February, 2022)

GRUPO DE INVERSIONES SURAMERICANA S.A.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, 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	19	**-**	**-**	**-**		**-**	**315,215**	-	**315,215**
Net income for the year		**-**	**-**	**-**		**-**	**-**	**579,969**	**579,969**
Total net comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**315,215**	**579,969**	**895,184**
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	18	-	-	-		(368,974)	-	-	**(368,974)**
Investment protection reserves		-	-	263,215		(263,215)	-	-	**-**
Share repurchase reserve		-	-		300,000	(300,000)	-	-	**-**
Minimum dividends, preferred shares	16	-	-	-	-	40,628	-	-	**40,628**
Increases (decreases) due to other changes, equity		-	-	2	-	(1)	-	-	**1**
At December 31, 2020		**109,121**	**3,290,767**	**6,654,122**	**300,000**	**11,834,280**	**1,342,719**	**579,969**	**24,110,978**
Other comprehensive income	19	-	-	**-**	-	-	**583,749**		**583,749**
Net income for the year		-	-	**-**	-			**408,328**	**408,328**
Total net comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**583,749**	**408,328**	**992,077**
Transfer to retained earnings		-	-	579,969	-			(579,969)	**-**
Distribution of 2020 results									
Ordinary dividend (603.40 pesos per share) recognized as distributions to owners	18	-	-	(351,165)	-		-	-	**(351,165)**
Investment protection reserves		-	-	-	-	-	-	-	**-**
Share repurchase reserve	17.4	-	-	-	(55,152)	-	-	-	**(55,152)**
Minimum dividends, preferred shares	16	-	-	-	-	40,581	-	-	**40,581**
Withholding Tax Effect on Shareholder Dividends		-	-	-	-	9,182	-	-	**9,182**
Increases (decreases) due to other changes, equity		-	-	463	-	-	-	-	**463**
At December 31, 2021		**109,121**	**3,290,767**	**6,883,389**	**244,848**	**11,884,043**	**1,926,468**	**408,328**	**24,746,964**

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

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Gonzalo Alberto Pérez Rojas
Legal Representative

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

Daniel Andrés Jaramillo Valencia
Auditor
P.C. 140779 -T
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(See my report 25 February, 2022)

GRUPO DE INVERSIONES SURAMERICANA S.A.
SEPARATE CASH FLOW STATEMENT

For the years ended December 31, 2021 and 2020

(Amounts expressed in millions of Colombian pesos)

	Note	December 2021	December 2020
Cash flows from operating activities			
Net profit for the year		**408,328**	**579,969**
Adjustments to reconcile net income			
Income tax expense	9	15,137	(13,534)
Interest	23	407,797	380,545
Decrease in other accounts receivable		122	99,303
Increases in accounts receivable from related parties		(175,533)	(576,192)
Decrease (increase) in other accounts payable		15,804	(107,037)
Depreciation and amortization expense		2,193	2,141
Adjustment for employee benefits and other provisions		3,717	10,616
Unrealized losses from foreign currency translation		86,998	116,257
Gains on fair value adjustment		(6,843)	6,061
Undistributed earnings from the application of the equity method	10.2	(596,362)	(517,796)
Withholding tax on dividends received		13,110	-
Other adjustments for which the effects on cash are investing or financing cash flows		(2,200)	-
Increase in restricted cash		630	(630)
Dividends received from associates and subsidiaries		665,364	1,123,090
Dividends received in shares		(60,959)	
Income taxes paid (reimbursed)		(25,292)	(976)
Interest received		6,542	-
Other payments to acquire equity or debt instruments of other entities		(486,408)	(599,800)
Other charges on the sale of equity or debt instruments of other entities		1,078,659	-
Cash flows from operating activities		**1,350,804**	**502,017**
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)	(40,310)
Proceeds from the sale of property and equipment		55	4
Purchase of property and equipment		(768)	(868)
Cash flows from (used in) investment activities		**21,882**	**(41,174)**
Cash flows from (used in) investment activities			
Collections from futures contracts, forward contracts and financial options (swaps)		67,931	(64,744)
Payments derived from futures, forwards, options and swaps contracts		(17,582)	(994)
Payments for acquiring the company's own stock		(55,152)	-
Proceeds from loans		114,717	1,603,500
Loan repayments		(1,157,665)	(885,443)
Payment of financial lease liabilities		(1,282)	(1,721)
Dividends paid		(347,898)	(363,901)
Interest paid		(323,667)	(313,348)
Cash flows from (used in) financing activities		**(1,720,598)**	**(26,651)**
Net increase in cash and cash equivalents		**(347,912)**	**434,192**
Effect of exchange rate changes on cash and cash equivalents		6,716	186
Cash and cash equivalents at the beginning of the period		437,523	3,145
Cash and cash equivalents at the end of the period		**96,327**	**437,523**

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas
Legal Representative

Juan Guillermo Chica Ramírez
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 25 February, 2022)

GRUPO DE INVERSIONES SURAMERICANA S.A.

NOTES FOR THE SEPARATE FINANCIAL STATEMENTS

For the period ending 31 December 2021 and 2020.
(Amounts expressed in millions of Colombian pesos except net earnings per share and exchange rates 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 twelve-month period ended December 31, 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 following is a detail of the most significant accounting policies used by Grupo SURA for the preparation of separate financial statements, in accordance with International Financial Reporting Standards IFRS, issued by the IASB, which have been consistently applied during the years ended December 31, 2021 and 2020, unless otherwise indicated:

2.3.1 Cash and cash equivalents

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

2.3.2. Financial instruments

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

Financial assets

a) Definition

A financial asset is any asset that is:

1. cash;

2. an equity instrument of another entity;

3. a contractual right:
   (i) to receive cash or another financial asset from another entity; or
   (ii) to exchange financial assets or financial liabilities with another entity on terms that are potentially favorable to the entity; or

4. a contract that will or may be settled using the equity instruments of the entity.

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

b) Classification of financial instruments included in investments

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

i) At fair value through profit or loss

ii) At fair value with adjustment to OCI
iii) At amortized cost

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

For investments in equity instruments, an irrevocable election can be made to present in "other comprehensive income - OCI" in equity subsequent changes in the fair value of an investment that is not held for trading. Grupo SURA has decided to take up this option and consequently, elected to measure some of its equity investments where it does not have control or significant influence at fair value through OCI". (See note 7.1.1. Investments).

c) Initial measurement

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

d) Subsequent recognition

After initial recognition, investments are measured as follows:

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

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

f) Impairment

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

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

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

Operations with derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

Financial liabilities

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

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

Non-voting preferred shares

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

2.3.3. Taxes

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

Income tax

Current

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

Deferred

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

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

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

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

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

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

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

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

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

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

1. The same entity or fiscal subject. or

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

2.3.4. Property and equipment

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

The initial cost of property and equipment is determined as the costs incurred in the acquisition or construction of these assets, up until they are ready to be used.

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

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

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

Depreciation

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

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

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

Useful lives

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

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

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

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

2.3.5. Leases

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

Initial Recognition

At the beginning of the lease contract, a right-of-use asset and a lease liability are recognized.

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

Lease liability: It is measured as the present value of the minimum lease payments, that have not been made at the commencement date.

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

Subsequent measurement

After the start date, a lessee will measure the by right-of-use asset, applying the cost model, for the term of the asset amortization period, the term of the contract and the expectations over the time of use of the asset must be taken into account.

2.3.6. Investments in subsidiaries and associates

Investment in Subsidiaries

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

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

Investments in associates

An associate is an entity over which Grupo SURA has significant influence over the decisions of financial and operating policies without achieving control or joint control.

It should be presumed that Grupo SURA exerts significant influence when:

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

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

Representation in the management body of the company or associate;

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

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

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

Impairment

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

Methodology for impairment of investments in subsidiaries and associated companies

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

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

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

1. Operating loss or negative cash flows in the current period, as compared to what was budgeted.
2. Increases during the period in interest rates associated with investments and debt. Information: Investments in securities with indexed rates, agreed rates of debt acquired with banks.
3. Significant changes in the technological environment, defined as the risk associated with losses arising from technology (hardware or software) or the use thereof. Information: Significant decrease in production associated with the technology or high exposure to hacker risk.
4. Significant changes in the legal environment, established as losses from penalties or lawsuits due to non-compliance with regulations or contractual obligations.
5. Significant changes in the regulatory environment. Referring to the negative implications on a company derived from changes in the regulatory framework in which it operates.
6. Changes in the competitive environment. Information: How much market share is lost (measure growth and loss ratio), new competitors or aggressiveness of current competitors and sales compliance on the commercial side.
7. Significant changes in the manner or extent to which the cash generating unit (CGU) is used or expected to be used.
8. Significant reduction in the use of installed capacity.
9. Generation of new debt
10. Cessation or significant reduction, other than a mere fluctuation, in the demand or need for the services provided with the asset.
11. For investments in associates listed on the Colombian Stock Exchange *(BVC, acronym in Spanish original),* internal valuation models are used.

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

2.3.7. Employee benefits

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

Short-term benefits

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

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

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

Post-employment benefits

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

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

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

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

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

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

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

Long-term benefits

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

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

Termination benefits

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

2.3.8. Provisions and contingencies

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

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

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

2.3.9. Income

Dividend Income

Grupo SURA recognizes dividend income when

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

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

Income from equity method

For details of the equity method policy, see Note 2.3.6 Investments in subsidiaries and associates.

2.3.10. Earnings per share

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

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

The preparation of the separate financial statements in accordance with 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. See note 25 for fair value.

Business model of Grupo SURA

The structural portfolio has alternative investments which, due to their nature, do not meet the requirements to be classified at amortized cost, therefore, they must be classified at fair value 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.

Calculation of credit risk in derivatives

IFRS 13 introduced the requirement to incorporate credit default risk in fair value calculations: Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA).

Options present only one risk, and Cross Currency Swaps (CCS) present both risks, since the former can only be settled in favor or against depending on whether the right or the obligation is held, while CCS can be settled in both directions depending on market movements.

The Group has defined the following assumptions for the calculation of this credit risk, taking into account that IFRS 13 does not establish a single methodology:

- The calculation of CVA and DVA is performed per transaction and corresponds to an additional component within the valuation of transactions.

- To calculate the counterparty, risk the Expected Loss methodology is used, which has 3 components, Potential Future Exposure (PFE), Probability of Default (PD), Recovery Rate (RR). Where the Potential Future Exposure, which is defined as the maximum credit exposure expected during a specific period of time calculated with some level of confidence, by calculating the CVA (positive) as the DVA (negative), multiplied by the Probability of Default, which is a measure of credit rating given to a contract in order to estimate its probability of default one year ahead and by one minus the Recovery Rate, which is the percentage of the exposure at risk that is not expected to be recovered in case of default.

Determining efficacy in derivatives

The hedging relationship will be considered effective as long as the hedging instrument mitigates the risk of the hedged item, i.e., its effectiveness will be accepted as long as the hedging relationship has a lower exposure to the USD/COP exchange rate than the item being hedged regardless of the designated hedging instrument.

In the case of Grupo Sura, provided that, during the term of the hedging relationship, the USD/COP exchange rate is below USD/COP 4.317, the hedging ratio between the hedged item and the hedging instrument will be one to one, compensating in a fully effective manner the exchange rate risk generated by the principal of the debt issue denominated in foreign currency (USD) for 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. See note 2.3.2 of financial instruments, impairment section.

c) Taxes

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

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

d) The useful life and residual values of property and equipment, 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. During 2020, the financial effect of lease contracts is noted in Note 12 Leases.

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

Contingent liabilities of the 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. See note 13 on employee benefits.

NOTE 4. NORMS ISSUED NOT EFFECTIVE YET

The accounting policies adopted in the preparation of the separate financial statements are consistent with those used in the preparation of the annual separate financial statements as of December 31, 2021, 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

Amendments to IFRS 16: Rent Reductions related to Covid-19 beyond June 30, 2021.

In March 2021, the IASB issued amendments to IFRS 16 to extend from June 30, 2021 to June 30, 2022, the practical expedient for tenants caused by rent reductions occurring as a direct result of the Covid-19 pandemic.

The cumulative effect of applying the amendment is recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

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.

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

Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards

The amendment allows subsidiaries that elect to apply paragraph D16 (a) of IFRS 1 to measure cumulative exchange differences using the amounts reported by the controlling entity, based on the date of transition to IFRS of such controlling entity. This amendment also applies to associates or joint ventures that elect to apply paragraph D16 (a) of IFRS 1.

The amendments were incorporated by means of Decree 938 of 2021, which will be effective as from January 1, 2023. These amendments had no impact on these financial statements and are not expected to have an impact on future financial statements of the Group.

Amendments to IAS 1: Disclosures about Accounting Policies

The amendments clarify the following points:

- The word "significant" is amended to "material or materially relevant".
- The accounting policies to be disclosed in the notes to the financial statements are clarified: "An entity shall disclose information about its significant accounting policies that are material.
- Clarifies when an accounting policy is considered material.
- Incorporates the following paragraph: "Information about accounting policies that focuses on how an entity has applied the requirements of IFRSs to its own circumstances provides entity-specific information that is more useful to users of the financial statements than standardized information or information that only duplicates or summarizes the requirements of IFRSs".

The amendments have not been introduced in the Colombian accounting framework by means of any decree to date. 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 - Proceeds Before Intended Use

In May 2020, the IASB issued Property, plant and equipment - Revenue before intended use, which prohibits entities from deducting the cost of an item of property, plant and equipment, i.e., any revenue from the sale of the 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, the entity should recognize in profit or loss the proceeds from the sale of such items and the costs incurred in their production.

The amendments were incorporated by means of Decree 938 of 2021, which will be effective as from January 1, 2023. The Company does not expect significant impacts from this amendment; however, it is evaluating the impact they could have on the financial statements.

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

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace the reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with the reference to the Conceptual Framework for Financial Reporting, issued in March 2018, without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities, which would fall within the scope of IAS 37 or IFRIC 21 Liens, if incurred separately.

At the same time, the Board decided to clarify the existing IFRS 3 guidelines with respect to contingent assets that would not be affected by the replacement of the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments were incorporated by means of Decree 938 of 2021, which will be effective as from January 1, 2023. These amendments do not impact the Group's current financial statements, but may affect future periods if the Group were to enter into any business combination.

Amendment to IFRS 9: Fees in the '10 percent' test to determine derecognition of financial liabilities

The amendment clarifies that the fees that entities include when assessing whether the terms of any new or amended financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on behalf of the other. Entities must apply the amendment to financial liabilities that are modified or exchanged as of the beginning of the annual period in which they first apply this amendment.

The amendments were incorporated by Decree 938 of 2021, which will be effective from January 1, 2023. The Company does not expect significant impacts from this amendment, in any case it is evaluating the impact they could have on the financial statements.

Annual Improvements to IFRS Standards 2018-2020 cycle

The amendments provide a number of exemptions that apply to all hedging relationships that are directly affected by the benchmark interest rate reform. A hedging relationship is affected if the reform results in uncertainty about the timing and or amount of the benchmark-based cash flows of the hedged item or hedging instrument.

The amendments were incorporated by Decree 938 of 2021, which will be effective from January 1, 2023. The Group is evaluating the potential effect of this standard on its financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following points:

- The meaning of the right to defer the settlement of a liability.
- That the right to defer settlement of the liability should be granted at year-end.
- That the classification is not affected by the probability that the entity will exercise its right to defer settlement of the liability.
- That only if any embedded derivative in a convertible liability itself represents an equity instrument, the terms of the liability would not affect its classification.

The amendments were incorporated by decree 938 of 2021, which will be in effect as of January 1, 2023.
These changes had no impact on the Group's financial statements.

Improvements 2021

Amendments to 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 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-that is, 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 stated objective of the accounting policy."

The amendments have not been introduced in the Colombian accounting framework by means of any decree to date.

Amendments to IAS 12: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction.

The amendment allows the recognition of a deferred tax liability or asset that has arisen 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 from 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.

19 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

Revenues from insurance premiums issued in these three semesters showed a growth of 16.5%, leveraged by the health segment due to the increase in Health Promoting Entity users *(EPS acronym for the Spanish original)*, which reached 4.67 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, grew by 16%, evidencing a positive dynamic in the growth of members, reaching an exposed mass of 4.57 million workers, which is a sign of the recovery of employment and the decrease in the levels of employee absenteeism.

Premiums from insurance revenues have shown a greater growth dynamic, leveraged by an improvement in the trend of new business underwriting, which is mainly reflected in a 9% growth in the auto solution. Life solutions also presented a positive evolution in the growth trend, reaching 12%, due to the recovery of the dynamics in the intermediary and affinity channel. Another important point is the launch of the COVID protection product in Chile in June; this is a mandatory product for workers who perform on-site functions and has coverage for medical and death expenses. Likewise, the health solution grew 19%, consolidating the positive dynamics presented during the previous year, due to the offer of new plans in the companies of Colombia, Mexico, Chile and El Salvador.

In terms of claims, there continues to be a negative effect from claims associated with COVID-19 that materialize mainly in increased mortality for life solutions, increased assistance benefits, economic benefits and diagnostic costs. These effects for the end of this period reached COP $1.7 billion with greater effects in the subsidiaries of Colombia, Mexico, El Salvador and Panama, where there is greater exposure to Health, Labor Risks and Life solutions.

Reserves

The insurance reserve levels calculated and presented in its financial statements for December 31, 2021 are sufficient, and no additional impacts are anticipated based on information known at that time, as the loss estimates made for this cut-off are consistent with the assessments that have been made on the potential effects arising from the COVID-19 pandemic.

Nevertheless, the correct development of the technical reserves will depend on the evolution of the measures taken by the governments, the health conditions of the population and their consequences on the macroeconomic variables of the different countries, for which reason the company continues to permanently evaluate the evolution of the main variables, actions and their consequences, in order to capture new information that will allow us to better understand the behavior of the risks and our exposure to them in the short and medium term.

Credit risk

Regarding accounts receivable from our customers, no risk has been identified that represents losses for the company. In the particular case of Sura Panama, deterioration continues at levels similar to those of the third quarter of 2021 in the auto and individual life portfolios, in this sense, various actions continue to be taken by the subsidiary such as arrangements with customers and cancellations in the policies in order to mitigate the impact generated by the deterioration of the portfolio; at a general level, it is considered that the effects on the portfolio related to the pandemic are already mostly collected.

Pensions

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

The good closing levels of assets under management at the end of 2020 drove fee income growth in the fourth quarter of 2021, which in total for all businesses rose by 9.45%.

Businesses were characterized by a growth of 9.2% due to the staggered reactivation of operations. The Company maintains the permanent monitoring of impacts, as it will allow incorporating in a timely manner any effect that may arise in the coming months, given the continuity of the evolution of the pandemic and the vaccination processes in the countries where it operates.

Foreign Exchange Impacts

The depreciation of Latin American currencies against the US dollar continued, but at a slower pace during the fourth quarter of 2021, accumulating an average variation of 3.4% compared to the close of the previous quarter, this movement generated positive effects due to exchange fluctuation in the investment portfolios of the subsidiaries that have a foreign currency position. The Colombian peso recorded a depreciation of 4.4% in the quarter, accumulating a total variation of 16% in 2021, generating positive translation effects in the consolidation of operations.

The effects of changes in operations and translation to the results of operations and financial position of subsidiaries in the presentation currency of these financial statements (Colombian peso -COP-), have already been recognized and incorporated as of December 31, 2021.

Recoverability of deferred tax assets

As a preventive measure in the face of the COVID-19 pandemic, as of December 31, 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

Management believes that at the end of the fourth quarter of 2021, none of the Company's operations will present difficulties that would prevent it from continuing as a going concern.

Effects on separate financial statements of Grupo Sura

The profit of the company presents a decrease of 171,641 with respect to December 2020 mainly generated by a 54% decrease in the dividends declared by Bancolombia in the year 2021.

NOTE 6. CASH AND EQUIVALENTS

Cash and cash equivalents correspond to:

	December 2021	December 2020
Cash and banks	12	9
National banks	65,135	29,649
Foreign Bank	24	5,746
Cash equivalents (*)	31,156	402,119
Total cash and cash equivalents	**96,327**	**437,523**

(*) Balances in banks bear interest at variable rates based on daily bank deposit rates. Short-term placements are made for varying periods of between one day and three months, depending on the immediate cash needs of Grupo SURA and accrue interest at the applicable short-term placement rates.

The decrease between both years is due to the cancellation of trust orders for the payment of the USD 300 million bond during 2021. (See note 15. Bonds issued).

NOTE 7. FINANCIAL INSTRUMENTS

7.1. Financial assets

7.1.1 Investments

The breakdown of investments is as follows:

	December 2021	December 2020
At fair value through profit or loss	-	599,800
Debt securities	**-**	**599,800**
At fair value through OCI	40,301	23,190
Equity instruments	**40,301**	**23,190**
Total Investments	**40,301**	**622,990**
Short-term investments	-	599,800
Long-term investments	40,301	23,190
Total Investments (*)	**40,301**	**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 15 Bonds issued.

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

	December 2021	December 2020
Fair value of investments	(2,399)	17
Trading derivatives	(456)	-
Difference on exchange of investments	6,152	174
Total	**3,297**	**191**

The following is the detail of realized and unrealized gains or losses on investments in debt securities and available-for-sale equity instruments as of December 31, 2021 and 2020:

December 2021

	Debt securities	Equity Instruments
National issuers		
Cost (*)	-	40,301
Profit / realized loss SCI	-	1,442
Profit / unrealized loss OCI	-	17,112

December 2020

National issuers	Debt securities	Equity Instruments
Cost (*)	599,800	23,190
Profit / unrealized loss SCI	17	-
Profit / unrealized loss OCI	-	3,474

(*) (*) Cost and fair value are the same as of December 31, 2021 and 2020.

7.1.2. Accounts receivable from related parties

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

	December 2021	December 2020
Bancolombia S.A.	15,276	68,624
Grupo Argos S.A.	-	21,553
Grupo Nutresa S.A.	28,607	26,456
Total accounts receivable from related parties	**43,883**	**116,633**

7.1.3. Other accounts receivable

The following is a detail of other accounts receivable:

	December 2021	December 2020
Trade accounts receivable	106	7
Other accounts receivable	50	271
Total	**156**	**278**

Current and non-current presentation:

	December 2021	December 2020
Other current accounts receivable	106	7
Other non-current accounts receivable	50	271
Total	**156**	**278**

7.2. Financial liabilities

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

	Note	December 2021	December 2020
Financial obligations (1)	7.2.1	610,628	572,954
Bonds issued	15	4,276,843	4,995,267
Preferred shares	16	460,067	460,847
Subtotal financial liabilities for capital management	**27**	**5,347,538**	**6,029,068**
Derivative instruments	8	302,049	172,880
Accounts payable to related parties	7.2.2	90,074	86,832
Other accounts payable	7.2.3	60,805	44,440

Subtotal other financial liabilities	**452,928**	**304,152**
Total financial liabilities	5,800,466	6,333,220

The breakdown of financial liabilities between current and non-current and according to their valuation methodology is presented below:

December 2021				
Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial obligations	7.2.1	80,653	-	80,653
Derivative instruments	8	-	-	-
Accounts payable to related parties	7.2.2	90,074	-	90,074
Other accounts payable	7.2.3	12,143	-	12,143
Bonds issued	15	194,942	-	194,942
Preferred shares	16	-	-	-
Total		**377,812**	**-**	**377,812**

Non-Current		Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Financial obligations		529,975	-	529,975
Derivative instruments	8	-	302,049	302,049
Other accounts payable	7.2.3	48,662	-	48,662
Bonds issued	15	4,081,901	-	4,081,901
Preferred shares	16	460,067	-	460,067
Total		**5,120,605**	**302,049**	**5,422,654**

Financial liabilities	**5,498,417**	**302,049**	**5,800,466**

December 2020				
Current	**Note**	**Financial liabilities at amortized cost**	**Financial liabilities at fair value**	**Total**
Financial obligations	7.2.1	144,520	-	144,520
Derivative instruments	8	-	19,583	19,583
Accounts payable to related parties	7.2.2	86,832	-	86,832
Other accounts payable	7.2.3	5,553	-	5,553
Bonds issued	15	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	15	3,959,154	-	3,959,154
Preferred shares	16	460,847	-	460,847
Total		**4,887,322**	**153,297**	**5,040,619**

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

7.2.1. Financial obligations

The financial obligations correspond to loans acquired with the Bancolombia Group and BBVA, at rates ranging between 3.79% and 5.32% as of December 2021 and between 2.39% and 3.59% as of December 2020.

7.2.2. Accounts payable to related parties

Corresponds to the dividend payable to the Company's stockholders declared at the stockholders' meeting held on March 26, 2021 and March 31, 2020 and accounts payable to subsidiaries:

	December 2021	December 2020
Ordinary shares	72,565	70,925
Preferred shares	18,350	16,671
Others	(841)	(764)
Total accounts payable to related parties	**90,074**	**86,832**

7.2.3. Other accounts payable

The detail of other accounts payable is as follows:

	December 2021	December 2020
Accounts payable taxes	1,058	1,803
Other accounts payable (1)	56,406	41,261
Suppliers	3,341	1,376
Total	**60,805**	**44,440**

(1) Correspond to accounts payable for derivative premiums and withholdings tax.
Current and non-current:

	December 2021	December 2020
Other current accounts payable	12,143	5,552
Other non-current accounts payable	48,662	38,888
Total	**60,805**	**44,440**

NOTE 8. DERIVATIVE INSTRUMENTS

The following is a detail of derivative financial assets and liabilities outstanding as of December 31, 2021 and December 2020:

		December 2021		December 2020	
	Note	Asset	Liabilities	Asset	Liabilities
Hedge Derivatives	8.1	583,470	257,937	143,194	1,221
Trading Derivatives	8.2	67,856	44,112	200,540	171,659
Total derivatives		**651,326**	**302,049**	**343,734**	**172,880**

Current and non-current presentation:

	December 2021		December 2020	
	Asset	Liabilities	Asset	Liabilities
Current Derivatives	-	-	155,836	19,583
Non-current Derivatives	651,326	302,049	187,898	153,297

Total derivatives	651,326	302,049	343,734	172,880

8.1. Hedge derivatives

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

Grupo SURA accesses international markets to obtain effective sources of funds. As part of this process, the Group assumes significant exposure to foreign currencies, mainly with the U.S. dollar. 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 December 31, 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.

On May 30, 2021, the bond obligation (see note 15 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 15 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.

	December 2021		December 2020	
	Nominal value	Fair Value	Nominal value	Fair Value
Assets				
Swap				
Cross Currency Swap	1,239,880	271,402	876,746	143,194
Subtotal	**1,239,880**	**271,402**	**876,746**	**143,194**
Options				
Currency Call Option	579,450	312,068	-	-
Subtotal	**579,450**	**312,068**	**-**	**-**
Total Assets	**1,819,330**	**583,470**	**876,746**	**143,194**
Liabilities				
Options				
Currency Call Option	1,191,220	254,218	443,000	1,221
Currency Put Option	50,000	3,719	-	-
Subtotal	**1,241,220**	**257,937**	**443,000**	**1,221**
Total Liabilities	**1,241,220**	**257,937**	**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 December 31, 2021 and 2020:

	OCI				Results	
	Note	Effective part	Time value	Ineffective part	Note	Effective part
Balance at December 31, 2019		**(993)**				
Variation in the fair value of hedges		15,315	-	-	23	87,787
Amortization of temporary securities.	23.2	(36,644)	(3,253)	39,897		-
Balance at December 31, 2020	**19.3**	**(22,322)**				
Variation in the fair value of hedges		65,228	-	-	23	431,223
Amortization of temporary securities.	232	(72,532)	(16,261)	88,793		-
Balance at December 31, 2021	**19.3**	**(29,626)**				

Hedging instruments were 42 and 71 at December 31, 2021 and 2020, respectively. During the year, 6 new hedging instruments were created, 36 were reclassified from trading to hedging and 34 instruments were settled due to the payment of the USD 300 million bond (See note 15 Bonds Issued).

8.2. Trading derivatives

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

	December 2021		December 2020	
	Nominal value	Fair Value	Nominal value	Fair Value
Assets				
Swap				
Cross currency	1,115,395	67,856	1,115,395	37,795
Interest rate	-	-	178,100	3,350
Subtotal	**1,115,395**	**67,856**	**1,293,495**	**41,145**
Options				
Currency option	-	-	1,040,786	159,395
Subtotal	**-**	**-**	**1,040,786**	**159,395**
Total Assets	**1,115,395**	**67,856**	**2,334,281**	**200,540**
Liabilities				
Swap				
Cross currency	769,262	42,899	2,495,915	51,440
Interest rate	100,000	1,213	-	-
Subtotal	**869,262**	**44,112**	**2,495,915**	**51,440**
Options				
Currency option	-	-	1,809,914	120,219

	December 2021		December 2020	
	Nominal value	Fair Value	Nominal value	Fair Value
Subtotal	-	-	1,809,914	120,219
Total Liabilities	869,262	44,112	4,305,829	171,659

The results of trading derivatives are presented below:

	Note	December 2021	December 2020
Trading income		182,728	325,466
Trading expenses		(175,429)	(331,527)
Total	23	**7,299**	**(6,061)**

As of December 2021, and 2020, 18 and 71 instruments remained, respectively. One new instrument was created; during 2021, 36 transactions were reclassified from trading to hedging and 18 instruments were cancelled.

NOTE 9. TAXES

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

	Note	December 2021	December 2020
Current tax assets (net)	9.1	14,759	1,356
Deferred tax asset (net)	9.2	81,834	81,410

9.1. Current income tax

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

	December 2021	December 2020
Current tax assets		
Income tax payable	14,759	1,356
Total current tax assets	**14,759**	**1,356**

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

Current Tax	December 2021	December 2020
Current tax asset recoverable before 12 months	14,759	1,356
Current tax asset recoverable after 12 months	-	-
Total current tax asset	**14,759**	**1,356**

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

Deferred tax	December 2021	December 2020
Deferred tax asset recoverable before 12 months	-	19,389
Deferred tax asset recoverable after 12 months	81,834	62,021
Total deferred tax asset	**81,834**	**81,410**

b. Tax recognized in income for the period:

	December 2021	December 2020
Current tax expense	**(11,889)**	**1,485**
Current tax	(11,860)	(489)
Adjustment of previous periods	(29)	1,974
Deferred tax expense	**(3,248)**	**12,049**
Constitutions / reversal of temporary differences	(13,957)	11,845
Deferred tax adjustments	-	204
Rate change (1)	10,709	-
Tax expense	**(15,137)**	**13,534**

(1) The deferred tax adjustment corresponds to the change in the rate due to the Social Investment Law *(Ley de inversión social, for the Spanish original)* (Law 2155 of 2021), which changes the income tax rate from 31% to 35% as from January 1, 2022.

c. Effective tax rate reconciliation.

The reconciliation of the effective tax rate of the Group applicable for the years ended December 31, 2021 and 2020, respectively, is as follows:

	December 2021		December 2020	
	Rate	Balance	Rate	Balance
Profit before tax		**423,465**		**566,435**
Income tax by applying the local tax rate	31.0%	(131,274)	32.0%	(181,259)
Plus, tax impact from:				
Items that increase taxable income		**(134,234)**		**(140,267)**
Non-deductible expenses 1		(110,504)		(122,744)
Property and equipment		(11)		(9)
Provisions and contingencies		-		(3,740)
Financial liabilities 2		(12,338)		(13,774)
Capital gains 3		(11,353)		-
Others		(29)		-
Items that decrease taxable income		**250,372**		**335,060**
Non-taxed income 4		184,872		165,694
Untaxed dividends		32,098		163,944
Provisions and contingencies		1,076		-
Exempt income 5		7,254		3,243
Adjustment of previous periods		-		2,179
Rate change adjustment		10,709		-
Tax loss carryforwards		12,057		-
Tax deductions		2,305		-
Income tax	**(3.57%)**	**(15,137)**	**2.39%**	**13,534**

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

(2) Interest associated with preferred stock.

(3) Recognition of income tax associated with the regime of foreign controlled entities *(Entidades Controladas del Exterior, ECE, for the Spanish original)* from Sura Ventures.

[(4)] Corresponds to the equity method income of subsidiaries.

[(5)] Dividends Andean Community of Nations (ACN).

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

d. Movement in current tax

The following is the movement generated by the balance of income and supplemental income as of December 31, 2021 and 2020:

	December 2021	December 2020
Balance of income tax payable as of January 1	**(1,356)**	**1,105**
Current income tax liability	11,889	(1,485)
Withholding and advances	(25,292)	(976)
Balance of income tax payable as of December 31	**(14,759)**	**(1,356)**

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.

9.2. Deferred tax

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

Deferred tax assets (liabilities)	December 2021	Recognized results	Other comprehensive income	December 2020	Recognized results	Other comprehensive income	December 2019
Financial Assets	(105,215)	(69,297)	3,672	(39,590)	(17,180)	6,400	(28,810)
Properties and Equipment	417	192	-	225	327	-	(102)
Financial Liabilities	183,319	64,202	-	119,117	30,540	-	88,577
Employee Benefits	3,230	1,173	-	2,057	(1,262)	-	3,319
Right of use	83	119	-	(36)	(13)	-	(23)
Investments	-	363	-	(363)	(363)	-	-
	81,834	**(3,248)**	**3,672**	**81,410**	**12,049**	**6,400**	**62,961**

9.3. 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.

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 tax rate will be increased 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 (income tax) discount would continue at 50%.

The audit benefits are extended 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

9.4 Deferred Tax Assets Not Recognized

In accordance with current tax legislation, losses generated in income tax and complementary taxes may be offset with the net income obtained in the following 12 periods, taking into account the formula established in paragraph 5 of Article 290 of the Tax Statute. The tax losses determined shall not be fiscally readjusted.

The deferred tax asset related to these tax losses has not been recognized, as the Company has assessed and concluded that it is not probable that the deferred tax asset related to these losses will be recoverable.

9.5. Uncertainty regarding income tax treatments

Taking into account the criteria and judgments in the determination and recognition of taxes, as of December 31, 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 10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

10.1. Investment in associates

General information on investments in associates

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

	December 2021			December 2020		
Investment	% Participation (*)	% Right to vote (**)	# Shares	% Participation (*)	% Right to vote (**)	# Shares
Bancolombia S.A.	24.43%	46.11%	235,012,336	24.43%	46.11%	235,012,336
Grupo Argos S.A.	26.95%	35.63%	234,285,682	26.75%	35.53%	229,295,179
Grupo Nutresa S.A.	35.61%	35.61%	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.

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 December 31 is as follows:

Associates	% Participation	% Right to vote	% Participation	% Right to vote
	2021		2020	
Grupo Argos S. A.	27,45%	34,77%	27,13%	33,67%
Grupo Nutresa S. A.	13,07%	13,07%	13,01%	13,01%

Grupo SURA records its participations under the cost model, as described in note to the financial statements 2.3.6 Investments in subsidiaries and associates.

Balance and movement in associates

The following is the detail of investments in associates as of December 31, 2021 and 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 (1)	-	60,959	-	60,959
As of December 31, 2021	**5,606,586**	**4,571,347**	**4,312,229**	**14,490,162**

(1) In 2021, 4,990,503 common shares of Grupo Argos S.A. were received corresponding to dividends paid in shares.

The shares pledged by Grupo Argos to guarantee obligations correspond to a book value of $846,292 as of December 31, 2021 and $879,408 as of December 31, 2020.

Dividends received

Dividend income is derived from the following issuers:

	December 2021	December 2020
Bancolombia S.A.	61,103	384,373
Grupo Argos S.A.	87,591	86,215
Grupo Nutresa S.A.	114,430	105,605
	263,124	**576,193**

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 December 31, 2021 and 2020 are as follows:

December 2021	Location	Current asset	Non-current asset	Current Liabilities	Non-current liabilities	Equity	Income	Profit	Other comprehensive income	Comprehensive income
Bancolombia S.A. (*)	Colombia	289,926,538	-	256,001,080	-	33,925,458	15,147,265	4,207,787	1,685,375	1,685,375
Grupo Argos S.A.	Colombia	7,989,257	44,600,087	7,764,963	16,017,823	28,806,558	16,309,119	1,206,033	2,283,690	3,489,723
Grupo Nutresa S.A.	Colombia	4,594,765	12,361,718	2,628,037	5,286,333	9,042,113	12,738,271	693,254	523,581	1,216,835

December 2020	Location	Current asset	Non-current asset	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.

10.2. 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 December 31, 2021 and December 2020:

			Percentage of property		
Company	Country	Economic activity	December 2021	December 2020	Date of creation
SURA Asset Management S.A.	Colombia	Investor	83.58%	83.58%	15/09/2011
ARUS Holding S.A.S.	Colombia	Investment in real estate and personal property	100%	100%	11/07/2012
ARUS S.A.	Colombia	Marketing of products and solutions in telecommunications	100%	100%	16/08/1988
Enlace Operativo S.A.	Colombia	Outsourcing of Information processing services	100%	100%	31/05/2006
Inversiones y Construcciones Estratégicas S.A.S.	Colombia	Investor	100%	100%	30/08/2007
Suramericana S.A.	Colombia	Investor	81.13%	81.13%	25/05/1999
SURA Ventures S.A.	Panamá	Investor	100%	100%	21/02/2018

Balance and movement in investments in subsidiaries

The following is the detail of the balance and movement of investments in subsidiaries accounted for under the equity method as of December 31, 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	523,132	53,524	(6,701)	25,914	456	143	(107)	**596,361**
Dividends	(230,343)	(190,654)	-	-	-	(13)	-	**(421,010)**
Change in equity	274,002	225,273	7,558	60,493	(200)	-	1	**567,127**
Balance as of December 31, 2021	**10,658,830**	**4,197,660**	**106,114**	**103,256**	**72,403**	**1,465**	**3,235**	**15,142,963**

(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 subsidiary companies included in the financial statements for the period as of December 31, 2021 and 2020 are as follows:

December 2021	Asset	Liability	Equity	Profit	Other comprehensive income
SURA Asset Management S.A. (*)	20,752,264	10,570,949	10,181,315	625,926	329,416
Arus Holding S.A.S.	75,160	1	75,159	473	(526)
ARUS S.A.	112,160	83,746	28,414	(2,078)	-
Enlace Operativo S.A.	30,171	4,617	25,554	2,498	-
Inversiones y construcciones Estratégicas	117,549	11,435	106,115	(6,701)	7,602
Suramericana S.A.	33,291,826	28,109,843	5,181,983	65,974	169,089
Sura Ventures S.A.	103,297	42	103,255	25,914	57,307

(*) 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.	89,146	30	89,116	(7,165)	21,633

(*) Figures taken from the Consolidated Financial Statements

10.3. Impairment of investments in associates and subsidiaries

Fair Value Associates

		2021		2020	
Main associates of Grupo SURA	Recoverable value> Book value	Book value	Market value (1)	Book value	Market value (1)
Grupo Nutresa S.A	Si	4,312,229	4,668,481	4,312,229	3,912,135
Grupo Argos S.A	Si	4,571,347	3,174,571	4,510,388	3,187,203
Bancolombia S.A	Si	5,606,586	8,154,928	5,606,586	8,220,732

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

In the case of Grupo Nutresa, a valuation of its food business was made based on a discounted free cash flow model, following projections that incorporate the competitive positions, capacities and future prospects of the businesses. For both cases, the recoverable value of its portfolio investments is incorporated in its value, which includes the recoverable value of Grupo SURA. For Grupo Argos, a sum of parts of the recoverable value of its portfolio of companies was made, also incorporating its expenses, taxes and indebtedness at the corporate level. For Bancolombia, a valuation was made based on a discounted dividend model, based on recent results and expectations of future growth and profitability.

These exercises resulted in a recoverable value of the associated investments higher than their book value, which confirms that there is no impairment in any of them. In future periods the recoverable value of the investments may vary depending on the evolution of the business plans, risk perceptions and sustainability of the businesses that are the basis for the assumptions used in the valuations of each business component.

Main assumptions

- **Grupo Nutresa S.A.**

  - ✓ A discounted cash flow exercise was performed for a 10-year projection horizon, corresponding to a period between 2021 and 2030.
  - ✓ In the projections, the operating income of the company is projected to grow on average between 6.5%-7.5% annually, in line with the strategic goal of the company to double its sales level in the next 10 years.
  - ✓ EBITDA margin adjusted for operating leases (IFRS 16) is projected to be between 11.5% and 13%.
  - ✓ CAPEX investment in line with the projects of the company is projected to be between 3% and 3.5% of sales.
  - ✓ Working capital is estimated to average 12.5%-11.5% of sales.
  - ✓ A nominal growth rate of 3.5%-5% was used to calculate the terminal value.
  - ✓ In order to estimate the recoverable value of the company, the cash flows have been discounted using a discount rate based on its risk profile. This rate was calculated in Colombian pesos and in nominal terms, applying the CAPM methodology. This exercise yielded a weighted average cost of capital range of between 8.2% and 9.2%.
  - ✓ As for the other investments, a fundamental valuation of their investments is made, which includes the recoverable value of Grupo SURA.

- **Grupo Argos S.A.**

  - ✓ In the case of Cementos Argos, a discounted free cash flow model is made, with a projection for a 10-year horizon, this exercise was performed by region (USA, Colombia and Central America-Caribbean).
  - ✓ Revenue projections were estimated according to the expectations and trends of the main regions. In the case of the U.S., a positive growth dynamic is expected thanks to the infrastructure super cycle that is taking place in that country, as a result of the recently approved infrastructure budgets, in addition to the fact that the installed capacities in that country are at their highest levels. This trend would also benefit demand in countries such as Colombia and Central America that can export to the U.S. In the case of Colombia, a growth rate in demand and price growth in line with the PPI was estimated after several years of contraction, since the figures for the last 12 months already show a stabilization of the dynamics of volumes and prices in Colombia. A

similar situation is expected in Central America. In consolidated terms, volume growth is estimated in a range between 2-5% and price growth between 2-5%, driven in the short term by the good dynamics in the US region and then normalizing in the low range mentioned above.

- ✓ In relation to EBITDA Margin, an improvement in margins was also estimated, as there is evidence of a significant recovery in the results of the last 12 months of the company. EBITDA margin improvements of between 200-300 bps were estimated for the projection period, explained by better dynamics in the different regions, plus the implementation of the efficiency plans that the company has been executing in recent years, these estimates show a consolidated EBITDA margin range adjusted for operating leases (IFRS 16) of between 20%-22% for the projection period.
- ✓ In order to estimate the recoverable value of the company, the cash flows have been discounted using a discount rate based on its risk profile, where the risk of its countries in Central America and Colombia was weighted with that of the U.S. This rate was calculated in Colombian pesos and in nominal terms, applying the CAPM methodology. The WACC at which the flows were discounted was between 8.2%-9.5%.
- ✓ In the case of Celsia, the sum of parts of its investment portfolio was performed, also incorporating its expenses, taxes and indebtedness at the corporate level. The sum of parts exercise takes into account the valuations of Celsia Colombia (formerly EPSA) and the assets in Central America with discounted free cash flow models, with a projection for a 10-year horizon, and the inclusion of other strategic assets such as the Tesorito Project, Meriléctrica and the Caoba and C2Energia investment platforms at their book values.
- ✓ Each asset was valued taking into account its particularities, such as energy generation, distribution and transmission capacity, taking into account their respective margin levels.
- ✓ The business of Celsia Colombia was estimated based on CREG and UPME energy demand projections, assuming price growth tied to the PPI and maintaining a stable EBITDA margin in the projection period. Similarly, assets in Central America were projected according to the information available in the countries where the company is present, maintaining stable operating margins.
- ✓ In order to estimate the recoverable value of the companies, cash flows have been discounted using a discount rate based on their risk profile and geography. This rate was calculated in pesos and dollars in nominal terms, applying the CAPM methodology. The WACC at which the cash flows were discounted ranged between 7.2%-8.2% depending on the region.
- ✓ For the calculation of the terminal value, a nominal growth rate of 2%-3% was used, depending on the region.
- ✓ The other companies of the Grupo Argos portfolio are taken at book value and in the case of Odinsa, the value recorded in the separate books of the company is taken as a reference.
- ✓ As for the other investments, a fundamental valuation of their investments is made, which includes the recoverable value of Grupo SURA.
- ✓ In all valuation exercises, the respective shareholdings and controlling interests were taken into account.

- **Bancolombia S.A.**

  - ✓ A discounted dividend valuation exercise was carried out, for which Bancolombia's main financial figures and value levers were projected for 10 years
  - ✓ Portfolio: growth in consolidated COP$ between 6.5%-8.5% for the period (2021-2031)
  - ✓ Net interest margin (NIM): range between 5.2%-5.9% for the period (2021-2031). The margin is projected to improve between 2021-2023 due to the effect of interest rate increases, mainly in Colombia.
  - ✓ Provisioning Expense - Cost of Credit: Credit cost (provisioning expense/average portfolio) is estimated to be between 1.7% and 2% for the period (2021-2031), reflecting a normalization of current and expected credit cost after the effects of the pandemic have been absorbed at higher levels in previous years.
  - ✓ Expenses and Efficiency: Assumes growth below revenue growth over the next 3 years, which would lead the Bank to improve its expense/revenue ratio (Efficiency) to levels below 50%. A range for this indicator is estimated between 45%-50% for the projection period.
  - ✓ Solvency, TIER I: A conservative estimate was assumed, seeking to maintain a wide solvency margin in the modeling, especially the basic solvency or TIER I. The ability to deliver dividends is modeled based on maintaining a target basic solvency higher than the historical TIER I range of 11%-11.5%.
  - ✓ Net income and ROE: with the assumptions used, the net income and implied profitability of the business would be between 13.5%-15.5%.
  - ✓ Perpetuity | Discount rate: cash flows were discounted at a discount rate (cost of capital of 11.6%) and perpetuity was estimated using the Gordon Growth methodology that estimates the fair value of equity, taking into account a terminal ROE of 13.5% (Cost of capital +200 bps) and a terminal nominal growth rate of 6%.

Fair Value Subsidiaries

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

NOTE 11. PROPERTY AND EQUIPMENT

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

	December 2021	December 2020
Transportation equipment	1,606	1,803
Office equipment	960	1,297
Computer equipment	498	489
Total property and equipment	**3,064**	**3,589**

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

2021	Transportation equipment	Office equipment	Computer equipment	Total property and equipment
Cost at January 1, 2021	**2,817**	**2,664**	**934**	**6,415**
Additions	12	-	244	256
Disposals (-)	(86)	-	(117)	(203)
Carrying cost at December 31, 2021	**2,743**	**2,664**	**1,061**	**6,468**
Accumulated depreciation and impairment				
Accumulated depreciation and impairment at January 1, 2021	**(1,014)**	**(1,367)**	**(445)**	**(2,826)**
Depreciation for the period	(184)	(337)	(206)	(727)
Disposals (-)	61	-	88	149
Accumulated depreciation and impairment at December 31, 2021	**(1,137)**	**(1,704)**	**(563)**	**(3,404)**
Property and equipment as of December 31, 2021	**1,606**	**960**	**498**	**3,064**

2020	Transportation equipment	Office equipment	Computer equipment	Total property and equipment
Cost at January 1, 2020	**2,141**	**2,667**	**759**	**5,567**
Additions	676	-	192	868
Disposals (-)	-	-	(19)	(19)
Reclassifications	-	(3)	2	(1)
Carrying cost at December 31, 2020	**2,817**	**2,664**	**934**	**6,415**
Accumulated depreciation and impairment				
Accumulated depreciation and impairment at January 1, 2020	**(835)**	**(1,019)**	**(300)**	**(2,154)**
Depreciation for the period	(179)	(351)	(159)	(689)
Disposals (-)	-	-	15	15
Reclassifications	-	3	(1)	2
Accumulated depreciation and impairment at December 31, 2020	**(1,014)**	**(1,367)**	**(445)**	**(2,826)**
Property and equipment as of December 31, 2020	**1,803**	**1,297**	**489**	**3,589**

After analyzing the impairment indicators, it was determined that there is no evidence of impairment for all items of property and equipment at the reporting date.

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

There are no restrictions related to property and equipment.

NOTE 12. LEASES

Grupo SURA as lessee

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

As of December 31, 2021, the carrying value of finance leases is:

	Assets by right of use	Lease liability
Balance at January 1, 2020	**20,740**	**13,815**
Increases	-	-
Depreciation	(1,452)	-
Interest expense	-	908
Lease payments	-	(1,721)
At December 31, 2020	**19,288**	**13,002**
Increases	514	514
Depreciation	(1,466)	-
Interest expense	-	870
Lease payments	-	(1,797)
As of December 31, 2021	**18,336**	**12,589**

The term of the financial leases is as follows

	Minimum payments due 2021	Present value of the minimum payments 2021	Future minimum payment 2021	Minimum payments due 2020	Present value of the minimum payments 2020	Future minimum payment 2020
To one year	1,806	1,626	180	1,712	1,656	56
Between one and five years	7,222	5,505	1,717	8,560	6,919	1,641
More than five years	7,975	5,458	2,517	7,276	4,427	2,849
Total leases	**17,003**	**12,589**	**4,414**	**17,548**	**13,002**	**4,546**

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

	December 2021	December 2020
Depreciation expense for right-of-use assets	(1,466)	(1,452)
Interest expense on lease liabilities (Note 23)	(870)	(908)
Variable lease payments (*) (note 21)	(173)	(231)
Total recognized in results	**(2,509)**	**(2,591)**

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

NOTE 13. EMPLOYEE BENEFITS

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

	Note	December 2021	December 2020
Short-term		10,747	6,583
Long-term	13.2	263	335
Post -Employment	13.3	12,326	12,373
Total		**23,336**	**19,291**

13.1 Short-term benefits

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

13.2 Long-term benefits

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

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

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

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

The long-term benefits are detailed below:

	December 2021	December 2020
Seniority premiums	263	335
Performance bonus	-	-
	263	**335**

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

Initial balance at January 1, 2020	Performance bonus 2,550	Plan assets -	Net Benefit 2,550	Seniority premium 267	Total 2,817
Current service cost	148	-	148	50	198
Recognition of plan assets	-	1,513	(1,513)	-	(1,513)
(Gain)/loss on changes in financial assumptions with effect on profit (loss)	884	-	884	45	929
Payments to employees	(2,069)	-	(2,069)	(27)	(2,096)
Present value of obligations at December 31, 2020	**1,513**	**1,513**	**-**	**335**	**335**
Current service cost	-	-	-	60	60
Recognition of plan assets	-	-	-	-	-
(Gain)/loss on changes in financial assumptions with effect on profit (loss)	-	-	-	(69)	(69)
Transfers and/or reclassifications	(1,513)	(1,513)	-	-	-
Payments to employees	-	-	-	(63)	(63)
Present value of obligations at December 31, 2021	**-**	**-**	**-**	**263**	**263**

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

	Performance bonus	Seniority premiums	
	2020	**2021**	**2020**
Discount rate (%)	1.48%	4.50%	5.10%
Annual salary increases rate (%)	N/A	4.50%	4.50%
Annual inflation rate (%) LP	3.00%	3.00%	3.00%

The following tables show the sensitivity analysis of a 0.5% variation in the discount rate and a 0.5% variation in the salary increase for the bond bank and seniority premium benefits:

2021	**Seniority premium**			
	Discount rate		**Salary increases**	
	Increase +0.5%	**Discount -0.5%**	**Increase +0.5%**	**Discount -0.5%**
Present value of the obligation	254	274	274	254
Variation due to sensitivity in the variables	9	(11)	(11)	9

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

13.3 Post-employment benefits

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

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

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

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

The following are the post-employment benefits:

	December 2021	December 2020
Retirement bonus	12,128	12,167
Retirement pension	198	206
Total	**12,326**	**12,373**

13.3.1 Defined benefit plans

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

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

Present value of obligations at January 1, 2020	Retirement benefits 30,005	Plan assets 29,705	Net profit 300	Retirement pension 163	Total 463
Current service cost	1,101	-	1,101	18	1,119
Interest costs	1,050	-	1,050	8	1,058
Recognition of plan assets	-	(6,575)	6,575	-	6,575
Gain or loss on changes in financial assumptions with effect in income	13,446	-	13,446	-	13,446
Profit or loss from changes in actuarial assumptions with effect on OCI	-	-	-	17	17
Transfers from other Group companies	17,247	-	17,247	-	17,247
Payments to employees	(27,552)	-	(27,552)	-	(27,552)
Present value of obligations at December 31, 2020	**35,297**	**23,130**	**12,167**	**206**	**12,373**
Current service cost	1,011	-	1,011	22	1,033
Interest costs	1,348	-	1,348	11	1,359
Recognition of plan assets	-	(703)	703	-	703
Profit or loss from changes in actuarial assumptions with effect on OCI	(3,101)	-	(3,101)	(41)	(3,142)
Present value of obligations at December 31, 2021	**34,555**	**22,427**	**12,128**	**198**	**12,326**

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

	Retirement bonus		Retirement pension	
	2021	**2020**	**2021**	**2020**
Discount rate (%)	5.52%	3.82%	6.70%	5.20%
Rate of increase in benefit (%)	-	-	4.00%	4.00%
Annual salary increase rate (%)	5.50%	3.10%	-	-
Annual inflation rate (%)	3.50%	3.00%	3.00%	3.00%

Sensitivity analyses

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

Retirement bonus

2021

Discount rate	Present value of benefits	% Variation	Cost of the current service
Current study	34,555		1,011
1% increase in the discount rate	34,500	-0,16%	1,009
1% reduction in the discount rate	34,611	0,16%	1,013

Rate of inflation	Present value of benefits	% Variation	Cost of the current service
Current study	34,555		1,011
1% increase in the discount rate	34,582	0,08%	1,012
1% reduction in the discount rate	35,270	-0,08%	1,010

2020

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

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

Retirement pension

2021

	Discount rate		Increase	Benefit
	Increase +0.5%	Discount -0.5%	Increase +0.5%	Discount -0.5%
Present value of the obligation	189	208	208	189
Variation by sensitivity in the variables	9	(10)	(10)	9

2020

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

13.3.2 Defined contribution plans

Grupo SURA made contributions to defined contribution plans recognized as an expense in the results for the period of 2021 for $1,499 million and 2020 for $1,546 million.

NOTE 14. PROVISIONS

Provisions for contingencies

The following is a summary of provisions:

Company	December 2021	December 2020
National Tax and Customs Directorate (*)	-	3,470
Total	-	3,470

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

Based on the stipulations of Law 1819 of 2016 on Tax Reform, the Company advanced the analyses to carry out a conciliation process with the DIAN, with respect to the value of the aforementioned processes for an estimated amount of COP 37,666 million, was provisioned in the Company's Financial Statements and of which COP 34,196 million were already paid in the month of October 2017. As of December 31, 2021, the remaining balance of this provision was written off for COP 3,470 million, in accordance with the probability of a favorable outcome (55%) for the company according to the concept issued by the law firm accompanying the process for the periods 2009 and 2012.

NOTE 15. BONDS ISSUED

The following is a breakdown of bonds issued:

				Amortized cost		Fair Value	
Date Issued	Maturity Date	Nominal value	Emission rate	December 2021	December 2020	December 2021	December 2020
29-Apr-16	29- Apr -26	USD 550	5.50%	2,192,744	1,887,579	2,358,458	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%	225,814	225,388	232,001	239,773
23-Feb-17	23- Feb -22	193,549	7.21%	194,942	194,830	195,966	204,844
23-Feb-17	23- Feb -29	190,936	CPI + 3.58%	192,209	190,551	188,219	207,324
23-Feb-17	23- Feb -24	165,515	CPI + 3.19%	166,903	165,405	168,676	175,936
07-May-14	07- May -30	100,000	CPI + 4.15%	100,978	100,814	101,668	114,201
25-Nov-09	25- Nov -29	98,000	CPI + 5.90%	97,141	96,158	108,774	123,096
25-Nov-09	25- Nov -49	97,500	CPI + 6.98%	95,576	94,752	121,664	151,443
11-Aug-20	11- Aug -23	223,750	IBR + 2.00%	224,179	223,708	220,322	226,124
11- Aug -20	11- Aug -27	296,350	CPI + 3.00%	299,932	297,496	284,120	307,555
11- Aug -20	11- Aug -32	180,320	CPI + 3.80%	182,712	181,226	171,578	190,512
11- Aug -20	11- Aug -40	299,580	CPI + 4.20%	303,713	301,247	285,841	322,741
Total bonds issued				4,276,843	4,995,267	4,437,287	5,491,871
Bonds issued Current				194,942	1,036,113	195,996	1,056,963
Bonds issued-non - current				4,081,901	3,959,154	4,241,321	4,434,908

(*) Corresponds to the payment of the USD 300 million bond in May 2021.

NOTE 16. 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 December 31, 2021 and December 2020 are detailed below:

At December 31, 2019	**460,712**
Interest accrued	40,763
Interest payments	(40,628)
At December 31, 2020	**460,847**
Interest accrued	39,800
Interest payments	(40,580)
At December 31, 2021	**460,067**

NOTE 17 EQUITY

17.1. Issued capital

The authorized capital of the Company consists of 600,000,000 shares with a nominal value of $187.50 pesos each. The subscribed and paid-in capital as of December 31, 2021 and 2020 was 579,228,875 and 581,977,548 shares, respectively.

	December 2021	December 2020
Authorized shares	600,000,000	600,000,000
Subscribed and paid shares:		
Ordinary of nominal value	466,720,702	469,037,260
With a preference dividend without the right to vote	112,508,173	112,940,288
Total shares	**579,228,875**	**581,977,548**
Subscribed and paid capital (nominal value)	109,121	109,121

On January 20, 2022, there was an important change in the shareholder composition of the company, after the closing of the public offer by JGDB Holding SAS. The following is the detail:

Shareholder	Common Stock	Common Stock Percentage
JGDB Holding SAS	118,168,821	25.3%

This change in the shareholder structure was recorded on January 19, 2022, in the Company's shareholder ledger.

17.2. Issuance premium

The balance of the issuance premium at December 31, 2021 and 2020 is $3,290,767. It includes the higher amount paid over the nominal value of shares which is charged on their sale.

17.3. Reserves

The reserves consist of the following concepts:

Reserve	Note	December 2021	December 2020
Legal	17.3.1	138,795	138,795
Occasional	17.3.2	6,744,594	6,515,327
Total reserves		**6,883,389**	**6,654,122**

17.3.1. Legal reserve:

Reserve in compliance with Article 452 of the Colombian Code of Commerce, which establishes that corporations shall constitute a legal reserve amounting to at least fifty percent of the subscribed capital, formed with ten percent of the net profits of each fiscal year. The constitution of this reserve is mandatory until it reaches 50% of the subscribed capital. The legal reserve has two special purposes: to increase and maintain the capital of the company and to absorb operating losses. Therefore, its value cannot be distributed as dividends to shareholders.

17.3.2. Occasional reserves:

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

17.4. 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 December 31, 2021, 2,316,558 common shares and 432,115 preferred shares have been repurchased at a weighted average price of $20,438.56 and $18,060.99, respectively, for a total amount as of December 31, 2021 of COP $55,152, as detailed below:

	December 2021	December 2020
Initial Balance	**300,000**	**-**
Establishment of reserve	-	300,000
Common shares repurchase	(47,347)	-
Repurchase of preferred shares	(7,805)	-
Subtotal repurchase	**(55,152)**	**-**
Closing Balance	**244,848**	**300,000**

NOTE 18. 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 was declared from occasional reserves with profits generated up to December 31, 2016 for $351,165.

	2021			2020					
Dividends declared	**N° of shares**	**Annual pesos per share ordinary dividend**	**Ordinary dividend balance**	**N° of shares**	**Annual pesos per share ordinary dividend**	**Ordinary dividend balance**	**Annual pesos per share ordinary dividend**	**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 19. OTHER COMPREHENSIVE INCOME

The other comprehensive income of Grupo SURA is presented below:

Concept	Note	December 2020	Adjustment for the period	December 2021	Total Other Comprehensive Income
New defined benefit plan measures	19.1	(701)	3,142	2,441	3,142
Gain (loss) on investments in equity instruments	19.2	(980)	17,112	16,132	17,112
Gain (loss) on exchange difference on conversion		(10,827)	-	(10,827)	-
Cash flow hedges	19.3	(15,626)	(3,631)	(19,257)	(3,631)
Share of other comprehensive income of subsidiaries accounted for using the equity method	19.4	1,370,853	567,126	1,937,979	567,126
Total comprehensive income		**1,342,719**	**583,749**	**1,926,468**	**583,749**

Concept	Note	December 2019	Adjustment for the period	December 2020	Total Other Comprehensive Income
New defined benefit plan measures	19.1	(4,276)	3,575	(701)	3,575
Gain (loss) on investments in equity instruments	19.2	(4,454)	3,474	(980)	3,474
Gain (loss) on exchange difference on conversion		(10,827)	-	(10,827)	-
Cash flow hedges	19.3	(695)	(14,931)	(15,626)	(14,931)
Share of other comprehensive income of subsidiaries accounted for using the equity method	19.4	1,047,756	323,097	1,370,853	323,097
Total comprehensive income		**1,027,504**	**315,215**	**1,342,719**	**315,215**

19.1 New defined benefit plan measures

The component of defined benefit plan remeasurements 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.

19.2 Gain (loss) from investment in equity instruments

Corresponds to the recognition of equity instruments with changes in equity recognized in the period.

19.3 Cash flow derivative hedges

Below is a detail of the movement of the cash flow derivative hedge:

	Note	December 2021	Movement period	December 2020	Movement period	December 2019
Cash flow hedges	8.1	(29,626)	7,303	(22,323)	21,330	(993)
Taxes	9.2	10,369	(3,672)	6,697	(6,400)	298
Total		**(19,257)**	**3,631**	**(15,626)**	**14,930**	**(695)**

19.4 Equity in other comprehensive income of subsidiaries accounted for using the equity method

The component records the changes in equity in investments in subsidiaries in the application of the equity method. (See detail in Note 10.2 Investments in subsidiaries).

NOTE 20. INCOME

The following is a detail of income:

	December 2021	December 2020
Income from the Equity Method (note 10.2)	596,361	517,796
Dividends (note 10.1)	263,124	576,193
Other income [(2)]	4,149	745
Investment income, net [(1)]	4,405	10,253
Fair value investment income	3,297	191
Gains on sale of investments	1,442	-
Total	**872,778**	**1,105,178**

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

[(2)] Details of other income are presented below:

	December 2021	December 2020
Proceeds [(1)]	4,117	749
Recoveries and recuperations	68	-
Recognition of labor disability	9	-
Loss on sale of fixed assets	(45)	(4)
Total	**4,149**	**745**

[(1)] The variation is mainly due to the reversal of the provision for litigation with the National Tax and Customs Directorate *(DIAN, acronym for the Spanish original).* See note 14 Provisions.

NOTE 21. ADMINISTRATIVE EXPENSES

The administrative expenses are as follows:

	December 2021	December 2020
Travel and representative expenses	(7,716)	(9,771)
Taxes	(6,701)	(7,851)
Donations	(6,276)	(6,064)
Insurance	(5,066)	(1,756)
Publicity	(3,430)	(2,772)
Contributions	(1,445)	(1,709)
Commissions	(1,344)	(1,072)
Electronic data processing	(1,044)	(84)
Others	(561)	(1,002)
Utilities	(557)	(505)

Maintenance and repairs	(484)	(753)
Leases	(173)	(231)
Legal	(68)	(8)
Seasonal services	(52)	(461)
Tools and paperwork	(35)	(88)
Total	**(34,952)**	**(34,127)**

NOTE 22. FEES

Fee expenses are detailed as follows:

	December 2021	December 2020
Consultants and advisory	(13,021)	(7,567)
Board of Directors	(1,297)	(1,135)
Auditor	(362)	(397)
Appraisals	(2)	(2)
Total	**(14,682)**	**(9,101)**

NOTE 23. FINANCIAL RESULTS

The financial results are detailed below:

	Note	December 2021	December 2020
Gains at fair value - Derivatives	8.2	7,299	(6,061)
Exchange rate difference (Net)	23.1	40,469	(58,780)
Interest	23.2	(407,797)	(380,545)
Total		**(360,029)**	**(445,386)**

23.1 Foreign exchange difference (Net)

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

	Note	December 2021	December 2020
Hedging derivatives	8.2	431,223	87,787
Dollar loans		-	23,112
Bonds		(390,754)	(169,679)
Total		**40,469**	**(58,780)**

23.2 interests

A detail of the interest is presented below:

	Note	December 2021	December 2020
Bonds issued (1)		(273,482)	(272,630)
Bank loans		(17,906)	(27,182)
Preferred stock		(39,800)	(40,763)
Financial leases		(870)	(908)
Repo transactions		(447)	(575)

	Note	December 2021	December 2020
Hedging transactions	8.2	(72,532)	(36,644)
Other		(2,760)	(1,843)
Total		**(407,797)**	**(380,545)**

(1) The interest expense is offset by $3,771 million for the yield of the invested portfolio resulting from the bond issue made the previous year, the balance of which was used to pay the maturity of the US dollar bonds in May 2021 (See note 15 Bonds Issued).

NOTE 24. EARNINGS PER SHARE

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

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

	December 2021	December 2020
Profit, net	408,328	579,969
Controlling profit	**408,328**	**579,969**
Less: preferred dividends declared - Interest on preferred stocks (1)	(68,028)	(65,844)
Plus: Interest expense on preference shares (Note 16) (2)	39,800	40,763
Less: undistributed earnings to preference stockholders (2)	(32,186)	(67,395)
Profit from continuing operations	**347,915**	**487,493**
Ordinary shares (3)	467,936,219	469,037,260
Earnings per share from continuing operations	**744**	**1,039**

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

(2) Corresponds to the portion of the earnings of the parent company attributable to the preferred shares, that has not been declared as a dividend.

(3) Corresponds to the weighted average number of shares for the year, which includes the repurchase of shares purchased (See Note 17.4 Reserve for share repurchase).

NOTE 25. FAIR VALUE

Fair value is the price that would be received to sell an asset for or paid for transferring a liability in an orderly transaction between market participants at the measurement date.

- The fair value of financial assets and liabilities traded in active markets (such as financial assets in debt securities, equity instruments and derivatives that are actively traded on stock exchanges or interbank markets) is based on prices provided by a price vendor, calculated based on the average prices taken on the last trading day at the cut-off date of the financial statements.

- The fair value of financial assets that are not quoted in an active market is determined using valuation techniques. Grupo SURA uses a variety of methods and assumptions based on market conditions existing at each reporting date. The valuation techniques used include the use of recent comparable and arms' length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market data.

Valuation techniques used for non-standardized financial instruments, such as options, currency swaps and OTC derivatives, include the use of interest rate or currency valuation curves constructed by vendors and extrapolated to instrument-specific conditions for valuation, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants that are based primarily on market data rather than entity-specific data.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques used may not fully reflect all factors relevant to the positions of the Group. Therefore, valuations are adjusted, if necessary, to take into account additional factors, including country risk, liquidity risks and counterparty risks.

Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of financial instruments that are recognized and measured at fair value in the financial statements. To indicate the reliability of the inputs used in determining fair value, the Group classified its financial assets and liabilities into the three levels indicated by accounting standards. An explanation of each level is provided below.

- Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: Level 2 inputs are different from the quoted prices included in Level 1 as they are observable for the assets or liabilities, directly or indirectly in markets that are not active

- Level 3: Level 3 inputs are unobservable inputs for the asset or liability

The level of the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined based on the lowest level input that is most significant to its overall fair value measurement. For this purpose, the significance of an input is assessed in relation to the overall fair value measurement. Financial instruments that are quoted in markets that are not considered active, but are valued according to quoted market prices, quotations from price vendors or alternative pricing sources supported by observable inputs, are classified in Level 2.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is classified as Level 3. Assessing the significance of a particular input to the fair value measurement as a whole requires judgment, taking into account factors specific to the asset or liability.

Determining what is considered 'observable' requires significant judgment by the Group. The Group considers as observable inputs market data that are already available, distributed or updated by price vendors, and are reliable and verifiable, non-proprietary, and provided by independent entities actively participating in the relevant market.

25.1. Fair value measurement on a recurring basis

Fair value measurements on a recurring basis are those required or permitted in the statement of financial position at the end of each accounting period.

The following table presents an analysis, within the fair value hierarchy, of the assets and liabilities of the Group (by class), measured at fair value at December 31, 2021 and 2020 on a recurring basis.

December 2021	Level 1	Level 2	Level 3	Total
Investments				
Equity Instruments				
National issuances	40,301	-	-	40,301
Total, investments at fair value through profit or loss	**40,301**	**-**	**-**	**40,301**
Total Investments	**40,301**	**-**	**-**	**40,301**
Derivatives				
Trading				
Interest Rate Swap	-	(1,213)	-	-
Exchange Rate Swap	-	24,957	-	23,744
Options	-	-	-	-
Total, trading derivatives	**-**	**23,744**	**-**	**23,744**
Hedging				
Interest Rate Swap	-	-	-	-
Exchange Rate Swap	-	271,402	-	271,402
Options	-	54,131	-	54,131
Total, hedging derivatives	**-**	**325,533**	**-**	**325,533**
Total derivatives	**-**	**349,277**	**-**	**349,277**

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

Derivatives are presented net (Assets less liabilities).

25.2. Determination of fair value

a. Debt securities

Grupo SURA assigns the price to its debt investments, making use of the prices provided by its official price vendor (Precia) and assigns the corresponding level in accordance with the procedure described above. For unlisted securities such as certain bonds issued by other financial institutions, Grupo SURA generally determines fair value using standard internal valuation techniques. These techniques include the determination of future cash flows, which are discounted using curves of the applicable currencies or interest rates such as the Consumer Price Index (CPI), adjusted with a premium for credit and liquidity risk. The interest rate is usually determined using observable market data and benchmark yield curves obtained from interest rates quoted in appropriate time bands, which match the timing of the cash flows and maturities of the instruments.

b. Equity instruments

Grupo SURA performs the valuation at market prices of its equity investments by applying the prices provided by its official price vendor (Precia) and performs the classification of such investments following the procedure described above. In addition, the fair value of unlisted equity instruments is based on the individual valuation of the investments using methodologies that include publicly traded comparables, obtained by multiplying a key performance metric (e.g., earnings before interest, taxes, depreciation and amortization) of the company, by the relevant valuation multiple observed for comparable companies, acquisition comparables and, if deemed necessary, subject to discounts for lack of liquidity and or marketability.

The participations in investment funds, trusts and collective portfolios are valued taking into account the value of the unit calculated by the management company; in the case of trusts that own investment properties, the value of the unit reflects the value of these, which is measured as indicated in item "d. Investment properties".

c. Derivative instruments

Grupo SURA has positions in standardized derivatives, such as futures on local shares and on the representative market rate (TRM), which are valued with the information provided by the official price provider of Grupo SURA (Precia), which in turn corresponds to the information provided by the central counterparty risk chambers that clear and settle such instruments.
Additionally, Grupo SURA records positions in OTC derivatives, which, in the absence of prices, are valued using the inputs and methodologies supplied by the price provider, which have the no objection of the Financial Superintendence of Colombia. The key inputs depend on the type of derivative and the nature of the underlying instrument and include yield rate curves, foreign currency exchange rates, the spot price of the underlying volatility, and credit curves.

25.3 Fair value of financial assets and liabilities recognized at amortized cost or other valuation method

The following table shows a summary of assets and liabilities accounted for at other than fair value as of December 31, 2021 and 2020 for disclosure purposes only.

	December 2021		December 2020	
	Book Value	Fair Value	Book Value	Fair Value
Assets				
Accounts receivable from related parties (1)	43,883	43,883	116,633	116,633
Other accounts receivable (1)	156	156	278	278
Investments in associated companies and joint ventures (3)	14,490,162	15,997,980	14,429,203	15,320,070
Total Assets	**14,534,201**	**16,042,019**	**14,546,114**	**15,436,981**
Liabilities				
Financial obligations	610,628	610,628	572,954	572,954
Finance lease liabilities	12,589	12,589	13,002	13,002
Accounts payable to related parties (1)	90,074	90,074	86,832	86,832
Other accounts payable (1)	60,805	60,805	44,440	44,440
Bonds issued (2)	4,276,843	4,437,287	4,995,267	5,491,871
Preferred shares (2)	460,067	615,955	460,847	780,564
Total liabilities	**5,510,811**	**5,827,144**	**6,173,342**	**6,209,099**

(1) Accounts receivable and accounts payable

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

(2) Bonds and preferred shares

The fair value of securities issued is determined according to quoted or estimated prices provided by the price vendor. This is considered to be a level 2 valuation.

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

(3) Investments in associated companies

Investments in associates of Grupo SURA are listed on the Colombian Stock Exchange and are highly liquid, see note 10.3 Impairment of investments in associates.

NOTE 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Economic activity in Latin America in 2021 showed strong signs of recovery with respect to the economic decline experienced in the previous year. The reactivation took place in the midst of a world context that has presented the emergence of COVID-19 mutations (such as Delta and Omicron) and a structural crisis in the reestablishment of supply chains to pre-pandemic functional levels, situations that generated material effects on the world economic reactivation. Despite the emergence of these variants and their impact on the economies of the region, their adverse effects were mitigated to some extent by the vaccination campaigns against COVID-19, mainly in the case of Delta; and the low severity of symptoms evidenced by the Omicron variant. These two situations mitigated the severity of the public health impact in most of the territories of the region and prevented the establishment of restrictive mobility measures and additional confinements during the year. Based on this, and as long as no additional threatening variants emerge, it is expected that the allocation of public resources to address the pandemic will progressively decrease as vaccination plans are effectively developed, allowing states to cut subsidies granted to the most vulnerable population due to the interruption of economic activities, and to clean up their public finances as a result. On the other hand, the existing problems in supply chains, which are expected to normalize by mid-2024, are mainly due to geopolitical tensions, labor shortages in ports, low availability of containers for transporting goods, significant increases in transportation and energy costs, and delays in the production of raw materials and other consumer goods. These factors have generated scarcity of resources throughout the region and added to the generalized devaluation of the exchange rate in Latin American countries, have contributed significantly to exert upward pressures on the prices of goods and services, a situation that is expected to moderate economic growth in 2022 due to the implementation of restrictive monetary policies in central banks, whose purpose will be mainly to mitigate current inflationary levels.

Continuing the analysis of the economic environment in the region, Latin American stock markets have shown signs of recovery in the value of their assets, but still without reaching the levels of 2019 despite the economic growth evidenced this year. It is important to highlight that the recovery paths of the financial markets of emerging economies differ significantly from those of developed economies, a phenomenon that is mainly explained by the greater fiscal capacity of the latter to inject resources to stimulate domestic consumption, recover consumer confidence and encourage local and international investment in their territories. It is also important to highlight that asset prices in Latin America are depressed due to structural problems in the securities markets, among the most significant of which is the low liquidity of these markets, which has been exacerbated by the migration of international investor flows to developed economies in what is known as "flight-to-quality", a phenomenon that is expected to continue during the year 2022.

On the other hand, addressing the social context in the region, it is important to highlight that the social unrest that was evident in the last two years was not alien to 2021. During the year there were protests in different countries of the region, some of them motivated by feelings of inequality and distrust in the system, high levels of poverty, corruption in the State, dissatisfaction with the management of their leaders, and in other cases, as a mechanism of resistance and rejection of the tax reforms proposed by their rulers, as in the case of Colombia. Although the region has made progress in income inequality indexes and other relevant social dimensions in the last two decades, the effects generated by the isolation measures to combat COVID-19 had as a counterpart the interruption of diverse economic activities, and as a result, the increase of the unemployed population, negatively impacting indicators of monetary poverty, schooling levels, access to the social security system, among others. The solution to these tensions will depend to a large extent on the capacity of each country to design and implement structural reforms that will allow it to effectively address these problems, and it is therefore expected that these tensions will have political ramifications and become a determining factor for the region's economic growth projections in the short and medium term.

Finally, the repercussions derived from the economic and social context previously described generate an environment of instability in the region's political framework. The presidential elections in Chile and Peru, both concluding with leaders representing ideologies based on the active role of the State as provider of the necessary resources to alleviate the needs of the population and temporarily address the triggers of social unrest among citizens, are relevant events. The proposals put forward in the government plan of these leaders will be monitored as they could represent risks for the continuity of the operations of some of the businesses present there and for the development of the private sector in general. The evolution of the reforms implemented by the Government of El Salvador, the derivations in its economy and the impact on the portfolio companies will also be closely monitored. On the other hand, elections are anticipated this year in Colombia, a situation that is framed under a context of high uncertainty given the political pulse that is developing in the territory. It is clear and evident that the results of these elections will be decisive in defining the political course of the region, as well as the pace of its economic recovery and the confidence of local and international investors.

Governance Framework for the Risk Management System

For Grupo SURA, risk management is a dynamic and interactive process, which is a fundamental component of the strategy that supports decision-making processes. Understanding risks as opportunities, preparing for uncertainty, configuring new businesses, exploring geographies, strengthening talent, among other aspects, are an essential part of this management.

Risk management is framed in the Risk Management Framework Policy of Grupo Empresarial SURA and the Internal Risk Management Manual. These documents establish the responsibilities of the Board of Directors, the Risk Committee and Senior Management with respect to the Risk Management System and define the framework for action of Grupo SURA in this area.

In addition to the existing risk management system, the Conglomerates Law issued on September 21, 2017, imparts new obligations for Grupo SURA as a Financial Holding Company of the Conglomerate in terms of risk management. The scope of this system covers not only the Business Group but also all the Companies that make up the SURA-Bancolombia Financial Conglomerate (FC), seeking to develop a Risk Management Framework, which comprehensively addresses the risk appetite, adequate level of capital and the management of strategic, contagion, concentration and reputational risks of the FC.

In this regard, it is important to highlight that in June 2021 the Board of Directors of Grupo SURA approved the Risk Management Framework and the Risk Appetite Framework, complying with the regulatory requirements of the Conglomerates Law and the regulations derived from it. The approval of the risk appetite framework was accompanied by the definition and approval of the first appetite limit to manage the credit concentration risks of the Financial Conglomerate. Significant progress was also made in the governance and data aggregation and reporting model, enabling Grupo SURA to have the necessary information to manage the risks it is responsible for in said risk management system. Finally, to operationalize the MGR, working groups were established with the risk teams of the companies that make up the Financial Conglomerate, which meet periodically to carry out joint analyses on risk management and the analyses prioritized by the Management and Board of Directors of Grupo SURA.

On the other hand, within the framework of the requirements set forth in Decree 1486 of 2018 regarding exposure limits and risk concentration of the FC, and Decree 2555 of 2010 regarding the adequate level of capital, the reports required by the regulation were made on a quarterly basis to the Board of Directors, for its knowledge and evaluation on the exposure to this type of risks in the FC, both measurements being within the appetite of the financial holding company and the regulatory limits.

This management model is consistent with our risk vision as an investment manager, reaffirms our comprehensive management of the portfolio's aggregate risks and enables us to perform prospective risk analysis considering the correlation between them.

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

1. Financial Risk Management

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

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

1.1. Credit risk

Credit risk management seeks to reduce the probability of incurring losses derived from the non-compliance of financial obligations contracted by third parties with the Companies.

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

To manage this risk, 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.

- **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.

- **Summary of the risk exposure of the entity**

As of December 31, 2021, the treasury investments of Grupo SURA are mostly concentrated in liquid mutual funds managed by high credit quality managers, savings accounts and checking accounts.

Regarding the credit risk in derivative instruments positions, the Company has as counterparties local and international banks with adequate credit ratings, all of which are above investment grade. Below is a list of the counterparties and their credit rating (in international and local scale*):

Bank	Qualification	Net exposure
Merrill Lynch International	A+	108.294
Citibank N. A	A+	59.833
JP Morgan Chase Bank, N.A.	A+	142.621
Morgan Stanley & Co International PLC	A+	-
Goldman Sachs International	A+	39.742
BBVA S.A.*	AAA	(1.213)
Bancolombia S.A.*	AAA	-

** Figures in millions of pesos, at December 31, 2021.*
** Local rating - Colombia*

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

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

- **Impairment of assets and accounts receivables**

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

1.2. Market Risk Management

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

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

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

1.2.1. Exchange rate risk

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

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

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

- **Methods used to measure risk**

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

- **Description of changes in risk exposure**

During 2021, in order to increase the hedging range of the existing debt in dollars for the bond maturing in 2026, the company increased the hedging ceilings by purchasing call options at those levels where it had a cap. In this way, the company is left with a complete hedge of the bond's principal, which manages volatility in the financial statements and mitigates the risk of payment in dollars at maturity.

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

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

These sensitivities are made taking into account simulated variations of +/- 10% in the peso-dollar exchange rate compared to its closing value in 2020 and 2021; and represent the amounts in which the profit before taxes would be impacted, in the event of such movement.

Exchange rate sensitivities 2021		
Exchange Rate 3,981.16	**Impact on pre-tax income 2021 versus +10% change in exchange rate**	**Impact on pre-tax income 2021 versus -10% in exchange rate**
Financial Liabilities	-	-
Derivatives	26,541	(26,541)
Total	**26,541**	**(26,541)**

Figures in Millions of Pesos.

Exchange rate sensitivities 2020		
Exchange Rate 3,432.5	**Impact on pre-tax income 2020 versus +10% change in exchange rate**	**Impact on pre-tax income 2020 versus -10% in exchange rate**
Financial Liabilities	(188,760)	188,760
Derivatives	158,225	(158,703)
Total	**(30,531)**	**30,057**

Figures in Millions of Pesos.

For the analysis of the results, it is important to highlight that those financial obligations in foreign currency whose associated derivatives are classified as hedge accounting, reflect the mitigation of the impact on results for the hedged exposure of the cash flows.

It is important to highlight that in 2021 the bond maturing in 2026 and its derivatives associated with the principal were classified as hedge accounting. For this reason, the impacts arising from the variation in the exchange rate are not reflected in the statement of income since their effects are offset in both balance sheet items.

On the other hand, in 2020 only the bond maturing in 2021 was classified as hedge accounting; therefore, the difference in the magnitude of the impact between periods is explained by the implementation of the strategy described above.

1.2.2. Interest rate risk

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

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

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

- **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 thus reduce the exposure to this risk.

- **Description of changes in risk exposure**

In 2021 Grupo Sura acquired a new variable rate financial obligation, more specifically, tied to IBR. This obligation modifies the Company's exposure to interest rate risk; however, given the composition of the consolidated debt and its diversification between fixed and variable rates, it was concluded that it was convenient to do so.

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

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

Interest Rate Sensitivities		
	Impact on Pre-tax Income 2021 versus +10PB variation in the interest rate	Impact on Pre-tax Income 2021 vs. -10PB variation in the interest rate
Derivatives	325	(327)
Total	**325**	**(327)**

Figures in Millions of Pesos.

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

Figures in Millions of Pesos.

1.3. Liquidity Risk Management

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

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

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

- **Methods used to measure risk**

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

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

- **Description of changes in risk exposure**

In 2021, the company refinanced all bank loans in Colombian pesos, lengthening their maturity and reducing their interest rates, thus achieving a better maturity profile and a lower cost of debt.

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

Maturities associated with assets to manage liquidity:

December 2021	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Cash and cash equivalents	96,327	-	-	96,327
Investments	-	-	40,301	40,301
Accounts receivable, related parties	43,883	-	-	43,883
Other accounts receivable	156	-	-	156
Total	**140,366**	**-**	**40,301**	**180,667**
December 2020	**Less than 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Cash and cash equivalents	437,523	-	-	437,523
Investments	599,800	-	23,190	622,990
Accounts receivable, related parties	116,633	-	-	116,633
Other accounts receivable	278	-	-	278
Total	**1,154,234**	**-**	**23,190**	**1,177,424**

Likewise, the maturities of the Company's financial obligations are presented below.

December 2021	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial obligations	80,653	529,975	-	610,628
Derivative instruments	-	302,049	-	302,049
Accounts payable to related parties	90,074	-	-	90,074
Other accounts payable	12,143	48,662	-	60,805
Bonds issued	195,966	3,263,577	977,744	4,437,287
Preferred shares	-	-	460,067	460,067
Total	**378,836**	**4,144,263**	**1,437,811**	**5,960,910**

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

For further details see Note 7.2 Financial Liabilities.

2. Strategic risk management

Taking into account the importance of strategic risks for the company and for the Financial Conglomerate, during 2021, based on the prioritization carried out previously, progress was made in the stage of characterization and understanding of the most relevant risks. This exercise focused mainly on the Reputation, Human Talent and Environment risks, which include different dimensions such as Social, Regulatory and Political. For each of them, progress was made in their own definition according to the company's context, their causes and associated indicators for their management and measurement, all of the above taking into account global trends and megatrends.

During 2022, progress will continue to be made in the understanding of the other strategic risks, as well as in the measurement of the indicators identified, in order to contribute to the capital allocation decision-making process.

3. Operational risk management

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

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

- **Business Continuity Risk:** in order to ensure the proper implementation of strategies and procedures for action in the occurrence of events that impact the Company's processes and projects, the company has a business continuity plan for critical processes and operation enablers.

  During 2021, as a consequence of the situation associated with COVID-19, the company continued to assess exposures to business continuity risks. Similarly, hybrid work schemes were implemented in anticipation of a possible scenario of strict confinement. It is considered that the risk has been adequately mitigated for the company's operations.

- **Reputational risk:** In Grupo Empresarial SURA, the perception that the different stakeholders with whom it relates have of the Companies, is a fundamental asset for the fulfillment of the strategic objectives.

  A situation of discredit, bad image, negative publicity, among others, whether true or not, with respect to the Companies and their business practices could affect the different relationships with stakeholders.

  Grupo SURA has action guidelines for the management of events that may cause reputational risk and escalate into a crisis. As part of the strategy to strengthen management capabilities, training programs are developed for internal teams involved in the management of these risks, as well as the establishment of formal channels for the communication of events that may occur.

  In the course of 2021, the practice of social listening through digital tools was incorporated into the reputational analysis, which seeks to support the monitoring of exposures, both in social networks and in the media.

- **Risk of fraud, corruption, bribery and LAFT (Policy for the Prevention of Money Laundry and Terrorism Financing):** Regarding fraud and corruption prevention, the Company has provisions and guidelines to manage the events that may generate this type of risks and minimize the probability of occurrence, materialization and impact of the same.

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

During 2021, within the framework of the strengthening of the operational risk and internal control system, progress was made in the implementation of additional controls for the previously identified risks, aiming for an adequate mitigation. Additionally, the counterparty validation controls continued to be executed, without any material finding for the company.

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

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

  As of 2021, the ethics hotline service system of Grupo SURA and its subsidiaries is operated by an independent third party specialized in the management of complaints and queries. The outsourcing of the channel offers whistle-blowers the possibility of accessing new communication channels, both for the submission of complaints and for the follow-up of their case and with 24/7 attention, in addition to strengthening the prevention of possible conflicts of interest in the reception and classification of complaints. Since the outsourcing, the company has the following complaint channels: telephone line, WhatsApp, APP, email and form through the website, all attended by specialists in receiving cases. However, the investigation and definition of complaints remains in the hands of the internal teams of each company.

4. Emerging risk management

This type of risks refers to those that have no precedence or those that have become a new phenomenon, that have their origin in trends and are difficult for the company to understand. These may have operational or strategic impacts, depending on their nature.

Taking into account the importance of the phenomena and trends in the company's strategy, Grupo SURA has been working on the management of different emerging risks, from their identification to their evaluation and analysis.

Within the 2021 developments, climate change risk management stands out. Grupo SURA, as an investment manager, must pay special attention to these climate-related risks and opportunities, mainly through its sustainable finance strategies, since the way it interacts with all sectors of the economy, through its investment portfolio, exposes it to a great diversity of risks associated with different industries.

In this regard, during 2021, Grupo SURA structured its own methodology for climate risk management, which consists of the following stages: identification of climate risks, selection of scenarios, risk prioritization, quantification and management. Thirteen risks were identified and prioritized for subsequent quantification during the year 2022. The scenarios under which the projected variables will be modeled to quantify the impact of the risk were also selected. Additionally, Grupo SURA defined its action framework that will serve to declare a clear position on this issue and exercise its role as an investment manager and active owner through continuous dialogue with the companies in its portfolio and the exchange of knowledge regarding exposure to climate risks.

5. **Financial reporting risk management**

Financial reporting risks refer to events that prevent the Company's economic reality from being adequately reflected in the external financial statements disclosed to its different stakeholders. During 2021 Grupo Sura worked on the management of such risks as part of the SOX project, initiated in 2018 and aimed at the preparation and readiness of all the necessary requirements for the fulfillment of its strategic objective of accessing international capital markets and also continuing to improve the assurance of the financial figures prepared and reported.

Thus, this year Grupo Sura continued with the management of risks associated with financial reporting and the consequent implementation and updating of 63 controls aimed at mitigating them, consisting of ensuring the completeness, accuracy, valuation, identification of rights and obligations, and presentation and disclosure of figures. During the last quarter, the testing process began with an external consultant to evaluate the quality of the controls implemented, a process that will culminate in the first half of 2022.

Likewise, from the point of view of the technology components that support the business processes, 26 general technology controls that cover the financial statement consolidation application and 12 controls that mitigate risks on 3 technological tools of the SOX scope were programmed for testing.

In the development of the design and implementation tests, 60 entity-level controls were also included, covering the components, principles and focus points of the COSO model, the internal control framework on which the Company is guided.

Based on the controls currently established in the internal control system for financial reporting, no materialization of relevant risks affecting the figures in the financial statements disclosed to stakeholders have been identified. During 2022 we will continue to perform periodic validation of controls and the necessary adjustments derived from the result of the tests, with the purpose of contributing to the improvement of the processes related to the preparation, presentation and disclosure of the Company's financial information.

NOTE 27. CAPITAL MANAGEMENT

The policy, of the Grupo SURA, is to maintain a base of solid capital, in order to preserve the confidence of investors, creditors, and the market, and sustain the future development of the business. The Company monitors the return on capital and the level of dividends paid to shareholders.

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

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

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

	December 2021	December 2020
Financial liabilities (Note 7.2) (1)	5,347,538	6,029,068
Cash and cash equivalents (Note 6)	(96,327)	(437,523)
Net debt	**5,251,211**	**5,591,545**
Total Equity	24,746,964	24,110,978
Adjusted debt index - equity (2)	21.22%	23.19%

(1) Includes financial obligations, bonds issued and preferred shares

(2) Net Debt/Equity

NOTE 28. RELATED PARTY DISCLOSURES

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

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

December 2021		Individuals	Entities	
		Key management personnel	Associates	Subsidiaries
Assets	**Note**			
Accounts receivable from related parties	7.1.2	-	43,833	-
Total assets		**-**	**43,833**	**-**
Liabilities				
Financial obligations		-	509,854	-
Accounts payable to related parties	7.2.1	-	90,074	104
Employee benefits		34,555	-	-
Total liabilities		**34,555**	**599,928**	**104**

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

December 2021		Individuals	Entities	
		Key management personnel	Associates	Subsidiaries
Income	**Note**			
Dividends	20	-	263,124	-

Other income				586
Total income			**263,124**	**586**

Expenses				
Administrative expenses		-	-	1,058
Employee benefits		10,238	-	-
Fees	22	1,297	-	-
Total expenses		**11,535**	**-**	**1,058**

December 2020		**Individuals**	**Entities**	
		Key management personnel	**Associates**	**Subsidiaries**
Income	**Note**			
Dividends	20	-	576,193	-
Other income		-	-	306
Total income			**576,193**	**306**

Expenses				
Administrative expenses		-	-	260
Employee benefits		11,099	-	-
Fees	22	1,135	-	360
Other expenses		-	-	766
Total expenses		**12,234**	**-**	**1,386**

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

NOTE 29. EVENTS SUBSEQUENT TO THE REPORTING DATE

These separate financial statements as of December 31, 2021 were prepared for supervisory purposes and authorized for issuance by the Board of Directors of Grupo SURA on February 25, 2022, after that cut-off date and until their publication, there were no relevant events that may significantly affect the financial position of the Company.

NOTE 30. APPROVAL OF FINANCIAL STATEMENTS

The issuance of the financial statements of Grupo SURA for the year ended December 31, 2021 was authorized by the Board of Directors for publication, as stated in Act No. 354 of the Board of Directors dated February 25, 2022, to be presented to the market.

ANALYSIS OF FINANCIAL RESULTS (unaudited)

The following is an analysis of the financial results for the period ended December 31, 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		December 2021			December 2020			INTERPRETATION	
	Solidity		5,836,391	=	19.08%	6,368,983	=	20.90%	Creditors own 19.08% as of December 2021 and 20.9% as of December 2020, leaving the shareholders as owners of the complement: 80.92% as of December 2021 and 79.1% as of December 2020.	Total liability
			30,583,355			30,479,961				Total asset
INDEBTNESS	Total		5,836,391	=	19.08%	6,368,983	=	20.90%	Of every peso the company has invested in assets, 19.08% as of December 2021 and 20.9% as of December 2020 have been financed by creditors.	Total liability
INDEBTNESS			30,583,355			30,479,961				Total asset
INDEBTNESS	Coverage of interest		816,125	=	200.13%	960,514	=	252.40%	The Company generated a net income equal to 200.13% as of December 2021 and 252.4% in December 2020 from Interest Paid	Net profit + interest
INDEBTNESS			407,797			380,545				Financial expenses
INDEBTNESS	Leverage	Total	5,836,391	=	23.58%	6,368,983	=	26.42%	Every $1.00 peso of the owners of the Company is committed 23.58% as of December 2021 and 26.42% as of December 2020.	Total liabilities with third parties
INDEBTNESS			24,746,964			24,110,978				Equity
INDEBTNESS		Financial Total	5,347,538	=	21.61%	6,029,068	=	25.01%	For each peso of equity, 21.61% is committed financially as of December 2021 and 25.01% as of December 2020.	Total liabilities with financial entities
INDEBTNESS			24,746,964			24,110,978				Equity
	Net profit margin		408,328	=	46.78%	579,969	=	52.48%	Net income corresponds to 46.78% of net income in December 2021 and 52.48% of net income in 2020.	Net Profit
			872,778			1,105,178				Net Income
	Return on equity		408,328	=	1.68%	579,969	=	2.46%	Net income corresponds to 1.68% of equity in December 2021 and 2.46% in December 2020.	Net Profit
			24,338,636			23,531,009				Equity - profits
	Return on total assets		408,328	=	1.34%	579,969	=	1.90%	Net income in relation to total assets corresponds to 1.34% as of December 2021 and 1.9% in December 2020.	Net Profit
			30,583,355			30,479,961				Total assets