

# **Results Presentation**

**Grupo SURA** 2Q - 2022



## DISCLAIMER

The forward-looking statements contained herein are based on Management's current forecasts and outlook, which have been made under assumptions and estimates of the management of the Companies and may present variations.

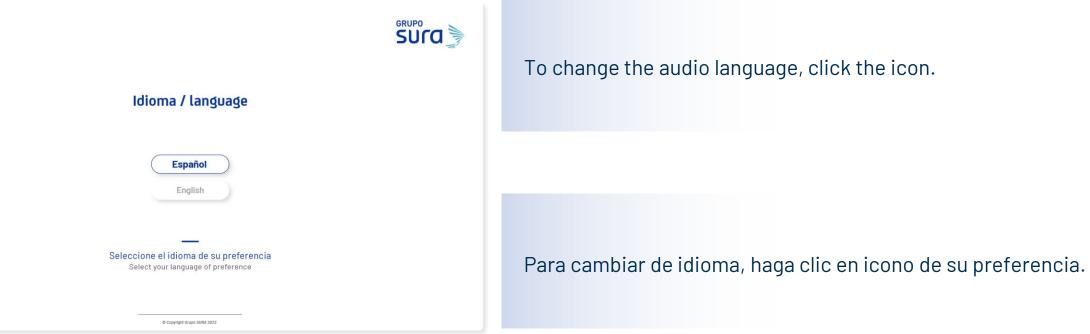
For better illustration and decision-making, figures for Suramericana, SURA Asset Management and its subsidiaries are administrative rather than accounting, and therefore may differ from those presented to official entities. Thus, Grupo de Inversiones Suramericana assumes no obligation to update or correct the information contained in this presentation..

#### Selección de idioma / Language selection

Webcast







Index

SUCA

#### **Grupo SURA** Suramericana SURA AM **Consolidated Results** $\langle \mathbf{O} \rangle$ Capitals **Consolidated Results Consolidated Results** Equity Method $(\mathbf{O})$ Human Capital Life Segment Retirement Savings Segment Net Income Bridge $( \bullet )$ Highlights Property and Casualty Segment $\langle ( \bullet \rangle \rangle$ Inversiones Sura + IM Consolidated Results (ullet)Health Care Segment Net Income Bridge $\langle \bullet \rangle$ Net Income Bridge



Santiago de Chile • Chile

#### Integrated capital management

Moving towards sustainable levels of profitability

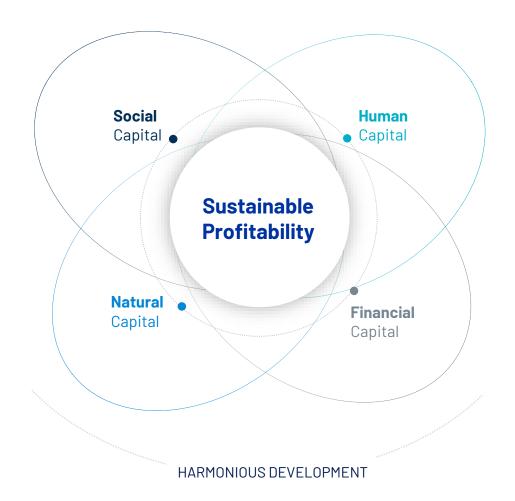


#### VALUE GENERATION

We believe in a comprehensive view of the Company's management, around the maintenance and increase of capitals. Adequate and balanced management is what really contributes to the generation of sustainable profitability.

In each capital we must:

- ✓ Exceed the expectations of our stakeholders
- ✓ Publicly communicate clear goals
- ✓ Submit indicators for evaluation



#### Human Capital Grupo SURA



## CHALLENGES

- Development of new knowledge and skills for the exercise of the citizenship
- Diversity and inclusion with defined positions and focused actions.

#### **AWARDS AND RECOGNITIONS**

- One of the five best companies to work for (Merco Talento Colombia)
- Outstanding Long-Term Employee Benefits Rating (S&P)
- Top score in freedom of association and employee development program (S&P)

We enable people to have the **skills and knowledge** that favor, through flexibility and diversity, the full development of their being and their potential to generate value for the company, stakeholders and society.

• • •

## **Human Capital**

We interact through the development of capabilities for autonomy and the exercise of freedom.





#### We have invested more than COP 30 billion in training different stakeholders.

#### Net profit reaches maximum in last years

Driven by total revenues growing at double-digit rates



**TOTAL REVENUES\*** CAGR +14.6% 27.6 24.9 21.3 20.9 18.8 18.3 15.5 11.4 2015 2016 2017 2018 2019 2020 2021 2022 (LTM)

#### **Highlights**

• Total revenues last 12 months increased COP 2.7 trillion vs 2021

#### **Reputation ranking**



Recognized by Merco as the #57 company in reputation in Latin America and #1 in Colombia

#### • Operating expense still 5.5% lower than the increase in total revenues thanks to the control and efficiency efforts of both the company and its subsidiaries.

Moody's maintains SURA AM

**Baa1** credit rating (Stable)

**SURA AM credit rating** 

Moody's

INVESTORS SERVICE

• Controlling net income last 12 +25.9% vs 2021

• Adjusted ROE on a trailing 12-month basis came to 9.33%

#### Suramericana credit rating

**BRC Ratings** A Company of S&P Global

Ratification of the local rating **AAA** (Stable)

#### 1.77 1.53 1.44 1.41 1.26 1.18 1.10 0.23 2015 2016 2017 2018 2019 2020 2022 2021 (LTM)

#### **CONTROLLING NET INCOME**

9

## Quarter in which the highest ever revenues in the Company's history were posted.

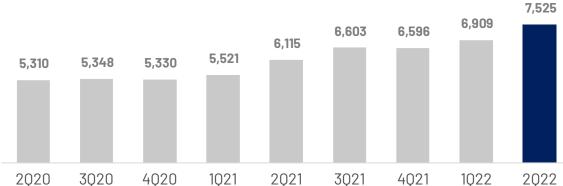


Due to a positive evolution of business despite the impact on claims

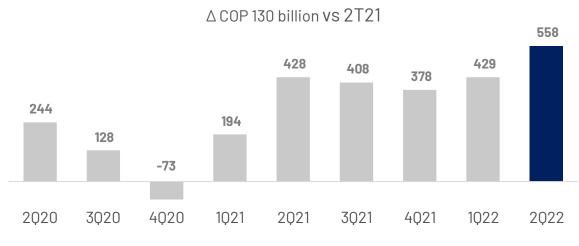
**TOTAL REVENUES** 



CONSOLIDATED INCOME STATEMENT	June 21	June 22	Var. \$	Var.%
Written premiums	9,983	12,536	2,554	26%
Retained earned premiums	8,458	10,706	2,248	27%
Commission income	1,564	1,544	-20	-1%
Investment income	670	734	64	10%
Revenues from the equity method	648	1,046	398	61%
Other	296	404	108	37%
Total Revenues	11,636	14,434	2,798	<b>24</b> %
Retained claims	-6,132	-7,679	-1,547	25%
Operating expenses	-4,303	-5,074	-771	18%
Total Expenses	-10,436	-12,753	-2,318	<b>22</b> %
Operating Earnings	1,201	1,681	480	<b>40</b> %
Financial result	-295	-488	-193	65%
Earnings before taxes	906	1,192	287	<b>32</b> %
Taxes	-232	-147	85	-37%
Net Income	672	1,044	372	<b>55</b> %
Shareholders' Net Income	622	987	365	<b>59</b> %



#### **CONTROLLING NET INCOME**





# SURAMERICANA

Sao Paulo • Brasil

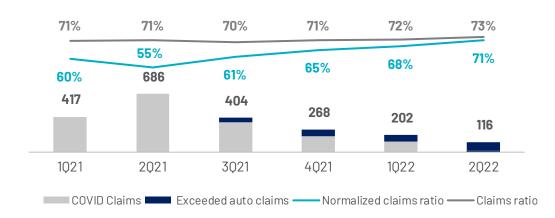
#### Positive evolution in all segments

Driven by premium growth, positive investment performance and expense control

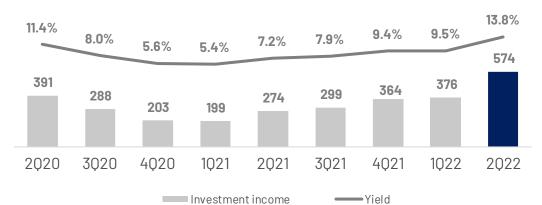


CONSOLIDATED INCOME STATEMENT	June 21	June 22	Var.\$	Var.%
Written premiums	9,716	12,246	2,530	26%
Retained premiums	8,121	10,513	2,392	29%
Adjustments to reserves	167	-273	-441	
<b>Retained Earned Premiums</b>	8,288	10,240	1,952	<b>24</b> %
Retained Claims	-5,871	-7,418	-1,546	26%
Commissions (net)	-1,093	-1,350	-257	24%
Cost of services rendered	-49	-54	-5	11%
Other operating income/expense	-455	-665	-210	46%
Technical Result	820	752	-68	<b>-8</b> %
Operating expenses	-1,347	-1,526	-179	13%
Underwriting Result	-527	-774	-247	<b>47</b> %
Investment income	473	951	478	101%
Interest expense	-47	-80	-34	72%
Other non-operating	158	220	61	39%
Earnings before taxes	58	316	259	449%
Taxes	-53	-52	1	-1%
Discontinued operations	-6	-1	5	-85%
Net Income	-1	263	264	

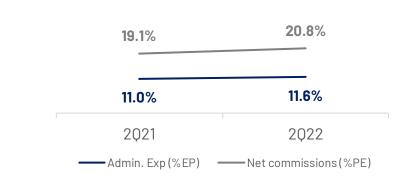
**CLAIMS RATE\*** 

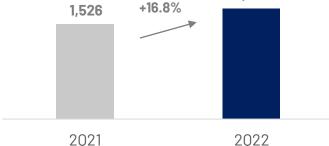


**INVESTMENT INCOME** 



Figures in COP billions





**ADMINISTRATIVE EXPENSE & NET** 

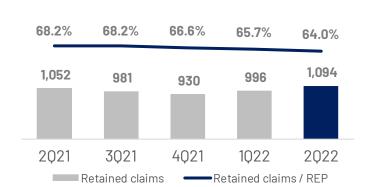
COMMISSIONS

#### WRITTEN PREMIUMS

1,783

Results continue positive path due to higher financial income and lower COVID claims

 $\Delta$  COP 257 billion



**RETAINED CLAIMS\*** 

 $\triangle$  COP 41 billion

**NET INCOME**  $\triangle$  COP 170 billion



#### Highlights

sura 🖻

SEGUROS, TENDENCIAS

**Y RIESGOS** 

- Written premiums was driven by the Occupational Health and Safety solution +24.1% with 4.8 million insured subscribers
- Health solution grows **14.9%** due to positive dynamics in new businesses and renewals
- Non-COVID claims returned to prepandemic frequency levels
- Investment income **+92.5%** vs 2T21: inflation-indexed assets in countries such as Colombia and Chile

Life Segment

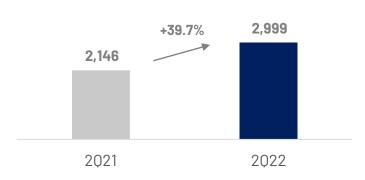
#### Property and Casualty Segment

Positive evolution in business even with the impact on claims



#### WRITTEN PREMIUMS

 $\Delta$  COP 853 billion



**COMBINED RATIO** 

 $\triangle$  COP -69 billion

-27.5%

111.0%

181

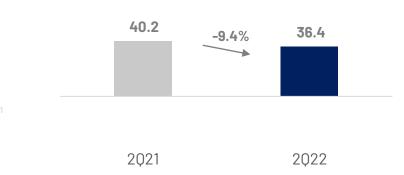
2022

Combined ratio

**RETAINED CLAIMS\***  $\triangle$  COP 316 billion

<b>51</b> %	<b>53</b> %	55%	55%	<b>57</b> %
703	818	933	867	1,019
2021	3Q21	4Q21	1022	2022
R	etained claim	s <b>—</b> R	etained claim	is/REP

**NET INCOME** △ COP -3 billion



#### Highlights

- The Chilean subsidiary issued property policies with maturities of more than one year, upon excluding this effect premiums would have recorded a growth of 23.1%
- Increase in the claims rate because of the supply chain disruptions 74% vs 58% in 2T21
- Administrative expense ratio dropped by 250 bps thanks to having transformed operating models
- Investment income **+149.5% vs 2T21:** inflationary pressure and depreciating exchange rates

#### Figures in COP billions \*Claims rate is calculated based on the last twelve months

2021

Technical result

105.8%

250

#### Health Care Segment

Growth in premiums was driven by the increase in subscriber base of the Mandatory Health Care subsidiary (EPS)

90.8%

1,694.1

2021

**RETAINED CLAIMS** 

 $\triangle$  COP 362 billion

+21.3%

**NET INCOME** 

 $\triangle$  COP -9 billion

Retained claims —— Retained claims / REP

2,055.7

2022



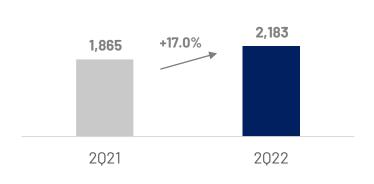
# EPS **+752** thousand additional subscribers compared 2T21 which scored a **30.2%** premiums increase

**Highlights** 

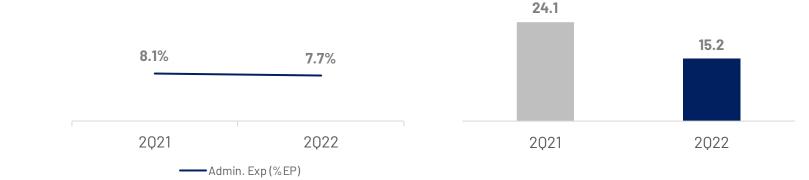
- Lower incidence of COVID claims
   -94.5% vs 2T21
- Drop in its EPS expense ratio account thanks to the transformation strategies carried out with regard to this segment's operating **4.1% vs 4.6%** in 2T21
- The drop in **net income** was due to the Ayudas Diagnosticas Sura subsidiary

## WRITTEN PREMIUMS

 $\Delta$  COP 318 billion



**OPERATING EXPENSES** 

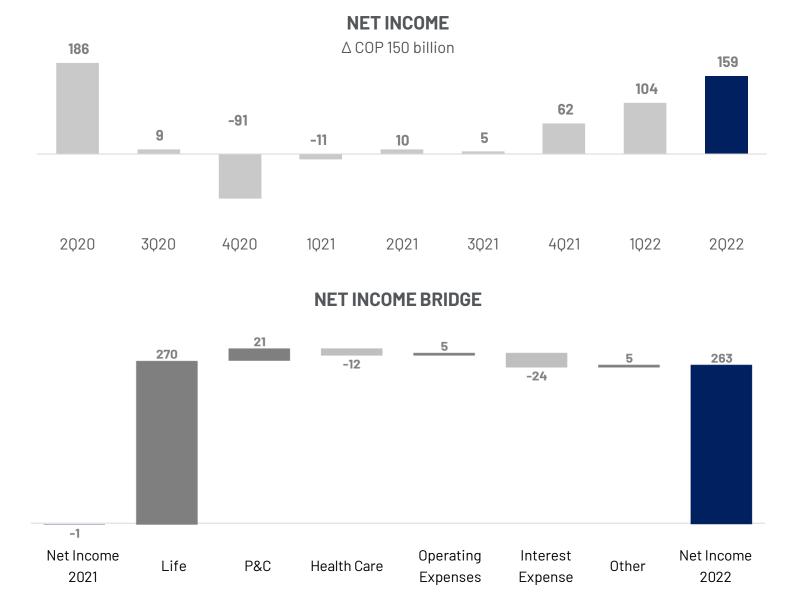




#### **Consolidated Net Income Bridge**

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Net income shows positive evolution in business



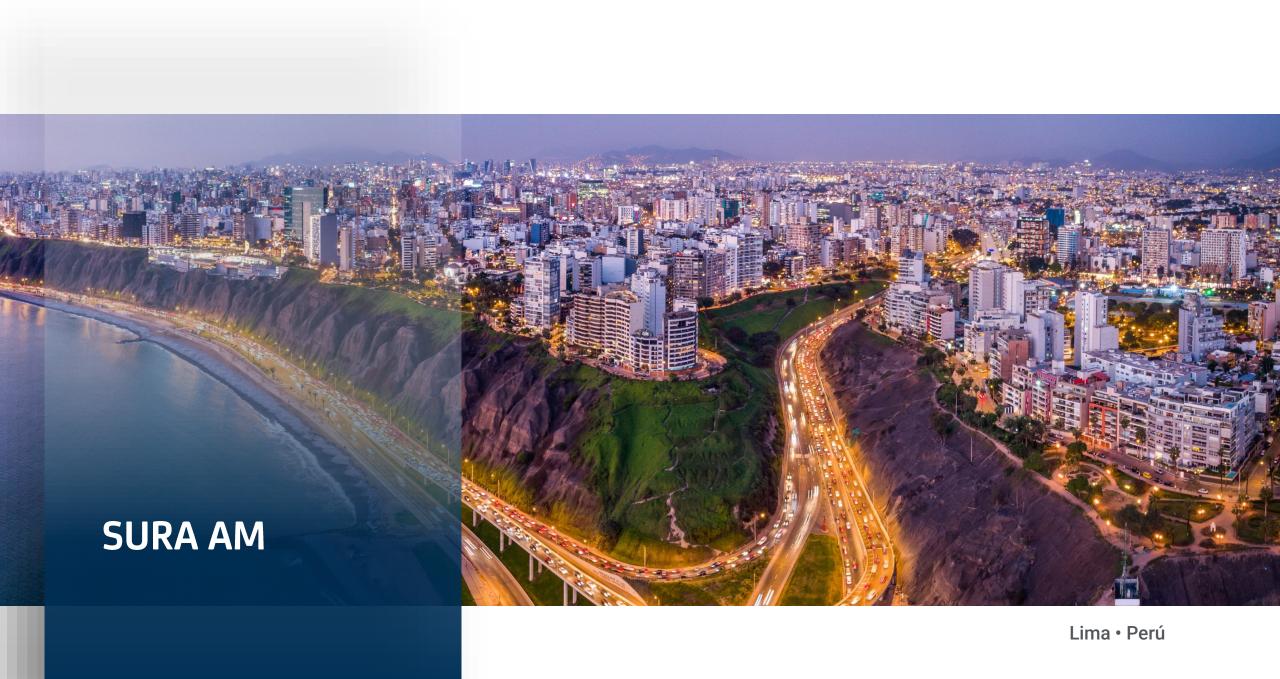
#### Suramericana

Good half-year results confirm projected recovery



	% Va Jun 22	r. or Ratio Guidance 22	
Written Premiums	26.0%	11.0% - 13.0%	<ul> <li>Positive dynamics in all businesses</li> <li>Inflationary effects mainly in automobiles</li> <li>Increases in EPS users</li> </ul>
Claims ratio	<b>72.4</b> %	70.0% - 71.0%	<ul> <li>Increases in average costs, mainly in the automobile solution</li> </ul>
Admin. Expenses/ Written premiums	11.5%	<b>11.0% - 12.0%</b>	<ul> <li>Transformation of operating models in pursuit of productivity</li> </ul>
Adjusted ROE*	<b>7.1</b> %	<b>7.0% - 9.0%</b>	<ul> <li>Business recovery has made it possible to reach projected profitability levels</li> </ul>

Consolidated results show growth above estimates; however, market volatility and the impact of the auto accident rate continue to generate uncertainty.



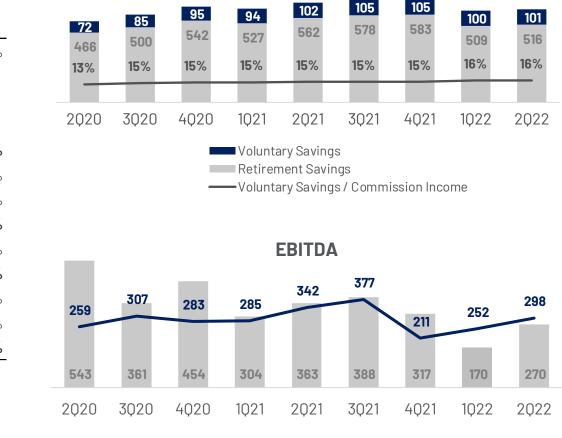
#### Consolidated results present impacts in the semester

Explained by the performance of the markets, the decrease in commissions in Mexico and the difference in exchange



#### **COMMISSION INCOME**

 $\triangle$  COP -47 billion



EBITDA — EBITDA exc. encaje

CONSOLIDATED INCOME STATEMENT	June 21	June 22	Var.\$	Var.%
Commission income	1,285	1,226	-59	-5%
Income from legal reserves	40	-109	-149	
Equity method	68	-25	-93	
Other	7	81	73	
Operating Revenues	1,401	1,172	-229	<b>-16</b> %
Total insurance margin	48	73	25	53%
Operating expense	-921	-952	-31	3%
Operating Earnings	528	293	-234	-44%
Financial result	-62	-158	-96	156%
Earnings before taxes	466	135	-331	<b>-71</b> %
Income tax	-166	-92	74	-45%
Discontinued operations	5	0	-5	-98%
Net Income	305	43	-262	-86%

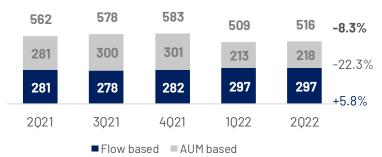
## **Retirement Savings Segment**

Results affected by lower commission rate in Mexico and lower legal reserve yields

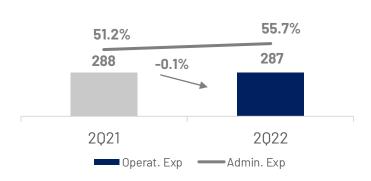


# **TOTAL AUM** A COP 9.1 trillion **480 489 489 489 2021 2022**

## $\begin{array}{c} \textbf{COMMISSION INCOME} \\ \Delta \, \text{COP} \, \text{-46 billion} \end{array}$

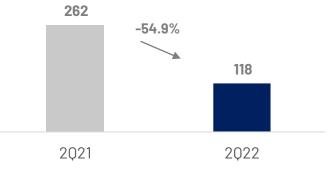


NET INCOME △ COP -143 billion



**OPERATING EXPENSES** 

 $\triangle$  COP -0.4 billion



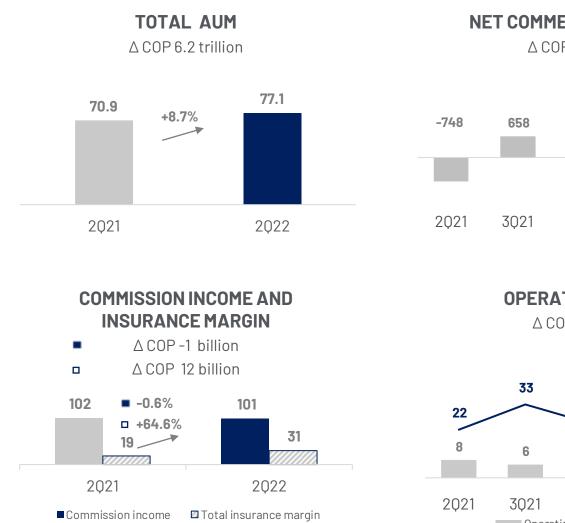
#### Highlights

- **18.6%** increase in the salary base due to inflation levels and good dynamics in the labor market
- Outperformed industry, **66% of AUM** achieved Alpha in the last twelve months\*.
- Operating expenses **decrease 1.3%** due to efficiency efforts

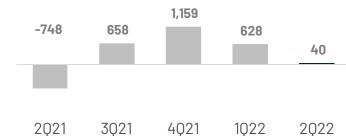
#### **Inversiones SURA + IM**

#### Efforts continue to mitigate the impact on the markets





# A COP 787 billion



OPERATING PROFIT △ COP 15 billion



#### Highlights

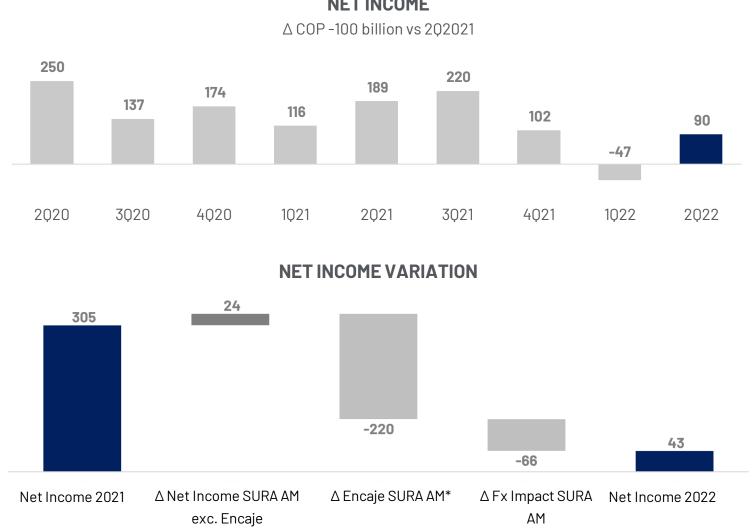
- Voluntary segment **AUM** growth of **8.7%** from **2.1 million customers**
- **Alpha in 75%** of traditional AUM vs. 65% in 1022
- Fee and commission income up 1.1% to June 2022 and flat in 2022
- Preference for lower risk products
- Accumulated operating income grew
   +64.6% due to good performance of insurance margin and control of operating expenses

Cifras en COP miles de millones. AUM en COP billones

#### **Consolidated Net Income Bridge**

Net income impacted by the performance of the legal reserve and FX difference





**NET INCOME** 

\*\* SURA AM reserve is net of the deferred tax associated with the reserve and includes the effect of the reserve on the Protection profit, adjusted by the shareholding of SURA AM

\*\*Figures in COP billions



	% Var. or ratios Jun 22 Guidance 22		
AUM	<b>1.1</b> %	10.0% - 12.0%	Global financial markets volatility
Commission income	(7.0%)	(2.0%)-(5.0%)	<ul> <li>Negative returns impacting fee income in Mexico and Peru</li> <li>Slower dynamics in Inversiones SURA and Investment Management segment</li> </ul>
Operating Margin	<b>25.0</b> %	40.0% - 42.0%	<ul> <li>Negative return on legal reserve as a result of market declines</li> </ul>
Adjusted ROTE	14.1%	20.0% - 22.0%	<ul> <li>Business impacts and negative returns from legal reserve affect projected profitability path</li> </ul>

Consolidated net income shows performance below estimates, and the current capital market environment continues to present volatility.

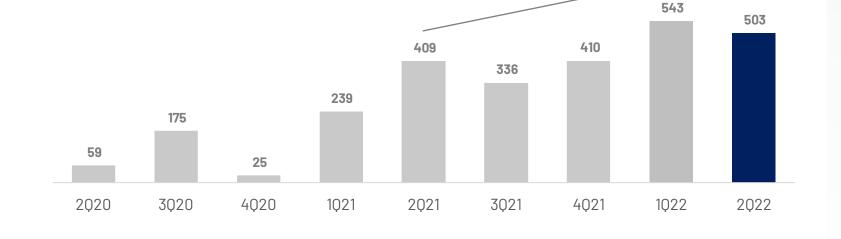
# Consolidated Results GRUPO SURA



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#### **Equity method**

Positive company results, mainly driven by Bancolombia, Nutresa and Argos.



+23.0%

	June 21	June 22	Var. \$	Var.%
Bancolombia	416	860	444	106.6%
Grupo Argos	36	42	6	16.9%
Grupo Nutresa	130	179	49	37.6%
AFP Protección	61	-46	-108	
Others	5	11	7	146.0%
TOTAL	648	1,046	398	61.3%



GRUPO

SUra

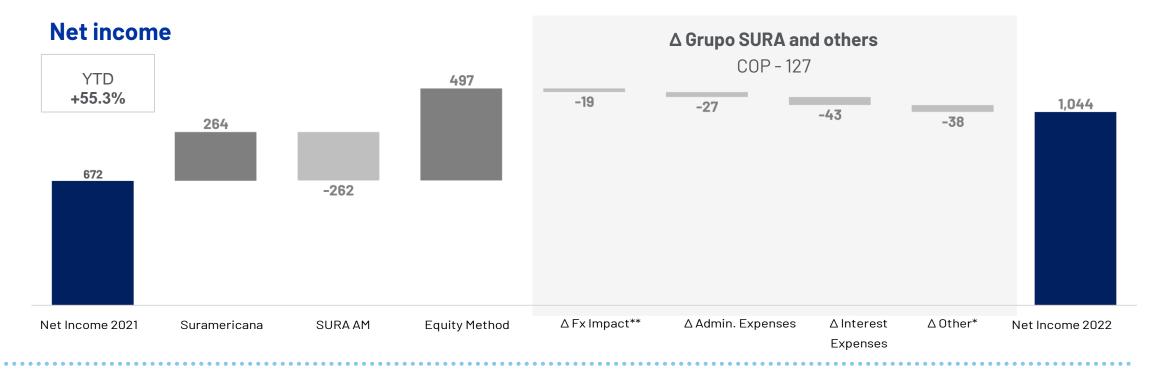
- Equity method continues to grow
   +23.0% vs 2021
- Equity method driven by Bancolombia and Nutresa with growth of 106.6% and 37.6% vs. June 2021
- Protección mainly affected by negative return on legal reserve requirements



#### Net income variation



Controlling net income and ROE continue to show recovery and good business performance



	% <b>Va</b> i	r. or Ratio		
Controlling not	<b>Jun 22</b>	Guidance 22		
Controlling net income	<b>+59</b> %	10% - 15%	٠	Net income growth above guida
<b>Adjusted ROE</b>	9.3%	<b>8% - 9%</b>		results

# dance due to better company

Figures in COP billions

\*Others include Arus, Habitat, Sura Ventures and Adjustments and eliminations.

\*\*Exchange impact corresponds to the exchange difference + fair value gain on derivatives, net of the associated deferred income tax.

## Grupo Sura has entered into agreements with strategic partners in the past



The company, at the request of its Board of Directors, is reviewing best practices to reflect said Agreements in the financial statements

#### Background

- The agreements include corporate governance provisions, minimum tenure periods, exit mechanisms and, in general, clauses customary in shareholder agreements of this nature in companies not listed on a stock exchange.
- They have been structured and executed with the support of expert advisors in financial, legal, accounting and tax matters.
- The subscription of such agreements was disclosed: i) to the market by means of relevant information ii) to the Regulator (SFC) and iii) to the EY, Statutory Auditor.

#### Agreements

- Munich RE as a strategic partner in Suramericana with an 18.87% stake signed in 2001.
- Grupo Bolivar as a strategic partner in Sura AM with a 9.74% equity interest, signed in 2011.
- Caisse De Dépôt Et Placement Du Québec ("CDPQ") as a strategic partner in Sura AM, with an equity interest of 6.68%, singed in 2019.

#### **Current situation**

- International accounting standards (IFRS) do not provide specific guidelines regarding the accounting for minority interest transactions.
- As part of the process for the implementation of IFRS in Colombia, the Agreements were analyzed with different external advisors.
- Nevertheless, at the request of the Board of Directors, the accounting policies applicable to the recognition and measurement of these Agreements are being reviewed, and changes will be recognized and disclosed if necessary.

# As of this date, Grupo SURA has not been notified of the interest of its strategic partners to exercise exit rights provided for in the Agreements.