# SEPARATE FINANCIAL STATEMENTS

## 4th Quarter 2022

GRUPO DE INVERSIONES SURAMERICANA S.A.
Cra. 43A #5A – 113
Medellín, Colombia

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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, 2022, with comparative figures at December 31, 2021. 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 Ramírez
Public Accountant
Professional Card 64093-T

## CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

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

That for the issuance of the statement of financial position, at December 31, 2022, 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 2022 and 31 December 2021 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 Ramírez
Public Accountant
Professional Card 64093-T

## AUDITORS REPORT

# I

## CHAPTER

# SEPARATE FINANCIAL STATEMENTS

**GRUPO DE INVERSIONES SURAMERICANA S.A.**
**Separate Statement of Financial Position**
**At 31 December, 2022 and December 31,2021**
(Amounts expressed in millions of Colombian pesos)

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 5 | 5,025 | 96,327 |
| Investments | 5 | 83,577 | 40,301 |
| Derivative instruments | 5 | 995,673 | 651,326 |
| Receivables from related parties | 22 | 233,870 | 43,883 |
| Other accounts receivables | | 1,037 | 156 |
| Current tax assets | 6 | - | 14,759 |
| Investments in associates | 7 | 14,490,162 | 14,490,162 |
| Investments in subsidiaries | 7 | 18,043,934 | 15,142,963 |
| Net properties and equipment | | 2,441 | 3,064 |
| Right-of-use assets | | 17,156 | 18,336 |
| Net deferred tax assets | 6 | 148,713 | 81,834 |
| Other assets | | 244 | 244 |
| **Total assets** | | **34,021,832** | **30,583,355** |
| | | | |
| **Liabilities** | | | |
| Financial liabilities | 5 | 839,980 | 610,628 |
| Derivative instruments | 5 | 437,145 | 302,049 |
| Lease liabilities | | 12,237 | 12,589 |
| Accounts payable to related entities | 22 | 159,493 | 90,074 |
| Other accounts payable | | 34,136 | 60,805 |
| Current tax liabilities | 6 | 407 | - |
| Employee benefits | 8 | 6,875 | 23,336 |
| Bonds issued | 5 | 4,369,515 | 4,276,843 |
| Preferred shares | 9 | 459,955 | 460,067 |
| **Total liabilities** | | **6,319,743** | **5,836,391** |
| | | | |
| **Equity** | | | |
| Issued capital | 10 | 109,121 | 109,121 |
| Share premium | 10 | 3,290,767 | 3,290,767 |
| Reserves | 10 | 6,837,602 | 6,883,389 |
| Share repurchase reserve | 10 | 244,848 | 244,848 |
| Earnings for the year | | 1,058,964 | 408,328 |
| Retained earnings | | 11,925,247 | 11,884,043 |
| Other comprehensive income | 12 | 4,235,540 | 1,926,468 |
| **Total equity** | | **27,702,089** | **24,746,964** |
| | | | |
| **Total equity and liabilities** | | **34,021,832** | **30,583,355** |

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 of 28 February 2023)

**GRUPO DE INVERSIONES SURAMERICANA S.A.**
**Separate Income Statement**
For the years ended December 31, 2022 and 2021
(Amounts expressed in millions of Colombian pesos except net earnings per share)

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| **Income** | | | |
| Dividends | 13 | 931,885 | 263,124 |
| Income from investments | 13 | 4,085 | 4,405 |
| Net gain on investments at fair value | 5 | 10,194 | 3,297 |
| Income from equity method | 7 | 745,746 | 596,361 |
| Gains on sale of investments | | - | 1,442 |
| Other income | 13 | 53,816 | 4,149 |
| **Operational income** | | **1,745,726** | **872,778** |
| **Operational expenses** | | | |
| Administrative expenses | 14 | (62,147) | (34,952) |
| Employee benefits | | (33,416) | (37,458) |
| Fees | 15 | (44,752) | (14,682) |
| Depreciations | | (2,567) | (2,192) |
| **Operational expenses** | | **(142,882)** | **(89,284)** |
| **Operating profit** | | **1,602,844** | **783,494** |
| Net gain from fair value adjustments to derivatives | 5 | 41,103 | 7,299 |
| Foreign exchange net | 16 | (43,820) | 40,469 |
| Interest expense | 16 | (545,737) | (407,797) |
| **Net financial income** | **16** | **(548,454)** | **(360,029)** |
| **Profits before tax** | | **1,054,390** | **423,465** |
| Income tax | 6 | 4,574 | (15,137) |
| **Net income from discontinued operations** | | **1,058,964** | **408,328** |
| **Net profit** | | **1,058,964** | **408,328** |
| **Net earnings per share** | **17** | **1,861** | **742** |
| **Diluted net earnings per share** | **17** | **1,781** | **699** |

The notes are an integral part of the financial statements.

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**GRUPO DE INVERSIONES SURAMERICANA S.A.**

**Separate Statement of Comprehensive Income**

For the years ended December 31, 2022 and 2021

(Amounts expressed in millions of Colombian pesos)

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| **Net income for the period** | | **1,058,964** | **408,328** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to income for the period, net of taxes** | | | |
| Gain from investments in equity instruments at FVOCI | 12 | 9,631 | 17,112 |
| Gain from defined benefit plan measurements | 12 | 2,122 | 3,142 |
| **Total other comprehensive income that will not be reclassified to the results of the period, net of taxes** | | **11,753** | **20,254** |
| **Items to be reclassified to income for the period, net of taxes** | | | |
| (Loss) on cash flows hedges | 12 | (114,099) | (3,631) |
| Participation of other comprehensive income from associates and joint ventures Accounted for using the equity method | 12 | 2,411,418 | 567,126 |
| **Total other comprehensive income to be reclassified to profit or loss, net of taxes** | | **2,297,319** | **563,495** |
| **Total other comprehensive income** | | **2,309,072** | **583,749** |
| **Total comprehensive income** | | **3,368,036** | **992,077** |

The notes are an integral part of these financial statements.

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**GRUPO DE INVERSIONES SURAMERICANA S.A.**
**Separate Statement of Changes in Equity**
**At December 31, 2022 and 2021**
(Amounts expressed in millions of Colombian pesos)

| | Note | Issued capital | Share premium | Reserves | Reserves for share repurchase | Income for the period | Retained earnings | Other Comprehensive Income (OCI) | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **At December 31, 2020** | | **109,121** | **3,290,767** | **6,654,121** | **300,000** | **579,969** | **11,834,280** | **1,342,719** | **24,110,977** |
| Other comprehensive income | 12 | - | - | - | - | **-** | - | 583,749 | **583,749** |
| Net income for the year | | - | - | - | - | **408,328** | - | - | **408,328** |
| **Total net comprehensive income for the period** | | **-** | **-** | **-** | **-** | **408,328** | **-** | **583,749** | **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 | 11 | - | - | (351,165) | - | - | - | - | **(351,165)** |
| Share repurchase reserve | | - | - | - | (55,152) | - | - | - | **(55,152)** |
| Minimum dividends, preferred shares | | - | - | - | - | - | 40,581 | - | **40,581** |
| Withholding Tax Effect on Shareholder Dividends | | - | - | | - | - | 9,182 | - | **9,182** |
| Increases (decreases) due to other changes, equity | | - | - | 464 | - | - | - | - | **464** |
| **At December 31, 2021** | | **109,121** | **3,290,767** | **6,883,389** | **244,848** | **408,328** | **11,884,043** | **1,926,468** | **24,746,964** |
| Other comprehensive income | 12 | - | - | - | - | | - | 2,309,072 | **2,309,072** |
| Net income for the year | | - | - | - | - | **1,058,964** | - | | **1,058,964** |
| **Total net comprehensive income for the period** | | **-** | **-** | **-** | **-** | **1,058,964** | **-** | **2,309,072** | **3,368,036** |
| Transfer to retained earnings | | - | - | 408,328 | - | (408,328) | - | - | **-** |
| **Distribution of 2021 results** | | | | | | | | | |
| Ordinary dividend (784pesos per share) recognized as distributions to owners | 11 | - | - | (454,115) | - | - | - | - | **(454,115)** |
| Share repurchase reserve | | - | - | - | - | - | - | - | **-** |
| Minimum dividends, preferred shares | | - | - | - | - | - | 40,475 | - | **40,475** |
| Withholding Tax Effect on Shareholder Dividends | | - | - | - | - | - | 729 | - | **729** |
| **At December 31, 2022** | | **109,121** | **3,290,767** | **6,837,602** | **244,848** | **1,058,964** | **11,925,247** | **4,235,540** | **27,702,089** |

The notes are an integral part of these financial statements.

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**GRUPO DE INVERSIONES SURAMERICANA S.A.**
**Separate Cash Flow Statement**
**At December 31, 2022 and 2021**
(Amounts expressed in millions of Colombian pesos)

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Net profit for the year** | | **1,054,390** | **423,465** |
| **Adjustments to reconcile net income** | | | |
| Interest | 16 | 545,737 | 407,797 |
| Depreciation and amortization expense | | 2,567 | 2,192 |
| Unrealized losses from foreign currency translation | | 31,276 | 87,476 |
| Fair value - Derivatives | 5 | (41,103) | (7,299) |
| Undistributed earnings from the application of the equity method | 7 | (745,746) | (596,361) |
| Withholding tax on dividends received | | 729 | 9,182 |
| Usufruct amortization | 22 | (53,629) | - |
| **Changes in operating assets and liabilities** | | | |
| Decrease (Increase) in other accounts payable | | (29,053) | 15,804 |
| (Increase) Decrease in other accounts receivable | | (882) | 122 |
| Increase in accounts receivable from related parties | | (931,885) | (175,533) |
| Adjustment for employee benefits and other provisions | | (14,297) | 3,717 |
| Increase in restricted cash | | - | 630 |
| Other investing or financing cash adjustments | | - | (2,200) |
| **Dividends received from associates and subsidiaries** | | **1,083,898** | **669,292** |
| **Income taxes paid (reimbursed)** | | **14,257** | **(25,292)** |
| **Interest paid** | | **(301)** | **(2,761)** |
| **Interest received** | | **-** | **9,749** |
| **Cash flows from operating activities** | | **915,958** | **819,980** |
| **Cash flows from (used in) investment activities** | | | |
| Other payments to acquire equity or debt instruments of other entities | 5 | (33,645) | (486,408) |
| Other proceeds from the sale of equity or debt instruments of other entities | | - | 1,078,659 |
| Cash flows from loss of control of subsidiaries or other businesses | | - | 23,044 |
| Cash flows used to obtain control of subsidiaries or other businesses | | - | (61,408) |
| Proceeds from the sale of property and equipment | | 65 | 55 |
| Purchase of property and equipment | | (830) | (256) |
| **Cash flows from (used in) investment activities** | | **(34,410)** | **553,172** |
| **Cash flows (used in) investment activities** | | | |
| Collections from futures contracts, forward contracts and financial options (swaps) | | (14,013) | 50,349 |
| Payments for acquiring the company's own stock | | - | (55,152) |
| Proceeds from loans | | 1,181,461 | 114,717 |
| Loan repayments | | (1,330,572) | (1,158,129) |
| Payment of financial lease liabilities | | (1,192) | (1,282) |
| Dividends paid | | (427,683) | (347,898) |
| Interest paid | | (395,736) | (323,667) |
| **Cash flows (used in) financing activities** | | **(987,735)** | **(1,721,062)** |
| **Net decrease in cash and cash equivalents** | | **(106,187)** | **(347,910)** |
| Effect of exchange rate changes on cash and cash equivalents | | 14,885 | 6,714 |
| Cash and cash equivalents at the beginning of the period | | 96,327 | 437,523 |
| **Cash and cash equivalents at the end of the period** | | **5,025** | **96,327** |

The notes are an integral part of the financial statements.

Gonzalo Alberto Pérez Rojas
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(See my report 28 February, 2023)

# II

## CHAPTER

# NOTES TO THE FINANCIAL STATEMENTS

**GRUPO DE INVERSIONES SURAMERICANA S.A.**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For ending December 31, 2022 and 2021 for the statement of financial position, statement of income, other comprehensive income, statement of changes in equity and statement of cash flows.

(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, 2022, 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 separate financial statements have been prepared on the historical cost basis except for the following items included in the Statement of Financial Position:

Financial instruments measured at fair value through other comprehensive income (FVTOCI).
Employee benefits, which are measured at the present value of the defined benefit obligation.
Investment properties measured at fair value.

### Presentation of financial statements

The separate 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 the separate financial statements, which have been applied consistently during the years ended December 31, 2022 and 2021, 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: cash and cash equivalents, investments, derivative instruments, accounts receivable and accounts receivable from related parties.

**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 5.1.2. 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.

**e)** 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.

**f)** 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.

### *Agreements with non-controlling shareholders*

Exit options with non-controlling interests are classified as a derivative at fair value through profit or loss.

In the event that the exercise price of the option and the value of the underlying asset (shares subject to the contract) are at fair value, the effect of the net derivative is considered to be zero, meaning:

- The value to be paid for the option would be the same value received for the shares.
- In the separate financial statement, there is no non-controlling interest

Derecognition

When the put option expires, the financial liability is derecognized with a charge to the statement of income.

When the written put option is exercised, the financial liability is derecognized with an adjustment to the investment cost of the purchase of the shares subject to the option.

### 2.3.3. Taxes

Grupo SURA is a taxpayer of 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:

  **I.** The same entity or fiscal subject. or

  **II.** 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. 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:

Holds, directly or indirectly, 20% or more of the voting power in the company, unless it can be demonstrated 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 exercises significant influence through its participation in the Board of Directors or equivalent body, when in the development of elections of the Board of Directors carried out by the Shareholders' Meetings of each of the Associates, they exercise the political rights in proportion to their shareholding. To date, this situation is fulfilled regarding the associates Grupo Bancolombia S.A., Grupo Nutresa S.A. and Grupo Argos S.A.

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

### 2.3.5. 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, extra-legal benefits agreed in the Company's internal regulations.

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 before retirement or termination of service by the employee. According to the benefits defined by Grupo SURA, such benefit corresponds mainly to seniority bonuses.

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.

### 2.3.6. 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.

### 2.3.7. 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.
**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 2.3.4 Investments in subsidiaries and associates.***

### 2.3.8. 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 18 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.

The Group has defined the following judgments to qualitatively assess hedge effectiveness, taking into account IFRS 9. (Paragraph 6.4.1.(c)).

- **Economic relationship:** The value of the defined hedged item (USD foreign currency denominated debt issue) and the value of the designated hedging instrument (spot item) in this hedging relationship will change systematically and oppositely in response to movements in the USD/COP exchange rate, which is the hedged risk.
- **Non-dominance of credit risk:** The Company will monitor on a quarterly basis that there are no significant decreases in the credit rating of its counterparty, in order to maintain the high probability of future compliance with the flows of the derivative designated as a hedge.
- **Proportional hedging relationship:** Proportional hedging relationship: Provided that, during the life of the hedging relationship, the USD/COP exchange rate is below USD/COP 4,330 (highly probable scenario); the hedging ratio between the hedged item and the hedging instrument will be one to one, fully effectively offsetting the exchange rate risk generated by the principal of the foreign currency (USD) denominated debt issue for the company.

  In a different scenario, when the exchange rate during the life of the hedging relationship is above USD/COP 4,330 (low probability scenario); the hedge ratio between the hedged item and the hedging instrument will be in a very extreme scenario of 0.63 to 1, partially offsetting the exchange rate risk generated by the principal of the debt issue denominated in foreign currency (USD) for the company.

**d)** 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.**

**e)** 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.

**f)** 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.

**g)** Lease term

When 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 or change in circumstances occurs that affects this assessment.

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

Contingent liabilities of the SURA Group 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.

**i)** Employee benefits

The measurement of obligations for post-employment benefits, and defined benefits, includes the determination of key actuarial assumptions that allow for the calculation of the value of the liability. Among the key assumptions are the 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 8 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, 2022, 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 were introduced by means of Decree 1611 of 2022. These amendments had no impact on these financial statements and are not expected to have an impact on future financial statements of the Group.

### 4.2. New standards issued by the International Accounting Standards Board (IASB) that have not yet been incorporated into these financial statements.

#### IFRS 17: Insurance contracts

In May 2017, the IASB issued IFRS 17, a new comprehensive accounting standard for insurance contracts covering measurement and recognition, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4, issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities issuing them, as well as certain guarantees and financial instruments with discretionary participation features. This standard includes few exceptions.

The general objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Contrary to the requirements of IFRS 4, which mainly seeks to protect previous local accounting policies, IFRS 17 provides a comprehensive model for these contracts, including all relevant issues. The essence of this standard is a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (variable fee approach).
- A simplified approach (the allocation premium approach) mainly for short-term contracts.

IFRS 17 has not been introduced into the Colombian accounting framework by means of any decree to date.

### Annual Improvements to IFRS Standards 2018-2020 cycle

### Amendments to IFRS 9, IAS 39 and IFRS 7: Reform of interest rate benchmarks

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.

### Amendments to IFRS 3: 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 guidance regarding 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 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 IAS 37: Onerous Contracts - Costs Incurred in the Performance of a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity should include when assessing whether a contract is onerous or loss-making.
The amendments state that a "directly related cost approach" should be applied. Costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs are not directly related to the contract and should be excluded unless they are explicitly attributable to the counterparty under the contract.

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 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.

### 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.

## 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 were incorporated by means of Decree 1611 of 2022, which will be effective as from January 1, 2024. The Group is evaluating the potential effect of this standard on its financial statements.

### 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 were incorporated by Decree 1611 of 2022, which will be effective from January 1, 2024. 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.

### 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 were incorporated by Decree 1611 of 2022, which will be effective as of January 1, 2024. The Group is evaluating the potential effect of this standard on its financial statements.

## NOTE 5. FINANCIAL INSTRUMENTS

### 5.1. Financial Assets

#### 5.1.1 Cash and cash equivalents

Cash and cash equivalents correspond to:

| | December 2022 | December 2021 |
|---|---|---|
| Cash and banks | 11 | 12 |
| National banks | 1,113 | 65,135 |
| Foreign Bank | 41 | 24 |
| Cash equivalents (*) | 3,860 | 31,156 |
| **Total cash and cash equivalents** | **5,025** | **96,327** |

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 the two years is due to the disposal of excess cash held in December 2021 in savings and repo accounts for economic commitments in the normal course of business.

#### 5.1.2. Investments

The breakdown of investments is as follows:

| | December 2022 | December 2021 |
|---|---|---|
| At fair value through OCI | 49,932 | 40,301 |
| At fair value through profit or loss (*) | 33,645 | - |
| **Total Investments** | **83,577** | **40,301** |
| Long-term investments | 83,577 | 40,301 |
| **Total Investments** | **83,577** | **40,301** |

(*) The variation in relation to December 2021 is due to the opening of a segregated account in Bermuda in July 2022, after signing a shareholding agreement with SURA SAC LTD, the company that manages the segregated account.

SURA SAC LTD is a segregated accounts company that facilitates the retention of risks through captives managed by it. According to the operation of the cell, the resources invested in the cell of SURA SAC LTD, do not meet the condition of obtaining contractual cash flows with specific dates of payment of principal and interest, therefore, they should be classified as investments at fair value through the results of the year.
This investment is made in order to enable the Company to retain risks associated with possible claims made by third parties. In the event of a claim, any obligation will be supported with the resources existing in the cell, in which case the change in the fair value of the financial asset resulting from the claim will be recognized against the results for the year. In the event that the value of the claim exceeds the amount of the resources invested in the cell, Grupo SURA will have the obligation to deposit the deficit within the same period.

The following is a detail of net gains from investments at fair value: (See note 13):

| | December 2022 | December 2021 |
|---|---|---|
| Fair value investments | (1,699) | (2,399) |
| Trading derivatives | - | (456) |
| Difference on exchange of investments | 11,893 | 6,152 |
| **Total** | **10,194** | **3,297** |

The following is the detail of realized and unrealized gains or losses on investments in available-for-sale equity instruments of domestic issuers as of December 31, 2022 and 2021:

| December 2022 | Carrying value | Unrealized profit |
|---|---|---|
| Enka de Colombia S.A. | 49,932 | 9,631 |

| December 2021 | Carrying value | Unrealized profit |
|---|---|---|
| Enka de Colombia S.A. | 40,301 | 17,112 |

### 5.2. Financial liabilities

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

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Financial obligations (*) | | 839,980 | 610,628 |
| Bonds issued | 5.2.3 | 4,369,515 | 4,276,843 |
| Preferred shares | 9 | 459,955 | 460,067 |
| **Subtotal financial liabilities for capital management** | | **5,669,450** | **5,347,538** |
| | | | |
| Derivative instruments | 5.2.1 | 437,145 | 302,049 |
| Accounts payable to related parties | 22 | 159,493 | 90,074 |
| Other accounts payable | | 34,136 | 60,805 |
| **Subtotal other financial liabilities** | | **630,774** | **452,928** |
| **Total financial liabilities** | | **6,300,224** | **5,800,466** |

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

**December 2022**

| Current | Note | Financial liabilities at amortized cost | Financial liabilities at fair value | Total |
|---|---|---|---|---|
| Financial obligations | | 80,653 | 61,455 | 142,108 |
| Derivative instruments | 5.2.1 | - | 7,070 | 7,070 |
| Accounts payable to related parties | 22 | 159,493 | - | 159,493 |
| Other accounts payable | | 34,136 | - | 34,136 |
| Bonds issued | 5.2.3 | 352,680 | - | 352,680 |
| **Total** | | **626,962** | **68,525** | **695,487** |

| Non-Current | | Financial liabilities at amortized cost | Financial liabilities at fair value | Total |
|---|---|---|---|---|
| Financial obligations | | 697,872 | - | 697,872 |
| Derivative instruments | 5.2.1 | - | 430,075 | 430,075 |
| Bonds issued | 5.2.3 | 4,016,835 | - | 4,016,835 |
| Preferred shares | 9 | 459,955 | - | 459,955 |
| **Total** | | **5,174,662** | **430,075** | **5,604,737** |
| **Financial liabilities** | | **5,801,624** | **498,600** | **6,300,224** |

**December 2021**

| Current | Note | Financial liabilities at amortized cost | Financial liabilities at fair value | Total |
|---|---|---|---|---|
| Financial obligations (*) | | 80,653 | - | 80,653 |
| Accounts payable to related parties | 22 | 90,074 | - | 90,074 |
| Other accounts payable | | 12,143 | - | 12,143 |
| Bonds issued | 5.2.3 | 194,942 | - | 194,942 |
| **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 | 5.2.1 | - | 302,049 | 302,049 |
| Other accounts payable | | 48,662 | - | 48,662 |
| Bonds issued | 5.2.3 | 4,081,901 | - | 4,081,901 |
| Preferred shares | 9 | 460,067 | - | 460,067 |
| **Total** | | **5,120,605** | **302,049** | **5,422,654** |
| **Financial liabilities** | | **5,498,417** | **302,049** | **5,800,466** |

(*) The financial obligations correspond to loans acquired with Grupo Bancolombia and BBVA, at rates ranging from 4.36% to 17.25% as of December 2022 and from 3.79% to 5.32% as of December 2021.

## 5.2.1. Derivative instruments

The following is the detail of derivative financial instruments assets and liabilities outstanding as of December 31, 2022 and 2021:

| | | December 2022 | | December 2021 | |
|---|---|---|---|---|---|
| | Note | Asset | Liabilities | Asset | Liabilities |
| Hedge Derivatives | 5.2.1.1 | 869,816 | 362,123 | 583,470 | 257,937 |
| Trading Derivatives | 5.2.1.2 | 125,857 | 75,022 | 67,856 | 44,112 |
| **Total derivatives** | | **995,673** | **437,145** | **651,326** | **302,049** |
| **Current Derivatives** | | **-** | **7,070** | **-** | **-** |
| **Non-current Derivatives** | | **995,673** | **430,075** | **651,326** | **302,049** |
| **Total derivatives** | | **995,673** | **437,145** | **651,326** | **302,049** |

### 5.2.1.1. Hedge derivatives

Grupo SURA accesses international markets to obtain effective sources of funds. As part of this process, it assumes exposure to foreign currencies, mainly with the U.S. dollar (USD). In accordance with the financial risk policy, Grupo SURA uses hedge accounting to hedge the exchange rate risk due to variations in cash flows of foreign currency obligations.

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 Group's functional currency. These instruments are applied to match the maturity profile of the estimated payments of the Group's debt instruments.

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.
V. The impact on the fair value of hedging instruments, caused by interest rate movements and volatilities of these instruments.

On April 29, 2016 Grupo SURA entered into an obligation for the issuance of foreign currency bonds in the amount of US$ 550 million, with a single principal maturity on April 29, 2026 and a fixed interest rate of 5.50% payable semiannually, of which in 2022 US$ 20 million is repurchased ***(See note 5.2.3 Bonds Issued).***

On January 31, 2021 Grupo SURA decided to implement cash flow hedge accounting for this obligation with the following transactions:

- Twenty -two (22) swaps (Principal-Only Cross Currency Swap -Principal-Only CCS).
- Six (6) out-of-the-money call options sold that are part of the structure and are included in the CCS contracts.
- Four (4) call spread structures (call option bought + call option sold).

Following the initial designation, modifications have been made to improve the range of coverage for the hedged portion, which has limited coverage over USD 255 million. This has implied:

- The modification of four (4) Sold Calls.
- The substitution of two (2) Call Purchased for two (2) CCS.
- The constitution of two (2) Seagull structures.
- Early termination of one (1) Call Spread structure.

As of December 31, 2022 and after the amendments executed, Grupo SURA uses the following hedging instruments:

- Twenty-three (23) Principal-Only Cross Currency Swap (Principal-Only CCS).
- Two (2) call spread structures (call option bought + call option sold).
- Two (2) Seagull structures (call option bought + call option sold + put option sold), whose purpose is to widen the hedging range of the two call spread structures.
- Seven (7) out-of-the-money call options sold that are part of the structure and are included in the CCS contracts.

In this set of structures, the company acquires the right to receive USD $530 million at maturity and semi-annual flows in USD at a fixed rate of 0% NASV; and in consideration 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.

Below is a detail of the nominal and fair value by type of hedging derivative as of December 31, 2022 and December 31, 2021:

| | December 2022 | | December 2021 | |
|---|---|---|---|---|
| | *Nominal value | Fair Value | *Nominal value | Fair Value |
| **Assets** | | | | |
| **Swap** | | | | |
| Cross Currency Swap | 1,464,915 | 564,830 | 1,239,880 | 271,402 |
| **Subtotal** | **1,464,915** | **564,830** | **1,239,880** | **271,402** |
| **Options** | | | | |
| Currency Call Option | 759,300 | 304,986 | 579,450 | 312,068 |
| **Subtotal** | **759,300** | **304,986** | **579,450** | **312,068** |
| **Total Assets** | **2,224,215** | **869,816** | **1,819,330** | **583,470** |
| **Liabilities** | | | | |
| **Options** | | | | |
| Currency Call Option | 1,668,685 | 359,368 | 1,191,220 | 254,218 |
| Currency Put Option | 329,650 | 2,755 | 50,000 | 3,719 |
| **Subtotal** | **1,998,335** | **362,123** | **1,241,220** | **257,937** |
| **Total Liabilities** | **1,998,335** | **362,123** | **1,241,220** | **257,937** |

*The nominal value of CCS and forwards corresponds to the amount hedged in foreign currency multiplied by the hedging rate and in the case of options, the amount hedged/exposed by the exercise value of the option.

The following is a summary of the movements in the other comprehensive income account as well as the amounts taken to income for the effect of options and swaps used as hedging instruments during the period ended December 31, 2022 and 2021:

| | OCI | | Results | |
|---|---|---|---|---|
| | Note | Effective part | Note | Effective part |
| **Balance at December 31, 2020** | **12,3** | **(22.322)** | | |
| Variation in the fair value of hedges during the year | | 65.228 | 16,1 | 431.223 |
| Amortization of temporary securities. | 16,2 | (72.532) | | - |
| **Balance at December 31, 2021** | | **(29.626)** | | **431.223** |
| Variation in the fair value of hedges during the year | | (95.396) | 16,1 | 409.812 |
| Amortization of temporary securities. | 16,2 | (80.141) | | - |
| **Balance at December 31, 2022** | **12,3** | **(205.163)** | | **409.812** |

The number of hedging instruments is 40 at December 31, 2022 and 42 at December 31, 2021.

### 5.2.1.2. Trading derivatives

Grupo SURA presents derivative financial instruments for trading purposes, especially Cross Currency Swap, Interest Rate Swap, and Forward contracts. Although they are trading derivatives, their purpose is to hedge foreign currency obligations, they have not been designated as hedge accounting.

The following is a detail of the nominal and fair value by type of trading derivative as of December 31, 2022 and December 31, 2021:

| | December 2022 | | December 2021 | |
|---|---|---|---|---|
| | *Nominal value | Fair Value | *Nominal value | Fair Value |
| **Assets** | | | | |
| **Swap** | | | | |
| Cross currency | 1,562,983 | 125,857 | 1,115,395 | 67,856 |
| **Subtotal** | **1,562,983** | **125,857** | **1,115,395** | **67,855** |
| **Total Assets** | **1,562,983** | **125,857** | **1,115,395** | **67,856** |
| **Liabilities** | | | | |
| **Forward** | | | | |
| Currency to buy | 70,552 | 190 | - | - |
| **Subtotal** | **70,552** | **190** | **-** | **-** |
| **Swap** | | | | |
| Cross currency | 769,262 | 67,952 | 769,262 | 42,899 |
| Interest rate | 100,000 | 6,880 | 100,000 | 1,213 |
| **Subtotal** | **869,262** | **74,832** | **869,262** | **44,112** |
| **Total Liabilities** | **939,814** | **75,022** | **869,262** | **44,112** |

*The nominal value of CCS and forwards corresponds to the amount hedged in foreign currency multiplied by the hedging rate and in the case of options, the amount hedged/exposed by the exercise value of the option.

The results of trading derivatives are presented below:

| | December 2022 | December 2021 |
|---|---|---|
| Trading income | 406,186 | 182,728 |
| Trading expenses | (365,083) | (175,429) |
| **Total** | **41,103** | **7,299** |

As of December 31, 2022 and December 31, 2021, there were 20 and 18 trading derivatives, respectively.

### 5.2.3. Bonds issued

Details of the bonds issued are presented below:

| | | | | Amortized cost | | Fair value | |
|---|---|---|---|---|---|---|---|
| **Date of issue** | **Maturity date** | **Nominal value** | **Emission rate** | **December 2022** | **December 2021** | **December 2022** | **December 2021** |
| 29- Apr -16 | 29- Apr -26 | (***) USD 550 | 5.50% | 2,557,294 | 2,192,744 | 2,511,803 | 2,358,458 |
| 07- May -14 | 07- May -23 | 223,361 | CPI + 3.80% | 227,625 | 225,814 | 227,875 | 232,001 |
| 23- Feb -17 | 23- Feb -22 | (*)193,549 | 7.21% | - | 194,942 | - | 195,966 |
| 23- Feb -17 | 23- Feb -29 | 190,936 | CPI + 3.58% | 194,696 | 192,209 | 163,594 | 188,219 |
| 23- Feb -17 | 23- Feb -24 | 165,515 | CPI + 3.19% | 168,657 | 166,903 | 162,880 | 168,676 |
| 07- May -14 | 07- May -30 | 100,000 | CPI + 4.15% | 101,117 | 100,978 | 87,094 | 101,668 |
| 25- Nov -09 | 25- Nov -29 | 98,000 | CPI + 5.90% | 98,865 | 97,141 | 91,408 | 108,774 |
| 25- Nov -09 | 25- Nov -49 | 97,500 | CPI + 6.98% | 97,210 | 95,576 | 92,302 | 121,664 |
| 11- Aug -20 | 11- Aug -23 | (**)123,750 | IBR + 2.00% | 125,055 | 224,179 | 121,110 | 220,322 |
| 11- Aug -20 | 11- Aug -27 | 296,350 | CPI + 3.00% | 304,612 | 299,932 | 253,963 | 284,120 |
| 11- Aug -20 | 11- Aug -32 | 180,320 | CPI + 3.80% | 185,675 | 182,712 | 146,750 | 171,578 |
| 11- Aug -20 | 11- Aug -40 | 299,580 | CPI + 4.20% | 308,709 | 303,713 | 239,817 | 285,841 |
| **Total bonds issued** | | | | **4,369,515** | **4,276,843** | **4,098,596** | **4,437,287** |
| Current bonds issued | | | | 352,680 | 194,942 | 348,985 | 195,966 |
| Non-current bonds issued | | | | 4,016,835 | 4,081,901 | 3,749,611 | 4,241,321 |

(*) In February 2022 a bond payment was made in pesos upon maturity with a nominal value of $193,549.

(**) In June 2022, an early repurchase of $ 100 thousand million of the bond issued in August 2020 was made, which had a nominal value as of December 2021 of $ 223,750. This repurchase was paid with credit acquired with Bancolombia.

(***) As of December 31, 2022 the nominal value is USD 530, due to repurchases.

### 5.2.4. Commitments with non-controlling shareholders

Grupo Sura, as an investor of Suramericana S.A. and Sura Asset Management S.A., has entered into shareholder agreements ("Agreements") through which rules have been formalized for the participation of strategic partners in the capital stock of the companies that are part of Grupo Empresarial SURA, with which long-term relationships have been established, based on the mutual interest of sharing knowledge and business strategies in each of these subsidiaries. All of them have been developed with the support of expert advisors in financial, legal, accounting and tax matters, among others, in line with the strategic objectives defined by Grupo SURA.

These agreements include corporate governance provisions, minimum shareholder tenure periods, declarations, exit mechanisms and, in general, the usual clauses for this type of contract in companies not listed on a stock market, and may eventually generate future commitments for Grupo SURA.

To date, Grupo SURA has not been notified of the interest of its current partners to exercise the exit rights provided for in the Agreements.

In general terms, these agreements include:

**Agreement with Munich RE ("MRE") as a partner in Suramericana S.A., holder of an 18.87% equity interest:**

It has been signed since 2001 and establishes, among other matters, mechanisms by which an eventual divestment of MRE would be implemented. The agreement establishes an option whereby MRE may sell to Grupo SURA its 18.87% interest in Suramericana S.A., the price of such interest would be determined by an independent third party using commonly accepted valuation methodologies and determining a fair market value of a minority investment. The option may be exercised only between March 1 and 31 of each year.

**Agreement with Caisse De Dépôt Et Placement Du Québec ("CDPQ") as a partner in Sura Asset Management S.A., holder of a 6.68% equity interest:**

- It was entered into in 2019, amended in 2022 and establishes that Grupo SURA, during the period between February and May 2024, may sell to CDPQ up to 3.3% of Sura AM shares (not to exceed a total CDPQ stake of 9.9%) at fair market value, which will be determined by independent third parties.
- Additionally, this Agreement establishes the mechanisms by which an eventual divestment of CDPQ would be implemented, as of April 2029, once the agreed permanence period is over. Among others, it is agreed that, after April 2029 and as long as Sura AM has not been listed in a recognized Stock Exchange or Stock Market, and CDPQ has not executed a sale to a third party, CDPQ may sell its shares of Sura AM to Grupo SURA at fair market value, which will be determined by independent third parties and paid by Grupo Sura in cash or with its own equity instruments, applying in any case the corporate procedures required by Colombian law.

**Agreement with Grupo Bolivar and affiliates ("GB") as a partner in Sura Asset Management S.A., holder of a 9.74% equity interest:**

- This Agreement was entered into in 2011, amended in 2013 and establishes the following mechanisms through which an eventual divestment of GB would be implemented: i) direct sale to third parties, ii) acquisition funded with dividends declared by Sura AM, and iii) exchange for Grupo SURA's own equity instruments, consisting of preferred shares, applying in all cases the corporate procedures required by Colombian law.

- A formula is established to determine the yield that Grupo Sura must guarantee to GB, in the event that GB decides to divest its participation in Sura AM. Said yield is calculated in Colombian pesos and is established based on: (i) Colombian inflation plus 4 percentage points for the first 5 years on GB's investment and; (ii) Sura AM's equity variations thereafter. Depending on the divestment mechanism, Grupo Sura would be responsible for paying the amount of the minimum guaranteed return or completing the differential between the value of the divestment made by GB and the result obtained from the application of the formula.

### Exit option with non-controlling shareholders

The fair value for the commitments with CDPQ and Munich Re is zero, considering that the exercise price and the underlying asset (shares subject to the contract) are at fair value. In the case of the derivative with Grupo Bolivar, the fair value is zero, considering that the exercise price is lower than the fair value of the underlying asset (shares subject of the contract).

Valuations are prepared and reviewed periodically by qualified internal personnel and are compared with other accepted methodologies under international standards such as multiples of comparable companies and precedent transactions.

In summary, the value of commitments with non-controlling interests was calculated as follows:

<table>
<tr><th>Co Investors</th><th>Valuation methodology</th><th>Significant variables of the methodology</th></tr>
<tr><td>Múnich Re</td><td rowspan="2">Discounted Cash Flow: DDM (Dividend Discount Model)</td><td rowspan="2">* Sum of shares of the main business units of the subsidiaries Sura Asset Management and Suramericana.<br>* Dividends discounted over a 10-year horizon.<br>* Projections based on the companies' business plans.<br>* Discount rate based on CAPM methodology.<br>* Macroeconomic assumptions according to the average expectation of market analysts.</td></tr>
<tr><td>CDPQ</td></tr>
<tr><td>Grupo Bolívar</td><td>Formula established in the contract (minimum guaranteed return)</td><td>According to the terms of the agreement</td></tr>
</table>

## NOTE 6. TAXES

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

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Current tax assets (net) | 6.1 | - | 14,759 |
| Deferred tax asset (net) | 6.2 | 148,713 | 81,834 |
| Current tax liabilities (net) | 6.1 | 407 | - |

### 6.1. Current income tax

**a)** Current tax recognized in the statement of financial position:

| | December 2022 | December 2021 |
|---|---|---|
| **Current Tax** | | |
| Income tax assets | - | 14,759 |
| Liability for income tax and complementary taxes | 407 | |

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

| | December 2022 | December 2021 |
|---|---|---|
| Current tax asset recoverable before 12 months | - | 14,759 |
| Current tax liability payable before 12 months | 407 | - |

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

| | December 2022 | December 2021 |
|---|---|---|
| Deferred tax asset recoverable after 12 months | 148,713 | 81,834 |

**b)** Tax recognized in income for the period:

| | December 2022 | December 2021 |
|---|---|---|
| **Current tax expense** | **(909)** | **(11,889)** |
| Current tax | (734) | (11,860) |
| Adjustment of previous periods | (175) | (29) |
| **Deferred tax income (expense)** | **5,483** | **(3,248)** |
| Constitutions / reversal of temporary differences | 5,483 | (13,957) |
| Rate change | - | 10,709 |
| **Net tax expense** | **4,574** | **(15,137)** |

**c)** Effective tax rate reconciliation.

The reconciliation of the effective tax rate of the Group applicable for the years ended December 31, 2022 and 2021, respectively, is as follows:

| | December 2022 | | December 2021 | |
|---|---|---|---|---|
| | Rate | Balance | Rate | Balance |
| **Profit before tax** | | **1,054,390** | | **423,465** |
| Income tax by applying the local tax rate | 35% | (369,037) | 31% | (131,274) |
| **Plus, tax impact from:** | | | | |
| **Items that increase taxable income** | | **(223,694)** | | **(134,235)** |
| Non-deductible expenses (1) | | (209,488) | | (110,504) |
| Property and equipment | | (3) | | (11) |
| Financial liabilities | | (14,029) | | (12,338) |
| Capital gains | | - | | (11,353) |
| Others | | (175) | | (29) |
| **Items that decrease taxable income** | | **597,305** | | **250,372** |
| Non-taxed income (2) | | 261,011 | | 184,872 |
| Untaxed dividends | | 309,880 | | 32,098 |
| Provisions and contingencies | | 18,770 | | 1,076 |
| Exempt income | | - | | 7,254 |
| Rate change adjustment | | - | | 10,709 |
| Tax loss carryforwards | | 3,616 | | 12,057 |
| Tax deductions | | 4,028 | | 2,306 |
| **Income tax** | **0.43%** | **4,574** | **-3.57%** | **(15,137)** |

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

(2) Corresponds to the equity method income of subsidiaries

The variation is mainly due to the increase in pre-tax income associated with non-taxed dividends received.

**d)** Movement in current tax

The following is the movement generated by the balance of income and supplemental income as of December 31, 2022 and 2021:

| | December 2022 | December 2021 |
|---|---|---|
| **Balance of income tax payable as of January 1** | **14,759** | **1,356** |
| Current income tax liability | (909) | (11,889) |
| Withholding and advances | (14,257) | 25,292 |
| **Balance of income tax payable as of December 31** | **(407)** | **14,759** |

As a general rule, the income tax return becomes final in 3 years from the date of filing; for returns where a transfer pricing study was performed, the term of its finality will be 6 years. For the year 2022, the audit benefit will be applied and its finality will be of 6 months.

## 6.2. Deferred tax

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

| Deferred tax assets (liabilities) | December 2022 | Recognized results | Other comprehensive income | December 2021 | Recognized results | Other comprehensive income | December 2020 |
|---|---|---|---|---|---|---|---|
| Financial Assets | - | - | - | - | 363 | - | (363) |
| Properties and Equipment | 364 | (53) | - | 417 | 192 | - | 225 |
| Financial Liabilities | 146,250 | 6,708 | 61,438 | 78,104 | (5,095) | 3,672 | 79,527 |
| Employee Benefits | 1,755 | (1,433) | (42) | 3,230 | 1,173 | - | 2,057 |
| Right of use | 344 | 261 | - | 83 | 119 | - | (36) |
| **Total** | **148,713** | **5,483** | **61,396** | **81,834** | **(3,248)** | **3,672** | **81,410** |

## 6.3. Tax matters in Colombia

In the year 2022 the general income tax rate is 35% and 10% for income from occasional gains. In the case of financial institutions, a surtax of 3 percentage points applies during the years 2022 to 2025. The audit benefit is 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.

On December 13, 2022, the National Government issued Law 2277 - Tax Reform for Equality and Social Justice, where the most important modifications regarding income tax are the increase in the surtax from 3 to 5 points for financial institutions and insurance companies until 2027; the creation of a minimum tax rate of 15% for domestic companies and the increase of the rate for occasional gains from 10% to 15%.

### 6.4. 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.

Tax losses accumulated up to the year 2016 may be offset with future ordinary income tax liquid income, at any time, without any percentage limitation. Tax losses of the following years may be offset at most with the liquid income of the following twelve (12) years to the year of their occurrence.

The following table shows, by maturity limit, the basis for deductible temporary differences, corresponding to tax losses and excess of presumptive income on which no deferred tax asset has been recognized:

| | Losses | | Excess | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Between 1 and 5 years | - | - | 274 | 323 |
| No time limit | 174,624 | 184,955 | - | - |
| **Total tax benefits** | **174,624** | **184,955** | **274** | **323** |

### 6.5. Uncertainty regarding income tax treatments

Taking into account the criteria and judgments in the determination and recognition of taxes, as of December 31, 2022, 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 7. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

### 7.1. 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 2022 | | | December 2021 | | |
|---|---|---|---|---|---|---|
| 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 | 26.95% | 35.63% | 234,285,682 |
| Grupo Nutresa S.A. | 35.61% | 35.61% | 163,005,625 | 35.61% | 35.61% | 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 |
|---|---|---|---|---|
| | December 2022 | | December 2021 | |
| Grupo Argos S. A. | 27,51% | 34,14% | 27,45% | 34,77% |
| Grupo Nutresa S. A. | 10,71% | 13,29% | 10,53% | 13,07% |

Grupo SURA records its participations under the cost model.

### Balance and movement in associates

The following is the detail of investments in associates as of December 31, 2022 and 2021:

| | Bancolombia S.A. | Grupo Argos S.A. | Grupo Nutresa S.A. | Total |
|---|---|---|---|---|
| **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, 2022 and 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 in the years 2022 and 2021 correspond to a book value of $846,292.

### Dividends received

Dividend income is derived from the following issuers:

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Bancolombia S.A. | | 733,238 | 61,103 |
| Grupo Argos S.A. | | 117,143 | 87,591 |
| Grupo Nutresa S.A. | | 80,813 | 114,430 |
| **Total, dividends received from associates** | **13** | **931,194** | **263,124** |

### 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, 2022 and 2021 are as follows:

| December 2022 | Location | Asset | Liabilities | Equity | Income | Profit | Other comprehensive income | Comprehensive income |
|---|---|---|---|---|---|---|---|---|
| Bancolombia S.A. | Colombia | 352,814,733 | 312,817,182 | 39,997,551 | 20,632,429 | 6,996,365 | 2,883,827 | 9,880,192 |
| Grupo Argos S.A. | Colombia | 56,941,068 | 24,911,164 | 32,029,904 | 21,339,706 | 1,440,341 | 3,602,224 | 5,042,565 |
| Grupo Nutresa S.A. | Colombia | 20,757,388 | 9,952,691 | 10,804,697 | 17,037,823 | 903,767 | 1,389,980 | 2,293,747 |

| December 2021 | Location | Asset | Liabilities | Equity | Income | Profit | Other comprehensive income | Comprehensive income |
|---|---|---|---|---|---|---|---|---|
| Bancolombia S.A. | Colombia | 289,855,048 | 255,929,590 | 33,925,458 | 15,147,265 | 4,207,787 | 1,685,375 | 5,893,162 |
| Grupo Argos S.A. | Colombia | 52,589,344 | 23,782,786 | 28,806,558 | 16,309,119 | 1,206,033 | 2,283,690 | 3,489,723 |
| Grupo Nutresa S.A. | Colombia | 16,956,483 | 7,914,370 | 9,042,113 | 12,738,271 | 693,254 | 523,581 | 1,216,835 |

## 7.2. Investments in subsidiaries

### General information on investments in subsidiaries

The following are the shareholdings of the subsidiaries in which Grupo SURA has direct and indirect control as of December 31, 2022 and 2021:

| | | Percentage of property | | | |
|---|---|---|---|---|---|
| Company | Country | Economic activity | December 2022 | December 2021 | 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. | Panama | 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, 2022 and December 2021:

| | 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, 2021** | **10,092,039** | **4,109,517** | **105,257** | **39,444** | **72,147** | **1,335** | **3,341** | **14,423,080** |
| Additions (1) | - | - | - | 450 | - | - | - | 450 |
| Withdrawals (2) | - | - | - | (23,044) | - | - | - | (23,044) |
| Equity method | 523,132 | 53,524 | (6,702) | 25,914 | 456 | 143 | (106) | 596,361 |
| Dividends | (230,343) | (190,654) | - | - | - | (13) | - | (421,010) |
| Change in equity | 274,002 | 225,273 | 7,558 | 60,493 | (200) | - | - | 567,126 |
| **Balance as of December 31, 2021** | **10,658,830** | **4,197,660** | **106,113** | **103,257** | **72,403** | **1,465** | **3,235** | **15,142,963** |
| Additions (3) | - | - | 85,806 | - | - | - | - | 85,806 |
| Equity method | 368,306 | 397,213 | 20,987 | (43,328) | 2,411 | 142 | 15 | 745,746 |
| Dividends (4) | (278,449) | (48,678) | (14,872) | - | - | - | - | (341,999) |
| Change in equity | 1,845,210 | 548,405 | 1,949 | 15,854 | - | - | - | 2,411,418 |
| **Balance as of December 31, 2022** | **12,593,897** | **5,094,600** | **199,983** | **75,783** | **74,814** | **1,607** | **3,250** | **18,043,934** |

(1) Capitalization made to SURA Ventures in January 2021, corresponding to 41,737 shares

(2) Corresponds to the capital decrease of SURA Ventures in August 2021 equivalent to 2,358,333 shares.

(3) The increase of $ 85,806 million corresponds to capitalization in the subsidiary Inversiones y Construcciones Estratégicas S.A.S., with which 274,304 shares of this company are received. The capitalization is carried out through the delivery of a usufruct right for 16 months on 73,240,000 shares of Grupo Nutresa S.A.

(4) On December 16, 2022, ICE declared a dividend of $9,259.13 on 1,600,000 common 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, 2022 and 2021 are as follows:

| December 2022 | Asset | Liability | Equity | Profit | Other comprehensive income | Income |
|---|---|---|---|---|---|---|
| SURA Asset Management S.A.(*) | 31,537,725 | 18,047,940 | 13,489,784 | 440,678 | 2,204,015 | (3,939,791) |
| Arus Holding S.A.S. | 165,670 | 84,914 | 80,756 | 2,502 | - | (256,592) |
| ARUS S.A. | 122,821 | 94,112 | 28,709 | 295 | - | (203,538) |
| Enlace Operativo S.A. | 32,774 | 4,743 | 28,031 | 2,477 | - | (53,031) |
| Inversiones y Construcciones Estratégicas S.A. | 205,133 | 5,149 | 199,984 | 20,987 | 2,116 | (78,378) |
| Suramericana S.A.(*) | 41,517,197 | 35,227,336 | 6,289,861 | 489,606 | 528,175 | (25,211,263) |
| Sura Ventures S.A. | 75,960 | 179 | 75,781 | (43,328) | 15,853 | 43,215 |

(*) Figures taken from the Consolidated Financial Statements

## 7.3. Impairment of investments in associates and subsidiaries

### Fair Value Associates

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| 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 | 7,253,750 | 4,312,229 | 4,668,481 |
| Grupo Argos S.A. | Si | 4,571.347 | 2,223,371 | 4,571,347 | 3,174,571 |
| Bancolombia S.A. | Si | 5,606,586 | 9,988,024 | 5,606,586 | 8,154,928 |

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

As of December 2022, and 2021, the recoverable value of Grupo SURA's associated companies was determined in order to assess the impairment of investments in associates and subsidiaries.

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.

In the case of 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 both Grupo Argos and Grupo Nutresa, the recoverable value of its portfolio investments, which includes the recoverable value of Grupo SURA, is incorporated in its value

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.

The exercises for the determination of the recoverable value of associates are made for the exclusive purposes of this note.

### Main assumptions

### Grupo Nutresa S.A.

- ✓ A discounted cash flow exercise was performed for a 10-year projection horizon, corresponding to a period between 2022 and 2032.
- ✓ In the projections, the company's operating revenues are projected to grow on average between 6.0% - 8.0% annually, in line with the company's strategic goal of doubling its sales level in 6 years from 2020.
- ✓ EBITDA margin adjusted for operating leases (IFRS 16) is projected to be between 11.5% and 13%.
- ✓ CAPEX investment is projected to be in line with the company's projects between 2.5% and 3.5% of sales.
- ✓ Working capital is estimated to average 13.0%-11.0% of sales.
- ✓ For the calculation of the terminal value, a nominal growth rate between 3.0% and 4.0% was used.
- ✓ In order to estimate the recoverable value of the company, 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 between 9.8% and 10.8%.
- ✓ As for the other investments, a fundamental valuation of their investments is made, which includes the recoverable value of Grupo SURA.

- ✓ The exercise yields a valuation range above the book value recorded, so there is no evidence of impairment in the investment.

### Grupo Argos S.A.

- ✓ To calculate the recoverable value of Grupo Argos, the sum of parts of its investment portfolio was calculated, also incorporating its expenses, taxes and indebtedness at the corporate level.
- ✓ 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 in the long term, thanks to the infrastructure super cycle that will take place in that country, as a result of the approved infrastructure budgets, in addition to the fact that installed capacities in that country are at maximum levels. In the short term, however, the economic slowdown is expected to be reduced due to the recessionary headwinds expected in 2023. Overall, quantity growth was modeled based on expected economic growth in each region and prices based on inflation, resulting in a consolidated long-term compounded growth of between 6.5%-7.5%.
- ✓ Regarding the EBITDA margin, an improvement in margins was also estimated, which have been affected in 2022, due to the accelerated increase in inflation that has meant that cost inflation has not been transmitted to the end customer at the same speed, a situation that should be gradually corrected as sales prices are adjusted, in addition to the stabilization of raw material prices that is already evident in the last quarter of 2022; this contributes to reduce the pressure on costs. EBITDA margin improvements were estimated between 200-300 bps in the projection period compared to the margins for the year to September 2022, 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) between 17%-20% for the projection period.
- ✓ In order to estimate the recoverable value of the company, 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 10.5%-13%.
- ✓ 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 Meriléctrica and the Caoba investment platform at their book values.
- ✓ Each asset was valued considering its particularities, such as energy generation, distribution and transmission capacity, taking into account their respective margin levels.
- ✓ Celsia Colombia's business was estimated based on projections of energy demand from the Mining and Energy Planning Unit and Energy and Gas Regulatory *Commission (CREG and UPME, abbreviation for the Spanish original),* assuming price growth tied to the PPI / CPI (during the term of the tariff pact) 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 COP and USD in nominal terms, applying the CAPM methodology. The WACC at which the cash flows were discounted was between 9.5% - 10.5% depending on the region.
- ✓ For the calculation of the terminal value, a nominal growth rate between 2% - 3.5% 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 a sum of parts exercise was performed, taking as a reference the values of the transactions carried out in the vertical of airports and the vertical of roads, and the book values of the other assets.
- ✓ 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.
- ✓ The exercise results in a valuation range above the book value recorded, so there is no evidence of impairment in the investment.
- ✓ 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: consolidated COP$ growth between 7%-9% for the period (2022-2032)
- ✓ Net interest margin (NIM): range between 6.47%-7.17% for the period (2022-2032). The margin is projected to improve between 2022-2023 due to the effect of interest rate increases, mainly in Colombia
- ✓ Provision expense - Cost of credit: a cost of credit (provision expense/average portfolio) between 1.7% and 2% is estimated for the period (2022-2032), reflecting a normalization of current and expected cost of credit after the effects of the pandemic have been absorbed at higher levels in 2020 and after a period of recoveries in 2021 and 2022
- ✓ Expenses and efficiency: Expenses were projected to grow in line with or slightly above revenues in the first years of the projection, but maintaining a slightly higher efficiency indicator than the Bank has recorded so far in 2022 through September. This indicator is estimated to range 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 capacity to deliver dividends is modeled based on the maintenance of a basic solvency target higher than the historical one, TIER I average year range between 11%-11.5%.
- ✓ Net income and ROE: with the assumptions used, the net income and implied profitability of the business would range between 17%-20%. A return that exceeds the cost of capital used by approximately 300 bps
- ✓ Perpetuity | Discount rate: cash flows were discounted at a discount rate (cost of capital of 15.1%)

- ✓ Valuation yields P/E '22E multiples of 7.6x and P/BV of 1.4x, which are within the valuation range of comparable companies in the region during 2022

### Fair Value Subsidiaries

In the case of Suramericana and Sura Asset Management, exercises are carried out to identify signs of impairment in their respective subsidiaries. These exercises include valuations of each of these companies, which incorporate estimates of future dividend flows, based on the business plans approved by their management and governing bodies.

These plans contain medium and long-term assumptions made by their management, and are discounted using rates in accordance with the CAPM methodology used by Grupo Sura.

It is important to highlight that these exercises reflect management's best possible estimate based on the most recent figures of the companies, the economic outlook, regulation and current applicable legislation in the different geographies/industries where the businesses operate.

However, the impairment monitoring process will incorporate any subsequent material changes in these variables, such as a material change in the conditions and regulatory frameworks of some of the businesses, which in turn may have a significant and adverse impact on the recoverable amount and therefore on the determination of a possible impairment.

Additional information on the impairment testing exercises of Suramericana S.A. and Sura Asset Management S.A. can be consulted in the annual reports of both companies.

Similarly, within the impairment testing exercise, valuation models were run to estimate the recoverable values of Habitat S.A. and ARUS S.A., which incorporate their respective business plans. These exercises showed that the recoverable amount of these companies exceeds the value recorded in the books of Grupo SURA, which confirms that there is no impairment in any of them.

## NOTE 8. EMPLOYEE BENEFITS

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

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Short-term | | 6,220 | 10,747 |
| Long-term | 8.2 | 222 | 263 |
| Post -Employment | 8.3 | 433 | 12,326 |
| **Total** | | **6,875** | **23,336** |

### 8.1. 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.

Additionally, in the short term, there is a performance bonus benefit, which is described below:

Performance bonus: The performance reward system is a recognition of the efforts of all employees to achieve the Company's objectives 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 Company's strategic direction, as well as with the various activities and human competencies required to achieve the Company's objectives. This includes measurement period, evaluation scheme, follow-up and adjustments, definition of indicators.

### 8.2. Long-term benefits

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

Seniority bonus: 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

| | December 2022 | December 2021 |
|---|---|---|
| Seniority bonus | 222 | 263 |

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

| | Performance bonus | Plan assets | Net Benefit | Seniority premium | Total |
|---|---|---|---|---|---|
| **Initial balance at January 1, 2021** | **1,513** | **1,513** | **-** | **335** | **335** |
| Costs incurred during the period | - | - | - | 60 | **60** |
| Changes in financial assumptions with effect on results of operations | - | - | - | (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** |
| Costs incurred during the period | - | - | - | 49 | **49** |
| Changes in financial assumptions with effect on results of operations | - | - | - | (53) | **(53)** |
| Payments to employees | - | - | - | (37) | **(37)** |
| **Present value of obligations at December 31, 2022** | **-** | **-** | **-** | **222** | **222** |

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

| | Seniority bonus | |
|---|---|---|
| | **2022** | **2021** |
| Discount rate (%) | 8.90% | 6.20% |
| Annual salary increases rate (%) | 4.50% | 4.50% |
| Annual inflation rate (%) LP | 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:

**2022**

| | Seniority bonus | | | |
|---|---|---|---|---|
| | Discount rate | | Salary increases | |
| | Increase +0.5% | Discount -0.5% | Increase +0.5% | Discount -0.5% |
| Present value of the obligation | 216 | 229 | 229 | 216 |
| Variation due to sensitivity in the variables | 6 | (7) | (7) | 6 |

| **2021** | Seniority bonus | | | |
|---|---|---|---|---|
| | 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 |

## 8.3. Post-employment benefits

The following is a description of the post-employment benefits offered by Grupo SURA:

- Retirement bonus: corresponds to a sum defined by the company that is payable to employees upon retirement
- Retirement pension: it 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 2022 | December 2021 |
|---|---|---|
| Retirement bonus | 318 | 12,128 |
| Retirement pension | 115 | 198 |
| **Total** | **433** | **12,326** |

### 8.3.1. 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:

| | Retirement benefits | Plan assets | Net profit | Retirement pension | Total |
|---|---|---|---|---|---|
| **Initial balance as of January 01, 2021** | **35,297** | **23,130** | **12,167** | **206** | **12,373** |
| Costs incurred during the period | 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** |
| Costs incurred during the period | 972 | - | 972 | 20 | **992** |
| Interest costs | 1,907 | - | 1,907 | 12 | **1,919** |
| Recognition of plan assets | - | 12,620 | (12,620) | - | **(12,620)** |
| Profit or loss from changes in actuarial assumptions with effect on OCI | (2,069) | - | (2,069) | (95) | **(2,164)** |
| Payments to employees | - | - | - | (20) | **(20)** |
| **Present value of obligations at December 31, 2022** | **35,365** | **35,047** | **318** | **115** | **433** |

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

| | Retirement bonus | | Retirement pension | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Discount rate (%) | 9.10% | 5.52% | 9.10% | 6.70% |
| Rate of increase in benefit (%) | - | - | 4.00-5.00% | 4.00% |
| Annual salary increase rate (%) | 4.50% | 5.50% | - | - |
| Annual inflation rate (%) | 3.00% | 3.00% | 3.00% | 3.00% |

## Sensitivity analyses

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

### 2022

| | Retirement bonus | | | |
|---|---|---|---|---|
| | Discount rate | | Salary increases | |
| | Increase +1.0% | Discount -1.0% | Increase +1.0% | Discount -1.0% |
| Present value of the obligation | 35,014 | 35,729 | 35,744 | 34,997 |
| Variation by sensitivity in the variables | 351 | (364) | (379) | 368 |

| | Retirement pension | | | |
|---|---|---|---|---|
| | Discount rate | | Increase Benefit | |
| | Increase +0.5% | Discount -0.5% | Increase +0.5% | Discount -0.5% |
| Present value of the obligation | 108 | 122 | 122 | 108 |
| Variation by sensitivity in the variables | 7 | (7) | (7) | 7 |

### 2021

| | Retirement bonus | | | |
|---|---|---|---|---|
| | Discount rate | | Inflation rate | |
| | Increase +1.0% | Discount -1.0% | Increase +1.0% | Discount -1.0% |
| Present value of the obligation | 34,500 | 34,611 | 34,582 | 34,529 |
| Variation by sensitivity in the variables | 55 | (56) | (27) | 26 |

| | Retirement pension | | | |
|---|---|---|---|---|
| | 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 |

## 8.3.2. Defined contribution plans

Grupo SURA made contributions to defined contribution plans recognized as an expense in the results for the period of 2022 for $1,282 million and 2021 for $1,499 million.

## NOTE 9. PREFERRED SHARES

On November 29, 2011, 106,334,963 preferred shares were issued for a value of $32,500; from the date of issuance and for 3 years, a quarterly dividend of 3% EA is paid on the issue price. Starting in 2015, a quarterly dividend of 0.5% ADP is paid on the issue price.

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, 2022 and December 2021 are detailed below:

| | |
|---|---|
| **At December 31, 2020** | **460,847** |
| Interest accrued | 39,800 |
| Interest payments | (40,580) |
| **At December 31, 2021** | **460,067** |
| Interest accrued | 40,364 |
| Interest payments | (40,476) |
| **At December 31, 2022** | **459,955** |

## NOTE 10 EQUITY

### 10.1. 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, 2022 and 2021 was 579,228,875.

| | December 2022 | December 2021 |
|---|---|---|
| Authorized shares | 600,000,000 | 600,000,000 |
| Subscribed and paid shares: | | |
| Ordinary of nominal value | 466,720,702 | 466,720,702 |
| With a preference dividend without the right to vote | 112,508,173 | 112,508,173 |
| **Total shares** | **579,228,875** | **579,228,875** |
| 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.

## 10.2. Issuance premium

The balance of the issuance premium at December 31, 2022 and 2021 is $3,290,767. It includes the higher amount paid over the nominal value of shares which is charged on their sale.

## 10.3. Reserves

The reserves consist of the following concepts:

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Legal | 10.3.1 | 138,795 | 138,795 |
| Occasional | 10.3.2 | 6,698,807 | 6,744,594 |
| Reserve for share repurchase | 10.4 | 244,848 | 244,848 |
| **Total reserves** | | **7,082,450** | **7,128,237** |

### 10.3.1. 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.

### 10.3.2. Occasional reserves:

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

## 10.4. 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, 2022, 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, 2022 of COP $55,152, as detailed below:

| | December 2022 | December 2021 |
|---|---|---|
| **Initial Balance** | **300,000** | **-** |
| Establishment of reserve | - | 300,000 |
| Common shares repurchase | (47,347) | (47,347) |
| Repurchase of preferred shares | (7,805) | (7,805) |
| **Subtotal repurchase** | **(55,152)** | **(55,152)** |
| **Closing Balance** | **244,848** | **244,848** |

## NOTE 11. DIVIDENDS PAID AND DECLARED

The General Shareholders Meeting of Grupo SURA held on March 25, 2022, approved the following profit distribution project:

*Dividends*

An ordinary dividend of seven hundred eighty-four pesos (COP$784) per share on 579,228,875 common and preferred shares.

The dividend was declared from the untaxed casual reserve with profits generated through December 31, 2016 for $322,051 and from the untaxed casual reserve with profits generated as of January 1, 2017 for $132,064,064, for a total of $454,115.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| **Dividends declared** | **N° of shares** | **Annual ordinary dividend per share in COP** | **Total dividend declared** | **N° of shares** | **Annual ordinary dividend per share in COP** | **Total dividend declared** |
| Ordinary shares | 466,720,702 | 784 | 365,909 | 469,037,260 | 603 | 283,017 |
| Preferred shares | 112,508,173 | 784 | 88,206 | 112,940,288 | 603 | 68,148 |
| **Total** | **579,228,875** | | **454,115** | **581,977,548** | | **351,165** |

The dividend will be payable and paid in cash quarterly in April 2022, July 2022, October 2022 and January 2023. It will be 100% non-taxable for the shareholder.

In Colombia the distribution of dividends is made on the basis of the separate financial statements.

## NOTE 12. OTHER COMPREHENSIVE INCOME

The other comprehensive income of Grupo SURA is presented below:

**Year 2022:**

| Concept | Note | December 2021 | Adjustment for the period | December 2022 |
|---|---|---|---|---|
| New defined benefit plan measures | 12.1 | 2,441 | 2,122 | 4,563 |
| Gain on investments in equity instruments | 12.2 | 16,132 | 9,631 | 25,763 |
| Loss on exchange difference on conversion | | (10,827) | - | (10,827) |
| Cash flow hedges | 12.3 | (19,257) | (114,099) | (133,356) |
| Share of other comprehensive income of subsidiaries accounted for using the equity method | 12.4 | 1,937,979 | 2,411,418 | 4,349,397 |
| **Total comprehensive income** | | **1,926,468** | **2,309,072** | **4,235,540** |

**Year 2021:**

| Concept | Note | December 2020 | Adjustment for the period | December 2021 |
|---|---|---|---|---|
| New defined benefit plan measures | 12.1 | (701) | 3,142 | 2,441 |
| Gain on investments in equity instruments | 12.2 | (980) | 17,112 | 16,132 |
| Loss on exchange difference on conversion | | (10,827) | - | (10,827) |
| Cash flow hedges | 12.3 | (15,626) | (3,631) | (19,257) |
| Share of other comprehensive income of subsidiaries accounted for using the equity method | 12.4 | 1,370,853 | 567,126 | 1,937,979 |
| **Total comprehensive income** | | **1,342,719** | **583,749** | **1,926,468** |

### 12.1. New defined benefit plan measures

The component of remeasurements of defined benefit plans represents the accumulated value of actuarial gains or losses, excluding the values included in the net interest on the net defined benefit liability. The net value of remeasurements is transferred to retained earnings and is not reclassified to profit or loss for the period.

### 12.2. Gain (loss) from investment in equity instruments

Corresponds to the change in the investment of Enka de Colombia S.A., which is classified at fair value with changes in equity.

### 12.3. Cash flow derivative hedges

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

**Year 2022:**

| | Note | December 2021 | Movement period | December 2022 |
|---|---|---|---|---|
| Cash flow hedges | 5.2.1.1 | (29,626) | 175,537 | (205,163) |
| Taxes | 6.2 | 10,369 | (61,438) | 71,807 |
| **Total** | | **(19,257)** | **(114,099)** | **(133,356)** |

**Year 2021:**

| | Note | December 2020 | Movement period | December 2021 |
|---|---|---|---|---|
| Cash flow hedges | 5.2.1.1 | (22,322) | 7,304 | (29,626) |
| Taxes | | 6,696 | (3,673) | 10,369 |
| **Total** | | **(15,626)** | **3,631** | **(19,257)** |

### 12.4. 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 7.2 Investments in subsidiaries).***

## NOTE 13. INCOME

The following is a detail of income:

| | December 2022 | December 2021 |
|---|---|---|
| Dividends [1] | 931,885 | 263,124 |
| Income from the Equity Method (note 7.2) | 745,746 | 596,361 |
| Other income [2] | 53,816 | 4,149 |
| Fair value investment income (note 5.1.2) | 10,194 | 3,297 |
| Investment income, net [3] | 4,085 | 4,405 |
| Gains on sale of investments | - | 1,442 |
| **Total** | **1,745,726** | **872,778** |

[1] A detail of dividend income is as follows;

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Dividend income from associates | 7.1 | 931,194 | 263,124 |
| Dividend income Enka instruments | | 691 | - |
| **Total** | | **931,885** | **263,124** |

[2] Details of other income are presented below:

| | December 2022 | December 2021 |
|---|---|---|
| Usufruct (*) | 53,629 | - |
| Others | 126 | 4,072 |
| Recoveries and recuperations | 41 | 68 |
| Recognition of labor disability | 20 | 9 |
| **Total** | **53,816** | **4,149** |

(*) Amortization of usufruct ***(See note 22 Related party disclosures).***
[3] The balance corresponds to returns on cash equivalents.

## NOTE 14. ADMINISTRATIVE EXPENSES

The administrative expenses are as follows:

| | December 2022 | December 2021 |
|---|---|---|
| Taxes [1] | (17,925) | (6,701) |
| Insurance [2] | (15,445) | (5,066) |
| Travel | (7,517) | (6,497) |
| Donations | (6,819) | (6,276) |
| Publicity | (3,636) | (3,430) |
| Commissions | (2,472) | (1,344) |
| Contributions | (1,662) | (1,445) |
| Electronic data processing | (1,621) | (1,044) |
| Maintenance and repairs | (1,330) | (484) |
| Others | (1,309) | (561) |
| Representation | (740) | (1,219) |
| Leases | (630) | (173) |
| Utilities | (556) | (557) |
| Seasonal services | (375) | (52) |
| Supplies and stationery | (62) | (35) |
| Legal | (48) | (68) |
| **Total** | **(62,147)** | **(34,952)** |

[1] The variation corresponds mainly to an increase in the value of deductible VAT (higher value of the expense) and the taxes assumed for payment of fees for financial advisory services related to the tender offers.

[2] The increase is mainly due to the renewal of directors' policies and payment of the policies for the constitution of the cell-captive managed by SURA SAC LTD.

## NOTE 15. FEES

Fee expenses are detailed as follows:

| | December 2022 | December 2021 |
|---|---|---|
| Advisory [1] | (33,338) | (3,624) |
| Consulting | (4,505) | (6,776) |
| Board of Directors | (2,478) | (1,297) |
| Technical Consultancy | (2,317) | (1,222) |
| Auditor | (1,558) | (362) |
| Others | (556) | (1,401) |
| **Total** | **(44,752)** | **(14,682)** |

[1] The variation corresponds mainly to extraordinary expenses for financial and legal advisory fees related to the tender offers.

## NOTE 16. FINANCIAL RESULTS

The financial results are detailed below:

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Gains at fair value - Derivatives | 5.2.1.2 | 41,103 | 7,299 |
| Exchange rate difference (Net) | 16.1 | (43,820) | 40,469 |
| Interest | 16.2 | (545,737) | (407,797) |
| **Total** | | **(548,454)** | **(360,029)** |

### 16.1. Foreign exchange difference (Net)

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

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Hedging derivatives | 5.2.1.1 | 409,812 | 431,223 |
| Bonds* | | (453,632) | (390,754) |
| **Total** | | **(43,820)** | **40,469** |

*The variation is due to the increase in the NER.

### 16.2. interests

A detail of the interest is presented below:

| | Note | December 2022 | December 2021 |
|---|---|---|---|
| Bonds issued* | | (356,126) | (273,482) |
| Hedging transactions | 5.2.1.1 | (80,141) | (72,532) |
| Bank loans* | | (62,985) | (17,906) |
| Preferred stock | | (40,364) | (39,800) |
| Repo transactions | | (4,980) | (447) |
| Financial leases | | (840) | (870) |
| Other | | (301) | (2,760) |
| **Total** | | **(545,737)** | **(407,797)** |

* The variation corresponds to the increase in the CPI, since most of the securities issued are indexed to it, and to the increase in interest rates on bank loans.

## NOTE 17. 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.

Diluted earnings per share are calculated by adjusting the average number of common and preferred shares outstanding to simulate the conversion of all potential dilutive common shares. Put option contracts with non-controlling interests that can be paid with Grupo Sura shares ***(see Note 5.2.4)*** could represent dilutive effects.

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

| | December 2022 | December 2021 |
|---|---|---|
| Profit, net | 1,058,964 | 408,328 |
| **Controlling profit** | **1,058,964** | **408,328** |
| Less: preferred dividends declared - Interest on preferred stocks (1) | (88,206) | (68,148) |
| Plus: Interest expense on preference shares (Note 9) (2) | 40,364 | 39,800 |
| Less: undistributed earnings to preference stockholders (2) | (142,458) | (32,042) |
| **Profit from continuing operations** | **868,664** | **347,938** |
| Ordinary shares (3) | 466,720,702 | 469,037,260 |
| **Earnings per share from continuing operations** | **1,861** | **742** |
| Number of shares to be issued from commitments with non-controlling interests | 24,082,714 | 31,044,200 |

| | December 2022 | December 2021 |
|---|---|---|
| **Earnings per share from ordinary continuing operations with dilutive effects** | **874,350** | **349,571** |
| **Earnings per share diluted earnings per share from continuing operations** | **1,781** | **699** |

(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.

Within the commitments with non-controlling interest described in Note 5.2.4 there could be a dilutive effect, for the agreement with CDPQ that can be settled with shares of the Company, after the end of the Lock Up (10 years after the signing of the Agreement), in the event that it is decided to pay with common shares of Grupo SURA, the diluted effect on earnings per share in the year 2022 of $ 80 and $ 43 in 2021.

## NOTE 18. 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.

## 18.1. 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, 2022 and 2021 on a recurring basis.

| December 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Investments** | | | | |
| **At fair value with changes in equity** | | | | |
| **Debt securities** | | | | |
| National issuances | 33,645 | - | - | 33,645 |
| **Total, investments at fair value through profit or loss** | **33,645** | **-** | **-** | **33,645** |
| **Equity Instruments** | | | | |
| National issuances | 49,932 | - | - | 49,932 |
| **Total, Investments at fair value with changes in equity** | **49,932** | **-** | **-** | **49,932** |
| **Total Investments** | **83,577** | **-** | **-** | **83,577** |
| **Derivatives** | | | | |
| **Trading** | | | | |
| Interest Rate Swap | - | (6,880) | - | (6,880) |
| Exchange Rate Swap | - | 57,905 | - | 57,905 |
| Forward | - | (190) | - | (190) |
| **Total Trading Derivatives** | **-** | **50,835** | **-** | **50,835** |
| **Hedging** | | | | |

| December 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Interest Rate Swap | - | 564,830 | - | 564,830 |
| Exchange Rate Swap | - | - | - | - |
| Options | - | (57,137) | - | (57,137) |
| **Total hedging derivatives** | **-** | **507,693** | **-** | **507,693** |
| **Total derivatives** | **-** | **558,528** | **-** | **558,528** |

Derivatives are presented net (Assets less liabilities).

| December 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Investments** | | | | |
| **Equity Instruments** | | | | |
| National issuances | 40,301 | - | - | 40,301 |
| **Total, Investments at fair value with changes in equity** | **40,301** | **-** | **-** | **40,301** |
| **Total Investments** | **40,301** | **-** | **-** | **40,301** |
| **Derivatives** | | | | |
| **Trading** | | | | |
| Interest Rate Swap | - | - | - | - |
| Exchange Rate Swap | - | 23,744 | - | 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 hedging derivatives** | **-** | **349,277** | **-** | **349,277** |

*Derivatives are presented net (Assets less liabilities).

## 18.2. 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, 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.

### 18.3. 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, 2022 and 2021 for disclosure purposes only.

| | December 2022 | | December 2021 | |
|---|---|---|---|---|
| | **Book Value** | **Fair Value** | **Book Value** | **Fair Value** |
| **Assets** | | | | |
| Accounts receivable from related parties (1) | 233,870 | 233,870 | 43,883 | 43,883 |
| Other accounts receivable (1) | 1,037 | 1,037 | 156 | 156 |
| Investments in associated companies and joint ventures (3) | 14,490,162 | 19,465,145 | 14,490,162 | 15,997,980 |
| **Total Assets** | **14,725,069** | **19,700,052** | **14,534,201** | **16,042,019** |
| | | | | |
| **Total Assets** | | | | |
| Financial obligations | 839,980 | 839,980 | 610,628 | 610,628 |
| Finance lease liabilities | 12,237 | 12,237 | 12,589 | 12,589 |
| Accounts payable to related parties (1) | 159,493 | 159,493 | 90,074 | 90,074 |
| Other accounts payable (1) | 34,136 | 34,136 | 60,805 | 60,805 |
| Bonds (2) | 4,369,515 | 4,098,596 | 4,276,843 | 4,437,287 |
| Preferred shares (2) | 459,955 | 403,917 | 460,067 | 615,955 |
| **Total liabilities** | **5,875,316** | **5,548,359** | **5,511,006** | **5,827,338** |

(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 the preferred shares is valued using the yield curve.

(3) Investments in associated companies
Investments in associates of Grupo SURA are listed on the Colombian Stock Exchange and are highly liquid.

## NOTE 19. RISK MANAGEMENT

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.

The management of risks is included 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 regarding the Risk Management System and define Grupo SURA's framework for action 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 the development of 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.

On this matter, 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 to satisfaction 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, in order to operationalize the MGR, working tables 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 embodied 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, finding both measurements 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 analyses considering the correlation existing among them.

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

### Financial Risk Managemnt

Financial risk refers to the possibility that the results of companies and their capital structure may be affected by variations in asset prices, the failure of third parties to pay their obligations, or risk situations derived from the environment.

For Grupo SURA it is fundamental to have optimal capital structures and adequate levels of capital to enable compliance with the obligations acquired with its stakeholders. For this reason, among others, management systems are required to monitor and manage the exposure to the different financial risks (credit, market and liquidity risks).

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

## 1. Credit Risk Management

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 quantitative data on the risk exposure of the entity

As of December 31, 2022, 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, their credit rating (in international and local scale*) and the net exposure with each counterparty as of December 31, 2022:

| Bank | Qualification | Net exposure |
|---|---|---|
| Merrill Lynch International | A+ | 105,004 |
| Citibank N.A. | A+ | 105,271 |
| JP Morgan Chase Bank, N.A. | A+ | 257,080 |
| Morgan Stanley & Co International PLC | A+ | - |
| Goldman Sachs International | A+ | 98,243 |
| BBVA S.A. | AAA* | (6,879) |
| Bancolombia S.A. | AAA* | (191) |

*Figures in millions of pesos, at December 31, 2022*

** Local rating - Colombia*

For a more detailed description of the financial assets of the Company, see Note 5.1 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 5.1. 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. The detail of the accounting policies used to perform this management, including the impairment methods.

## 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 the year, in order to have greater protection against the volatility of the Colombian peso, the company continued to increase the hedging ceilings of several portions of the principal of the dollar bond maturing in 2026 that have a CAPS structure. Additionally, the company repurchased US$20 million of debt and unwound the derivatives that hedged that portion of the debt.

*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**

| Exchange Rate 4,810.2 | Impact on pre-tax income 2022 versus +10% change in exchange rate | Impact on pre-tax income 2022 versus -10% in exchange rate |
|---|---|---|
| Financial Liabilities | (22,755) | 22,755 |
| Derivatives | - | - |
| **Total** | **(22,755)** | **22,755** |

*Figures in Millions of Pesos.*

**Exchange rate sensitivities**

| 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.*

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. For this reason, the effects of changes in exchange rate prices are not reflected in the income statement.

### 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*

So far this year, the net exposure to interest rate risk decreased by nearly 150 billion pesos, without considering the exchange effects of the debt in dollars. This was due to the maturity of bonds and the payment of debts acquired with financial entities.

*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 2022 versus +10PB variation in the interest rate | Impact on Pre-tax Income 2022 vs. -10PB variation in the interest rate |
|---|---|---|
| Financial Liabilities | 426 | (428) |
| Derivatives | - | - |
| **Total** | **426** | **(428)** |

*Figures in Millions of Pesos.*

| | 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 |
|---|---|---|
| Financial Liabilities | - | - |
| Derivatives | 325 | (327) |
| **Total** | **325** | **(327)** |

*Figures in Millions of Pesos.*

### 1.2.3 Stock price risk

Stock price risk is the probability that the fair value of a financial instrument will decrease as a result of changes in the prices of variable income assets.

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

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

*Methods used to measure risk*

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

*Description of changes in risk exposure*

It is important to highlight that during the year several takeover bids were presented by Grupo Nutresa, and as a result of these, it is anticipated that the liquidity of these shares will be affected in the future as a result of the new shareholder composition of the entity.

*Summary of quantitative data on the risk exposure of the entity*

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

For further details please refer to note 5.1. Financial assets.

## 1.1. 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

So far this year there have been no liquidity issues in the company.
Grupo SURA has at its disposal assets to manage liquidity, which are presented below:

### Maturities associated with assets to manage liquidity risk:

| 2022 | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Cash and cash equivalents | 5,025 | - | - | 5,025 |
| Investments | - | - | 49,932 | 49,932 |
| Accounts receivable, related parties | 233,870 | - | - | 233,870 |
| Other accounts receivable | 1,037 | - | - | 1,037 |
| **Total** | **239,932** | **-** | **49,932** | **289,864** |

*Figures in millions of pesos.*

| 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** |

*Figures in millions of pesos.*

For further details see Note 5.1 Financial Assets.

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

| December 2022 | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Financial obligations | 141,308 | 698,672 | - | 839,980 |
| Derivative instruments | 7,070 | 430,075 | - | 437,145 |
| Accounts payable to related parties | 159,493 | - | - | 159,493 |
| Other accounts payable | 34,136 | - | - | 34,136 |
| Bonds issued | 352,680 | 3,030,564 | 986,271 | 4,369,515 |
| Preferred shares | - | - | 459,955 | 459,955 |
| **Total** | **694,687** | **4,159,311** | **1,446,226** | **6,300,224** |

| 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 | 2,809,641 | 1,271,236 | 4,276,843 |
| Preferred shares | - | - | 460,067 | 460,067 |
| **Total** | **378,836** | **3,690,327** | **1,731,303** | **5,800,466** |

*Figures in millions of pesos.*

For further details see Note 5.2 Financial Liabilities.

## 2. Strategic Risk Management

Aligned with the prioritization of strategic risks carried out the previous year, during the year 2022 progress was made in the stage of characterization and understanding of the Environment, Reputation and Human Resources risks. In particular for the first of these, a tool was developed to measure environmental risks called the Regional Thermometer. This model, based on the characterization of each aspect of the environment, addresses the quantification of macroeconomic, political, social and regulatory risks, thus enabling the identification of opportunities or threats derived from each territory in which the portfolio of Grupo SURA is present. Regarding human talent risks, based on the characterizations and subsequent measurements, conclusive results were obtained for the management of this risk in the company. Reputational risk management is presented later in this note.

### Systematic Risk

Following the progress made in the management of strategic risks, based on other modeling developed in the strategic project Aggregate Portfolio Vision *(Visión Agregada de Portafolio, Spanish original)*, and leveraged with the Regional Thermometer previously described, risk indicators were developed to measure the concentration and level of risk of the aggregate income and financial assets of the investment portfolio. Such measurements were made for those exposures in each territory and subsequently at an aggregate level considering the completeness of the regional footprint of the Grupo SURA portfolio.
As a complement to the indicators and models previously described, through this strategic capability, a model was also designed that allows for prospective measurements and evaluations of the exposure to macroeconomic risks by industry and territory of Grupo SURA's portfolio. This model enables the identification and anticipation of the effects resulting from the performance of productive industries on the income and operating margins of each company, and serves as an input to feed the capital allocation criteria of the value system of Grupo SURA.

On the other hand, work began on the conceptualization and evaluation of models that allow measuring the correlations between the companies' performance and the different factors and sub-factors of the environment.

### 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 fulfilment 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 2022, reputational analysis included the evaluation of contagion risk at the level of the Financial Conglomerate through tools for identifying risk events in social networks and digital media. In turn, as a measure of adaptation and management of reputational risk, priority was given to analyses related to the digital environment, mass persuasion techniques used through networks and digital media, as well as their effects and effectiveness in modifying people's perception of a particular topic.

## 3. Operational risk management

Functional risks or operational risks refer to events that prevent the normal development of the Company's operations 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 stand out:

**Cumpliance:** During 2022, the program for compliance with the competition protection regime was implemented based on the provisions of Technical Standard NTC 6378 of 2020. Within the work carried out by the company, together with external advisors, it was evidenced that Grupo Sura has solid and transparent corporate governance documents that are known both publicly and by the employees of the organization; these documents were proposed to include the principle of competition in order to enrich the work that has been carried out to date. In line with the above, the risks of free economic competition were identified, analyzed and evaluated with the corresponding definition of controls for their monitoring and follow-up.

**Policies:** In relation to Grupo Sura's financial and property policies, the Company has an insurance scheme for Directors and Officers (D&O) whose renewal was managed in October 2022; it comprises different layers that allow covering claims and certain exclusions that are considered in the clauses of the main policy. The insurance scheme seeks to provide adequate coverage for directors and administrators against the risks associated with the management of their work, so that the Company has the most suitable people to perform such functions.
At the end of 2022, the renewal of the infidelity and financial risk and cybersecurity policies was also initiated; this process, in which the terms and coverage are renewed based on an analysis of the exposure to both types of risks according to the Company's operating structure, will be finalized in the first quarter of 2023.

**Risk of Business Continuity:** In order to ensure the proper implementation of strategies and procedures for action in the occurrence of events that impact the processes and projects of the Company, the company has a business continuity plan for critical processes and enablers of the operation.
As part of the process of periodically updating operational risks and controls, a business continuity risk analysis was performed based on the critical enabling resources identified for Grupo Sura (key personnel, IT services and physical infrastructure), which involved updating the risk matrix and the business continuity manual and the conclusion that this risk continues to be low for the Company.

### 4. Climate change risk management

This type of risks refers to risks 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 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.
As part of the progress made in 2022, the company continued to develop the work plan started the previous year focused on the identification, analysis and quantification of the risks associated with climate change, deepening the understanding of the effects and impacts of this phenomenon for its sustainability and that of its portfolio. From the baseline constructed, it has been possible to increase our understanding of which are the priority variables to be managed in order to structure the most appropriate adaptation and mitigation measures for each type of exposure.
This information was then integrated with the tools that the company has built from the Aggregate Portfolio Vision, obtaining from there results on the sectors and economic activities that represent the greatest exposure to this risk based on the current distribution of income and assets of the Business Group and therefore the highest management priority. Based on these results, management plans began to be prepared by the different portfolio companies, which are being monitored through the Sustainability Committee of the Business Group.

This work has allowed us to start activating concrete management plans on a phenomenon that is still in the global understanding stage, but that enables us as a company to implement actions focused on generating results and increasing our understanding from the direct experience with the phenomenon, all this aligned with our strategic objective of generating sustainable profitability for our stakeholders.

### 5. Financial and operational reporting risk management

**SOX:** Following the SOX initiative in which the Business Group has been working as a good internal control practice and one of the fundamental requirements to enable the option of listing its securities in international markets, during the year 2022, activities were carried out to execute the first process of testing the design and implementation of controls under SOX certification guidelines. This allowed the Company to get closer to the knowledge of the status of the internal control system of the Business Group and thus migrate to the maintenance mode, with the purpose of preserving the improvements made and establishing a cyclical process of updating and risk analysis of the financial report.

In this exercise, called testing, more than 1000 controls of different categories (entity level, financial processes and technology processes) were tested, obtaining satisfactory results for most of the controls examined.

The testing process covered companies of the Business Group in Colombia, Mexico, El Salvador, Panama, Dominican Republic, Brazil, Chile, Uruguay and Argentina, with relevant achievements among which the following stand out:

- High coverage in the identification of SOX risks for material accounts.
- Formalization of the control structure with assigned responsible parties.
- High level of implementation of designed controls.

Once the project stage is completed with this milestone, sustainability mode begins, which comprises a series of phases to be deployed periodically.

For the sustainability stage, a set of important challenges are generated throughout the entire Business Group, which must be addressed as part of the ongoing SOX management process. The most important of these challenges are listed below:

- Continue to strengthen the level of ownership of SOX responsibilities in all processes.
- Close the gaps identified in each controls update and testing cycle.
- To strive for uniform SOX compliance for all companies in scope.
- Sizing and optimizing the structure of the different teams involved in the phases of the SOX periodic maintenance cycle.
- Adjust to the regulatory environment of increasing demands on the internal control system for financial reporting.
- Migrate towards increasingly automated processes and controls.

## NOTE 20. 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 2022 | December 2021 |
|---|---|---|
| Financial liabilities (Note 5.2) (1) | 5,669,450 | 5,347,538 |
| Cash and cash equivalents | (5,025) | (96,327) |
| **Net debt** | **5,664,425** | **5,251,211** |
| Total Equity | 27,702,089 | 24,746,964 |
| Adjusted debt index - equity (2) | 20% | 21% |

(1) Includes issued securities and other financial liabilities
(2) Net Debt/Equity

## NOTE 21. OTHER MATTERS

- The Audit and Finance Committee and the Board of Directors of Grupo SURA received the final report presented by the specialized forensic audit firm Kroll Associates Colombia S.A.S. (Kroll), in the forensic audit process carried out as a result of a complaint by a member of the Board of Directors, for facts related to an alleged accounting fraud derived from the disclosure and accounting recognition of contractual agreements made with co-investors.

- After conducting a thorough review of the business practices of the Company over the last 12 years in relation to contracts with co-investors, Kroll did not identify evidence of alleged accounting fraud, nor concealment of the contracts with strategic partners of Grupo SURA in SURA Asset Management and Suramericana, to the market, the Financial Superintendence of Colombia or any of the firms that have exercised the statutory audit of the Company in the aforementioned period.

- This independent investigation included interviews of understanding and confrontation with employees and former employees of Grupo SURA; historical documentary analysis of the minutes and presentations of the Board of Directors and its Audit and Finance Committee; digital forensic analysis of the Company's computers and email inboxes; documentary analysis of digitally stored information; direct interviews with the firms that have been auditing Grupo SURA since 2010.

- Kroll (https://www.kroll.com) is one of the world's leading providers of professional services and digital products related to valuations, corporate governance solutions, risk management and transparency, with more than 100 years in the market and strengthened by the expertise of the Duff & Phelps brand.

## NOTE 22. RELATED PARTY DISCLOSURES

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

The following is the detail of related parties as of December 31, 2022 and December 31, 2021 of Grupo SURA:

| | December 2022 | | | December 2021 | | |
|---|---|---|---|---|---|---|
| | Individuals | Entities | | Individuals | Entities | |
| **Assets** | Key management personnel | Associates | Subsidiaries | Key management personnel | Associates | Subsidiaries |
| **Dividend receivables** | | | | | | |
| Bancolombia S.A. | - | 183,310 | - | - | 15,276 | - |
| Grupo Argos S.A. | - | 29,286 | - | - | - | - |
| Grupo Nutresa S.A. | - | 21,274 | - | - | 28,607 | - |
| **Total assets** | **-** | **233,870** | **-** | **-** | **43,883** | **-** |
| **Liabilities** | | | | | | |
| **Accounts payable to related parties** | | | | | | |
| JDGB Holding S.A.S. | - | 34,598 | - | - | - | - |
| Grupo Argos S.A. | - | 25,362 | - | - | 18,935 | - |
| Grupo Nutresa S.A. | - | 12,101 | - | - | 8,959 | |
| Others (1) | - | 44,445 | - | - | 62,180 | - |
| Usufruct contract (2) | - | - | 32,177 | - | - | - |
| Inversiones y Construcciones Estratégicas S.A.S. | - | - | 10,810 | - | - | - |
| **Total accounts payable related parties** | **-** | **116,506** | **42,987** | **-** | **90,074** | **-** |
| Employee benefits (3) | 35,365 | - | - | 34,555 | - | - |
| Financial obligations (4) | - | 637,217 | - | - | - | - |
| **Total liabilities** | **35,365** | **753,723** | **42,987** | **34,555** | **90,074** | **-** |

| | December 2022 | | | December 2021 | | |
|---|---|---|---|---|---|---|
| | Individuals | Entities | | Individuals | Entities | |
| **Income** | Key management personnel | Associates | Subsidiaries | Key management personnel | Associates | Subsidiaries |
| **Dividends** | | | | | | |
| Bancolombia S.A. | - | 733,238 | - | - | 61,103 | - |
| Grupo Argos S.A. | - | 117,143 | - | - | 87,591 | - |
| Grupo Nutresa S.A. | - | 80,813 | - | - | 114,430 | - |
| Others (5) | - | 691 | - | - | - | - |
| **Total dividends** | **-** | **931,885** | **-** | **-** | **263,124** | **-** |
| Amortization of usufruct (6) | - | - | 53,629 | - | - | - |
| **Total income** | **-** | **931,885** | **53,629** | **-** | **263,124** | **-** |
| **Expenses** | | | | | | |
| Administrative expenses | - | - | 10,584 | - | - | 1,058 |
| Employee benefits | 12,670 | - | - | 10,238 | - | - |
| Honorariums | 2,478 | - | - | 1,297 | - | - |
| **Total expenses** | **15,148** | **-** | **10,584** | **11,535** | **-** | **1,058** |

(1) Corresponds to the dividend payable to other shareholders.

(2) Corresponds to the deferred income generated by the usufruct contract explained **in note 7.2**, with a duration of 16 months as of March 2022.
(3) Corresponds to employee benefits of key management personnel, accrued to date.
(4) Corresponds to four outstanding loans with Bancolombia S.A.
(5) Corresponds to the dividend received from Enka de Colombia S.A.
(6) Corresponds to the value of the amortization between March and December 2022, of the usufruct contract signed with Inversiones y Construcciones Estratégicas S.A.S. with a term of 16 months.

Subsidiary companies under direct control of Grupo SURA are listed in ***Note 7.2 Investments in subsidiaries.***

## NOTE 23. EVENTS AFTER THE REPORTING DATE

These separate financial statements as of December 31, 2022 were prepared for supervisory purposes and authorized for issuance by the Board of Directors of Grupo SURA on February 28, 2023, 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 24. APPROVAL OF THE FINANCIAL STATEMENTS

The issuance of the financial statements of Grupo SURA for the year ended December 31, 2022 was authorized by the Board of Directors for publication, as stated in Act No. 394 of the Board of Directors dated February 28, 2023, to be presented to the market.

III

# CHAPTER
## ANALYSIS OF FINANCIAL RESULTS
(UNAUDITED)

## ANALYSIS OF FINANCIAL RESULTS (UNAUDITED)

Below are the analyses of financial results for the period ended December 31, 2022, with comparative figures as of December 31, 2021. These analyses are made by management and are not part of the Financial Statements (Expressed in millions of pesos).

| | INDEX | | December 2022 | | | December 2021 | | | INTERPRETATION | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Solidity | | 6,319,743 / 34,021,832 | = | 18.58% | 5,836,391 / 30,583,355 | = | 19.08% | Creditors own 18.58% as of December 2022 and 19.08% as of December 2021, leaving the shareholders owning the complement: 81.42% as of December 2022 and 80.92% as of December 2021. | Total liability / Total asset |
| INDEBTNESS | Total | | 6,319,743 / 34,021,832 | = | 18.58% | 5,836,391 / 30,583,355 | = | 19.08% | Of each peso that the company has invested in assets, 18.58% as of December 2022 and 19.08% as of December 2021 have been financed by creditors. | Total liability / Total asset |
| INDEBTNESS | Coverage of interest | | 1,604,701 / 545,737 | = | 294.04% | 816,125 / 407,797 | = | 200.13% | The Company generated a net profit equal to 294.04% as of December 2022 and 200.13% as of December 2021 from Interest paid | Net profit + interest / Financial expenses |
| INDEBTNESS | Leverage | Total | 6,319,743 / 27,702,089 | = | 22.81% | 5,836,391 / 24,746,964 | = | 23.58% | Every $1.00 peso of the Company's owners is committed 22.81% as of December 2022 and 23.58% as of December 2021. | Total liabilities with third parties / Equity |
| INDEBTNESS | | Financial Total | 5,669,450 / 27,702,089 | = | 20.47% | 5,347,538 / 24,746,964 | = | 21.61% | For each peso of shareholders' equity, 20.47% as of December 2022 and 21.61% as of December 2021 are financially committed. | Total liabilities with financial entities / Equity |
| PERFORMANCE | Net profit margin | | 1,058,964 / 1,745,726 | = | 60.66% | 408,328 / 872,778 | = | 46.78% | Net income corresponds to 60.66% of net income as of December 2022 and 46.78% as of December 2021. | Net Profit / Net Income |
| PERFORMANCE | Return on equity | | 1,058,964 / 26,643,125 | = | 3.97% | 408,328 / 24,338,636 | = | 1.68% | Net income corresponds to 3.97% of equity in December 2022 and 1.68% in December 2021. | Net Profit / Equity - profits |
| PERFORMANCE | Return on total assets | | 1,058,964 / 34,021,832 | = | 3.11% | 408,328 / 30,583,355 | = | 1.34% | Net income in relation to total assets corresponds to 3.11% in December 2022 and 1.34% in December 2021. | Net Profit / Total assets |