Sura Asset Management S.A. and Subsidiaries

Consolidated Financial Statements at Year-End 2019 and 2018

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Consolidated Financial Statements

at Year-End 2019 and 2018

Sura Asset Management S.A. and Subsidiaries
Consolidated Income Statement
(Stated in thousands of US dollars)

	Notes*	2019	2018
Revenues from contracts with clients	5	698,602	706,593
Investment income	6	14,000	5,536
Gains (losses) at net fair value	7.2	583	(5.183)
Income from legal reserves	7.1	112,645	4,748
Income via the equity method from associates and joint ventures	8	69,392	35,963
Other operating revenues	9	9,001	5,320
Operating income - fund and pension management		**904,223**	**752,977**
Gross premiums	10	210,535	374,232
Premiums ceded to reinsurers	10	(10,687)	(15.672)
Net premiums	**10**	**199,848**	**358,560**
Income from investments backing insurance reserves	6	148,779	102,226
Fair value gains from investments underpinning insurance reserves	7.2	59,341	5,652
Claims	11	(279,708)	(296,152)
Change in reserves	12	(52,074)	(118,094)
Insurance operating margin		**76,186**	**52,192**
Administrative and selling expense	13	(549,934)	(523,176)
Deferred acquisition costs (DAC)	13	5,554	(5,663)
Wealth tax	13	(123)	(134)
Total operating and administrative expense	**13**	**(544,503)**	**(528,973)**
Operating earnings		**435,906**	**276,196**
Financial income	14	15,749	16,237
Financial expense	15	(71,470)	(66,930)
Derivative income	16	(753)	(7,593)
Income on exchange differences	17	34,813	11,824
Net earnings before income tax from continuing operations		**414,245**	**229,734**
Income tax, net	22	(195,777)	(83,504)
Net income for the year from continuing operations		**218,468**	**146,230**
Net income for the year from discontinued operations	41	(26,800)	(47,773)
Net income for the year		**191,668**	**98,457**
Attributable to:			
Controlling interest		191,320	98,228
Non-controlling interest		348	229

** Please refer to the notes attached to the financial statements*

Sura Asset Management S.A. and Subsidiaries
Consolidated Statement of Other Comprehensive Income
(Stated in thousands of US dollars)

	Notes*	2019	2018
Net income for the year		**191,668**	**98,457**
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Translation effect	40	(55,887)	(228,445)
Net (losses) gains on cash flow or net foreign investment hedges		5,491	(19,099)
Losses on debt instruments measured at fair value	40	(320)	(410)
Other comprehensive income to be reclassified to profit or loss in subsequent years:		**(50,716)**	**(247,954)**
Other comprehensive income not be reclassified to profit and loss in subsequent years:			
Revaluations of tangible assets		5,371	(2,097)
(Deficit) surplus for revenues obtained in equity method	40	(326)	1,790
Measured actuarial gains (losses) corresponding to defined benefit plans	40	(242)	82
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**4,803**	**(225)**
Other comprehensive income for the year, after tax		**(45,913)**	**(248,179)**
Total comprehensive income for the year, net of tax		**145,755**	**(149,722)**
Attributable to:			
Controlling interest		145,589	(149,536)
Non-controlling interest		166	(186)

** Please refer to the notes attached to the financial statements*

Sura Asset Management S.A. and Subsidiaries
Consolidated Statement of Financial Position
(Stated in thousands of US dollars)

	Notes*	2019	2018
Assets			
Cash and cash equivalents	18	254,488	175,698
Investment portfolio	19.1	3,220,035	3,081,256
Accounts receivable	19.1 / 20	65,043	102,710
Accounts receivable from contracts with clients	19.1 / 20	36,096	38,810
Reinsurance assets	19.1 / 21	6,437	7,128
Current tax	22	14,537	34,751
Financial assets - hedging transactions	19.1 / 23.1	75,163	52,224
Other assets	24	14,300	13,679
Right-of-use assets	25	49,550	-
Deferred acquisition costs (DAC)	26	173,476	170,246
Investment properties	27	31,016	32,490
Property, plant and equipment, net	28	48,836	44,080
Intangible assets	29	1,997,490	2,071,623
Investments in associates and joint ventures	30	398,111	355,466
Deferred tax assets	22	1,860	17,445
Non-current assets held for sale	41	-	1,703,457
Total assets		**6,386,438**	**7,901,063**
Liabilities and shareholders´ equity, net			
Liabilities			
Accounts payable	19.2 / 31	104,882	92,273
Account payable on contracts with clients	19.2 / 31	31,412	36,820
Financial liabilities at amortized cost	19.2 / 32	184,968	196,503
Financial liabilities - hedging transactions and derivatives	19.2 / 23.2	5,224	14,101
Right of use liabilities	25	49,578	-
Technical reserves - insurance contracts	33	1,920,410	1,940,044
Current tax liabilities	22	36,923	48,918
Employee benefits	34	43,971	45,812
Other liabilities	35	500	343
Provisions and contingencies	36	12,848	12,309
Deferred income liabilities (DIL)	37	18,285	18,305
Issued bonds	38	850,511	849,552
Deferred tax liability	22	360,334	337,577
Liabilities relating to non-current assets held for sale	41	-	1,499,148
Total liabilities		**3,619,846**	**5,091,705**
Equity	**39**		
Subscribed and paid-in capital		1,360	1,360
Share issuance premium		3,607,651	3,607,651
Other capital reserves		97,619	187,709
Other comprehensive income	40	5,556	(4,418)
Net income for the period		191,320	98,228
Translation effect	39b	(1,139,580)	(1,083,886)
Total shareholders´ equity		**2,763,926**	**2,806,644**
Non-controlling interest	39a	2,666	2,714
Total equity		**2,766,592**	**2,809,358**
Total liabilities and shareholders' equity		**6,386,438**	**7,901,063**

** Please refer to the notes attached to the financial statements*

Sura Asset Management S.A. and Subsidiaries
Consolidated Statement of Cash Flows
(Stated in thousands of US dollars)

	Note	2019	2018*
Operating activities			
Net income for the year from continuing operations		**218,468**	**146,230**
Net income from discontinued operations	**41**	**(26,800)**	**(47,773)**
Adjustments to reconcile earnings before income tax with net cash flows:			
Income tax	22	195,777	83,504
Depreciation of property and equipment	13,25,28	25,240	10,937
Amortizations of intangible assets	13/29	53,997	54,380
Amortizations of deferred acquisition costs (DAC)	26	60,211	63,771
Gains and losses at net fair value		(177,476)	(89,196)
Financial returns at amortized cost	19.1a	(71,700)	(103,233)
Accrued interest		68,686	65,771
Unrealized exchange differences	19.2	155	5,351
Impairment losses on financial assets	13/19.1a	328	280
Impairment losses on non-current assets held for sale	41	-	64,220
Revenues via the equity method from associates and joint ventures	8	(69,392)	(35,963)
Accrued provisions	36	(6,773)	728
Amount paid to non-controlling interest in Sura Real Estate Colombia		-	(1,814)
Adjustments to investments vs. equity on sale of subsidiaries		2,188	(5,353)
Other changes to equity		502	(267)
Adjustments to working capital:			
Decrease in accounts receivable and other assets		36,637	102
Increase in deferred acquisition costs (DAC)	26	(65,765)	(58,108)
Increase (decrease) in reinsurance assets		691	(1,791)
Increase in technical reserves	33	52,073	47,653
Increase (decrease) in accounts payable and other liabilities		10,771	(15,182)
Translation differences		9,014	70,783
Paid income tax		(145,005)	(105,506)
Net cash flow sourced from operating activities		**171,827**	**149,524**
Investment activities			
Decrease in investments in associates and joint ventures (dividends)		22,479	39,295
Decrease in investments in subsidiaries		-	(17,947)
Proceeds from sales of subsidiaries		204,309	20,462
Acquired property and equipment	28	(14,187)	(9,618)
Acquisitions decrease in investment properties	27	-	(128)
Decrease in financial instruments	19.1	13,180	72,571
Acquisitions of intangible assets	29	(18,804)	(15,058)
Net cash flows sourced from investing activities		**206,977**	**89,577**
Financing activities			
Reserve set up for donations - Sura-AM Colombia		(1,894)	(1,897)
Shareholder dividend payments	38c	(189,114)	(147,000)
Dividends paid to non-controlling shareholders		(214)	(177)
Loans received	19.2	213,807	159,100
Loans paid	19.2	(222,278)	(127,190)
Hedging transactions	19.1/19.2	(21,741)	7,541
Paid lease obligations		(16,102)	-
Interest paid		(62,478)	(51,773)
Net cash flows used for financing activities		**(300,014)**	**(161,396)**
Increase in cash and cash equivalents		**75,790**	**72,665**
Effect of exchange differences		3,000	5,040
Cash and cash equivalents at January 1		**175,698**	**97,993**
Cash and cash equivalents at December 31		**254,488**	**175,698**

** Please refer to the notes attached to the financial statements*
*** Some of the figures herein stated do not exactly correspond to the 2018 consolidated financial statements, due to the change in the methodology used with these now based on net income instead of pre-tax income, so as to align our Statement of Cash Flows with the methodology used by Grupo Sura.*

Sura Asset Management S.A. and Subsidiaries
Consolidated Statement of Changes to Shareholders´ Equity
(Stated in thousands of US dollars)

			Reserves		Other comprehensive income							
	Issued share capital	Share premium	Legal reserve	Other equity reserves	Revaluations of assets and liabilities with changes in equity	Cash flow / net foreign investment hedges	Debt instruments measured at fair value	Translation differences	Net income for the year	Controlling interest	Non-controlling interest	Total equity
At year-end 2017	**1,360**	**3,607,651**	**62,692**	**70,697**	**10,751**	**3,198**	**1,362**	**(855,851)**	**208,136**	**3,109,996**	**3,072**	**3,113,068**
Carry-backs				206,239					(206,239)			
Other comprehensive income					(2,058)	(19,098)	(410)			**(21,566)**	(5)	**(21,571)**
Equity method - Protección S.A.					1,837				29,160	**30,997**		**30,997**
Adjustments on the value paid to non-controlling interest in Sura Real Estate				(1,814)						**(1,814)**	230	**(1,584)**
Other changes to equity				(267)						**(267)**		**(267)**
Legal reserve			531	(531)						-		-
Adjustments to investment vs. equity - Seguros Sura México				(2,838)						**(2,838)**		**(2,838)**
Dividends declared				(147,000)						**(147,000)**	(402)	**(147,402)**
Liability set up for donations - Sura-AM Colombia									(1,897)	**(1,897)**		**(1,897)**
Translation effect								(228,035)		**(228,035)**	(410)	**(228,445)**
Net income for the year									69,068	**69,068**	229	**69,297**
At December 31, 2018	**1,360**	**3,607,651**	**63,223**	**124,486**	**10,530**	**(15,900)**	**952**	**(1,083,886)**	**98,228**	**2,806,644**	**2,714**	**2,809,358**
Carry-backs				98,228					(98,228)	-		-
Other comprehensive income					5,181	10,806	(320)			**15,667**	11	**15,678**
Equity method - Protección S.A.					(378)				62,026	**61,648**		**61,648**
Divestiture - Seguros de Rentas Vitalicias Chile				5,315		(5,315)				-		-
Divestiture - Seguros de Vida México				(3,127)						**(3,127)**		**(3,127)**
Legal reserve			7,469	(7,469)						-		-
Dividends declared				(189,114)						**(189,114)**	(214)	**(189,328)**
Other changes to equity				502						**502**		**502**
Liability set up for donations - Sura-AM Colombia				(1,894)						**(1,894)**		**(1,894)**
Translation effect								(55,694)		**(55,694)**	(193)	**(55,887)**
Net income for the year									129,294	**129,294**	348	**129,642**
At December 31, 2019	**1,360**	**3,607,651**	**70,692**	**26,927**	**15,333**	**(10,409)**	**632**	**(1,139,580)**	**191,320**	**2,763,926**	**2,666**	**2,766,592**

** Please refer to the notes attached to the financial statements*

Notes to the Consolidated Financial Statements

Figures stated in thousands of US Dollars at year-end 2019 and 2018.

NOTE 1- Corporate Information

Sura Asset Management S.A., was incorporated, under the name of Inversiones Internacionales Grupo Sura S.A. by means of Public Deed No 1548 drawn up September 15, 2011 before the Notary Public No. 14 of the Circuit of Medellin. However, by means of Public Deed No. 783, drawn up May 22, 2012 before Notary Public No. 14 of the Circuit of Medellin, it changed its corporate name to Sura Asset Management S.A.

Sura Asset Management S.A. is a Colombian company holding Taxpayer Identification No. 900.464.054 - 3. Its registered place of business is at Carrera 43 A No 3 – 101, Medellin, but it is entitled to set up branches, agencies, and offices in other parts of the country as well as abroad, should its Board of Directors so decide. The Company has a term of duration that expires on September 15, 2111

Its business purpose is to invest in real estate and personal property. In the case of the latter, it may invest in shares, participations or holdings in companies, entities, organizations, funds or any other mechanism recognized by law that allows for the investment of funds. Likewise, it may invest in commercial paper or securities yielding either a fixed or variable income, regardless of whether they are listed on a public stock exchange. In any case, the corresponding issuers and/or investees may belong to either the public or private sectors, both at home or abroad.

Sura Asset Management S.A., is a subsidiary of its parent company Grupo de Inversiones Suramericana S.A. (Grupo Sura), whose registered place of business is in Medellín, Colombia.

The Consolidated Financial Statements of Sura Asset Management S.A. and its Subsidiaries correspond to the financial years of 2019 and 2018, beginning on January 1 and ending on December 31 of said periods. These financial statements were approved on February 25, 2020 by the Board of Directors by means of Minutes No. 69.

The Senior Management of Sura Asset Management S.A. and Subsidiaries is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as well as the internal controls required for ensuring that these Consolidated Financial Statements are free from any material misstatements, whether due to fraud or error.

Sura Asset Management S.A. and Subsidiaries operate in Colombia, certain countries in Latin America and the Caribbean including Chile, Mexico, Peru, Uruguay, Argentina and El Salvador.

Sura Asset Management constantly reviews the strategies deployed by its business units so as to maximize shareholder value, which is why we are seeing mergers, spin-offs, new companies being acquired or set up as well as divestitures of former business units so as to be able to fulfill our corporate strategy.

The following is a breakdown of the direct and indirect stakes held in the companies that form part of the Consolidated Financial Statements of Sura Asset Management S.A.:

2019

Name of Company	Type of Entity	Direct/Indirect Stake	Country
Activos Estratégicos Sura Asset Management Colombia S.A.S.	Holding company	100%	Colombia
Sura Investment Management S.A.S.	Company dedicated to managing investment funds	100%	Colombia
Sura Real Estate S.A.S	Company dedicated to managing private capital funds and / or collective portfolios and / or investment vehicles for the purpose of investing in and / or developing and / or managing (Asset Management) and / or handling real estate assets	100%	Colombia
Sura Asset Management Chile S.A.	Holding company	100%	Chile
AFP Capital S.A.	Company dedicated to managing pension funds	99.71%	Chile
Administradora General de Fondos Sura S.A.	Company dedicated to managing investment and mutual funds	100%	Chile
Seguros de Vida Sura S.A.	Company dedicated to the life insurance and annuity business.	100%	Chile
Corredores de Bolsa Sura S.A.	Company dedicated to buying and selling securities, for its own account or for third parties as well as providing its stock brokerage services	100%	Chile
Sura Data Chile S.A.	Company dedicated to providing data processing services and leasing computer equipment	100%	Chile
Sura Servicios Profesionales S.A	Company dedicated to providing business consultancy services.	100%	Chile
Sura Asset Management México S.A. de C.V.	Holding company	100%	Mexico
Sura Art Corporation S.A. de C.V.	Company dedicated to collecting Mexican works of art.	100%	Mexico
AFORE Sura S.A. de C.V.	Company dedicated to managing investment firms specializing in retirement funds	100%	Mexico
Sura Investment Management S.A. de C.V.	Company dedicated to managing investment funds	100%	Mexico
Pensiones Sura S.A. de C.V.	Company dedicated to entering into life insurance agreements for the exclusive handling of pension insurance.	100%	Mexico
Asesores Sura S.A. de C.V.	Company dedicated to providing its marketing and advertising services for both products and financial services as well as recruiting and training personal, managing payrolls and handling labor relations together with other similar administrative services.	100%	Mexico
Promotora Sura Asset Management S.A. de C.V.	Company providing its marketing and promo services for any type of product	100%	Mexico
Gestión Patrimonial Sura asesores en inversiones S.A de C.V. (formerly WM Asesores en Inversiones S.A de C.V.)	Company dedicated to acquiring, using, negotiating, marketing and making any legal use of any kind of intellectual property, as well as franchises, concessions and authorizations, as permitted by applicable legislation.	100%	Mexico
NB Innova S.A de C.V.	Company dedicated to providing both individuals and legal entities, all kinds of services for handling, promoting, disseminating and/or marketing any type of goods and services, in its capacity as a brokerage firm.	100%	Mexico
Sura Asset Management Perú S.A.	Holding company	100%	Peru
AFP Integra S.A.	Company dedicated to managing pension funds on an individual account basis.	99.99%	Peru
Fondos Sura SAF S.A.C.	Company dedicated to managing investment and mutual funds	100%	Peru

Name of Company	Type of Entity	Direct/Indirect Stake	Country
Sociedad Agente de Valores de Bolsa Sura S.A	Company dedicated exclusively to offering its professional and customary brokerage services between buyers and sellers as part of public and private offerings, in accordance with the law.	100%	Peru
Sura Asset Management Uruguay Sociedad de Inversión S.A.	Holding company	100%	Uruguay
AFAP Sura S.A.	Company dedicated to managing retirement savings funds.	100%	Uruguay
Ahorro Inversión Sura Administradora de Fondos de Inversión S.A.	Company dedicated to managing investment funds	100%	Uruguay
Disgely S.A.	Company dedicated to industrializing and marketing, in all their respective forms, merchandise, property leases, construction work as well as all forms of services	100%	Uruguay
Corredores de Bolsa Sura S.A.	Company dedicated exclusively to offering its professional and customary brokerage services between buyers and sellers as part of public and private offerings, in accordance with the law.	100%	Uruguay
SUAM Corredora de Seguros S.A. de C.V.	Company dedicated to all types of insurance and reinsurance activities.	100%	El Salvador
Sura Asset Management Argentina S.A.	Company providing its financial and investment management and consultancy services.	100%	Argentina

2018

Name of Company	Type of Entity	Direct/Indirect Stake	Country
Activos Estratégicos Sura Asset Management Colombia S.A.S.	Holding company	100%	Colombia
Sura Investment Management S.A.S.	Company dedicated to managing investment funds	100%	Colombia
Sura Real Estate S.A.S	Company dedicated to managing private capital funds and / or collective portfolios and / or investment vehicles for the purpose of investing in and / or developing and / or managing (Asset Management) and / or handling real estate assets	100%	Colombia
Sura Asset Management España S.L.	Holding company	100%	Spain
Grupo Sura AE Chile Holdings I B.V.	Holding company	100%	Holland
Sura Asset Management Chile S.A.	Holding company	100%	Chile
AFP Capital S.A.	Company dedicated to managing pension funds	99.71%	Chile
Administradora General de Fondos Sura S.A.	Company dedicated to managing investment and mutual funds	100%	Chile
Seguros de Vida Sura S.A.	Company dedicated to the life insurance and annuity business.	100%	Chile
Corredores de Bolsa Sura S.A.	Company dedicated to buying and selling securities, for its own account or for third parties as well as providing its stock brokerage services	100%	Chile
Sura Data Chile S.A.	Company dedicated to providing data processing services and leasing computer equipment	100%	Chile
Sura Servicios Profesionales S.A	Company dedicated to providing business consultancy services.	100%	Chile
Sura Seguros de Rentas Vitalicias S.A.	Company dedicated to providing life insurance coverage, for which the beneficiary or holder is guaranteed within a specified term, an amount of principal, a policy or an income. This Company came into being as a result of a spin-off with Seguros de Vida Sura S.A. (Chile)	100%	Chile

Name of Company	Type of Entity	Direct/Indirect Stake	Country
Sura Asset Management México S.A. de C.V.	Holding company	100%	Mexico
Sura Art Corporation S.A. de C.V.	Company dedicated to collecting Mexican works of art.	100%	Mexico
AFORE Sura S.A. de C.V.	Company dedicated to managing investment firms specializing in retirement funds	100%	Mexico
Sura Investment Management S.A. de C.V.	Company dedicated to managing investment funds	100%	Mexico
Pensiones Sura S.A. de C.V.	Company dedicated to entering into life insurance agreements for the exclusive handling of pension insurance.	100%	Mexico
Asesores Sura S.A. de C.V.	Company dedicated to providing its marketing and advertising services for both products and financial services as well as recruiting and training personal, managing payrolls and handling labor relations together with other similar administrative services.	100%	Mexico
Promotora Sura Asset Management S.A. de C.V.	Company providing its marketing and promo services for any type of product	100%	Mexico
WM Asesores en Inversiones S.A de C.V.	Company dedicated to acquiring, using, negotiating, marketing and making any legal use of any kind of intellectual property, as well as franchises, concessions and authorizations, as permitted by applicable legislation.	100%	Mexico
NB Innova S.A de C.V.	Company dedicated to providing both individuals and legal entities, all kinds of services for handling, promoting, disseminating and/or marketing any type of goods and services, in its capacity as a brokerage firm.	100%	Mexico
Sura Asset Management Perú S.A.	Holding company	100%	Peru
AFP Integra S.A.	Company dedicated to managing pension funds on an individual account basis.	99.99%	Peru
Fondos Sura SAF S.A.C.	Company dedicated to managing investment and mutual funds	100%	Peru
Sociedad Agente de Valores de Bolsa Sura S.A	Company dedicated exclusively to offering its professional and customary brokerage services between buyers and sellers as part of public and private offerings, in accordance with the law.	100%	Peru
Sura Asset Management Uruguay Sociedad de Inversión S.A.	Holding company	100%	Uruguay
AFAP Sura S.A.	Company dedicated to managing retirement savings funds.	100%	Uruguay
Ahorro Inversión Sura Administradora de Fondos de Inversión S.A.	Company dedicated to managing investment funds	100%	Uruguay
Disgely S.A.	Company dedicated to industrializing and marketing, in all their respective forms, merchandise, property leases, construction work as well as all forms of services	100%	Uruguay
Corredores de Bolsa Sura S.A.	Company dedicated exclusively to offering its professional and customary brokerage services between buyers and sellers as part of public and private offerings, in accordance with the law.	100%	Uruguay
SUAM Corredora de Seguros S.A. de C.V.	Company dedicated to all types of insurance and reinsurance activities.	100%	El Salvador
Sura Asset Management Argentina S.A.	Company providing its financial and investment management and consultancy services.	100%	Argentina

The following table shows a breakdown of the assets, liabilities, shareholder´s equity and earnings for each of the subsidiaries included in the Company's consolidated financial statements at year-end 2019 and 2018.

2019	Assets	Liabilities	Equity	Earnings for the Year
Activos Estratégicos Sura Asset Management Colombia S.A.S. (SUAM S.A.S)	41	-	41	1
Sura Investment Management Colombia S.A.S (SIM)	4,841	333	4,508	(142)
Sura Real Estate S.A.S	2,198	1,215	983	(187)
Sura Asset Management Chile S.A.	924,394	12,322	912,072	52,645
AFP Capital S.A.	935,481	178,382	757,099	126,572
Corredores de Bolsa Sura S.A.	40,176	25,260	14,916	(1,597)
Administradora General de Fondos Sura S.A.	18,399	7,439	10,960	1,175
Seguros de Vida Sura S.A.	1,344,693	1,237,370	107,323	(17,664)
Sura Data Chile S.A.	2,374	490	1,884	42
Sura Servicios Profesionales S.A	11,916	5,723	6,193	967
Sura Asset Management México S.A. de C.V.	360,171	71	360,100	97,527
Promotora Sura Asset Management S.A. de C.V.	3,913	2,257	1,656	304
Gestión Patrimonial Sura Asesores en Inversiones S.A de C.V. (formerly WM Asesores en Inversiones S.A de C.V.)	951	228	723	(1,296)
NB Innova S.A de C.V.	2,325	134	2,191	(870)
Sura Art Corporation S.A. de C.V. (Sura Art)	12,164	453	11,711	(1,776)
Afore Sura S.A. de C.V.	611,492	111,568	499,924	114,989
Asesores Sura S.A. de C.V.	4,826	2,860	1,966	281
Pensiones Sura S.A. de C.V.	803,920	740,522	63,398	29,416
Sura Investment Management S.A. de C.V.	33,001	10,467	22,534	(11.409)
Sura Asset Management Uruguay Sociedad de Inversión S.A.	64,102	1,418	62,684	7,276
Disgely S.A.	537	8	529	18
Corredor de Bolsa Sura S.A.	2,876	914	1,962	(1,507)
AFAP Sura S.A.	30,895	4,957	25,938	11,491
Administradora de Fondos de Inversión S.A. AFISA Sura	1,725	356	1,369	(18)
SUAM Corredora de Seguros S.A. de C.V.	251	12	239	5
Sura Asset Management Peru S.A.	53,907	1,967	51,940	28,046
Sociedad Agente de Bolsa Sura S.A.	3,824	500	3,324	(1,351)
AFP Integra S.A.	452,263	79,588	372,675	57,110
Fondos Sura SAF S.A.C.	12,667	2,413	10,254	(114)
Sura Asset Management Argentina S.A.	178	49	129	(318)

2018	Assets	Liabilities	Equity	Earnings for the Year
Activos Estratégicos Sura Asset Management Colombia S.A.S. (SUAM S.A.S)	41	-	41	1
Sura Investment Management Colombia S.A.S (SIM)	3,880	160	3,720	247
Sura Real Estate S.A.S	980	645	335	(255)
Sura Asset Management España S.L.	1,705,396	218	1,705,178	(287)
Grupo Sura AE Chile Holdings I B.V. (GSAEI)	830,644	3	830,641	(248)
Sura Asset Management Chile S.A.	1,082,294	11,421	1,070,873	152,875
AFP Capital S.A.	940,947	187,128	753,819	86,992
Corredores de Bolsa Sura S.A.	31,562	14,962	16,599	(947)
Administradora General de Fondos Sura S.A.	15,247	4,599	10,648	1,148
Seguros de Vida Sura S.A.	1,382,269	1,277,280	104,989	45
Sura Data Chile S.A.	2,850	858	1,992	34
Sura Servicios Profesionales S.A	9,633	3,922	5,711	819
Sura Seguros de Rentas Vitalicias S.A.	1,768,096	1,504,630	263,466	15,174
Sura Asset Management México S.A. de C.V.	331,670	135	331,535	79,140
Promotora Sura Asset Management S.A. de C.V.	2,557	1,264	1,293	326
WM Asesores en Inversiones S.A de C.V.	2,154	183	1,971	(263)
NB Innova S.A de C.V.	113	234	(121)	(540)
Sura Art Corporation S.A. de C.V. (Sura Art)	13,060	22	13,038	73
Afore Sura S.A. de C.V.	519,087	74,479	444,608	88,586
Asesores Sura S.A. de C.V.	4,996	3,767	1,229	341
Pensiones Sura S.A. de C.V.	759,252	706,739	52,514	8,186
Sura Investment Management S.A. de C.V.	27,632	7,019	20,614	(7,627)
Sura Asset Management Uruguay Sociedad de Inversión S.A.	64,861	777	64,084	4,572
Disgely S.A.	600	12	588	1
Corredor de Bolsa Sura S.A.	1,384	847	537	(1,697)
AFAP Sura S.A.	36,072	6,004	30,068	14,843
Administradora de Fondos de Inversión S.A. AFISA Sura	2,086	494	1,592	(152)
SUAM Corredora de Seguros S.A. de C.V.	248	14	234	17
Sura Asset Management Peru S.A.	47,115	1,488	45,627	29,749
Sociedad Agente de Bolsa Sura S.A.	3,841	337	3,504	(1,227)
AFP Integra S.A.	441,670	76,989	364,682	50,945
Fondos Sura SAF S.A.C.	8,250	1,623	6,627	(451)
Sura Asset Management Argentina S.A.	426	31	395	(56)

The companies included in these consolidated financial statements operate mainly in the financial sector. The following table shows the products and services offered in each line of business:

Country	Company	Segment				
		Mandatory pensions	**Investment Management Unit**	**Savings and Investment (S&I)**	**Life insurance and Annuities**	**Others**
Products or Services		Fund management services - mandatory and voluntary pensions and severance	Mutual fund and investment management brokerage services	Mutual funds, savings and investment stock brokerage services including life insurance w/ protection plans	Life insurance w/ savings plans, annuities and other branches of insurance	Corporate and other segments
Colombia	Sura Asset Management S.A.	X	X	X	X	X
Colombia	Activos Estratégicos Sura A.M. Colombia S.A.S.					X
Colombia	Sura Investment Management Colombia S.A.S		X			X
Colombia	Sura Real Estate S.A.S		X			X
Chile	Sura Asset Management Chile S.A.	X	X	X	X	X
Chile	AFP Capital S.A.	X		X		
Chile	Administradora General de Fondos Sura S.A.		X	X		X
Chile	Corredores de Bolsa Sura S.A.			X		
Chile	Seguros de Vida Sura S.A.			X	X	X
Chile	Sura Chile S.A.	X	X	X	X	X
Chile	Sura Servicios Profesionales S.A	X	X	X	X	X
Mexico	Sura Asset Management México S.A. de C.V.	X	X	X	X	X
Mexico	Afore Sura S.A. de C.V.	X		X		X
Mexico	Sura Investment Management S.A. de C.V.		X	X		X
Mexico	Sura Art Corporation S.A. de C.V.					X
Mexico	Asesores Sura S.A. de C.V.	X	X	X	X	X
Mexico	Pensiones Sura S.A. de C.V.				X	X
Mexico	Promotora Sura Asset Management S.A. de C.V.	X	X	X	X	X
Mexico	Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V.					
Mexico	NB Innova S.A de C.V.			X		
Peru	Sura Asset Management Peru S.A.	X	X	X	X	X
Peru	AFP Integra S.A.	X		X		X
Peru	Fondos Sura SAF S.A.C.		X	X		X
Peru	Sociedad Agente de Bolsa Sura S.A.			X		X

Country	Company	Segment				
		Mandatory pensions	**Investment Management Unit**	**Savings and Investment (S&I)**	**Life insurance and Annuities**	**Others**
Products or Services		Fund management services - mandatory and voluntary pensions and severance	Mutual fund and investment management brokerage services	Mutual funds, savings and investment stock brokerage services including life insurance w/ protection plans	Life insurance w/ savings plans, annuities and other branches of insurance	Corporate and other segments
El Salvador	Suam Corredora De Seguros S.A. de C.V.			X		X
Uruguay	Sura Asset Management Uruguay Sociedad de Inversión S.A.	X	X	X	X	X
Uruguay	AFAP Sura S.A.	X		X		X
Uruguay	Administradora de Fondos de Inversión S.A. AFISA Sura		X	X		X
Uruguay	Disgely S.A.			X		X
Uruguay	Corredor de Bolsa Sura S.A.			X		X
Argentina	Sura Asset Management Argentina S.A.					X

* Insurance policies incorporating savings plans that are offered by Administradora de Fondos de Pensiones y Cesantías Protección S.A. are recognized in the Company's books via the equity method.

Update on the Simplification of Sura Asset Management S.A.´s Corporate Structure.

As a result of Grupo Sura's 2011 acquisition of the pension, insurance and investment assets belonging to the ING Group in Mexico, Colombia, Peru, Chile and Uruguay; and given the terms and conditions under which the regulatory authorities authorized said acquisition, in 2012 we began to reorganize and simplify the Company´s structure. The aim of this endeavor is to help Sura Asset Management S.A. to fulfill the terms and conditions laid out in the corresponding official authorizations, while at the same time, upon reorganizing and simplifying its structure, provide greater clarity and transparency to different stakeholder groups with regard to the Organization itself and the manner in which it manages its investments. It shall also allow for a more efficient running of the Company as well as facilitate the monitoring and oversight functions of the regulatory authorities in different jurisdictions

In order to achieve these aims, and as part of this streamlining process, Sura Asset Management S.A. intends to consolidate all of its pension, insurance, savings and investment business in a single company in each of the countries where it is present. These local holding companies shall be responsible for overseeing the parent´s subsidiaries in each jurisdiction.

This reorganization and streamlining process is being carried out according to the regulatory framework and legal requirements applicable in each of the corresponding jurisdictions. Consequently, we have been receiving the necessary authorizations from the regulatory authorities, ensuring strict compliance with the law and in keeping with our corporate principles.

Since it began back in 2012, this streamlining project required setting up as well as doing away with certain companies in different countries, some permanently and others on a more temporary basis. This has implied having to make certain changes on a financial, accounting and company level within Sura Asset Management S.A. so as to be able to carry out this streamlining project.

In February 2019, a merger took place between Sura Asset Management España S.L. de España and Grupo Sura A.E, Chile Holding I B.V., de Holanda, with the former taking over the latter, this as part of our corporate structure simplification initiative.

In November 2019, another merger took place between Sura Asset Management Chile S.A. And Sura Asset Management España S.L., with the former taking over the latter.

Our corporate structure simplification initiative concluded with the aforementioned merger between Sura Asset Management Chile S.A. and Sura Asset Management España S.L.

NOTE 2 - Main accounting policies and practices

2.1. Basis for Preparing and Presenting the Financial Statements

The consolidated financial statements of Sura Asset Management S.A. and Subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These Consolidated Financial Statements include all the Group's entities that form part of Sura Asset Management S.A.'s scope of consolidation regardless of their activity, form of business organization and nationality.

At year-end 2019 and 2018, in addition to meeting the requirements of IAS 1 - Presentation of the Financial Statements, a summary of the assets, liabilities and equity as contained in the Statement of Financial Position is provided, for greater convenience. However more detailed information is provided for the respective current and long-term portions in the disclosures that support the figures stated in said financial statement.

These Consolidated Financial Statements have been prepared using the historic cost method, except for investment properties, land, buildings and financial instruments which were measured at their fair value with the changes posted in the income and other comprehensive income accounts together with those measured at their amortized cost. The consolidated financial statements are presented in US dollars with amounts being rounded up to the nearest thousand (USD 000) except when otherwise stated.

Generally speaking, the historic cost method is based on the fair value of the transactions carried out. Their fair value is equal to the price that would be received or paid should the asset or liability have been sold or otherwise transferred as part of an orderly transaction between market participants on the date these are measured.

In estimating the fair value of an asset or liability, the Company takes into account the same characteristics of the asset or liability that market participants would when setting the price of the asset or liability in question on the date the value of such is measured. The fair values arrived at for measurement and/or disclosure purposes in these Consolidated Financial Statements were determined on this basis.

Also, for financial reporting purposes, fair value measurements are classified as Level 1, 2 or 3 based on the degree to which the inputs to fair value measurements are observable and the importance of such inputs for measuring fair value in their entirety, as described below:

- Level 1 inputs are quoted prices (unadjusted) on active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are those other than quoted prices belonging to Level 1 that are observable for the asset or liability in question, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability in question.

Assets and liabilities have been converted to U.S. dollars using the exchange rates applicable at year-end 2019 and 2018 respectively; equity was converted using the historic exchange rate and the income accounts using the average exchange rate for the period in question.

Country	Currency	Year-End Rate 2019	Average Rate - 2019	Year-End Rate 2018	Average Rate 2018
Chile	CLP	752.78	702.94	697.28	642.00
Mexico	MXN	18.88	19.25	19.58	19.23
Peru	PEN	3.31	3.34	3.37	3.29
Uruguay	UYU	37.22	35.25	32.4	30.72
Colombia	COP	3,277.14	3,281.09	3,249.75	2,956.43
Argentina	ARG	59.86	48.24	37.98	28.12
Holland - Spain	EUR	0.89	0.89	0.87	0.85
El Salvador	USD	1.00	1.00	1.00	1.00

The Consolidated Financial Statements show comparative information corresponding to the financial years of 2019 and 2018.

2.2. Basis of consolidation

The Consolidated Financial Statements include the financial statements of Sura Asset Management S.A. and its Subsidiaries at year-end 2019 and 2018 Control is gained when the company:

- Exercises power over the subsidiary;
- Is exposed or entitled to variable returns corresponding to the stake held in the subsidiary.
- Is able to use its power over the subsidiary to influence the value of investor returns to be paid.

The Company reevaluates whether it controls a subsidiary if the current facts and circumstances indicate any change to one or more of the three aforementioned aspects.

Should the Company hold less than the majority of the voting rights of a subsidiary, it can nevertheless maintain power over the subsidiary if its voting rights are sufficient to provide the practical ability to unilaterally direct the subsidiary´s activities. The Company considers all relevant facts and circumstances in assessing whether or not its voting rights in a subsidiary are sufficient to constitute power over such, including:

- The extent of the voting rights held in the investee company with regard to the size and dispersion of those held by other vote-holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights under other contractual arrangements, and
- All additional facts and circumstances indicating that the company has, or does not have, the current ability to direct the investee´s activities, at the time the decisions should be made, including voting patterns at previous shareholder meetings.

The consolidation of the corresponding accounts begins when the Company obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. More specifically, the income and expense corresponding to a subsidiary that was either acquired or divested during the year are included in the Consolidated Income and Other Comprehensive Income Statements from the date the Company obtains control until the date when the Company gives up control over the subsidiary.

The corresponding profit or loss and each component of other comprehensive income is attributed to the owners of the company as well as to non- controlling interests. Total comprehensive subsidiary income is attributed to the owners of the Company as well as any non- controlling interests even if this results in a deficit for the non-controlling interests.

Subsidiary financial statements are prepared for the same reporting period as those of the parent company, using uniform accounting policies. All balances, investments, transactions, profits and losses arising from transactions between Sura Asset Management S.A. and its Subsidiaries, including dividends, are eliminated in their entirety. Total comprehensive income from a subsidiary is attributed to minority interests, even if a debit balance is involved.

Any change in the ownership stake held in a subsidiary that does not involve a loss of control, is accounted for as an equity transaction. Any difference between the adjustment made to the non - controlling interest and the consideration paid or received is directly recognized in the equity accounts and attributed to the owners of the Company. Should Sura Asset Management S.A. lose control of a subsidiary, it would:

- Derecognize the subsidiary´s assets (including goodwill) and liabilities;
- Derecognize the book value of minority interests;
- Derecognize the accumulated translation differences as posted under net equity;
- Recognize the fair value of the consideration received for the transaction;
- Recognize the fair value of any retained investment;
- Recognize any surplus or shortfall obtained in the income accounts
- Reclassify to either the income accounts or retained earnings, as applicable, the portion corresponding to the controlling company with regard to the items previously recognized in other comprehensive income.

2.3 Summary of main accounting policies

In preparing the Consolidated Financial Statements the following accounting policies have been applied for Sura Asset Management S.A. and Subsidiaries:

a) Classification of Products under IFRS 4

In classifying its insurance portfolios Sura Asset Management takes into consideration the following criteria as stipulated in IFRS 4:

i. **Insurance Contracts:** are all those contracts where the company (the insurer) has accepted significant insurance risk from the counterparty (the policy holder) by agreeing to pay compensation in the case of any uncertain future event adversely affecting the policy holder. A significant insurance risk is considered to exist when the benefits to be paid out, should the insured event occur, differ to a substantial extent from those that would otherwise be paid out in the absence of such. Insurance contracts include those in which financial risks are transferred providing the insurance risk component is more significant.

ii. **Investment contracts:** are those contracts where the policy holder transfers significant financial risk as opposed to insurance risk. The definition of financial risk includes the risk of any future change in one or any combination of the following variables: interest rates, prices of financial instruments, commodity prices, exchange rates, price or rate indexes, credit risk or credit risk index or any other non-financial variable, as long as said variable is not specific to one of the parties to the contract.

Sura Asset Management's insurance companies do not possess any contracts that could be classified as investment contracts

At the end of the reporting period in question, Sura Asset Management S.A.'s insurance companies did not hold any products carrying discretionary profit-sharing plans. These are understood to be contracts that grant the policy-holder participation rights in the profits obtained from assets over and above the guaranteed profits to be distributed; this at the discretion of the insurer with regard to the date on which these are to be paid and their corresponding amounts.

Under IFRS 4, as relating to insurance contracts, the insurer may continue using non-uniform accounting policies for subsidiary insurance contracts (as well as for deferred acquisition costs and related intangible assets). Although IFRS 4 does not relieve the Group of some implications of the criteria set out in paragraphs 10 to 12 of IAS 8.

Specifically, the Company:

i. Shall not recognize provisions for future claims as a liability when these arise from insurance contracts that were nonexistent at end of the reporting period (such as catastrophe and equalization provisions).
ii. Shall perform adequacy tests on liabilities.
iii. Shall remove an insurance contract liability (or a portion thereof) from its statement of financial position when, and only when, the obligation specified in the contract is discharged or canceled or expires.
iv. Shall not offset (i) reinsurance assets against the related insurance liabilities, or (ii) income or expense from reinsurance contracts against the income or expense corresponding to the related insurance contracts.
v. Shall take into consideration whether any impairment has occurred with its reinsurance assets.

Insurance risk is significant only if an insured event could cause an insurer to pay a significant amount in additional benefits under any scenario. Additional benefits relate to amounts that exceed those that would be paid if an event did not occur. A significant risk analysis is performed on a contract-by-contract basis.

According to the characteristics of our products, the portfolio is classified under the concept of an insurance contract. It is important to mention that, once a contract is classified as an insurance contract, said classification is maintained for the duration of such, even when the corresponding insurance risk is significantly reduced during its term.

Not all products are available at all locations and / or through all subsidiaries.

Permitted practices and policies include performing compulsory liability adequacy and impairment tests on reinsurance assets. Prohibited practices and policies include setting up catastrophe reserves, maintaining or setting up contingent or equalization reserves and offsetting reinsurance assets and liabilities

b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the amount of consideration transferred, which is recorded at fair value on the date of the corresponding acquisition, as well as the amount of any non-controlling interest held in the acquired company, should this be the case.

Upon allocating the purchase price, all tangible net assets and acquired intangible assets (with both definite and indefinite useful lives) are identified and measured, so as to reconcile the value paid with the value of the Company's net assets (both tangible and intangible).

GW = VP – ANA + I (+/-) T

GW: Goodwill (residual value)

VP: Value Paid. Including the cash price paid and any future disbursements.

ANA: Acquired Net Assets at their market value

I: Intangible assets (client relations, trademarks, leases over/below their market value, others)

T: Deferred tax

In appraising the value of intangible assets acquired as part of business combinations, the methodologies used are as follows:

- The income approach: present value of the cash flows attributable to intangible assets.

- The Relief from Royalty method: this method of appraising the value of intangible assets consists of estimating the market value of the intangible asset in question as the present value of future savings from expected annual payments of royalties, generated by the fact of being the owner of the asset.

- The Multi-period Excess Earnings Method (MEEM): this valuation method is based on the principle that the value of an intangible asset is equal to the present value of incremental flows of funds after tax attributable to the asset in question, after deducting the charges for the cost of capital invested or the charge corresponding to supporting assets (tangible and intangible).

- The Incremental Flow Method: this method represents the present value of additional income or cash flows that the intangible asset enables its holder to obtain (e.g. price premiums or cost reductions).

- The Market Approach: this the process whereby the value of an intangible asset is established based on a comparison with the value resulting from actual market purchases and sales of comparable intangible assets. This requires performing an analysis of intangible assets recently bought or sold, and then comparing their characteristics with those of the asset in question.

- The Cost Approach Method: a valuation technique based on the asset´s replacement cost less adjustments for depreciation, amortization and obsolescence. This approach is used preferably when the asset can easily be replaced and when the replacement cost can be reasonably determined. It is used more frequently for assets that are not a direct source of cash flows for the entity, such as its workforce, internally developed software, websites.

Sura Asset Management S.A. applies the income approach in assessing the value of intangibles that are acquired as part of business combinations. On the other hand, the Multi-Period Excess Earnings Method (MEEM) is used to appraise the Company´s client relationships whereas the relief from royalty method is applied to the Company´s trademarks

For each business combination, Sura Asset Management S.A. and Subsidiaries choose whether to appraise the value of non- controlling interest in the acquired company, as the proportional share of the identifiable net assets acquired or at their fair value. Acquisition costs are charged as expense during the periods in which they are incurred and the services have been received

When Sura Asset Management S.A. acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and other relevant conditions existing on the date the business is acquired. This includes separating embedded derivatives in the acquired business´ main contracts.

Should the business combination be carried out in stages, the stakes previously held in the acquired company´s equity are measured at fair value on the acquisition date and the resulting gains or losses are recognized on the income accounts

Any contingent consideration that must be transferred by the acquiring company is recognized at fair value on the date when the business is acquired. Contingent considerations which classify as financial assets or liabilities under IFRS 9 - Financial Instruments: Recognition and Measurement, are recognized and measured at fair value, and any changes to such are posted as a profit or loss or as a change to other comprehensive income.

In cases where the contingent considerations do not fall under the scope of the IFRS 9, these are measured in accordance with the applicable IFRS. Should the contingent consideration be classified as net equity this is not measured and any subsequent settlement is recorded in net equity.

Goodwill is initially measured at cost, as the excess between the sum of the consideration thus transferred and the amount recognized for non-controlling interest in respect of net identifiable acquired assets and net liabilities assumed. Should the fair value of the net acquired assets exceed the value of the consideration transferred, the difference is recognized in the income accounts.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses.

For the purpose of impairment testing, and as of the date when acquired, the goodwill from a business combination is assigned to each cash-generating unit belonging to Sura Asset Management S.A. and Subsidiaries that is expected to benefit from the business combination in question, regardless of whether other assets or liabilities belonging to the acquired company have been previously assigned to those units.

When goodwill forms part of a cash-generating unit and a portion of that unit´s operations is derecognized, the goodwill associated with these divested operations is included in the book value of the operation in question when determining the gain or loss obtained on such disposal. The goodwill derecognized in these circumstances is measured based on the relative values of the operation thus divested and the portion of the cash -generating unit retained.

No business combinations were recorded in 2019 and 2018.

c) Intangible assets

The cost of intangible assets acquired through business combinations is posted at fair value on their respective acquisition dates. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss.

Intangible assets with finite useful lives are amortized over their useful economic life and assessed to determine any impairment to such whenever there is an indication that the intangible asset may have suffered such deterioration.

Intangible assets with indefinite useful lives are not amortized, but are tested every year to determine whether they have suffered any impairment to their value, either individually or at the level of the cash-generating unit to which they were assigned.

An indefinite useful life is assessed and reviewed on a yearly basis in order to determine whether this is still appropriate, if not, the change in their useful lives from indefinite to finite is made on a prospective basis.

The useful life and amortization method are reviewed at the end of each reporting period by Senior Management on the basis of expected future economic benefits for the components of intangible items.

The useful lives of intangible assets are as follows:

	Estimated useful life
Client relations	Between 4 and 30 years
Acquired goodwill	Indefinite
Trademarks	Indefinite
Contracts and licenses	17 years
Software *	Between 1 and 5 years

** Not acquired as part of the business combination.*

The estimated indefinite useful life in the case of trademarks is determined based on their ability to survive over time, in terms of their market recognition, as well as the future flows these represent. Also, there are no restrictions existing on the right to their use and enjoyment

Gains or losses arising from derecognizing an intangible asset are measured as the difference between the net income obtained from the sale and the carrying amount of the asset in question and these are recognized in the income accounts when said asset is derecognized.

d) Impairment of non- financial assets

Pursuant to that stipulated in IAS 36 - Impairment of assets, the carrying value of these should not exceed the recoverable value thereof, and any impairment to said value is recognized when the situation arises.

Consequently, Sura Asset Management S.A. as well as its Subsidiaries and Associates conduct annual reviews of their non-financial assets in order to ascertain any impairment to such.

Non-financial assets are classified according to their expected useful life:

- Assets with indefinite useful lives, for example, the goodwill determined in a business combination. With this type of asset, and in the light of these not being depreciable, a recoverability test is performed on a yearly basis.

- Assets with definite useful lives, such as fixed assets and long-term right of use assets such as customer relationships. Considering the fact that these assets are depreciated or amortized, recoverability tests are performed if there is any evidence of impairment.

Indications that impairment has occurred include:

- A significant decrease in the market value of the asset in question as a result of normal use or with the passing of time
- Significant changes having an adverse effect on either the company or the asset´s respective market, in terms of the corresponding economic, legal, technological and market conditions.
- Changes in market interest rates or other rates of return that significantly affect the calculation of the discount rate used for determining the value in use of the asset in question.
- The book value of the entity´s net assets is greater than the estimated fair value of the entity as a whole.
- Evidence of obsolescence or physical damage sustained by the asset in question;
- Changes in the use of the goods, producing a deterioration in these;
- Expected operating losses (idle capacity, scheduled outages, restructuring or disposing of assets);
- the asset´s economic output lower is than expected; its maintenance CAPEX is higher than expected, greater operating needs, negative operating margins or flows associated with asset in question, etc.).

Whenever there are indications of an impairment as previously stated, or whenever annual impairment tests must be carried out on an asset, Sura Asset Management S.A. and Subsidiaries estimate the recoverable value of said asset. The recoverable value of an asset corresponds to the higher of its fair value minus selling costs, whether or not this is an asset or a cash-generating unit, and its value in use. An asset´s recoverable value is determined on an individual basis, except when the asset in question does not produce cash flows that are largely separate from those from other assets. When the book value of an asset or a cash-generating unit exceeds its recoverable value, the asset is considered as impaired and its carrying value is reduced to its recoverable value.

In order to determine an asset´s value in use, its estimated cash flows are discounted at their present value by applying the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is highly sensitive to the discount rate used in the cash flow discount model, as well as the expected future flows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount of the different cash generating units, including the corresponding sensitivity analyses, are broken down and explained in greater detail in the Note to the Goodwill account.

In order to determine an asset´s fair value minus selling costs, recent market transactions are taken into account, if these do in fact exist. If not, an appropriate valuation method is used based on the circumstances.

Sura Asset Management S.A. and Subsidiaries base their impairment calculations on line item budgets and detailed forecasts that are drawn up separately for each of the identified cash-generating units to which individual assets have been assigned. Generally, these line item budgets and forecasts cover a period of five years; however, the aforementioned period may vary up to ten years for cash-generating units which, due to their nature and life cycle, require longer periods in order to better reflect and collect business flows. Forecasts do not include the restructuring activities to which the Group has yet to commit, nor any significant future investments that would increase the performance of the assets pertaining to the cash-generating unit in question. In the case of longer periods, a long-term growth rate is determined and applied to projected cash flows as of the fifth year.

Impairment losses are posted on the income statement, specifically in the expense accounts corresponding to the actual function of the impaired asset in question, except in the case of previously reappraised properties where the reappraised values are recorded in other comprehensive income. In these cases, an impairment is also posted in other comprehensive income until the amount of reappraised value, as previously recorded, is reached.

In the case of non-financial assets in general, excluding good will, an assessment is carried out at the end of each reporting period to determine whether there is any indication that any previously recorded impairment loss either no longer exists or has decreased. Should this be the case, the recoverable value of either the asset or the cash-generating unit in question shall be re-assessed, as applicable. A previously recorded impairment loss can only be reversed when there are changes in the assumptions used to determine the recoverable value since the last time said impairment loss was recognized. Such reversals are limited to the carrying value of the asset or cash-generating unit in question and shall not exceed its recoverable value or the carrying value, net of depreciation, that would have been determined if an impairment for such asset or cash-generating unit had not been recognized for prior periods. These reversals are recognized in the income statement, except when the asset is recorded at its reappraised value, in which case the reversal is treated as an increase in revaluation.

Goodwill is subject to impairment tests being performed each year as well as whenever there are indications of an impairment to its carrying value.

Impairment to goodwill is determined by assessing the recoverable value of each cash-generating unit (or group of cash-generating units) to which the goodwill is linked.

An impairment loss is recognized, whenever the recoverable value of a cash-generating unit is lower than its carrying value. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are subject to annual impairment tests at the end of each fiscal year, either individually or at the cash-generating unit level, as applicable, and whenever there are indications that their carrying values could be impaired (See Note 29).

e) Property, plant and equipment

Property for own use

This corresponds to the amounts invested in domestic and foreign real estate as well as buildings under construction, which are used solely by Sura Asset Management S.A. and Subsidiaries.

Subsequent to being recognized as an asset, land and buildings for the Company's own use are carried at fair value less accumulated depreciation and any accumulated impairment losses that may have been sustained.

If the carrying value of an asset increases as a result of a revaluation, this increase is recognized in the other comprehensive income accounts and charged to the equity accounts as a revaluation surplus.

When the corresponding carrying value is decreased as a result of a revaluation, this decrease is recognized in the income accounts for the period. However, this decrease shall only be recognized in the other comprehensive income accounts to the extent of any credit balance existing in the revaluation surplus account with regard to the asset in question. The decrease recognized in the other comprehensive income accounts reduces the amount accumulated in the equity account against the revaluation surplus account.

The fair value of land and buildings is based on periodic appraisals carried out both internally as well as externally by outside qualified appraisers. Subsequent disbursements are included in the carrying value of the asset when it is probable that economic benefits shall flow to Sura Asset Management S.A. and Subsidiaries, and the cost thereof can be reliably measured.

Depreciation of buildings is recognized based on their fair values and estimated useful life (usually between 20 and 50 years), and calculated using the straight-line method.

Other fixed assets

Equipment is posted at cost less accumulated depreciation and impairment losses. The cost of these assets is depreciated on a straight-line basis according to their estimated useful life, as shown below:

- Data processing equipment from 2 to 5 years,
- Furniture and fixtures from 4 to 10 years

Maintenance expense and repair costs are directly charged to the income accounts, and items corresponding to significant improvements are capitalized and depreciated thereafter.

The useful life and depreciation method are periodically reviewed at least once a year by Senior Management based on the expected economic benefits to be obtained from buildings, furniture and equipment.

Disposals

The difference between the proceeds of the sale of an asset and its net carrying value is recognized in the income statement under other income.

f) Investment properties

Investment properties consist of land and buildings (or portions thereof) which Sura Asset Management S.A. and Subsidiaries hold for the purpose of earning income or obtaining capital gains. Similarly, properties held for direct investment or those held under financial leasing arrangements are also considered to be investment properties

Sura Asset Management S.A. and its Subsidiaries recognize investment property as an asset when, and only when, it is probable that future economic benefits associated with the property in question shall flow to the entity and the cost of the investment property can be reliably measured.

When a property is used both for investment purposes as well as for the Company´s own use, a portion thereof must be recorded as an investment property and another portion as property for its own use, this based on the use of each portion.

In this case, if the entire property is treated as an investment property and ten percent (10%) or less is used for the Company´s own purposes, then it must be recorded as an investment property

Investment properties are recognized at fair value. Any changes to such occurring as a result of revaluations are recognized in the income accounts. At the time of their disposal, the difference between the selling price and the carrying amount is recognized in the income accounts.

The fair values of investment properties are determined based on assessments from qualified appraisers.

The values thus recorded are based on the results of the independent appraisals carried out during the period in question. All properties are appraised separately over a period of three to five years.

Appraisals are performed on the assumption that the properties are leased and sold to third parties based on the current conditions of the lease agreement. Appraisals performed earlier on in the year are updated should there be a need to reflect the asset´s true value at year end.

Fair values are based on market prices, estimating the date on which the property is to be transferred between a buyer and a seller, as part of an arm´s length transaction between knowledgeable market participants. Market values are based on appraisals for which the following methods are used: comparable market transactions, capitalization methods for streams of revenues or discounted cash flows, whereby lease income and future expense is calculated according to the terms and conditions set out in existing leases as well as the estimated rental values when the lease agreements expire.

Any gains or losses arising from changes in their fair value are recognized on the income statement. Subsequent costs are only charged as a higher book value of the asset in question when it is probable that future economic benefits shall flow to Sura Asset Management S.A. and Subsidiaries and the expense can be reliably measured.

All maintenance expense and repair costs are charged to the income accounts.

Investment properties are derecognized when sold or permanently withdrawn from continued use and no future economic benefits are expected from their disposal. The difference between the net proceeds from the disposal of an asset and its corresponding carrying value is posted in the income accounts during the period in which it is de-recognized.

In the case of reclassifying investment property as fixed assets, the estimated cost of the property is the fair value calculated at the date of the change in its use. If a fixed asset is reclassified as an investment property, Sura Asset Management S.A. and Subsidiaries account for such property in keeping with its established policy for fixed assets on the date when a change occurs with its use.

g) Investments in Associates

Investments in associates are initially recorded at cost. As of the date when the investment is acquired, its book value is adjusted using the equity method in the light of any significant influence exerted over the entity, in terms of changes to Sura Asset Management S.A.'s share of the associate's net assets.

A significant influence over the associate is presumed to be held, either directly or indirectly (that is to say, through its subsidiaries) when twenty per cent (20%) or more of the investee´s total voting shares is held, unless it can be clearly demonstrated that such influence does not exist.

The income statement reflects the portion of the associate´s operating revenues corresponding to Sura Asset Management S.A.

Whenever there is a change to the associate´s net equity account, Sura Asset Management S.A. recognizes its corresponding portion of such change, where applicable, in its Statement of Changes to Shareholders´ Equity. Unrealized gains and losses resulting from transactions between Sura Asset Management S.A. and the associate are calculated based on Sura Asset Management S.A.´s stake in the associate. Sura Asset Management S.A.'s portion of the earnings obtained by its associates is shown directly in the income accounts and represents earnings after tax and any minority interests existing with regard to the associate´s subsidiaries.

The associate´s financial statements are prepared for the same period as those of Sura Asset Management S.A. and adjustments are made, as required, in order to standardize any differences that might exist with respect to Sura Asset Management S.A.´s own accounting policies.

After applying the equity method, Sura Asset Management S.A. decides whether it is necessary to recognize impairment losses with regard to its net investment in the associate. Sura Asset Management S.A. determines at the end of each reporting period whether there is any objective evidence of any impairment to the corresponding investment in the associate. Should this be the case, Sura Asset Management S.A. calculates the amount of impairment as the difference between the associate´s recoverable value and its carrying value, and recognizes this amount as net income from associates for the period in question.

In the event of Sura Asset Management S.A. ceasing to have a significant influence over the associate in question, it proceeds to measure and recognize the investment held at fair value. Any difference between the carrying value of the associate at the moment when significant influence is lost and its fair value, plus the proceeds from its disposal, are recognized in the income accounts.

h) Financial instruments

A financial instrument is any contract that gives rise to an entity´s financial asset as well as a financial liability or equity instrument of another entity.

I. Financial assets:

Recognition, initial measurement and classification

Financial assets, including those which are subsequently measured at amortized cost, are initially recognized at fair value through other comprehensive income and at fair value through profit or loss

Financial assets are initially recognized at fair value plus, in the case of those not carried at fair value through profit or loss, all those transaction costs that are directly attributable to the acquisition of the financial asset in question.

Financial assets are classified at amortized cost or at fair value depending on

(a) the entity´s business model for handling financial assets; and

(b) the characteristics of the contractual cash flows obtained from the financial asset in question.

Financial assets are measured at their amortized cost should both of the following conditions apply:

(a) the asset is held as part of a business model aimed at maintaining such assets in order to obtain contractual cash flows from such.

(b) the contractual conditions of the financial asset provide cash flows, on specific dates, these consisting solely of payments of principal and interest on the outstanding principal. Interest is the consideration paid on the value of money over time as well as the credit risk corresponding to the outstanding principal during a specific period of time.

A financial asset should be measured at fair value, unless it warrants being measured at amortized cost, based on that previously mentioned.

Subsequent Measurement of Financial Assets

After their initial recognition, financial assets are measured either at fair value or their amortized cost based on their corresponding classification, as outlined below:

- ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets that are not recorded at their amortized cost when first classified.

Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value and any changes to their fair values are subsequently recognized as financial income or expense on the income statement.

Sura Asset Management S.A. and Subsidiaries evaluate financial assets held for trading that are not otherwise classified as derivatives, so as to determine whether they intend to sell these off in the short term.

When Sura Asset Management S.A. and Subsidiaries are unable to trade financial assets corresponding to debt securities due to the absence of an active market for such, this would significantly affect their original intention to sell them off in the short term, thus they could well decide to reclassify such financial assets at their amortized cost, but only in exceptional circumstances.

Derivatives embedded in hybrid contracts are posted in books as separate derivatives and are recorded at fair value if their economic characteristics and risks do not closely relate to those of their host contracts and if their host contracts are not held for trading or are assigned to the category of financial assets at fair value through profit or loss These embedded derivatives are measured at fair value, and any changes to such are recognized on the income statement. These are only re-appraised if there is any change in the corresponding contractual terms and conditions that could significantly modify their respective cash flows.

- ***Legal reserve requirement***

In the Mandatory Pension business, fund management firms must maintain, pursuant to current rules and regulations, a portion of each of the funds they manage in what is called a legal reserve. This legal reserve, as a percentage of the assets under management, varies by country, as shown below

– Chile: 1.00%
– Mexico: 0.80%
– Peru: 1.00%
– Uruguay: Minimum 0.50% - Maximum 2%

This legal reserve represents a portion of the funds being managed and serves as a guarantee to maintain minimum rates of return in order to protect their fund members. This legal reserve must be used to supplement fund returns if performance sinks below a set tolerance margin (generally over a 36-month period compared to the industry average). Assets are valued on a daily basis and at their fair market values, since Senior Management uses total returns for evaluating fund performance. In the financial statements of the fund management subsidiaries, the legal reserve is measured at fair value through profit and loss, since it is a representation of the composition of the funds managed.

- ***Loans and accounts receivable***

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted on active markets. After initial recognition, these financial assets are measured at their amortized cost using the effective interest rate method, less any impairment that should have occurred. Amortized cost is calculated taking into account any discount or premium granted when these are initially acquired or upon accrual as well as any commissions or costs that form an integral part of the effective interest rate.

Earnings from the effective interest rate are recognized in the income statement as financial income. Losses arising from any impairment to their value are recognized in the income statement as financial costs.

- ***Financial assets at amortized cost***

Financial assets at amortized cost include debt securities that are classified in this category, based on the subsidiaries´ business models of holding assets in order to obtain contractual cash flows in the form of principal and interest.

Any gains or losses corresponding to a financial asset measured at amortized cost that does not form part of a hedging relationship as described in IAS 39 must be recognized on the income statement at the corresponding effective interest rate, when the financial asset is de-recognized or has suffered an impairment or is reclassified, which shall imply being recognized to a certain degree on the income accounts .

With regard to the requirements for assessing impairment, the Group applies that stipulated in IFRS 9 - Financial Instruments.

Derecognition

A financial asset (or, where applicable, a portion of such or a part of a group of similar financial assets) is derecognized when:

- The contractual rights to the cash flows from the asset expire;
- The contractual rights to the asset´s cash flows are transferred or an obligation is incurred to pay all of said cash flows without significant delay to a third party, by means of a transfer agreement (pass -through arrangement) and (a) all risks and benefits inherent to owning the asset have been

substantially transferred; and (b) all risks and benefits inherent to owning the asset have not been substantially transferred, but control over the asset has.

When Sura Asset Management S.A. and Subsidiaries transfer their contractual rights to receive cash flows from an asset or enter into a transfer agreement but have neither transferred nor retained a substantial portion of the risks and benefits inherent to owning the asset, nor transferred control over the asset, the asset continues to be recognized in books to the extent of the involvement of Sura Asset Management S.A. and Subsidiaries in said asset. In this case, the corresponding liability is also recognized. The transferred asset and the associated liability are measured in such a way as to reflect the rights and obligations that Sura Asset Management S.A. and Subsidiaries have retained. A continuing involvement that takes the form of a guarantee on the asset thus transferred is measured as the lower of the asset´s original carrying value and the maximum amount of consideration required to be paid back.

Impairment to financial assets

The Companies periodically analyze whether there are any signs of impairment and, whenever necessary, impairment losses are recognized for the corresponding investment in the associate.

The new IFRS 9 - Financial Instruments specifies the classification, measurement, impairment and hedge accounting for financial instruments and became of mandatory application for all annual financial statements as of January 1 2018. Sura Asset Management and Subsidiaries apply this impairment methodology on expected or prospective losses

It is important to note that with regard to its third-party fund management as well as security and insurance brokerage services, and based on the current policy for recognizing income and measuring financial instruments, the new IFRS 9 - Financial Instruments, that recently came into full force and effect, shall not have any impact on the financial statements or on the financial position of Sura Asset Management and Subsidiaries.

II. Financial liabilities

Initial recognition and measurement

When initially recognized, financial liabilities are classified as financial liabilities at fair value with changes through profit and loss, credits and loans, accounts payable or derivatives designated as hedging instruments forming part of effective hedging arrangements, as the case may be.

All financial liabilities are initially recognized at fair value, and in the case of credits, loans and accounts payable, these are recorded net of any directly attributable transaction costs.

Financial liabilities held by Sura Asset Management S.A. and Subsidiaries include trade payables, loans and other accounts payable, financial instruments and derivatives.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as listed below:

- ***Financial liabilities at fair value through profit or loss***

Financial liabilities are classified as held for trading if they are obtained for the purpose of being sold off in the near future. This category includes derivatives, if any, set up by Sura Asset Management S.A. and Subsidiaries that are not considered as hedging instruments forming part of effective hedging relationships as defined by the IAS 39 - Financial Instruments. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Sura Asset Management S.A. uses derivatives such as forwards and swaps, to hedge its exposure to exchange and interest rates. These derivatives are initially recognized at fair value on the date on which the corresponding agreement is signed and are subsequently remeasured at fair value. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

- **Loans and accounts payable**

Subsequent to their initial recognition, interest-bearing loans and accounts payable are measured at their amortized cost using the effective interest rate method. Gains and losses are posted on the income statement when liabilities are derecognized, as well as when these are amortized using the effective interest rate method.

Amortized cost is calculated taking into account any discount or premium granted when said liabilities are acquired as well as commissions or costs that form an integral part of the effective interest rate. Accrued interest is posted on the income statement as financial expense.

Derecognition

A financial liability is derecognized when the obligation specified in the corresponding contract is discharged, canceled or otherwise expires.

When an existing financial liability is replaced by another from the same lender but has substantially different terms and conditions, or the terms of an existing liability are substantially modified, this change is addressed by derecognizing the original liability and recognizing the new one. The difference in the respective carrying amounts is recognized on the income statement.

III. Offsetting financial instruments

Financial assets and financial liabilities are offset and their net amounts are reported on the Statement of Financial Position, providing there is a currently enforceable legal right to offset the amounts thus recognized and the Company intends to settle these amounts on a net basis, simultaneously realizing the assets and settling the liabilities. (Paragraph 42 of IAS 32 – Financial Instruments – Presentation).

i) Fair value of financial instruments

At the end of each reporting period, the fair value of financial instruments traded on active markets is determined on the basis of quoted market prices or prices quoted by market players (purchase price for long positions and selling price for short positions), without any deduction for transaction costs.

For financial instruments not traded on active markets, their fair value is determined using appropriate valuation techniques. Such techniques may include the use of recent market transactions between knowledgeable, willing parties on an arm's length basis, the fair values of other financial instruments that are substantially similar, discounted cash flow analyses or other valuation models.

j) Reinsurance

Sura Asset Management S.A.'s insurance companies, who have provided a specific coverage as part of an insurance contract entered into in exchange for a premium, may transfer some of the risk to another insurer, thus sharing the insured risk as well as a portion of the premium received.

Sura Asset Management S.A. determines the assets arising from ceded reinsurance contracts as the net contractual rights of the cedent in a reinsurance contract.

At least once a year, at the end of each reporting period, Sura Asset Management S.A. evaluates and monitors the changes in the level of exposure to reinsurance credit risk. When recognizing a reinsurance asset (when first ceded), an adequacy test is performed on this type of asset through every reinsurance contract thus transferred where the cedent reduces its value in books and recognizes an impairment loss in the income accounts.

A reinsurance asset is impaired if, and only if:

- There exists objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the cedent may not receive all the amounts owing in accordance with the terms and conditions of the respective contract.

- This event has an effect that can be reliably measured based on the amounts that the cedent shall receive from the reinsurer.

The following may not be offset:

- Reinsurance assets against liabilities corresponding to the insurance contract.

- The income or expense arising from reinsurance contracts against the corresponding income or expense obtained from or incurred by the corresponding insurance contracts.

The Reinsurance assets are assessed for impairment on a regular basis should any event arise that could cause an impairment to such. A trigger factor is considered to be the track record maintained in collecting from specific reinsurers when delays in honoring their commitments of 6 months or more are produced, this attributable to a credit event affecting the reinsurer.

k) Cash and cash equivalents

Cash and cash equivalents correspond to short-term assets, presented in the statement of financial position.

Cash and cash equivalents include:

- Cash
- Bank balances
- Short-term investments that meet the conditions required to be considered as cash equivalents. These investments are highly liquid and can be readily converted to a known amount of cash while being subject to an insignificant risk of any change in their value

This category includes investments that can be converted into cash within 3 months from the date of their acquisition.

l) Taxes

Current income tax

Current income tax assets and liabilities are measured on the basis of the amounts expected to be recovered from or paid to the corresponding tax authorities. The tax rates and taxation laws used to compute said amounts are those that are enacted or are due to be enacted on or near to the closing date for the reporting period in question, in all those countries where Sura Asset Management S.A. and Subsidiaries operate and produce taxable income.

Current income tax relating to items recognized directly in the equity accounts is recognized in said accounts and not on the income statement. Senior Management periodically evaluates the positions taken on the Company's tax returns with regard to situations in which applicable tax regulations are subject to interpretation and for which provisions are set up, where applicable.

Deferred income tax

Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their respective book values at the end of the reporting period in question.

Deferred tax liabilities are recognized for all temporary taxable differences except:

- When the deferred tax liability arises from the initial recognition of goodwill in a business combination or from an asset or liability in a transaction that does not constitute a business combination and that, at the time of the transaction in question, affects neither book profits nor taxable profits or losses;

- With respect to taxable temporary differences relating to investments in subsidiaries or associates and interests in joint ventures, where the timing of the reversal of these temporary differences can be controlled and it is probable that these temporary differences shall not be reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences and the future offsetting of non-used tax credits and losses, to the extent that it is probable that there shall be future taxable income available, against which these tax credits or tax losses are to be offset except:

- When the deferred tax asset corresponding to the temporary difference arises from the initial recognition of an asset or liability in a transaction that does not constitute a business combination and, at the time of the transaction in question, affects neither book profits nor taxable profits or losses.

- With respect to deductible temporary differences relating to investments in subsidiaries or associates and interests in joint ventures, the deferred tax assets are recognized only to the extent that it is probable that the temporary differences shall be reversed in the near future and there is a likelihood of future taxable income becoming available, against which these deductible temporary differences can be offset.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period, reducing these to the extent that it is no longer probable that there is sufficient taxable income to allow for all or a portion of those assets to be used. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it becomes probable that future taxable income shall allow for those assets to be recovered.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied during the period in which the asset is realized or the liability is settled, based on the tax rates and the tax regulations in force at the end of the corresponding reporting period, or those that are expected to become applicable near said date.

Tax benefits obtained as part of a business combination that do not qualify to be recognized separately on the date these accrue shall be subsequently recognized upon obtaining any new information regarding any change to the corresponding facts and circumstances.

Any resulting adjustment shall be treated as a reduction in goodwill (providing said adjustment does not exceed the value of the goodwill account) if the change occurred during the measurement period, or as a reduction in the income accounts, should this occur at a later date.

Sura Asset Management S.A. has identified the following items that generate deferred tax:

- **Deferred Acquisition Costs (DAC)**: corresponding to the deferred cost of acquiring new clients. For tax purposes, this cost decreases the income tax base during the fiscal year in question, while according to international standards an amortizable intangible asset representing the Company's right to obtain economic benefits from managing investments for its fund members can be recognized, and this is amortized at the same rate as the Company recognizes the corresponding income for the period in which the client maintains his or her investment with the Company

- **Deferred Income Liability (DIL):** corresponding to the deferral of income received from fund members to cover maintenance expense and a reasonable level of profit, in the periods in which those members become either non-contributors or pensioners who by law cannot be charged for the management of their funds and/or pension payments, while from the tax standpoint, income is recognized in full for the year in which such income is obtained.

- **Property, Plant and Equipment:** a temporary difference is mainly caused by the difference in valuation criteria for the fixed asset in question given the reasons outlined below:

    - On an accounting basis and in some jurisdictions, no inflation or tax adjustments are recognized.
    - Fixed assets that for tax purposes relate to expenditure are recognized in books.
    - Difference between their useful book life versus tax life.
    - Revaluations of land and buildings for own use.

- **Tax losses:** these correspond to recognizing assets in the form of tax losses generated during the year and that are expected to be amortized using taxable income for future years.

- **Investment valuations:** these correspond to the difference between valuation methods, that is to say their amortized cost or market values versus their tax values.

- **Hedging arrangements:** upon recognizing the corresponding rights or obligations under IFRS, these are not considered to be rights or obligations for tax purposes until whenever these are subsequently realized.

- **Recognizing lease agreements under IFRS 16**: stemming from the depreciation of rights of use and the amortization of the corresponding financial liabilities for rights of use, based on the understanding that these are accounting items that do not have any impact on taxes.

Current and deferred taxes are recognized in the income accounts for the period in question, except when they relate to items recognized in Other Comprehensive Income or directly in the equity accounts, in which case current and deferred tax is also recognized in Other Comprehensive Income or directly in the equity accounts, respectively.

m) Leases

Since January 1, 2019, Sura Asset Management S.A. and Subsidiaries have been recognizing leases based on that stipulated in IFRS 16 - Leases.

Sura Asset Management S.A. and Subsidiaries as lessees

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

Sura Asset Management excludes the following leases from the recognition of lease contracts:

- Leases of intangible assets, except when these are packaged together with tangible assets as part of a single contract.
- Short term leases, i.e. less than 12 months without renewals nor options.
- An underlying low-value asset.

Initial Recognition

A right-of-use asset and a lease liability are recognized at the beginning of the contract.

Right-of-use Assets: these are is measured at cost as follows:

The initially measured value of the liability
(+) advance payments
(-) incentives
(+) initial direct costs
(+) dismantling costs

Lease liability: is the present value of lease payments that have not been made at the date on which the lease contract begins.

Payments are defined as follows:

- Fixed payments: (fixed rental fee)
- Variable payments: (those amounts that are based on a specific rate or index)
- Purchase option: this is included should there be reasonable assurance that this shall be exercised
- Guaranteed residual value: For the lessor, this forms part of the residual value that has been guaranteed by the lessee or by a party not related to the lessor, who shall be financially capable of meeting the obligations arising from the guarantee thus provided.
- Penalties for terminating lease contracts: These are included unless there is no reasonable certainty of these being exercised

The implicit interest rate should be used in determining the lease liability, providing this can be determined. If not, the incremental borrowing rate should be used

Subsequent measurement

After the beginning date of the lease contract, the lessee shall measure its right of use asset by applying the cost model. The amortization period for this type of asset should take into account the term of the contract and the expected use of the asset.

The lease liability is updated based on:
(+) interest expense
(-) payments
(+) any amendments made to the lease contract

Sura Asset Management S.A. and Subsidiaries as lessors

Leases in which Sura Asset Management S.A. and Subsidiaries retain a substantive portion of the risks and benefits inherent to the ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the book value of the leased asset and are recognized over the term of the lease using the same criteria as for rental income.

Embedded leases

Sura Asset Management S.A. and Subsidiaries take into account the following criteria to identify whether an agreement constitutes, or contains, a lease arrangement:

- Fulfilling the agreement in question depends on using a specific asset or assets.

- The agreement provides for using the asset for an agreed period of time, so that the buyer can exclude others from using such.

- When the payments stipulated in the agreement are made during the period of time that the asset is made available for use, and not during the term the asset is actually used.

The following is a summary of the lease contracts recorded under IFRS 16.

Country	Number of Contracts	Minimum Term	Maximum Term	Average Rate
Chile	79	1 year	5 years	5.38%
Mexico	110	1 year	5 years	8.61%
Peru	31	2 years	10 years	4.29%
Uruguay	7	3 years	5 years	4.58%
Colombia	10	3 years	10 years	6.35%

n) Converting foreign currency

The amounts reported in the separate financial statements of Sura Asset Management S.A. and those of each of its Subsidiaries, are stated in the functional currency of the country where each entity operates:

Functional currency corresponding to each entity:

Country	Functional Currency
Chile	Chilean pesos
Mexico	Mexican pesos
Peru	Peruvian soles
Uruguay	Uruguayan pesos
El Salvador	US dollars
Colombia	Colombian pesos
Spain	Euros
Holland	Euros
Curacao	US dollars
Argentina	Argentinian pesos

The Consolidated Financial Statements are presented in thousands of U.S. dollars which is Sura Asset Management S.A.´s reporting currency. Therefore, all balances and transactions denominated in currencies other than the U.S. dollar, are converted from their functional currencies to the reporting currency.

Sura Asset Management S.A. and Subsidiaries, in accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates, may present its financial statements in any currency.

Here, Sura Asset Management S.A. and Subsidiaries determined their reporting currency as the U.S. dollar, as opposed to its functional currency, the Colombian peso and thus converted its statements of income and financial position into U.S. dollars.

This decision was made given the fact that users from all over the world find that the U.S. dollar is more readily understood.

Sura Asset Management S.A. and Subsidiaries recorded all the Currency translation effects on its financial statements under IFRS, pursuant to *IAS 21 The Effects of Changes in Foreign Exchange Rates.*

Converting foreign currency into the functional currency:

The information reported in the Consolidated Financial Statements for Sura Asset Management S.A. and Subsidiaries was converted from the foreign to the functional currency as follows:

Monetary assets and liabilities, denominated in foreign currencies, are translated using the exchange rate applicable for the functional currency in question at the closing date of the corresponding reporting period. Non-monetary items that are measured in terms of their historical cost in a foreign currency are translated using the exchange rates applicable on the date of the original transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates on the date when these are recognized at fair value. All exchange differences are recognized as a separate component of net equity.

Translating functional currency into the reporting currency:

Assets and liabilities denominated in a functional currency other than the reporting currency are converted using the exchange rate applicable on the closing date of corresponding reporting period, and the income accounts are translated using average rates for said reporting period. The equity accounts were translated based on their respective historic rates.

Year-End Rate:

Country	2019	2018
Chile	752.78	697.28
Mexico	18.88	19.58
Peru	3.31	3.37
Uruguay	37.22	32.40
Colombia	3,277.14	3,249.75
Holland - Spain	0.89	0.87
Argentina	59.86	37.98

Average rate:

Country	2019	2018
Chile	702.94	642.00
Mexico	19.25	19.23

Country	2019	2018
Peru	3.34	3.29
Uruguay	35.25	30.72
Colombia	3,281.09	2,956.43
Holland - Spain	0.89	0.85
Argentina	48.24	28.12

o) Insurance contract reserve liabilities

Provisions for insurance and life annuities are recognized when signing the respective contracts and receiving the corresponding premiums. Provisions for insurance (excluding life annuities) are calculated as the estimated value of future commitments with policy-holders including expenses relating to the payment of claims based on the valuation assumptions used. In the case of life annuities, the mathematical reserve is calculated as the present value of commitments to policy-holders including the direct costs of handling the policy.

Provisions may be calculated based on the assumptions held at the time the policy is issued or on the date such provisions are calculated, or assumptions have been updated as a result of periodic reviews. Assumptions regarding mortality rates, expense and returns are evaluated at regular intervals to ensure that they remain valid. Furthermore, the assumptions used may be re-evaluated between review schedules if an adequacy test shows that the reserve is not sufficient to cover future benefits. Consequently, the overriding principle is to maintain valid assumptions at the time policies are issued while conducting periodic reviews to conform their ongoing accuracy and / or performing adequacy tests to confirm that the reserves held are sufficient.

Provisions for insurance contracts include:

- ***Contingent or pension reserves***

This type of reserve corresponds, as in the case of Pensiones SURA México, to all those funds that the regulatory authorities hand over to the annuity companies for them to manage. In the event of a contingency or extreme longevity, it is the State that decides how said fund is to be released and used. The balancing entry to this reserve corresponds to all those assets received for subsequent management. This contingency or pension reserve shall be determined and set up separately for basic benefits on the one hand for additional benefits on the other. This reserve is to be calculated by applying 2% to the mathematical reserve corresponding to pensions and to the ongoing risk reserve for additional benefits, respectively, which cover the policies in force at the end of each month.

- ***Provisions for the savings components corresponding to life insurance***

These are the values corresponding to the Unit-Linked type of insurance funds and / or the Universal Life Insurance (including Flex) funds.

- ***Claim reserves***

These are calculated on a case by case basis or using an experience-based approach and include both the expected ultimate obligation corresponding to the claims that have effectively been reported to the company, as well as claims incurred but not reported (IBNR) together with the handling costs of future claims. These technical reserves are evaluated each year using standard actuarial techniques. Also, Sura Asset Management S.A. and Subsidiaries records expense for losses that have been incurred but not yet been reported in their IBNR reserves.

- ***Mathematical insurance reserves (excluding annuities)***

Insurance reserves are calculated on the basis of a prudent prospective actuarial method, taking into account the current terms and conditions of the insurance contracts issued. Specific methodologies may be used by business units to reflect local regulatory requirements and practices for products that are specific to the local markets.

These reserves are calculated based on assumptions regarding mortality and morbidity rates, expenditure, return on investment and policy duration. These assumptions are made on the date the policy is issued and are reviewed constantly throughout the life of the policy. If the assumptions remain valid, they are not modified, but should there be any departure from such, the change is recognized in the event of losses only in the case of insufficient reserves (Liability Adequacy Testing).

The liability is determined as the sum of the present value of expected future earnings, claim and policy handling expense, options and guarantees, and the returns on investment of the assets underlying these liabilities, which directly relate to the contract, less the discounted value of expected premiums required to meet future payments based on the valuation hypothesis used.

On the other hand, insurance contract liabilities consist of the provision set up for unearned premiums and quality shortcomings, as well as claims, including estimated claims that have not yet been reported to Sura Asset Management S.A.

Adjustments to these liabilities at each reporting date are recognized in the income accounts. Liabilities are derecognized when the contract expires or is otherwise discharged or canceled.

- ***Mathematical life annuity reserves***

Life annuity reserves are calculated based on the present value of future earnings from the contract and direct operating expenses that the company incurs in paying its contractual obligations. The present value is discounted based on the implicit rate applicable when the life annuity is issued which is equal to that used to match the technical reserve at the time of issuing the annuity with the premium received minus sales commissions.

The implicit rate is maintained throughout the life of the policy, unless a periodic review of the assumptions used show a change in said rate or the corresponding reserves become insufficient as evidenced by a liability adequacy test.

These reserves are calculated using mortality, morbidity and expenditure assumptions. These assumptions are made on the date the policy is issued and are reviewed constantly throughout the life of the policy. If the assumptions remain valid, they are not modified, but should there be any departure from such, the change is recognized in the event of losses only in the case of insufficient reserves (Liability Adequacy Testing).

Adjustments to these liabilities at each reporting date are recognized in the income statement. Liabilities are derecognized when the contract expires, or is otherwise discharged or canceled.

- ***Ongoing Risk Reserves***

Ongoing risk or unearned premium reserves are set up for short-term insurance policies (both group and individual) in which the premium payment frequency differs from the effective coverage term and therefore a premium has been received for a future risk, which must be provisioned. The provision is determined on the basis of paid premiums net of expense and is amortized over the term of coverage.

- ***Provisions for savings components corresponding to life insurance policies***

Provisions for insurance and life annuities are recognized when signing the respective contracts and receiving the corresponding premiums. These provisions are recognized at fair value (price excluding transaction expense directly attributable to issuing the policy). Subsequent to initial recognition, both investments and provisions are recognized at fair value through profit and loss.

Deposits and withdrawals are recorded as adjustments to the provision on the statement of financial position.

Fair value adjustments are recorded at each reporting date and are recognized on the income statement. The fair value of unit-linked contracts is determined on the amount of units allocated to each fund on the reporting date and the unit price of each fund unit at this same date. In the case of Universal Life (including flexible) insurance contracts, their fair value is determined as the value of the account, including credited interest based on the terms and conditions of the policy.

- ***Liability Adequacy Tests***

At the end of each reporting period, an adequacy test is performed on net DAC reserves. This test is performed in keeping with Sura Asset Management S.A.'s principles and policy guidelines, which are based on international accounting standards currently in force.

If the provisions are found to be insufficient to cover the Company's obligations with policy-holders as well as expected future expense, these are duly adjusted charging the results for the period, first with the accelerated release of DAC and should this not be sufficient an additional reserve is set up.

In performing this adequacy test on reserves, future contractual cash flows are used based on the best estimates available. Said cash flows are based on both assets and liabilities over time and are discounted using the rate of return associated with the investment portfolio underpinning the provisions as well as the Company´s reinvestment assumptions.

The methodology using in performing adequacy tests on reserves and assumptions include the following:

- Projecting contractual cash flows using assumptions based on the best estimates available at the time these are forecast. These assumptions are periodically reviewed and approved by the Sura Asset Management S.A.'s Models and Assumptions Committee.

- Scenarios for rates of return (taking into account the performance of each individual investment and divestiture of each Company subsidiary).

- Discounting flows from obligations (in order to obtain the current value of these same).

- Calculating the 50th percentile of the present values and comparing these with the reserves carried. In the case of Mexico, where contracts have no optionality (they are symmetrical), cash flows are projected symmetrically. However, in the case of Chile, which has non- symmetrical contracts (for example: flexible contracts with guaranteed rates), stochastic projections are drawn up so as to proceed to calculate the 50th percentile.

The assumptions used to gauge the reserve adequacy tests that are performed include the following:

- Operating Assumptions:

- ✓ Exit rates, partial surrenders, collection factors (non-applicable in the case of annuities): an experience-based analysis is periodically performed so as to be able to include the most recent behavioral patterns within the corresponding assumption. Analyses are performed on families of similar products.
- ✓ Operating Expense: operating expense assumptions are reviewed every year taking into account the best estimated expense (based on portfolio volume and levels of expenditure). The Company's annual strategic planning forms an important tool for gauging these assumptions.
- ✓ Mortality tables: the Company draws up its own tables for its life annuity portfolio, while for the rest of its life insurance portfolio, since it does not have enough experience for building its own tables, the assumptions used are based on the mortality tables provided by the reinsurer.

- Financial assumptions: the reinvestment model provides scenarios for rates of return based on updated assumptions both on a market as well as investment level at the end of the reporting period. The assumptions obtained from the reinvestment model include:

  - ✓ Scenarios for Government Zero Coupon Rates; used in conjunction with the spread index in order to appraise the value of the assets held for investment / reinvestment purposes.
  - ✓ Projected Spread Index: applicable to zero coupon rates.
  - ✓ Multiplicative Spread Factor.
  - ✓ Depreciation Factor: applicable to real estate and equity securities.
  - ✓ Projected Asset and Liability Flows.

p) Employee benefits

Sura Asset Management S.A. and Subsidiaries only offer their employees short-term benefits and defined contribution plans and to a lesser extent post-employment benefits. Sura Asset Management S.A. and Subsidiaries classify all employee benefits relating to the agreements in which they agree to provide benefits during the post-employment period, regardless of whether this requires setting up a separate entity to receive contributions and to pay the benefits corresponding to defined contribution plans.

The liabilities recognized on the balance sheet with regard to these benefits are posted as the employees provide their services, after deducting any amount already paid.

Should the amount paid be higher than the non-discounted amount of the benefits thus recorded, the entity shall recognize the difference as an asset (prepaid expense) providing that such prepayment shall lead to either a reduction in payments to be made in the future or a cash refund.

In the case of defined contribution plans, Sura Asset Management S.A. and Subsidiaries pay contributions to public or private pension fund management firms on a mandatory, contractual or voluntary basis. There are no other payment obligations once these contributions have been paid. The contributions are recognized as personnel expense. Prepaid contributions are recognized as an asset to the extent that they imply cash refunds or reductions in payments to be made or received in the future.

Employee benefits for the subsidiaries of Sura Asset Management S.A. include:

- **Legal employee benefits:** consisting of overtime; vacation, seniority and Christmas bonuses or gratuities; as well as maternity leave, and time off for breast-feeding and attending family funerals and weddings. All these benefits obey that provided by law in each country and their terms and conditions are also stipulated in the Company’s own Internal Work Rules and Regulations.

- **Benefits relating to employee well-being and quality of life:** such as insurance policies (life, accident, cancer, dental), employee support program, recreation and cultural programs for employees and their families, housing and vehicle loans, student loans and subsidies, birthday and house-moving permissions, salary advances and loans, voluntary pension contributions (based on individual employee contributions).

- **Rank- and/or performance- based benefits:** including sustainability bonuses as well as performance and target fulfillment bonuses, company car, business club membership fees.

A breakdown of the aforementioned expense can be found in Note 34.

q) Recognizing revenue from normal business activities

Revenues relating to activities performed during the normal course of business are recognized based on the degree to which the transaction is completed during the respective reporting period. Revenues from a transaction can be reliably estimated providing all and every one of the following conditions are met:

- The amount of revenue from ordinary business activities can be measured reliably;
- There is a probability that the entity shall receive economic benefits associated with the transaction in question;
- The extent to which the transaction in question at the end of the reporting period in question can be measured reliably, and
- The costs already incurred with the transaction can be measured reliably along with the remaining costs to be incurred until the transaction is completed.

Sura Asset Management S.A. and Subsidiaries estimate the extent to which the service is provided as follows:

- The proportion of services already performed compared to the total extent of the services to be provided.
- The proportion of costs incurred and paid compared with the total amount of estimated costs. For this purpose, the costs incurred up to the present time include the costs incurred with the service provided up to said date; and with regard to the total estimated costs of the transaction itself, only the cost of the services that have been or shall be provided are included.

Premium Income

A premium is the value paid by the policy-holder to the insurance company for assuming a risk covered by an insurance contract.

Life insurance premiums are recognized as income on the income statement during the period in which the service is rendered.

Reinsurance premiums

Gross reinsurance premiums on life insurance contracts are recognized as an expense either when these are paid or whenever the policy comes into full force and effect, whichever date is the earliest.

Property and casualty reinsurance premiums include premiums earned during the term of the contracts signed during the reporting period and are recorded on the date the policy comes into effect.

Unearned reinsurance premiums are portions of premiums issued during the year that cover subsequent periods of risk. Unearned reinsurance premiums are deferred over the term of the insurance policies and the underlying risk inherent to said policies. This same deferral is also applied during the term of the reinsurance contract, including any losses sustained on the contract.

Dividend income

Dividends are posted in books when:
- The right to receive such has been determined by the associate´s governing body, and
- It is probable that Sura Asset Management S.A. shall receive the economic benefits inherent to such dividends when these are declared.

Investment income

Interest accruing on financial assets measured at their amortized cost are recognized in the income accounts based on their projected flows, as contractually defined.

Fees and commissions

Fees and commissions are generally recognized when the corresponding service is rendered. Those corresponding to negotiating, or participating in the negotiations of transactions with a third party such as disposals of purchased shares or other securities acquired or purchases or sales of business enterprises, are recognized when the underlying transaction is completed.

Fees for management consultancy and other services are recognized based on the applicable service contract when the service is rendered.

The asset management fees relating to investment funds and contractual investment rates are recognized on a proportional basis over the period in which the service is provided. The same principle applies in the case of wealth management, financial planning and custodial services performed continuously for a prolonged period of time. The rates charged and paid between banks in payment of services, are classified as fee and/or commission income and expense.

Revenues from contracts with clients

Sura Asset Management recognizes income from its pension and investment fund management services as revenues from contracts with clients, which are posted when the control of the goods or services is transferred to the client for an amount reflecting the consideration that the company expects to be entitled to in exchange for said goods or services.

A comprehensive 5-step framework is used for recognizing revenues from ordinary activities carried out as part of contracts with clients as shown below:

1. Identifying the specific contract with the client:

Contracts with pension fund members or asset management contracts comply with the criteria established for identifying said contract, based on that provided in Paragraph 9 of IFRS 15: Revenues from Contracts with Clients:

a) There is evidence that both parties have agreed on the contract;
b) The rights of each party have been clearly identified;
c) The Company can identify the corresponding payment terms;
d) The contract is based on a business rationale; and
e) It is probable that the companies shall collect the consideration for transferring the committed services.

2. Identifying the performance obligations as stipulated in the contract:

There may be one or several performance obligations, depending on the nature of each contract. The obligations to which our pension fund and other fund management firms are subject have been identified, these being:

a) Managing pension funds, granting and administering pension benefits and payments.
b) Collecting pension fund contributions, depositing these in individual capitalization accounts and investing the amounts thus received.
c) Maintaining an asset called a legal reserve so as to be able to honor the minimum returns required.
d) Managing and holding in safekeeping the investment portfolio containing the managed funds.

The aforementioned obligations are considered to be a single performance obligation, since the services provided are substantially the same, that is to say managing and administering client assets. These also have the same transfer pattern (the services are transferred to the client over time and the funding progress method is used which is a measurement based over time).

3. Determining the price of the transaction:

The third step requires determining the contractual price of the transaction in question, which must reflect both the fixed and variable considerations to be paid. In the case of our fund management subsidiaries, the price charged corresponds to a percentage stipulated in the pension fund and portfolio management firms, which is calculated, charged and recorded based on the frequency established in said agreements.

Asset management contracts often carry variable considerations, since the corresponding fees and commissions are often based on the closing value of the respective assets under management as well as other variables. A variable consideration is only included in the transaction price to the extent that it is highly probable that a significant reversal shall not occur with the recognized amount of cumulative revenue from ordinary activities, when the uncertainty associated with the variable consideration is subsequently resolved [IFRS 15.56].

Generally speaking, the agreed consideration for managing and administering funds and portfolios is calculated based on the volume of assets under management at a frequency that is duly stipulated in each contract, therefore the real amounts of fees and commissions received can be included in the transaction price.

4. Allocating the transaction price to the performance obligations in the contract:

The Company allocates the price of the transaction according to the real amount of fees and commissions received for its asset management services. There is no impact on allocating the transaction price based on that stipulated in IFRS 15.

5. Recognizing revenue from ordinary activities when (or as) the entity satisfies a performance obligation:

Fund management services are generally fulfilled over time since the individual accounts of each fund or fund member simultaneously receives the benefits provided by the asset management firm while the asset management firm provides its service.

Recognition of a contract asset

This consists of the right that Sura Asset Management has to receiving a consideration in exchange for goods or services that have been transferred to a client when said right is conditional on something other than the passage of time.

Recognition of a contract liability

This consists of the obligation that Sura Asset Management has to transfer the goods or services to a client in exchange for a consideration paid by or enforceable against the client.

Incremental costs of obtaining a contract

Sura Asset Management recognizes the incremental costs of obtaining a contract with a client as an asset, providing those costs are expected to be recovered.

The incremental costs of obtaining a contract are the costs incurred by an entity to obtain a contract with a client that would not have been incurred if the contract had not been obtained (for example, a sales commission).

Sura Asset Management's sales force, given the nature of the products it provides, has an important client retention function, which means that the allocation of certain costs that do not directly relate to obtaining a contract with a client is of lesser significance and hence cannot be fully identifiable.

Sura Asset Management has identified the following types of costs that meet the established deferment criteria, since all of these are of an incremental nature:

- Variable commissions charged to new mandatory pension fund members.
- Variable commissions paid on transfers from other Pension Fund Management firms or State-Sponsored Mandatory Pension Systems (in countries where these exist).
- Variable commissions on new sales or deposits relating to the voluntary pension products offered.
- Volume-based bonuses and incentives paid to the sales force to achieve the productivity goals set.
- Costs associated with the payment of variable commissions, bonuses and incentives, as described above, such as taxes and social security payments.

Amortization period:

The straight-line amortization methodology is used. The amortization period for deferred costs incurred in the calendar year "t" is determined based on the average duration of the expected revenues (financially discounted) from the new business obtained during the period beginning in the last quarter of the year " t-2 "and concludes at the end of the third quarter of the year" t-1 "using the most recent models and assumptions for projecting these costs. These assumptions are based on an analysis experience study and subsequently approved by the Models and Assumptions Committee.

Recoverability or impairment testing

Deferred costs are subject to recoverability testing when the asset is first set up. Month-end recoverability testing is performed on mandatory and voluntary pension products for each month of sales. In countries where sales are not recorded on a monthly basis (according to applicable local rules and regulations), the recoverability test may be performed at the same frequency as the sale is recorded (subject to authorization from the Models and Assumptions Committee). This test may be performed on a single product or group of products depending on the following non-exhaustive list: the entity´s own business strategy, the level of integration between the acquisition and / or operating costs of both products. In any case, the Models and Assumptions Committee must approve the methodology used for each country.

Recognition of Deferred Income Liabilities (DIL)

Sura Asset Management S.A.'s pension fund management companies offer mandatory pension products that consist of managing the retirement savings of its fund members. The corresponding commission income, depending on the local regulations applying to each country where the subsidiary is located, is recognized based on the following:

- On flows of member contributions paid into the individual capitalization account (wage-based commissions);
- On the balance held with regard to the members' individual capitalization accounts;
- On a combination of the above (partly on flow and partly on the balance held) This applied only until June 2019 in Peru.

Since Mandatory Pension Savings entail certain administrative costs, even when no management fees are received, it is important to note the rationale behind income recognition so as to be able to ensure the financing of these costs over time. For this reason, a Provision for Deferred Income Liabilities (DIL) is set up.

The purpose of DIL is to be able to defer income received from fund members to cover maintenance expense and a reasonable level of profit, in the periods in which those members become non-contributors or pensioners who by law cannot be charged for the management of their funds and/or pension payments.

This is because when fund members become non-contributors they do not generate any income to meet the costs. So, for this purpose a provision is set up and remains in place while the company collects the corresponding amounts and is released while the aforementioned cost is incurred.

This provision covers the members of the mandatory pension funds offered by Sura Asset Management S.A.'s pension fund subsidiaries in the case of those who charge mixed or flow-based commissions, as well as all those other pensioned off members who cannot be charged for the management of their funds and/or pension payments.

The following table shows the manner in which fees are charged by different subsidiaries belonging to Sura Asset Management S.A.:

Country - Entity	Basis for Calculating Pension Commissions
Mexico - AFORE Sura	Balance of AuM Volume
Peru– AFP Integra	Mixed until June 2019 and then only flow- or AuM Volume-based (*)
Chile - AFP Capital	On flows (basic wage)
Uruguay - – AFAP Sura	On flows (basic wage)

(*) In Peru there are 2 types of commission: Purely flow and mixed. In the case of AFP Integra, the mixed commission charged until June 2019, gave way to a purely balance-based commission.

Methodology for Calculating DIL

This provision is calculated at least every quarter, in the currency in which the Company's collections and obligations are denominated. In the case of all those subsidiaries in which the provision is calculated on an inflation-indexed unit of account, said provision is re- stated in the country´s legal tender using the applicable exchange rate between the currency in question and the inflation-index unit rate on the closing date of the balance sheet or at the end of each month.

This provision is calculated on the basis of the estimated cost of non-contributing fund members as well as members who have already been pensioned off and who cannot be charged for the management of their funds and/or the pension payment, discounted using the AAA rated corporate bond rate with no prepayment option.

r) Provisions

Provisions are recognized when there is a (legal or implicit) obligation as a result of a past event for which the entity shall probably have to allocate funds, that would otherwise have provided economic benefits, this in order to pay off an obligation and when the value of such funds can be reliably estimated. In cases where the provision is expected to be reimbursed, either totally or partially, for example, under an insurance contract, this reimbursement is recognized as a separate asset but only in cases where it is virtually certain that it shall be reimbursed.

The expense corresponding to any provision is presented in the income statement, net of any reimbursement.

s) Information per individual operating segment

Sura Asset Management S.A. applies a segment reporting accounting policy based on its business units and according to the nature of the services these provide.

These are divided up into the following five reporting segments: (i) Mandatory Pensions; (ii) Investment Management Unit; (iii) Savings and Investment; (iv) Insurance and Annuities; and (v) Others /Corporate. The

Company's maximum governing body in charge of making operating decisions (its Board of Directors) monitors the performance of each business segment and assigns the corresponding resources based on various factors including (but not limited to) fees and commissions, net premiums, operating income and expense.

All income reported by each segment is obtained from external clients. Operating income and income per segment are attributed on a country level, based on the jurisdiction in which the business units provide their services.

The Company does not report total assets and total liabilities for each reporting segment, since such measurements are not routinely provided to its maximum governing body (the Board of Directors) in making the required operating decisions.

As of 2018, the Company amended the classification of its different operating segments, this mainly consisting of regrouping certain business units. This is why the previous Voluntary Savings and Voluntary Savings with Protection segments were included in both the Investment Management and Savings and Investment segments, and Voluntary Annuities is now classified in the Insurance and Annuities segment. The other two segments, Mandatory Pensions and Others / Corporate remain unchanged.

t) Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets and groups of assets are classified as held for sale if their book value shall be recovered mainly through their sale rather than through their continued use.
Non-current assets and groups of assets classified as held for sale are appraised at whichever is the lower value between their carrying amount and their fair value minus selling costs. Selling costs are the incremental costs directly attributable to de-recognizing the asset, excluding financial expenses and taxes.

The criteria for classifying non-current assets or groups of assets as held for sale is considered to be met only when the sale is highly probable and the asset or group of assets has been made available, in their current conditions, for immediate sale The steps to be taken in order to complete the sale indicate that it is unlikely that there shall be any significant changes to the sale to be made or that decision to sell shall be reversed. Senior Management must have undertaken to draw up a plan for selling the asset and the corresponding sale is expected to be completed during the year following the date on which it was classified as held for sale

Property, plant and equipment or intangible assets classified as held for sale are not amortized.
Assets and liabilities classified as held for sale are classified separately as current items on the Statement of Financial Position.

A group of assets classified as held for sale qualifies as a discontinued operation if:

- It is a component of an entity that has been either disposed of, or classified as held for sale, and represents a line of business or a geographical area, which is significant and independent from the rest.
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or that is significant and can be considered separated from the rest; or
- It is a subsidiary that has been acquired exclusively for the purpose of reselling this in the future.

Discontinued operations on the Comprehensive Income Statement are presented separately from the income and expense corresponding to continuing operations and are included in a single line as an after-tax result from discontinued operations.

u) Hyperinflation:

An economy becomes hyperinflationary when:

- The general population prefers to retain their wealth in the form of non-monetary assets, or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;

- the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;

- sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;

- interest rates, wages, and prices are linked to a price index; and

- the cumulative inflation rate over three years approaches, or exceeds, 100%.

Sura Asset Management S.A. and Subsidiaries must state their financial statements in the unit of measurement current at the closing date of the reporting period in question. Both the comparative figures for the previous reporting period, as well as the information relating to previous reporting periods, must also be stated using the unit of measurement current at the closing date of the reporting period in question.

In restating the items contained on the Statement of Financial Position, the following factors are taken into account:

- Monetary items and items valued at year-end.
- If the items are contractually adjusted based on the current inflation rate, including CPI- indexed bonds, these are amended according to the terms of the contract.
- Monetary items recorded at cost: these are updated based on the CPI index as of the date these were acquired.
- Non-monetary items recorded at fair value: these are updated based on the CPI index as of the date these were first measured.

Restating items pertaining to the Comprehensive Income and Cash Flow Statements:

- All income and expense must be restated based on changes to the CPI index as of the date on which these were first posted.
- Depreciation is to be adjusted on the same basis as the asset to which it relates.
- Also, all items pertaining to the cash flow statement are updated so as to be able to state these using the unit of measurement current at the closing date of the reporting period in question.

In the case of foreign subsidiaries, their financial statements are to be converted based on the exchange rates applicable at the closing date.

v) Hedge accounting:

Sura Asset Management and Subsidiaries must first identify the class of the hedge in question, so as to be able to proceed with its posting. These classes are as follows:

a) Fair value hedges: used for compensating the risk existing with the volatility of the fair value of an asset or liability duly recognized for accounting purposes or for unrecognized firm commitments, or for an identified portion of said assets, liabilities or firm commitments. Common examples of fair value hedges include:
   - An interest-rate swap that covers changes in the fair value of a fixed-rate loan due to changes in interest rates.
   - An acquired sales option that covers changes in the fair value of a share, due to stock pricing risk.
   - A futures contract for production inputs (raw materials) that covers changes in the fair value of these inputs.

b) Cash flow hedges: these effectively reduce the variable nature of cash flows associated with future transactions by covering the particular risk associated with an asset or liability recorded in books or highly probable transactions that are likely to affect earnings for the period.

   Common examples of cash flow hedges are:

   - Cross Currency Swaps (CCS) taken out to cover fluctuations with the exchange rate when receiving future payments from investments in foreign currency.
   - Currency call options for hedging the volatility risk relating to payments of obligations in foreign currency.
   - Note: A foreign currency hedge for a firm commitment can be posted either as a fair value hedge or a cash flow hedge.

c) Net investment hedges for a foreign-based business have been defined in the "Effects of Changes in Foreign Currency Exchange Rates" Policy. Net investment is considered as a single asset, as opposed to the various individual assets and liabilities that make up the Subsidiary´s balance sheet. Hedges in the case of net investments in a foreign-based entity are accounted for in a similar manner as for cash flow hedges.

Based on the aforementioned standard, there are two types of hedges based on the nature and exposure of the underlying transaction.

i. An item qualifies as a transaction-related hedged item when the nature of the hedged item is a specific transaction for which the time value is the hedged cost relating to said transaction, and as a result the time value is to be posted through profit and loss at the same time as the hedged item.

ii. An item qualifies as a time period-related hedged item when the nature of the hedged item is such that the time value is the cost of hedging against a risk for a specific period of time and, as a result the time value is to be distributed in profit and loss on a rational and systematic basis.

Based on that described in the aforementioned section, the hedged item as defined in the corresponding hedging arrangement relates to a period of time, since the time element is characterized by the cost of protecting against the risk exposure associated with exchange rates during a specific period of time. Consequently IFRS 9 - Financial Instruments in paragraph B6.5.34 specifies that the time element or time value must be recognized and accrued in the Other Comprehensive Income accounts, so that these may be reclassified and amortized in the comprehensive income accounts in a systematic and rational manner throughout the periods during which the hedged item affects the Company's Statement of Income.

The method used to measure the effectiveness for each of the hedging arrangements, is applied to changes in the hedging instrument compared to the changes in the hedged item, that is to say, in the case of debt, the exchange differences against the valuation of the exchange component of the USD/COP derivative is used; and in the case of net investments, the changes in the asset versus the changes in the COP derivative compared to other currencies (PEN, CLP, MXN) are taken. These changes are monitored so that they remain consistent and stable during the term of the exchange exposure. Due to the accounting asymmetry that arises from valuing the hedging instrument (at fair value) as opposed to the hedged item (at amortized cost), movements may arise due to market prices, at certain moments in time, that could fail to meet the defined efficiency percentage, but over the long term these differences are expected to neutralize. Should there be consistent evidence of the existence of a structural inefficiency, this percentage is reclassified to the Statement of Comprehensive Income and in this specific case the hedging strategy is re-assessed so as to achieve the desired effectiveness.

Financial Risk Management Objectives

This risk strategy consists of having foreign exchange hedges covering the Company's debt instruments denominated in foreign currency (bonds issued in USD and net foreign investments denominated in CLP, MXN, PEN and UYU this pursuant to our internal policies and our appetite for cash management risk within the framework of the Company's risk management function, thus minimizing our exposure to macroeconomic fluctuations and their impact on our financial statements. Our exposure mainly consists of market, liquidity and credit risks, especially with the exchange rate factor.

When a bond is issued in dollars, there is a market exchange rate risk exposure, due to the volatility with dollar rates against the currencies of all those countries where Sura Asset Management has investments or from which it receives income, these being Mexico, Colombia, Peru, Chile and Uruguay. For this reason, different types of derivative hedging with forwards, futures, options, swaps, among others, were analyzed, with the CCS being finally selected.

Counterparty credit risk refers to the possibility of the failure to comply with contractual obligations in favor of Sura Asset Management S.A., resulting in a financial loss for the Company. It was decided to place our hedging instruments with a syndicate in order to improve the handling and performance of such, for which we analyzed the financial and technical capacities of all those banks with which we intended to organize said syndicate, and selected all those institutions offering the highest creditworthiness and limiting the concentration of such hedges to maximum limits per entity, this based on fundamental security and liquidity criteria. The result was well-diversified hedging arrangements with 4 international banks, all of which provided signed ISDAS agreements.

Liquidity risk management on the other hand was carried out based on a hedging cost analysis and identifying hedging portfolios that would provide maximum risk reduction by minimizing the cost of our hedging strategies, while maintaining a tolerable pressure on the Company's cash flow, capital structure and return on investments (dividends). Our financial planning and cash management initiatives, based on policies ensuring a permanent monitoring of our cash flow as well as working capital needs, guarantee adequate financial flexibility that minimizes the liquidity risk inherent to hedging costs.

2.4 Changes to accounting policies and the information to be disclosed

Standards and their new and/or modified interpretations

IFRS 16 - Leases

Sura Asset Management has applied IFRS 16 as of January 1, 2019. This standard establishes the principles for recognizing, measuring, presenting and disclosing leases and requires lessees to account for all their leases using the same model of balance sheet as used to recognize financial leases under IAS 17 - Leases. The standard includes two recognition exemptions for lessees: the leasing of low-value assets (for example, personal computers) and short-term leases (that is to say, leases carrying terms of less than 12 months).

IFRIC 23 - Uncertainty over Income Tax Treatments

As of January 1, 2019, Sura Asset Management S.A. and Subsidiaries have applied the guidelines contained in IFRIC 23 - Uncertainty with Income Tax Treatments, with respect to the recognizing and measuring income tax assets and liabilities when there is uncertainty over income tax positions. Likewise, to ensure alignment with possible interpretations on the part of local tax authorities in the face of uncertain treatments of all those income tax returns, which remain subject to review on the part of said authorities as well as for recognizing deferred tax.

This interpretation specifically addresses the following aspects:

- Whether an entity must consider tax uncertainties separately.
- The hypothesis held by an entity regarding whether the tax treatment shall be reviewed by the competent tax authorities.
- How an entity should consider any change in the surrounding facts and circumstances.
- An entity must determine whether it considers each tax uncertainty separately or in conjunction with one or more tax uncertainties. In this case, the approach to be applied is that which better predicts how said uncertainty is to be resolved.

This interpretation does not apply to taxes or levies that are outside the scope of IAS 12, nor does it include the treatment of any related interest and penalties that may arise.

The following is the conclusion arrived at upon analyzing uncertain tax positions:

Colombia:
Decree 624 of 1989 - Article 177-1 - Cost and deduction limits

There is evidence to show that the tax authorities are likely to agree with the application of the cost apportionment methodology, since to date there are administrative and legal precedents that have required the application of proportionality formulas.

Based on the above, we conclude that this uncertain tax position is not likely to be resolved against the Company. Consequently, no disclosure is required for the financial statements at year-end 2019 as a result of applying the new IFRIC 23 standard, nor is its recognition required as of January 1, 2020.

Chile:
Single Tax Code - Article 21

There is evidence to show that the two court proceedings involving Sura Asset Management Chile, have less than a 50% probability of success, and consequently have been recognized in the financial statements in the amount of USD $ 6.2 million, with respect to the period in question.

It is important to note that the Company has recognized a provision amounting to USD $3.4 million in its financial statements at year-end 2018 and 2019 corresponding to these lawsuits upon determining the tax due on the sale of the aforementioned subsidiary as well as USD $2.8 million for the loss incurred by ING a limited liability investment company, under the guidelines provided by IAS 37 for said years.

Based on the analysis duly performed as well as the disclosures and recognitions previously reported, we conclude that so far, we have no knowledge of any other uncertain tax position that could lead to an unfavorable ruling against the Company. Consequently, there is no need to make any additional disclosure in the financial statements, in addition to those previously stated at year-end 2019 in the light of having applied IFRIC 23, nor is their recognition required as of January 1, 2020.

Mexico:

ISRL Income Tax Law - Article 27 Section I, Article 28 Section XVIII

There is evidence to show that the Tax Authorities are likely to agree with the application of the methodology used for allocating expense and the documentation of the service provided by a foreign entity, based on the experience and precedents obtained with the audit performed by said authorities in 2006 on Afore Sura, when they accepted the documentation in support of the service provided as well as the added value provided by this same.

In the light of the above, we conclude that this uncertain tax position is not likely to produce an unfavorable ruling against the Company. Consequently, there is no need to make any additional disclosure in the financial statements, in addition to those previously stated at year-end 2019, in the light of having applied IFRIC 23, nor is their recognition required as of January 1, 2020.

Income Tax Law Article 8, Article 22

There is evidence to show that the Tax Authorities are likely to agree with the criteria adopted for the treatment of the accumulated legal reserve valuations, this based on official criteria, as well as the firmness of the technical arguments arising from the applicable tax provisions.

Based on the above, we conclude that this uncertain tax position is not likely to produce an unfavorable ruling against the Company. Consequently, there is no need to make any additional disclosure in the financial statements, in addition to those previously stated at year-end 2019, in the light of having applied IFRIC 23, nor is their recognition required as of January 1, 2020.

Peru:
Article 21 of the Rules and Regulations of the new Income Tax Law.

Ref: Objection procedure for treating returns from legal reserves – Fiscal year 2004

In 2006, SUNAT, the Peruvian Customs and Tax Authorities began an audit of AFP Integra with respect to income tax and general sales tax corresponding to the fiscal year of 2004.

As a result, in June 2006, SUNAT issued several resolutions determining and imposing fines, among other reasons, for an alleged omission in calculating and paying the amount of income tax due in 2004, this consisting more specifically of having failed to consider the gains obtained on investments made by AFP Integra using the funds from its legal reserves, as being taxable income.

On August 11th, 2006, AFP Integra filed an appeal against the amount of tax owing as certified by the SUNAT Tax Authorities.

On September 24th, 2010, the Company was notified, by means of Resolution No. 0150140009245, of the partial grounds for a favorable ruling with regard to the aforementioned appeal, and the Company was ordered to pay the amount of tax corresponding to the revenues obtained from its legal reserve. The objections maintained by the Tax Authorities refer to (i) presumptive taxable income obtained from the legal reserve investments made in foreign mutual funds; and (ii) the shared expense unduly deducted as relating to tax-exempt operations.

On November 5th, 2010, an appeal was filed with the Tax Court and assigned to Chamber No. 3 of this Collegiate Body.

On February 1st, 2013, the appeal was reassigned to Chamber No. 8 of the Tax Court. The case is currently being heard before Chamber No. 4, and is pending a ruling. So far, any possible ruling for this case remains uncertain, and therefore, a provision has been recorded in the financial statements, which has not been updated after the default and other interest corresponding to this case were effectively frozen.

With respect to the tax treatment of the legal reserve, AFP INTEGRA has paid tax on the returns obtained from the legal reserve as of the year 2009, using a criterion that was accepted by the Tax Authorities and subsequently ratified in different audits. It is important to mention that the aforementioned Income Tax Law does not specifically include the tax treatment applicable to legal reserve returns. However, there is a standardized treatment and to date, besides the court case for the tax year of 2004 that has remained pending, there have been no observations received on the amount of returns posted by the Company, and consequently, no additional disclosures or recognitions have been considered necessary.

Objections for expenses inherent to untaxable income - GIRE - Tax Year 2013

As to calculating the expense inherent to taxable income, the tax authorities (SUNAT), considered a greater number of cost centers when determining shared expenses, not having discriminated each expense component, nor evidencing the link with the amount of tax-exempt income generated. Also, from the standpoint of recent case law, the tax court has indicated that it is SUNAT, who has the burden of proving the effect of these expenses on the amount of tax-exempt income generated, otherwise it must revoke the Resolution.

Given the aforementioned arguments, the Company considers that the possibility of success is greater than 50% and as such has not considered including new disclosures and recognitions for the non-prescribed and unaudited fiscal periods.

Objection for unsubstantiated recorded expenditure - Fiscal Year 2013

SUNAT objected to the amount of S / 1,935,350 posted as service expenses on the part of SURA CHILE SA, for which the Company did not present documentation evidencing the fact that the services were effectively provided during the period they were invoiced, so therefore the causality, validity and accrual of such has not been duly sustained.

Although during the audit, the Company did not provide enough supporting documentation, during the appeal, the Company secured the debt and presented additional documentation that reasonably supports the causality, validity and accrual of such expense. However, the Tax Authorities' ruling body may choose to carry out a restrictive assessment of the means of evidence thereby presented and determine that this is insufficient.

As for determining the unsubstantiated expense incurred, the Company presented additional documentation in which the causality, validity and accrual of such expense were effectively supported, and consequently the case is again under review by the Tax Authorities' Ruling Body.

Given the reasons mentioned above, the Company considers that the possibility of success is greater than 50% and therefore has not considered determining new disclosures and recognitions for the non-prescribed and unaudited tax periods. Also, with regard to determining the income tax due for the fiscal year of 2020, these expenses no longer apply.

Based on the analysis duly performed as well as the disclosures and recognitions previously reported, we conclude that so far, we have no knowledge of any other uncertain tax position that could lead to an unfavorable ruling against the Company. Consequently, there is no need to make any additional disclosure in the financial statements, in addition to those previously stated at year-end 2019 in the light of having applied IFRIC 23, nor is their recognition required as of January 1, 2020.

Uruguay:

To date, we have no knowledge of any uncertain tax position that could lead to an unfavorable ruling against the Company. Consequently, there is no need to make any additional disclosure in the financial statements, in addition to those previously stated at year-end 2019 in the light of having applied IFRIC 23, nor is their recognition required as of January 1, 2020

2.5 Significant accounting estimates, assumptions and judgments

The preparation of these Consolidated Financial Statements required the use of estimates and assumptions. Using these estimates and assumptions affect the amounts of assets, liabilities and contingent liabilities on the date of the Statement of Financial Position as well as revenues and expenses for the year. Actual results could differ from those estimated. The determination of these estimates and assumptions is subject to internal control procedures and approvals and takes into account both internal and external studies, industry statistics, factors and trends affecting the business environment as well as legal and regulatory requirements

Key forward-looking assumptions that could lead to a certain degree of uncertainty regarding the estimates made at the closing date, and which run a significant risk of entailing material adjustments to the book values of assets and liabilities the following year. Sura Asset Management S.A. based its assumptions and estimates on the parameters that were available upon drawing up its Consolidated Financial Statements. However, existing circumstances and assumptions made with regard to future events may undergo changes due to market fluctuations or circumstances that are beyond the Company's control. Our assumptions are then amended to reflect such change, when and if produced.

The more significant accounting estimates and assumptions include DAC (See Note 26), DIL (See Note 37) and deferred tax (See Note 22), whose regulatory treatment have been mentioned in the previous notes.

Accounting estimates, assumptions and judgments

The following are the key assumptions used to estimate the future pattern of all those variables existing at the reporting date and which carry a significant risk of causing a material adjustment to the value of assets and liabilities to be reported on the next financial statement given the uncertainty prevailing with such.

a) Valuation of Technical Reserves - Insurance Contracts (See Note 33)

Provisions for life insurance and annuity contracts are recognized on the basis of the best estimate assumptions. Also, like all insurance contracts, these are subject to annual liability adequacy tests, which reflects Senior Management´s best estimates of future cash flows. In the event these reserves prove to be insufficient, the assumptions used are updated and remain locked-in until the next review or until these prove insufficient, whichever occurs the earliest

As described in the section corresponding to Deferred Acquisition Costs, expenses are deferred and amortized over the lifetime of the contracts. In the event that the assumptions regarding future contractual profitability prove erroneous, the amortization of costs is accelerated with the corresponding impact on the income accounts for the period.

The main assumptions used in calculating provisions include mortality, morbidity and longevity rates, returns on investment, expenses, fund exit and collection as well as surrender and discount rates.

The assumptions corresponding to the mortality, morbidity and longevity rates are based on the standards of the local industry for each subsidiary and are adjusted to reflect the Company's own risk exposure, where applicable, and where there is sufficient historic information to perform an experience-based analysis that would alter industry estimated. The longevity assumptions are introduced through future improvement factors for mortality rates.

For assumptions regarding rates of return, the proceeds received from investments (assets underlying the technical reserves corresponding to insurance contracts) are taken into account these based on market conditions at the date the contract is entered into, while factoring in future expectations of changes to local economic and financial conditions in all those markets where the companies operate together with the Company's own investment strategy.

Expense assumptions are based on expenditure levels prevailing when the contracts are signed which are then adjusted for expected inflation increases, where applicable.

Exit, collection and surrender rates are based on an analysis of the subsidiary´s own experience in terms of the product itself or the respective family of products.

Discount rates are based on current industry and market rates and adjusted for the subsidiary´s own risk exposure.
In the case of insurance contracts with savings components based on unit-linked fund units, obligations are determined based on the value of the assets underlying the provisions as well as those arising from the value of each of the funds where the policies are deposited.

b) Revaluation of property for own use (See Note 28)

Sura Asset Management S.A. and Subsidiaries record properties for their own use at fair value and any changes to such are recognized in other comprehensive equity.

Revaluation gains are directly recognized in Other Comprehensive Income and accumulate in the equity accounts as a revaluation surplus. This revaluation is calculated each year.

When the corresponding carrying value is decreased as a result of a revaluation, this decrease is recognized in the income accounts for the period. However, this decrease shall only be recognized in the other comprehensive income accounts to the extent of any credit balance existing in the revaluation surplus account with regard to the asset in question. The decrease recognized in other comprehensive income reduces the amount accruing as a revaluation surplus in the equity accounts.

The fair value of land and buildings is based on periodic appraisals carried out both internally as well as externally by outside qualified appraisers.

c) Fair value of financial instruments (See Note 19)

When the fair value of financial assets and financial liabilities recorded in the statement of financial position is not obtained from active markets, this is determined using valuation techniques including the discounted cash flow model cash. The information that appears in these models is taken from observable markets where possible, but when it is not, some judgment is required for determining the respective fair values. These judgments are made on the basis of certain data including liquidity and credit risk as well as volatility.

Investment properties are recognized at fair value. Any subsequent revaluation changes are recognized in the income accounts. At the time of their disposal, the difference between the selling price and the carrying amount is recognized in the income accounts.

The fair values of investment properties are determined based on assessments from qualified appraisers. All properties are appraised separately in periods of between three to five years.

d) Taxes (See Note 22)

There is a certain degree of uncertainty regarding the interpretation of complex tax regulations, changes to tax legislation and the 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 could arise between the actual results and the estimates and assumptions used, or these could well be subject to future changes. This may require future adjustments to be made to the taxable income and expense already recorded. The Company establishes provisions, based on reasonable estimates, to cover the possible consequences of any audits performed by the tax authorities of the respective counties in which it operates. The scope of these provisions is based on several factors, including the Company´s past experience with previous audits conducted by the tax authorities on the taxpayer entity.

These discrepancies in interpretation arise from a variety of issues, depending on the actual conditions of each jurisdiction where the subsidiaries operate.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

There is a certain degree of uncertainty regarding the interpretation of complex tax rules and regulations as well as their corresponding amendments.

Deferred tax on investment properties

For the purpose of measuring deferred tax liabilities or deferred tax assets from investment properties that are measured using the fair value approach, Senior Management has reviewed the real estate belonging to Sura Asset Management S.A. and concluded that the aim of its business model is maintain these with a view to obtaining revenues in the form of property gains or lease income.

Therefore, in determining the Group's deferred tax on investment properties, Senior Management considers that there are no grounds for refuting the presumption that the book values corresponding to its investment properties measured using the fair value approach shall be fully recovered through the sale of the property itself.

e) Provision for expected credit losses (See Note 19)

In order to determine any significant increase in an instrument´s credit risk, Sura Asset Management takes into account the book value of each instrument, the probability of default over the next 12 months, this based on the credit rating applicable to the financial instrument in question, and the percentage risk of non-payment based on its seniority so as to be able to determine the provision to be set up for expected credit losses.

In the case of its accounts receivable, Sura Asset Management uses the historical information made available by each company in calculating the impairment to the portfolio going forward together with historic information for past periods the amount of which should be sufficient to reflect client payment patterns, taking care to balance out the statistical sufficiency of such information and changes in client payment behavior.

f) Measuring employee benefits (See Note 34)

Measuring post-employment and long-term benefits and obligations is based on a wide variety of premises as well as actuarial assumptions regarding future long-term events. The projected credit unit method is used to determine the present value of the obligation for defined benefits and their associated costs. Future measurements of liabilities may vary significantly from those presented in the financial statements, given changes in economic and demographic assumptions and significant events, among other factors.

g) Impairment to Goodwill

Determining whether goodwill is impaired requires estimating the value in use of the cash generating units to which said goodwill has been allocated. This requires Senior Management to estimate the expected future cash flows from the cash-generating unit and an appropriate discount rate to calculate the present value of the aforementioned value in use. In the event of future real cash flows being lower than expected, an impairment loss could occur.

NOTE 3 - Standards issued but not yet effective

Below is a list of standards that have been issued but not have entered into full force and effect. Sura Asset Management S.A. and Subsidiaries shall adopt these standards on the date they are due to come into effect.

IFRS 17: Insurance Contracts

In May 2017, the IASB issued IFRS 17, a new comprehensive accounting standard for measuring, recognizing presenting and disclosing insurance contracts. This standard becomes mandatory on January 1, 2021. Once IFRS 17 enters into full force and effect it shall replace IFRS 4 - Insurance Contracts, as issued in 2005. IFRS 17 shall apply to all types of insurance contracts, regardless of the type of entities that issue these, as well as certain guarantees and financial instruments with discretionary participation features. This standard includes few exceptions.

The general objective of this 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 are primarily aimed at protecting previous local accounting policies, IFRS 17 provides a comprehensive model for these contracts, including all relevant issues. At the core of this standard is a general model, supplemented by:

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

NOTE 4 - Business Combinations (Goodwill)

4.1 Acquisitions reported in 2019 and 2018

No business combinations were acquired in 2019 and 2018.

NOTA 5 - Revenues from contracts with clients

5.1 Breakdown

Revenues obtained by Sura Asset Management S.A. and Subsidiaries from contracts with clients at year-end 2019 and 2018 are broken down as follows:

	Mandatory Pensions	Investment Management	Savings and Investment	Corporate and Others	Total
Mandatory Pension Fund Management	602,803	-	5,708	-	608,511
Voluntary Pension Fund Management	11,441	15,502	14,811	-	41,754
Client portfolio management	-	38,418	3,448	-	41,866
Other revenues from contracts with clients	(712)	2,883	2,011	2,289	6,471
Total revenues from contracts with external clients - 2019	**613,532**	**56,803**	**25,978**	**2,289**	**698,602**

	Mandatory Pensions	Investment Management	Savings and Investment	Corporate and Others	Total
Mandatory pension fund management	626,216	-	5,102	-	631,318
Voluntary pension fund management	2,541	21,136	8,496	-	32,173
Client portfolio management	1	35,141	4,435	-	39,577
Other revenues from contracts with clients	(251)	2,266	1,510	-	3,525
Total revenues from contracts with clients 2018	**628,507**	**58,543**	**19,543**	**-**	**706,593**

Revenues from contracts with clients on an individual country basis are shown as follows:

	Mandatory Pensions	Investment Management	Savings and Investment	Corporate and Others	Total
Mexico	272,391	15,502	11,611	-	299,504
Chile	203,559	30,446	9,821	2,289	246,115
Peru	118,547	7,392	3,950	-	129,889
Uruguay	19,035	1,477	527	-	21,039
Colombia	-	1,774	-	-	1,774
Others*	-	212	69	-	281
Total revenues from contracts with external clients - 2019	**613,532**	**56,803**	**25,978**	**2,289**	**698,602**

	Mandatory Pensions	Investment Management	Savings and Investment	Corporate and Others	Total
Mexico	253,966	21,136	4,829	-	279,931
Chile	211,000	28,701	9,718	-	249,419
Peru	137,437	5,602	4,493	-	147,532
Uruguay	26,103	1,566	427	-	28,096
Colombia	-	1,493	-	-	1,493
Others*	-	45	77	-	122
Total revenues from contracts with clients - 2018	**628,506**	**58,543**	**19,544**	**-**	**706,593**

*El Salvador and Argentina.

Revenues from contracts with external clients for each individual country is shown in the table below:

	Mandatory Pensions	Investment Management	Savings and Investment	Corporate and Others	Total
External clients	613,532	56,394	25,978	2,289	698,193
Inter-company	-	409	-	-	409
Total revenues from contracts with external clients - 2019	**613,532**	**56,803**	**25,978**	**2,289**	**698,602**
Adjustments and eliminations	-	(409)	-	-	(409)
Total revenues from contracts with external clients - 2019	**613,532**	**56,394**	**25,978**	**2,289**	**698,193**

	Mandatory Pensions	Investment Management	Savings and Investment	Corporate and Others	Total
External clients	628,506	58,038	19,538	-	706,082
Inter-company	-	505	6	-	511
Total revenues from contracts with clients - 2018	**628,506**	**58,543**	**19,544**	**-**	**706,593**
Adjustments and eliminations	-	(505)	(6)	-	(511)
Total revenues from contracts with external clients - 2018	**628,506**	**58,038**	**19,538**	**-**	**706,082**

Revenues are recognized as described in Note 2.3 Section q.

5.2 Balances due on contracts

	2019	2018
Balances due on contracts		
Accounts receivable from contracts with clients (See Note 20)	36,096	38,810
Accounts payable from contracts with clients (See Note 31)	31,412	36,820

Accounts receivable from contracts with clients include the consideration that we expect to receive or that are pending payment for managing the amounts deposited in our pension funds and the corresponding accounts payable include pensions payable to retirees as part of scheduled withdrawals, temporary annuities, insurance-covered pensions and voluntary pension contributions.

NOTE 6 - Investment Income

Investment income obtained by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Revenues from investments backing insurance reserves		
Interest income and returns	75,129	87,003
Income (expense) from exchange differences	11,935	21,113
Profit (loss) on the sale of investments	59,056	(9,096)

	2019	2018
Lease income obtained from the Company's investment property (Note 27)	2,433	2,661
Other investment expense - insurance	226	545
Total income from investments backing insurance reserves	**148,779**	**102,226**
Other investments	-	-
Interest income and returns	6,126	5,324
Income from exchange differences	7,207	-
Earnings from sale of investments	888	76
Lease income obtained from the Company's investment property (Note 27)	9	17
Dividend income	-	253
Other investment expense - insurance	(230)	(134)
Total other investments	**14,000**	**5,536**
Total investment income	**162,779**	**107,762**

Investment income for each individual country is shown as follows:

	Mexico	Chile	Peru	Uruguay	Total
Total investment income - 2019	83,710	78,181	888	-	162,779
Total investment income - 2018	65,700	41,354	699	9	107,762

NOTE 7 - Gains and losses on assets at net fair

Gains and losses on assets at fair value at year-end 2019 and 2018 are shown below:

7.1 Income from legal reserve

Income from legal reserve is broken down as follows:

	2019	2018
Income from legal reserve	112,645	4,748
Total income from legal reserve	**112,645**	**4,748**

Income from legal reserve for each individual country is broken down as follows:

	Mexico	Chile	Peru	Uruguay	Total
Total income from legal reserve - 2019	29,708	60,928	20,190	1,819	112,645
Total income from legal reserve - 2018	767	7,866	(4,982)	1,097	4,748

7.2 Gains and losses at net fair value

Gains and losses at fair value on assets held at year-end are shown on the Company’s Other Comprehensive Income accounts along with the portion corresponding to the insurance margin and other items, as shown below:

	2019	2018
Fair value gains and losses from investments underpinning insurance reserves, net		
Non-derivative financial instruments	58,519	1,636
Investment properties	822	4,016
Fair value gains and losses from investments underpinning insurance reserves, net	**59,341**	**5,652**
Other gains and losses at net fair value		
Non-derivative financial instruments	583	(5,183)
Other gains (losses) at net fair value	**583**	**(5,183)**
Total gains and losses on assets at fair value, net	**59,924**	**469**

Gains and losses on assets at fair value for each individual country are shown as follows:

	Chile	Other Countries*	Total
Total gains on assets at fair value for 2019	58,525	1,399	59,924
Total gains and losses on assets at fair value for 2018	801	(332)	469

* Peru, Uruguay and Colombia.

NOTE 8 - Revenues obtained from associates and joint ventures via the equity method

Sura Asset Management uses the equity method for its investments in associates and joint ventures, which at year-end 2019 were as follows:

Name	Main Business Activity	Place of Incorporation and Operations	% Stake Held and Corresponding Voting Rights
Fondo de Pensiones y Cesantías Protección S.A.	Pension and severance fund	Colombia	49.36%
Inversiones DCV S.A.	Shareholder register management services	Chile	34.82%
Servicios de Administración Previsional S.A.	Voluntary funds	Chile	22.64%
Fondos de Cesantías Chile II	Pension and severance fund	Chile	29.40%
Unión para la Infraestructura S.A.S. (UPI)	Consultancy services for managing investment funds dedicated to financing infrastructure projects	Colombia	50%
Unión para la infraestructura Perú SAC (UPI Perú)	Consultancy services for managing investment funds dedicated to financing infrastructure projects	Peru	50%

Revenues obtained from these investments via the equity method is shown as follows:

Equity method			
Company applying the equity method	**Associate**	**2019**	**2018**
Sura Asset Management S.A.	Fondo de Pensiones y Cesantías Protección S.A.*	62,026	29,160
AFP Capital S.A.	AFC I, AFC II y Servicios de Administración Previsional S.A.	4,047	4,154
AFP Capital S.A.	Fondos de Cesantías Chile II	2,873	2,016
AFP Capital S.A.	Inversiones DCV S.A.	280	231
Sura Investment Management (SIM)	Unión para la infraestructura S.A.S (UPI)	406	403
Sura Investment Management (SIM)	Unión para la Infraestructura Perú	(240)	(1)
Total revenues obtained via the equity method		**69,392**	**35,963**

*For more information on investments in associates, please refer to Note 30

NOTE 9 - Other operating income

Other operating income at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Recovered provisions	6,981	957
Income from leases and services	374	648
Earnings on sales of property, plant and equipment for own use	16	37
Other income	1,630	3,678
Total other operating income	**9,001**	**5,320**

Other operating income for each individual country is shown as follows:

	Mexico	Chile	Peru	Uruguay	Other Countries *	Total
Total other operating income - 2019	4,227	3,472	950	309	43	9,001
Total other operating income - 2018	2,883	577	854	243	763	5,320

* Colombia, El Salvador and Holland.

NOTE 10 - Net Premiums

Net premiums obtained by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Life insurance contracts (written premiums)	210,570	374,023
Favorable experience dividend - FED	(35)	209
Total gross premiums	**210,535**	**374,232**
Life insurance contracts- reinsurers	(10,687)	(15.672)
Total net premiums	**199,848**	**358,560**

Net premiums for each individual country are broken down as follows:

	Chile	Mexico	Total
Total net premiums- 2019	198,184	1,664	199,848
Total net premiums- 2018	289,098	69,462	358,560

(Note 2) Summary of accounting policies, part 2.3.a) and j) details of policies related to insurance contracts and reinsurance.

<u>NOTE 11</u> - Claims

The following is a breakdown of claim expense at year-end 2019 and 2018:

	2019	2018
Gross benefits and claims paid		
Life insurance contracts	(290,338)	(309,244)
Total gross benefits and claims paid	**(290,338)**	**(309,244)**
Requests assigned to reinsurers		
Life insurance contracts	10,630	13,092
Total claims ceded to reinsurers	**10,630**	**13,092**
Claims	**(279,708)**	**(296,152)**

Claim expense for each individual country is shown as follows:

	Chile	Mexico	Total
Claim expense - 2019	(237,758)	(41,950)	(279,708)
Claim expense - 2018	(255,196)	(40,956)	(296,152)

<u>NOTE 12</u> - Changes to premium reserves

Changes to premium reserves at year end are shown in the following table:

	2019	2018
Direct		
Fund value reserve	(50,640)	(44,373)
Mathematical reserve	(3,293)	(71,903)
Ongoing Risk Reserve	1,581	(705)
Other technical reserves	1,415	579
Contingency reserve	158	(1,553)
Subtotal	**(50.779)**	**(117.955)**

Ceded		
Other technical reserves	(963)	(41)
Ongoing Risk Reserve	(310)	137
Mathematical reserve	(22)	(235)
Subtotal	**(1,295)**	**(139)**

Net		
Fund value reserve	(50,640)	(44,373)
Mathematical reserve	(3,315)	(72,138)
Ongoing Risk Reserve	1,271	(568)
Other technical reserves	452	538
Contingency reserve	158	(1,553)
Total	**(52,074)**	**(118,094)**

Changes to technical insurance reserves for each individual country are shown as follows:

	Chile	Mexico	Total
Movement in technical insurance reserves - 2019	(55,337)	3,263	(52,074)
Movement in technical insurance reserves - 2018	(39,721)	(78,373)	(118,094)

NOTE 13 - Operating and administrative expense

Operating and administrative expense for Sura Asset Management S.A. and Subsidiaries at year-end is broken down as follows:

Administrative and selling expense

Administrative and selling expense	2019	2018
Personnel expense	(266,740)	(255,989)
Amortization of intangibles	(53,997)	(54,380)
Fees	(33,957)	(30,948)
Service companies	(20,119)	(19,082)
Contributions and membership fees	(19,154)	(18,583)
Taxes and rates	(18,125)	(15,466)
Advertising and publicity	(15,602)	(16,105)
Depreciation on Right-of-Use Assets	(15,455)	-
Maintenance and repairs	(14,595)	(14,666)
Other operating expense	(11,716)	(8,817)
Depreciation on goods and personal property	(9,785)	(10,937)
Public utilities	(9,612)	(7,746)
Brokerage commissions	(9,335)	(10,646)
Licenses	(8,300)	(5,827)
Safekeeping expense - securities	(5,711)	-
Security and cleaning expense	(5,101)	(4,245)
Traveling expense	(5,033)	(5,374)
Assumed taxes	(3,948)	(4,842)
Publications and subscriptions	(3,712)	(3,312)

	2019	2018
Leases	(3,318)	(17,090)
Medical expense	(2,630)	(2,364)
Rebates paid	(2,499)	(1,891)
Public relations	(2,105)	(2,255)
Operating financial expense	(1,706)	(4,740)
Electronic data processing	(1,468)	(1,909)
Insurance policies	(1,341)	(1,357)
Transport, haulage and freight charges	(1,248)	(1,111)
Stationery and office supplies	(1,118)	(1,236)
Donations	(871)	(814)
Legal expense	(536)	(458)
Collection expense	(498)	(466)
Impairment to financial assets	(328)	(280)
Client service expense	(271)	(240)
Total administrative and selling expense	**(549,934)**	**(523,176)**
Deferred acquisition costs (DAC)		
Capitalized Deferred Acquisition Costs (DAC)	65,765	58,108
Amortized Deferred Acquisition Costs (DAC)	(60,211)	(63,771)
Total Deferred Acquisition Costs (DAC)	**5,554**	**(5,663)**
Wealth tax		
Wealth tax	(123)	(134)
Total wealth tax	**(123)**	**(134)**
Total operating and administrative expense	**(544,503)**	**(528,973)**

Operating expense for each individual country is shown as follows:

	Chile	Mexico	Peru	Uruguay	Colombia	Other Countries*	Total
Total operating and administrative expense - 2019	(209,483)	(200,367)	(80,642)	(16,263)	(37,145)	(603)	(544,503)
Total operating and administrative expense - 2018	(211,722)	(183,581)	(82,114)	(16,516)	(34,324)	(716)	(528,973)

* El Salvador, Spain, Holland and Argentina

NOTE 14 - Financial income

Financial income at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Financial interest income	14,373	11,040
Earnings from sales of investments	478	2,951
Other financial income	898	2,246
Net financial income	**15,749**	**16,237**

The following is a breakdown of financial income on an individual country basis:

	Chile	Peru	Mexico	Uruguay	Others*	Total
Total financial income - 2019	9,811	2,427	1,973	734	804	15,749
Total financial income - 2018	10,413	2,523	1,834	969	498	16,237

* El Salvador and Colombia.

NOTE 15 - Financial expense

Financial expense at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Financial interest expense	(65,055)	(64,668)
Interest expense on right-of-use liabilities	(3,636)	-
Commissions and other financial expense	(2,696)	(2,135)
Losses on sales of investments	(83)	(127)
Total financial expense	**(71,470)**	**(66,930)**

Financial expense for each individual country is broken down as follows:

	Chile	Mexico	Peru	Colombia	Others*	Total
Total Financial Expense - 2019	(1,835)	(2,620)	(1,394)	(65,509)	(112)	(71,470)
Total Financial Expense - 2018	(579)	(754)	(1,171)	(64,371)	(55)	(66,930)

* Uruguay, Argentina, Spain and Curacao.

NOTE 16 - Derivative income (expense), net

	2019	2018
Derivative expense	(844)	(4,895)
Derivative income	91	83,966
Derivative income - exchange differences	-	(86,664)
Total derivative income and expense	**(753)**	**(7,593)**

Derivative income and expense, corresponding to the years 2019 and 2018, for each individual country is broken down as follows:

	Chile	Colombia	Total
Total derivative income and expense - 2019	7	(760)	(753)
Total derivative income and expense - 2018	(29)	(7,564)	(7,593)

NOTE 17 - Income (expense) from exchange differences, net

Exchange differences at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Income on exchange differences	111,572	69,172

Expense on exchange differences	(76,759)	(57,348)
Total exchange differences, net	**34,813**	**11,824**

Exchange differences for each individual country are broken down as follows:

	Chile	Colombia	Others*	Total
Total exchange differences - 2019	45,447	(11,864)	1,230	34,813
Total exchange differences - 2018	14,846	(4,854)	1,832	11,824

*Including Mexico, Peru, Uruguay and Argentina.

Exchange rates are discussed in Note 2.3 Section (n).

NOTE 18 - Cash and cash equivalents

Cash and cash equivalents for Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Banks	43,938	61,480
Cash	209,703	113,479
Restricted cash	847	739
Cash and cash equivalents	**254,488**	**175,698**

Cash and cash equivalents for each individual country are broken down as follows:

	Chile	Mexico	Peru	Colombia	Others *	Total
Cash and cash equivalents - 2019	160,096	73,882	9,747	10,237	526	254,488
Cash and cash equivalents - 2018	135,729	21,291	12,556	5,297	825	175,698

***** Uruguay, El Salvador, Argentina and Spain.

Restricted cash at December 31, 2019:

Restricted Cash 2019	Amounts Subject to Restrictions	Restriction Description	Date on Which Restriction Was Lifted	Country
Bank deposits				
Banco Interactive Brokers (Investment Account) ME I1652772	746	Commission-related hedge funds - Foreign Brokerage Firm	Ongoing	Peru
Banco de La Nación (Deduction Account) M.N 00-005-171466	101	Funds used solely to pay taxes to the SUNAT Tax Authorities	Ongoing	Peru
Total restricted cash - 2019	**847**			

Restricted cash at December 31, 2018:

Restricted Cash 2018	Amounts Subject to Restrictions	Restriction Description	Date on Which Restriction Was Lifted	Country
Bank deposits				
Banco Interactive Brokers (Investment Account) ME I1652772	673	Commission-related hedge funds - Foreign Brokerage Firm	Ongoing	Peru
Banco de La Nación (Deduction Account) M.N 00-005-171466	66	Funds used solely to pay taxes to the SUNAT Tax Authorities	Ongoing	Peru
Total restricted cash - 2018	**739**			

<u>NOTE 19</u> - Financial assets and liabilities

The following are the balances of the financial asset and liability accounts held by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018.

19.1 Financial assets

The balance of the financial asset account for Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Investment portfolio	3,220,035	3,081,256
Accounts receivable (Note 20)	101,139	141,520
Reinsurance assets (Note 21)	6,437	7,128
Hedging assets (Note 23.1)	75,163	52,224
Total financial instrument assets	**3,402,774**	**3,282,128**

The classification of financial assets at year-end 2019 and 2018 is as follows:

	2019	2018
Financial instruments at amortized cost		
Investments	1,165,737	1,149,288
Accounts receivable (Note 20)	101,139	141,520
Reinsurance assets (Note 21)	6,437	7,128
Total financial instrument assets at amortized cost	**1,273,313**	**1,297,936**
Financial instruments at fair value through profit or loss		
Investments	2,050,472	1,927,516
Hedging assets (Note 23.1) (2)	75,163	52,224
Total financial instrument assets at fair value through profit or loss	**2,125,635**	**1,979,740**
Financial instruments at fair value through Other Comprehensive Income		
Investments	3,826	4,452
Total financial instrument assets at fair value through Other Comprehensive Income	**3,826**	**4,452**
Total financial instrument assets	**3,402,774**	**3,282,128**

The following is a breakdown of the investment portfolios held:

Type of security	Currency	2019	2018
Fixed Income	USD	256,823	9,861
	Local currency	1,587,897	814,677
	Others	83,416	723,733
Equity	USD	242,570	49
	Local currency	1,049,329	1,532,870
Others	Local currency	-	66
Total investment portfolio		**3,220,035**	**3,081,256**

The balance of financial assets held at year-end 2019 and 2018, is broken down as follows:

	2019	2018
Investments	1,979,747	1,871,671
Accounts receivable	531	682
Reinsurance assets	2	24
Hedging assets	75,163	52,224
Non-current financial instruments	**2,055,443**	**1,924,601**
Investments	1,240,288	1,209,585
Accounts receivable	100,608	140,838
Reinsurance assets	6,435	7,104
Current financial instruments	**1,347,331**	**1,357,527**
Total financial instrument assets	**3,402,774**	**3,282,128**

Financial assets for each individual country at year-end 2019 and 2018 are broken down as follows:

	Chile	Mexico	Peru	Uruguay	Colombia	Others *	Total
Financial instruments at amortized cost							
Investments	397,244	758,165	7	10,140	-	181	1,165,737
Accounts receivable (Note 20)	70,130	13,090	12,768	4,509	598	44	101,139
Reinsurance assets (Note 21)	6,437	-	-	-	-	-	6,437
Total financial instrument assets at amortized cost	**473,811**	**771,255**	**12,775**	**14,649**	**598**	**225**	**1,273,313**
Financial instruments at fair value through profit or loss							
Investments	1,504,404	240,137	273,199	21,490	11,242	-	2,050,472
Hedging assets (Note 23.1)	-	-	-	-	75,163	-	75,163
Total financial instruments at fair value through profit or loss	**1,504,404**	**240,137**	**273,199**	**21,490**	**86,405**	**-**	**2,125,635**
Financial instruments at fair value through Other Comprehensive Income							
Investments	3,826	-	-	-	-	-	3,826
Total financial instrument assets at fair value through Other Comprehensive Income	**3,826**	**-**	**-**	**-**	**-**	**-**	**3,826**
Total financial instrument assets - 2019	**1,982,041**	**1,011,392**	**285,974**	**36,139**	**87,003**	**225**	**3,402,774**

	Chile	Mexico	Peru	Uruguay	Colombia	Others *	Total
Financial instruments at amortized cost							
Investments	388,038	750,105	7	10,959	-	180	1,149,289
Accounts receivable (Note 20)	93,982	26,843	14,263	6,249	142	41	141,520
Reinsurance assets (Note 21)	7,128	-	-	-	-	-	7,128
Total financial instrument assets at amortized cost	**489,148**	**776,948**	**14,270**	**17,208**	**142**	**221**	**1,297,937**
Financial instruments at fair value through profit or loss							
Investments	1,461,082	194,733	253,115	18,449	137	-	1,927,516
Hedging assets (Note 23.1)	-	-	-	-	52,224	-	52,224
Total financial instrument assets at fair value through profit or loss	**1,461,082**	**194,733**	**253,115**	**18,449**	**52,361**	**-**	**1,979,740**
Financial instruments at fair value through Other Comprehensive Income							
Investments	4,452	-	-	-	-	-	4,452
Total financial instrument assets at fair value through Other Comprehensive Income	**4,452**	**-**	**-**	**-**	**-**	**-**	**4,452**
Total financial instrument assets - 2018	**1,954,682**	**971,681**	**267,385**	**35,657**	**52,503**	**221**	**3,282,129**

* El Salvador and Argentina

Fair value of assets not carried at fair value

The methodologies and assumptions used to determine the fair values of financial instruments not recorded at fair value in the financial statements (i.e. at amortized cost as well as loans and accounts receivable) are broken down as follows:

Assets whose fair value is approximated to their book values

For short-term financial assets (maturing in less than three months), demand deposits and savings accounts without no specific maturity, the carrying amounts in books are approximated to their fair values. In the case of other equity instruments, adjustments are also made to reflect the change in the required credit spread, given the fact that these instruments are initially recognized.

The book values of short-term receivables, which are measured at their amortized cost, are approximated to their fair value.

Financial instruments at agreed rates

The fair value of fixed-income assets valued at amortized cost is calculated by comparing the market interest rates used for their initial recognition with current market rates for similar financial instruments. The estimated fair value of term deposits is based on discounted cash flows using current money market interest rates as well as those applicable to debt securities carrying similar risks and maturities.

The book values of financial assets at fair value through profit and loss for year-end 2019 and 2018 were adjusted to reflect their fair values.

Fair Value Hierarchy

Financial assets and liabilities carried at fair value by Sura Asset Management S.A. and Subsidiaries are classified based on a fair value hierarchy, as shown below:

Level 1 - Prices listed on active markets

Inputs for Level 1 consist of unadjusted prices listed on active markets for identical assets and liabilities. An active market is one in which transactions for the asset or liability in question occur frequently providing sufficient volume on which to provide pricing information.

Level 2 - Modeling with input data from observable markets

Level 2 inputs are those other than quoted prices belonging to Level 1 that are observable for the asset or liability in question, either directly or indirectly. Inputs for Level 2 include:

- Listed prices for similar assets or liabilities on active markets;
- Listed prices for identical or similar assets or liabilities on inactive markets; and
- Input data other than listed prices, i.e. interest or exchange rates.

Level 3 - Modeling with unobservable inputs

Inputs for Level 3 are unobservable for the asset and liability in question. These can be used to determine fair value when observable inputs are not available. These valuations reflect assumptions that the business unit makes based on other market players, i.e. yields for non-listed shares. Most financial assets and liabilities are measured using observable inputs (Level 1). Sura Asset Management S.A. and Subsidiaries have no financial assets or liabilities measured using unobservable input (Level 3).

The financial assets of Sura Asset Management S.A. and Subsidiaries, at year-end 2019 and 2018 are classified as follows on the fair value hierarchy

	Level 1	Level 2	Level 3	Subtotal	Amortized cost	Total
Investments	2,054,298	-	-	**2,054,298**	1,165,737	**3,220,035**
Accounts receivable (Note 20)	-	-	-	**-**	101,139	**101,139**
Reinsurance assets (Note 21)	-	-	-	**-**	6,437	**6,437**
Hedging assets (Note 23.1)	75,163	-	-	**75,163**	-	**75,163**
Total financial assets - 2019	**2,129,461**	**-**	**-**	**2,129,461**	**1,273,313**	**3,402,774**
Investments	1,931,967	-	-	**1,931,967**	1,149,289	**3,081,256**
Accounts receivable (Note 20)	-	-	-	**-**	141,520	**141,520**
Reinsurance assets (Note 21)	-	-	-	**-**	7,128	**7,128**
Hedging assets (Note 23.1)	52,224	-	-	**52,224**	-	**52,224**
Total financial assets - 2018	**1,984,191**	**-**	**-**	**1,984,191**	**1,297,937**	**3,282,128**

The following are the movements recorded in the financial asset account at year-end 2019 and 2018:

a) **Financial assets at amortized cost**

	Investments	Accounts Receivable (Note 20)	Reinsurance Assets (Note 21)	Total
At January 1, 2018	**2,639,211**	**142,514**	**6,292**	**2,788,017**
Change in accounting policies (IFRS 9)	(1,630)	-	-	(1,630)
Additions	90,617	16,277	1,791	108,685
Net returns on financial assets	103,233	-	-	103,233
Financial asset maturities	(3,583)	-	-	(3,583)
Write-offs	(51,357)	(694)	-	(52,051)
Reclassifications of discontinued operations (Note 41)	(1,482,271)	(865)	-	(1,483,136)
Impairment	(220)	(60)	-	(280)
Exchange difference	(144,711)	(15,652)	(955)	(161,318)
At December 31, 2018	**1,149,289**	**141,520**	**7,128**	**1,297,937**
Additions	129,627	359,978	15,552	505,157
Net returns on financial assets	71,700	-	-	71,700
Write-offs	(180,060)	(403,090)	(16,243)	(599,393)
Impairment	(132)	(196)	-	(328)
Exchange difference	(4,687)	2,927	-	(1,760)
At December 31, 2019	**1,165,737**	**101,139**	**6,437**	**1,273,313**

b) **Assets at fair value through profit or loss**

	Investments
At January 1, 2018	**2,265,182**
Additions	1,302,600
Net valuations of financial assets	1,214
Write-offs	(1,401,056)
Reclassifications of discontinued operations	(9,790)
Exchange difference	(230,634)
At December 31, 2018	**1,927,516**
Additions	1,920,834
Net valuations of financial assets	177,407
Write-offs	(1,883,580)
Exchange difference	(91,705)
At December 31, 2019	**2,050,472**

c) **Assets at fair value through Other Comprehensive Income**

	Investments
At January 1, 2018	**5,546**
Additions	-
Net valuations of financial assets	(410)
Exchange difference	(684)

At December 31, 2018	**4,452**
Additions	-
Net valuations of financial assets	(320)
Exchange difference	(306)
At December 31, 2019	**3,826**

d) **Financial instruments designated as hedging instruments**

	Cash Flow Hedging Assets (Note 23.1)	Foreign Investment Hedging Assets (Note 23.1)	Total Hedging Assets (Note 23.1)
At January 1, 2018	**21,261**	**-**	**21,261**
Additions	2,136	-	2,136
Net valuations of financial assets (Note 16)	83,966	-	83,966
Write-offs	-	-	-
Valuations on changes through Other Comprehensive Income	1,348	(29,546)	(28,198)
Reclassifications of discontinued operations (Note 40)	(21,261)	-	(21,261)
Exchange difference	(8,962)	3,282	(5,680)
At December 31, 2018	**78,488**	**(26,264)**	**52,224**
Additions	-	27,135	27,135
Net valuations of financial assets (Note 16)	6,595	-	6,595
Write-offs	(21,619)	-	(21,619)
Valuations on changes through Other Comprehensive Income	31,485	(20,249)	11,236
Reclassifications of discontinued operations (Note 40)	-	-	-
Exchange difference	(629)	221	(408)
At December 31, 2019	**94,320**	**(19,157)**	**75,163**

19.2 Financial liabilities

The financial liabilities held by Sura Asset Management S.A. and Subsidiaries, including accounts payable at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Financial liabilities at amortized cost		
Issued bonds (Note 38)	850,511	849,552
Financial obligations (Note 32)	184,968	196,503
Accounts payable (Note 31)	136,294	129,093
Total other financial liabilities at amortized cost	**1,171,773**	**1,175,148**
Financial liabilities at fair value through profit or loss		
Hedging and derivative liabilities (Nota 23.2) (3)	5,224	14,101
Total financial liabilities at fair value through profit or loss	**5,224**	**14,101**
Total financial liabilities	**1,176,997**	**1,189,249**

The following is a breakdown of financial liabilities on an individual country basis:

		Chile	Mexico	Peru	Colombia	Other Countries	Total
Issued bonds (Note 38)		-	-	-	850,511	-	850,511
Financial obligations (Note 32)		429	-	-	184,539	-	184,968
Accounts payable	(Note 31)	89,182	19,208	20,476	6,530	898	136,294
Hedging liabilities	(Note 23.2)	-	-	-	5,224	-	5,224
Total Financial Obligations - 2019		**89,611**	**19,208**	**20,476**	**1,046,804**	**898**	**1,176,997**

		Chile	Mexico	Peru	Colombia	Other Countries	Total
Issued bonds (Note 38)		-	-	-	849,552	-	849,552
Financial obligations (Note 32)		2,557	-	-	193,946	-	196,503
Accounts payable	(Note 31)	85,390	18,443	19,039	5,072	1,149	129,093
Hedging liabilities	(Note 23.2)	1	-	-	14,100	-	14,101
Total Financial Obligations - 2018		**87,948**	**18,443**	**19,039**	**1,062,670**	**1,149**	**1,189,249**

* "Other Countries" include Argentina and Uruguay.

Financial liabilities and accounts payable are classified based on their maturities, as shown below

	2019	2018
Issued bonds	850,511	849,552
Financial obligations	427	24,171
Hedging liabilities	5,224	14,101
Accounts payable	-	14
Total non-current financial liabilities	**856,162**	**887,838**
Accounts payable	136,294	129,079
Financial obligations	184,541	172,332
Total current financial liabilities	**320,835**	**301,411**
Total financial liabilities	**1,176,997**	**1,189,249**

The maturities and description of the financial obligations held by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are as follows:

	Interest rate	Maturity	2019	2018
Non-current financial liabilities				
Bank loan for COP 104,490,000,000	7.7%	2013 - 2020	-	21,435
Total bank loans			**-**	**21,435**
Lease obligation for COP 3,840,184,200	DTF + 2,9%	2014 - 2019	-	1,348
Lease obligation for CLP 2,184,430,135	1.80%	2014-2020	-	259
Lease obligation for CLP 313.526.413	2.81%	2014-2020	-	53
Lease obligation for CLP 278,171,383	2.91%	2014-2020	-	56
Lease obligation for CLP 2,033,918,223	2.93%	2014-2020	-	413
Lease obligation for CLP 596,471,411	2.93%	2014-2020	-	168
Total lease obligations			**-**	**2,297**
Security deposits	0.00%	2017-2027	427	439
Total security deposits			**427**	**439**
Total non-current financial liabilities			**427**	**24,171**

	Interest rate	Maturity	2019	2018
Current financial liabilities				
Bank loan for COP 160,000,000,000	DTF + 0,72%	2018-2019	-	49,235
Bank loan for COP 190,000,000,000	DTF + 1,08%	2018-2019	-	58,466
Bank loan for COP 35,500,000,000	5.70%	2018-2019	-	10,924
Bank loan for COP 165,000,000,000	5.55%	2018-2019	-	50,773
Bank loan for COP 32,677,880	30.91%	2018-2019	-	10
Bank loan for COP 104,490,000,000	7.7%	2013 - 2020	10,628	-
Bank loan for COP 250,000,000,000	4.87%	2019-2020	76,286	-
Bank loan for COP 35,500,000,000	4.99%	2019-2020	10,833	-
Bank loan for COP 115,000,000,000	5.27%	2019-2020	35,092	-
Bank loan for COP 20,000,000,000	5.35%	2019-2020	6,103	-
Bank loan for COP 30,000,000,000	5.00%	2019-2020	9,154	-
Bank loan for COP 115,000,000,000	5.27%	2019-2020	35,092	-
Bank loan current credit - AFP Capital		2019-2020	2	
Interest on financial obligations		2017-2020	1,351	1,754
Total bank loans			**184,541**	**171,162**
Lease obligation for CLP 2.184.430.135	2.81%	2014-2020	-	529
Lease obligation for CLP 313.526.413	2.91%	2014-2020	-	84
Lease obligation for CLP 278,171,383	2.93%	2014-2020	-	63
Lease obligation for CLP 2,033,918,223	2.93%	2014-2020	-	443
Lease obligation for CLP 518,595,507	2.93%	2014-2020	-	51
Total lease obligations			**-**	**1,170**
Security deposits - derivatives	0.00%			
Total security deposits			**-**	**-**
Total current financial liabilities			**184,541**	**172,332**

The maturities of the financial obligations held at year-end 2019 are shown as follows:

Obligation	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Long term security deposits	-	-	-	427	427
Short term bank loans	184,541	-	-	-	184,541
Total 2019	**184,541**	**-**	**-**	**427**	**184,968**

Obligation	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Long term bank loans	-	21,435	-	-	21,435
Long term lease obligations	-	2,297	-	-	2,297
Short term bank loans	171,162	-	-	-	171,162
Short-term lease obligations	1,170	-	-	-	1,170
Long term security deposits	-	-	-	439	439
Total 2018	**172,332**	**23,732**	**-**	**439**	**196,503**

Financial liabilities whose fair value is approximated to their book values

For short-term financial liabilities, their carrying amounts in books are approximated to their fair values.

All long-term financial liabilities, that are measured and amortized at cost, consist of loans bearing variable interest rates, except for two loans that were negotiated with a fixed interest rate in Colombia.

In the case of loans bearing variable interest rates, their book values are reasonable approximations to their fair values. As for loans bearing fixed interest rates, market interest rates for similar loans do not vary to any significant degree, and therefore their book values consist of reasonable approximations to their fair values.

Changes to liabilities arising from financing activities (amendment to IAS 7)

	Financial Obligations	Issued Bonds	Obligations - Derivatives	Lease Liabilities	Total Debt
Opening balance at January 1st, 2019	196,503	849,552	14,101	-	1,060,156
New loans	213,807	-			213,807
Cancelations and write-offs	(222,278)	-	(16,225)	(16,390)	(254,893)
Accrued interest	8,549	40,906		3,636	53,091
Interest paid	(9,042)	(39,532)			(48,574)
Additions	-	-		62,649	62,649
Fair value through profit and loss	-	-	7,348		7,348
Unrealized exchange differences		155			155
Currency translation effect	(2,571)	(570)		(317)	(3,458)
Closing balance - December 31, 2019	**184,968**	**850,511**	**5,224**	**49,578**	**1,090,281**

Right-of-Use liabilities arising from the application of IFRS 16 - Leases are broken down in in Note 25.

<u>NOTA 20</u> - Accounts receivable

Accounts payable at year-end 2019 and 2018 for Sura Asset Management S.A. and Subsidiaries are broken down as follows:

	2019	2018
Accounts receivable due on mandatory pension business	3,002	3,406
Accounts receivable due on contracts with clients (See Note 5)	36,096	38,810
Accounts receivable due on insurance business	11,888	14,503
Accounts receivable due on fund management business	978	1,255
Accounts receivable from personnel	4,089	4,118
Commissions, leases and related parties	419	539
Other accounts receivable	46,278	80,813
Subtotal - accounts receivable	**102,750**	**143,444**
Impairment	(1,611)	(1,924)
Total accounts receivable, net	**101,139**	**141,520**

Accounts receivable for each individual country at year-end 2019 and 2018 are broken down as follows

	Chile	Mexico	Peru	Uruguay	Others*	Total
Total accounts receivable, net - 2019	70,130	13,090	12,768	4,509	642	101,139
Total accounts receivable, net - 2018	93,982	26,843	14,263	6,249	183	141,520

* Colombia, El Salvador and Argentina

The aging of accounts receivable for 2019, is as follows:

Country	Less than 1 year	Between 1 and 3 years	More than 5 years	Total
Chile	70,130	-	-	70,130
Mexico	13,090	-	-	13,090
Peru	12,768	-	-	12,768
Uruguay	3,980	-	529	4,509
*Others	641	1	-	642
Total accounts receivable - 2019	**100,609**	**1**	**529**	**101,139**

* El Salvador and Argentina.

The aging of accounts receivable at year-end 2018, is shown as follows:

Country	Less than 1 year	Between 1 and 3 years	More than 5 years	Total
Chile	93,982	-	-	93,982
Mexico	26,843	-	-	26,843
Peru	14,263	-	-	14,263
Uruguay	6,249	-	-	6,249
*Others	183	-	-	183
Total accounts receivable -2018	**141,520**	**-**	**-**	**141,520**

* Colombia, El Salvador and Argentina.

Changes to the provision for accounts receivable for the years 2019 and 2018 are shown as follows:

	2019	2018
Balance at January 1	**(1,924)**	**(1,284)**
Write-offs	492	26
Increased impairment	(196)	(720)
Amounts provisioned on uncollectible debt for the year	-	(60)
Translation differences	17	114
Balance at December 31	**(1,611)**	**(1,924)**

NOTE 21 - Reinsurance assets

Reinsurance assets for 2019 and 2018 are broken down as follows:

	2019	2018
Reinsured insurance contracts	6,437	7,128
Total reinsurance assets	**6,437**	**7,128**

Reinsurance assets for each individual country at year-end 2019 and 2018 are shown as follows:

	Chile	Total
Total reinsurance assets - 2019	6,437	6,437
Total reinsurance assets - 2018	7,128	7,128

The insurance companies belonging to Sura Asset Management S.A. have transferred part of the risk of their insurance contracts to reinsurance companies so as to be able to share possible future claims.

Sura Asset Management S.A. and Subsidiaries classify their reinsurance contracts, based on their individual features, given the extent of the major risk covered Sura Asset Management S.A. and Subsidiaries consider all claims arising from ceded reinsurance contracts as net contractual rights on the part of the cedent as stipulated in the corresponding reinsurance contracts.

Impairment to reinsurance assets

When recognizing transferred reinsurance assets as part of an insurance contract, the insurance companies belonging to Sura Asset Management S.A. reduce their book values and recognize any impairment loss, if applicable, in the income accounts.

Reinsurance assets are assessed for impairment on a regular basis so as to be able to detect any circumstance that could cause an impairment to such. Impairment triggers may include legal disputes with third parties, changes to the Company's capital and capital surplus levels, changes to counterparty credit ratings as well as historical experience based on collection statistics with specific reinsurers. In the case of the insurance companies belonging to Sura Asset Management S.A. no impairment was recorded to their reinsurance assets.

NOTE 22 - Taxes

Sura Asset Management S.A. and Subsidiaries offset tax assets and liabilities only if it has a legally enforceable right to do so with current and deferred income tax assets and liabilities as provided by each of the respective tax authorities.

Current tax assets and liabilities, as shown below, correspond to the income tax required by the tax authorities in each country where Sura Asset Management S.A.'s Subsidiaries operate.

Deferred tax assets correspond mainly to tax losses in the countries of the acquired entities, which can be offset against future taxable income and temporary differences between tax and book income.

Deferred tax liabilities correspond mainly to taxable temporary differences arising between the tax base and the book value for each of the subsidiaries.

Deferred tax liabilities also include the intangibles identified with the purchase of the ING companies during the period and the temporary differences in measuring and recognizing DAC and DIL, which are not recognized locally in the countries where the acquired companies operate.

Deferred income tax.

Deferred income tax is recognized using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their respective book values at the end of the reporting period in question.

Deferred tax assets are recognized for all deductible temporary differences and for the future offsetting of unused tax credits and tax losses to the extent that it is probable that future taxable income shall be available against which the unused tax credits or losses can be utilized, except where the deferred tax asset relating to the temporary difference arises from the initial recognition of an asset or liability in a transaction that does not constitute a business combination and that, at the time of the transaction, affected neither book profit nor taxable profit or loss.

With respect to deductible temporary differences relating to investments in subsidiaries, related parties and interests in joint ventures, the deferred tax assets are recognized only to the extent that it is probable that the temporary differences shall be reversed in the near future and it is probable that there shall be future taxable income available against which these deductible temporary differences can be offset.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period, reducing these to the extent that it is no longer probable that there is sufficient taxable income to allow for all or a portion of those assets to be used. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it becomes probable that future taxable income shall allow for those assets to be recovered.

Chile

On September 29, 2014 Law 20,780 was published in the Chilean Official Gazette which amended various aspects of Chile´s tax legislation. Then, on February 8, 2017, Law No. 20,899 was published in the Chilean Official Gazette which simplified the taxation system and perfects other legal and tax provisions.

The following are the main aspects of this tax reform:

Increase in the First Category Tax (Corporate Tax] The First Category tax increases progressively from 20% to 27% depending on the type of tax regime chosen by the taxpayer, as shown below:

Tax Year 2015: 22.5%
Tax Year 2016: 24%
Tax Year 2017: The new tax regimes shall become effective as shown below:
Attributed Income Regime: 25% onwards
Distributed Income Regime: 25.5%
Tax Year 2018: 27% onwards (only in the case of the Distributed Income Regime)

New Tax Regimes:

As of January 1, 2017, this new tax reform shall introduce two tax regimes for First Category Taxpayers: The Attributed Income Regime governs additional income tax paid on the income generated by subsidiaries for the year and Distributed Income Regime governs additional income tax paid on the income effectively distributed.

The application of any one of these regimes shall depend on the legal quality of its shareholders and the corporate quality of the company itself. In the event that the taxpayer is entitled to choose which regime is to be applied, the entity shall have until December 31, 2016 to decide on this option Once a tax regime has been selected, the taxpayer must remain in this category for a minimum period of five years.
In the case of the Chilean companies that form part of Sura Asset Management, due to their legal standing of being public limited companies with its shareholders being corporate persons, they can only opt for the Distributed Income Regime, this being applicable to them by default.

Rejected expenses
The Rejected Expense Regime continues in full force and effect but the penalty tax rate is increased from 35% to 40% Should these expenses be attributable to a shareholder, a surtax of 10% is applied.

Mexico

SUAM Mexico recognizes a deferred tax asset only for those items that it considers to be highly recoverable. Deferred tax assets originate from fiscal losses pending amortization, since the Company considers that there is a high certainty of sufficient future taxable income to offset the effect of reversing temporary deductible differences or against which tax losses may be amortized.

The fact that the Company is able to provide sufficient future taxable income for amortizing tax losses, is based on financial and fiscal projections that include assumptions such as: assets under management and revenues, as well as future expense.

The realization of the deferred tax asset depends on the assumptions used to determine future taxable income, consequently this estimation on the part of Senior Management is highly sensitive to any change in the assumptions used.

Income tax

When posting income tax, SUAM Mexico determines the amount of tax accruing and deferred for the reporting period in question. The amount of tax accruing is that which is attributed to the tax effects of certain operations carried out by the subsidiaries of SUAM Mexico, while the amount of deferred tax corresponds to the effect of temporary differences on assets and liabilities as well as tax credits and losses that occurred during the reporting period and are recognized for tax purposes at different times.

The amount of tax accruing is determined based on the tax regulations currently in force. This tax represents a liability for a term less than one year net of any advance payments made during the year. Should the advance payments made exceed the amount of tax due for the year, this surplus constitutes an account receivable.

Deferred tax is determined based on the asset and liability method, applying the income tax rate on the differences resulting from comparing their book and tax values, as well as tax losses and credits. The deferred tax rate used is that set out in the tax regulations as applicable to the reporting date of the financial statements or that which is in full force and effect when temporary differences are estimated to be recovered or settled against the amount of tax accruing for the period, that is to say the same temporary differences on which the deferred tax was based or the tax losses amortized or the tax credits applied.

Current Income Tax

The amount of tax due as determined by the subsidiaries of SUAM Mexico at year-end 2019 and 2018, differs from that recorded in books for said years, given permanent differences such as the percentage of revenues due from subsidiaries and associates, annual adjustments for inflation, non-deductible expense, as well as temporary differences from provisioned expense that are gradually reduced until they are entirely paid off. At year-end 2019 and 2018, tax profits or losses were determined by the different subsidiaries. The income tax rate for the years 2019 and 2018 is set at 30%.

Peru

The income tax rate at year-end 2019 and 2018 came to 29.5% which is levied on taxable income after deducting employee profit sharing interests, which, in accordance with current regulations, are calculated, in the Company's specific case, by applying a rate of 5% on net taxable income.

Legal entities as well as private individuals that are not domiciled in Peru are subject to the withholding of an additional tax on the dividends received. The current dividend tax rate is 5%, for all earnings accruing from 2017 onwards. In the case of earnings obtained from 2015 to 2016, the dividend tax rate is set at 6.8%, while for years preceding 2015 the corresponding tax rate is 4.1%.

In 2018, powers were to granted to the Peruvian Executive branch to legislate in the country´s tax matters. This gave rise to several amendments that were made to tax legislation. The most relevant changes made are described as follows:

- The treatment applicable to royalties and remuneration for services rendered on the part of non-domiciled legal entities and private individuals was amended as of January 1, 2019, thereby eliminating the obligation to pay the amount corresponding to withholding tax with regard to recording the cost or expense of such in books, and consequently the amount of income tax due on the accredited payment or remuneration of the aforementioned services rendered must now be withheld (Legislative Decree No. 1369).

- Rules and regulations were introduced regulating the obligation on the part of legal persons and / or legal entities to provide the ID information of their final beneficiaries (Legislative Decree No. 1372). These rules and regulations are applicable to legal entities domiciled in Peru, in accordance with the provisions of Article 7 of the Income Tax Code, as well as legal entities incorporated in this part of the world. This obligation also includes non-domiciled legal persons as well as legal entities incorporated abroad, providing these: a) possesses a branch, agency or other permanent establishment in Peru; b) the private individual or legal person who manages the stand-alone trust or the foreign investment funds or the private individual or legal person who acts as custodian or administrator of such, is domiciled in Peru; c) any party to a consortium which is domiciled in Peru. This obligation shall be satisfied by providing the Peruvian Tax Authorities a sworn affidavit, which shall contain the information corresponding to the final beneficiary and be submitted, in accordance with the corresponding rules and regulations and within the time frame stipulated in the respective resolution as issued by the Peruvian tax authorities (SUNAT).

- The Peruvian Tax Code was also amended in order to provide more guarantees to taxpayers when applying the application of the Anti-Tax-Evasion provision (Rule XVI of the Introductory Title to the

Peruvian Tax Code); as well as to equip the tax authorities with tools for its effective implementation (Legislative Decree No. 1422).

As part of this amendment, a new assumption of joint and several liability is introduced, whereby the persons liable for tax are subject to measures being imposed upon them in the event of these engaging in tax evasion, as stipulated in Regulation XVI. In this case, their legal representatives shall be considered as having joint and several liability for such tax evasion, providing these have collaborated with designing, approving or carrying out any act or situation or economic relationship whose purpose is to evade paying taxes, as stipulated in the aforementioned Regulation XVI. In the case of all those companies that have a Board of Directors, it is up to this corporate body to define the Company’s tax strategy, and these shall be responsible for the decisions made when approving or rejecting, as the case may be, of any act or situation or economic relationship that falls under the scope of the Company’s tax planning framework, this being a non-delegable power. Any act or situation or economic relationship that falls under the scope of the Company’s tax planning framework, and which takes place on the date when Legislative Decree No. 1422 enters into full force and effect (September 14, 2018) and which is not remedied and continues in effect, must be evaluated by the legal entity´s Board of Directors for the purpose of ratifying or amending such before the deadline of March 29, 2019, regardless of whether the entity´s management or senior management had given their prior authorization to the aforementioned act, situation or economic relationship.
Another regulation was introduced, namely Regulation XVI, which governs the recharacterization of cases of alleged tax evasion, which shall apply to all official tax audits detecting any of the aforementioned acts or situations produced since July 19, 2012. Notes to the Consolidated Financial Statements (continued)

- Amendments to the Income Tax law, which entered into full force and effect as of January 1, 2019, were included in Legislative Decree No. 1424 for the purpose of improving the tax treatment to be applied to the following items:

    - Income obtained from the indirect transfer of shares or ownership interests that represent the capital held by legal persons domiciled in Peru. The most representative changes include a new assumption of indirect sales of shares or ownership interests, which applies whenever the total amount of the shares held by the domiciled legal person subject to indirect disposal is equal or greater than 40.000 ITUs (Peruvian tax units).

    - Permanent establishments in Peru of any type of single owner businesses, companies and entities that have been incorporated abroad. Here, new permanent establishment assumptions have been introduced, including whenever services are provided by the aforementioned entities, with respect to the same or related project or service, for a period exceeding 183 calendar days within any twelve-month period.

    - The income tax credit system on taxes paid abroad has been extended to include indirect tax credits (corporate tax paid by foreign-based subsidiaries) to be offset against the income tax due from domiciled legal persons this in order to avoid double taxation.

    - Interest expense can be deducted when determining the amount of corporate income tax due. Here, limits were set for both loans with related parties, as well as for loans with third parties taken out as of September 14, 2018 this based on the Company’s equity and EBITDA.

- Rules and regulations were also introduced for accruing income and expense for tax purposes as of January 1, 2019 (Legislative Decree No. 1425). There was no regulatory definition of this concept until 2018, so in many cases accounting rules and regulations were relied on for its interpretation. Generally speaking, given the new criteria that has been introduced for the purpose of determining income tax, it is now important to establish whether or not there have been any material facts affecting the amount of income or expenditure agreed upon by the parties, and which are not subject to a condition precedent, in which case said income and expense shall be recorded upon accrual and the dates on which these are paid or charged shall not be taken into account.

- The Peruvian Tax Authorities are empowered to revise and, if applicable, correct the Company's income and sales tax returns corresponding to the four years preceding the date on which said tax returns are filed. The Company's sworn income and sales tax returns for the years 2015 through to 2019 remain subject to the corresponding audits on the part of the Peruvian Tax Authorities.

Colombia

Tax Reforms

a) Economic Growth Law

On December 27, 2019, Law 2010, known as the "Economic Growth Law" was enacted. This effectively replaced the previous tax reform law 1943 enacted in 2018 which was declared unconstitutional. It was proposed that this law was to become unconstitutional as of January 1, 2020, based on the understanding that the effects of this ruling would only produce effects in the future and would not affect consolidated legal situations; for this reason, the Economic Growth Law was passed.

The following is a summary of the most important changes introduced by this latest law to the Colombian tax regime governing legal entities for the years 2020 onwards:

Income tax A gradual reduction in the general income tax rate for legal entities was introduced, as shown in the following table:

Year	General Tax Rate
2020	32%
2021	31%
2022 onwards	30%

Including additional points for financial institutions.

Year	Surcharge
2020	4%
2021 - 2022	3%

Presumptive income: The general presumptive income tax is reduced as follows:

Year	General Presumptive Income Tax rate
2020	0.5%
2021 onwards	0%

Corporate dividend tax

- The income tax rate for dividends received by foreign companies, non-resident individuals and permanent establishments was increased from 7.5% to 10%.

- As of 2019, dividends received by Colombian companies are subject to a withholding tax rate of 7.5%, and shall only apply to companies receiving dividends for the first time. This tax may be deducted in the case of all those final beneficiaries who are private individuals.

- Dividends which are distributed between entities belonging to the same business group as registered before the Chamber of Commerce shall not be subject to this tax provided that they are not willing entities for the purpose of deferring tax.

Colombian Holding Companies Regime

The Holding Company Regime (CHC) is maintained for companies whose main purpose holding securities, investments, shares or interests in domestic and/or foreign companies, providing that the direct or indirect share or interest exceeds 10% of the capital corresponding to 2 or more companies for a minimum period of 12 months, and that said companies have sufficient human and material resources to carry out their business activities (3 employees and its own management). Dividends received by Colombian Holding Companies from foreign entities shall be exempt from income tax

The purpose of this regime is to create incentives for multinational groups to establish their international investment headquarters in Colombia.

Value Added Sales Tax (VAT):

- The VAT tax due on electronic or digital services obtained from abroad must be withheld by issuers of credit and debit cards, prepaid card sellers and cash collection services on the part of third parties, providing that the service provider voluntarily accepts the alternative tax payment system.

- The VAT withholding tax rate currently stands at 15% and may go up to as much as 50% based on what the Colombian Government should decide. If no other special rate is introduced by means of a decree, the applicable withholding rate shall stand at 15%.

Deductions

- A first job deduction is created, that is to say, a deductible of 120% of salary payments to employees under 28 years of age, who are in new jobs and where the Colombian Ministry of Labor provides due certification that this is their new job.

- A 100% tax deduction is maintained for the tax which was actually paid during the tax period by any taxpayer that may have a causal relationship with their economic activity, with the exception of any supplementary income tax that the taxpayer may have paid.

- The taxpayer may take advantage of a 50% income tax deduction corresponding to 50% of the Industry and Commerce as well as signage and bill board which shall increase to a 100% tax rate as of the year 2022.

- In the case of financial transaction tax, 50% of said tax that was actually paid by the taxpayer during the respective tax year shall be deductible.

Undercapitalization rules and regulations:

Undercapitalization rules and regulations specify a limit for the deducting debt liabilities from income tax during the respective tax year.

- These undercapitalization limits shall only apply to the amount of indebtedness providing interest obtained between related parties, which exceeds twice the amount of equity that the taxpayer records for the previous year.

Discounts for taxes paid abroad:

- Private individuals resident in Colombia as well as Colombian based companies and entities, who pay income and complementary taxes and who receive income sourced abroad that is subject to income tax in the country of origin, are entitled to deduct the amount of tax paid abroad from the amount of Colombian income and complementary tax due, whatever the type of tax levied on such income, providing that the aforementioned deduction does not exceed the amount of the tax payable by the taxpayer in Colombia on said income. For purposes of this general limitation, income from abroad must specify the corresponding income, costs and expense components.

Tax Audit Benefit:

- A tax audit benefit is again maintained for the tax years of 2020 and 2021, upholding the tax return for 6 months providing that net income tax increases by at least 30% compared to the previous year. In the event that such increase comes to at least 20%, tax returns are upheld for 12 months.

  This benefit shall not apply for the purposes of VAT and withholding tax returns.

b) Financing Law

Law 1943 commonly known as the "Financing Law" was enacted on December 28, 2018, which introduced important amendments to the Colombian tax system mainly with regard to VAT sales tax, income tax for legal persons and private individuals plus a new wealth tax was created affecting private individuals. Also, a special “Mega-investment” regime was also introduced along with another special regime for Colombian Holding Companies (CHC).

The following are some of the more significant amendments affecting legal entities:

- General tax rate of 33%.

- Basis for calculating presumptive income corresponding to 1.5% of the net assets for the previous year.

- Deductions are permitted for all taxes, fees and contributions, as effectively paid during the taxable year or period and that causally relate to economic activity. Also, 50% of the ICA and Notice and Boards tax paid can be taken deducted by the amount of income tax owing from 2019 to 2021, whereupon this rises to 100% as of 2022.

- The 4-year time limit for using tax credits for taxes paid abroad is now eliminated.

- A dividend tax is created for legal entities applicable on profits obtained as of 2019, in the form of a withholding tax at source and is transferable to the final beneficiary, that is to say a natural person who is a resident in Colombia or an investor residing abroad.

- The sales tax paid on the purchasing, building, forming and importing real productive fixed assets, as well as the services required to put such assets to use, can be deducted from income tax during the year in which such tax is paid, or in any subsequent taxable period, even if said assets are acquired through a lease agreement.

Uruguay

Corporate Income Tax (IRAE in Spanish)

IRAE tax is levied on Uruguayan-sourced business income obtained from any type of economic activity at a rate of 25%.

Corporate income in Uruguay is considered to be income sourced from business activities conducted, or goods or rights used for economic purposes in Uruguay, regardless of the nationality, domicile or residence of the parties involved in the aforementioned transactions or the place in which these are carried out. Income earned or received from abroad by a local taxpayer are not subject to this tax.

Fixed tax on dividends and undistributed earnings

Effective as of March 1, 2017 (according to Accounting Law 19,438 on Accountability), dividends and undistributed earnings that have remained outstanding for more than 3 tax years, and which have not been reinvested in fixed assets, intangibles, shares in local companies or in increases or real increases of working capital (the latter, for a maximum limit of 80% of the value of the other aforementioned investments).

At the end of the fiscal year 2017, none of the companies belonging to Sura Uruguay held retained earnings that had remained outstanding for said period, and therefore are unaffected by this new law.

Admitted expenditure

As a general principle, the amount of net income subject to corporate income tax is determined by deducting the expense incurred in obtaining and maintaining such income from gross taxable income.

The only expense that may be deducted is that allocated to the counterparty (resident or non-resident) income subject to income taxes, either on a corporate or private individual basis, or in the proportion arising from applying the coefficient produced between the maximum counterparty income tax rate and the 25% corporate income tax rate.

Both of our Uruguayan Subsidiaries record expenses that are partially deductible including lease agreements with resident private individuals and services hired from non-resident entities, including related companies.

Tax losses

Based on Accounting Law 19.438 of 2017, a restriction was imposed on the recovery of tax losses from previous years, which, as of the close of books in January 2017, shall be deductible for corporate tax purposes with a limit of 50% of the taxable income obtained, so that even if there are tax losses to be deducted, corporate tax must be paid on at least 50% of the taxable income accruing for the year during a period of up to five years from the date of the end of the fiscal year in which these were produced("carry forward").

Spain

With the enactment of Law 27/2014, on 27 November, new changes were introduced to Spain´s corporate tax regime, the more relevant being the following:

Tax Regime Applicable to Entities Holding Foreign Securities.
This regime allows for Foreign Securities Holding Companies ("FSHC") to apply the exemption method on income obtained from stakes held in non-resident entities that meet certain requirements.

One of the main changes introduced by this new tax reform was to increase the minimum investment held to 20 million euros (from the previous 6 million euros) in order to qualify for said tax regime in the case when said entities do no hold a minimum stake of 5%. However, this new reform does not apply to those entities that were already applying the regime accorded to Foreign Securities Holding Companies ("FSHC") for the tax years prior to January 1, 2016 and had been complying with the previous limit of 6 million euros in the stake held in its investee companies.

Tax Rate

In 2019: 25%
In 2018: 25%

Restrictions on Deducting Financial Expense

These continue to be similar to those currently contained in the Consolidated Text “30% limit on operating earnings” regarding the deducting of financial expense (with the Spanish Law on Corporation Tax requiring, in the case of the taxpayers holding less than a 5% stake, a minimum investment for calculating dividends received in the form of “operating earnings” corresponding to 20 million euros, instead of the currently applicable 6 million).

On the other hand, this new law abolished the previous 18-year term for applying non-deducted surpluses, which has now been made indefinite.

Information on an individual country basis

Pursuant to Action 13 of the final report of the BEP Action Plan and the Tax Benefit Treaty (Base Erosion and Profit Shifting BEPS) as drawn up by the OECD, a new requirement was introduced as part of the RIS (Regional

Innovation Strategies) for presenting information on an individual country basis (the so-called "country-by-country report").

Income tax due at year-end 2019 and 2018 on the part of Sura Asset Management S.A. and Subsidiaries is broken down as follows:

2019 Consolidated Income Statement	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total 2019
Current income tax								
Current income tax expense	(40,627)	(50,851)	(22,225)	(3,674)	(2)	(35,841)	-	(153,220)
Deferred income tax								
Corresponding to the sources and reversals of temporary differences	(25,831)	(6,513)	(1,107)	711	-	(9,817)	-	(42,557)
Income tax expense attributable to continued operations - 2019	**(66,458)**	**(57,364)**	**(23,332)**	**(2,963)**	**(2)**	**(45,658)**	**-**	**(195,777)**

2018 Consolidated Income Statement	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total 2018
Current income tax								
Current income tax expense	(25,147)	(39,373)	(26,911)	(4,787)	(7)	342	-	(95,883)
Deferred income tax								
Corresponding to the sources and reversals of temporary differences	(2,756)	4,895	5,781	569	1	3,872	17	12,379
Income tax expense attributable to continued operations - 2018	**(27,903)**	**(34,478)**	**(21,130)**	**(4,218)**	**(6)**	**4,214**	**17**	**(83,504)**

The following is a reconciliation between tax expense and book income multiplied by the tax rates prevailing in the different countries at year-end 2019 and 2018:

The tax rates used in these calculations were as follows:

	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Spain	Argentina
Tax Rate - 2019	27.00%	30.00%	29.50%	25.00%	30.00%	33.00%	28.00%	35.00%
Tax Rate - 2018	27.00%	30.00%	29.50%	25.00%	30.00%	37.00%	28.00%	35.00%

2019	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total 2019
Earnings (losses) before income tax from continuing operations	203,458	180,476	71,921	8,272	6	(49,570)	(318)	414,245
Book income before income tax	**203,458**	**180,476**	**71,921**	**8,272**	**6**	**(49,570)**	**(318)**	**414,245**
At the corresponding tax rate	**(54,935)**	**(54,143)**	**(21,217)**	**(2,068)**	**(2)**	**16,358**	**111**	**(115,896)**
Adjustments relating to current income tax for the previous tax year	(15,308)	(303)	-	-	-	1,996		(13,615)
Adjustments to tax losses	(2,370)	(4,112)	(478)	(340)	-	(8)	(111)	(7,419)
Non-deductible expense	(317)	(684)	(4,243)	(1,057)	-	(3,689)		(9,990)
Dividend tax	-	-	-	-	-	(2,324)		(2,324)
Elimination effects on the consolidated accounts	(17,662)	(28,869)	(9,096)	(2,591)	-	(107,681)		(165,899)
Tax-exempt dividends received	8	-	-	-	-	5,578		5,586
Other non-cumulative income	-	-	2,091	120	-	-		2,211
Inflation effects	(32)	332	-	-	-	-		300
Tax exempt income/earnings	-	-	-	-	-	10,167		10,167
Other non-deductible expense	12,262	1,117	-	-	-	1,693		15,072
Provisions and contingencies	554	(517)	414	14	-	362		827
Property, plant and equipment	(209)	(130)	(64)	99	-	-		(304)
Investments	11,551	29,945	9,261	2,860	-	31,890		85,507
At the tax rate for 2019	**(66,458)**	**(57,364)**	**(23,332)**	**(2,963)**	**(2)**	**(45,658)**	**-**	**(195,777)**

2018	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Others*	Argentina	Total 2018
Earnings (losses) before income tax from continuing operations	113,526	116,939	64,336	14,152	23	(78,634)	(536)	(72)	229,734
Book income before income tax	**113,526**	**116,939**	**64,336**	**14,152**	**23**	**(78,634)**	**(536)**	**(72)**	**229,734**
At the corresponding tax rate	**(30,652)**	**(35,082)**	**(18,979)**	**(3,538)**	**(7)**	**29,095**	**-**	**25**	**(59,138)**
Adjustments to tax losses	(1,867)	-	(417)	29	-	(89)	-	-	(2,344)
Rate change adjustments	(274)	-	-	-	-	-	-	-	(274)
Non-deductible expense	(503)	(897)	(2,342)	(383)	-	(15,474)	-	-	(19,599)
Dividend tax	-	-	-	-	-	(14,206)	-	-	(14,206)
Tax revenues	-	(23,212)	-	-	-	(71,279)	-	-	(94,491)
Elimination effects on the consolidated accounts	(40,555)	-	(9,286)	(2,061)	-	(59,443)	-	-	(111,345)
Tax-exempt dividends received	37,450	23,108	9,520	-	-	11,444	-	-	81,522
Other non-cumulative income	-	90	36	1,522	-	88,761	-	-	90,409
Inflation effects	4,787	2,625	-	-	-	(974)	-	-	6,438
Tax exempt income/earnings	-	-	-	-	-	35,824	-	-	35,824
Other non-deductible expense	3,711	(1,110)	338	213	1	555	-	(8)	3,700
At the tax rate for 2018	**(27,903)**	**(34,478)**	**(21,130)**	**(4,218)**	**(6)**	**4,214**	**-**	**17**	**(83,504)**

* “Others” includes Spain and Holland.

There is a change amounting to USD $111.2 million for 2019, this mainly incurred in Colombia with USD 49.8 million, given the current tax due on dividends received from Chile and having set up a deferred tax liability for the dividends projected from Chile for 2020.

Another country showing an important tax increase for 2019 is Chile, this amounting to USD 38.5 which is due to the amount of current tax due on returns on investments corresponding to mutual funds and as for deferred tax, having written of the tax losses incurred by the company Seguros de Vida

Current tax assets and liabilities as posted by Sura Asset Management S.A. and Subsidiaries are broken down as follows:

	2019	2018
Current income tax		
Current tax assets	14,537	34,751
Current tax liabilities	(36,923)	(48,918)
Total current income tax	**(22,386)**	**(14,167)**

Current tax assets and liabilities for each individual country are broken down as follows:

2019	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total
Current income tax								
Current tax assets	1,788	2,609	2,229	270	0	7,615	26	14,537
Current tax liabilities	(14,328)	(17,226)	(1,044)	(462)	(1)	(3,860)	(2)	(36,923)
Current tax, net	**(12,540)**	**(14,617)**	**1,185**	**(192)**	**(1)**	**3,755**	**24**	**(22,386)**

2018	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total
Current income tax								
Current tax assets	24,086	3,474	1,646	324	-	5,204	17	34,751
Current tax liabilities	(38,172)	(4,713)	(4,085)	(766)	(5)	(1,170)	(7)	(48,918)
Current tax, net	**(14,086)**	**(1,239)**	**(2,439)**	**(442)**	**(5)**	**4,034**	**10**	**(14,167)**

Deferred tax for Sura Asset Management S.A. and Subsidiaries is broken down as follows:

	2019	2018
Deferred income tax		
Deferred tax assets	1,860	17,445
Deferred tax liability	(360,334)	(337,577)
Deferred tax, net	**(358,474)**	**(320,132)**

Deferred tax for each individual country is broken down as follows:

Total - 2019	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total 2019
Deferred income tax								
Deferred tax assets	-	-	-	-	-	1,850	10	1,860
Deferred tax liability	(174,374)	(98,190)	(79,632)	(8,138)	-	-	-	(360,334)
Deferred tax, net	**(174,374)**	**(98,190)**	**(79,632)**	**(8,138)**	**-**	**1,850**	**10**	**(358,474)**

Total 2018	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total 2018
Deferred income tax								
Deferred tax assets	-	-	-	-	1	17,431	13	17,445
Deferred tax liability	(160,627)	(88,364)	(78,527)	(10,059)	-	-	-	(337,577)
Deferred tax, net	**(160,627)**	**(88,364)**	**(78,527)**	**(10,059)**	**1**	**17,431**	**13**	**(320,132)**

Deferred tax was produced by the following items:

Total 2019	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total 2019
On changes in measuring financial assets	(62,358)	6,757	157	364	-	-	-	(55,080)
On changes in measuring investments	(80,706)	(12,983)	(466)	-	-	-	-	(94,155)
On valuations of derivatives	-	-	-	-	-	1,850	-	1,850
On changes in measuring employee benefits	-	62	538	1	-	-	-	601
On recognizing Deferred Acquisition Costs (DAC)	(17,679)	(27,757)	(3,125)	(800)	-	-	-	(20,804)
On financial obligations	-	-	(10,564)	271	-	-	-	(10,293)
On recognizing identified intangibles relating to the acquisition	-	(63,937)	(65,938)	(6,661)	-	-	-	(165,093)
On recognizing tax losses	1,643	-	-	-	-	-	8	1,651
Other items	(15,274)	(332)	(234)	(1,313)	-	-	2	(17,151)
Total Deferred Tax Assets	**-**	**-**	**-**	**-**	**-**	**1,850**	**10**	**1,860**
Total Deferred Tax Liabilities	**(174,374)**	**(98,190)**	**(79,632)**	**(8,138)**	**-**	**-**	**-**	**(360,334)**
Deferred tax, net	**(174,374)**	**(98,190)**	**(79,632)**	**(8,138)**	**-**	**1,850**	**10**	**(358,474)**

Total 2018	Chile	Mexico	Peru	Uruguay	El Salvador	Colombia	Argentina	Total 2018
On changes in measuring financial assets	(71,169)	(4,973)	-	-	-	-	-	(76,142)
On changes in measuring investments	(70,444)	(65,915)	197	-	-	-	-	(91,525)
On changes in measuring fixed assets	-	(4,448)	(457)	-	-	-	-	(98,432)
On valuations of derivatives	-	-	-	-	-	17,431	-	17,431
On changes in measuring employee benefits	-	8,618	-	-	-	-	-	8,618
On differences with the tax base for liabilities	-	4,154	-	-	-	-	-	4,154
On recognizing Deferred Acquisition Costs (DAC)	(18,425)	(25,808)	(9,595)	(839)	-	-	-	(9,595)
On provisions for estimated expense	-	-	-	-	1	-	-	1
On financial obligations	-	-	(2,847)	-	-	-	-	(2,847)
On recognizing identified intangibles relating to the acquisition	-	-	(68,336)	(8,346)	-	-	-	(77,521)
On recognizing tax losses	15,410	-	-	-	-	-	13	13
Other items	(15,999)	7	2,511	(874)	-	-	-	5,713
Total deferred tax assets	**-**	**-**	**-**	**-**	**1**	**17,431**	**13**	**17,445**
Total deferred tax liabilities	**160,627**	**88,364**	**78,527**	**10,059**	**-**	**-**	**-**	**337,577**
Deferred tax, net	**(160,627)**	**(88,364)**	**(78,527)**	**(10,059)**	**1**	**17,431**	**13**	**(320,132)**

NOTE 23 - Derivative and Hedging Financial Instruments

Sura Asset Management S.A., uses derivatives such as forwards and swaps, in order to cover risks relating to exchange and interest rates. These derivatives are initially recognized (on the date the corresponding contract is entered into) and later (when their value is updated) at their fair values. Any gain or loss arising from changes to the fair value of derivatives are directly charged to the income accounts, except for the effective portion that may be generated from hedges of cash flows and net investments abroad, which are posted in the other comprehensive income accounts and subsequently reclassified to the Statement of Income when the hedged item affects other comprehensive income.

The Group´s risk management strategy and its application are explained in greater detail in Note 2.3 Section V.

At year-end 2019 and 2018, Sura Asset Management S.A. held derivatives that were recorded in books either as financial assets or as financial liabilities, based on their respective positive or negative fair values

Sura Asset Management S.A. (a Colombia Company) has hedged its issues of bonds maturing in 2024 and 2027 as well as its net investment abroad, through the bifurcation accounting method, which consists of the following steps:

i. Principal Only Swaps (POS) from USD to COP.

Hedged exposure:

- Economic risks generated by the uncertainty of the corresponding ability to pay the debt in USD.
- Accounting risks generated by unrealized exchange differences on the nominal values of the respective bond issued.
- Cash flow hedges with the valuation of the derivative charged to the other comprehensive income accounts and the foreign exchange component of the swap´s intrinsic value is charged to the comprehensive income accounts, both of which must fit perfectly with the difference in the changes in the amounts owed.

ii. Principal Only Swap (POS) from COP to the other currencies in which the net investment abroad is denominated by a nominal amount based on a determined percentage and based on each one of the risks identified for each country where Sura-AM has investments.

Hedged exposure:

- Economic risks generated by the uncertainty of paying the coupons in USD when the corresponding income is sourced in the currencies in which investments abroad are denominated.
- Economic risks given the fact that there are investments that are currently without any hedging arrangements.
- A combination of currencies that would positively affect EBITDA and thus protect the debt/EBITDA ratio.

This part shall be valued and charged to the other comprehensive income accounts specifically under hedges of net investment abroad.

Identification of the hedged items

- Bond issued on April 11, 2017, as part of a placement of debt securities carried out on the Luxembourg Stock Exchange, under the Regulation S and Rule 144A of the Securities Act in the United States. The characteristics of this bond are as follows:

Issuer	Sura Asset Management S.A.
Type of debt instrument:	International bonds
Type of placement:	Public
Value	USD 350,000,000*
Coupon	4,375%
Settlement date:	April 11, 2017
Maturity date:	April 11, 2027
Offering price:	99.07%
Amount received:	USD 346,759,000
Yield to maturity:	4,491%
Interest payment dates:	11 April and 11 October each year, beginning October 11th, 2017.
Joint guarantors:	Sura Asset Management Chile, S.A. Sura Asset Management México S.A. Sura Asset Management Perú S.A. Sura Asset Management Uruguay Sociedad de Inversión S.A.

* The nominal value of this issue comes to USD 350,000,000 But the hedged portion of such (82.86% or USD 290,000,000) is hedged, this defined as the corresponding risk exposure.

- Bond issued on April 17, 2014, as part of a placement of debt securities carried out on the Luxembourg Stock Exchange, under the Regulation S and Rule 144A of the Securities Act in the United States. The characteristics of this bond are as follows:

Issuer	SUAM Finance B.V. - Merged with Sura Asset Management S.A.
Type of debt instrument:	International bonds
Type of placement:	Public
Value	USD 500, 000,000*
Coupon	4,875%
Settlement date:	April 17, 2014
Maturity date:	April 17, 2024
Offering price:	99.57 %
Amount received:	USD 494,850,000
Yield to maturity:	4.93%
Interest payment dates:	17 April and 17 October of each year
Joint guarantors:	SURA Asset Management S.A., SURA Asset Management Chile S.A. SURA Asset Management México S.A. de C.V., SURA Asset Management Perú S.A., SURA Asset Management Uruguay Sociedad de Inversión S.A.

* The hedged portion comes to 100% or USD 500,000,000, this defined as the corresponding risk exposure.

- Net investments abroad: the exchange differences relating to converting the income and net assets of Company's subsidiaries in Mexico, Chile and Peru from their functional currency to Sura Asset Management's reporting currency, are directly recognized in the Other Comprehensive Income accounts. The gains and losses incurred with swaps hedging the bonds maturing in 2024 and 2027 are produced by the CLP/USD, MEX/USD and PEN/USD foreign exchange rates, these being designated as hedging instruments for net investments held in foreign-based subsidiaries and subsequently included in the other comprehensive income accounts.

Currency	Investment Expense in USD	Hedged Value in USD	% Hedged
MXN	788,743	80,000	10%
CLP	1,392,084	380,000	27%
PEN	276,298	85,000	31%

The values used for these calculations was the value of the investments held by Sura Asset Management on July 31, 2018 multiplied by the exchange rates corresponding to July 31 of 2018

Under this accounting rule, there are two types of hedged items, this based on the nature of the transaction and its inherent exposures.

i. A hedged item is considered to be a transaction related hedged item when the nature of such is a specific transaction whose time value is characterized by the cost of the hedging relating to this specific transaction, and as a result this same time value shall affect the results obtained from the period in question at the same time as the hedged transaction.

ii. An item qualifies as a time period-related hedged item when the nature of the hedged item is such that the time value is the cost of hedging against a risk for a specific period of time and, as a result the time value is to be distributed through profit and loss for the period amortizing such on a rational and systematic basis

Based on that described in the aforementioned section, the hedged item as defined in the corresponding hedging arrangement relates to a period of time, since the time element is characterized by the cost of protecting against the risk exposure associated with exchange rates during a specific period of time. Consequently IFRS 9 in paragraph B6.5.34 specifies that the time element or time value must be recognized and accrued in the other comprehensive income accounts, so that these may be reclassified and amortized in the comprehensive income accounts in a systematic and rational manner throughout the periods during which the hedged item affects the Company's Statement of Income.

Hedging instruments - description

The proposed strategy is based on carrying out a cash flow swap that hedges the impact of the exchange differences produced by the financial obligation as well as net investments abroad.

Upon evaluating the actual design for the Company's hedging strategy, all strategic variables were taken into account, such as preserving the stability of our debt/EBITDA ratio as well as the probability of being able to comply with the dividend payments due and the Company's cash flow.

The hedging instrument used is a Principal Only Swap (POS), which effectively immunizes our Statement of Income against exchange differences, protects the nominal value of our net investments abroad and reduces risk to our cash flow. This also maintains the aforementioned variables on stable levels.

Economic relationship:

An economic relationship between a hedged item and a hedging instrument exists when an entity expects that the values of the hedged item and the hedging instrument shall normally move in opposite directions in response to movements with the same risk (exchange risk). For further illustration, we have listed the following examples:

- In the case of the financial obligation, if the Colombian Peso depreciates against the US dollar, this causes a negative exchange difference, whereas the time element of the derivative would move in the opposite direction so as to mitigate is loss incurred with the exchange differences posted on the Comprehensive Income Statement.
- In the case of net investments abroad, any currency depreciation (CLP, MXN, PEN) would produce a loss with the value of the net investments abroad, therefore the derivative component as recorded in the Other Comprehensive Income Statement would compensate a certain percentage of the loss, thereby mitigating the foreign exchange risk.

Measuring effectiveness

The method used to measure the effectiveness of each of the hedging arrangements, is comparing the change in the value of the hedging instrument with the change in the hedged item, that is to say, in the case of debt the exchange differences are taken against the valuation of the exchange component of the USD/COP derivative. In the case of net investments, the changes in the value of the asset held versus the change in the COP derivative protecting against other currencies (PEN, CLP, MXN) is taken. These changes are duly monitored so to ensure that they remain consistent and stable over the duration of the exchange rate exposure of the bonds issued in 2014 and 2017. Due to the accounting asymmetry that arises from valuing the hedging instrument (at fair value) as opposed to the hedged item (at amortized cost), movements may arise due to market prices, at certain moments in time, that could fail to meet the defined efficiency percentage, but over the long term these differences are expected to neutralize. Should there be consistent evidence of the existence of a structural inefficiency, this percentage is reclassified to the Statement of Comprehensive Income and in this specific case the hedging strategy is re-assessed so as to achieve the desired effectiveness.

Hedging assets and liabilities held by SURA Asset Management S.A. and Subsidiaries at year-end 2019 and 2018, are shown below.

23.1. Hedging assets

Hedging assets held by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Cash flow hedging assets	94,320	78,488

Foreign investment hedging assets	(19,157)	(26,264)
Total hedging assets	**75,163**	**52,224**

Hedging assets held by each individual country at year-end 2019 and 2018 are shown as flows

The aging of hedging assets for 2019, is as follows:

In thousands of USD	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Colombia	-	51,719	23,444	75,163
Total hedging assets - 2019	**-**	**51,719**	**23,444**	**75,163**

In thousands of USD	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Colombia	-	-	52,224	52,224
Total hedging assets - 2018	**-**	**-**	**52,224**	**52,224**

23.2 Derivative and hedging financial liabilities

Derivative liabilities held by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Swaps and forward transactions for trading purposes	5,224	14,100
Hedging swaps	-	1
Total derivative liabilities	**5,224**	**14,101**

Derivative liabilities held by each individual country at year-end 2019 and 2018 are shown as follows:

	Chile	Colombia	Total
Swaps and forward transactions for trading purposes	-	5,224	5,224
Hedging swaps	-	-	-
Total derivative liabilities - 2019	**-**	**5,224**	**5,224**

	Chile	Colombia	Total
Swaps and forward transactions for trading purposes	-	14,100	14,100
Hedging swaps	1	-	1
Total derivative liabilities - 2018	**1**	**14,100**	**14,101**

The following are the movements recorded in the derivative liability account at year-end 2019 and 2018:

	2019	2018
Balance held at January 1, 2019	**14,101**	**16,974**
At fair value through the income accounts	7,348	7,593
Other Comprehensive Income	**-**	(28,198)
Additions - write-offs	(16,225)	(33,418)
Reclassification of items available for sale	-	(14)

Asset transfers	-	(2,469)
Conversion	-	53,633
Balance held at December 31, 2019	**5,224**	**14,101**

NOTE 24 - Other assets

Other assets and pre-paid expense, as recorded by Sura Asset Management S.A. and Subsidiaries for the years 2019 and 2018, are broken down as follows:

	2019	2018
Other assets - non-current		
Works of art (1)	11,471	11,063
Deferred expense and charges	3	4
Total other assets - non-current	**11,474**	**11,067**
Other assets - current		
Pre-paid expense	2,826	2,612
Total other assets - current	**2,826**	**2,612**
Total other assets	**14,300**	**13,679**

(1) The works of art belonging to Sura Art S.A. of C.V in Mexico are loaned to museums for their art exhibitions and at the same time used to promote the services of SURA Mexico's subsidiaries. The entire collection consists of 367 works of art by celebrated artists such as Frida Kahlo, Diego Rivera, Gerardo Murillo, Pedro Coronel, among others.

Other assets for each individual country are broken down as follows:

	Chile	Mexico	Colombia	Others*	Total
Total other assets - 2019	1,561	11,637	768	334	14,300
Total other assets - 2018	1,537	11,034	827	281	13,679

* Peru Uruguay and Argentina.

NOTE 25 - Right-of-use assets and leasing liabilities

As from January 1, 2019 and based on the application of the new IFRS 16 - Leases, Sura Asset Management S.A. and its subsidiaries recognized the following assets as right-of-use assets.

Sura Asset Management holds lease agreements that include extension and early termination options; there are also variable lease payment agreements. Leased assets generally have no restrictions on whether these can be subleased.

Sura Asset Management leases equipment, this in the form of regular installments and/or for minor amounts, for which it applies the exception permitted by accounting standards.

The carrying values of assets subject to finance lease agreements are broken down at year-end as follows:

	2019
Buildings	45,616
Office equipment	1,905
Vehicles	522
Computer and communications equipment	542
Improvements to received goods	965
Total right-of-use assets	**49,550**

Right-of-use liabilities	49,578
Total right-of-use liabilities	**49,578**

The following are the movements recorded in assets subject to financial leasing arrangements:

	Buildings	Office Equipment	Vehicles	Computer Equipment	Improvements to Received Goods	Total
Cost						
Additions	59,689	-	679	1,298	125	61,791
Transfers from property, plant and equipment	-	6,532	-	-	4,063	10,595
Currency translation effect	(1,202)	(482)	(6)	(61)	(59)	(1,810)
At December 31, 2019	**58,487**	**6,050**	**673**	**1,237**	**4,129**	**70,576**
Depreciation						
Depreciation for the year	(13,220)	(741)	(155)	(740)	(599)	(15,455)
Withdrawals	-	354	-	-	216	570
Transfers from property, plant and equipment	-	(3,728)	-	-	(2,734)	(6,462)
Currency translation effect	349	(30)	4	45	(47)	321
At December 31, 2019	**(12,871)**	**(4,145)**	**(151)**	**(695)**	**(3,164)**	**(21,026)**
Total assets subject to financial leasing arrangements.	**45,616**	**1,905**	**522**	**542**	**965**	**49,550**

The following are the movements recorded in liabilities subject to financial leasing arrangements:

	2019
At January 1, 2019	-
Additions	62,649
Withdrawals	(16,390)
Accrued interest	3,636
Currency translation effect	(317)
Total right-of-use liabilities	**49,578**

The following is a breakdown of terms governing financial leasing arrangements:

	Minimum Amounts Payable	Present Value of Minimum Amounts Payable	Future Interest Charges At 2019
Less than 1 year	2,043	1,699	344
Between 1 and 5 years	48,092	42,251	5,841
More than 5 years	7,098	5,628	1,470
Total leasing arrangements	**57,233**	**49,578**	**7,655**

The following is a breakdown of the payments on lease contracts as recognized in the income accounts for the period

	2019
Amortization expense on right-of-use assets	15,456
Interest expense on lease liabilities	3,636
Expense incurred on low value assets	225
Expense incurred with short term asset leasing arrangements	3,086
Total recognized in the income accounts	22,403

The following is a breakdown of possible future undiscounted lease payments relating to periods subsequent to the reporting period:

	Less than 5 years	More than 5 years
Lease agreements with extension options that are not expected to be renewed	2,149	0
Lease agreements with extension options that not expected to be renewed	41,705	5,628
At year-end 2019	43,854	5,628

NOTE 26 - Deferred Acquisition Costs (DAC)

The balance of the Deferred Acquisition Costs - DAC - account for Sura Asset Management S.A. and Subsidiaries is broken down as follows:

	2019	2018
Deferred acquisition costs (DAC)	173,476	170,246
Total DAC	**173,476**	**170,246**

Changes to the Deferred Acquisition Costs - DAC - account at year-end 2019 and 2018 are as follows:

	Total
Balance held at January 1, 2018	187,501
Additions	58,108
Withdrawals	-
Translation effect	(11,592)
Amortizations	(63,771)
At December 31, 2018	**170,246**
Additions	65,765
Withdrawals	-
Translation effects	(2,324)
Amortization	(60,211)
At December 31, 2019	**173,476**

Deferred Acquisition Costs (DAC) for each individual country for the years 2019 and 2018 are as follows:

	Chile	Mexico	Peru	Uruguay	Total
Life insurance policies incorporating savings plans	7,511	-	-	-	7,511
Mandatory pensions	57,966	92,521	9,554	3,201	163,242
Voluntary pensions	-	-	1,039	-	1,039
Retirement savings plans	1,684	-	-	-	1,684
Total Deferred Acquisition Costs (DAC) - 2019	**67,161**	**92,521**	**10,593**	**3,201**	**173,476**

	Chile	Mexico	Peru	Uruguay	Total
Life insurance policies incorporating savings plans	8,364	-	-	-	8,364
Life insurance policies without savings plans	122	-	-	-	122
Mandatory pensions	54,878	86,028	10,109	3,355	154,370
Voluntary pensions	4,877	-	904	-	5,781
Retirement savings plans	1,609	-	-	-	1,609
Total Deferred Acquisition Costs (DAC) - 2018	**69,850**	**86,028**	**11,013**	**3,355**	**170,246**

NOTE 27 - Investment properties

The balance of the investment properties held by Sura Asset Management S.A. and Subsidiaries for at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Buildings	30,555	32,037
Land	461	453
Total investment properties	**31,016**	**32,490**

Investment property at year-end 2019 and 2018 are broken down by individual country as follows:

	Chile	Peru	Total
Buildings	29,311	1,244	30,555
Land	-	461	461
Total investment properties - 2019	**29,311**	**1,705**	**31,016**

	Chile	Peru	Total
Buildings	30,815	1,222	32,037
Land	-	453	453
Total investment properties - 2018	**30,815**	**1,675**	**32,490**

The investment property account for the years 2019 and 2018 is shown as follows:

	2019	2018
Balance at January 1	**32,490**	**328,755**
Additions	-	128
Fair value	822	4,016
Reclassified non-current assets held for sale	-	(266,200)
Currency translation effects	(2,296)	(34,209)
Balance at December 31	**31,016**	**32,490**

Lease income obtained from the Company's investment property at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Lease income	2,442	2,678
Total lease income	**2,442**	**2,678**

Lease income for each individual country at year-end 2019 and 2018 is broken down as follows:

	Chile	Peru	Uruguay	Total
Total lease income - 2019	2,440	2	-	2,442
Total lease income - 2018	2,665	4	9	2,678

Sura Asset Management S.A. and Subsidiaries are not in any way restricted with regard to disposing of or selling their investment properties, neither do they have any contractual obligations to purchase, construct or develop investment property or carry out repairs or maintenance work and / or build property extensions.

These investment properties are stated at fair value based on appraisals performed by independent outside professionals who are completely unrelated to the Group. These appraisal firms offer the experience and expertise required for valuing property in their respective geographic locations. The fair value of these properties was determined based on observable market transactions, given the nature of the property, in compliance with the valuation model contained in the recommendations made by the International Valuation Standards Council (IVSC).

Sura Asset Management S.A. and Subsidiaries pay property taxes and property insurance on all its investment properties.

Appraisals and valuation assumptions

1. Independent appraiser information.

The property belonging to Sura Asset Management S.A. and Subsidiaries have been measured by the following appraisers and appraisal firms:

- Real & Data Consultores Inmobiliarios, an independent appraisal firm registered with the Financial Market Commission (Comisión del Mercado Financiero - CMF) in Chile and Tinsa Chile S.A., another independent appraisal firm also registered with the CMF in Chile.
- Jesús José Gómez Cabrera, an engineer with the firm Regner Basurco Jimenez – Consultant Engineers, registered with the Peruvian Engineers Association (Reg # 49108), Technical Inspection Center RD No 082-2014-Housing /VMCS-DNC, as well as the Peruvian Superintendency of Banking and Insurance (Resolution No 6293-2013.

2. The appraisal methods and assumptions used:

The fair values arrived at in the appraisals performed are supported by market evidence and represent the values for which the asset could be purchased and sold between knowledgeable informed buyers and sellers on an arm's length basis on the date on which such property is appraised, this in accordance with that stipulated by the International Valuation Standards Council (IVSC). Valuations are performed on an annual basis and the fair value gains and losses are recorded within the income statement.

A categorization level 2 is assigned based on market assumptions, but in terms of the specific characteristics of each asset, consolidated cases must be reviewed so as to arrive at their individual values.

	Significant Non-Observable Data	Range (Weighted Average)	
		2019	2018
Millenium	Estimated monthly rental value per square meter	0,67 UF/m2	0,60 UF/m^2
	Annual rental increase	0.0%	0.00%
	Long-term availability rate	5.0%	5.00%
	Discount rate	6.0%	5.30%
Nueva Los Leones	Estimated monthly rental value per square meter	0,52 UF/m2	0,390 UF/m^2
	Annual rental increase	0.0%	0.00%
	Long-term availability rate	10.0%	10.00%
	Discount rate	8.0%	7.50%
Paseo Las Palmas - Renta	Estimated monthly rental value per square meter	0,49 UF/m2	0,48 UF/m^2
	Annual rental increase	0.0%	0.00%
	Long-term availability rate	5.0%	8.00%
	Discount rate	6.9%	5.30%
Coyancura	Estimated monthly rental value per square meter	0,86 UF/m2	0,75 UF/m^2
	Annual rental increase	0.0%	0.00%
	Long-term availability rate	5.0%	6.80%
	Discount rate	6.2%	7.00%

3. The extent to which fair value is calculated using observable variables in an active market

The parameters used to perform these appraisals are conservative in nature compared to the market prices normally obtained, both in terms of the CAP rates that are observed, evaluated and traded during the last half the 2019, as well as in terms of lease income, this being based on current contracts and future projections in keeping with current market vacancy rates.

Finally, based on the conservative parameters used to conduct these appraisals, under IFRS these have a sufficient margin to protect against eventual market fluctuations.

Direct operating expense (including maintenance and repairs) corresponding to the Company's investment properties came to USD 222 for 2019 and USD 87 for 2018.

The investment properties held by Sura Asset Management S.A. and Subsidiaries at year-end 2019 are shown below:

Investment Properties - Chile 2019	Maximum Contractual Term (in Years)	Maximum Term Elapsed (in Years)	Appraisal Date	Current Status	Type (Plot of Land/Building)
Millenium	10.00	9.00	Dec. 2019	Leased to third parties.	Building
Nueva Los Leones	0.00	0.00	Dec. 2019	Leased to third parties.	Building
Paseo Las Palmas	17.00	13.00	Dec. 2019	Leased to third parties.	Building
Coyancura	5.00	4.00	Dec. 2019	Leased to third parties.	Building

Investment properties - Peru 2019	Maximum Contractual Term (in Years)	Maximum Term Elapsed (in Years)	Appraisal Date	Current Status	Type (Plot of Land/Building)
Land (aliquot) Sura Tower	1	0	Dec. 2019	Leased to related parties	Land
Building and parking space - Sura Tower	1	0	Dec. 2019	Leased to related parties	Building

The investment properties held by Sura Asset Management S.A. and Subsidiaries at year-end 2018 are broken down as follows:

Investment properties - Chile 2018	Maximum Contractual Term (in Years)	Maximum Term Elapsed (in Years)	Appraisal Date	Current Status	Type (Plot of Land/Building)
Millenium	10.24	8.98	November 2018	Leased to third parties.	Building
Nueva Los Leones	0.00	0.00	November 2018	Leased to third parties.	Building
Paseo Las Palmas	12.30	11.62	November 2018	Leased to third parties.	Building
Coyancura	4.93	3.58	November 2018	Leased to third parties.	Building

Edificio Local 24 Apoquindo 4830			November 2018	Leased to third parties.	Building

Investment properties - Peru 2018	Maximum Contractual Term (in Years)	Maximum Term Elapsed (in Years)	Appraisal Date	Current Status	Type (Plot of Land/Building)
Land (aliquot) Sura Tower	1	0	November 2018	Leased to third parties.	Land
Building and parking space - Sura Tower	1	0	November 2018	Leased to third parties.	Building

None of the Company's investment properties had been used to secure or guarantee loans at year-end 2019 and 2018. No property has been pledged to a third party in the form of collateral All land and buildings used for leasing purposes are free of any encumbrance or pledge.

The fair value hierarchy corresponding to the investment properties of Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are classified in Level 2

NOTE 28 - Property, plant and equipment

The classification of the net Property, Plant and Equipment account belonging to Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Buildings	22,389	15,939
Computer, communication and other equipment	15,080	13,237
Land	3,276	3,237
Improvements to leased property	3,103	4,708
Vehicles	3,263	2,917
Office furniture and fixtures	1,725	4,042
Total property, plant and equipment	**48,836**	**44,080**

Property, plant and equipment for each individual country for year-end 2019 and 2018 is broken down as follows

	Chile	Mexico	Peru	Uruguay	Colombia	El Salvador	Total
Buildings	10,177	5,707	5,307	1,198	-	-	22,389
Computer, communication and other equipment	3,219	10,516	997	170	177	1	15,080
Land	174	39	2,658	405	-	-	3,276
Improvements to leased property	3,103	-	-	-	-	-	3,103
Vehicles	7	3,175	11	-	70	-	3,263
Office furniture and fixtures	630	424	562	84	25	-	1,725
Total property, plant and equipment - 2019	**17,310**	**19,861**	**9,535**	**1,857**	**272**	**1**	**48,836**

	Chile	Mexico	Peru	Uruguay	Colombia	El Salvador	Total
Buildings	6,413	2,679	5,657	1,190	-	-	15,939
Computer, communication and other equipment	2,728	8,909	1,187	174	238	1	13,237
Land	187	37	2,612	401	-	-	3,237
Improvements to leased property	3,378	-	-	2	1,328	-	4,708
Vehicles	13	2,771	23	-	110	-	2,917
Office furniture and fixtures	3,434	(90)	570	98	30	-	4,042
Total property, plant and equipment - 2018	**16,153**	**14,306**	**10,049**	**1,865**	**1,706**	**1**	**44,080**

Changes to Property, Plant and Equipment held by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are shown as follows:

	Buildings	Office Furniture and Fixtures	Computer, Communication and Other Equipment	Land	Improvements to Leased Property	Vehicles	Total
Cost							
At January 1, 2018	**34,743**	**15,280**	**37,289**	**3,424**	**12,490**	**3,429**	**106,655**
Additions	3,739	553	6,091	-	1,245	1,772	13,400
Write-offs	(6,956)	(151)	(483)	-	(1)	(1,439)	(9,030)
Revaluation	(2,931)	-	-	(2)	-	-	(2,933)
Currency translation effect	(2,047)	(1,283)	(2,158)	(185)	(1,594)	(44)	(7,311)
At December 31, 2018	**26,548**	**14,399**	**40,739**	**3,237**	**12,140**	**3,718**	**100,781**
Additions	5,784	1,793	7,160	-	1,575	1,725	18,037
Write-offs	(2,195)	(158)	(3,712)	-	-	(1,276)	(7,341)
Revaluation	5,187	-	-	59	-	-	5,246
Transfers to right-of-use assets	-	(6,532)	-	-	(4,063)	-	(10,595)
Currency translation effects	(598)	88	(114)	(20)	(816)	132	(1,328)
At December 31, 2019	**34,726**	**9,590**	**44,073**	**3,276**	**8,836**	**4,299**	**104,800**

Depreciation							
At January 1, 2018	**(13,596)**	**(9,292)**	**(24,945)**	**-**	**(5,943)**	**(951)**	**(54,727)**
Depreciation for the year	(1,979)	(1,858)	(4,227)	-	(2,384)	(489)	(10,937)
Withdrawals	4,467	102	54	-	-	625	5,248
Currency translation effect	499	691	1,616	-	895	14	3,715
At December 31, 2018	**(10,609)**	**(10,357)**	**(27,502)**	**-**	**(7,432)**	**(801)**	**(56,701)**
Depreciation for the year	(1,874)	(1,304)	(4,500)	-	(1,487)	(620)	(9,785)
Withdrawals	218	172	2,796	-	(103)	408	3,491
Transfers to right-of-use assets	-	3,728	-	-	2,734	-	6,462
Currency translation effect	(72)	(104)	213	-	555	(23)	569
At December 31, 2019	**(12,337)**	**(7,865)**	**(28,993)**	**-**	**(5,733)**	**(1,036)**	**(55,964)**
Net book value							
At Year-End 2019	**22,389**	**1,725**	**15,080**	**3,276**	**3,103**	**3,263**	**48,836**
At Year-End 2018	**15,939**	**4,042**	**13,237**	**3,237**	**4,708**	**2,917**	**44,080**

Property, plant and equipment are initially measured at cost, which includes all the expense required in order to get them ready for their subsequent use. After being recognized as an asset, land and buildings for the Company's own use are carried at fair value less accumulated depreciation and any accumulated impairment losses that may have been sustained.

The straight-line method was used to calculate depreciation on property, plant and equipment based on their estimated useful life in years.

The useful lives of the property plant and equipment belonging to Sura Asset Management S.A. and Subsidiaries are shown below:

	Useful Life
Buildings	Between 20 and 50 years
Office furniture and fixtures	Between 7 and 10 years
Computer, communication and other equipment	Between 3 and 10 years
Land	Undetermined
Improvements to leased property	Depending on the lease agreement
Vehicles	Between 5 and 10 years

Based on the accounting policy upheld by Sura Asset Management S.A. and Subsidiaries, the revaluation model is used for any subsequent measurement of buildings and land, whereas the cost model is applied when measuring other fixed assets

The fair value of buildings and land was based on appraisals carried out by independent professionals.

Their fair values were determined in keeping with market-based evidence. This means that the appraisals performed were based on prices quoted in active markets, which were duly adjusted for differences in the nature, location or condition of the property in question.

There are no restrictions relating to property, plant and equipment.

An analysis was performed at the end of period to detect whether there were indications of any impairment to the property, plant and equipment belonging to Sura Asset Management S.A. and Subsidiaries. As a result, it was determined that:

- During the period in question, the market value of these same assets had not decreased more than expected with the passage of time or the normal use of such.
- No significant changes in their value are expected due to situations that could have an adverse effect on the Company.
- There is no evidence of these assets having become obsolete or suffering any physical deterioration.
- No changes are expected in the near future with regard to how assets are used and which could have an adverse effect on the Company.
- No evidence has been found that indicates that the economic performance of the asset is, or shall be, worse than expected going forward.

After analyzing all impairment indicators, no evidence was found of any such impairment being sustained by the Company's property and equipment on the date of this report.

NOTE 29 - Intangible assets

Intangible assets for Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Goodwill (1)	1,261,820	1,289,604
Client relations	659,173	709,007
Trademarks	37,526	39,145
Software licenses	38,238	32,988
Beneficial agreements	733	879
Total intangible assets	**1,997,490**	**2,071,623**

(1) Goodwill corresponding to business combinations held by Sura Asset Management S.A. as posted at year-end 2019 and 2018 is broken down as follows:

	2019	2018
Acquisition of the ING companies	1,179,560	1,208,807
Acquisition of AFP Horizonte	82,260	80,797
Total goodwill	**1,261,820**	**1,289,604**

Intangible assets broken down for each individual country for 2019 are as follows:

	Chile	Mexico	Peru	Uruguay	Colombia	Total
Goodwill	503,755	294,985	424,141	38,939	-	1,261,820
Client relations	206,729	216,529	205,902	30,013	-	659,173
Trademarks	23,481	-	14,045	-	-	37,526
Software licenses	8,674	17,454	5,159	951	6,000	38,238
Beneficial agreements	733	-	-	-	-	733
Total intangible assets 2019	**743,372**	**528,968**	**649,247**	**69,903**	**6,000**	**1,997,490**

Intangible assets broken down for each individual country for 2018 are as follows:

	Chile	Mexico	Peru	Uruguay	Colombia	Total
Goodwill	543,847	284,432	416,599	44,726	-	1,289,604
Client relations	237,347	219,577	215,311	36,772	-	709,007
Trademarks	25,349	-	13,796	-	-	39,145
Software licenses	7,275	12,492	4,550	465	8,206	32,988
Beneficial agreements	879	-	-	-	-	879
Total intangible assets 2018	**814,697**	**516,501**	**650,256**	**81,963**	**8,206**	**2,071,623**

Changes to the intangible asset account belonging to Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are as following:

	Goodwill	Client Relations	Trademarks	Software Licenses	Beneficial Contracts	Total
Cost						
At January 1, 2018	**1,398,941**	**1,053,327**	**43,472**	**53,081**	**1,820**	**2,550,641**
Additions	-	-	-	23,201	-	23,201
Write-offs	(4,816)	-	-	(8,448)	-	(13,264)
Currency translation effects	(104,521)	(69,940)	(4,327)	(3,992)	(235)	(183,015)
At December 31, 2018	**1,289,604**	**983,387**	**39,145**	**63,842**	**1,585**	**2,377,563**
Additions	-	-	-	25,124	-	25,124
Write-offs	-	-	-	(15,786)	-	(15,786)
Currency translation effects	(27,784)	(15,255)	(1,619)	(1,331)	(122)	(46,111)
At December 31, 2019	**1,261,820**	**968,132**	**37,526**	**71,849**	**1,463**	**2,340,790**
Amortizations						
At January 1, 2018	**-**	**(251,297)**	**-**	**(26,816)**	**(709)**	**(278,822)**
Amortization	-	(42,418)	-	(11,867)	(95)	(54,380)
Amortization on disposals	-	-	-	5,121	-	5,121
Currency translation effect	-	19,335	-	2,708	98	22,141
At December 31, 2018	**-**	**(274,380)**	**-**	**(30,854)**	**(706)**	**(305,940)**
Amortization	-	(40,555)	-	(13,355)	(87)	(53,997)
Amortization on disposals	-	-	-	9,466	-	9,466
Currency translation effect	-	5,977	-	1,132	62	7,171
At December 31, 2019	**-**	**(308,958)**	**-**	**(33,611)**	**(731)**	**(343,300)**
Net book value						
At December 31, 2019	**1,261,820**	**659,174**	**37,526**	**38,232**	**732**	**1,997,490**
At December 31, 2018	**1,289,604**	**709,007**	**39,145**	**32,988**	**879**	**2,071,623**

The following are the useful lives corresponding to the more representative intangible assets

Client relations	Total Useful Life	Remaining Useful Life
AFP Capital S.A. (Chile)	27	19
Corredora de Bolsa Sura S.A. and Administradora General de Fondos S.A. (Chile)	10	2
Seguros de Vida Sura S.A. (Chile)	14	6
AFP Integra (Peru)	30	22
AFAP Sura S.A. (Uruguay)	23	15
Afore Sura S.A. de C.V. (Mexico)	27	19

Trademarks	Total Useful Life	Remaining Useful Life
AFP Capital S.A. (Chile)	Indefinite	Indefinite
AFP Integra (Peru)	Indefinite	Indefinite

Impairment tests

Sura Asset Management S.A. considers the group of companies in each individual country where present as a Cash Generating Unit (CGU). Companies in the same country are jointly managed and are essential for the Group's cash generation capacity.

Goodwill acquired through business combinations as well as trademarks with indefinite useful lives have been allocated to the following cash generating units (CGUs) for the purpose of performing individual impairment tests:

The value assigned to the companies that make up the CGUs at December 31, 2019 is as follows:

	2019
The CGU in Chile	
AFP Capital S.A. (Chile)	482,028
Corredora de Bolsa Sura S.A.(Chile) and Administradora General de Fondos S.A. (Chile).	21,726
The CGU in Mexico	
Afore Sura S.A. de C.V. (Mexico)	288,154
Sura Investment Management México S.A. de C.V. (Mexico)	6,832
The CGU in Peru	
AFP Integra S.A. (Peru)	405,032
Fondos Sura SAF S.A.C. (Peru)	19,109
The CGU in Uruguay	
AFAP Sura S.A. (Uruguay)	38,939
Total	**1,261,820**

The above-mentioned entities represent the more relevant operating companies when the business combination was first carried out, through which Sura Asset Management manages, controls and projects its business throughout the region based on an individual country focus.

Sura Asset Management S.A. and Subsidiaries performed impairment tests throughout the year, the results of which showed no indication of any impairment either to goodwill or to trademarks with indefinite useful lives.

Also, certain trademarks have been associated to the business of the two CGUs, namely the AFP Capital trademark belonging to AFP Capital S.A. as well as the AFP trademark belonging to AFP Integra SA

Methodology for Estimating Value in Use: the value in use for the Group´s CGUs was estimated using the income approach.

General assumptions used in applying the income approach:

The calculation of the value in use for all CGUs is sensitive to the following assumptions:

- *Time horizon*: The time horizon of the projection corresponding to the estimated duration of the CGUs analyzed. For more information see below:

- *Forecasting horizon*: Based on the current macroeconomic conditions and the general characteristics and maturity of the different CGUs in question as well as all available information, we have considered the following specific forecasting horizons:

    - Corredora de Bolsa Sura S.A. and Administradora General de Fondos Sura S.A.: 10 years
    - AFP Capital S.A. 5 years
    - Afore Sura S.A. de C.V. 5 years
    - Sura Investment Management México S.A. de C.V. 10 years
    - AFP Integra S.A.: 5 years
    - Fondos Sura SAF S.A.C. 10 years
    - AFAP Sura S.A: 5 years

Generally speaking, it is understood that at the end of the each of the aforementioned horizons, the CGUs in question shall achieve a degree of business maturity with the consequent stabilization of their cash flows.

- *Residual value*: Since the CGUs in question are expected to continue operating and generating positive cash flows beyond the forecasting horizon, as mentioned above, the perpetual performance of said CGUs was estimated. This value is known as the residual or terminal value

  In order to estimate the residual value, standardized cash flows were projected in perpetuity, duly adjusted according to the same growth expectations defined in the guidelines suggested in the applicable standard.

- *Year-end closing date*: The cut-off date corresponding to the fiscal year on which the CGU´s financial projections were estimated on the date the analysis was performed, that is to say December 31, which coincides with the closing date of the financial statements of the legal entities pertaining to said CGUs.

- *Currency Unit*: Sura Asset Management S.A. and Subsidiaries have estimated their cash flows in the functional currency of each of their markets, in keeping with that stated in the applicable standards.

- *Discount rate*: Projected cash flows at current values are discounted at nominal discount rates in the local currency of each CGU, considering inflation variables and own risk premiums for each CGU according to its country.

  The discount rates used for these projections correspond to the cost of equity (Ke) for each company that makes up the CGU. The cost of equity takes into account the risk-free rate (using the 10-year US treasury rate as a benchmark), the equity risk premium, the country risk, the sector’s beta, and the difference between long-term local inflation rates and that expected for the US economy. In the light of the above, the discount rates used range between 8.2% and 11.5% depending on the corresponding country and sector to which the CGU belongs.

Income tax rates: Projected cash flows are estimated after tax. Here, the tax rates that were applied to current earnings in each market at December 31, 2019, were 25% in the case of Chile, 30% in Mexico, 29.5% in Peru and 25% in Uruguay (See Note 22).

- *Macroeconomic Assumptions:* financial projections for the CGUs in question, have been prepared based on macroeconomic variables projected by external sources of information.

The following assumptions were used for the impairment tests performed on trademarks:

Projection Horizon: to estimate the value in use corresponding to trademarks their indefinite useful life was used, based on the brand positioning and track records, as well as the market focus of each CGU. Therefore, a specific projection was drawn up over a 5 year time frame for the AFP Capital and AFP Integra trademarks respectively, and then the present value of a perpetual stream of net royalties based on nominal increases in U.S. dollars of 3.9% for AFP Capital and 3.5% for AFP Integra was projected over the long term on stabilized cash flows.

Projected Income: To estimate the value in use of the AFP Capital and AFP Integra trademarks, operating income from both companies was used. This corresponds to commission income and returns on their legal reserves on both their mandatory and voluntary pension business.

- *Market royalties and trademark attributes:* The market royalty rate was estimated for the purposes of applying the Relief from Royalty methodology. Also, in order to define the royalties corresponding to these trademarks, an estimated range of market royalties was taken as a basis, bearing in mind the trademark´s relative strength and positioning based on the following attributes:

- *Momentum:* the current status and potential for future growth of both trademarks were taken into account.

- *Recognition:* the degree of brand awareness or "top of the mind" of both trademarks was evaluated based on market research.

- *Brand loyalty:* the degree of client loyalty towards the trademarks was evaluated according to market research.

- *Market share:* the brands´ market shares were evaluated on the Chilean and Peruvian markets, this based on market research.

- Longevity: brand seniority on the Chilean and Peruvian markets were evaluated, based on market research.

- Based on the above procedures, royalties of 1.05% were estimated for the trademarks AFP Capital and AFP Integra respectively.

- *Taxation* For the purpose of calculating after-tax streams of royalties, the tax rates current in each country were used. These came to 27% in the case of Chile and 29.5% for Peru.

NOTA 30 - Investments in associates and joint ventures

Investments in Associates at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Fondo de Pensiones y Cesantías Protección S.A.	387,330	344,984
Inversiones DCV S.A.	1,531	1,428
Fondos de Cesantías Chile II	4,547	3,991
Servicios de Administración Previsional S.A.	3,827	4,405
Procesar S.A. de C.V. (Mexico)	286	276
Investments in Associates	**397,521**	**355,084**
Unión para la infraestructura S.A.S (UPI)	422	382
Unión para la infraestructura Perú S.A.C.	168	-
Investments in joint ventures	**590**	**382**
Investments in associates and joint ventures	**398,111**	**355,466**

Sura Asset Management S.A.'s associated companies and joint ventures at year-end 2019 and 2018 are listed below

Name of Company	Status	Main Business Activity	Country	% Voting Rights	# Shares Held
Fondo de Pensiones y Cesantías Protección S.A.	Associate	Pension and severance fund	Colombia	49%	12,541,088
Inversiones DCV S.A.	Associate	Shareholder register management services	Chile	35%	3,431
Fondos de Cesantías Chile II	Associate	Pension and severance fund	Chile	29%	167,580
Servicios de Administración Previsional S.A.	Associate	Voluntary funds	Chile	23%	168,806
Unión para la infraestructura S.A.S (UPI)	Joint venture	Funds	Peru	50%	1,354,000
Unión para la infraestructura Perú S.A.C.	Joint venture	Funds	Colombia	50%	150,000

The financial information corresponding to the associates of Sura Asset Management is summarized as follows:

2019	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Equity	Income	Earnings	Other Comprehensive Income	Comprehensive Income
Fondo de Pensiones y Cesantías Protección S.A.	213,880	589,491	(78,434)	(167,180)	(557,758)	435,138	134,952	(236)	134,715
Inversiones DCV S.A.	365	6,422	(370)	-	(6,417)	1,285	1,276	-	1,276
Servicios de Administración Previsional S.A.	18,336	12,779	(17,904)	(197)	(13,014)	40,851	17,965	-	17,965
Fondos de Cesantías Chile II	13,567	19,257	(9,802)	(7,557)	(15,465)	48,503	9,515	(567)	8,948
Unión para la infraestructura Perú S.A.C.	8,978	-	(4)	-	(8,974)	-	537	-	537
Unión para la infraestructura S.A.S (UPI)	1,530	316	(991)	(285)	(569)	2,095	-	-	-

2018	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Equity	Income	Earnings	Other Comprehensive Income	Comprehensive Income
Fondo de Pensiones y Cesantías Protección S.A.	668,423	-	(207,750)	-	(460,673)	469,246	69,386	(1,061)	68,325
Inversiones DCV S.A.	11	6,054	(11)	-	(6,054)	1,087	1,077	-	1,077
Servicios de Administración Previsional S.A.	20,106	14,657	(20,777)	(152)	(13,834)	42,260	18,500	-	18,500
Fondos de Cesantías Chile II	13,782	11,413	(9,261)	(2,359)	(13,575)	45,747	6,359	(50)	6,309
Unión para la infraestructura Perú S.A.C.	282	-	(957)	-	675	-	(1,069)	-	(1,069)
Unión para la infraestructura S.A.S (UPI)	1,651	-	(885)	-	(766)	3,036	807	-	807

NOTE 31 - Accounts payable

Accounts payable at year-end 2019 and 2018 for Sura Asset Management S.A. and Subsidiaries are broken down as follows:

Accounts payable - non-current	2019	2018
Other accounts payable	-	14
Total non-current accounts payable	**-**	**14**

Accounts payable - current	2019	2018
Accounts payable on mandatory pension business - contracts with clients	31,412	36,820
Accounts payable on mandatory pension business	18,110	18,587
Account payables on insurance business	30,411	17,928
Accounts payable to suppliers	20,044	22,197
Employment contributions and retentions payable	6,209	5,844
Reinsurance operations	5,820	5,463
Accounts payable on fund management business	73	384
Favorable experience dividends payable (FED)	1,071	1,098
Dividends payable	84	98
Other accounts payable	23,060	20,660
Total accounts payable - current	**136,294**	**129,079**
Total accounts payable	**136,294**	**129,093**

Accounts payable for each individual country is shown as follows:

	Chile	Mexico	Peru	Uruguay	Colombia	Other Countries*	Total
Total accounts payable - 2019	89,182	19,208	20,476	867	6,530	31	136,294
Total accounts payable - 2018	85,390	18,443	19,039	909	5,072	240	129,093

* “Other Countries” include El Salvador, Spain, Holland and Argentina

An aging analysis performed on the accounts payable held at year-end 2019 and 2018 showed the following results:

In thousands of USD	Less than 1 year	Total
Chile	89,182	89,182
Mexico	19,208	19,208
Peru	20,476	20,476
Uruguay	867	867
Colombia	6,530	6,530
Others*	31	31
Total accounts payable - 2019	**136,294**	**136,294**

In thousands of USD	Less than 1 year	Between 1 and 3 years	Total
Chile	85,388	2	85,390
Mexico	18,443	-	18,443
Peru	19,039	-	19,039
Uruguay	909	-	909
Colombia	5,072	-	5,072
Others*	228	12	240
Total accounts payable - 2018	**129,079**	**14**	**129,093**

***Spain, Holland, Argentina and El Salvador**

NOTE 32 - Financial obligations at amortized cost

Financial obligations held by Sura Asset Management S.A. at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Financial obligations	184,968	193,036
Financial leases	-	3,467
Total financial obligations	**184,968**	**196,503**

The balance of financial obligations held at year-end 2019 and 2018, classified as current and non-current, is broken down as follows:

	2019	2018
Non-current financial obligations	427	21,874
Financial leases	-	2,297
Total financial obligations - non-current	**427**	**24,171**
Current financial obligations	184,541	171,162
Financial leases	-	1,170
Total financial obligations - current	**184,541**	**172,332**
Total financial obligations	**184,968**	**196,503**

Financial obligations for each individual country are broken down as follows:

	Chile	Colombia	Total
Financial obligations	429	184,539	184,968
Total Financial Obligations - 2019	**429**	**184,539**	**184,968**

	Chile	Colombia	Total
Financial obligations	2,557	193,946	196,503

Total Financial Obligations - 2018	**2,557**	**193,946**	**196,503**

The maturities and description of the financial obligations held at year-end 2019 and 2018 can be found in Note 19.2 - Financial Liabilities

NOTA 33 - Technical Reserves - Insurance Contracts

Technical reserves

Items contained in the Technical Reserve Account fall into two (2) categories:

Claims reserves: these are provisions set up on the estimated costs of the claims that have occurred but have not been paid. This includes:

- The loss reserve: the liabilities and direct settlement expense on reported claims This reserve is set up on the date the policy-holder and / or beneficiary informs the Company of an insurance claim and this is subject to monthly recalculations.

- The Incurred But Not Reported (IBNR) loss reserve: set up on incidents that have occurred, but have not been reported by the policy-holder and / or beneficiary on the corresponding reporting date

Reserves for future commitments: consisting of provisions set up on expected future commitments to policy-holders. This includes:

- Mathematical insurance reserves (excluding annuities): calculated on the current terms and conditions of the insurance contracts in place using a prudent prospective actuarial method. This liability is determined as the sum of the present value of expected future earnings, claims and policy handling expense, options and guarantees, and the returns on investment corresponding to the assets underlying these liabilities, and that are directly related to the contract, less the discounted value of the expected premiums required to meet future payments based on the valuation assumptions used.

- Mathematical life annuity reserves: are calculated based on the present value of future earnings from the contract as well as the direct operating expenses that the company incurs upon paying its contractual obligations.

- Unearned Premium Reserves: these are set up for short-term insurance policies (both group and individual) in which the premium payment frequency differs from the effective coverage term and therefore a premium has been received for a future risk, which must be provisioned. The provision is determined on the basis of paid premiums net of expense and is amortized over the term of coverage.

Reserves for the deposit (savings) components of life insurance policies or fund value reserves: for the unit linked, universal life (including flexible) insurance and other products that include a deposit component (savings component that recognizes the value of policy-holder´s fund).

Other reserves: Sura Asset Management may recognize those reserves which are not mentioned above as belonging to the "Other Reserves" account, as permitted according to current accounting policies and guidelines.

The Group´s insurance companies are shown in the following table:

- Chile: Seguros de Vida Sura S.A.

- Mexico: Pensiones Sura S.A. de C.V.

The technical reserves held by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Mathematical reserve	827,601	811,292
Non-current reserves	**827,601**	**811,292**
Other reserves	18,536	18,204
Reserve for unearned premiums	1,732	3,151
IBNR reserves	4,796	6,120
Loss reserve	6,154	6,246
Fund value reserve	1,061,591	1,095,031
Current reserves	**1,092,809**	**1,128,752**
Total reserves	**1,920,410**	**1,940,044**

Technical reserves held by each individual country are shown as follows:

	Chile	Mexico	Total
Total technical reserves - 2019	1,193,899	726,511	1,920,410
Total technical reserves - 2018	1,234,439	705,605	1,940,044

The breakdown per type of reserve held at December 31, including the retained as well as the reinsured portions, is shown as follows:

	Total		
	Retained Portion (Liability)	Reinsured Portion (Asset)	Total
Mathematical Reserve	827,601	2	827,599
Other Reserves	18,536	-	18,536
Reserve For Unearned Premiums	1,732	345	1,387
IBNR Reserves	4,796	4,745	51
Loss Reserve	6,153	1,345	4,808
Fund Value Reserve	1,061,591	-	1,061,591
Total 2019	**1,920,409**	**6,437**	**1,913,972**

	Total		
	Retained Portion (Liability)	Reinsured Portion (Asset)	Total (Net Liability)
Mathematical reserve	811,292	24	811,268
Other reserves	18,204	-	18,204
Reserve for unearned premiums	3,151	685	2,466
IBNR reserves	6,120	3,995	2,125
Loss reserve	6,246	2,424	3,822
Fund value reserve	1,095,031	-	1,095,031
Total 2018	**1,940,044**	**7,128**	**1,932,916**

The breakdown by type of reserve shown as follows:

	Type of Reserve				
	Individual Protección *	Unit-Linked	Group Insurance	Annuities and Others	Total
Mathematical reserve	102,132	-	15,124	710,345	827,601
Other reserves	314	3,966	73	14,183	18,536
Reserve for unearned premiums	817	-	915	-	1,732
IBNR reserves	1,826	-	2,970	-	4,796
Loss reserve	3,125	-	1,047	1,982	6,154
Fund value reserve	-	1,061,591	-	-	1,061,591
Total 2019	**108,214**	**1,065,557**	**20,129**	**726,510**	**1,920,410**

	Type Of Reserve				
	Individual Protection *	Unit-Linked	Group Insurance	Annuities and Others	Total
Mathematical reserve	8,625	100,134	12,948	689,585	811,292
Other reserves	308	3,989	213	13,694	18,204
Reserve for unearned premiums	754	156	2,241	-	3,151
IBNR reserves	1,771	275	4,074	-	6,120
Loss reserve	727	1,340	1,852	2,327	6,246
Fund value reserve	-	1,095,031	-	-	1,095,031
Total 2018	**12,185**	**1,200,925**	**21,328**	**705,606**	**1,940,044**

* The reserve corresponding to individual protection includes our traditional, universal life and individual health care policies.

The movements and the effects of measuring insurance and reinsurance liabilities are shown as follows

	Gross Of Reinsurance		Reinsurance		
	Liabilities - Insurance Contracts with No DPFs	Total Insurance Contract Liabilities	Assets - Insurance Contracts with No DPFs	Total Insurance Contract Assets	Net
At January 1, 2018	**3,606,535**	**3,606,535**	**6,292**	**6,292**	**3,600,243**
Changes in reserves (premiums, claims, interest, etc.)	78,777	78,777	1,791	1,791	76,986
Reclassification of assets available for sale	(1,511,190)	(1,511,190)	-	-	(1,511,190)
Monetary correction adjustments	37,163	37,163	-	-	37,163
Currency translation adjustments	(271,241)	(271,241)	(955)	(955)	(270,286)
At December 31, 2018	**1,940,044**	**1,940,044**	**7,128**	**7,128**	**1,932,916**
Changes in reserves (claims, premiums, new reserves set up)	229,854	229,854	(753)	(753)	230,607
Monetary correction - reserves	33,809	33,809	-	-	33,809
Freed up reserves	(211,590)	(211,590)	-	-	(211,590)
Currency translation adjustments	(71,707)	(71,707)	62	62	(71,769)
At December 31, 2019	**1,920,410**	**1,920,410**	**6,437**	**6,437**	**1,913,973**

*DPF: Security deposit

<u>NOTE 34</u> - Employee benefits

The balance of the Employee Benefit account for Sura Asset Management S.A. and Subsidiaries is broken down as follows:

	2019	2018
Short-term benefits (Note 34.1)	41,470	44,670
Long-term benefits (Note 34.2)	310	176
Post-employment benefits (Note 34.3)	1,176	443
Termination benefits	1,015	523
Total employee benefits	**43,971**	**45,812**

Employee benefits for each individual country are shown as follows:

	Chile	Mexico	Peru	Colombia	Others *	Total
Short-term benefits (Note 34.1)	14,026	12,537	9,157	3,960	1,790	41,470
Long-term benefits (Note 34.2)	-	310	-	-	-	310
Post-employment benefits (Note 34.3)	-	-	-	1,176	-	1,176
Termination benefits	-	793	-	220	2	1,015
Total employee benefits - 2019	**14,026**	**13,640**	**9,157**	**5,356**	**1792**	**43,971**

	Chile	Mexico	Peru	Colombia	Others *	Total
Short-term benefits (Note 34.1)	14,882	12,685	10,377	4,556	2,170	44,670
Long-term benefits (Note 34.2)	-	176	-	-	-	176
Post-employment benefits (Note 34.3)	-	-	-	442	1	443
Termination benefits	-	523	-	-	-	523
Total employee benefits - 2018	**14,882**	**13,384**	**10,377**	**4,998**	**2,171**	**45,812**

* Uruguay, El Salvador and Argentina

34.1 Short-term employee benefits

Obligations in the form of short-term employee benefits as posted by Sura Asset Management S.A. include

a) Mandatory social security and employment benefits: accruing on a monthly basis according to the rules and regulations of each country. Payments are made based on the requirements of the oversight authorities.
b) Short-term Performance Incentives: accruing on a monthly basis using estimated percentages of performance compliance. These are paid every year in the first quarter of each year to all those employees entitled to such incentives, after being evaluated in terms of their achieving the predefined targets and to the extent that corporate objectives have been attained
c) Other employee benefits: these are minor amounts, which are recognized in expenses, to the extent that the service or benefit is provided.

Short-term employee benefits are broken down as follows:

	2019	2018
Bonuses	30,230	33,364
Vacation pay	6,590	6,748
Extralegal Bonus	3,081	3,204
Provisions for employee benefits	1,072	897
Severance	421	389
Other benefits	76	68
Total short-term employee benefits	**41,470**	**44,670**

Employee benefits for each individual country are shown as follows:

	Chile	Mexico	Peru	Colombia	Others*	Total
Bonuses	9,037	12,534	7,327	269	1,063	30,230
Vacation pay	4,104	-	1,528	478	480	6,590
Extralegal Bonus	-	-	-	3,081	-	3,081
Provisions for employee benefits	879	-	-	-	193	1,072
Severance	6	-	297	118	-	421
Other benefits	-	3	5	14	54	76
Total short-term employee benefits - 2019	**14,026**	**12,537**	**9,157**	**3,960**	**1,790**	**41,470**

	Chile	Mexico	Peru	Colombia	Others*	Total
Bonuses	9,981	12,675	8,651	539	1,518	33,364
Vacation pay	4,150	-	1,440	713	445	6,748
Extralegal Bonus	-	-	-	3,204	-	3,204
Provisions for employee benefits	738	-	-	-	159	897
Severance	13	-	286	90	-	389
Other benefits	-	10	0	10	48	68
Total short-term employee benefits - 2018	**14,882**	**12,685**	**10,377**	**4,556**	**2,170**	**44,670**

* Uruguay, El Salvador and Argentina

34.2 Long-term employee benefits

a) Seniority Bonus: This benefit is paid to the employee in the event of their death, disability, dismissal and voluntary separation. In the case of the voluntary separation benefit, the employee has to have completed fifteen years of service is established.

The long-term benefits offered by Sura Asset Management S. A. at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Seniority Bonus	310	176
Total long-term employee benefits	310	176

Long-term employee benefits for each individual country are shown as follows:

	Mexico	Total
Seniority Bonus	310	310
Total long-term employee benefits - 2019	**310**	**310**

	Mexico	Total
Seniority Bonus	176	176
Total long-term employee benefits - 2018	**176**	**176**

The following table shows the changes in the long-term employee benefits offered by Sura Asset Management S. A. at year-end, 2019 and 2018:

	Seniority Bonus
Present value of employee benefit obligations at January 1, 2018	**145**
Re-measurements	-
Financial assumptions	81
Plan-based payments	(50)
Exchange differences	-
Present value of employee benefit obligations at December 31, 2018	**176**
Re-measurements	618
Financial assumptions	145
Plan-based payments	(385)
Exchange differences	(244)
Present value of employee benefit obligations at December 31, 2019	**310**

The following are the economic assumptions which were systematically applied for the purpose of estimating the costs of a deferred benefit plan:

	Seniority Bonus	
	2019	**2018**
Discount rate (%)	7%	8.75%
How the discount rate is determined		
Average salary increase - non-unionized employees (%)	5.41%	5.41%
Minimum salary increase (%)	4.37%	4.37%

Sensitivity analysis performed for 2019 based on a 1% in the discount rate and the inflation rate

	Seniority Bonus			
	Discount rate		Inflation rate	
	Increase +1	Discount-1	Increase +1	Discount-1
Present value of employee benefits	310	310	310	310
Variation in sensitivity	10	(10)	(10)	10

Sensitivity analysis performed for 2018 based on a 1% in the discount rate and the inflation rate

	Seniority Bonus			
	Discount rate		Inflation rate	
	Increase +1	Discount-1	Increase +1	Discount-1
Present value of employee benefits	165	185	185	164
Variation in sensitivity	9	(10)	(11)	10

34.3 Post-employment benefits

a) Retirement bonus: corresponds to a lump sum which is defined by the Company and granted to members of senior management at the time of their retirement.

The following are the post-employment benefits offered by the Company:

	2019	2018
Retirement bonus	1,176	443
Total post-employment benefits	1,176	443

Post-employment benefits offered by the Company in each individual country are broken down as follows:

	Mexico	Colombia	El Salvador	Total
Retirement bonus	-	1,176	-	1,176
Total post-employment benefits - 2019	**-**	**1,176**	**-**	**1,176**

	Mexico	Colombia	El Salvador	Total
Retirement bonus	-	442	1	443
Total post-employment benefits - 2018	**-**	**442**	**1**	**443**

The table below shows the movement in the post-employment benefits offered by Sura Asset Management S. A.:

	Retirement benefits
Present value of obligations at January 1, 2018	**2,673**
Present service expense	57
Interest income (expense)	8
Re-measurements	(25)
Plan-based payments	(549)
Exchange difference	(1,721)
Present value of obligations at December 31, 2018	**443**
Re-measurements	372
Plan-based payments	(315)
Other changes	688
Exchange difference	(12)
Present value of obligations at December 31, 2019	**1,176**

The main actuarial assumptions used to determine the value of obligations in the form of defined employee benefit plans are listed below:

	Employee Retirement Benefit	
	2019	2018
Discount rate (%)	6.95%	7.41%
Rate of increase with the discount rate (%)	7.01%	7.48%
Annual inflation rate (%)	3.20%	3.20%
Rate of increase with inflation rate (%)	3.23%	3.23%

Sensitivity analysis performed for 2019 based on a 1% in the discount rate and the inflation rate

	Retirement Benefits			
	Discount rate		Inflation rate	
	Increase +1	Discount-1	Increase +1	Discount-1
Present value of employee benefits	1,475	1,507	1,498	1,484
Variation in sensitivity	(3)	4	2	(1)
Present service expense	98	101	100	99

Sensitivity analysis performed for 2018 based on a 1% in the discount rate and the inflation rate

	Retirement benefits			
	Discount rate		Inflation rate	
	Increase +1	Discount-1	Increase +1	Discount-1
Present value of employee benefits	1,115	1,142	1,134	1,123
Variation in sensitivity	(13)	14	6	(6)
Present service expense	79	81	80	80

34.4 Employee benefit expense

The following is a breakdown of employee benefit expense at year-end 2019 and 2018 (See Note 13):

	2019	2018
Salaries and wages	95,515	89,915
Commissions	57,135	52,821
Bonuses	39,851	41,289
Legal employment benefits	24,784	24,795
Other subsidies	16,857	16,930
Social security contributions	14,120	11,820
Indemnities	7,690	7,242
Insurance policies	6,985	6,977
Personnel training	3,803	4,200
TOTAL	**266,740**	**255,989**

NOTE 35 - Other liabilities

Other liabilities as posted by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Insurance premiums received in advance	348	127
Commissions	141	-
Other income received in advance	11	216
Total other liabilities	**500**	**343**

Other liabilities for each individual country are shown as follows:

	Mexico	Colombia	Total
Total other liabilities 2019	348	152	500
Total other liabilities 2018	127	216	343

NOTA 36 - Provisions and contingencies

Provisions set up by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018 are broken down as follows:

	2019	2018
Provisions - non-current		
Provisions for litigation and lawsuit expense	10,511	10,452
Total provisions - non-current	**10,511**	**10,452**
Provisions - current	**2019**	**2018**
Other general current provisions	2,337	1,857
Total provisions - current	**2,337**	**1,857**
Total provisions	**12,848**	**12,309**

Provisions set up for litigation and lawsuit expense in each country at year-end 2019 and 2018 are shown as follows:

Provisions For Litigation And Lawsuit Expense	Chile	Mexico	Uruguay	Total
Opening balance at January 1st, 2018	-	10,136	19	10,155
New provisions and additions	-	281	59	340
Amounts used	-	-	-	-
Non-current assets held for sale	-	-	-	-
Translation differences	-	(38)	(5)	(43)
Closing balance - December 31, 2018	**-**	**10,379**	**73**	**10,452**
New provisions and additions	-	1,352	-	1,352
Amounts used	-	(1,623)	(45)	(1,668)
Translation differences	-	384	(9)	375
Closing balance - December 31 2019	**-**	**10,492**	**19**	**10,511**

General provisions set up in each country at December 31, 2019 are shown as follows:

Other General Provisions	Chile	Mexico	Uruguay	Total
Opening balance at January 1st, 2018	**752**	**554**	**676**	**1,982**
New provisions and additions	388	-	-	388
Amounts used	-	(156)	(161)	(317)
Translation differences	(128)	1	(69)	(196)
Closing balance - December 31, 2018	**1,012**	**399**	**446**	**1,857**
New provisions and additions	400	1,026	3,995	5,421
Amounts used	(457)	(502)	(3,961)	(4,920)
Translation differences	(36)	73	(58)	(21)
Closing balance - December 31, 2019	**919**	**996**	**422**	**2,337**

NOTE 37 - Deferred Income Liabilities (DIL)

Deferred income liabilities posted by Sura Asset Management at year-end 2019 and 2018, are shown as follows:

	2019	2018
Deferred Income Liabilities (DIL)	18,285	18,305
Total Deferred Income Liabilities (DIL)	**18,285**	**18,305**

Deferred Income Liabilities (DIL) for each individual country are shown as follows:

	Chile	Peru	Uruguay	Total
At January 1, 2018	**9,436**	**8,853**	**1,538**	**19,827**
Additions	305	-	285	590
Amortizations	-	(338)	-	(338)
Translation differences	(1,244)	(339)	(191)	(1,774)
At December 31, 2018	**8,497**	**8,176**	**1,632**	**18,305**
Additions	622	51	39	712
Amortizations	-	-	-	-
Translation differences	(668)	149	(213)	(732)
At December 31, 2019	**8,451**	**8,376**	**1,458**	**18,285**

This provision is based on the assumption that expense is defrayed over a period of 20 years considering that this is the length of time that commitments could last with clients along with non-contributing pensioners who cannot be charged for handling their pensions.

This amortization is carried out to the extent that fund membership is depleted (transfers to other fund management firms, life annuity purchases, death of fund members with no legal beneficiaries and delivering funds to legal heirs or selecting the programmed withdrawal option with the possibility of a management fee being collected on the fund itself and / or the pensions paid).

NOTE 38 – Issued Bonds

The year-end balances of issued bonds are shown as follows:

	2019	2018
Issued bonds	850,511	849,552
Total long-term issued bonds	**850,511**	**849,552**

The balances of the bonds issued per individual country are as follows:

	Colombia	Total
Total long-term issued bonds - 2019	850,511	850,511
Total long-term issued bonds - 2018	849,552	849,552

Movements with issued bonds at year-end 2019 are shown as follows

Opening balance - January 1, 2018	**848,245**
Accrued interest	41,122
Interest paid	(39,815)
Closing balance at December 31, 2018	**849,552**
Accrued interest	40,906
Interest paid	(39,532)
Unrealized exchange differences	155
Currency translation effect	(570)
Closing balance at December 31, 2018	**850,511**

Bonds 2024

In April 2014, Sura Asset Management S.A. through its subsidiary SUAM Finance B.V., placed an issue of 144/Reg S bonds worth USD 500 million on the international bond markets, these carrying a term of 10 years and with a fixed 10-year rate of 4.875% with bids reaching 8.6 times the amount offered.

SUAM Finance B.V. received an international investment grade for this issue thanks to a BBB + rating from Fitch Ratings and a BAA2 rating from Moody’s Investor Service who later upgraded this to BAA1 in August 2014. Both investment grades were maintained in 2019 for which a stable outlook was given.

On July 31, 2018, Sura Asset Management S.A., domiciled in Colombia, as the absorbing company finalized a merger through which it took over its subsidiary SUAM Finance B.V., domiciled in Curaçao. Sura Asset Management S.A.

and its subsidiaries were the sole shareholders of the absorbed company, so there was no place for the exchange of shares or parts of the capital, nor any effect on the consolidated financial statements.

Detailed information regarding this issue of bonds is shown below:

a) Issuer: SUAM Finance B.V.*
b) Guarantors: Sura Asset Management S.A., Sura Asset Management Chile S.A. (formerly Sura S.A.), Sura Asset Management México S.A. de C.V., Sura Asset Management Perú S.A., Sura Asset Management Uruguay Sociedad de Inversión S.A. (formerly Tublyr S.A.)
c) Type of offering: 144A / Reg S
d) Amount authorized and issued: USD 500 million.
e) Transaction costs: USD 5 million
f) Coupon: 4.875% annual rate
g) IRR 5.1%
h) Nominal value (USD dollars): USD 99.57.
i) Maturity date April 17, 2024
j) Payment method: Rates of return are paid on a half-yearly in arrears basis
k) Use of the funds obtained: Restructuring liabilities and general corporate purposes
l) Custodian: Bank of New York Mellon

The Prospectus and Issue and Placement Rules and Regulations together with the Prospectus contain the following general obligations:

a) Encumbrances:

Neither Sura Asset Management S.A. nor its subsidiaries may encumber these securities unless such encumbrances:

- Exist when the bonds are issued
- Are obtained as a result of mergers or acquisitions
- Are imposed by law
- Relate to compliance with labor liabilities and tax obligations
- Correspond to rights of set off held by third parties and incurred in the normal course of business and not from financing operations.
- Are obtained from non-speculative hedging operations during the normal course of business.
- Guarantee debt that shall not exceed 15% of Net Consolidated Tangible Assets

b) Transactions with related parties: must be performed on an arms-length's basis and if these exceed USD 30 million, they must also be approved by Sura Asset Management S.A.'s Board of Directors.

c) Consolidation, Merger or Transfer of Assets: it is strictly prohibited to perform mergers, acquisitions, consolidations or any other type of disposal using the assets belonging to Sura Asset Management and its subsidiaries, unless Sura Asset Management is the surviving company or otherwise the new company assuming all the obligations incurred with the bonds for which all the corresponding regulatory approvals must be obtained.

The transactions arising from the Hera corporate restructuring project are not subject to these restrictions.

d) Debt: None of Sura Asset Management's Subsidiaries may acquire or guarantee debt that exceeds, in the aggregate, after incurring such debt, 10% of the entire debt held by Sura Asset Management on a consolidated basis. This restriction shall in no way affect the ability of its Subsidiaries to pay dividends or any other form of profit distribution either to Sura Asset Management S.A. or to any other subsidiary.

e) **Restricted Payments:** Sura Asset Management S.A., may declare or pay out dividends providing these do not give rise to an event of default, and the aggregate amount of the payment to be made is less than the sum of the following:
- 100% of Sura Asset Management´s consolidated net profits for the corresponding period.
- 100% of the net cash earnings or the market value of the assets received by Sura Asset Management.
- 100% of the consolidated depreciation and amortization expense incurred by Sura Asset Management for the corresponding period.

f) **Obligations to report the following information:**
- The English versions of SUAM´s quarterly consolidated financial statements prepared in accordance with IFRS, are published within a term of 45 days following each quarterly cut-off date.
- The English versions of audited consolidated financial statements, prepared in accordance with IFRS within a term of 90 days following the cut-off date of each fiscal year.
- Statement of Compliance on part of the Issuer´s Chief Finance Officer or Chief Accountant regarding the commitments and *covenants* acquired as part of the issue and placement This Statement shall have a maximum term of 120 days as of the end of each fiscal year.

Bonds 2027

In April 2017, Sura Asset Management S.A. (Colombia) placed an issue of 144/Reg S bonds worth USD 350 million carrying a fixed 10-year rate of 4.375%. The bid to cover ratio came to 8 and the rate obtained was the lowest recorded ever for a Colombian private until the month in which these bonds were issued.

The Company obtained an international investment grade for this issue, thanks to the BBB + rating granted by Fitch Ratings and the Baa1 from Moody's Investor Service, the highest rating that a Colombian issuer has ever held with both ratings positioned a *notch* above Colombia´s own sovereign debt rating. These ratings were obtained for both the issuer and the notes issued.

Detailed information regarding this issue of bonds is shown below:

a) Issuer: Sura Asset Management S.A.
b) Guarantors: Sura Asset Management Chile S.A., Sura Asset Management México S.A. de C.V., Sura Asset Management Perú S.A., and Sura Asset Management Uruguay Sociedad de Inversión S.A.
c) Type of offering: 144A / Reg S
d) Amount authorized and issued: USD 350 million.
e) Transaction costs: USD 7 million
f) Coupon: 4.375% annual rate
g) IRR 4.7%
h) Maturity date April 11, 2027
i) Nominal value (USD dollars): USD 99.57.
j) Use of the funds obtained: Restructuring liabilities and general corporate purposes
k) Payment method: Rates of return are paid on a half-yearly in arrears basis
l) Custodian: Bank of New York Mellon

The Prospectus and Issue and Placement Rules and Regulations together with the Prospectus contain the following general obligations: The Company, upon signing this agreement, shall abstain from:

g) **Encumbrances:**

Neither Sura Asset Management S.A. nor its subsidiaries may encumber these securities unless such encumbrances:

- Exist when the bonds are issued
- Are obtained as a result of mergers or acquisitions
- Are imposed by law
- Relate to compliance with labor liabilities and tax obligations
- Correspond to rights of set off held by third parties and incurred in the normal course of business and not from financing operations.
- Are obtained from non-speculative hedging operations during the normal course of business.
- Guarantee debt that shall not exceed 15% of Net Consolidated Tangible Assets

h) **Transactions with related parties**: must be performed on an arms-length's basis and if these exceed USD 30 million, they must also be approved by Sura Asset Management S.A.'s Board of Directors.

i) **Consolidation, Merger or Transfer of Assets:** it is strictly prohibited to perform mergers, acquisitions, consolidations or any other type of disposal using the assets belonging to Sura Asset Management and its subsidiaries, unless Sura Asset Management is the surviving company or otherwise the new company assuming all the obligations incurred with the bonds for which all the corresponding regulatory approvals must be obtained.

This limitation does not apply when an asset is transferred from a Subsidiary to the Company or to any of the Guarantor Subsidiaries.

j) **Debt:** None of Sura Asset Management's Subsidiaries may acquire or guarantee debt that exceeds, in the aggregate, after incurring such debt, 10% of the entire debt held by Sura Asset Management on a consolidated basis. This restriction shall in no way affect the ability of its Subsidiaries to pay dividends or any other form of profit distribution either to Sura Asset Management S.A. or to any other subsidiary.

k) **Restricted Payments:** Sura Asset Management S.A., may declare or pay out dividends providing these do not give rise to an event of default, and the aggregate amount of the payment to be made is less than the sum of the following:

- 100% of Sura Asset Management´s consolidated net profits for the corresponding period.
- 100% of the net cash earnings or the market value of the assets received by Sura Asset Management.
- 100% of the consolidated depreciation and amortization expense incurred by Sura Asset Management for the corresponding period.

l) **Obligations to report the following information:**

- The English versions of SUAM´s quarterly consolidated financial statements prepared in accordance with IFRS, are published within a term of 45 days following each quarterly cut-off date.
- The English versions of the audited consolidated financial statements, prepared in accordance with IFRS are published within a term of 90 days following the cut-off date of each fiscal year.

Statement of Compliance on part of the Chief Finance Officer or Chief Accountant regarding the commitments and covenants acquired during the term of the issue. This Statement shall have a maximum term of 120 days as of the end of each fiscal year.

NOTE 39 - Shareholders´ equity - issued capital and reserves

Shares Issued

Sura Asset Management S.A.'s authorized capital consists of 3.000.000 shares, each with a nominal value of COP 1.000. The Company's subscribed and paid-in capital comes to USD 1.360 thousand, divided up into 2,616,407 shares in 2019, which was the same as for 2018.

Changes to the Company's Shareholder Structure - 2019

In 2019, the Canadian company, La Caisse de Dépôt et Placement du Québec (CDPQ) acquired 174,755 shares and CDPQ Investments INC 1 share, for a total of 174,756 shares equivalent to the total shares held by Banagricola S.A. and International Investments S.A.

Changes to the Company's Shareholder Structure - 2018

In 2018, Grupo Sura acquired 185,992 shares, corresponding to the entire stake held by Grupo de Inversiones Suramericana Panamá S.A, by means of a share purchase agreement.

Shares Outstanding:

The following is a breakdown of the outstanding voting shares held in Sura Asset Management S.A. and Subsidiaries:

Voting shares in Sura Asset Management S.A.:

Shareholder	Outstanding Shares - 2019	% Stake	Outstanding Shares - 2018	% Stake
Grupo de Inversiones Suramericana S.A.	2,186,721	83.58%	2,186,721	83.58%
Sociedades Bolívar S.A.	191,198	7.31%	191,198	7.31%
CDPQ	174,755	6.68%	-	0.00%
Compañía de Seguros Bolívar S.A.	63,732	2.44%	63,732	2.44%
CDPQ Investments INC	1	0.00%	-	0.00%
Banagricola S.A.	-	0.00%	95,586	3.65%
International Investments S.A.	-	0.00%	79,170	3.03%
	2,616,407	**100%**	**2,616,407**	**100%**

All shares carry the same rights and obligations for their holders. Shares may not be included in negotiable securities.

a) Non-controlling interest

Non-controlling interest corresponds to minority interest on the part of third parties in investments held in:

Name of Company	Country	% Non-Controlling Stake	2019 Equity	2019 Earnings
AFP Capital S.A.	Chile	0.29%	2,663	348
AFP Integra S.A.	Peru	0.0007%	3	0
			2,666	**348**

Name of Company	Country	% Non-Controlling Stake	2018 Equity	2018 Earnings
AFP Capital S.A.	Chile	0.29%	2,711	229
AFP Integra S.A.	Peru	0.0007%	3	0
			2,714	**229**

b) Translation differences

In converting the financial statements from their functional currencies into the reporting currency used by Sura Asset Management S.A. and Subsidiaries (the US dollar), the following translation differences were produced.

	2019	2018
Translation differences	(1,139,580)	(1,083,886)
Total equity attributed to the controlling company	**(1,139,580)**	**(1,083,886)**

See Note 2.3 Summary of Main Accounting Policies - Section n)

c) Dividends declared and paid

The following is a breakdown of the dividends declared and paid by Sura Asset Management S.A. and Subsidiaries at year-end 2019 and 2018:

<u>2019</u>

Ordinary shares:

Third Party	No. Shares Held	Value of the Dividends Paid
Grupo de Inversiones Suramericana S.A.	2,186,721	100,683
Sociedades Bolívar S.A.	191,198	8,803
Banagricola S.A.	95,586	4,394
International Investments S.A.	79,170	2,935
Compañía de Seguros Bolívar	63,732	3,651
Total 2019	**2,616,407**	**120,466**

At year-end 2019, extraordinary dividends were declared and paid by Sura Asset Management S.A. as shown below:

Extraordinary shares:

Third Party	No. Shares Held	Value of the Dividends Paid
Grupo de Inversiones Suramericana S.A.	2,186,721	57,374

Third Party	No. Shares Held	Value of the Dividends Paid
Sociedades Bolívar S.A.	191,198	5,017
CDPQ	95,586	4,585
CDPQ Investments INC	79,170	0
Compañía de Seguros Bolívar S.A.	63,732	1,672
Total 2019	**2,616,407**	**68,648**

The total amount of dividends declared and paid by Sura Asset Management S.A. and Subsidiaries at year-end 2019 came to USD 189.114 (USD 147,000 at year-end 2018).

2018

Ordinary shares

Third Party	No. Shares Held	Value of the Dividends Paid
Grupo de Inversiones Suramericana S.A.	2,000,729	94,493
Sociedades Bolívar S.A.	191,198	9,030
Grupo de Inversiones Suramericana Panamá S.A.	185,992	8,784
Banagricola S.A.	95,586	4,514
International Investments S.A.	79,170	3,739
COMPAÑIA DE SEGUROS BOLIVAR S.A.	63,732	3,010
Total 2018	**2,616,407**	**123,570**

As year-end 2018, extraordinary dividends were declared and paid by Sura Asset Management S.A. as shown below:

Extraordinary shares:

Third Party	No. Shares Held	Value of the Dividends Paid
Grupo de Inversiones Suramericana S.A.	2,186,721	19,582
Sociedades Bolívar S.A.	191,198	1,712
Banagricola S.A.	95,586	855
International Investments S.A.	79,170	710
Compañia de Seguros Bolivar S.A.	63,732	571
Total 2018	**2,616,407**	**23,430**

d) Share Placement Premium.

Share Premium	
At January 1, 2018	3,607,651
Share Premium Distributions	-
At December 31, 2018	**3,607,651**
Share Premium Distributions	-
At December 31, 2019	**3,607,651**

e) Capital management

Sura Asset Management S.A. and Subsidiaries uphold an internal capitalization and dividend policy for providing business units with a rational and objective way of providing the capital required to cover the risks assumed. On the other hand, the items forming the Group´s uncommitted independent capital structure were adjusted pursuant to current rules and regulations. Also, all business units meet minimum solvency requirements in keeping with current legislation in all jurisdictions

In keeping with the normal course of business and the corporate streamlining initiative recently deployed, certain movements have been performed that have changed the capital structure of some of our subsidiaries. These include capitalizations, refunded premiums both in cash and in-kind, capital contributions, wound-up companies, mergers, transfers as well as capital increases and reductions.

Capitalizations performed in 2019:

Country	Received By	Made By	Value
			USD
Chile	Seguros De Vida Sura S.A.	Sura Asset Management S.A. Chile	29,551
Mexico	Sura Investment Management Colombia S.A de C.V.	Sura Asset Management México, S.A. de C.V.	6,296
Mexico	Sura Investment Management Colombia S.A de C.V.	Sura Asset Management México, S.A. de C.V.	6,283
Chile	Corredor de Bolsa Sura S.A.	Sura Asset Management S.A. Chile	1,470
Uruguay	Corredor de Bolsa Sura S.A.	Sura Asset Management Uruguay Sociedad de Inversión S.A.	1,328
Colombia	Sura Investment Management Colombia S.A.S (SIM)	Activos Estrategicos Sura AM Colombia Sas. (SUAM SAS)	626
Colombia	Sura Investment Management Colombia S.A.S (SIM)	Sura Asset Management Colombia S.A.	365
Colombia	Sura Investment Management Colombia S.A.S (SIM)	Sura Asset Management Colombia S.A.	273
Spain	Sura Asset Management España S.L.	Sura Asset Management Colombia S.A.	150
Mexico	Pensiones Sura S.A. de C.V.	Sura Asset Management México, S.A. de C.V.	130
Spain	SUAM España	Sura Asset Management Colombia S.A.	62
Spain	Sura Asset Management España S.L.	Sura Asset Management Colombia S.A.	49
Spain	Sura Asset Management España S.L.	Sura Asset Management Colombia S.A.	37
Spain	Sura Asset Management España S.L.	Sura Asset Management Colombia S.A.	15
Spain	Sura Asset Management España S.L.	Sura Asset Management Colombia S.A.	8
Colombia	Sura Real Estate S.A.S	Sura Investment Management Colombia S.A.S	0

Capitalizations performed in 2018:

Country	Received By	Made By	Value
			USD
Chile	Seguros de Vida Sura S.A.	Sura Asset Management Chile S.A.	31,128
Curacao	SUAM Finance B.V.	SUAM Finance B.V.	12,188
Mexico	Sura Investment Management México, S.A. de C.V.	Sura Asset Management México, S.A. de C.V.	5,887
Mexico	Sura Investment Management México, S.A. de C.V.	Sura Asset Management México, S.A. de C.V.	5,759
Mexico	Seguros de Vida Sura Mexico	Sura Asset Management México, S.A. de C.V.	3,750
Peru	Fondos Sura SAF S.A.C.	Sura Asset Management Peru S.A.	3,068

Country	Received By	Made By	Value USD
Mexico	WM Asesores en Inversiones S.A de C.V.	Sura Asset Management México, S.A. de C.V.	2,104
Colombia	Sura Investment Management Colombia S.A.S	Sura Asset Management Colombia S.A.	1,585
Peru	Fondos Sura SAF S.A.C.	Sura Asset Management Peru S.A.	1,294
Peru	Sociedad Agente de Bolsa Sura S.A	Sura Asset Management Peru S.A.	1,191
Mexico	Pensiones Sura S.A. De C.V.	Sura Asset Management México, S.A. de C.V.	724
Mexico	Pensiones Sura S.A. De C.V.	Sura Asset Management México, S.A. de C.V.	724
Uruguay	Corredor de Bolsa Sura S.A.	Sura Asset Management Uruguay Sociedad de Inversión S.A.	625
Argentina	Sura Asset Management Argentina S.A.	Sura Asset Management Colombia S.A.	387
Uruguay	Administradora De Fondos De Inversion S.A. Afisa Sura	Sura Asset Management Uruguay Sociedad de Inversión S.A.	281
Spain	Grupo de Inversiones Suramericana Holanda B.V.	Sura Asset Management España, S.L.	242
Mexico	NB Innova S.A de C.V.	Sura Asset Management México, S.A. de C.V.	162
Argentina	Sura Asset Management Argentina S.A.	Sura Asset Management Argentina S.A.	70

Capital increases in 2019

Country	Company	Number of Additional Shares
Uruguay	Sura Asset Management Uruguay S.A.	57,817,012
Mexico	NB Innova S.A de C.V.	30,500,000
Mexico	NB Innova S.A de C.V.	30,000,000
Peru	Fondos Sura SAF S.A.C.	12,000,000
Peru	Sociedad Agente de Bolsa Sura S.A	3,700,000
Colombia	Sura Investment Management Colombia S.A.S	1,000

Capital reductions in 2019

Country	Name of Company	Shareholder	No. Shares	Amounts Returned In USD
Uruguay	Corredor de Bolsa Sura S.A.	Sura Asset Management Uruguay	-	1,692,175

Capital reductions in 2018

Country	Name of Company	Shareholder	No. Shares	Amounts Reimbursed In USD
Uruguay	Corredor de Bolsa Sura S.A.	Sura Asset Management Uruguay	-	2,598

Uruguay	Sura Asset Management Uruguay Sociedad de Inversión S.A.	Sura Asset Management Uruguay	-	5,504

Share placement premium reimbursed in cash in 2019:

No cash reimbursements of share placement premiums were carried out in 2019:

Share placement premium reimbursed in cash in 2018:

No cash reimbursements of share placement premiums were carried out in 2018:

Mergers performed in 2019:

Country	Companies Involved		Surviving Company
Holland	Sura Asset Management España S.L.	Grupo Sura Ae Chile Holding I B.V. (Gsaei)	Grupo Sura Ae Chile Holding I B.V. (Gsaei)
Spain	Sura Asset Management Chile	Sura Asset Management España S.L.	Sura Asset Management España S.L.

Mergers performed in 2018:

Country	Companies Involved		Surviving Company
Holland	Grupo Sura AE Chile Holdings I B.V.	Grupo de Inversiones Suramericana Holanda (H2)	Grupo de Inversiones Suramericana Holanda (H2)
Colombia	Sura Asset Management Colombia S.A.	SUAM Finance B.V.	SUAM Finance B.V.

New Companies set up in 2018:

Country	Company	Set up by:	% Stake Held	Recognized Via
Mexico	WM Asesores en Inversiones S.A de C.V.	Sura Asset Management Mexico S.A. de C.V.	100%	Consolidation
Mexico	NB Innova S.A de C.V.	Sura Asset Management Mexico S.A. de C.V.	100%	Consolidation

Companies divested in 2019:

Sura Seguros Rentas Vitalicias Chile was sold off on March 8, 2019 to BICECORP S.A. and Compañía de Inversiones BICE Chileconsult S.A.

Companies divested in 2018:

The insurance company Seguros de Vida Sura Mexico, S.A. de C.V. was sold off on September 25th 2018 to both Suramericana S.A. and Operaciones Generales Suramericana S.A.S

Changes to Company Names in 2019:

Country	New Company Name	Former Company Name
Mexico	Gestión Patrimonial Sura asesores en inversiones S.A de C.V.	WM Asesores en Inversiones S.A de C.V.

f) Reserves

Pursuant to current legislation, the Company must set up a statutory reserve to which it shall allocate ten percent (10%) of its net profits each year, until reaching fifty percent (50%) of the value of its subscribed capital. This reserve may be reduced to less than fifty percent (50%) of the Company's subscribed capital, whenever it is used to wipe-out losses with surplus undistributed profits. This reserve cannot be used to pay dividends nor to cover expenses or losses incurred during the time the Company records undistributed profits.

However, should the Shareholders so decide, this reserve may be increased to more than fifty percent (50%) of the Company´s subscribed capital, in which case the corresponding surplus shall remain at the disposal of the Shareholders whenever they should decide on an alternate use.

- The Company’s reserves show a decline given a liability set up on amounts donated

Each country has specific provisions for allocating reserves, this in accordance with the different regulatory or oversight authorities governing each business.

<u>NOTE 40</u>- Other comprehensive income

Shareholders´ equity, including controlling and non-controlling interest, pertaining to the other comprehensive income accounts are broken down as follows:

	Opening Balance - Other Comprehensive Income	Other Comprehensive Income	Deferred Tax	Closing Balance - Other Comprehensive Income	Non-Controlling Interest - Other Comprehensive Income
At January 1, 2019	(1,088,304)	(1,095,562)	7,258	-	(832)
Asset revaluations (1)	12,233	5,246	(9,352)	8,127	11
Losses (gains) on actuarial plans (post-employment) (2)	156	(347)	105	(86)	-
Financial instruments at fair value through Other Comprehensive Income (3)	953	(320)	-	633	-
Cash flow hedges (4)	(25,378)	31,485	3,732	9,839	-
Net foreign investment hedges (5)	-	(20,249)	-	(20,249)	-
Surplus via equity method from associates (6)	7,618	(326)	-	7,292	-
Exchange differences on investments in associates and subsidiaries (7)	(1,083,886)	(55,694)	-	(1,139,580)	(192)
At December 31, 2019		**(40.205)**	**(5.515)**	**(1,134,024)**	**(1.013)**

	Opening Balance - Other Comprehensive Income	Other Comprehensive Income	Deferred Tax	Closing Balance - Other Comprehensive Income	Non-Controlling Interest In Net Income
At January 1, 2018	(840,541)	(837,887)	(2,654)	-	(417)
Asset revaluations (1)	4,848	(2,933)	10,318	12,233	(5)
Losses (gains) on actuarial plans (post-employment) (2)	74	110	(28)	156	-
Financial instruments at fair value through Other Comprehensive Income (3)	1,363	(410)	-	953	-
Cash flow hedges (4)	3,198	(28,198)	(379)	(25,379)	-
Net foreign investment hedges (5)	-	-	-	-	-
Surplus via equity method from associates (6)	5,829	1,790	-	7,619	-
Exchange differences on investments in associates and subsidiaries (7)	(855,851)	(228,035)	-	(1,083,886)	(410)
At December 31, 2018		**(1,095,563)**	**7,257**	**(1,088,304)**	**(832)**

(1) Properties measured via the revaluation method: this represents the accumulated value of appraisal gains at fair value minus the values transferred to retained earnings and those used by applying impairment or devaluation tests. Changes in their fair value are not reclassified to the results of the period.

(2) Losses (gains) on actuarial plans (post-employment benefits): represents the cumulative value of actuarial gains or losses. The net value of all re-measurements is transferred to accumulated earnings and is not reclassified to the results of the period.

(3) Financial instruments measured at fair value with changes through the Other Comprehensive Income accounts: represents the cumulative value of appraisal gains or losses at fair value minus the amounts transferred to accumulated earnings when these investments have been sold. Changes in their fair value are not reclassified through profit or loss for the period in question.

(4) Cash flow hedges: represent the cumulative value of the effective portion of gains or losses arising from changes in the fair value of items covered by a cash flow hedge. The cumulative value of these gains or losses are to be reclassified to profit or loss only when the hedged transaction affects profit or loss or the highly probable transaction is not expected to occur, or is included, as part of its carrying amount, in a non-financial hedged item.

(5) Net foreign investment hedges: records the portion of the gain or loss on the hedging instrument that is determined to be a hedge.

(6) Equity changes in investments in associates: records the equity changes in investments in associates in applying the equity method.

(7) Foreign exchange gains or losses represents the cumulative value of the exchange differences arising on converting the results and net assets of foreign operations into Sura Asset Management's reporting currency and on the net assets corresponding to foreign-based operations, as well as the gains or losses obtained from hedging instruments that are designated as part of a net investment hedge of a foreign-based business. Accumulated

translation differences are reclassified to profit and loss, either partially or in full, when the foreign operation is disposed of. Including the portion held by Sura Asset Management in investments in associates and joint ventures.

NOTE 41 - Discontinued operations and non-current assets held for sale

Discontinued operations at year-end are broken down as follows

	2019	2018
Discontinued operations and non-current assets held for sale	(26,800)	(47,773)

The following is a break-down of discontinued operations by individual country

	Chile	Mexico	Total
2019	(26,800)	-	(26,800)
2018	(49,712)	1,939	(47,773)

2019

Chilean Annuity Business:

In March 2019, the annuity company, Seguros de Rentas Vitalicias S.A. was sold off to BICECORP SA and Compañía de Inversiones BICE Chileconsult S.A., as reported in March 2018. This divested subsidiary was duly reclassified to discontinued operations in December 2018, and was recognized as the lower value between its selling price and book value, its book value being the lower. Consequently for 2019, only the effects on Other Comprehensive Income were recognized through profit and loss, namely the reclassification and adjustments with regard to its selling price.

At the time of this divestiture, (*) the translation effect on Other Comprehensive Income was reclassified through profit or loss in accordance with IAS 21 - Effects of changes in foreign currency exchange rates, paragraph 48. The effect of cash flow hedges (**) on Other Comprehensive Income was also reclassified to profit and loss for the year in accordance with IFRS 9 - Financial Instruments, paragraph 6.5.12 (b).

	Chile
Other Comprehensive Income cash flow hedges reclassified to profit and loss (*)	(5,049)
Other Comprehensive Income conversions to equity reclassified to profit and loss (**)	(29,214)
Adjustments made to the selling price	7,463
Total loss on discontinued operations	**(26,800)**

2018

Chilean Annuity Business:

In March 2018, Sura Asset Management Chile announced that it has signed a sales purchase agreement for a total value of UF 5,168,716 (USD 222 million), by means of which it would transfer its annuity business to BICECORP S.A. and Compañía de Inversiones BICE Chileconsult S.A. This transaction is still pending approval on the part of the local regulators.

This transaction corresponds exclusively to the sale of the annuity business in Chile, since the Company wishes to focus its strategy on strengthening its core lines of business, that is to say those relating to the savings and investment industry, namely pension savings and other complementary products that form part of its offering, including individual, collective, disability and survivorship insurance.

As part of this process, Seguros de Vida Sura S.A. was spun off, giving rise to a new company called giving existence to a new company called Sura Seguros de Rentas Vitalicias S.A., which is to take over the former´s entire annuity business.

The sale of the latter company is expected to be completed during the first half of 2019, and the assets and liabilities of Sura Seguros de Rentas Vitalicias S.A. were reclassified as assets available for sale based on that provided in IFRS 5.

The separate financial statements corresponding to Seguros de Rentas Vitalicias S.A. are shown below:

Sura Seguros de Rentas Vitalicias S.A.
Statement of Income
Year-end 2018
(Stated in USD thousands)

	2018
Gross premiums	51,129
Net premiums	51,129
Revenues from investments backing insurance reserves	124,011
Gains and losses at fair value from investments backing insurance reserves	8,238
Claims	(81,572)
Movement in premium reserves	(55,945)
Total insurance margin	**45,861**
Other operating income	**49**
Selling expense	(3,356)
Fee and commission expense	(995)
Operating and administrative expense	(8,107)
Operating and administrative expense	(9,102)
Total operating expense	**(12,458)**
Operating income	**33,452**
Financial expense	(42)
Derivative (expense) income	(12,566)
(Expense) income on exchange differences	(57)
Earnings (losses) before income tax from continuing operations	**20,787**
Income tax	(5,612)
Net income for the year from continuing operations	**15,175**
Loss incurred upon comparing book values with fair values (selling price)	**(64,220)**
Segment distribution - Sura Data and Servicios Profesionales Chile	(667)
Total line of discontinued operations in Chile	**(49,712)**

Sura Seguros de Rentas Vitalicias S.A.
Statement of Financial Position
At year-end 2018
(Stated in USD thousands)

Assets	
Financial assets	1,482,271
Investment properties	266,200
Accounts receivable	865
Cash and cash equivalents	(1,787)
Deferred tax assets	3,238
Current tax	30
Financial assets - hedging transactions	8,827
Other assets	2,942
Non-current assets held for sale	(59,129)
Total assets	**1,703,457**
Liabilities	
Technical reserves	1,442,903
Total debt	12,646
Financial obligations	12,293
Hedging liabilities	353
Deferred tax liability	40,997
Current tax liabilities	127
Accounts payable	2,475
Total liabilities	**1,499,148**
Net assets directly associated with the asset group available for sale	**204,309**

Net cash flows attributable to the operating, investing and financing activities of discontinued operations are shown as follows

	2018
Net cash flows (used in) sourced from operating activities	(27,375)
Net cash flows sourced from (used in) investing activities	15,647
Net cash flow sourced from financing activities	12,404

In accordance with the provisions contained in IFRS 5 - Non-current assets held for sale and discontinued operations, Paragraph 15, non-current assets held for sale were measured by comparing their book values with their fair values minus selling costs with the lower value produced being duly posted, as shown below:

Fair value (selling price) (in CLP thousands)	142,479,740
Net book values (in CLP thousands)	183,709,323
Gains (losses) in adjusting the book values (in CLP thousands)	(41,229,583)
Average CLP/USD exchange rate for 2018	642
Gains (losses) in adjusting the book values (in USD thousands)	(64,220)

Seguros de Vida México:

In October 2018, the insurance subsidiary, Seguros de Vida Sura S.A. de C.V. was sold to Suramericana S.A., as subsequently announced on November 15, 2017, the latter company being a specialized insurance and trend/risk management services

This is in keeping with Sura Asset Management S.A.´s current strategy in Mexico, whereby it shall be focusing its efforts more on its core savings and investment lines of business, both in the personal and corporate segments.

This divestiture is broken down as follows:

	In USD thousands
Selling price	20,462
Selling costs	17,947
Proceeds from sale	2,515
Revenues from equity method for 2018	(576)
Total income reported for Discontinued Operations	1,939

In 2019, a dispute arose with Suramericana S.A. regarding the Company's equity in the aforementioned sale, which led the parties to reach the following agreement in December:

- Sura Asset Management Mexico S.A. de C.V. paid Suramericana S.A. the amount of MXP 34,000,000 (effectively disbursed in the equivalent amount in U.S. dollars) as an adjustment to the price of the transaction that took place in 2018.
- Sura Asset Management S.A. (Colombia) paid Suramericana S.A. the amount of MXP 11,100,347, (effectively disbursed in the equivalent amount in Colombian pesos) this in the form of a consideration for the purpose of resolving the dispute and avoiding any future conflict with Suramericana S.A., in the light of having signed the respective sales purchase agreement in its capacity as guarantor in 2018.
- All parties involved irrevocably waived any future dispute, litigation, legal action, claim, lawsuit, etc. relating to this transaction.

NOTE 42 - Information regarding related parties

Transactions between related parties include:

- Loans between related companies: with contractually stipulated terms and conditions and at interest rates that are in keeping with the prevailing market rates. All are paid back in the short-term
- Financial, management, IT and payroll services
- Leases and subleases of office and retail premises, as well as re-invoicing the corresponding public utility bills to the tenants
- Cash reimbursements.

It is worthwhile noting that all these are considered to be short-term transactions

Balances are reconciled at the end of each year, in order to eliminate all applicable intercompany transactions. The exchange difference with recorded rates are charged to the income accounts on the Consolidated Financial Statements

The transactions performed and balances held with related parties at year-end are shown as follows. Investments are shown in Note 30:

Transaction	Country	Reported by:	Reported for	2019	2018
Accounts receivable	Chile	Administradora General de Fondos Sura S.A.	Seguros Generales Suramericana S.A. (Chile)	22	-
Accounts receivable	Chile	Administradora General de Fondos Sura S.A.	Seguros De Vida Suramericana S.A. (Chile)	2	-
Accounts receivable	Colombia	Sura Asset Management S.A.	Suramericana	117	-
Accounts receivable	Colombia	Sura Asset Management S.A.	Fondo de Pensiones y Cesantías Protección S.A.	-	42
Accounts receivable	Colombia	Sura Asset Management S.A.	Grupo Sura	-	7
Accounts receivable	Colombia	Sura Asset Management S.A.	AFP Crecer S.A.	-	2
Accounts receivable	Mexico	AFORE Sura S.A. de C.V.	Seguros Sura S.A. De C.V. (Mexico)	1	-
Accounts receivable	Mexico	Sura Investment Management S.A. De C.V.	Seguros Sura S.A. De C.V. (Mexico)	24	-
Accounts receivable	Mexico	Promotora Sura Am S.A. De C.V.	Seguros De Vida Sura México, S.A. De C.V.	126	-
Accounts receivable	Uruguay	Sura Asset Management Uruguay Sociedad de Inversión S.A.	Seguros Sura Uruguay	13	-
Accounts receivable	Uruguay	Corredor de Bolsa Sura S.A.	Seguros Sura Uruguay	8	-
Total assets - related parties				**313**	**51**
Account payable	Colombia	Sura Asset Management S.A.	Seguros Generales Suramericana S.A.	(18)	-
Account payable	Uruguay	AFAP Sura S.A.	Seguros Sura Uruguay	2	-
Total liabilities - related parties				**(16)**	**-**
Total equity - related parties				**-**	**-**
Income	Chile	Administradora General de Fondos Sura S.A.	Seguros Generales Suramericana S.A. (Chile)	301	-
Income	Chile	Administradora General de Fondos Sura S.A.	Seguros De Vida Suramericana S.A. (Chile)	27	-
Income	Colombia	Sura Asset Management S.A.	Fondo de Pensiones y Cesantías Protección S.A.	-	55
Income	Colombia	Sura Asset Management S.A.	Unión para la Infraestructura S.A.S.	-	23
Income	Colombia	Sura Asset Management S.A.	AFP Crecer	-	4
Income	Mexico	Promotora Sura Am S.A. De C.V.	Seguros De Vida Sura México, S.A. De C.V.	674	-
Income	Mexico	Sura Investment Management S.A. De C.V.	Seguros Sura S.A. De C.V. (Mexico)	237	-
Income	Mexico	Afore Sura S.A. De C.V.	Seguros De Vida Sura México, S.A. De C.V.	82	-
Income	Mexico	Sura Investment Management S.A. De C.V.	Seguros De Vida Sura México, S.A. De C.V.	56	-
Income	Uruguay	Corredor de Bolsa Sura S.A.	Seguros Sura Uruguay	81	-
Income	Uruguay	Disgely S.A.	Seguros Sura Uruguay	1	-
Total income - related parties				**1,459**	**82**
Expense	Colombia	Sura Asset Management S.A.	Seguros Generales Suramericana S.A.	595	-

Transaction	Country	Reported by:	Reported for	2019	2018
Expense	Colombia	Sura Asset Management S.A.	Seguros Generales Suramericana S.A.	586	-
Expense	Colombia	Sura Asset Management S.A.	Seguros de Vida Suramericana S.A.	67	-
Expense	Colombia	Sura Asset Management S.A.	Seguros Generales Suramericana S.A.	11	-
Expense	Colombia	Sura Asset Management S.A.	Servicios De Salud IPS Suramericana	8	-
Expense	Colombia	Sura Asset Management S.A.	Seguros Generales Suramericana S.A.	8	-
Expense	Colombia	Sura Asset Management S.A.	Operaciones Generales Suramericana S.A.S	1	-
Expense	Colombia	Sura Asset Management S.A.	Operaciones Generales Suramericana S.A.S	1	-
Expense	Colombia	Sura Asset Management S.A.	Consultoría Y Gestión De Riesgos IPS Suramericana S.A.	1	-
Expense	Colombia	Sura Asset Management S.A.	AFP Crecer	-	(8)
Expense	Colombia	Sura Asset Management S.A.	Fondo de Pensiones y Cesantías Protección S.A.	-	(251)
Expense	Mexico	Afore Sura S.A. De C.V.	Seguros De Vida Sura México, S.A. De C.V.	332	-
Expense	Mexico	Asesores Sura S.A. de C.V.	Seguros De Vida Sura México, S.A. De C.V.	31	-
Expense	Mexico	Afore Sura S.A. De C.V.	Seguros De Vida Sura México, S.A. De C.V.	24	-
Expense	Mexico	Promotora Sura Am S.A. De C.V.	Seguros De Vida Sura México, S.A. De C.V.	12	-
Expense	Mexico	Sura Investment Management S.A. De C.V.	Seguros De Vida Sura México, S.A. De C.V.	10	-
Total expense - related parties				**1,687**	**(259)**

All those accounts receivable and payable between Sura Asset Management S.A. and Subsidiaries, that were eliminated upon consolidating their financial statements, are broken down as follows:

2019

Name of Company	Country	Accounts Receivable	Accounts Payable	Expense	Income
Sura Asset Management Argentina S.A.	Argentina	-	0	-	-
Sura S.A.	Chile	-	79	3,306	686
Corredores De Bolsa Sura S.A.	Chile	839	40	10,319	2,871
Administradora General de Fondos Sura S.A.	Chile	176	2,032	(4,765)	11,675
Seguros De Vida Sura S.A.	Chile	1,788	304	13,294	6,369
Sura Data Chile S.A.	Chile	-	-	2,946	-
Sura Chile S.A.	Chile	1,995	139	14,546	145
AFP Capital S.A.	Chile	-	774	105	11,053
Sura Asset Management S.A.	Colombia	259	1,030	66	5,228
Activos Estratégicos Sura A.M. S.A.S.	Colombia	0	0	-	-
Sura Real Estate S.A.S	Colombia	-	0	-	2
Sura Art Corporation S.A. De C.V.	Mexico	38	4	380	30
Asesores Sura S.A. de C.V.	Mexico	936	155	9,548	131
Pensiones Sura S.A. De C.V.	Mexico	-	728	-	2,425
Sura Investment Management S.A. De C.V.	Mexico	74	2,100	1,019	14,817
Afore Sura S.A. De C.V.	Mexico	306	603	3,131	4,009
Sura Asset Management Mexico S.A. de C.V.	Mexico	-	4	-	31

Name of Company	Country	Accounts Receivable	Accounts Payable	Expense	Income
Promotora Sura AM S.A. De C.V.	Mexico	1,787	-	6,788	-
Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V.	Mexico	-	56	-	508
Nb Innova S.A De C.V.	Mexico	-	28	-	348
AFP Integra S.A.	Peru	0	87	80	358
Fondos Sura SAF S.A.C.	Peru	-	34	0	401
Sura Asset Management Peru S.A.	Peru	63	0	135	0
Sociedad Agente de Bolsa Sura S.A.	Peru	31	0	295	1
AFAP Sura S.A.	Uruguay	-	1	68	7
Administradora De Fondos De Inversión S.A.	Uruguay	-	77	-	627
Sura Asset Management Uruguay Sociedad de Inversión S.A.	Uruguay	-	(31)	-	1,629
Corredor de Bolsa Sura S.A.	Uruguay	77	-	627	68
Total		**8,369**	**8,244**	**61,888**	**63,419**

Transaction	Total value
Reciprocal accounts receivable	8,369
Reciprocal accounts payable	(8,369)

2018

Name of Company	Country	Accounts Receivable	Accounts Payable	Expense	Income
Sura Asset Management Argentina S.A.	Argentina	-	0	-	-
Sura Asset Management Chile S.A.	Chile	-	171	468	-
Corredores De Bolsa Sura S.A.	Chile	772	79	3,412	10,086
Administradora General de Fondos Sura S.A.	Chile	225	1,482	11,404	(5,298)
Seguros De Vida Sura S.A.	Chile	1,130	344	8,558	14,135
Sura Data Chile S.A.	Chile	6	-	3	4,071
Sura Servicios Profesionales S.A	Chile	1,656	2	165	16,305
AFP Capital S.A.	Chile	-	360	11,738	176
Sura Asset Management S.A.	Colombia	260	650	1,877	111
Activos Estratégicos Sura A.M. S.A.S.	Colombia	0	-	-	-
Sura Real Estate S.A.S	Colombia	3	-	(2)	420
Sura Asset Management España S.L.	Spain	-	9	-	-
Grupo Sura Ae Chile Holding I B.V.	Holland	-	(9)	-	-
Sura Art Corporation S.A. de C.V.	Mexico	53	2	28	409
Asesores Sura S.A. de C.V.	Mexico	1,801	-	-	10,224
Pensiones Sura S.A. De C.V.	Mexico	-	228	2,056	-
Sura Investment Management S.A. De C.V.	Mexico	96	2,021	15,496	1,012
Afore Sura S.A. De C.V.	Mexico	254	1,460	5,634	2,753
Sura Asset Management Mexico S.A. de C.V.	Mexico	-	2	29	-
Promotora Sura Am S.A. De C.V.	Mexico	920	-	-	7,583
WM Asesores en Inversiones S.A de C.V.	Mexico	-	24	46	-
NB Innova S.A de C.V.	Mexico	-	38	72	-
AFP Integra S.A.	Peru	-	218	816	122
Fondos Sura SAF S.A.C.	Peru	-	12	385	23
Sura Asset Management Peru S.A.	Peru	-	0	23	122
Sociedad Agente de Bolsa Sura S.A.	Peru	8	0	30	192
AFAP Sura S.A.	Uruguay	21	1	49	81
Administradora De Fondos De Inversión S.A. AFISA Sura	Uruguay	-	60	693	43
Sura Asset Management Uruguay Sociedad de Inversión S.A.	Uruguay	-	35	171	-

Name of Company	Country	Accounts Receivable	Accounts Payable	Expense	Income
Corredor de Bolsa Sura S.A.	Uruguay	60	21	81	693
Total		**7,265**	**7,210**	**63,232**	**63,263**

Transaction	Total Value
Reciprocal accounts receivable	7,265
Reciprocal accounts payable	(7,265)

The following is a breakdown of Sura Asset Management S.A.'s related parties at year-end:

2019

a) Companies under the direct control of Grupo de Inversiones Suramericana S.A., the parent company of Sura Asset Management S.A.:

Suramericana S.A.
Arus Holding S.A.S.
Inversiones y Construcciones Estratégicas S.A.S.
Sura Asset Management S.A.
Seguros Sura S.A.
Sura Ventures S.A.

b) Companies under the direct or indirect control of Sura Asset Management S.A. are listed in Note 1 (Corporate Information)

c) Companies in which Sura Asset Management S.A. holds a direct stake:

Name of Company	Direct Stake	Country
Activos Estratégicos SURA AM Colombia S.A.S.	100.00%	Colombia
SURA Investment Management Colombia S.A.S.	100.00%	Colombia
SURA Asset Management Argentina S.A.	95.00%	Argentina
SURA S.A.	100.00%	Chile
SURA Asset Management México S.A. de C.V.	100.00%	Mexico
AFP Integra S.A.	44.18%	Peru
SURA Asset Management Perú S.A.	100.00%	Peru
Administradora de Fondos de Pensiones y Cesantías Protección S.A.	49.36%	Colombia
SURA-AM Corredora de Seguros S.A. de C.V.	99.98%	El Salvador
SURA Asset Management Uruguay Sociedad de Inversión S.A.	100.00%	Uruguay

d) Members of the Board of Directors:

- David Emilio Bojanini García
- Ricardo Jaramillo Mejía
- Miguel Cortés Kotal
- Marianne Loner
- Esteban Cristian Iriarte
- Carlos Jaime Muriel Gaxiola

- Anita M. George

2018

The insurance subsidiary Seguros Sura México S.A. was sold off to Suramericana S.A. In 2018

e) Companies under the direct control of Grupo de Inversiones Suramericana S.A., the parent company of Sura Asset Management S.A.:

Suramericana S.A.
Arus Holding S.A.S.
Inversiones y Construcciones Estratégicas S.A.S.
Sura Asset Management S.A.
Seguros Sura S.A.
Sura Ventures S.A.

f) Companies under the direct or indirect control of Sura Asset Management S.A. are listed in Note 1 (Corporate Information)

g) Companies in which Sura Asset Management S.A. holds a direct stake:

Name of Company	Direct Stake	Country
Activos Estratégicos SURA AM Colombia S.A.S.	100.00%	Colombia
SURA Investment Management Colombia S.A.S.	100.00%	Colombia
SURA Asset Management Argentina S.A.	95.00%	Argentina
SURA Asset Management España S.L.	100.00%	España
SURA S.A.	2.71%	Chile
SURA Asset Management México S.A. de C.V.	100.00%	Mexico
AFP Integra S.A.	44.18%	Peru
SURA Asset Management Perú S.A.	100.00%	Peru
Administradora de Fondos de Pensiones y Cesantías Protección S.A.	49.36%	Colombia
SURA-AM Corredora de Seguros S.A. de C.V.	99.98%	El Salvador
SURA Asset Management Uruguay Sociedad de Inversión S.A.	100.00%	Uruguay

h) Members of the Board of Directors:

- David Emilio Bojanini García
- Ricardo Jaramillo Mejía
- Miguel Cortés Kotal
- Marianne Loner
- Jaime Humberto López
- Esteban Cristian Iriarte
- Carlos Jaime Muriel Gaxiola

Information corresponding to key personnel employed by Sura Asset Management S.A. and Subsidiaries is as follows:

	Salaries and Short-Term Employee Benefits		Other Long-Term Employee Benefits		Post-Employment Pensions and Benefits		Employment Termination Benefits	
Executive level	Amount Accruing - 2019 In USD Thousands	Amount Accruing - 2018 In USD Thousands	Amount Accruing - 2019	Amount Accruing - 2018	Amount Accruing - 2019 In USD Thousands	Amount Accruing - 2018 In USD Thousands	Amount Paid - 2019	Amount Paid - 2018
Colombia	4,805	4,144	-	-	-	514	-	-
Chile	6,205	5,840	-	-	-	-	-	-
Mexico	4,137	4,177	-	-	-	-	999	-
Peru	3,348	2,922	-	-	-	-	-	-
Uruguay	939	1,164	-	-	-	-	-	-
El Salvador	-	-	-	-	-	-	-	-
Total remuneration for key personnel	**19,434**	**18,247**	**-**	**-**	**-**	**514**	**999**	**-**

<u>NOTA 43</u> - Commitments and contingencies

Contingencies for legal claims

At year-end 2019, the subsidiaries and related companies of Sura Asset Management were involved in a total of 16,037 court cases, of which 2,197 are "new" insofar as notice of such was served during said year. Also, during this same year, a total of 2.609 legal proceedings were ruled upon, 608 in favor of the Company and 2.001 against. The following table shows a breakdown by individual country of the legal proceedings currently being heard:

		Legal Proceedings - 2019				
Country	Total Legal Proceedings	New	Ruled	In Favor	Against	Legal Proceedings Prior To 2019
Chile	62	86	103	87	16	79
Mexico	15,087	2,063	2,439	483	1,956	15,463
Peru	886	72	65	37	28	879
Uruguay	2	2	2	1	1	2
Colombia	-	-	-	-	-	-
Total general	**16,037**	**2,223**	**2,609**	**608**	**2,001**	**16,423**

Also, in accordance with its responsible investing approach and given the significant stake held by Sura Asset Management in AFP Protección and, indirectly in AFP Crecer in El Salvador, we also include information regarding the legal proceedings involving both these companies for 2019:

		Legal Proceedings - 2019				
Country	Total Legal Proceedings	New	Ruled	In Favor	Against	Legal Proceedings Prior To 2019
Colombia	12,490	7,091	1,766	305	1,461	7,165
El Salvador	7	3	-	-	-	4
Total general	**12,497**	**7,094**	**1,766**	**305**	**1,461**	**7,169**

The figures corresponding to AFP Protection (Colombia) do not include information relating to writs for the protection of constitutional/fundamental rights, given the extraordinary nature of such mechanisms insofar since they follow neither the form nor the terms of an ordinary legal proceedings.

Guarantees

AFP Integra must also set up a guarantee in favor of the Peruvian Banking, Insurance and Pension Fund Superintendency by means of a joint, unconditional, irrevocable and automatically enforceable letter of guarantee from any reputable local or foreign bank at the beginning of each calendar quarter for an amount no less than 0.5 per cent of the value of each Fund, less the value of the legal reserve as calculated on the last day of the previous quarter and for a term of at least 95 calendar days. At year-end 2019 and 2018, these bank guarantee letters totaled PEN 320 million and PEN 304.25 million respectively.

NOTE 44 - Information regarding operating segments

44.1 Reporting segments

For management purposes, Sura Asset Management S.A. is organized into business units based on the services they provide. These business units are divided up into the following reporting segments:

Mandatory pensions: The main business activity of this segment is to is collect and manage the amounts employees pay into their individual mandatory retirement savings accounts as well as managing and paying all those benefits required by the local pension systems

Investment Management: The business activity corresponding to this segment is to provide professional investment management services, mainly with regard to investment portfolios and the handling of the risk to which these are exposed. Its principle clients are: institutional investors, corporations and wealth managers.

Savings and Investment: The main activity of this segment is to market and provide advisory services with regard to all those funds managed by SURA as well as its Open Architecture Funds, and other direct investment products. This segment also handles insurance policies carrying savings plans.

Insurance and Annuities: The handling of risk in the different branches (life insurance and annuities) as well as defining adequate pricing for covering such risks.

Corporate and Others: This segment contains holding companies whose main business purpose is to acquire different investment vehicles. Also, other services are reported that are not directly related to the Company´s main business strategy but nevertheless complement the range of services provided. These are provided by: Asesores y Promotora in México and Sura Data in Chile.

Senior Management oversees the operating performance of the different business units separately, for the purpose of making decisions regarding the allocation of funds and evaluating their financial performance. The financial performance of these segments is evaluated based on the amount of operating profit or loss received which in turn is measured uniformly with the operating loss or profit disclosed on the consolidated financial statements. The Group's financing (including financial income and expense) is managed on a centralized basis, since operating segments are not allocated.

Information regarding the subsidiaries and the sectors to which they belong can be found in Note 1.

44.2 Statement of Income Per Segment

SURA ASSET MANAGEMENT S.A. and Subsidiaries

Year-end 2019

Consolidated Income Statement

(stated in thousands of USD)

	Mandatory pensions	Investment Management	Savings and Investment	Insurance and Annuities	Corporate - Others	Adjustments and eliminations	Total
Revenues from contracts with clients	613,533	52,037	42,849	-	19,743	(29,560)	698,602
Investment income	99	496	480	-	550,727	(537,802)	14,000
Gains and losses at fair value, net	45	132	178	-	228	-	583
Revenues from legal reserve	110,597	-	2,048	-	-	-	112,645
Revenues via the equity method from associates and joint ventures	61,622	166	7,604	-	-	-	69,392
Other operating income	8,430	3,418	12,602	5,082	1,310	(21,841)	9,001
Operating income - fund and pension management	**794,326**	**56,249**	**65,761**	**5,082**	**572,008**	**(589,203)**	**904,223**
Gross premiums	-	-	165,876	45,247	-	(588)	210,535
Premiums ceded to reinsurers	-	-	(270)	(10,417)	-	-	(10,687)
Net premiums	**-**	**-**	**165,606**	**34,830**	**-**	**(588)**	**199,848**
Revenues from investments backing insurance reserves	-	-	68,122	86,096	-	(5,439)	148,779
Fair value gains and losses from investments backing insurance reserves, net	-	-	59,162	179	-	-	59,341
Claims	-	-	(213,217)	(66,491)	-	-	(279,708)
Changes to reserves	-	-	(53,895)	1,821	-	-	(52,074)
Insurance operating margin	**-**	**-**	**25,778**	**56,435**	**-**	**(6,027)**	**76,186**
Administrative and selling expense	(330,694)	(60,179)	(98,485)	(24,840)	(92,528)	56,792	(549,934)
Deferred acquisition costs (DAC)	5,492	-	104	(42)	-	-	5,554
Wealth tax	(96)	(7)	(20)	-	-	-	(123)
Total operating and administrative expense	**(325,298)**	**(60,186)**	**(98,401)**	**(24,882)**	**(92,528)**	**56,792**	**(544,503)**
Operating earnings	**469,028**	**(3,937)**	**(6,862)**	**36,635**	**479,480**	**(538,438)**	**435,906**
Financial income	5,118	663	212	-	13,064	(3,308)	15,749
Financial expense	(3,849)	(1,098)	(888)	(49)	(68,880)	3,294	(71,470)
Derivative income	-	-	5	2	(760)	-	(753)
(Expense) income on exchange differences, net	4,193	(112)	(51)	367	29,557	859	34,813
Net earnings before income tax from continuing operations	**474,490**	**(4,484)**	**(7,584)**	**36,955**	**452,461**	**(537,593)**	**414,245**
Income tax, net	(117,056)	(285)	(2,330)	(26,639)	(51,747)	2,280	(195,777)
Net income for the year from continuing operations	**357,434**	**(4,769)**	**(9,914)**	**10,316**	**400,714**	**(535,313)**	**218,468**
Net income for the year from discontinued operations	-	-	-	-	(56,757)	29,957	(26,800)
Net income for the year	**357,434**	**(4,769)**	**(9,914)**	**10,316**	**343,957**	**(505,356)**	**191,668**

SURA ASSET MANAGEMENT S.A. and Subsidiaries
Consolidated Income Statement
Year-end 2018
(stated in thousands of USD)

	Mandatory pensions	Investment Management	Savings and Investment	Insurance and Annuities	Corporate - Others	Adjustments and eliminations	Total
Revenues from contracts with clients	628,506	53,145	36,550	-	20,342	(31,950)	706,593
Investment income	51	258	403	-	421,187	(416,363)	5,536
Gains and losses at fair value, net	-	276	(30)	-	(5,429)	-	(5,183)
Revenues from legal reserves	4,535	-	213	-	-	-	4,748
Revenues via the equity method from associates and joint ventures	30,537	402	5,024	-	-	-	35,963
Other operating income	8,432	15,303	692	3,077	1,732	(23,916)	5,320
Operating income - fund and pension management	**672,061**	**69,384**	**42,852**	**3,077**	**437,832**	**(472,229)**	**752,977**
Gross premiums	-	-	248,100	177,757	-	(51,625)	374,232
Premiums ceded to reinsurers	-	-	(378)	(15,294)	-	-	(15,672)
Net premiums	**-**	**-**	**247,722**	**162,463**	**-**	**(51,625)**	**358,560**
Revenues from investments backing insurance reserves	-	-	39,717	192,295	-	(129,786)	102,226
Fair value gains and losses from investments backing insurance reserves, net	-	-	5,159	8,731	-	(8,238)	5,652
Claims	-	-	(227,213)	(150,511)	-	81,572	(296,152)
Changes to reserves	-	-	(36,279)	(137,760)	-	55,945	(118,094)
Insurance operating margin	**-**	**-**	**29,106**	**75,218**	**-**	**(52,132)**	**52,192**
Administrative and selling expense	(319,490)	(75,176)	(71,540)	(38,120)	(94,056)	75,206	(523,176)
Deferred acquisition costs (DAC)	(4,749)	-	(883)	(31)	-	-	(5,663)
Wealth tax	(79)	(13)	(19)	-	(23)	-	(134)
Total operating and administrative expense	**(324,318)**	**(75,189)**	**(72,442)**	**(38,151)**	**(94,079)**	**75,206**	**(528,973)**
Operating earnings	**347,743**	**(5,805)**	**(484)**	**40,144**	**343,753**	**(449,155)**	**276,196**
Financial income	6,910	324	278	-	8,792	(67)	16,237
Financial expense	(1,421)	(401)	(501)	(138)	(64,579)	110	(66,930)
Derivative income	-	-	(24)	(12,571)	(7,564)	12,566	(7,593)
(Expense) income on exchange differences, net	3,023	298	212	(2)	8,236	57	11,824
Net earnings before income tax from continuing operations	**356,255**	**(5,584)**	**(519)**	**27,433**	**288,638**	**(436,489)**	**229,734**
Income tax, net	(90,356)	457	(2,001)	(6,766)	11,830	3,332	(83,504)
Net income for the year from continuing operations	**265,899**	**(5,127)**	**(2,520)**	**20,667**	**300,468**	**(433,157)**	**146,230**
Net income for the year from discontinued operations	-	-	-	-	1,939	(49,712)	(47,773)
Net income for the year	**265,899**	**(5,127)**	**(2,520)**	**20,667**	**302,407**	**(482,869)**	**98,457**

44.3 Operating Revenues by Individual Country

Operating Revenues at year-end 2019 and 2018 are broken down as follows:

	2019		2018	
	Operating Revenues - Fund and Pension Management	Total Insurance Margin	Operating Revenues - Fund and Pension Management	Total Insurance Margin
Chile	329,138	30,371	263,361	37,237
Mexico	334,311	45,815	284,193	14,955
Peru	152,186		143,898	
Uruguay	23,393		29,397	
El Salvador	69		78	
Colombia	64,914		31,994	
Other Countries	212		56	
Consolidated	**904,223**	**76,186**	**752,977**	**52,192**

NOTE 45 - Earnings per share

The following figures are stated in US dollars:

Basic earnings per share	2019	2018
From continuing operations	73.12	37.54
Total basic earnings per share	**73.12**	**37.54**

	2019	2018
Controlling interest earnings	191,321	98,228
Weighted average number of ordinary shares used for determining basic earnings per share:	2,616,407	2,616,407

NOTE 46 - Risk management objectives and policies

1. Introduction

The purpose of this Note is to show the main risks to which Sura Asset Management S.A. is exposed and how these are handled based on its business profile in Chile, Mexico, Peru and Uruguay. First, we shall describe the Group's Risk Management Framework and then proceed to analyze each line of business (in terms of families of units). These lines of business include: (1) Pension Companies, (2) Insurance Companies, and (3) Fund Management and Brokerage firms We shall also provide a brief summary of the exposure relating to the other businesses, such as insurance brokerage services in Uruguay and discuss Sura Asset Management's position in AFP Protección in Colombia as well as in Crecer AFP in El Salvador. We shall also address the currency risks to which Sura Asset Management's corporate debt is exposed as well as the effect of the prevailing volatility on the seed capital invested by Sura Asset Management and the earnings retained over previous year (freely disposable capital)

It is also important to mention that, unless otherwise indicated, the exposure corresponding to each business unit is stated in the corresponding local currency, however, the figures included in this note have been converted to millions of USD, using the exchange rate applicable on the cut-off date of these financial statements, that is to say December 31st, 2019. In 2019, the currencies of the countries in which Sura Asset Management S.A. operates were adversely affected. In reference to this, we include the following table showing changes in the exchange rates for each currency:

Dollar Exchange Rates

Currency	2019	2018	% Change
CLP/ USD (Chile)	752.7	697.3	7.96%
MXP/USD (Mexico)	18.8	19.6	-3.58%
PEN/USD (Peru)	3.3	3.4	-1.78%
UYU/USD (Uruguay)	37.2	32.4	14.86%
COP/USD (Colombia)	3,277.1	3,249.8	0.84%

1.1 Risk Management Framework

Given the importance of handling the risks to which we are exposed in the various countries in a timely and efficient manner, Sura Asset Management is governed by a Risk Management System that has been designed based on the Company's needs in the light of the risks to which it is exposed as well as those inherent to its financial activities This framework follows a series of risk identification, assessment, management and monitoring processes, together with their corresponding communication and corporate governance arrangements. This Risk Management Model was set up since Sura Asset Management first came into being, thus demonstrating the substantial commitment that the Organization upholds in terms of risk management which it has been reinforcing through continuous improvement and the adoption of best international practices thus providing a solid risk management foundation which is shared by all those companies forming part of Sura Asset Management.

Our Strategic Risk Framework continued to gain a greater degree of maturity, in keeping with the progress made in previous years, this covering the following functions: Identifying strategic risk from Grupo SURA's standpoint (2016), identifying strategic risk from the corporate viewpoint of Sura Asset Management (2017), identifying strategic risk from the viewpoint of our different business units (2018) and drilling down on the work carried out to minimize business unit risk as well as identifying new strategic risk (2019) The strategic risks to which Sura Asset Management is exposed have not changed to any material degree, these being:

Regulatory Changes and Amendments to Tax Legislation. Geopolitical risk and the dependence on governments ' regulatory and tax policies.

Economic performance. Global economic performance and volatility affecting economic cycles that has an impact growth and development. This can also affect the formal job market and public confidence in the financial system.

Maturity and development of the financial markets. The ability of markets and financial instruments to develop and mature, so as to become more instrumental in Sura Asset Management's strategy.

Sustainability of the Pension System. Capacity of the system to adapt and meet the population´s changing expectations and needs, which could result in radical changes to the system or even its feasibility.

Ability to provide our clients with an adequate value-added offering. Fulfill our brand promise through examining, identifying and interpreting the needs of our clients and using these learnings to create solutions that provide true added value (an effective design, development and execution).

Business transformation. To be able to transform our business model (products and solutions, processes, technologies and channels) in a swift and timely manner so as to opportunely respond to changes in our business environment.

Ability to have a team of human talent equipped with the necessary skills. Attract suitable human talent who are able to align themselves with the value proposition that Sura Asset Management offers and ensure their ongoing loyalty to the Company.

Effectiveness of our corporate role. To fulfill our corporate role with regard to understanding, articulating and transmitting Sura Asset Management's strategy and corporate culture on a regional level.

Inspiring the confidence of different stakeholders. Encouraging confidence as a result of events that impact Sura Asset Management's reputation.

Cybersecurity. Cyber-risk refers to the probability of sustaining financial losses or causing damage to the reputation of both the Organization and private individuals as a result of the breakdown, misuse or embezzlement of the Company´s services and IT assets in the context of cyber space.

Access to sources of financing. Access to sources of capital so as to be able to finance new businesses, acquisitions and the growth of our existing business

Disruptive business model. Disruptive business models on the part of our industry, either by existing competitors or by competitors currently engaged in other industries, for example the Fintechs

Furthermore, as part of our risk management framework, we have begun to characterize the more relevant dimensions of the strategic risks to which we are exposed. With regard to the characterization of these risks, some of these have been studied in greater depth and new strategic risks have been defined.

The main objective of Sura Asset Management's risk management framework is to protect the Company from undesired events that may affect the attainment of its organizational objectives and goals. In the event of their occurrence, these risks could cause financial loss or harm the Company's reputation. For that reason, it is essential to have an internal control system

Sura Asset Management S.A. is fully aware of the importance of risk management, as part of its internal control system, so as to ensure the Company's ongoing sustainability. In this respect it has defined three lines of defense in the handling of such risk:

First line of defense. This consists of all those operational management areas within the Company (business, investment, operations, IT, etc.) From the standpoint of risk treatment, this line of defense is based on self-monitoring. Here the respective staff is responsible for detected and opportunely handling risk and must account for their actions accordingly.

2nd Line of Defense. The Risk Management and Compliance areas are responsible for the second line of defense. Their responsibilities consist of preventing risk and providing their advisory services. They are also responsible for drawing up policies and ensuring their proper interpretation as well as supporting and constructively challenging the first line of defense and providing additional risk monitoring

3rd Line of Defense. The Auditing Department is in charge of examining the Company's Internal Control system. Its responsibilities consist of performing independent audits and offering recommendations for reinforcing said system

Risk management is overseen by the Board of Directors (which serves as a 4th line of defense). The Board establishes risk management guidelines by issuing the corresponding policies, defining roles and responsibilities within the Organization and determining its degree of risk appetite, among other aspects.

The Board of Directors has its own Risk Management Committee which is in charge of periodically monitoring the risks to which the Company is exposed using the monitoring tools set out in the Company's policies and applied by the Company's Senior Management Furthermore, this Risk Management Committee is responsible for reviewing any proposals received with the main risk management policies. The Board is also ultimately responsible for approving policies based on the Risk Committee´s evaluations and recommendations.

Also, so as to ensure that the types of risk to which Sura Asset Management S.A. is exposed are properly identified, measured, controlled and monitored, the following risk categories have been established:

Profitability and the Financial Statements. This is the risk of potential losses or changes in the expected level of earnings due to demographic, financial and business factors, which would directly affect Sura Asset Management S.A.'s financial statements.

Third-Party Asset and Trust Management. This is the risk of sustaining losses with client funds managed by Sura Asset Management S.A. as a result of changes to market prices, credit events and counter party and liquidity factors. Controls are also deployed to uphold due diligence and client interests with regard to handling third party funds.

Business Context. This is the risk of damaging Sura Asset Management S.A.'s corporate image as a result of performing any improper operations on a competitive market (fund, product and strategy management, etc.) thereby failing to provide our clients with the products required according to their needs and purposes and to show the risks and features inherent to each product.

Operating Stability This is the risk of potential losses due to human error, faulty systems or fraud as well as business continuity issues, personal safety as well the security of physical assets and information. This category explicitly includes cybernetic risk.

Legal and Compliance. This is the risk (real or perceived) from failing to comply with laws, rules, regulations, principles, policies and guidelines applicable to Sura Asset Management S.A.'s different businesses that may damage its business integrity or reputation, with or without sustaining a direct economic loss

Emerging risk.: these are new risks and changes to risks that have already been identified that are arising as a result of current trends and that are difficult to understand from the Organization's standpoint. These risks may be included either in a category that already exists or in an entirely new category.

It is important to note that **Reputational** y **Regulatory Risk** is not expressly defined since these could produce adverse events or consequences with regard to any one of the above categories.

In order to carry out the functions and responsibilities of the Corporate Risk Area, Sura Asset Management has a structure in place that involves the following specific risk management areas:

Business Risk Area: this focuses on analyzing the risk profile inherent to Sura Asset Management´s business, together with how this continuously evolves as well as monitoring the impact of the strategic guidelines on the Company's risk profile. Given the differing natures of such, each business segment shall be impacted by different threats that could affect the Company's financial planning.

The Business Risk area assists the Company in detecting any changes to its risk profile as well as the need to mitigate these from the standpoint of financial planning and developing new initiatives and special projects. It is important to provide constructive challenge for this process which is the responsibility of the second line of defense.

Furthermore, there is a business risk monitoring system in place that provides methodologies, guidelines and tools for the first line of defense. It is also responsible for Sura Asset Management's business risk monitoring system on a corporate level as well as compliance with the Company's risk appetite as defined for each line of business.

Operating and Information Risk Management Areas: these are responsible for preventing and anticipating events that could cause losses due to human error, inadequate or flawed internal processes, system failures as well as external events. This includes legal risk and excludes strategic and/or business risk.

Operating and information risk is inherent to all activities, products, systems and processes, and can be caused by operating processes, internal and external fraud, technological and human resource factors, business practices, disasters, suppliers, etc. Operating risk management forms part of Sura Asset Management´s overarching risk management structure.

Investment Risk Area: as part of the responsibilities inherent to managing third-party resources, the Company's Investment Risk area must ensure a comprehensive risk management function with regard to handling its investment portfolios.

Sura Asset Management's subsidiaries directly manage third-party investment portfolios. This implies a series of responsibilities that these subsidiaries must take on before the regulating authorities of each country and their corresponding legislation.

The Investment Risk area has its own policy framework called the Investment Risk Framework. This identifies the main risks relating to investment portfolio management and their impact on the different levels of portfolio aggregation.

In 2019, the different Corporate Risk Areas carried out projects that have incorporated improvements to the different risk management and corporate governance systems, methodologies, metrics, tools aimed at unifying and standardizing these same on a subsidiary level. The main achievements obtained are as follows:

Business risk, this focuses on drilling down on the profitability dimension of the risk to which the profitability and balance sheet accounts are exposed on the part of our Pensions, Savings and Investment and Investment Management subsidiaries, by defining and periodically calculating both the corresponding risk appetite as well as the different value metrics. This also entails providing assistance to those heading up the various strategic projects being carried out with evaluating the corresponding strategic risks. This began with calculating Adequate Equity in accordance with the Law of Conglomerates in Colombia, that is scheduled to enter into full force and effect at year-end 2019.

Operating Stability Risk, communication with different stakeholders has been strengthened by holding meetings and other risk management monitoring meetings with corporate and local leaders. Similarly, we drilled down on identifying and addressing the risk of fraud in all those sub-processes that have the greatest exposure to this type of risk by updating and/or identifying risk mitigation controls. From the standpoint of our Business Continuity function, the programs and activities upheld by the companies pertaining to SURA Asset Management been maintained and further developed, carrying out the scheduled tests that allow us to prevent the occurrence of any event that would represent either an operating and/or technological contingency. In terms of supplier risk, in 2019 we deployed all those processes included in the Company's risk management methodology for the purpose of controlling the Company's exposure to the type of risk that could affect the Organization´s ability to achieve its goals, especially with regard to analyzing critical supplier risks and the corresponding risk assessment by standardizing metrics and concepts at subsidiary level.

We have also made headway with a project called the Internal Control System Architecture (ASCI in Spanish), which is a technological solution for harnessing synergies between the different lines of defense and the Organization´s existing processes.

Information, Technology and Cybersecurity Risks. In 2019 we worked on the deploying and implementing the information security and cybersecurity reference model throughout Sura Asset Management and Subsidiaries, this designed to gain greater maturity with our methods for protecting business information assets against emerging threats and vulnerabilities that could represent a risk for the Company. We also implemented policies to ensure that our governance function operates effectively in keeping with our organizational strategy and internal/external regulations. We also continued to work on maturing our development capabilities and processes so as to encourage greater watchfulness and opportunely detect trends and events in our business environment that could create possible exposure, while ensuring greater resilience so as to respond to and/or to swiftly reestablish our business operations should these types of incidents occur as well as the security and protection of our information and technological assets that support the running of the different processes within the Company.

Investment risk. In 2019, we continued with our improvement plans for our Center of Credit Excellence models, particularly the model used to evaluate the credit-worthiness of entities belonging to the real sector. We also incorporated new quantitative metrics in evaluating industry risk variables and our competitive position, thus allowing the analyst deploying such models to have greater visibility of the absolute and relative risk of each entity within the context of the sector to which it belongs.

In the meantime, the Centre of Excellence for Funds and Fund Managers has begun to work on standardizing the monitoring of investment fund management firms with whom we have already invested and which pose a great challenge for the future.

As for our sustainable investment policy, negotiations were conducted in 2019 to contract an external supplier of ESG ratings and information so as to be able to speed up the learning curve and incorporate the corresponding best practices, which is a strategic issue with our investment processes. Furthermore, we drew up a chapter on sustainable investment which now governs the Investment Management Unit. The sustainable investment chapters for SURA Asset Management's mandatory pension business (2018), and that of the Investment Management Unit (2019), provide guidance as part of the sustainable investment framework to which SURA Asset Management has committed itself, a commitment that was recently announced to the public with its adherence to the United Nations' PRI principles of responsible investment.

The Aladdin platform was deployed in both Mexico and Chile, and this led to a significant change in the investment process, while providing a new tool to reinforce this process in all its stages. In particular, the investment risk areas shall now have a system based on the highest international standard for performing their sensitivity analyses on their respective portfolios sensitization, thus providing a swifter, more standardized view of market risk when compiling different stress scenarios.

Furthermore, there is a new team of staff specialized in private market funds, in which all areas relating to the investment process participate, this for a more robust investment process for this type of asset while ensuring more standardized capabilities on an individual country level.

In 2020, the Corporate Risk Management function shall also focus on:

- stabilizing the calibration of parameters and calculating risk appetites and value metrics, in order to include these in the Company's monitoring functions;
- Consolidating an integrated operating and information risk management model
- Defining and implementing methodologies for project management purposes, thereby obtaining indicators in support of a more robust risk management function.
- Updating risks and sub-process controls as part of the company's risk profile monitoring function
- Reinforcing the roles, responsibilities and functions of the information security and cybersecurity model
- Consolidating our corporate I information security and cybersecurity model
- Developing information asset protection capabilities (data and information life cycle).
- Standardizing information security and cybersecurity controls so as to provide a basis for establishing a maturity level in controlling and allocating resources to our capabilities.

In this Risk Management Note we shall be focusing on Profitability and the Balance Sheet, bearing in mind the degree of materiality of the risk involved. We shall also be referring to the Operating Stability and Compliance category.

2. Risk Management Note - Risk to Pension Business

2.1 Pension business profile

The following table shows client funds as managed by Sura Asset Management S.A. as part of its pension business, these broken down per business unit. For 2019, total Assets Under Management for the Mandatory Pension business came to USD 92,453 million, with another USD 2,390 million corresponding to our Voluntary Pension business.

Product Family	Assets Under Management - Mandatory	Assets Under Management - Voluntary	Assets Under Management - Mandatory	Assets Under Management - Voluntary
	2019		2018	
Chile	39,722	1,376	35,804	1,104
Mexico	30,502	769	24,547	493
Peru	19,488	245	17,292	213
Uruguay	2,742	-	2,776	-
Total	**92,453**	**2,390**	**80,418**	**1,810**

The Chilean Pension Fund Management firm at the end of 2019, had a total of 1.6 million members, of whom 0.9 million are direct contributors, thus representing a contribution rate of 56% The year-end wage base came to USD 12,874 million. Chile´s income on its mandatory pension business largely corresponds to the commission charged on said wage base, which is 1.44%. Additionally, the Chilean Pension Fund Management firm manages Voluntary Pension Funds, which contribute to a lesser extent to the income earned by the Company.

At the end of 2019, the Mexican Pension Fund Management firm, had a total of 7.7 million fund members, of whom 1.8 million are direct contributors, Income from our Mexican Mandatory Pension business largely corresponds to the commission charged on Assets Under Management which came to USD 30,502 million. The commission at year-end 2019 came to 0.95% of total AuM. The Mexican Pension Fund Management firm also manages Voluntary Pension Funds

At the end of 2019, the Peruvian Pension Fund Management firm had a total of 2.3 million fund members, of whom 1.2 million are direct contributors, representing a contribution rate of 52.1% The year-end wage base came to USD 9,152 million. Peru´s income from its mandatory pension business mainly corresponds to the commission charged on said wage base. This commission, at year-end 2019, came to 1.55% for all those members who chose a flow-based commission. It is also important to mention the pension fund reform that was introduced in Peru back in 2012. This gave the pension fund members the choice of a commission based either on the wage base or the amount of Assets Under Management. In the case of all those pension fund members choosing the second option, and during the time it takes to migrate to this new system, a mixed commission is charged that shall gradually be taken off the wage base and transferred to AUM. It is also worth mentioning the fact that the large majority of all fund members have chosen a wage-based commission. The AUM-based commission, for all those fund members choosing such, came to 1.20% at year-end 2019.

At the end of 2019, the Uruguayan Pension Fund Management firm, had a total of 0.3 million members, of whom 0.2 million are direct contributors, representing a contribution rate of 53% The year-end wage base came to USD 1,263 million. Uruguay´s income on its mandatory pension business mainly consists of the commission charged on said wage base. This commission comes to 1.52%, however, in the light of a recent reform, commissions may be reduced so as not to reach more than 50% of the lowest commission charged within the pension management system.

2.2 Business Risk

Business risk for the Pension Fund Management Companies relate to the changes in variables affecting their financial results. From the standpoint of volatility risk, the financial effects are analyzed over a time horizon of one-year. Here we take into account possible variations in the following:

- commission income performance: where the effects of a 10% reduction are analyzed.
- client factors: the effects of a 10% increase in clients transferring out are analyzed

The following table shows the effects of Business Volatility Risk on Sura Asset Management S.A. It is important to note that, although certain sums are calculated for presentation purposes, these impacts cannot be linearly aggregated, given the diversification effect between these same. There is also a diversification effect amongst countries as to the cause or type of risk.

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
10% in Management Commissions	**(61.7)**	**(61.2)**
Chile	(19.2)	(19.5)
Mexico	(28.4)	(25.5)
Peru	(12.3)	(13.7)
Uruguay	(1.8)	(2.5)
+10% in Transfers	**(4.7)**	**(4.5)**
Chile	(2.3)	(1.1)
Mexico	(0.8)	(0.5)
Peru	(1.0)	(2.9)
Uruguay	(0.6)	(0.0)

The greatest effect comes from risk to commission income, since this could be affected by the following factors:

(1) a reduction in commission rates (given market competition, etc.);

(2) a drop in the number of fund members (unemployment, informal job markets, etc.).

(3) a decline in the wage base for reasons other than those previously mentioned (falling real wages, deflation, etc.) or

(4) regulatory changes.

In the case of Mexico (commission charged on assets under management), the third factor (3) relates to declining funds.

The sensitivity shown with regard to commission income consists of any combination of the aforementioned risks which could bring about a 10% decrease in the amount of commissions collected

Regarding the risk of an increase in the number of fund members transferring out, the magnitude of such relates to the business activities of each market in which Sura Asset Management S.A. operates. We note the greatest amount of pension fund activity in the case of Chile, which is consist with the social and regulatory circumstances prevailing in said country. Furthermore, there was a change in the methodology used for calculating the sensitivity factor.

2.3 Financial Risk

Financial Risk affecting the pension business is mainly related to changes in variables affecting the Companies´ financial results due to. (1) changes to legal reserves (the capital the company must keep in reserve, this being a defined percentage of the funds managed) in a particular year, (2) changes in fund returns compared to the rest of the industry that could trigger a Minimum Return Guarantee, or (3) changes in interest rates affecting the Provision for Deferred Income.

It is important to note that considering the Company's income recognition and financial instrument valuation policy, the entering into full force and effect of IFRS 9 shall not have an impact on the financial statements nor the financial position of the Pension Fund Management firms.

2.3.1 Volatility risk affecting legal reserves

Rules and regulations governing the pension business require that companies maintain a portion of its own capital invested in a reserve (Statutory Reserve, etc.). This reserve represents a percentage of the value of Assets Under Management. It is important to note that the underlying invested assets must maintain the same ratio as the underlying assets in the Managed Funds (i.e. the Company should buy portions of its managed funds) The following table shows the different legal reserve percentages per business unit:

% Legal Reserve for Managed Funds

Business Unit	%
Chile	1.0%
Mexico	0.7%
Peru	1.0%
Uruguay	0.5%

From the standpoint of financial volatility risk, the financial effects (on Earnings Before-Tax) are analyzed over a time horizon of one-year. Here we take into account possible variations with the following factors where the greatest exposure lies as per type of instrument and currency:

- **Equity securities:** where the effects of a 10% drop in equity prices are analyzed
- **Interest rates:** where the effects of an increase of 100 bp in interest rates are analyzed in terms of the how this would affect the value of fixed-income securities.
- **Foreign currency:** where we analyze the effects of a 10% drop in currency rates affecting prices of assets and/or investments abroad (net of any hedging arrangement)

The following table shows the effects of Volatility Risk to Sura Asset Management S.A.'s legal reserve. It is important to point out that in the case of Mexico where 100% of the fund management commission is charged on the Managed Funds and in Peru where a portion of the portfolio corresponds to a fund management commission, the impact presented in the table below includes, in addition to the effect of volatility affecting the legal reserve, a reduction in commission income resulting from the changes in Managed Funds as well as changes to the sensitized financial variable.

Although certain sums are calculated for presentation purposes, these impacts cannot be linearly aggregated, given the diversification effect between these impacts. There is also a diversification effect amongst countries as to the cause or type of risk.

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
-10% in Variable Valuation	**(33.8)**	**(33.6)**
Chile	(15.1)	(14.5)

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
Mexico	(9.6)	(10.2)
Peru	(9.0)	(8.8)
Uruguay	(0.1)	(0.1)
+100 bp in Interest Rates	**(48.7)**	**(40.6)**
Chile	(21.6)	(18.8)
Mexico	(18.8)	(15.6)
Peru	(7.6)	(5.5)
Uruguay	(0.7)	(0.7)
-10% depreciation in foreign currency	**(34.8)**	**(31.9)**
Chile	(17.1)	(15.0)
Mexico	(5.4)	(7.4)
Peru	(12.1)	(9.3)
Uruguay	(0.2)	(0,2)

The greatest effect comes from sensitivity to lower increases in interest rates. This is particularly applicable in the case of Chile and Mexico which have a greater risk exposure to Fixed-Income Assets. On the other hand, we have the effect of the sensitivity to foreign currency depreciation, the bulk of which is found in Chile due to the relaxing of regulations with regard to investments abroad, as permitted by the Investment Regime corresponding to the Chilean pension system.

It is worth noting that since the Company´s proprietary position (legal reserve) is invested in quotas of managed funds, it remains subject to the same Investment and Financial Risk Management framework as mentioned in section 2.4.

2.3.2 Risk Regarding Guaranteed Minimum Returns

Rules and regulations governing the pension business (excluding Mexico) requires each Company to maintain minimum returns with respect to the funds managed by the rest of the industry. Here, the gap existing between fund returns provided by Sura Asset Management S.A.'s Business Units and those provided by the rest of the industry is monitored. Should the difference in returns exceed the regulatory thresholds, the Pension Fund Management firm must reimburse each fund in order to maintain the stipulated rate floors.

The following table shows the effects of any 1 bp change in the Guaranteed Minimum Return gap. It is important to note that since average returns compared to the rest of the industry only go back over the last 36 months, as well as the fact that these are very similar to the returns obtained from the Companies' own strategically- placed assets, it is highly unlikely that the Guaranteed Minimum Returns would ever be transgressed in the short to mid-term.

Minimum Guaranteed Returns (in USD thousands)

Deviation (36 mth term of reference)	GAP with Guaranteed Minimum Returns	Effect of Gap Widening by 1 bp	GAP with Guaranteed Minimum Returns	Effect of Gap Widening by 1 bp
	2019		2018	
Chile				
Fund A	4.3%	0.6	3.9%	1.6
Fund B	4.1%	0.6	4.0%	1.7
Fund C	3.7%	1.4	2.1%	3.7
Fund D	2.9%	0.8	2.1%	2.1
Fund E	2.4%	0.7	2.2%	1.9
Mexico				
Siefore 1	N/A	N/A	N/A	N/A
Siefore 2	N/A	N/A	N/A	N/A
Siefore 3	N/A	N/A	N/A	N/A
Siefore 4	N/A	N/A	N/A	N/A
Peru				
Fund 1	2.4%	0.2	2.0%	0.6
Fund 2	3.5%	1.5	3.1%	3.9
Fund 3	4.2%	0.2	4.2%	0.7
Uruguay				
Accumulation	4.3%	0.7	2.4%	0.7
Retirement	1.7%	0.1	2.4%	0.1

The information herein provided corresponds to that stated in the Statement of Financial Position at year-end 2019

2.3.3 Volatility Risk on Provision for Deferred Income Liability (DIL)

Pension Fund Management Firms that base their commissions on the wage base or that are prohibited by local rules and regulations from charging AUM-based commissions or other payments from their pensioned fund members must set up a provision for Deferred Income Liability (DIL)

The purpose of this provision is to be able to defer income received from fund members to cover maintenance expense and a reasonable level of profit, in the periods in which those members become non-contributors or pensioners who by law cannot be charged for the management of their funds and/or pension payments.

This is because when fund members become non-contributors, they do not generate any income to meet the costs. So, this provision remains in place while the company collects the corresponding amounts and is released as future costs are incurred.

This provision is calculated on the basis of the present value of the cost corresponding to non-contributing fund members as well as members who have already been pensioned off and who cannot be charged for the managing of their funds and/or the pension payment.

This present value is calculated using the AAA rated corporate bond rate with no prepayment option as a discount rate, over a similar forecast horizon (20 years), in nominal or real terms depending on the currency used for calculating said provision. For this reason, the amount of volatility affecting the discount rate shall produce changes when assessing the value of this provision that shall affect Sura Asset Management´s income accounts.

The following table shows the effects of Volatility Risk on Asssessing the Value of the Provision for Deferred Income Liabilities set up by Sura Asset Management caused by fluctuating discount rates.

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
- 100 bp in Interest Rates	**(1.4)**	**(1.3)**
Chile	(0.7)	(0.6)
Peru	(0.6)	(0.6)
Uruguay	(0.1)	(0.1)

2.4 Investment and Financial Risk Management Processes on the part of Pension Fund Management Firms

One of the most important processes on the part of the Pension Fund Management firms is handling third-party funds. The following describes certain general aspects of the investment and risk management processes used as well as certain governing bodies responsible for such.

2.4.1 Investment process

The investment portfolios of the funds managed by Sura Asset Management S.A. are built up based on methodologies for assigning investment assets over the long-term with controlled levels of risk. Strategic asset allocation lies at the core of the investment process which begins with evaluating key macroeconomic variables with the support of expert professionals and well-recognized economists who periodically meet to analyze the performance of different capital markets. This information also includes numerical estimates of the performance of different classes of assets. Based on market expectations and historic asset performance, asset allocation models are run so as to estimate the relative importance of each type of investment held in the portfolio so as to maximize expected returns based on their level of risk. This process is carried out once a year when the overall investment strategy is re-gauged. It is important to note that in countries with guaranteed minimum returns, certain variables are added to the model, as established by the corresponding rules and regulations for calculating such returns, so that the allocation model does not deflect portfolio returns from those legally required.

During the year, tactical asset allocation models are run in order to incorporate the pension management fund´s short and mid-term perspectives into their portfolio strategy, this based on macro analyses, the corresponding economic cycle and the expected level of returns.

Since asset allocation lies at the heart of the investment process, the investment staff run daily security selections in search of the best market conditions that allow for greater returns on investment.

2.4.2 Risk Management

Independent risk teams, on both a functional as well as organizational level, are responsible for controlling and monitoring the different investment operations. These teams are in charge of conducting permanent follow-ups on the different investment portfolios, monitoring the levels of market, credit, liquidity and other risks that may have a negative impact on the rates of return earned by the different portfolios. It is the responsibility of the risk team to sound an alert with regard to any possible failure to comply with both internal and external rules and regulations as well as to remit such alerts to the Risk Committee so that the respective corrective measures may be taken.

2.4.3 Governing Bodies - Investment Management

The Boards of Directors of the different companies constitute the highest decision-making body in the investment process. It is their responsibility to approve asset allocations as well as the corresponding policies, limits, methods, and operating manuals.

For this purpose, the Board has an Investment Committee, comprised of board members as well as executive officers from the Investment and Risk Departments. This committee is responsible for defining the strategic allocation of assets, any permitted deviations regarding such as well as the framework for tactical operations, among others. The Investment Committee analyzes new investment opportunities which are first analyzed by the risk team before being passed on for the approval of the Risk Committee. The functions of the Risk Committee include approving quotas, new types of operations, markets and assets, evaluating investment overruns and resolving any conflicts of interest.

2.5 Impairment to Financial Assets

At the end of each quarter, impairment tests are performed on the Company’s financial assets. This includes financial instrument testing whereby, variables such as the difference between book values (at amortized cost) and market values are monitored as well as the increase in the spread as of the time of purchase and the actual classification of the instrument´s specific exposure. In the event that certain pre-defined thresholds are exceeded, an Asset Impairment Evaluation is performed, in which a credit analysis is carried out on the position held. This can be done even when the aforementioned thresholds have not been exceeded but rather an alert has been given as a result of monitoring the credit risk of each company. This credit analysis defines whether an impairment is applicable. We also test accounts receivable whereby we monitor the amounts payable versus the amounts duly paid. The purpose of this test is to obtain the actual percentage of impairment sustained on our subsidiary portfolios based on the actual default period.

At the end of Q4 2019, no fixed income security belonging to Sura Asset Management´s pension fund management subsidiaries had to be written off.

On the other hand, there was no provision set up at year-end 2018 for expected losses on the financial assets held by Sura Asset Management´s pension fund management subsidiaries

3. Risk Management Note - Risk to Insurance Business

3.1 Insurance business profile

The following is a summary of the business profiles of each of the insurance companies belonging to Sura Asset Management.

Compañía de Seguros de Chile has the largest exposure this on its Unit-Linked Individual Insurance, which is an important source of growth for the Company, and accounts for 84.3% of total reserves. The Individual Unit Savings (non-Unit Linked) portfolio has been run-off for more than ten years, this including endowment and universal life insurance and represents 14.8% of total reserves. The Traditional Individual insurance business also consists to a lesser extent of temporary insurance and individual health care insurance (the latter covering higher medical expense). The Group Insurance business is mainly concentrated in Debtor´s Life Insurance, and to a lesser extent (since it is short term insurance) in Group Insurance with Health Care coverage (reimbursed expense) as well as Life Insurance.

Furthermore, our Mexican insurance subsidiary also ceased to offer annuities in 2018, with this being taken over by another firm that is exclusively dedicated to this line of business.

With regard to reinsurance operations, these are only carried out in Chile, where group insurance shows a large ceded premium for its Debtor´s Insurance business trailed by its traditional line of Individual Insurance.

3.2 Business Risk

Risk to the insurance business relates to changes in variables that could: (1) affect the Company´s financial results in a particular year (volatility risk), or (2) affect long-term commitments to clients (risk of structural changes).

3.2.1 Volatility Risk

From the standpoint of volatility risk, the financial effects of such are analyzed over a one-year time horizon. In this regard, possible structural changes to demographics were taken into account, analyzing the effects of a structural 10% increase in longevity, mortality and morbidity rates.

The following table shows the effects of Business Volatility Risk on Sura Asset Management S.A. It is important to note that these effects cannot be aggregated, given the diversification effect between these impacts. There is also a diversification effect amongst countries as to the cause or type of risk.

Volatility Risk - 1-year time horizon (in USD thousands)

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
+10% with the Mortality Rate	**(0.7)**	**(0.8)**
Chile - Insurance	(0.7)	(0.8)
Mexico - Pension Funds	Not applicable	Not applicable
+10% with the Morbidity Rate	**(2.9)**	**(2.8)**
Chile - Insurance	(2.9)	(2.8)
Mexico - Pension Funds	Not applicable	Not applicable
+ 10% with the Longevity Rate	**(0.3)**	**(0.3)**
Chile - Insurance	Not applicable	Not applicable
Mexico - Pension Funds	(0.3)	(0.3)

The greatest effects come from morbility risk exposure. This mainly relates to Group Health Care Insurance in Chile, while and to a lesser extend to Individual Health Care Insurance (higher coverage of medical expense)

Chile's exposure to mortality risk has not changed in terms of the growth of its insurance business, mainly due to the volume of life insurance incorporating savings plans, which have a low exposure to mortality risk.

Neither were any changes recorded with regard to Chile´s longevity risk.

3.2.2 Risk of Structural Changes

From the perspective of structural change, the financial effects as a result of a change to the most important parameters used in assessing the value of long-term commitments to policy-holders, are analyzed. It is important to note that this structural effect has implications for expectations for future years (as opposed to just the first year as well as the inherent volatility risk), thus affecting the value of long-term reserves for policy portfolios, with the corresponding impact on the financial statements over one year. In this regard, possible structural changes to demographics were taken into account, analyzing the effects of a structural 10% increase in longevity, mortality and morbidity rates.

The following table shows the effects of the risk of structural changes on Sura Asset Management S.A. It is important to mention that these effects cannot be aggregated because of the prevailing diversification effect. On the other hand, it is important to note that structural changes to demographic parameters respond to phenomena that do not occur frequently, but would nevertheless have a more substantial impact.

Risk of Structural Changes (in USD thousands)

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
+10% in Mortality Rate	**(3.7)**	**(3.8)**
Chile - Insurance	(3.7)	(3.8)
Mexico - Pension Funds	Not applicable	Not applicable
+10% with the Morbidity Rate	**(1.3)**	**(1.5)**
Chile - Insurance	(1.3)	(1.5)
Mexico - Pension Funds	Not applicable	Not applicable
+ 10% with the Longevity Rate	**(18.8)**	**(17.9)**
Chile - Insurance	Not applicable	Not applicable
Mexico - Pension Funds	(18.8)	(17.9)

The greatest effect comes from Longevity Risk, which is concentrated in each line of business in keeping with the volume of the Life Annuities reserves in Mexico. This risk has increased slightly, given the increase in inflation which is above the portfolio's accrual rates

3.2.3 Mitigating Factors for Business Risk

So as to mitigate the exposure to insurance risk which could affect Sura Asset Management S.A.'s earnings and equity. Both subsidiaries have contracted underwriting policies with Chile entering into reinsurance agreements. Here it is worthwhile noting that Life Annuities are not subject to reinsurance and depending on the jurisdiction, local rules and regulations allow for companies to choose the risks to which they are exposed by abstaining from offering these products in certain cases.

The underwriting strategy is designed to avoid the risk of not being able to choose a specific exposure and ensure that prices cover the real risk. For this purpose, we have health certificates and medical checkups as well as regular reviews of our claims experience and product pricing. There are also underwriting limits to ensure proper selection criteria.

The Company's reinsurance strategy includes automatic contracts that protect against the frequency and severity of insurance losses. Negotiated reinsurance agreements includes proportional coverage, excess loss and catastrophic loss.

3.3 Financial Risk

Financial Risk for the insurance business relates to changes in financial variables that could directly affect the Company's results. These include credit, market and liquidity risk. The following table shows the structuring of the Companies' asset portfolios.

Business Unit	Fixed Income	Mortgage Loans (non-banking)	Leasing	Real Estate Assets	Equity Securities	Derivatives	Unit-Linked Funds	Total	%
	2019								
Chile - Insurance	**319**	**0**	**0**	**35**	**1**	**0**	**928**	**1,283**	**61.7%**
% including Unit-Linked	24.9%	0.0%	0.0%	2.7%	0.1%	0.0%	72.3%		
% excluding Unit-Linked	89.9%	0.0%	0.0%	9.8%	0.3%	0.0%			
Mexico	**796.9**	**0**	**0**	**0**	**0**	**0**	**0**	**796.9**	**38.3%**
% including Unit-Linked	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
% excluding Unit-Linked	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Total	**1,116**	**0**	**0**	**35**	**1**	**0**	**928**	**2,079**	
% including Unit-Linked	53.7%	0.0%	0.0%	1.7%	0.0%	0.0%	44.6%		
% excluding Unit-Linked	96.9%	0.0%	0.0%	3.0%	0.0%	0.0%			

3.3.1 Credit Risk

The portfolio of financial assets underpinning reserves (with the exception of unit-linked policies) and Additional Resources (Regulatory Capital, Business Capital, etc.) is mostly invested in fixed income instruments.

The following table contains a breakdown of the Company's financial assets subject to credit risk, this based on their credit ratings (on an international scale). Here a concentration of investment grade fixed income instruments can be seen.

Fixed Income Securities and their International Credit Ratings 2019 (In USD thousands)

Type	Chile - Insurance	Mexico	Total
Government securities	91.0	724.5	815.5
AAA	0.0	0.0	0.0
AA+	0.0	0.0	0.0
AA	0.0	0.0	0.0
AA-	0.0	0.0	0.0
A+	0.0	0.0	0.0
A	150.3	6.7	157.0
A-	0.0	8.8	8.8
BBB+	0.0	10.1	10.1
BBB	75.7	0.0	75.7
BBB-	0.0	9.2	9.2
BB+	0.0	0.0	0.0
BB	2.0	0.0	2.0
BB-	0.0	0.0	0.0
B	0.0	0.0	0.0
B	0.0	0.0	0.0
Deposits	0.0	37.6	37.6
Mortgage loans	0.0	0.0	0.0
Leasing	0.0	0.0	0.0
Total	**319**	**797**	**1,116**

3.3.1.1 Impairment to Financial Assets

At the end of each quarter, impairment tests are performed on the Company's financial assets. This includes financial instrument testing whereby, variables such as the difference between book values (at amortized cost) and market values are monitored as well as the increase in the spread as of the time of purchase and the actual classification of the instrument´s specific exposure. In the event that certain pre-defined thresholds are exceeded, an Asset Impairment Evaluation is performed, in which a credit analysis is carried out on the position held. This can be done even when the aforementioned thresholds have not been exceeded but rather an alert has been given as a result of monitoring the credit risk of each company. This credit analysis defines whether an impairment is applicable. We also test accounts receivable whereby we monitor the amounts payable versus the amounts duly paid. The purpose of this test is to obtain the actual percentage of impairment sustained on our subsidiary portfolios based on the actual default period.

At the end of Q4 2019, no fixed income security belonging to the investment portfolios held by Sura Asset Management´s insurance subsidiaries had to be written off.

The provisions for Expected Impairment Losses at year-end 2019 are broken down as follows (for greater clarity in gauging the corresponding exposure, figures are stated in thousands of US dollars):

Business Unit	Provision for Impairment (in USD thousands)	Provision for Impairment (in USD thousands)
	2019	2018
Debt Instruments at Amortized Cost	197	169
Premiums Due	18	34

Reinsurance Current Account	3	2
Real Estate Debtors	41	0.4
Total Chile - Insurance	**259**	**205.4**
Debt Instruments at Amortized Cost	1,053	1,037
Pensioner Loans Due	11	14
Total Mexico - Life Annuities	**1,064**	**1,051**
Total Financial Assets at Amortized Cost	1,250	1,206
Premiums Due	18	34
Total Reinsurance Current Account	3	2
Real Estate Debtors	41	0.4
Total Pensioner Loans Due	11	14
Total	**1,323**	**1,256.4**

3.3.2 Market Risk

The market risk for an insurance company is analyzed from the following standpoints:

- Interest Rate Risk
- Currency risk: open position and inflation (deflation)
- Exchange rate risk on equity and real estate assets

3.3.2.1 Interest Rate Risk

The risk to interest rates is analyzed from the following standpoints: (1) accounting records, and (2) the reinvestment or adequacy of assets / liabilities

3.3.2.1.1 Interest Rate Risk from the accounting standpoint

Since IFRS 9 was partially adopted in 2014, fixed-income investments and assets held for sale have been reclassified at amortized cost. Hence the accounting mismatches in equity versus changes in interest rates have been eliminated. As a result, neither the income nor the equity accounts are sensitive to fluctuating interest rates.

3.3.2.1.2 Interest Rate Risk from the Reinvestment standpoint

To estimate the sustainability of the investment margin (asset accruals on the recognition of interest on liabilities) a Liability Adequacy Test is performed. This test verifies that flows of assets (including the proposed reinvestment) in conjunction with premiums payable on existing commitments are sufficient to meet the legal reserve requirements. Should any inadequacy be detected, the reserve must be increased along with the volume of assets. The following table shows the levels of adequacy identified in this test.

Liability Adequacy Tests (in USD thousands)

Business Unit	Liability Reserves *	Adequacy of Reserves	Adequacy of Reserves
	2019		2018
Chile - Insurance	1,167.3	4.1%	4.6%
Mexican Life Annuities	712.7	2.9%	6.0%

* including Unit-Linked

The decline with the adequacy percentage in the case of the Mexican Pension Fund portfolio is mainly due to having sold off an asset which represented 16% of said portfolio this combined with a higher rate than the average obtained with the other assets.

3.3.2.2 Currency Risk

Currency Risk for the insurance business is related to potential currency mismatches between assets and liabilities and changes in currency appreciation / depreciation. This produces two types of currency risk: (1) the risk with open positions, and (2) the risk of inflation (deflation). For reference purposes, the following table shows assets (investment) and liabilities (reserves) based on their different currencies.

Currency Exposure * (in USD thousands)

Business Unit and Currency	Exposure - Investment Assets	Exposure - Policy Liabilities
	2019	
Chile - Real Currency	353.8	239.5
Chile - Nominal Currency	1.0	0.0
Chile - USD	0.0	0.0
Chile - Other Currencies	0.0	0.0
Total Chile	**354.8**	**239.5**
Mexican Life Annuities - Real Currency	759.2	712.7
Mexican Life Annuities - Nominal Currency	37.6	0.0
Mexican Life Annuities - USD	0.0	0.0
Mexican Life Annuities - Other Currencies	0.0	0.0
Total Mexico	**796.8**	**712.7**
Total Real Currency	1,113	952.2
Total Nominal Currency	38.6	0.0
Total USD	0.0	0.0
Total Other Currencies	0.0	0.0
TOTAL	**1,152**	**952**

* excluding Unit-Linked

3.3.2.2.1 Exchange Rate Risk - Open Position

The following table shows the impact that a 10% drop in the value of the USD would have on income before tax. At the end of 2019, our insurance companies had no exposure to USD, so the sensitivity is zero in both cases.

Sensitivity to a -10% depreciation with the US dollar (in USD thousands)

Business Unit	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
Chile	0.0	0.0
Mexican Life Annuities	0.0	0.0
TOTAL	**0.0**	**0.0**

3.3.2.2.2 Risk of Inflation (Deflation)

The following table shows the impact of a 1% negative change in inflation would have on income before tax. The results of this sensitivity analysis are explained by a higher asset position versus liabilities in real currency (Chile and Mexico)

Sensitivity to 1 % deflation rate (in USD thousands)

Business Unit	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
Chile	(1.1)	(0.6)
Mexican Life Annuities	(0.5)	(0.4)
Total	**(1.6)**	**(1.0)**

3.3.2.3 Price Change Rate Risk: Equity and Real Estate

The risk of price changes in the insurance business relates to maintaining positions in assets whose market value could change. Here positions taken with equity securities are distinguished from those taken with real estate assets. The following table shows the impact of a 10% drop in the price of the aforementioned assets on income before tax.

Sensitivity to 10 % drop in asset prices (in USD thousands)

Business Unit and Asset	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
Chile - Real Estate	(3.5)	(3.2)
Chile - Equity Securities	(0.1)	(0.1)
Mexican Life Annuities - Real Estate	0.0	0.0
Mexican Life Annuities - Equity Securities	0.0	0.0
Total Real Estate	**(3.5)**	(3.2)
Total - Equity Securities	**(0.1)**	**(0.1)**

3.3.3 Liquidity Risk

The following table shows the flows of assets and liabilities for a period of 0-12 months. This includes available liquidity held for immediate use if necessary. Total liquidity shows the net interaction between incoming and outgoing flows, including liquid funds.

Liquidity Risk 2019 - Short Term Cash Flow Position (in USD thousands)

Business Unit	0 to 1 month	1 to 3 months	3 to 12 months	0 to 12 months
Liquidity - Chile	**13.1**	**1.2**	**8.6**	**22.9**
Flows of assets	26.8	6.8	33.2	66.8
Flows of liabilities and expense	13.7	5.6	24.7	43.9
Liquidity - Mexican Life Annuities	**35.6**	**(6.9)**	**(4.6)**	**24.1**
Flows of assets	41.6	0.5	31.3	73.4
Flows of liabilities and expense	6.1	7.4	35.8	49.3
Total Liquidity	**48.7**	**(5.7)**	**4.0**	**47.0**
Flows of assets	68.4	7.3	64.5	140.2
Flows of liabilities and expense	19.8	13.1	60.5	93.2

3.3.4 Mitigating Factors - Financial Risk

3.3.4.1 Credit Risk

Credit risk is managed from two standpoints. The first relates to individual analyses of the creditworthiness of potential issuers when the corresponding securities are being considered.

A rating is established for each issuer, as part of this risk management process, based on Sura Asset Management's own methodology. This allows for deciding whether or not it is appropriate to buy from different portfolios. The second relates to the analyzing the portfolio on an aggregate level and takes into account concentration limits per type of fixed-income assets (e.g. limits on bank / corporate bonds etc.) as well as issuer constraints depending on their credit risk ratings

This also includes a weighted rating of the corresponding portfolio as well as minimum thresholds. Both facets of credit risk management are monitored periodically, so as to take corrective measures in the case of market movements or equity securities triggering an alert with regard to the limits or targets set.

3.3.4.2 Market Risk

Market risk management forms part of ALM (Assets and Liabilities Management) which is a dynamic and continuous process. This begins with analyzing the liability profile of Sura Asset Management S.A., and depending on the corresponding risk appetite / return, a strategic asset allocation plan is drawn up, taking into account the feasibility of going ahead with such given market conditions (liquidity and depth) and the weight of the existing portfolio of investments (especially in relation to terms and accrual rates). This strategic asset allocation obeys the Company´s investment mandate (or policy), which sets targets, limits, etc.

This investment policy is reviewed each year, and whenever a new type of asset is proposed (which triggers a special analysis) or whenever there is a material change to business profile.

Additionally, in the case of a material transaction (purchase or sale) that could affect the risk / return profile of Sura Asset Management S.A. and Subsidiaries, the corresponding analyses are performed to ensure that the transaction in question is appropriate and the impacts of such are anticipated.

Mitigating market interest rate risk includes taking into account the current position of interest accruing on liabilities and the adequacy of the accrual structure with regard to the asset portfolio. This is aimed at taking measures to mitigate the reinvestment risk relating to the asset portfolio.

Market risk is controlled by monitoring duration mismatches as well accrual rates relating to the asset portfolio. Likewise, Sura Asset Management S.A.'s business units perform different sensitivity analyses on their investments with regard to market risk, mainly from changes in interest rates.

Mitigating market risk in the form of price changes mainly focuses on real estate asset management, since Sura Asset Management S.A.'s business units do not have any material variable-income investments (in addition to those assigned to the client as part of individual account funds). Here, the concentration of this real estate portfolio is monitored. Furthermore, lessee creditworthiness and the concentration in each industrial sector are monitored to mitigate any material impact due to breaches of lease contracts.

3.3.4.3 Liquidity Risk

Liquidity risk is mitigated by reconciling assets with liabilities from the standpoint of short-term flows. In the case of portfolios being run-off, the relationship between liquid assets and commitments on the part of Sura Asset Management S.A.'s business units is periodically monitored, identifying and prioritizing assets that must be sold off, so as to ensure least impact on accrual rates and reconciling portfolio assets and liabilities.

4. Risk Management Notes - Fund Management and Brokerage Firms

4.1 Fund Management Business Profile

The table below contains information regarding Sura Asset Management S.A.'s Own Managed Funds as well its Open Architecture Funds, broken down into individual and institutional funds as well as per business unit. Total Assets Under Management for 2019 came to USD 8,633 million, 58.3% of which corresponds to institutional funds and the remaining 40.7% individual funds

Fund Management Business Profile * (in USD thousands)

Business Unit	Assets Under Management - Retail	Assets Under Management - Institutional	Assets Under Management - Retail	Assets Under Management - Institutional
	2019		2018	
Chile	1,690.8	514.4	1,493.5	502.1
Mexico	563.4	4,147.7	450.6	3,172.6

Peru	1,098.5	595.0	892.6	474.6
Uruguay	247.6	50.0	184.2	3.4
Total	**3,600.3**	**5,307.1**	**3,020.9**	**4,152.7**

* Including Open Architecture Funds

4.2 Business Risk

Business Risk for the Fund Management and Stock Brokerage firms relate to changes in variables affecting the Company's financial results. Here we take into account possible changes in commission income performance, upon analyzing the effects of a 10% drop in commission income

The following table shows the effects of Business Volatility Risk on Sura Asset Management S.A. It is important to note that, although certain sums are calculated for presentation purposes, these impacts cannot be linearly aggregated, given the diversification effect between these same. There is also a diversification effect amongst countries as to the cause or type of risk.

Deviation	Effect on Earnings Before Tax 2019		Effect on Earnings Before Tax 2018	
	Retail	Institutional	Retail	Institutional
-10% in Management Commissions	**(6.1)**	**(1.4)**	**(4.6)**	**(2.5)**
Chile	(4.1)	(0.1)	(3.7)	(0.4)
Mexico	(0.9)	(1.2)	(0.4)	(1.6)
Peru	(0.8)	(0.0)	(0.4)	(0.4)
Uruguay	(0.3)	(0.0)	(0.1)	(0.1)

The risks to commission income consist of:

(1) a reduction in commission rates (given market competition, etc.);

and (2) a drop in the number of client funds (market conditions, exit rates, competition, macroeconomic situation, etc.)

The sensitivity shown with regard to commission income consists of any combination of the aforementioned risks which could bring about a 10% decrease in the amount of commissions collected

It is important to note that with regard to the Company's policy for recognizing income and measuring financial instruments, the new IFRS 9 that recently came into full force and effect, shall not have any impact on the financial statements or on the financial position of the Fund Management and Stock Brokerage firms.

4.3 Impairment to Financial Assets

At the end of each quarter, impairment tests are performed on the Company's financial assets. This includes financial instrument testing whereby, variables such as the difference between book values (at amortized cost) and market values are monitored as well as the increase in the spread as of the time of purchase and the actual classification of the instrument´s specific exposure. In the event that certain pre-defined thresholds are exceeded, an Asset Impairment Evaluation is performed, in which a credit analysis is carried out on the position held. This can be done even when the aforementioned thresholds have not been exceeded but rather an alert has been given as a result of monitoring the credit risk of each company. This credit analysis defines whether an impairment is applicable. We also test accounts receivable whereby we monitor the amounts payable versus the amounts duly paid. The purpose of this test is to obtain the actual percentage of impairment sustained on our subsidiary portfolios based on the actual default period.

At the end of Q4 2019, no fixed income security belonging to the portfolios held by Sura Asset Management´s fund management and brokerage subsidiaries had to be written off.

In addition to the above, there was no provision set up at year-end 2019 for expected losses on the financial assets held by Sura Asset Management´s fund management and brokerage subsidiaries

5. Risk Management Notes - Risks with Other Companies

The purpose of this section is to supplement the previous risk notes referring to other companies belonging to Sura Asset Management S.A. that do not classify in the Pension, Insurance and Funds Management categories.

5.1 Compañía Corredora de Seguros (Insurance Brokerage Subsidiary) in Uruguay

Sura Asset Management does not have its own insurance subsidiary in Uruguay which is why, in order to provide a value-added range of products in this part of the world to its clients holding wealth management products, it offers its insurance brokerage services distributing third party insurance products.

Insurance Brokerage Revenues (in USD thousands)

Business Unit	Annual Commissions	Annual Commissions
	2019	2018
Uruguay	0.007	0.014
Total	**0.007**	**0.014**

The main risk posed by the Company’s business activities to its profitability and balance sheet has to do with lower commission income, as shown in the following table.

Volatility Risk for Business Variables - 1-year time horizon (in USD thousands)

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
-10% in Management Fees	(0.0007)	(0.0014)
Uruguay	(0.0007)	(0.0014)

It is important to note that with regard to the Company’s policy for recognizing income and measuring financial instruments, the new IFRS 9 that recently came into full force and effect, did not have any impact on the financial statements or on the financial position of the Insurance Brokerage firms.

6. Risk Management Notes - Risks with Non-Controlled Companies

The aim of this section is to supplement the previous notes by analyzing those companies in which Sura Asset Management has part ownership, without this being a controlling stake. Here we have AFP Protección in Colombia, which in turn owns AFP Crecer in El Salvador. Both are pension fund management firms. At year-end 2019, Sura Asset Management held a 49.36% stake in AFP Protección.

The following table show the results of the risk exposure and sensitivity analysis, as in the case of the Pension Fund Management firms coming under the control of Sura Asset Management (sections 2.1, 2.2 and 2.3). These figures are shown at 100% of their exposure

Business Profile - Pension Management Firms (in USD thousands)
Non-controlled Companies

Product Family	Assets Under Management - Mandatory	Assets Under Management - Voluntary	Assets Under Management - Mandatory	Assets Under Management - Voluntary
	2019		2018	
Colombia (Protección)	30,853	2,947	27,362	2,365
El Salvador (Crecer)	5,596	-	5,155	-
Total	**36,449**	**2,947**	**32,517**	**2,365**

Volatility Risk for Business Variables - 1-year time horizon (in USD thousands)
Non-Controlled Companies

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
-10% in Management Fees	**(21.6)**	**(21.8)**
Colombia (Protección)	(18.2)	(18.1)
El Salvador (Crecer)	(3.4)	(3.7)
+10% in Transfers	**(0.5)**	**(0.1)**
Colombia (Protección)	(0.5)	(0.1)
El Salvador (Crecer)	-	-

% Legal Reserve Requirement for Managed Funds
Non-Controlled Companies

Business Unit	%
Colombia (Protección)	1.0%
El Salvador (Crecer)	Not applicable

Volatility Risk for Financial Variables (in USD thousand)
Non-Controlled Companies

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
-10% in Variable Valuation	**(11.0)**	**(9.6)**
Colombia (Protección)	(11.0)	(9.6)
El Salvador (Crecer)	Not applicable	Not applicable
+100 bp in Interest Rates	**(9.6)**	**(7.4)**

Colombia (Protección)	(9.6)	(7.4)
El Salvador (Crecer)	Not applicable	Not applicable
-10% depreciation in Foreign Currency	**(4.3)**	**(6.4)**
Colombia (Protección)	(4.3)	(6.4)
El Salvador (Crecer)	Not applicable	Not applicable

Minimum Guaranteed Returns (in USD thousands)

Non-controlled Companies

Deviation (36 mth term of reference)	GAP with Guaranteed Minimum Returns	Effect of Gap Widening by 1 bp	GAP with Guaranteed Minimum Returns	Effect of Gap Widening by 1 bp
	2019		2018	
Colombia				
Greater risk	3.5%	0.2	3.8%	0.2
Moderate risk	3.1%	2.3	2.7%	6.2
Conservative risk	2.5%	0.3	2.2%	0.6
Scheduled withdrawals (*)	Not applicable	0.4	Not applicable	-
Long-term severance	2.3%	0.1	1.5%	0.4
Short-term severance	0.9%	0.0	0.9%	0.0

(*) Decree 059 of 2018 was issued in January 2018 and provided for new definitions for calculating the minimum profitability for the scheduled retirement fund. The deadline for the first official measurement period is June 2020.

It is also worth noting that AFP Protección retains part of insurance risk since it does not take out pension insurance for 100% of the corresponding risk. With regard to this risk, AFP Protection maintains an actuarial provision for its expected future commitments.

Retained Insurance Risk - Pension Fund Management Firms (in USD thousands)

Non-controlled Companies

Product Family	Exposure	Exposure
	2019	2018
Colombia (Protección)	170.8	146.5
El Salvador (Crecer)	Not applicable	Not applicable
Total	**170.8**	**146.5**

Changes with the claim rates or modifications to coverage terms and conditions (pursuant to legislative requirements) could have an impact on the Company's financial statements by increasing the corresponding provision. It should also be noted that in terms of the new pension insurance a new self-insured arrangement has been chosen through a stand-alone trust fund.

Pension Insurance Risk - AFP Protección (in USD thousands)

Non-controlled Companies

	Exposure

	2019
+10% of the Implicit Claims Rate	(13.9)
+10% Slippage (Minimum Wage)	(2.3)

Also, AFP Protección and AFP Crecer have ventured into the insurance brokerage business, which is similar to what happened in Uruguay. The following table show the risk exposure and sensitivity analysis results, as in the case of the Pension Fund Management firms coming under the control of Sura Asset Management (Section 5.1).

Insurance Brokerage Revenues (in USD thousands)

Non-controlled Companies

Business Unit	Annual Commissions	Annual Commissions
	2019	2018
Colombia (Protección)	1.1	0.7
El Salvador (Crecer)	0.1	0.1
Total	**1.1**	**0.8**

The main risk posed by this activity to the Company's profitability and balance sheet has to do with lower commission income as a result of a change in the marketing conditions with the company that underwrites the corresponding risk or lower placement volumes.

Volatility Risk for Business Variables - 1-year time horizon (in USD thousands)

Non-controlled Companies

Deviation	Effect on Earnings Before Tax	Effect on Earnings Before Tax
	2019	2018
-10% in Management Fees	**(0.11)**	**(0.08)**
Colombia (Protección)	(0.11)	(0.07)
El Salvador (Crecer)	(0.01)	(0.01)

7. Risk Management Notes - Risks with Sura Asset Management's Corporate Debt

Sura Asset Management's capital structure includes a debt component composed of a bond issued on the international market and a bank loan. Since a significant portion of financial obligations held are denominated in US dollars, this entails a risk with the exchange rate, since Sura Asset Management's subsidiaries report their financial results in local currency which poses an exchange risk upon transferring these to the parent company. The following table shows currency exposures

Currency	Currency Exposure on Corporate Debt (in USD thousands)	
	2019	2018
USD-Denominated Debt	850	885

COP-Denominated Debt	185	173
Total	**1,035**	**1,058**

At year-end 2018, 82% of this debt corresponded to bonds issued on the international markets in USD, 93% of which is hedged in the form of foreign exchange derivatives. Bank debt (including leases) denominated in Colombian pesos corresponds to 18% of the total.

8. Risk Management Notes - Risks with Sura Asset Management's Free Capital

Sura Asset Management's business units have their own free capital set up with their retained earnings. Investments made with free capital are in keeping with the different uses allocated, such as upcoming dividend payments or for reinvesting in the same business unit in keeping with its strategic planning.

The following table shows the exposure in each country in terms of currency and types of assets at year-end 2019:

Free Capital - 2019 (in USD thousands)

Business Unit	Fixed Income Securities	Equity Securities	Cash and Banks	Mutual Funds	TOTAL	%
	2019					
Chile	**110.8**	**0.0**	**136.1**	**88.4**	**335.3**	**72%**
Chile CLP	48.4	0.0	136.1	88.4		
Chile - USD	62.4	0.0	0.0	0.0		
Mexico	**0.0**	**0.0**	**21.7**	**0.0**	**21.7**	**5%**
México MXN	0.0	0.0	21.7	0.0		
Mexico - USD	0.0	0.0	0.0	0.0		
Peru	**0.0**	**0.0**	**6.4**	**88.0**	**94.4**	**20%**
Peru - USD	0.0	0.0	6.4	88.0		
Peru - USD	0.0	0.0	0.0	0.0		
Uruguay	**14.2**	**0.6**	**0.1**	**0.0**	**14.9**	**3%**
Uruguay - USD	14.2	0.6	0.1	0.0		
Uruguay - USD	0.0	0.0	0.0	0.0		
TOTAL	27%	0%	35%	38%		

Generally speaking, from the financial volatility standpoint, exposure to Sura Asset Management's free capital is mitigated as follows:

1. **Credit risk:** international fixed income instruments are invested in corporate bonds offering investment grades whose issuers are well diversified on a sectoral and geographical level.
2. **Liquidity Risk:** fixed income instruments and mutual funds corresponding to bonds with a liquid market.
3. **Currency Risk:** the Organization has decided to maintain its free capital invested in local currency, in keeping with the planned uses of such.

9. Risk Management Notes - Operating Stability and Compliance

Operating Risk Management relates to handling the risks to which Sura Asset Management's businesses may be exposed, which in the event of their occurrence could entail a financial or reputational loss for the Company. For this reason, and aware of the importance of managing in a timely and efficient manner the risks to which our businesses may be exposed in different countries, SURA Asset Management has an Internal Control System that is based on self-control, self-management and self-regulation, while clearly assigning the responsibilities involved.

Operational risk management is geared to the Company's objectives, thus ensuring the Organization's long-term continuity; improving processes and the quality of our customer service, while at the same time complying with the established regulatory framework and optimizing our capital consumption

Our risk management policies and model in terms of Operating Risk ensure a continuous process based on:

1. Identifying, assessing, measuring, controlling and monitoring all operating risk (current and potential), anticipating the possible causes of said risk and reducing their economic impact through mitigation decisions: improving or reengineering our processes, establishing controls and ensuring against possible contingencies, among other factors.
2. Quantitative assessments of operating risk using measuring methodologies and actual loss data recorded in the operating risk event databases.
3. Pro-active management of the Organization´s regional risk profile, through continuous follow-ups and monitoring, of the databases corresponding to the remediation plans carried out as well as incidents involving all our subsidiaries so as to provide feedback on opportunities for reinforcing our risk management function.
4. Training for all employees of Sura Asset Management, with the aim of raising levels of knowledge and awareness among our staff regarding the importance of timely risk management.

Risk levels have been kept within the tolerance levels set by the Board of Directors in 2019, we continue to work on the Company's Internal Control System model, which articulates the three established lines of defense, and allows for better visibility of the Company's risk exposure and for strengthening our culture of self-control, self-management and self-monitoring.

9.1. Supplier / Service Provider Operating Risk

As part of our Operating Risk management function, we continue to identify and evaluate the risks associated with suppliers, based on the products and/or services they provide the Company and in accordance with the established requirements.

9.2. Business Continuity Program

Availability risk is managed and mitigated through the Group´s Business Continuity Program which is deployed by each of the companies belonging to Sura Asset Management. This program including managing availability risk as well as the risks posed to the continuity of the Company’s processes, the preponderance of human and logistical factors as well as our technological resistance to impacts and the robustness of our physical security and information capabilities. Likewise, the risk management and business continuity functions at subsidiary level in each country have continued to uphold the activities and programs that were deployed in the past and have planned and carried out tests so as to strengthen our crisis management model and keep it up to date.

9.3. Fraud risk

Fraud and other related crimes constitute a threat that shall always remain present. Consequently, Sura Asset Management and its subsidiaries, constantly strive to protect the Organization against this type of crime. Certain measures were taken in 2019, aimed at drilling down on evaluating the risk of fraud on both a corporate and subsidiary level and campaigns were launched to raise employee awareness of this type of risk, namely how to avoid and manage such risk, and thus increase the efficiency and effectiveness of our efforts to combat fraud. We also continued to reinforce our corporate culture so as to deter fraud and increase our ability to detect such at an early stage and in so doing reduce the corresponding losses and minimize Sura Asset Management's exposure to this type of crime, either directly or through its subsidiaries.

9.4. **Information,** technology and cybersecurity risk

In 2019, Sura Asset Management worked deploying and implementing the Information Security and Cybersecurity Reference Model on both a corporate and subsidiary level, this with the aim of maturing our controls for protecting out business information assets from emerging threats and vulnerabilities that could pose a risk for the Company. We also implemented policies to ensure that our governance function operates effectively in keeping with our organizational strategy and internal/external regulations. We also continued to work on maturing our development capabilities and processes so as to encourage greater watchfulness and opportunely detect trends and events in our business environment that could create possible exposure, while ensuring greater resilience so as to respond to and/or to swiftly reestablish our business operations should these types of incidents occur as well as the security and protection of our information and technological assets that support the running of the different processes within the Company.

A methodology, along with a policy and different processes, have been put firmly into place for identifying and classifying information assets, which begins with the challenge of identifying in conjunction with the business unit the information that is used and held in safekeeping so as to continue to reinforce the maturity level of our control environment and boost our risk management capabilities, thereby guaranteeing the utmost safety and security when using, holding in safekeeping, storing and retaining such, as well as transmitting this information throughout its respective life cycle.

This makes it possible to make improvements to the methodology used to handle technological and information risks so as to bolster the confidentiality, integrity and availability aspects of the information in question.

In 2020, we shall be working on furthering our frame of reference in order to strengthen our governance function as well as technological processes by implementing best operating practices that shall pave the way to a more effective risk management function and greater assurance for the Organization.

9.5. Compliance

Given the nature of the activities carried out by the companies belonging to Sura Asset Management, these are monitored and overseen by various regulatory authorities in each of the countries where we are present.

Regulatory compliance risk is managed through the "three lines of defense" model established in each entity. Each line of defense has specific roles and responsibilities when working closely together in order to identify, assess and mitigate regulatory and other risks. Here, the Legal and Compliance Department plays a key role, as part of the second line of defense, since it is responsible for informing the entire Organization of any regulatory changes that would have an impact on our business and addressing the process changes that are required to be made, with the help and assistance of the First Line of Defense..

In some countries, current legislation grants certain prerogatives to entities, so that in the event of any breach of a regulatory or operating nature, these must proceed to given prompt notice of such to the appropriate authorities, thus avoiding sanctions or fines. However, sometimes companies are involved in situations where risks occur and this results in fines and sanctions being imposed by the regulatory and oversight authorities. In these cases, the situation giving rise to the fine or sanction is fully identified and the respective measures are taken to resolve the specific case and prevent such events from occurring again in the future.

Taking into account the guidelines issued by Sura Asset Management's Audit Board Committee, significant sanctions or fines are understood to be those that exceed twenty thousand US dollars (USD 20,000). In 2019, one (1) such fine in excess of this amount was imposed, as shown below:

Regulatory Compliance - Significant Sanctions and Fines Imposed in 2019 (in USD)

Country	Amount	Quantity
Mexico	62,507	1

The observations that gave rise to the aforementioned sanction have been duly addressed, with action plans being drawn up and controls and initiatives deployed to avoid any repetition of such.

9.6. Asset Laundering

Sura Asset Management and its subsidiaries in each of the countries where present hereby declare, that with regard to asset laundering:

1. That the Organization has put into place and currently maintains procedures for handling the risk corresponding to asset laundering and the financing of terrorism, in accordance with Sura Asset Management´s own Internal Policies as well as all applicable rules and regulations
2. That, depending on the regulatory requirements governing each of the Companies belonging to Sura Asset Management, the steps taken to ensure the proper identification, measurement, control and monitoring of the risk of asset laundering and the financing of terrorism consist, generally speaking, of the following:
    - Knowing and identifying the client
    - Consulting both domestic and international black lists
    - Identifying and classifying high-risk clients
    - Monitoring transactions
    - Analyzing and providing an opinion on the operations carried out.
    - Sending regular reports to the regulators.
3. All those companies that make up Sura Asset Management, have clearly defined the objective, scope, documentation and persons responsible for each stage of the process used to handle the risk of asset laundering and the financing of terrorism. The corresponding documentation is handled by the different areas involved in preventing asset laundering and the financing of terrorism.
4. The different elements of the risk management system used for preventing asset laundering and the financing of terrorism have been clearly identified and defined. These include policies, procedures, risk management manuals, asset laundering control mechanisms, the Government as well as the responsibilities with each of the bodies responsible for implementing the risk management process in the case of asset laundering and the financing of terrorism. These have all been properly documented and are being fully implemented by the different areas responsible for this process within all those Companies belonging to Sura Asset Management.
5. The different processing and reporting functions have all been clearly defined with regard to analyzing client transactions in accordance with all legal provisions applicable to each of Sura Asset Management's companies.

6. Policies have been put into place for analyzing requirements in terms of the risk of asset laundering and the financing of terrorism when hiring suppliers and internal staff for the companies.
7. There are different corporate governance bodies that are responsible for monitoring and conducting follow ups on the results obtained with the prevention of asset laundering at each of the Companies that make up Sura Asset Management in various countries where present.
8. Information is issued by various internal governing bodies (Corporate Governance) of the Companies belonging to Sura Asset Management, which shows the current status of Sura Asset Management in terms of asset laundering and the financing of terrorism.
9. A permanent review is carried out to ensure that clients do not appear on blacklists, including that published by the OFAC (Office of Foreign Assets Control) list, this in order to ensure against this risk Nevertheless it is important to note that: (i) Based on the nature of the services provided, certain companies belonging to Sura Asset Management are unable to reject any client regardless of whether they appear on any blacklists, this due to local regulations; (ii) Should any company belonging to Sura Asset Management, discover that due to any circumstance a client, whether a private individual or a legal entity, appears on a blacklist such as the OFAC list, it must proceed to flag the accounts held by such clients so as to be able immediately suspend any activity, and in the event this is permitted by any applicable regulation, and report this circumstance to the corresponding authorities.
10. Sura Asset Management's subsidiaries are audited by the regulators in each of the countries where present.

On the date this report was issued no significant sanctions or fines have been imposed with regard to asset laundering

NOTE 47 - Additional Information

Personnel Structure

The following is a breakdown of the staff employed by Sura Asset Management S.A. and Subsidiaries

At Year-End 2019	Number of Persons Employed at Year-End		
	Men	Women	Total
Senior Management	34	15	49
Administrative Personnel	1.202	1.337	2.539
Sales Personnel	1.738	2.706	4.444
Total	**2.974**	**4.058**	**7.032**

At Year-End 2018	Number of Persons Employed at Year-End		
	Men	Women	Total
Senior Management	37	15	52
Administrative Personnel	1,160	1,193	2,353
Sales Personnel	1,659	2,397	4,056
Total	**2,856**	**3,605**	**6,461**

Information regarding the Parent Company's governing bodies

For the year ended December 31, 2019, members of the Board of Directors received fees for attending meetings of the Board of Directors and Board Committees, pursuant to that laid out in the Company's by-laws and as authorized by the General Assembly of Shareholders, which established the following fees to be paid in 2018:

- Fees to be paid on a bimonthly basis to the principal members of the Board of Directors: USD 5,500
- Fees for attending ordinary or extraordinary Board Committee meetings USD 2,750

Total fees paid during 2018 came to COP 1,037,976,271 or USD 316,351.

The members of the Board of Directors of Sura Asset Management S.A. and Subsidiaries are responsible for formulating the Organization´s main business guidelines and making key decisions, which in some cases correspond to guidelines received from its Parent Company in Colombia.

NOTE 48 - Events Occurring After the Reporting Period

2019
No relevant events have occurred subsequent to the reporting period.

2018

On January 15 2018, a public deed attesting to a merger between the Spanish subsidiary Sura Asset Management España S.L., and Grupo Sura Chile Holdings I B.V., domiciled in the Netherlands, was filed before the Spanish Trade Register, whereby the former absorbed the latter, as part of our Hera corporate simplification project. The company that was thus absorbed was the last vehicle that Sura Asset Management held in the Netherlands, so once the merger is perfected, there will be no more vehicles in that country.

On February 6, 2019 the registration of this merger in the aforementioned Trade Register was authorized, however, we continue to wait for the public deed attesting to the recordal of said merger. Once received, the date on which this merger is recorded shall be that on which the public deed attesting to such is filed with the Trade Register, that is to say January 15, 2019

LIABILITY STATEMENT

To the best of our knowledge, and in keeping with generally accepted accounting principles, these Consolidated Financial Statements drawn up under International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), provide a reasonable overview of the Group´s assets, liabilities, financial position and results. The accompanying report includes a reasonable account of the Group's business performance and results as well as its financial position together with a description of the main opportunities and risks going forward.

Medellín, Colombia
February 25, 2020

Carlos Esteban Oquendo
Legal Representative
Sura Asset Management S.A.

Independent auditor's report

To the Shareholders of Sura Asset Management S.A.

Opinion

We have audited the consolidated financial statements of Sura Asset management S.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing accepted in Colombia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Colombia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing accepted in Colombia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing accepted in Colombia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our Audit.

Iván Urrea Vega
Independent Auditor
Professional Card 110141 - T
Designated by Ernst & Young Audit S.A.S. TR - 530

Medellín, Colombia
February 25, 2020

ANNEX 1 – Additional risk management information

1. Risk Management Notes - Risks with Sura Asset Management's Seed Capital

In 2019, SURA Asset Management participated in five new projects by investing its Seed Capital. It also closed the Fondo Renta Alianza del Pacífico (Pacific Alliance Fixed Income Fund), so that by the end of the year the Company held a total of twelve projects in its investment portfolio.

The Pacific Alliance Fixed Income Fund was closed is due to the fact that it is decided to reconfigure the fund by focusing on our international clients and relaunching and reinvesting the amount of seed capital earmarked for the first quarter of 2020. SURA Investment Management handles a total of 11 seed capital projects.

The following is a brief overview of the aforementioned projects, along with Sura Asset Management's involvement and the amount of committed capital in such.

1.1. Pacific Alliance Equities Fund

This fund, which is domiciled and managed in Australia, was first launched September 3, 2015 conjunction with King Irving. The purpose of this fund is to invest in a diversified portfolio of funding instruments issued by companies domiciled or whose assets or operations are primarily located in Latin America´s emerging markets specifically the Pacific Alliance's member countries. This alliance is a regional integration initiative that includes Chile, Colombia, Mexico and Peru that was officially launched April 28, 2011.

It is intended for Australian investors in the mid to long term and with a tolerance to volatility in the Latin American capital markets.

The Fund Management firm is SURA Investment Management México, S.A. de C.V. Sociedad Operadora de Sociedades de Inversión. Sura Asset Management has invested seed capital in this fund through its subsidiary Sura Asset Management Chile S.A. with the firm King Irving Funds Investment acting as fund manager and distributor.

At year-end 2019, the exposure corresponding to this fund in terms of currency and asset class is as follows:

Breakdown of the seed capital invested in the Pacific Alliance Equities Fund at year-end 2019 (in USD millions)

Breakdown of the seed capital invested in the Pacific Alliance Equities Fund at year-end 2019 (in USD millions)

Country (Currency)	Absolute	%	Absolute	%
	2019		2018	
Chile (Chilean Pesos)	5.28	21.0%	5.69	24%
Colombia (Colombian Pesos)	2.76	11.0%	1.57	7%
Mexico (Mexican Pesos)	12.21	48.5%	11.19	47%
Peru (New Sols)	1.59	6.3%	2.27	10%
Others (US dollars)	3.33	13.2%	2.84	12%
Total	**25.17**		**23.56**	

Invested Seed Capital at Year-End 2019 (in USD millions)

Concentration per asset class.	Absolute
Fixed income securities	-
Equities	24.49
Cash and banks	0.68
Others	-
Total	**25.17**

The King Irving Sura Pacific Alliance (KIPA Fund) produced a return of9.22% in dollars for the year 2019 while attaining a gross Alfa of 2.08% on the benchmark MSCI Pacific Alliance Index. This level of performance reflects the fund's bottom-up strategy that invests as a high conviction fund over a 3-5-year horizon. In this way, the Fund is fulfilling its commitment to providing its clients with added value and to furthering the economic development of the entire region. It is also in keeping with Sura Asset Management's internationalization strategy. In the light of the above, its gross alpha since the fund was first created comes to 5.88%.

The following table shows the effects of Financial Volatility Risk to Sura Asset Management S.A.'s seed capital. It is important to note that, although certain sums are calculated for presentation purposes, these impacts cannot be linearly aggregated, given the diversification effect between these same. There is also a diversification effect amongst countries as to the cause or type of risk.

Volatility Risk for Financial Variables (in USD thousands)

Deviation	Effect on Earnings Before Tax 2019	Effect on Earnings Before Tax 2018
-10% in Variable Valuation	**(2.2)**	**(2.1)**
Chilean capital market	(0.5)	(0.6)
Colombian capital market	(0.3)	(0.2)
Mexican capital market	(1.2)	(1.1)
Peruvian capital market	(0.2)	(0.2)
-10% depreciation in foreign currency	**(2.2)**	**(2.1)**
Chile	(0.5)	(0.6)
Colombia	(0.3)	(0.2)
Mexico	(1.2)	(1.1)
Peru	(0.2)	(0.2)

1.2. Multi-Asset Fund - Uruguay

The SURA Estrategia Internacional Fund was first launched on November 1, 2018 and is domiciled and managed in Uruguay. The aim of this fund is to invest in a diversified portfolio carrying a medium-to-long-term investment horizon and moderate risk. It offers adequate liquidity, through a portfolio consisting mainly of fixed and variable income instruments, that are traded on both the local and international markets. The fund may invest a minimum of 60% and maximum 100% in fixed-income instruments.

This fund is handled by the Company´s investment fund management subsidiary in Uruguay, Administradora de Fondos de Inversión S.A. AFISA SURA. Sura Asset Management has invested seed capital in this fund through its subsidiary Sura Asset Management Uruguay Sociedad De Inversión S.A.

At year-end 2019, the exposure corresponding to this fund in terms of currency and types of assets is as follows:

Breakdown of the seed capital invested in the Fondo SURA Estrategia Internacional (in USD thousands)

Geographical and currency concentration	Absolute	%
	2019	
US (US Dollar)	3.17	59.9%
Uruguay (Uruguayan pesos)	0.06	1.13%
Japan (Yen)	0.08	1.42%
China (Yuan)	0.10	1.97%
Others	1.89	35.58 %
Total	**5.3**	**100%**

Invested seed capital at year-end 2019 (in USD thousand)

Concentration per asset class.	Absolute
Fixed income securities	4.05
Equities	1.02
Cash and banks	0.19
Others	0.03
Total	**5.3**

This Fund produced a return of 2.01% in dollars between November 29 and December 31, 2019 for an annual return of 10.16% at year-end.

1.3. Infrastructure Fund

1.3.1. *Credicorp Capital-Sura Asset Management 4G Infrastructure Fund*

At the end of 2015, Credicorp Capital and Sura Asset Management signed a strategic alliance for setting up a long-term debt fund for financing infrastructure projects within the region. The result of these efforts was the 4G Credicorp Capital-Sura Asset Management Infrastructure Fund which has committed investments from institutional clients worth COP 1.39 trillion (approximately USD 423.39 million)

Now, after starting up four years ago, the Fund has invested 100% of the capital committed to the financing of four projects (Pacifico 3, Neiva-Girardot, Bogotá-Villavicencio and Ruta del Cacao).
Given the nature of these investments, this capital shall be exposed to the inherent financial volatility risks given changes in project appraisals.

The capital committed to this fund by SURA Asset Management through its subsidiary SURA Asset Management Chile S.A. comes to COP 75,000 million (USD 22.84 million) of which COP 25,564 million have been drawn down as of December 31, 2019. The book value of the stake held at December 31, 2019 amounts to COP 28,869,872,846 (USD 8.81 million).

Breakdown of the seed capital invested in the *Credicorp Capital-Sura Asset Management 4G Infrastructure Fund* at year-end 2019 (in USD millions)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	-	0%
Colombia (Colombian Pesos)	8.81	100%
Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	-	0%
Others (US dollar)	-	0%
Total	**8.81**	

1.3.2. Infrastructure Liquidity Fund

In 2019, the Unión Para Infrastructure worked on setting up a second sub-fund of the 4G fund the purpose of which is to provide liquidity facilities for structuring the credit required for infrastructure projects. As a result of the steps taken, this new sub-fund now has five investors and a total committed capital of COP 70,000 million (USD 21.32 million).

The capital committed to this fund by SURA Asset Management through its subsidiary SURA Investment Management S.A.S. comes to COP 10,000 million (USD 3.05 million) of which COP 21.66 million has now been drawn down. At year-end 2019 its market value came to COP 324,631,018 (USD 99,059).

Breakdown of the seed capital invested in the Infrastructure Liquidity Fund at year-end 2019 (USD million)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	-	0%
Colombia (Colombian Pesos)	0.10	100%
Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	-	0%
Others (US dollar)	-	0%
Total	**0.10**	

1.3.3. AM Sura - Credicorp Capital Infrastructure investment fund -

Continuing with the growth and development of the infrastructure platform and as part of strategic alliance between SURA Asset Management and Credicorp Capital, the first investment fund of its kind was closed in Peru, the purpose of which is to invest in infrastructure projects carried out throughout the Andean region. The fund received USD 86.5 million in committed investments, USD 2,500,000, of which corresponded to Sura Asset Management through Fondos Sura SAF. At year-end 2019, a total of USD 15,713 had been drawn down.

Breakdown of the seed capital invested in the AM Sura - Credicorp Capital Infrastructure investment fund at year-end 2019 (in USD millions)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	-	0%
Colombia (Colombian Pesos)	-	0%

Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	0.02	100%
Others (US dollar)	-	0%
Total	**0.02**	

1.3.4. AM Sura - Credicorp Capital Highway Investment Fund in Peru

This new investment alternative enabled a 16.2% stake to be acquired in the form of Class B shares belonging to the Norvial highway concession holder. The fund received USD 11,700,000 in committed investments, USD 240,000 of which corresponded to Sura Asset Management through Fondos Sura SAF.

At year-end 2019, 100% of the committed capital had already been drawn down.

Breakdown of the seed capital invested in the AM Sura - Credicorp Capital Highway Investment Fund in Peru at year-end 2019 (in USD millions)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	-	0%
Colombia (Colombian Pesos)	-	0%
Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	0.24	100%
Others (US dollar)	-	0%
Total	**0.24**	

1.4. Real Estate

1.4.1. Private Equity Fund FCP Sura Asset Management Real Estate Development

The main purpose of this Fund is to obtain long-term capital gains and / or other operating income by investing in real estate projects, in Colombia, Chile and/or Peru, by participating directly or through strategic property development firms in the designing, constructing, developing, operating and / or managing of real estate assets, intended for retail, office, hotel or industrial use.

The fund received committed investments totaling COP 294,338 million (USD 90.57 million), of which SURA Asset Management through its subsidiary SURA Asset Management Chile S.A. committed a total of COP 5,886 million (USD 1.81 million). At year-end 2019, 46.06% of the total had been drawn down this amounting to COP 2,711,494,630. The book value of this investment at this same date came to COP 2,246,356,331 (USD 685,462)

Given the specific nature of this fund, the committed capital is exposed to financial volatility risk due to changes in the reappraised values of real estate projects in which the fund has invested as well as currency fluctuations since investee projects may well be located in different countries.

Breakdown of the seed capital invested in the Private Equity Fund FCP Sura Asset Management Real Estate Development at year-end 2019 (in USD millions)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	-	0%
Colombia (Colombian Pesos)	0.69	100%
Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	-	0%
Others (US dollar)	-	0%
Total	**0.69**	

1.4.2. FICI Colombia

The Collective Real Estate Investment Fund SURA AM Rentas Inmobiliarias - FICI - is a closed, long-term real estate collective investment fund whose main objective is to invest in income generating assets located in the main cities of Colombia.

The FICI fund closed on June 5, 2019, obtaining a total of COP 180,029,781,579. SURA Asset Management invested COP 17,678 million in the fund, whose book value at year-end 2019 came to COP 20,508,630,994 (USD 6,258,088)

Breakdown of the seed capital invested in the FICI Colombia Fund at year-end 2019 (in USD millions)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	-	0%
Colombia (Colombian Pesos)	6.3	100%
Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	-	0%
Others (US dollar)	-	0%
Total	**6.3**	

1.4.3. Sura Private Real Estate Investment Fund

This private real estate investment fund is managed by Fondos Sura SAF, the purpose of which is to invest in a single asset located in the city of Lima, and managing and stabilizing its occupancy so as to subsequently sell it off to a real estate rental fund.

The initial amount of seed capital invested in this fund amounted to USD 24,725,000. In 2019, there were 2 capital outlays the first for USD 7,444,733 on July 5. and the second for USD 3,300,000 on November 21. The fund's book value at year-end came to USD 15,012,427.

Breakdown of seed capital invested in the Sura Private Real Estate Investment Fund at year-end 2019 (in USD millions)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	-	0%
Colombia (Colombian Pesos)	-	0%
Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	15.01	100%
Others (US dollar)	-	0%
Total	**15.01**	

1.4.4. Rentas III Fund

The objective of the SURA Renta Inmobiliaria III Investment Fund is to invest in stabilized assets in Chile, specifically in the office, industrial and retail property segments. The fund was started up in January 2019 and obtained committed investments amounting to 1,091,745 UFs (development units). On August 31, it conducted a second closure with committed investments totaling 2,051,585 UFs (development units).

At year-end 2019, Sura Asset Management Chile held investment commitments for 319,110 UFs (development units), which is equal to CLP 9,735,558,851 (USD 12,932,893) of which 162,879 units equivalent to CLP 4,969,189,590 (USD 6,601,162) have already been drawn down *.

Breakdown of the seed capital invested in the Rentas III Fund at year-end 2019 (in USD millions)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	6.6	100%
Colombia (Colombian Pesos)	-	0%
Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	-	0%
Others (US dollar)	-	0%
Total	**6.6**	

**The capital calls corresponding to the Chilean Rentas III Fund were made on November 30, 2019*

1.4.5. Other related investments

During Q4 2019, two investments relating to real estate assets in Colombia - namely plots of land - were made, this for the purpose of extending the Company's strategy of caring for the elderly. Two trust funds were set up for this purpose, namely the Los Cedros and the Rincón del Chicó trust funds with Fiduciaria Bancolombia. On November 27, 2019, the draw down was made and the transfer of trust rights held by the owners of the property belonging to the Los Cedros Trust Fund was duly regulated. This operation amounted to COP 7,457 million, of which COP 6,052 million were drawn down. On the other hand, on December 5, 2019, a purchase sale agreement was signed and public deed was drawn up on the land corresponding to the Rincón del Chicó project. For this, COP 7,300 million was contributed to the trust.

Composition of seed capital invested in Los Cedros and Rincón del Chicó Trust Funds (in USD millions)

Country (Currency)	Absolute	%
	2019	
Chile (Chilean Pesos)	-	0%
Colombia (Colombian Pesos)	4.50	100%
Mexico (Mexican Pesos)	-	0%
Peru (New Sols)	-	0%
Others (US dollar)	-	0%
Total	**4.50**	

1.5. Guarantee Trust Fund in Uruguay

The purpose of this Trust Fund is to guarantee the repayment of the debt securities issued by Casa de Galicia, one of the main mutual associations in Uruguay. This trust, consisting of monthly credits, counts on a stream of income from the Uruguayan National Health Fund (FONASA) which it uses as a source of payment.

At year-end 2017, this trust fund totaled COP 22,748 million (USD 7 million), of which Sura Asset Management had disbursed a total of COP 3,219.85 million (USD 1 million) of its own capital through its subsidiary SURA AM Sociedad de Inversión S.A. To date, Sura Asset Management has received a total of USD 423,500 in amortizations of capital and investments and maintains an invested balance of USD 663,935 (converted to Colombian pesos)

Due to the nature of the investments made (credit securities issued by Casa de Galicia); the capital of this Fund shall be exposed to the credit risk relating to FONASA (the Chilean Public Health Care System). This is because the originator has transferred a percentage of the flows received from FONASA, corresponding to members of the National Health Care Fund, and therefore there exists a volatility risk with regard to the latter members. This risk is mitigated with the existence of a guarantee trust, which entails accelerating the payment of the obligations due, for which a total of 4 million UIs (International Units) has been assigned in the form of monthly flows (the flows are thus directly deposited into the guarantee trust's account and then sent on to the originator, Casa de Galicia.