# SURA Asset Management S.A. and Subsidiaries

# Consolidated Financial Statements At Year-End 2022 and 2021

# Contents

**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 28, 2023

**Carlos Esteban Oquendo**
Legal Representative
Sura Asset Management S.A.

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## Report of the External Auditor on the Consolidated Financial Statements

To the Shareholders of:
Sura Asset Management S.A. and Subsidiaries

### Opinion

We have audited the consolidated financial statements of Sura Asset management S.A. and subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position as at December 31, 2022, 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 and other explanatory notes.

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, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Information for Internal Use

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| Key Audit Matter | How our Audit Addressed the Key Audit Matter |
|---|---|
| ***Goodwill impairment test***<br><br>The goodwill amount represents the 18% of total assets in the statement of financial position.<br><br>Management performs an annual impairment test on the recoverability of goodwill as required by International Financial Reporting Standards.<br><br>As disclosed in note 29, the Group uses the income approach to determine the recoverable value of these assets. The most significant judgments arise about the forecasted cash flows, the discount rate, and the growth rate applied in the valuation models.<br><br>The current macroeconomic context also increases the complexity of forecasting, with a greater focus on the latest trends and less confidence in historical trends.<br><br>Consequently, the impairment tests are considered a key audit matter due to the impact of the above assumptions. | My audit procedures to assess goodwill impairment tests included the following:<br><br>• We obtained an understanding of the process to determine the recoverable amount of goodwill.<br><br>• We checked that the forecast information included in the projections was duly approved.<br><br>• We involve valuation specialists with experience and knowledge in evaluating goodwill impairment tests to:<br><br>(1) Evaluate the reasonableness of the valuation models and significant assumptions applied, such as the projection period, terminal value, macroeconomic assumptions, working capital, business assumptions, and discount rate.<br>(2) Evaluate that the information used was complete, adequate and relevant.<br>(3) Recalculate of the recoverable value using valuation models<br>(4) Carry out sensitivity analysis around the key assumptions used in the models.<br><br>• We reviewed the respective disclosures, evaluating that they included the information required by the financial information regulatory framework applicable to the Company. |



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**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 the International Financial Reporting Standards, and for such internal control as management determines 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.

**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, could reasonably be expected to influence the economic decisions of users based 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.



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- 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 generate 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and where applicable, the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Daniel Andrés Jaramillo Valencia
Independent Auditor
Professional Card 140779 - T
Designated by Ernst & Young Audit S.A.S. TR - 530

Medellín, Colombia
February 28, 2023



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

| | Notes* | 2022 | 2021 |
|---|---|---|---|
| Commission income | 5 | 666,855 | 709,712 |
| Investment (expense) income | 6 | (911) | 12,928 |
| Fair value gains, net | 7.2 | 8,379 | 340 |
| Revenues from legal reserves | 7.1 | 8,586 | 42,027 |
| Equity method revenues from associates and joint ventures, net | 8 | 7,380 | 36,667 |
| Other operating income | 9 | 56,951 | 7,105 |
| **Operating income - fund and pension management** | | **747,240** | **808,779** |
| Gross premiums | 10 | 1,100,595 | 183,401 |
| Premiums ceded to reinsurers | 10 | (1,739) | (1,664) |
| **Net premiums** | **10** | **1,098,856** | **181,737** |
| Revenues from investments backing insurance reserves | 6 | 295,922 | 113,583 |
| Fair value (losses) gains from investments underpinning insurance reserves, net | 7.2 | (79,556) | 30,840 |
| Claim expense, net | 11 | (140,604) | (142,239) |
| Movements in insurance reserves, net | 12 | (1,149,267) | (154,162) |
| **Margin from insurance operations** | | **25,351** | **29,759** |
| Selling, general and administrative expense | 13 | (535,396) | (562,341) |
| Deferred acquisition costs (DAC) | 13 | 865 | 11,780 |
| **Total operating and administrative expense** | **13** | **(534,531)** | **(550,561)** |
| **Operating earnings** | | **238,060** | **287,977** |
| Financial income | 14 | 14,338 | 10,443 |
| Financial expense | 15 | (64,546) | (61,356) |
| Derivative income (expense), net | 16 | 1,815 | (1,016) |
| Income from exchange differences, net | 17 | 1,544 | 29,710 |
| **Net earnings before income tax from continuing operations** | | **191,211** | **265,758** |
| Income tax, net | 22 | (67,954) | (100,262) |
| **Net income for the year from continuing operations** | | **123,257** | **165,496** |
| Net (losses) income for the year from discontinued operations | 41 | (7,424) | 1,970 |
| **Net income for the year** | | **115,833** | **167,466** |
| **Attributable to:** | | | |
| Controlling interest | | 91,243 | 167,223 |
| Non-controlling interests | | 24,590 | 243 |

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

***Some of the figures in the 2021 column have been reclassified for comparability purposes*

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

| | Notes* | 2022 | 2021 |
|---|---|---|---|
| | | | |
| **Net income for the year** | | **115,833** | **167,466** |
| | | | |
| **Other comprehensive income to be reclassified to profit and loss in subsequent periods:** | | | |
| Currency translation effect | 40 | 125,544 | (338,789) |
| Net income from cash flow hedges | 19.1 | 1,743 | 19,067 |
| Net (losses) income on foreign investment hedges, net | 19.1 | (93,261) | 14,848 |
| Net fair value loss on debt instruments | 40 | (6) | (69) |
| **Other comprehensive income to be reclassified to profit or loss in subsequent years:** | | **34,020** | **(304,943)** |
| | | | |
| **Other comprehensive income that shall not be reclassified to profit and loss in subsequent periods:** | | | |
| | | | |
| Equity method surplus | 40 | 7,924 | 1,304 |
| Revaluations of property, plant and equipment | | 4,006 | 469 |
| Measured actuarial gains corresponding to defined benefit plans | 40 | (298) | (276) |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent periods** | | **11,632** | **1,497** |
| | | | |
| **Other comprehensive income for the year, after deferred tax** | | **45,652** | **(303,446)** |
| | | | |
| **Total comprehensive income for the year, net of deferred tax** | | **161,485** | **(135,981)** |
| | | | |
| **Attributable to:** | | | |
| Controlling interest | | 153,827 | (135,518) |
| Non-controlling interests | | 7,658 | (463) |

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

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

| | Notes* | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 18 | 387,618 | 126,056 |
| Investment portfolio | 19.1 | 3,524,829 | 2,373,823 |
| Accounts receivable, net | 19.1/20 | 150,186 | 112,762 |
| Reinsurance assets | 19.1/21 | 432 | 925 |
| Current tax | 22 | 41,339 | 6,125 |
| Financial assets – hedge accounting | 19.1/23.1 | 197,479 | 219,654 |
| Other assets | 24 | 15,845 | 14,433 |
| Right of use assets, net | 25 | 21,007 | 28,256 |
| Deferred acquisition costs (DAC) | 26 | 181,867 | 174,038 |
| Investment properties | 27 | 78,206 | 68,566 |
| Property, plant and equipment, net | 28 | 54,623 | 39,168 |
| Goodwill | 29 | 1,172,017 | 1,100,669 |
| Other intangible assets, net | 29 | 697,869 | 575,611 |
| Investments in associates and joint ventures | 30 | 15,765 | 370,186 |
| Deferred tax assets | 22 | 86,709 | 40 |
| Assets held for distribution to owners | 41 | - | 2,305 |
| **Total assets** | | **6,625,791** | **5,212,617** |
| **Liabilities and shareholders´ equity, net** | | | |
| **Liabilities** | | | |
| Accounts payable | 19.2/31 | 156,226 | 152,454 |
| Financial liabilities at amortized cost | 19.2/33 | 651 | 499 |
| Financial liabilities – hedge accounting and derivatives | 19.2/23.2 | 50 | - |
| Right-of-Use liabilities | 25 | 21,364 | 29,611 |
| Insurance contract liabilities | 34 | 2,228,291 | 1,221,192 |
| Reinsurance liabilities | 32 | 570 | 713 |
| Current tax liabilities | 22 | 4,222 | 17,088 |
| Employee benefits | 35 | 58,464 | 53,963 |
| Provisions and contingencies | 36 | 126,344 | 10,963 |
| Deferred income liabilities (DIL) | 37 | 14,294 | 14,592 |
| Issued bonds | 19.2/38 | 854,174 | 852,934 |
| Deferred tax liability | 22 | 314,161 | 301,008 |
| Liabilities relating to assets held for distribution to owners | 41 | - | 226 |
| **Total liabilities** | | **3,778,811** | **2,655,243** |
| **Equity** | **39** | | |
| Subscribed and paid-in capital | | 1,360 | 1,360 |
| Share premium | 39d | 3,607,651 | 3,607,651 |
| Other capital reserves | | 298,392 | 219,471 |
| Other comprehensive income | 40 | (65,260) | 23,065 |
| Net income for the year | | 91,243 | 167,223 |
| Currency translation differences | 39b | (1,337,213) | (1,463,532) |
| **Total shareholders´ equity** | | **2,596,173** | **2,555,238** |
| Non-controlling interests | 39a | 250,807 | 2,136 |
| **Total Equity** | | **2,846,980** | **2,557,374** |
| **Total Liabilities and Shareholders' Equity** | | **6,625,791** | **5,212,617** |

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

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

| | Notes | 2022 | 2021* |
|---|---|---|---|
| **Operating activities** | | | |
| Net income for the year from continuing operations | | 123,257 | 165,496 |
| Net (losses) income from discontinued operations | | (7,424) | 1,970 |
| **Net income** | | **115,833** | **167,466** |
| Adjustments to reconcile net income with net cash flows: | | | |
| Income tax | 22 | 67,954 | 100,262 |
| Depreciation of property and equipment | 13-25-28 | 22,274 | 26,428 |
| Amortizations of intangible assets | 13-29 | 52,928 | 54,418 |
| Amortizations of Deferred Acquisition Costs (DAC) | 13-26 | 46,728 | 47,188 |
| Fair value gains (losses), net | | 75,037 | (76,353) |
| Financial returns at amortized cost | | (58,488) | (24,742) |
| Accrued interest | | 54,595 | 57,079 |
| Unrealized exchange differences | | (28,647) | (36,341) |
| Impairment to financial assets | | 3,102 | 1,955 |
| Equity method revenue from associates and joint ventures | 8 | (7,380) | (36,667) |
| Remeasured gains on business combinations | | 7,025 | - |
| | | | |
| **Adjustments to working capital:** | | | |
| Increase in accounts receivable and other assets | | (34,310) | (13,261) |
| Increase in deferred acquisition costs (DAC) | 26 | (47,593) | (58,968) |
| Decrease (increase) in reinsurance assets | | 481 | (123) |
| Increase in technical insurance reserves | 34 | 1,149,267 | 154,162 |
| Increase (decrease) in accounts payable and other liabilities | | 112,803 | (79,825) |
| Paid income tax | | (94,780) | (115,841) |
| **Net cash flow sourced from operating activities** | | **1,436,829** | **166,837** |
| | | | |
| **Investment activities** | | | |
| Dividends received from associates and joint ventures | | 213 | 6,174 |
| Capitalization - associates and joint ventures | 30 | (5,826) | - |
| Acquired properties and equipment | 28 | (10,432) | (7,909) |
| Amounts from sales of property and equipment | 9 | 890 | 1,284 |
| Acquired financial instruments | | 1,974,956 | 1,854,474 |
| Decrease in financial instruments | | (2,816,045) | (1,900,802) |
| Acquired investment properties | 27 | 573 | (1,605) |
| Acquired intangible assets | | (13,771) | (14,925) |
| Cash and cash equivalents from obtaining control of subsidiary | 4 | 241,151 | |
| Net cash for obtaining control of subsidiary | 4 | (404,141) | - |
| **Net cash sourced from (used for) investing activities** | | **(1,032,432)** | **(63,309)** |
| | | | |
| **Financing activities** | | | |
| Shareholder dividend payments | 39 | (89,008) | (74,621) |
| Dividends paid to non-controlling shareholders | | (275) | (269) |
| Loans received | 19.2 | 39,193 | 12,590 |
| Loans paid | 19.2 | (39,038) | (149,381) |
| Paid lease obligations | 25 | (14,422) | (15,961) |
| Payments for hedging transactions | | - | (12,330) |
| Interest paid | 19.2 | (39,285) | (41,101) |
| **Net cash flows sourced from (used for) financing activities** | | **(142,835)** | **(281,073)** |
| **Increase (decrease) in cash and cash equivalents** | | **260,243** | **(179,603)** |
| Effect of exchange differences | | 1,319 | 2,058 |
| **Cash and cash equivalents at January 1** | | **126,056** | **303,601** |
| **Cash and cash equivalents at December 31** | **18** | **387,618** | **126,056** |

** Please refer to the notes attached to these consolidated financial statements*
***Some of the figures in the 2021 column have been reclassified for comparability purposes*

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

| | | Issued share capital | Share premium | Other equity reserves | Other Comprehensive Income (OCI) | Net income for the year | Controlling interest | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Opening Balance - 2021** | **Notes*** | **1,360** | **3,607,651** | **177,986** | **(1,137,484)** | **116,592** | **2,766,105** | **2,625** | **2,768,730** |
| Carry-backs | | - | - | 116,592 | | (116,592) | - | - | - |
| Other comprehensive income | **40** | - | - | | (304,413) | | **(304,413)** | (463) | **(304,876)** |
| Equity method - Protección S.A. | **8, 40** | - | - | - | 1,430 | 32,445 | **33,875** | - | **33,875** |
| Dividends declared | | - | - | (74,621) | - | - | **(74,621)** | (269) | **(74,890)** |
| Withholding tax attributable to shareholders | | - | - | 750 | - | - | **750** | - | **750** |
| Other movements | | | - | (1,236) | - | - | **(1,236)** | - | **(1,236)** |
| Net income for the year | | - | - | - | - | 134,778 | **134,778** | 243 | **135,021** |
| **Closing Balance - 2021** | | **1,360** | **3,607,651** | **219,471** | **(1,440,467)** | **167,223** | **2,555,238** | **2,136** | **2,557,374** |
| Carry-backs | | - | - | 167,223 | - | (167,223) | - | - | - |
| Other comprehensive income | **40** | - | - | - | 35,584 | | **35,584** | (209) | **35,375** |
| Other comprehensive income - business combination | **40** | - | - | - | - | - | - | 7,867 | **7,867** |
| Equity method - Protección S.A. | **8, 40** | - | - | - | 2,410 | (3,554) | **(1,144)** | - | **(1,144)** |
| Dividends declared | | - | - | (89,008) | - | - | **(89,008)** | (275) | **(89,283)** |
| Withholding tax attributable to shareholders | | - | - | 475 | - | - | **475** | - | **475** |
| Liquidation of Pensiones Sura México | | - | - | 56 | - | - | **56** | - | **56** |
| Business combination Protección S.A. | **4** | - | - | 696 | - | - | **696** | 216,698 | **217,394** |
| Other movements | | - | - | (521) | - | - | **(521)** | | **(521)** |
| Net income for the year | | - | - | - | - | 94,797 | **94,797** | 24,590 | **119,387** |
| **At year-end 2022** | | **1,360** | **3,607,651** | **298,392** | **(1,402,473)** | **91,243** | **2,596,173** | **250,807** | **2,846,980** |

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

## <u>NOTE 1</u> - 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 Nro 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 Subsidiaries correspond to the financial years of 2022 and 2021, beginning on January 1 and ending on December 31 of said periods. These financial statements were approved on February 28, 2023 by the Board of Directors by means of Minutes No. 93.

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 as well as certain countries in Latin America and the Caribbean including Chile, Mexico, Peru, Uruguay, Argentina, El Salvador and the United States.

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.:

| Name of Company | Type of Entity | Direct/Indirect Stake Held | | Country |
|---|---|---|---|---|
| | | Year-end 2022 | Year-end 2021 | |
| Activos Estratégicos Sura AM Colombia S.A.S. | Holding company | 100% | 100% | Colombia |
| Sura Investment Management Colombia S.A.S. | Dedicated to managing investment companies. | 100% | 100% | Colombia |
| Sura IM Gestora de Inversiones S.A.S. | Dedicated to managing capital funds whose corporate purpose is to invest in, develop and/or manage real estate assets. | 100% | 100% | Colombia |
| Fiduciaria Sura S.A. | Dedicated to managing traditional and alternative fixed income, equity, infrastructure, real estate and private debt assets. | 99.99998% | 99.99998% | Colombia |
| NBM Innova S.A.S. | It offers financial coaching services through a digital platform called qiip. | 100% | 100% | Colombia |
| Asulado Seguros S.A. | Dedicated to offering pension insurance and annuities under the individual retirement savings model | 73.49% | N/A | Colombia |
| Administradora de Fondos de Pensiones y Cesantías Protección S.A. | Financial Services Company and Administrator of Pension and Severance Funds. | 52.91% | 49.36% | Colombia |
| SURA Asset Management Chile S.A. | Holding company | 100% | 100% | Chile |
| AFP Capital S.A. | Dedicated to managing pension funds | 99.71% | 99.71% | Chile |
| Administradora General de Fondos Sura S.A. | Dedicated to managing investment and mutual funds | 100% | 100% | Chile |
| Seguros de Vida Sura S.A. | Dedicated to the life insurance and annuity business. | 100% | 100% | Chile |
| Corredores de Bolsa Sura S.A. | Dedicated to buying and selling securities, for its own account or for third parties as well as providing its stock brokerage services | 100% | 100% | Chile |
| Sura Data Chile S.A. | Vehicle dedicated to providing data processing services as well as leasing computer equipment | 100% | 100% | Chile |
| Sura Servicios Profesionales S.A | Vehicle dedicated to providing business consultancy services. | 100% | 100% | Chile |
| SURA Asset Management México S.A. de C.V. | Holding company | 100% | 100% | México |
| Sura Art Corporation S.A. de C.V. | Dedicated to collecting Mexican works of art. | 100% | 100% | México |
| AFORE Sura S.A. de C.V. | Dedicated to managing investment firms specializing in retirement funds | 100% | 100% | México |
| Sura Investment Management S.A. de C.V. | Dedicated to managing investment companies. | 100% | 100% | México |
| Pensiones Sura S.A. de C.V. | Dedicated to entering into life insurance agreements for the exclusive handling of its pension insurance (wound up in 2022) | N/A | 100% | México |
| Asesores Sura S.A. de C.V. | Dedicated to providing its marketing, advertising and distribution services for both its products and financial services as well as recruiting and training personal, managing payrolls and handling labor relations together with any other similar administrative service. | 100% | 100% | México |
| Promotora Sura AM S.A. de C.V. | Company providing its marketing and promo services for any type of product | 100% | 100% | México |
| Gestión Patrimonial Sura asesores en inversiones S.A de C.V. | Dedicated to acquiring, using, negotiating, marketing and making any legal use of any kind of intellectual | 100% | 100% | México |

| Name of Company | Type of Entity | Direct/Indirect Stake Held | | Country |
|---|---|---|---|---|
| | | Year-end 2022 | Year-end 2021 | |
| | property, as well as franchises, concessions and authorizations, as permitted by applicable legislation. | | | |
| NBM Innova S.A de C.V. | Providing its services for managing, disseminating and/or marketing all types of goods and services, in its capacity as a brokerage firm. | 100% | 100% | México |
| Proyectos Empresariales AI Sura S.A. de C.V. | Dedicated to providing its savings and investment services. | 100% | 100% | México |
| Sura IM Gestora Mexico S.A de C.V. | Dedicated to administering, advising, managing and operating private and/or public capital investment vehicles created through trusts, or other types of legal entities, focusing on the administration of the investments made by said vehicles. | 100% | 100% | México |
| Inversiones Sura Corp. | Dedicated to providing access to a wide network of international funds from the world's most recognized investment managers. | 100% | N/A | United States |
| SURA Asset Management Perú S.A. | Holding company | 100% | 100% | Perú |
| AFP Integra S.A. | Dedicated to managing pension funds on an individual account basis. | 100% | 100% | Perú |
| Fondos Sura SAF S.A.C. | Dedicated to managing investment and mutual funds | 100% | 100% | Perú |
| Sociedad Agente de Bolsa Sura S.A. | Dedicated to providing its stock brokerage services as part of public and private offerings, in accordance with the law. | 100% | 100% | Perú |
| Sociedad Titulizadora Sura S.A. | Dedicated to performing its role as trustee with regard to securitization processes, as well as acquiring assets for creating trust funds in order to support issues of securities. | 100% | 100% | Perú |
| SURA Asset Management Uruguay Sociedad de Inversión S.A. | Holding company | 100% | 100% | Uruguay |
| AFAP Sura S.A. | Dedicated to managing retirement savings funds. | 100% | 100% | Uruguay |
| Ahorro Inversión Sura Administradora de Fondos de Inversión S.A. | Dedicated to managing investment funds | 100% | 100% | Uruguay |
| Disgely S.A. | Dedicated to industrializing and marketing, in all their respective forms, merchandise, property leases, construction work as well as all forms of services | 100% | 100% | Uruguay |
| Corredor de Bolsa Sura S.A. | Dedicated to offering its brokerage services as part of public and private offerings, in accordance with the law. | 100% | 100% | Uruguay |
| AFP Crecer | Company dedicated to managing pension funds on an individual account basis. | 99.9991% | N/A | El Salvador |
| SM Asesores S.A. de C.V. | Company dedicated to all kinds of insurance and reinsurance activities | 100% | 100% | El Salvador |
| SURA Asset Management Argentina S.A. | Company providing its financial and investment management and consultancy services. | 100% | 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 2022 and 2021:

| 2022 | Main segment | Assets | Liabilities | Equity | Earnings for the Year |
|---|---|---|---|---|---|
| Activos Estratégicos Sura AM Colombia S.A.S. | Holding | 23 | 0 | 23 | (7) |
| Sura Investment Management Colombia S.A.S. | Investment management services for the retail and institutional segments | 12,033 | 1,133 | 10,900 | 319 |
| Sura IM Gestora de Inversiones S.A.S. | Investment management services for the retail and institutional segments | 2,297 | 416 | 1,881 | 813 |
| Fiduciaria Sura S.A. | Investment management services for the retail and institutional segments | 4,747 | 524 | 4,223 | 185 |
| NBM Innova S.A.S. | Qiip | 3,071 | 870 | 2,201 | (4,581) |
| Asulado Seguros S.A. | Life Annuities | 1,225,585 | 1,066,716 | 158,869 | (4,892) |
| Administradora de Fondos de Pensiones y Cesantías Protección S.A. | Mandatory | 545,749 | 131,240 | 414,509 | 53,482 |
| SURA Asset Management Chile S.A. | Holding | 824,351 | 11,516 | 812,835 | 79,327 |
| AFP Capital S.A. | Mandatory | 791,589 | 164,791 | 626,798 | 102,344 |
| Administradora General de Fondos Sura S.A. | Investment management services for the retail and institutional segments | 11,847 | 4,677 | 7,170 | 586 |
| Seguros de Vida Sura S.A. | Life Annuities | 1,295,210 | 1,184,592 | 110,618 | 12,460 |
| Corredores de Bolsa Sura S.A. | Retail investor segment | 40,833 | 23,598 | 17,235 | 479 |
| Sura Data Chile S.A. | Holding | 3,254 | 1,579 | 1,675 | (36) |
| Sura Servicios Profesionales S.A | Holding | 12,919 | 4,390 | 8,529 | 1,386 |
| SURA Asset Management México S.A. de C.V. | Holding | 359,324 | 35 | 359,289 | 75,872 |
| Sura Art Corporation S.A. de C.V. | Others | 11,833 | 213 | 11,620 | 56 |
| AFORE Sura S.A. de C.V. | Mandatory | 593,305 | 97,949 | 495,356 | 65,326 |
| Sura Investment Management S.A. de C.V. | Institutional investment segment | 33,634 | 10,436 | 23,198 | 534 |
| Asesores Sura S.A. de C.V. | Others | 236 | (7) | 243 | 133 |
| Promotora Sura AM S.A. de C.V. | Others | 120 | 1 | 119 | 41 |
| Gestión Patrimonial Sura asesores en inversiones S.A de C.V. | Retail investor segment | 3,126 | 41 | 3,085 | (462) |
| NBM Innova S.A de C.V. | Investment management services for the retail and institutional segments | 4,348 | 1,176 | 3,172 | (4,545) |
| Proyectos Empresariales AI Sura S.A. de C.V. | Retail investor segment | 2,920 | 1,143 | 1,777 | (4,142) |
| Sura IM Gestora Mexico S.A de C.V. | Investment management services for the retail and institutional segments | 1,275 | 148 | 1,127 | (372) |
| Inversiones Sura Corp | Retail investor segment | 1,098 | 22 | 1,076 | (724) |
| SURA Asset Management Perú S.A. | Holding | 36,611 | 539 | 36,072 | 15,880 |
| AFP Integra S.A. | Mandatory pension fund management services | 294,397 | 65,586 | 228,811 | 21,347 |
| Fondos Sura SAF S.A.C. | Investment management services for the retail and institutional segments | 15,454 | 3,551 | 11,903 | (732) |

| 2022 | Main segment | Assets | Liabilities | Equity | Earnings for the Year |
|---|---|---|---|---|---|
| Sociedad Agente de Bolsa Sura S.A. | Retail investor segment | 3,431 | 690 | 2,741 | (1,344) |
| Sociedad Titulizadora Sura S.A. | Insurance brokerage and other services | 512 | 28 | 484 | (192) |
| SURA Asset Management Uruguay Sociedad de Inversión S.A. | Holding | 77,026 | 1,692 | 75,334 | 19,974 |
| AFAP Sura S.A. | Mandatory pension fund management services | 34,098 | 4,609 | 29,489 | 5,594 |
| Administradora de Fondos de Inversión S.A. AFISA Sura | Investment management services for the retail and institutional segments | 1,266 | 181 | 1,085 | (519) |
| Disgely S.A. | Retail investor segment | 16 | 0 | 16 | (2) |
| Corredor de Bolsa Sura S.A. | Retail investor segment | 3,061 | 992 | 2,069 | (1,226) |
| AFP Crecer | Mandatory pension fund management services | 34,289 | 12,897 | 21,392 | 900 |
| SM Asesores S.A. de C.V. | Insurance brokerage and other services | 84 | 6 | 78 | 8 |
| SURA Asset Management Argentina S.A. | Investment management services for the retail and institutional segments | 178 | 105 | 73 | (92) |

| 2021 | Main segment | Assets | Liabilities | Equity | Earnings for the Year |
|---|---|---|---|---|---|
| Activos Estratégicos Sura AM Colombia S.A.S. | Holding | 35 | 0 | 35 | 1 |
| Sura Investment Management Colombia S.A.S. | Investment management services for the retail and institutional segments | 8,111 | 46 | 8,065 | (173) |
| Sura IM Gestora de Inversiones S.A.S. | Investment management services for the retail and institutional segments | 2,603 | 1,200 | 1,403 | 567 |
| Fiduciaria Sura S.A. | Investment management services for the retail and institutional segments | 2,781 | 278 | 2,503 | 226 |
| NBM Innova S.A.S. | New Lines of Business | 2,765 | 331 | 2,434 | (2,410) |
| SURA Asset Management Chile S.A. | Holding | 847,712 | 9,975 | 837,737 | 118,214 |
| AFP Capital S.A. | Mandatory pension fund management services | 770,190 | 162,945 | 607,245 | 90,797 |
| Administradora General de Fondos Sura S.A. | Investment management services for the retail and institutional segments | 12,001 | 5,410 | 6,591 | (2,845) |
| Seguros de Vida Sura S.A. | Life Annuities | 1,346,040 | 1,247,851 | 98,189 | 4,153 |
| Corredores de Bolsa Sura S.A. | Retail investor segment | 48,991 | 32,220 | 16,771 | 4,186 |
| Sura Data Chile S.A. | Holding | 2,858 | 1,142 | 1,716 | (4) |

| 2021 | Main segment | Assets | Liabilities | Equity | Earnings for the Year |
|---|---|---|---|---|---|
| Sura Servicios Profesionales S.A | Holding | 12,258 | 5,122 | 7,136 | 1,171 |
| SURA Asset Management México S.A. de C.V. | Holding | 360,075 | 75 | 360,000 | 140,792 |
| Sura Art Corporation S.A. de C.V. | Others | 11,108 | 227 | 10,881 | 162 |
| AFORE Sura S.A. de C.V. | Mandatory pension fund management services | 610,449 | 132,421 | 478,028 | 108,840 |
| Sura Investment Management S.A. de C.V. | Institutional investor segment | 33,995 | 12,365 | 21,630 | (4,355) |
| Pensiones Sura S.A. de C.V. | Annuities | 2,305 | 226 | 2,079 | 1,618 |
| Asesores Sura S.A. de C.V. | Others | 2,311 | 28 | 2,283 | 336 |
| Promotora Sura AM S.A. de C.V. | Others | 354 | 38 | 316 | 138 |
| Gestión Patrimonial Sura asesores en inversiones S.A de C.V. | Retail investor segment | 870 | 75 | 795 | (501) |
| NBM Innova S.A de C.V. | Investment management services for the retail and institutional segments | 4,117 | 688 | 3,429 | (4,179) |
| Proyectos Empresariales AI Sura S.A. de C.V. | Retail investor segment | 11,717 | 1,146 | 10,571 | (2,658) |
| Sura IM Gestora Mexico S.A de C.V. | Investment management services for the retail and institutional segments | 276 | 144 | 132 | (210) |
| SURA Asset Management Perú S.A. | Holding | 38,364 | 1,482 | 36,882 | 12,893 |
| AFP Integra S.A. | Mandatory pension fund management services | 340,430 | 68,737 | 271,693 | 33,045 |
| Fondos Sura SAF S.A.C. | Investment management services for the retail and institutional segments | 15,717 | 3,522 | 12,195 | 1,724 |
| Sociedad Agente de Bolsa Sura S.A. | Retail investor segment | 3,644 | 518 | 3,126 | (107) |
| Sociedad Titulizadora Sura S.A. | Insurance brokerage and other services | 559 | 36 | 523 | (159) |
| SURA Asset Management Uruguay Sociedad de Inversión S.A. | Holding | 54,739 | 1,777 | 52,962 | 986 |
| AFAP Sura S.A. | Mandatory pension fund management services | 28,946 | 3,477 | 25,469 | 6,523 |
| Administradora de Fondos de Inversión S.A. AFISA Sura | Investment management services for the retail and institutional segments | 1,487 | 216 | 1,271 | 28 |
| Disgely S.A. | Retail investor segment | 17 | 0 | 17 | 1 |
| Corredor de Bolsa Sura S.A. | Retail investor segment | 2,700 | 612 | 2,088 | (688) |
| SUAM Corredora de Seguros S.A. de C.V. | Insurance brokerage and other services | 74 | 4 | 70 | 10 |
| SURA Asset Management Argentina S.A. | Investment management services for the retail and institutional segments | 250 | 126 | 124 | (197) |

In 2022 we changed the name of two of our operating segments (See Note 45), in order to better reflect their purpose and strategy.

**COVID 19**

The World Health Organization reported the first cases of Serious Acute Respiratory Infection (SARI) caused by a new coronavirus (COVID - 19) in Wuhan (China), in the last week of December 2019. Later, on March 11, the WHO declared this outbreak to be a pandemic.

In both 2020 and 2021, the Company and its subsidiaries sustained different impacts on their operations, as a result of the series of measures taken by different governments to counteract the economic effects of the pandemic. Notwithstanding the initial impact on operations, the years 2020 and 2021 produced very good results for SURA AM; the recovery of the financial markets completely reversed the initial havoc on returns, and the rebound with the employment rate was also reflected in our commission income levels, which returned on a path to growth towards the end of 2020 and during 2021. Furthermore, the uncertainty prevailing on a country level allowed the supply of off-shore products to grow by more than 20% in Chile and Peru, mainly during 2021.

Part of the measures taken by the governments included:

- Optional pension fund withdrawals: in both Peru and Chile, there were several successive withdrawals that gave rise to capped withdrawals from mandatory pension funds. These withdrawals were in effect mainly during the second half of 2020 and in 2021. No pension withdrawals were made during Q4 2022 in Chile.
- In Peru; Law No. 31478, passed on May 21, 2022, authorized Pension Fund members to withdraw a maximum of 4 Tax Units (UIT in Spanish) or the equivalent of S/18.400 soles (approximately USD 4.793). Pension members could only apply for these withdrawals from May 21, 2022 to August 21, 2022, that is to say within 90 calendar days after this law came into effect. This allowed members of the Private Pension System (SPP) to make a sixth optional and extraordinary withdrawal of up to four Tax Units. As a result of this law, AFP Integra recorded in 2022 a total of S/8,628,422,030 corresponding to these sixth pension withdrawals; as part of 1,346,840 applications and the portion of the balance affected came to S/2,154,512,713. Therefore, the amount of income that failed to be earned given the amounts withdrawn in 2022 came to S/7.17MM.
- Suspension of contributions in Peru: this measure came into effect in April 2020. No subsequent similar measures have been introduced.
- Restrictions on mobility and lockdowns, which limited the commercial activities of our operations. These restrictions were gradually eased and in some cases even abolished as the disease control and vaccination process progressed. In 2022 there were no mobility restrictions in the countries where SURA AM operates.

At the end of the fourth quarter of 2022 and given the amount of progress made with vaccinations and booster doses in the countries where SURA AM operates, no pandemic-related measures are expected to affect the operations of our different lines of business.

## 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 2022 and 2021, in addition to meeting the requirements of IAS 1 - Presentation of the Financial Statements, a summary of assets and liabilities in order of liquidity is provided, this for greater convenience. However, more detailed information is provided for the respective current and non-current portions included in the disclosures that support the figures stated in said financial statements.

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 or down 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 consider 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 2022 and 2021 respectively; equity was converted using the historic exchange rate and the income accounts using the average exchange rate for the year in question.

| Country | Currency | Year-End Rate | Average Rate | Year-End Rate | Average Rate |
|---|---|---|---|---|---|
| | | 2022 | 2022 | 2021 | 2021 |
| Chile | CLP | 855.86 | 872.33 | 853.50 | 760.04 |
| México | MXN | 19.48 | 20.11 | 20.61 | 20.29 |
| Perú | PEN | 3.82 | 3.84 | 3.99 | 3.88 |
| Uruguay | UYU | 40.07 | 41.13 | 44.70 | 43.57 |
| Colombia | COP | 4,810.20 | 4,255.44 | 3,981.16 | 3,743.09 |
| Argentina | ARG | 177.06 | 130.71 | 103.05 | 95.10 |
| El Salvador | USD | 1.00 | 1.00 | 1.00 | 1.00 |

The Consolidated Financial Statements show comparative information corresponding to the financial years of 2022 and 2021.

**Reclassifications**

Some of the figures and disclosures in the Statement of Income at year-end 2021 were reclassified with respect to those presented on that date for presentation and comparability purposes. SURA Asset Management S.A.'s Senior Management considers that these adjustments provide a more convenient reading of the figures and do not affect the reasonableness of the information presented:

| | Initial Statement 2021 | Changes | Adjusted Statement 2021 |
|---|---|---|---|
| Revenues from contracts with clients | 709,712 | - | 709,712 |
| Investment income | 13,914 | (986) | 12,928 |
| Fair value gains, net | 340 | - | 340 |
| Revenues from legal reserves | 42,027 | - | 42,027 |
| Equity method revenues from associates and joint ventures, net | 36,667 | - | 36,667 |
| Other operating income | 7,105 | - | 7,105 |
| **Operating income - fund and pension management** | **809,765** | **(986)** | **808,779** |
| Gross premiums | 183,401 | - | 183,401 |
| Premiums ceded to reinsurers | (1,664) | - | (1,664) |
| **Net premiums** | **181,737** | **-** | **181,737** |
| Revenues from investments backing insurance reserves | 113,616 | (33) | 113,583 |
| Fair value gains from investments backing insurance reserves, net | 30,840 | - | 30,840 |
| Claims | (142,239) | - | (142,239) |
| Movements in reserves | (154,162) | - | (154,162) |
| **Margin from insurance operations** | **29,792** | **(33)** | **29,759** |
| Selling, general and administrative expense | (563,950) | 1,609 | (562,341) |
| Deferred acquisition costs (DAC) | 11,780 | - | 11,780 |
| **Total operating and administrative expense** | **(552,170)** | **1,609** | **(550,561)** |
| **Operating earnings** | **287,387** | **590** | **287,977** |
| Financial income | 8,828 | 1,615 | 10,443 |
| Financial expense | (59,151) | (2,205) | (61,356) |
| Derivative expense, net | (1,016) | - | (1,016) |
| Income from exchange differences, net | 29,710 | - | 29,710 |
| **Net earnings before income tax from continuing operations** | **265,758** | **-** | **265,758** |
| Income tax, net | (100,262) | - | (100,262) |
| **Net income for the year from continuing operations** | **165,496** | **-** | **165,496** |
| Net income for the year from discontinued operations | 1,970 | - | 1,970 |
| **Net income for the year** | **167,466** | **-** | **167,466** |

| | Initial Statement 2021 | Changes | Adjusted Statement 2021 |
|---|---|---|---|
| **Attributable to:** | | | |
| Controlling interest | 167,223 | - | 167,223 |
| Non-controlling interests | 243 | - | 243 |

**2.2. Basis of consolidation**

The Consolidated Financial Statements include the financial statements of SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021. 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; and
- Is able to use its power over the subsidiary to influence said returns.

The Company reevaluates whether it controls a subsidiary or not 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 are 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 currency translation effect 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. 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 indexes 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 with discretionary participation features. 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 insurers 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 related insurance liabilities, or ( ii) income or expense from reinsurance contracts against the respective income or expense from 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.

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) Reinsurance**

SURA Asset Management S.A.'s insurance companies, who have provided specific coverage as part of an insurance contract entered into in exchange for a premium, may transfer some of the risks 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 is to 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.

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.

### c) Liabilities corresponding to insurance contract reserves

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 when 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 validity 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 these assets. 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) and 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 record 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, as directly relating to the contract in question, 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 shows 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 number of units allocated to each fund on the reporting date and the unit price of each fund unit on 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 backing the provisions as well as the Company's reinvestment assumptions.

The methodology used in performing adequacy tests on reserves and assumptions includes the following:

· Projecting contractual cash flows using assumptions based on the best estimates available at the time these are forecasted. 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 individual investments - divestitures 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. However, in the case of Chile, which holds 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 test the adequacy of reserves include:

Operating Assumptions:

- ✓ Exit rates, partial surrenders, payment collection factors: 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: since the Company does not have enough experience for drawing up its own tables, in the case of its life insurance portfolio, 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.

**d) 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, tangible net assets and acquired intangible assets (with both a definite and indefinite useful life) are identified and appraised, 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 related contributory asset charges (both 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 is 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 and 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 interests 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 company´s 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 acquirer is recognized at fair value at the acquisition date. Contingent considerations which classify as financial assets or liabilities under IFRS 9 - Financial Instruments: Recognition and Measurement, are 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 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.

If the initial accounting for a business combination is incomplete at the end of the accounting period in which the combination occurs, SURA Asset Management S.A. shall report in its financial statements the provisional amounts of the items for which the accounting is incomplete. During the measurement period, SURA Asset Management S.A. shall retroactively adjust the provisional amounts recognized on the acquisition date to reflect new information obtained about the facts and circumstances that existed on the acquisition date that, if known, would have affected the measurement of the amounts recognized on said date.

During the measurement period, SURA Asset Management S.A. shall also recognize any additional assets or liabilities should new information be obtained regarding facts and circumstances that existed on the acquisition date and that, had they been known, would have resulted in the recognition of those assets and liabilities on said date. The measurement period shall end as soon as SURA Asset Management S.A. receives the information it was seeking regarding any facts and circumstances that existed on the acquisition date or concludes that no further information can be obtained. However, the measurement period shall not exceed one year from the date of acquisition.

The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognized in a business combination. The measurement period provides the acquirer with a reasonable period of time to obtain the information required in order to identify and measure:

- the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
- the consideration transferred to the acquiree (or any other amount used to measure the corresponding goodwill);
- in a business combination achieved in stages, the equity interest in the acquiree previously held by the acquirer; and
- the resulting goodwill or the gain obtained from a purchase made under very advantageous conditions.

In 2022, a business combination was recorded in stages with the company Protección S.A. (see Note 4 Business Combinations).

**e) 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 by Senior Management, at least at the end of each reporting period 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 1-5 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.

**f) 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 performance is lower is than expected; its maintenance CAPEX is higher than that expected, greater operating needs, negative operating margins or flows associated with the 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 between its fair value less 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 in question. 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 less 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 detailed budgets and projections that are drawn up separately for each of the identified cash-generating units to which individual assets have been assigned. Generally speaking, these budgets and projections 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. Projections 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 up to the amount of any reappraised value as previously recorded.

In the case of non-financial assets in general, excluding goodwill, 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 on its year-end value 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).

**g) 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.

**h) 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 finance leasing arrangements are also considered as investment properties

SURA Asset Management S.A. and 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 in periods of between 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 based on calculated lease income and future expense pursuant to the terms and conditions set out in existing leases as well as the estimated rental values when the lease agreements finally 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 derecognized.

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

**i) 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 associate, in terms of any changes to SURA Asset Management S.A.'s share of the latter´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 reporting 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.

**j) 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 are initially classified when initially recognized including those which are subsequently measured, at amortized cost, at fair value in 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 reserves***

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: 0.53%
- Peru: 1.00%
- Uruguay: Minimum 0.50% - Maximum 2%

This requirement 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 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 listed 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 said liabilities are acquired as well as 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 IFRS 9 - Financial Instruments must be recognized on the income statement at the corresponding effective interest rate, when the financial asset is derecognized 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 the41ssociateed 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.

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, IFRS 9 - Financial Instruments, 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 liabilities 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 IFRS 9 - 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 carries a right (positive) and as financial liabilities when their fair value constitutes an obligation (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. Effective interest rate accruals are 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).

**k) 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.

**l) 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.

**m) 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 and 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.

***Uncertainty with income tax treatments***

IFRIC 23 is an interpretation made by the IASB based on the assumption that there may not be sufficient clarity as to how the tax law applies to a specific transaction or circumstance, which is why a specific tax treatment, based on current tax legislation may not be acceptable until the corresponding tax authority or the courts of justice issue a future ruling. Consequently, a dispute or an inspection of a particular tax treatment by the corresponding tax authority may affect an entity's accounting for a current or deferred tax asset or liability.

Based on the foregoing, it follows that this interpretation only applies to income taxes, these being understood as all those taxes levied on taxable income, whether these be local or foreign. "Uncertain tax treatment" is understood to be all those tax aspects that create benefits for the entity with regard to which uncertainty could exist as to whether the respective tax authority shall accept the tax treatment applied, according to that provided by current tax legislation.

Consequently, IFRIC 23 clarifies how to apply the recognition and measurement requirements of IAS 12 when uncertainty exists regarding income tax treatments. Under these circumstances, an entity shall recognize and measure its current or deferred tax assets or liabilities by applying the requirements of IAS 12 on the basis of tax profits or losses, tax bases, unused tax losses, unused tax credits and tax rates, determined by applying said standard.

Taking into account the criteria and judgments used for determining and recognizing income tax at year-end 2022, situations have been identified that create an amount of tax uncertainty; however, we have concluded that it is probable that these uncertain tax positions shall not produce any adverse ruling against the companies and therefore should not be recognized for accounting purposes or disclosed, in accordance with the framework defined by IFRIC 23.

**n) 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 or 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 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 rates)
- 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.

**o) Translating 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 |
| Argentina | Argentinian pesos |
| United States | US dollars |

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 of the Company's financial statements from all over the world find that the U.S. dollar is more comparable and 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 applicable 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 the corresponding reporting period, and the income accounts are translated using average rates for said reporting period Equity is translated using the corresponding historical rates for each movement.

Please refer to the exchange rates section in Note 2.1 Basis for Preparing and Presenting the Financial Statements

**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 when provided for. 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, 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 programs, 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 35.

## 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 such transactions are 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, this corresponding to the portion of premiums ceded to reinsurers.

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 is recognized on 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 business purchases or sales, are recognized when the underlying transaction is completed.

Fees for portfolio, receivables and 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 commission income and expense

*Revenues from contracts with clients*

Sura AM recognizes income from its pension and investment fund management services as income from contracts with clients, which is 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 following criteria established for identifying said contracts, 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 contractual performance obligations:

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 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 affiliation and portfolio management contracts which are 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 (AuM) 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 contractual performance obligations;

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 receive the benefits provided by the asset management firm while the asset management firm provides its service

Contract assets

This consists of the right that Sura AM 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.

Contract liabilities

This consists of the obligation that Sura AM 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 AM 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 function of maintaining clients, which means that the allocation of certain costs that do not directly relate to obtaining a contract is of lesser significance compared to the whole, 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 for new mandatory pension fund sign-ups.
- Variable commissions paid on transfers from other Pension Fund Management firms or State-Sponsored Mandatory Pension Systems.
- 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 of yearly experiences which are subsequently approved by the Models and Assumptions Committee.

Recoverability and 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 their individual capitalization accounts (wage-based commissions);
- On the balance held with regard to the members’ individual capitalization accounts;

Since Mandatory Pension Savings entail certain administrative costs, even when no management fees are received, it is important to establish 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 costs are 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 managed |
| Peru- AFP Integra | Flows (basic wage) |
| Chile - AFP Capital | Flows (basic wage) |
| Uruguay - AFAP Sura | Flows (basic wage) |
| Colombia - AFP Protección | Flows (basic wage) |

| | |
|---|---|
| El Salvador - AFP Crecer | Flows (basic wage) |

***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 present (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 in paying 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 six reporting segments:

(i) Retirement Savings;
(ii) Investment Management;
(iii) Sura Investments;
(iv) Insurance and Annuities;
(v) New Business; and
(vi) 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 as well as 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.

The New Business segment was created in order to group together the income, costs and expenses related to the initiatives aimed at exploring and developing new lines of business other than Retirement Savings, Investment Management and Sura Investments.

For 2023, the Company has defined a strategic change in the organization of its lines of business that shall involve a new grouping of operating segments.

**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 less 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 are 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, through any other means, a line of business or geographical area of operations that is significant and can be considered as separate from the rest; or
- It is a subsidiary that has been acquired exclusively for the purpose of being resold 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 item as an after-tax result from discontinued operations.

**t) Hyperinflation:**

An economy becomes hyper-inflationary when:

- The general population prefers to retain their wealth in the form of non-monetary assets, or 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 said 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 movements with the CPI index as of the date these were acquired.
- Non-monetary items recorded at fair value: these are updated based on the movements with 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.

In all those countries where SURA Asset Management is present, inflation adjustments are applied in Argentina only,

u) **Hedge accounting:**

SURA Asset Management S.A. must first identify the type of the hedge in question, so as to be able to proceed with its posting in books. These types are as follows:

a) Fair value hedges: used for compensating the risk existing with the volatility affecting 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 hedges changes in the fair value of a fixed-rate loan due to changes in interest rates.
- An acquired sales option that hedges changes in the fair value of a share, due to stock pricing risk.
- A futures contract for production inputs (raw materials) that hedges changes in the fair value of these inputs.

b) Cash flow hedges: these reduce the variable nature of cash flows associated with future transactions by hedging 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. A hedged item is considered to be a a transaction-related hedged item when the nature of the hedged item is a specific transaction for which the term (temporary value) is the hedged cost relating to said transaction, and as a result the forward element is to be posted in profit and loss 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 forward element is the cost of hedging against a risk for a specific period of time and, as a result the forward element  is to be distributed in 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 forward element is the cost of hedging the risk exposure of the exchange rate during the period in question. Consequently, Paragraph B6.5.34 of IFRS 9 stipulates that the forward element (or time value) must be recognized and accrued in the Other Comprehensive Income accounts, and then reclassified to and amortized in the Comprehensive Income accounts in a systematic and rational manner throughout the periods during which the hedged item affects profit and loss.

At Sura Asset Management S.A., cash flow hedges and those covering net investment abroad are posted in an entry that has already been recognized on the Company's balance sheet, specifically in the issued debt security liabilities account (see Note 38).

The method used to measure the effectiveness of 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 measuring a hedging instrument (at fair value), against the hedged item (at amortized cost), movements may arise given certain market situations that could at times fail to meet the established efficiency percentage, but these differences are expected to level out over the long term. If the hedging relationship consistently presents a structural inefficiency, the corresponding percentage is classified to the Comprehensive Income accounts and in this case, the respective hedging strategy is re-evaluated so as to achieve the desired effectiveness.

Sura Asset Management S.A.'s hedging relationships meet all the following hedge effectiveness requirements:

1. Economic relationship: for cash flow hedging, the depreciation (appreciation) of the Colombian peso would generate a negative (positive) value in DC on the hedged item, which are the dollar-denominated bonds issued by Sura Asset Management S.A. on the international markets. This same movement in Colombian pesos created an opposite economic effect on the hedging instrument, thereby offsetting the impact of currency volatility on the Company's profit and loss accounts

2. Risk dominance: credit risk is not dominant in the hedging relationship and the estimated impact on the valuation of the hedge is 1.7%. It is important to note that all the counterparties of Sura Asset Management S.A.'s hedges currently have a superior credit rating.

3. Hedge ratio: this is calculated based on the monthly changes in hedging instruments (swaps) and the hedged items (exchange difference corresponding to the issued bonds). Both instruments move in the opposite direction, which offsets the effect of the exchange rate for both the notional amount of the debt of USD 790 M and for the hedging of this same amount.

**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, thereby minimizing our exposure to macroeconomic fluctuations and their impact on our financial statements. Our exposure mainly consists of market, liquidity and credit risks, especially in terms of 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 S.A. holds 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 and swaps, among others, were analyzed, with the CCS being finally selected.

Counterparty credit risk refers to the possibility of any failure to comply with the 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.

Sura Asset Management S.A., also includes, when measuring the fair value of the hedging derivative, the corresponding risk premium, so as to reflect the counterparty or default risk, whether this favors or constitutes an obligation for Sura Asset Management S.A. The methodology for incorporating counterparty risk is described below:

**Expected Loss Calculation Methodology**

To calculate counterparty risk, the Expected Loss methodology is used, which has 3 components:

1. Potential Future Exposure (PFE)
2. Probability of Default (PD)
3. Recovery Rate (RR)

Expected Loss = Potential Future Exposure x Probability of Default x (1-Recovery Rate)

This calculation is carried out for each of the counterparties and per individual type of currency.

General Definitions

- Potential Future Exposure: this is defined as the maximum expected credit risk exposure during a specific period of time, this calculated with some level of confidence.

- Probability of Default: this is a credit rating measure that is granted for a contractual arrangement in order to estimate its probability of default within a 12-month period beginning on the date when the contract was signed. The Probability of Default used for calculating the Expected Loss calculation is for the entire term of the hedge.
- Recovery Rate : this is defined as the percentage of the risk exposure that is expected to be recovered in the event of default.

**Potential Future Exposure (PFE) Calculation Methodology**

PFE (Potential Future Exposure): this is the maximum expected credit exposure during a specific period of time, calculated with some level of confidence. In this case, the 90th percentile is taken into account.

A simulation of 10,000 scenarios is carried out and used to calculate the PFE. This is based on:

- The flows of the swaps broken down by counterparty and currency.
- The dollar exchange rates with respect to the hedged currencies.
- 10-yr risk-free rates for each of the countries whose currencies are hedged.
- For both the 2nd and 3rd items, a 5-year time line is taken into account for calculating the corresponding volatility and correlation parameters.

Based on the above, the PFE is obtained through simulations with a 90% level of confidence.

**Probability of Default (PD) Calculation Methodology**

To obtain the PDs to be used to calculate counterparty risk exposure, the PDs and transition matrices published by Fitch Ratings for financial entities are taken into account (Global Corporate Finance Transition and Default Study-Appendix: Global Corporate Finance Transition Matrices).

These transition matrices are used for estimating the probability of going from a score of “x” in period t to a score of “y” in the period t + 1. These probabilities are then refined and calibrated.

Using a Markov chain model, the states of issuers with a specific initial rating are calculated for different time horizons.

**Recovery Rate Calculation Methodology**

The RR (Recovery Rate) used was obtained from the Annual Emerging Markets Default Study published by Moody's. This rate is calculated as the weighted average per issuer in advanced/mature markets based on data pertaining to the period 1995-2019, as corresponds to the category “Senior Unsecured Bonds for Advanced Markets”.

**Parameter updates**

The PFE is updated every month, based on its latest values. However, the parameters obtained for Items 2 and 3 of the PFE calculation methodology are updated every year.

These updates of both the PD and the RR are carried out on a yearly basis, unless there is a significant change whereupon more frequent updates are required.

On the other hand, the risk ratings of the counterparties are updated annually, or whenever a previous update needs to be modified.

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, together with our 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 amended interpretations***

SURA Asset Management S.A. and Subsidiaries have not applied ahead of time any standard, interpretation or modification that although has been issued has not as yet become effective.

**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 affects 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 such change is 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 has been mentioned in the previous notes.

DAC includes the main accounting estimates and assumptions made for the corresponding amortization period as well as the discount rate.

***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 34)**

Provisions for life insurance 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 reflect 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, certain expenses are deferred and amortized over the lifetime of the contracts. In the event that the assumptions regarding the future profitability of insurance contracts 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 local industry standards 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 estimates. 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 on 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 containing sums pertaining to deposit policies.

**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 if 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 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. All properties are appraised separately at a frequency 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 tax losses can be offset. A significant amount of judgment is required from Senior Management to determine the number of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits 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 to 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 has determined that there are no grounds for rebutting the presumption regarding the book values corresponding to its investment properties measured using the fair value approach and that said book values shall be 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 35)**

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 (See Note 29)**

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.

**h) Credit risk and derivative efficacy (see Note 23)**

IFRS 13 introduced a requirement for incorporating credit default risk into fair value calculations namely: Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA). Sura AM can show both risks for its Cross Currency Swaps (CCS), and depending on market movements, these can constitute a right or an obligation. Considering that IFRS 13 does not establish a single methodology for calculating the aforementioned risks, Sura AM has defined the following methodology for their calculation: Counterparty risk is calculated using the Expected Loss methodology as described in Note 2 - Significant accounting policies and practices, Section 2.3 Summary of significant accounting policies and Sub-section u) Hedge Accounting.
Determining derivative efficacy: The hedging relationship is considered effective as long as hedging instruments (Cross Currency Swaps) and hedged items (differences in the exchange rate corresponding to bonds) move in opposite directions. The effectiveness of each of the hedging arrangements is measured by 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 difference is 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-denominated derivative protecting against other currencies (PEN, CLP, MXN). 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 maturing in 2024 and 2027.

**NOTE 3 Standards issued pending implementation**

**Standards Issued Not Yet in Force**

The standards and interpretations that have so far been published, but are not as yet applicable as of the date of these financial statements are listed below. Sura AM and its subsidiaries shall adopt these standards on the date they become effective.

**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. Once IFRS 17 enters into full force and effect it shall replace IFRS 4, 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 a 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, 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 rate approach)

- A simplified approach (the premium allocation approach) is mainly for short-term contracts

SURA Asset Management currently has two insurance companies, Seguros de Vida Sura S.A. in Chile and Asulado Seguros S.A. in Colombia.

These companies apply IFRS 4 for their insurance contracts and have made an estimate of the potential impact on their Statements of Financial Position should IFRS 17 be applied.

Additionally, on November 25, 2022, the Company obtained control over Protección (see Note 4), a company that may have insurance contracts to which IFRS 17 applies. On the date these financial statements were presented, the application of IFRS 17 for this subsidiary remained under review.

The estimated impacts of adopting IFRS 17 for Seguros de Vida Sura S.A. (Chile) and Asulado Seguros S.A. are as follows:

| | Seguros de Vida Chile | | | Asulado Seguros Colombia | | | Consolidated | | |
|---|---|---|---|---|---|---|---|---|---|
| | In USD thousands | | | In USD thousands | | | In USD thousands | | |
| | NIIF 4 | NIIF 17 | Impact | NIIF 4 | NIIF 17 | Impact | NIIF 4 | NIIF 17 | Impact |
| **Assets** | | | | | | | | | |
| Financial assets and other insurance assets | 1,282,116 | 1,285,715 | 3,599 | 1,203,916 | 1,200,091 | (3,825) | 2,486,032 | 2,485,806 | (226) |
| Deferred acquisition costs (DAC) | 5,243 | - | (5,243) | - | - | - | 5,243 | - | (5,243) |
| Other assets | 7,851 | 7,851 | - | 21,669 | 21,669 | - | 29,520 | 29,520 | - |
| **Total Assets** | **1,295,210** | **1,293,566** | **(1,644)** | **1,225,585** | **1,221,760** | **(3,825)** | **2,491,275** | **2,485,806** | **(5,469)** |
| **Liabilities** | | | | | | | | | |
| Technical reserves | 1,160,104 | 1,169,142 | 9,038 | 1,066,487 | 1,059,671 | (6,816) | 2,226,591 | 2,228,813 | 2,222 |
| Other liabilities | 24,488 | 24,488 | - | 229 | 229 | - | 24,717 | 24,717 | - |
| **Total liabilities** | **1,184,592** | **1,193,630** | **9,038** | **1,066,716** | **1,059,900** | **(6,816)** | **2,251,308** | **2,253,530** | **2,222** |
| **Equity** | **110,618** | **93,936** | **(10,682)** | **158,869** | **161,860** | **2,991** | **239,967** | **232,276** | **(7,691)** |
| **Year-end rate 2022 for CLP** | 855.86 | | | | | | | | |
| **Year-end rate 2022 for COP** | 4,810.20 | | | | | | | | |

**Improvements Introduced between 2018 - 2020**

**Amendments to IFRS 9, IAS 39 and IFRS 7: Changes to benchmark interest rates**

These amendments provide a number of exemptions that apply to all hedging relationships that are directly affected by the changes to benchmark interest rates. A hedging relationship is affected should the change give rise to uncertainty regarding the timing and/or amount of cash flows based on benchmark indexes from the hedged item or hedging instrument.

The Company does not expect any significant impact from this amendment.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 specifying the requirements for classifying liabilities as current or non-current. These amendments clarified the following:

- The meaning of the right to defer the settlement of a liability.
- That the right to defer the settlement of the liability should exist at the end of the reporting period.
- That the classification is unaffected by the probability of the entity exercising its right to defer settlement of a liability; and
- That only if any derivative embedded in a convertible liability represents an equity instrument in itself, the terms of the liability would not affect its classification.

The Company does not expect any significant impacts from this amendment.

**Amendments to IFRS 3: Reference to the standard's conceptual framework**

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The purpose of these amendments was to substitute the reference made to the Framework for Preparing and Presenting the Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Reporting Financial Information, issued in March 2018, without introducing any significant change to its requirements. The Board also added an exception to the recognition principle stipulated in IFRS 3 to avoid the problem of potential "day 2" gains or losses arising from liabilities and contingent liabilities, which would fall within the scope of IAS 37 or IFRIC 21 Liens, if incurred separately.

At the same time, the Board decided to clarify the existing IFRS 3 guidelines with respect to contingent assets that would not be affected by replacing the reference made to the Framework for Preparing and Presenting the Financial Statements. These amendments were incorporated by means of Decree 938 of 2021, which shall enter into full force and effect as of January 1, 2023. The Company does not expect any important impact from this
amendment.

**Amendments to IAS 16: Property, Plant and Equipment: Proceeds before intended use**

In May 2020, the IASB issued IAS 16 - Property, Plant and Equipment - Proceeds Before Intended Use, which prohibits a company from deducting the cost of an item of property, plant and equipment, i.e., any revenue from the sale of items produced while bringing that asset to the location and getting it ready for being operated in the manner intended by Senior Management. Instead, the entity should recognize the proceeds from the sale of such items as well as the costs incurred in their production in its income accounts.

The Company does not expect any significant impacts from this amendment.



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**Amendments to IAS 37: Onerous Contracts - Costs Of Fulfilling a Contract**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity should include when assessing whether a contract is onerous or liable to produce losses.

These amendments state that a "directly related cost approach" should be applied. Costs that relate directly to a contract for providing goods or services include both the incremental costs of fulfilling that contract and other allocated costs that relate directly with the activities governed by the contract in question. General and administrative costs that are not directly related to the contract should be excluded unless these are explicitly attributable to the counterparty under the contract in question.

The Company does not expect any significant impacts from this amendment.

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

This amendment allows subsidiaries choosing to apply that set out in paragraph D16 (a) of IFRS 1 to measure cumulative exchange differences using the amounts reported by the controlling entity, based on the date on which said controlling entity transitioned to IFRS. This amendment also applies to associates or joint ventures that choose to apply paragraph D16 (a) of IFRS 1.

The Company does not expect any significant impacts from this amendment.

**Amendments to IFRS 9: Fees in the '10 percent' test for determining the derecognition of financial liabilities**

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

The Company does not expect any significant impacts from this amendment.

**Improvements 2021**

**Amendments to IAS 8: Definition of Accounting Estimates**

This amendment was published by the IASB in February 2021 and clearly defines an accounting estimate: "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty".

Clarifying the use of an accounting estimate, and differentiating this from an accounting policy. In particular, it mentions "an accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is to say, the accounting policy may require that such items be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such cases, an entity develops an accounting estimate to achieve the objective set out by the accounting policy".

The Company does not expect any significant impacts from this amendment.

**Amendments to IAS 1: Disclosure of Accounting Policies**

These amendments clarify the following:

- The word "significant" is qualified by adding "material or of relative importance".
- The accounting policies to be disclosed in the notes to the financial statements are clarified by the following phrase "an entity shall disclose information about its significant accounting policies that are material or of relative importance.
- Clarification is provided for when an accounting policy is considered material or of relative importance.
- The following paragraph has been included: "Accounting policy disclosures that focus on how an entity has applied the requirements of IFRS to its own circumstances, provide entity-specific information that is more useful to users of financial statements than standardized disclosures or information that merely duplicates or summarizes the requirements of IFRS Standards."

These amendments were incorporated by means of Decree 1611 of 2022, which shall enter into full force and effect as of January 1, 2024. These amendments had no impact on these financial statements and are not expected to have an impact on future financial statements.

**Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021**

In March 2021, the IASB issued amendments to IFRS 16 applicable from June 30, 2021, to June 30, 2022, as a practical expedient for lessees given the rent reductions occurring as a direct consequence of the Covid-19 pandemic.

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

The Company does not expect any significant impacts from this amendment.

**Amendments to IAS 12: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction.**

This amendment allows for the recognition of a deferred tax liability or asset that has arisen from a transaction that is not a business combination, or from the initial recognition of an asset or liability that at the time of the transaction, does not give rise to the same amounts of taxable and deductible temporary differences

The cumulative effect of the change in the corresponding accounting policy shall be recognized as of the beginning of the earliest comparative period as an adjustment to the opening balance of retained earnings at that date.

The Company does not expect any significant impacts from this amendment.

## NOTE 4. Business Combinations

### 4.1. AFP Protección and AFP Crecer

In 2022, a business combination between the pension fund management companies AFP Protección (and its subsidiary AFP Crecer) was carried out in stages in accordance with IFRS 3 - Business Combinations.

**<u>Background and Context</u>**

AFP Crecer (El Salvador) is a subsidiary of AFP Protección (Colombia), which holds a 99.99% stake in the former´s share capital.

Until October 2022, SURA Asset Management S.A., held a 49.36% stake in AFP Protección. Since previously it was not controlled by SURA AM, it was treated as an associate, and therefore it was posted under the equity method in the separate and consolidated financial statements.

Background Information:

Protección´s corporate purpose is to provide its pension and severance fund management services.

In the case of mandatory pensions, since 2017 it has been facing an exogenous business complexity given the fact that tenders for covering the pension insurance of its fund members (disability and survival) have been declared null and void. This has forced Protección to set up a "self-insurance" policy, deducting the corresponding cost from the 3% received as income.

There is also a Minimum Pension Guarantee of 1 minimum wage. The minimum wage usually rises at levels that exceed inflation, creating a gap known as the *minimum wage slippage*. The Colombian government offers a subsidy to cover this slippage to insurance companies, but not to the Pension Fund Management firms; therefore, Protección does not have access to this subsidy and must cover this gap with its own resources.

In recent years, different factors such as the economic crisis caused by the pandemic, inflation, periods of negative returns obtained on the financial markets, among others, have significantly increased the risk of decapitalizing the individual accounts of members of the Individual Retirement Savings System (RAIS in Spanish), especially those with lower salaries, thereby forcing Protección to allocate more and more resources for setting up sufficient provisions to cover this risk.

In the light of this, plans were drawn up in order to set up an insurance company that could offer annuity coverage to Protección´s fund members, as well as pension insurance coverage, while being able to access the minimum wage slippage coverage offered by the Colombian government, and thereby ensuring adequate risk coverage for all those members earning lower salaries for whom there was a greater possibility of future decapitalization. This operation was necessary for the future sustainability of Protección´s business.

This new insurance company would be created by spinning off Protección's assets.

**1. Capitalizing Protección through a new issue of shares**

In order to ensure sufficient capital resources for this endeavor, it was necessary to capitalize Protección in the amount of USD 61,525 (COP 299,990 M).

Prior to this capitalization, Protección´s shareholder structure was as follows:

| Shareholder | Shares held | Stake held |
|---|---|---|
| **SURA Asset Management** | **12,541,088** | **49.36%** |
| Colsubsidio | 4,168,563 | 16.41% |
| Bancolombia | 2,712,674 | 10.68% |
| Fiducolombia | 2,515,337 | 9.90% |
| Cornerstone LP | 1,914,216 | 7.53% |
| Inverleben | 1,302,020 | 5.12% |
| Others | 253,548 | 0.99% |
| **Total** | **25,407,446** | **100.00%** |

Protección´s shareholders decided to make the required contribution by issuing new shares at an intrinsic value of USD 18.07 (COP 88,092) per share.

Some shareholders stated that they were unable or had no interest to participate in this capitalization. SURA AM covered the capitalization that would have corresponded to Colsubsidio, Cornerstone LP, Inverleben and others, generating a dilution for these shareholders and a +3.55% increase in the percentage stake held by SURA AM, producing a new shareholder structure as follows:

| Shareholder | Issue of shares. | Final shares | Stake held | In USD thousands |
|---|---|---|---|---|
| **SURA Asset Management** | **2,704,694** | **15,245,782** | **52.91%** | **48,865** |
| Bancolombia | 363,586 | 3,076,260 | 10.68% | 6,569 |
| Fiducolombia | 337,136 | 2,852,473 | 9.90% | 6,091 |
| Colsubsidio | - | 4,168,563 | 14.47% | - |
| Cornerstone LP | - | 1,914,216 | 6.64% | - |
| Inverleben | - | 1,302,020 | 4.52% | - |
| Others | - | 253,548 | 0.88% | - |
| **Total** | **3,405,416** | **28,812,862** | **100.0%** | **61,525** |

This capitalization was authorized and completed on 11/25/2022 based on an intrinsic value per share of USD 18.07 (COP 88,092).

After quantifying the effects, Senior Management decided to begin with the corresponding consolidation in November, having gained control by increasing its stake to over 50%. In this respect, for accounting purposes, the business combination was carried out on 11/01/2022.

In accordance with paragraph 41 of IFRS 3, this was a business combination that was carried out in stages. The previous stake held in (49.36%) constituted a non-controlling interest, but the additional 3.55% now brings the new percentage up to 52.91%, changing this investment from an associate to a subsidiary.

**2. Remeasuring the previously held portion**

Paragraph 42 of IFRS 3 states: *In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss for the period or in other comprehensive income, as appropriate.*

This means assessing the fair value of Protección in terms of the stake previously held by SURA AM, and contrasting this with its book value, in order to determine whether it is appropriate to adjust the measurement.

In order to determine fair value, the methodology corresponding to the present value of future cash flows from the operation at the end of October was used, this being considered as the measurement date since it was the month prior to the change in the percentage stake held in Protección.

This remeasuring produced the following result (stated in USD thousands):

| | |
|---|---|
| Book value at the end of October 49.36% | 294,201 |
| Fair value (valuation result) of Protección y Crecer | 608,452 |
| Value attributable to SURA AM (B x 49.36%) | 300,332 |
| **Difference (Resulting gain)** | **6,131** |

In accordance with the provisions of this standard, this difference was recognized as investment income in SURA AM´s statement of income.

The new carrying value of the investment in Protección comes to **USD 300,332 thousand**.

**3. Determining Goodwill**

IFRS 3 - Business Combinations, specifically in paragraph 32, establishes the following:

The acquirer shall recognize goodwill as of the acquisition date measured as the excess of (a) over (b) below:

**(a) the aggregate of:**

i. the consideration transferred measured in accordance with this IFRS, which generally requires acquisition-date fair value (see paragraph 37)

ii. the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS; and

**iii.** **in a business combination achieved in stages** (see paragraphs 41 and 42), the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

**(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this IFRS.**

In applying that set out in this paragraph, the following was considered:

Component (a) or "value paid":

| | In thousands of USD |
|---|---|
| The consideration transferred as part of the capitalization | 48.865 |
| Fair value of previously held interest | 300.332 |
| **Total value at the date of acquisition (A)** | **349.197** |

The fair value of the consideration comes USD 48,865 thousand, considering that this was paid in cash.

Component (b): identifiable assets acquired or liabilities assumed:

| | In thousands of USD |
|---|---|
| Protección's net equity at the end of November | 579,045 |
| Adjustments to Protección's equity: | |
| Recognition of liability to be refunded with regard to annuities | (20,294) |
| Deferred tax (35%) | 7,103 |
| **Total adjusted equity** | 565,854 |
| **B. Stake attributable to SURA AM - 52.9131%.** | **299,411** |
| | |
| **Excess Paid (A - B)** | **49,786** |
| Identifiable Assets - Client List | 72,594 |
| Deferred tax associated with client list | (25,408) |
| Contingent liabilities - Unprovisioned litigation in Protección and AFP Crecer (at 52.91% of total) | (14,712) |
| Deferred tax associated with contingent liabilities (at 52.91% of total) | 5,547 |
| **C. Total identifiable assets and liabilities assumed** | **38,021** |
| | |
| **Goodwill (difference) A - B - C** | **11,765** |
| **Goodwill held by Protección in AFP Crecer** | 25,941 |
| **Total Goodwill** | **37,706** |

Recognized goodwill is based on factors such as the opportunity to strengthen pension insurance for fund members and pensioners, by creating a vehicle such as Asulado from a spin-off performed on Protección. Goodwill is not expected to be deductible for tax purposes.

***Assets and liabilities (as belonging to Protección and Crecer) acquired at fair value:***

The net assets identified in the business combination in question are as follows:

| | In thousands of USD |
|---|---|
| **Financial assets** | 471,643 |
| **Intangible assets** | 2,745 |
| **Fixed assets and investment properties** | 19,481 |
| **Cash and cash equivalents** | 241,151 |
| **Tax assets** | 111,805 |
| **Other assets** | 2,314 |
| **TOTAL ASSETS** | **849,139** |
| | |
| **Total debt** | 1,271 |
| **Tax liabilities** | 41,180 |
| **Accounts payable and employee benefits** | 28,822 |
| **Provisions** | 237,954 |
| **TOTAL LIABILITIES** | **309,227** |
| | |
| **Total net assets - Protección and Crecer** | **539,912** |
| | |
| **Protección´s List of Clients, net of deferred tax** | 89,181 |

| | In thousands of USD |
|---|---|
| **Contingent liabilities, net of deferred tax** | -17.320 |
| | |
| **Total net identifiable assets at fair value** | **611,773** |
| | |
| **Non-controlling interest measured at fair value** | -300.283 |
| **Goodwill from the business combination.** | 37,706 |
| | |
| **Consideration transferred** | **349,197** |

The gross amounts of accounts receivable and contractual cash flows not expected to be recovered are detailed below:

| | Protección (in USD thousands) | AFP Crecer (in USD thousands) |
|---|---|---|
| Gross contractual amounts receivable | 19,791 | 15,939 |
| Contractual flows not expected to be collected | - 3,407 | - 226 |
| **Accounts receivable, net** | **16,384** | **15,713** |

**Adjusting the value of Protección's equity for liabilities associated with self-insurance provisions**

In order to raise sufficient resources to be transferred as part of the spin-off for setting up Asulado in December, Protección reversed a significant portion of the provisions it had made during 2022 and in previous years. It also received due authorization from the Colombian Superintendency of Finance to reinstate the necessary portion of this provision to cover the risk that it will still maintain over a period of 4 years.
Upon applying the current IFRS and taking into consideration that the value of this obligation can be measured and that it is expected that flows shall have to be disbursed in the future, it was determined that the value of the provision that Protección shall have to reinstate, estimated at the end of December at USD 20,294 thousand (COP 98,950 M), should be maintained as a liability.

This value, and its respective deferred tax, were deducted from equity, thus arriving at an adjusted equity value, prior to attributing the stake held by SURA AM (USD thousand):

| | |
|---|---|
| Protección's net equity at the end of November (local) | 579,045 |
| Adjustments to Protección's net equity: Recognized liability to be reinstated as relating to annuities | (20,294) |
| Deferred tax (35%) | 7,103 |
| **Total adjusted equity** | **565,854** |
| **Equity attributable to SURA AM - 52.91%.** | **299,411** |

***Determining identifiable assets and assumed liabilities***

**Client List**

In order to appraise the list of Protección's clients, the Multi-Period Excess Earnings (MeeM) methodology was used, which establishes that the value of an intangible asset is equal to the present value of the incremental after-tax cash flows attributable to such asset, after deducting the charge for contributory assets.

The total value of Protección's client list was determined by calculating the individual list for each of its businesses, taking into account their particular flow patterns and the permanence cycles of each client.

For subsequent recognition in books, the total value of the client list is adjusted by the current percentage of participation (52.91%). Non-controlling interests in this list are recognized as intangible against non-controlling equity (47.09%).

**Value of Proteccion's client list in COP Millions**

| Mandatory pensions | Voluntary Pensions | Severance | Charges for contributory assets | Tax Amort. Benefit | TOTAL |
|---|---|---|---|---|---|
| 43,534 | 197,006 | 429,828 | -74.620 | 73,237 | **668,985** |
| *7%* | *29%* | *64%* | *-11%* | *11%* | *100%* |
| SURA AM Stake | | | | | 52.91% |
| **Value of SURA AM's client list** | | | | | **353,960** |

**Value of Proteccion's client list in USD Thousands**

| Mandatory pensions | Voluntary Pensions | Severance | Charges for contributory assets | Tax Amort. Benefit | Total |
|---|---|---|---|---|---|
| 8,928 | 40,404 | 88,153 | -15.304 | 15,020 | **137,201** |
| *7%* | *29%* | *64%* | *-11%* | *11%* | *100%* |
| SURA AM Stake | | | | | 52.91% |
| **Value of SURA AM's client list** | | | | | **72,594** |

**Assumed liabilities:**

In accordance with paragraph 23 of IFRS 3, for contingent liabilities in the context of a business combination, it is necessary to set aside the criterion set forth in IAS 37 Provisions, Contingent Liabilities and Contingent Assets regarding the probability of occurrence that determines the recording. The aforementioned paragraph indicates that instead the acquirer shall recognize on the date of its respective acquisition a contingent liability assumed in a business combination if it is a present obligation arising from past events and its fair value can be measured reliably. Therefore, contrary to IAS 37, the acquirer shall recognize a contingent liability assumed in a business combination on the date of its acquisition, even when it is not probable that an outflow of resources embodying economic benefits shall be required to settle the obligation.

Consequently, we proceeded to identify all active legal processes related to labor, tax and client-related issues, among others, and to purge those already provisioned by Protección or Crecer. This analysis resulted in the recognition of a contingent liability lawsuit and its respective deferred tax:

| | Total in thousands of USD |
|---|---|
| Contingent liabilities - Unprovisioned litigation - Protección and Crecer (at 100%) | (27,803) |
| Contingent liabilities - Unprovisioned litigation - Protección y Crecer (at 52.91%) | (14,712) |
| Deferred tax relating to contingent liabilities (at 52.91%) | 5,547 |

The liability and respective deferred tax were recognized for both the controlling party as well as the non-controlling interest.

Contingent liabilities recognized as part of the business combination are comprised of the following:

| | Total in thousands of USD |
|---|---|
| Lawsuits or litigation relating to client complaints (AFP Protección) | 21,419 |
| Lawsuits or litigation relating to the regulator's claims (AFP Crecer) | 2,389 |
| Proceedings or litigation related to leases and service contracts (AFP Crecer) | 3,995 |
| | **27,803** |

These liabilities contain all those ongoing lawsuits not recognized by Protección or Crecer in their financial statements, mainly due to the probability of occurrence criterion contained in IAS 37. In this sense, most of these liabilities have remote probabilities of materializing in the short or medium term, and it is not feasible to estimate their outcome in the long term.

For subsequent measurement, Senior Management should monitor in detail the cancellation, liquidation or dismissal of these liabilities, and make the respective adjustments in accordance with paragraph 56 of IFRS 3.

For other relevant assets, no fair value adjustments to be made were identified, given the information that reflects that the value recognized in the financial statements of Protección and Crecer is close to the fair value of the corresponding items.

***Non-Controlling Interest***

SURA AM recorded the non-controlling interest in the value of the client list belonging to Protección as well as in the recognized contingent liabilities. For this purpose:

- The client list was measured at 100% using the MeeM (Multi Period Excess Earnings) methodology.
- Contingent liabilities were identified by analyzing ongoing legal, labor and tax suits that have not been recognized in the financial statements of either Protección or Crecer. Their fair values were determined at 100%.
- The corresponding deferred tax was calculated for both items (liabilities and assets, respectively).
- The net value of these assets and liabilities is included under the non-controlling interest heading in Shareholders' Equity.

**4. Measurement Period**

IFRS 3 recognizes that there may be information that is not known or cannot be accurately determined on the acquisition date, and for this purpose establishes a measurement period that may not exceed one year from said date. During this period, due to end in November 2023, SURA AM may make adjustments to the recording in books of the business combination with a retroactive effect where appropriate.

The aforementioned standard establishes the measurement period as a reasonable term for the acquirer to obtain the information necessary to identify and measure:

a) the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;



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b) the consideration transferred to the acquiree (or any other amount used to measure the corresponding goodwill);
c) in a business combination achieved in stages, the equity interest in the acquiree previously held by the acquirer; and
d) the resulting goodwill or the gain obtained from a purchase made under very advantageous conditions.

The transaction was completed close to year-end, and the Company made its best efforts to obtain sufficient and reasonable information to reliably measure the business combination. SURA Asset Management estimates that, over the course of the next few months within the defined measurement period, it shall obtain sufficient information to evaluate and measure certain assets generally existing in business combinations, such as brands and client lists relating to AFP Crecer. Fair value adjustments could also be made to other items, these to be performed in accordance with IFRS 3.

Goodwill has been provisionally allocated to Protección; however, it is possible that based on the information obtained during the measurement period a determination may be made that the CGU can be divided between Protección and Crecer.

In accordance with IFRS 3, these adjustments shall be recorded as an increase or decrease in goodwill, as appropriate. The aforementioned standard further stipulates that during the measurement period, the acquirer shall recognize adjustments to the provisional amount as if the accounting for the business combination had been completed on the acquisition date. Thus, the acquirer shall review, to the extent that is necessary, the comparative information presented in the financial statements corresponding to prior periods, including adjusting the depreciation, amortization and other accounts thereby affecting the recognized results in order to complete the initial accounting.

**5. Consolidating Protección and Crecer**

The investment held in Protección y Crecer, corresponding to the percentage stake held up to and including October (49.36%), was accounted for under the equity method, posting the change in revenues for the period under the equity method account.

In November, we began to consolidate Protección and Crecer, in accordance with the provisions of IFRS 10 governing this consolidation procedure, as described below:

Consolidating the financial statements:

a) The combining of similar items of the parent Company's assets, liabilities, equity, income and expenses, and cash flows with those of its subsidiaries.
b) The offsetting (elimination) of the carrying amount of the parent's investment in each subsidiary and the parent's share of the equity in each subsidiary (IFRS 3 explains how to account for the corresponding goodwill).
c) The elimination in full of intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between group entities (results for the period from intragroup transactions that are recognized in assets, such as inventories and fixed assets, are eliminated in full). Intragroup losses may indicate impairment, which shall require due recognition in the consolidated financial statements. IAS 12 Income Taxes shall be applied to temporary differences arising as a result of eliminating gains and losses arising from intragroup transactions.

***IFRS standardization adjustments***

Considering that SURA AM applies the IFRS that are in force on an international level, it was necessary to identify and make the corresponding adjustments to adapt the financial statements of both Protección and Crecer to the policies upheld by SURA AM.

In this regard, the standardization adjustments made to arrive at the IFRS-based balances for November that would be subject to the consolidation were as follows:

Protección:

- Reversing the equity method on its investment in AFP Crecer
- Adjusting the value of the provision to be reversed, in order to reflect the full risk, regardless of the term granted by the Colombian Superintendency of Finance for said provision.

With regard to the financial statements of both Protección y Crecer a request was made to adjust the discount rates corresponding to leasing contracts, in order to adapt these to SURA AM´s corporate policy. Therefore, this does not constitute a standardization adjustment, but merely an adjustment that had already been included in the original financial statements.

***Amounts incorporated at year-end***

The amounts incorporated at year-end by the entities involved in the business combination are as follows:

| | Protección | Crecer |
|---|---|---|
| | In thousands of USD | |
| Income from ordinary activities (fee and commission income) | 36,943 | 5,563 |
| Net Income | 53,482 | 900 |

**Note 4.2. The Spin-off performed on Proteccion giving rise to Asulado**

This insurance company was created by spinning off the assets of Protección, within the following timeline:

- **12/05/12/2022:** The Colombian Superintendency of Finance authorized the spin-off of Protección's equity, for an amount of USD 164,669 thousand.
- **12/21/2022:** The Colombian Superintendency of Finance authorized this new Company to offer Pension, Disability and Survivorship insurance as well as Pensions based on the coverage provided by Law 100.

**Shareholder structure at the time of the spin-off**

When the spin-off was carried out SURA AM was the controlling company of Protección

In the spin-off that gave rise to Asulado, the shareholders of Protección continued to hold their same stakes in the assets that were spun-off, as shown below:

| | Stakes held in the Insurance Company | | |
|---|---|---|---|
| **Shareholders** | **Shares held** | **% Stake held** | **In USD thousands** |
| SURA Asset Management S.A. | **15,245,782** | **52.91311%** | **87,132** |
| Colsubsidio | 4,168,563 | 14.46772% | 23,824 |
| *Banca de Inversión Bancolombia* | *2,878,405* | *9.99000%* | 16,450 |
| Fiducolombia | 2,852,473 | 9.90000% | 16,302 |
| Cornerstone LP | 1,914,216 | 6.64362% | 10,940 |
| Inverleben | 1,302,020 | 4.51888% | 7,441 |
| Others | 253,548 | 0.87998% | 1,449 |
| Bancolombia | 197,855 | 0.68669% | 1,131 |
| **Total** | **28,812,862** | **100.0%** | **164,669** |

The value of each share in Asulado comes to USD 5.72 (COP 27,245).

Bearing in mind this equity spin-off, the new intrinsic value per share in Protección share comes to USD 12.76 (COP 60,847) (*considering the statutory equity values*):

| | |
|---|---|
| Protección´s equity before the spin-off | 532,427 |
| The amount of equity spun off | 164,669 |
| Protección´s remaining equity | 367,758 |
| **New intrinsic value per share in Protección** | **12.76** |

Some of Asulado's shareholders are legally restricted from remaining as shareholders of an insurance company. As a result, a few days after the spin-off, SURA AM purchased additional shares, at an intrinsic value of USD5.72 (COP 27,245), leaving the stock ownership structure as follows:

| Shareholders | Shares held | % Stake held | In USD thousands |
|---|---|---|---|
| SURA Asset Management S.A. | **21,174,515** | **73.49%** | **121,015** |
| Colsubsidio | 4,168,563 | 14.47% | 23,824 |
| Cornerstone LP | 1,914,216 | 6.64% | 10,940 |
| Inverleben | 1,302,020 | 4.52% | 7,441 |
| Others | 253,548 | 0.88% | 1,449 |
| Bancolombia | 0 | 0.00% | - |
| Fiducolombia | 0 | 0.00% | - |
| *Banca de Inversión Bancolombia* | *0* | *0.00%* | - |
| **Total** | **28,812,862** | **100.0%** | **164,669** |

There are some agreements with other minority shareholders that have already been signed but are awaiting the approval of the Colombian Superintendency of Finance, this as a binding condition for these agreements to be implemented and subsequently paid. In this regard, these agreements have not been taken into account for SURA AM's stake at year-end.

Asulado started up in December, and therefore was consolidated in SURA AM's financial statements, in accordance with that stipulated in IFRS 10 for the consolidation procedure as described below:

Consolidating the financial statements:

d) The combining of similar items of the parent Company’s assets, liabilities, equity, income and expenses, and cash flows with those of its subsidiaries.

e) The offsetting (elimination) of the carrying amount of the parent's investment in each subsidiary and the parent's share of the equity in each subsidiary (IFRS 3 explains how to account for the corresponding goodwill).
f) The elimination in full of intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between group entities (results for the period from intragroup transactions that are recognized in assets, such as inventories and fixed assets, are eliminated in full). Intragroup losses may indicate impairment, which shall require due recognition in the consolidated financial statements. IAS 12 Income Taxes shall be applied to temporary differences arising as a result of eliminating gains and losses arising from intragroup transactions.

***IFRS standardization adjustments***

Taking into account that SURA AM applies the IFRS in force on an international level, it was necessary to identify and make the corresponding adjustments to adapt Asulado's financial statements to SURA AM's policies.

In this regard, the standardization adjustments made to arrive at the IFRS-based balances for December that would be subject to the consolidation were as follows:

- Adjusting the value of investments at amortized cost to reflect the impairment of Colombian government bonds.

**NOTE 5 - Commission income**

**5.1 Breakdown**

Revenues obtained by SURA Asset Management S.A. and Subsidiaries from contracts with clients at year-end 2022 and 2021 are broken down as follows:

| | Retirement Savings | Investment Management | Sura Investments | Corporate and Others | Total |
|---|---|---|---|---|---|
| Mandatory Pension Fund Management | 548,782 | - | - | - | 548,782 |
| Client portfolio management | 1 | 60,732 | 17,303 | - | 78,036 |
| Voluntary Pension Fund Management | - | - | 25,797 | - | 25,797 |
| Severance Fund Management | - | - | 7,611 | - | 7,611 |
| Other revenues from contracts with clients | 662 | 4,751 | 994 | 222 | 6,629 |
| **Total commission income - 2022** | **549,445** | **65,483** | **51,705** | **222** | **666,855** |

| | Retirement Savings | Investment Management | Sura Investments | Corporate and Others | Total |
|---|---|---|---|---|---|
| Mandatory Pension Fund Management | 600,379 | - | - | - | 600,379 |
| Voluntary Pension Fund Management | - | - | 22,061 | - | 22,061 |
| Client portfolio management | - | 59,946 | 19,423 | - | 79,369 |

| | Retirement Savings | Investment Management | Sura Investments | Corporate and Others | Total |
|---|---|---|---|---|---|
| Other revenues from contracts with clients | 753 | 4,376 | 2,609 | 165 | 7,903 |
| **Total commission income - 2021** | **601,132** | **64,322** | **44,093** | **165** | **709,712** |

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

| | Retirement Savings | Investment Management | Sura Investments | Corporate and Others | Total |
|---|---|---|---|---|---|
| External clients | 555,555 | 64,403 | 45,593 | 145 | 665,696 |
| Intercompany (excluding subsidiaries) | 2 | 1,080 | 0 | 77 | 1,159 |
| **Total fee and commission income - 2022** | 555,557 | 65,483 | 45,593 | 222 | 666,855 |

| | Retirement Savings | Investment Management | Sura Investments | Corporate and Others | Total |
|---|---|---|---|---|---|
| External clients | 601,132 | 63,718 | 44,093 | 165 | 709,108 |
| Intercompany (excluding subsidiaries) | - | 604 | - | - | 604 |
| **Total fee and commission income - 2021** | **601,132** | **64,322** | **44,093** | **165** | **709,712** |

Revenues are recognized as described in Note 2.3 Section q.

### 5.2 Balances due on contracts

| | 2022 | 2021 |
|---|---|---|
| **Balances due on contracts** | | |
| Accounts receivable from contracts with clients (See Note 20) | 44,425 | 36,839 |
| Accounts payable on contracts with clients (See Note 31) | 31,202 | 23,174 |

Accounts receivable from contracts with clients include amounts expected to be received or pending payment in exchange for pension fund management fees and commissions charged. Accounts payable consist of pension payments to retirees given programmed withdrawals, temporary annuities, pensions covered by insurance and voluntary pension contributions.

## NOTE 6 - Investment Income

Investment income obtained by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| **Revenues from investments backing insurance reserves** | | |
| Recovered provision for premium shortfalls | 180,313 | - |
| Interest income and financial returns | 57,200 | 31,214 |
| Pension bonds | 24,491 | - |
| Policy issuance | 11,798 | - |

| | 2022 | 2021 |
|---|---|---|
| **Revenues from investments backing insurance reserves** | | |
| Earnings from sale of investments | 11,649 | 11,529 |
| Income from exchange differences | 10,846 | 67,189 |
| Lease income obtained from investment properties | 4,047 | 4,072 |
| Other investment expense - insurance | (383) | (389) |
| Investment impairment | (4,039) | (32) |
| **Total income from investments backing insurance reserves** | **295,922** | **113,583** |
| **Other investments** | | |
| Earnings from sale of investments | 1,351 | 2,256 |
| Impairment (expense) recovered on investments | 228 | (98) |
| Lease income obtained from investment properties | 2 | 3 |
| Interest income and financial gains | - | 51 |
| Other investment expense | (23) | (17) |
| (Expense) income on exchange differences | (2,469) | 10,733 |
| **Total investment (expense) income** | **(911)** | **12,928** |
| **Total investment income** | **295,011** | **126,511** |

**NOTE 7 - Fair value gains and losses on assets, net**

Fair value gains and losses on assets at year-end 2022 and 2021 are shown below:

**7.1 Income from legal reserves**

Income from legal reserves at year-end is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Income from legal reserves | 8,586 | 42,027 |
| **Total income from legal reserves** | **8,586** | **42,027** |

**7.2 Fair value gains and losses, net**

Fair value gains and losses 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:

| **Fair value gains and losses from investments backing insurance reserves, net:** | 2022 | 2021 |
|---|---|---|
| (Losses) gains on non-derivative financial instruments | (85,034) | 26,148 |
| Gains on investment properties | 5,478 | 4,692 |
| **Total fair value (losses) gains from investments underpinning insurance reserves, net** | **(79,556)** | **30,840** |
| **Other fair value gains and losses, net:** | | |
| Gains from non-derivative financial instruments | 8,379 | 340 |
| **Fair value gains, net** | **8,379** | **340** |
| **Total fair value (losses) gains on assets, net** | **(71,177)** | **31,180** |

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

SURA Asset Management uses the equity method for accounting for its investments in associates and joint ventures, which at year-end 2022 were as follows:

| Name of associate | Main business activity | Place of incorporation and operations | % stake held and corresponding voting rights |
|---|---|---|---|
| Inversiones DCV S.A. | Shareholder register management services | Chile | 34.82% |
| Servicios de Administración Previsional S.A. | Voluntary fund management | Chile | 22.64% |
| Fondos de Cesantías Chile II | Pension and severance fund management | Chile | 29.40% |
| Unión para la infraestructura SAS (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% |
| Sociedad Administradora de Fondos de Cesantía Chile III S.A. | Pension and severance fund management | Chile | 36.65% |

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

| Name of Associate or Joint Venture | 2022 | 2021 |
|---|---|---|
| Fondo de Pensiones y Cesantías Protección S.A.* | (3,554) | 32,445 |
| AFC I, AFC II and Servicios de Administración Previsional S.A. | 3,975 | 3,791 |
| Fondos de Cesantías Chile II | 5,913 | (165) |
| Inversiones DCV S.A. | 409 | 349 |
| Unión para la infraestructura S.A.S (UPI) | 560 | 299 |
| Unión para la Infraestructura Perú | 29 | (52) |
| Sociedad Administradora de Fondos de Cesantía Chile III S.A. | 48 | - |
| **Total equity method revenues from associates and joint ventures, net** | **7,380** | **36,667** |

*Became a subsidiary in November 2022. See Note 4 Business combination

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

**NOTE 9 - Other operating income**

Other operating income at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Recovered surplus from provision for premium shortfalls | 35,920 | - |
| Recovered provisions | 12,481 | 1,435 |
| Other income | 4,045 | 3,839 |
| Interest income from money market operations and other interest income | 3,427 | - |
| Gains on sales of property, plant and equipment for own use | 890 | 1,284 |
| Income from leases and services | 171 | 336 |
| Discounts on lease rentals | 9 | 185 |

| | 2022 | 2021 |
|---|---|---|
| Gains on sale of leased assets | 8 | 26 |
| **Total other operating income** | **56,951** | **7,105** |

**NOTE 10 - Net Premiums**

Net premiums obtained by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Annuities[1] | 983,020 | - |
| Life insurance contracts (written premiums) | 117,310 | 183,372 |
| Favorable experience dividend - FED | 265 | 29 |
| **Total gross premiums** | **1,100,595** | **183,401** |
| Life insurance contracts- reinsurers | (1,739) | (1,664) |
| **Total net premiums** | **1,098,856** | **181,737** |

In the Note 2, Summary of Accounting Policies, Sections 2.3.a) and j) contain further details relating to insurance contracts and reinsurance arrangements.

1) Correspond to the income obtained from the issuing policies to cover life annuities for Protección's subscribers, this issuance was made by Asulado Seguros S.A., an insurance company created in December 2022. For further details see note 4.

**NOTE 11 – Claims, net**

The following is a breakdown of claim expense at year-end 2022 and 2021:

| | 2022 | 2021 |
|---|---|---|
| **Gross benefits and claims paid** | | |
| Life insurance contracts | (136,867) | (143,721) |
| Annuities | (4,615) | - |
| **Total gross benefits and claims paid** | **(141,482)** | **(143,721)** |
| | | |
| **Requests assigned to reinsurers** | | |
| Life insurance contracts | 878 | 1,482 |
| **Total claims ceded to reinsurers** | **878** | **1,482** |
| | | |
| **Total claims, net** | **(140,604)** | **(142,239)** |

**NOTE 12 – Reserve Movements**

The effect on income corresponding to movements with insurance technical reserves at year-end is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| **Direct** | | |
| Fund value reserve | 65,280 | (150,562) |
| Mathematical reserve[1] | (1,213,309) | (3,950) |

| | 2022 | 2021 |
|---|---|---|
| Ongoing Risk Reserve | (90) | (39) |
| Other technical reserves | (1,129) | 605 |
| Contingency reserve | 105 | (192) |
| **Subtotal** | **(1,149,143)** | **(154,138)** |
| | | |
| **Ceded** | | |
| Other technical reserves | (120) | (14) |
| Ongoing Risk Reserve | (8) | (10) |
| Mathematical reserve | 4 | - |
| **Subtotal** | **(124)** | **(24)** |
| | | |
| **Net** | | |
| Fund value reserve | 65,280 | (150,562) |
| Mathematical reserve[1] | (1,213,305) | (3,950) |
| Ongoing Risk Reserve | (98) | (49) |
| Other technical reserves | (1,249) | 591 |
| Contingency reserve | 105 | (192) |
| **Total reserve movements, net** | **(1,149,267)** | **(154,162)** |

1) The increase in the movement of the mathematical reserve corresponds to a higher reserve having been set up given the increase in premiums issued, mainly due to single premium contributions, which are not season in nature, as well as increases given the effects of inflation in Chile.

## 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 operating expense**

| | 2022 | 2021 |
|---|---|---|
| **Selling, general and administrative expense** | | |
| Personnel expense | (252,213) | (286,889) |
| Amortization of intangibles | (52,928) | (54,418) |
| Fees | (32,231) | (29,724) |
| Contributions and subscription fees | (22,314) | (21,716) |
| Service providers | (21,896) | (24,788) |
| Maintenance and repairs | (19,434) | (20,456) |
| Taxes and rates | (16,946) | (15,449) |
| Advertising and publicity | (15,837) | (14,997) |
| Depreciation on Right-of-Use Assets | (12,874) | (15,179) |
| Other operating expense | (12,221) | (9,266) |
| Depreciation on goods and personal property | (9,399) | (11,249) |
| Brokerage commissions | (9,339) | (9,005) |
| Fines, sanctions, indemnities, litigations,and lawsuits | (6,955) | (553) |
| Investment platform expense | (5,694) | (5,866) |
| Safekeeping expense - securities | (4,834) | (5,899) |
| Public utilities | (4,772) | (4,910) |
| Security and cleaning expense | (4,369) | (5,344) |
| Electronic data processing | (3,514) | (2,902) |

| | 2022 | 2021 |
|---|---|---|
| **Selling, general and administrative expense** | | |
| Business development - Asulado Insurance | (3,187) | - |
| Traveling expense | (3,148) | (1,561) |
| Insurance | (2,828) | (2,393) |
| Operating financial expense | (2,416) | (2,887) |
| Donations | (2,233) | (1,949) |
| Public relations | (2,155) | (1,320) |
| Medical expense | (1,977) | (2,692) |
| Leases | (1,885) | (1,815) |
| Rebates paid | (1,575) | (1,837) |
| Publications and subscriptions | (1,066) | (1,057) |
| Licenses | (975) | (1,546) |
| Collection expense | (786) | (803) |
| Stationery and office supplies | (622) | (553) |
| Transport, haulage and freight charges | (659) | (550) |
| Impairment to financial assets | (545) | (397) |
| Legal expense | (528) | (838) |
| Pension Fund and Pension Insurance Management | (496) | - |
| Tax liabilities assumed | (189) | (1,340) |
| Client service expense | (152) | (92) |
| Impairment to the value of investment properties | (106) | - |
| Wealth tax | (98) | (101) |
| **Total selling, general and administrative expense** | **(535,396)** | **(562,341)** |
| | | |
| **Deferred acquisition costs (DAC)** | | |
| Capitalized Deferred Acquisition Costs (DAC) | 47,593 | 58,968 |
| Amortized Deferred Acquisition Costs (DAC) | (46,728) | (47,188) |
| **Total Deferred Acquisition Costs (DAC)** | **865** | **11,780** |
| **Total operating and administrative expense** | **(534,531)** | **(550,561)** |

**NOTE 14 - Financial income**

Financial income at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Financial interest income | 15,473 | 7,985 |
| (Losses) earnings from sales of investments | (1,542) | 1,989 |
| Other financial income | 407 | 469 |
| **Net financial income** | **14,338** | **10,443** |

**NOTE 15 - Financial expense**

Financial expense at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Financial interest expense | (53,392) | (54,979) |
| Losses from sales of investments | (7,965) | (2,160) |
| Commissions and other financial expense | (1,982) | (2,116) |
| Interest expense on right-of-use liabilities | (1,207) | (2,101) |

| | 2022 | 2021 |
|---|---|---|
| **Total financial expense** | **(64,546)** | **(61,356)** |

**NOTE 16 - Derivative income (expense), net**

| | 2022 | 2021 |
|---|---|---|
| Derivative income | 2,370 | 1,097 |
| Derivative expense | (555) | (2,113) |
| **Total derivative income (expense),net** | **1,815** | **(1,016)** |

**NOTE 17 - Income from exchange differences, net**

Exchange differences at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Income from exchange differences | 111,766 | 76,978 |
| Expense from exchange differences | (110,222) | (47,268) |
| **Total income from exchange differences, net** | **1,544** | **29,710** |

Exchange rates are discussed in more detail in Note 2.3 Section (o).

**NOTE 18 - Cash and cash equivalents**

Cash and cash equivalents for SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Banks | 371,244 | 78,686 |
| Investments | 16,338 | 47,329 |
| Cash | 36 | 41 |
| **Total cash and cash equivalents** | **387,618** | **126,056** |

Cash and cash equivalent investments consist mostly of demand deposits and other minor investments with maturities of less than 90 days

Restricted cash is shown under "Other Assets", please refer to Note 24

**NOTE 19 - Financial assets and liabilities**

**19.1 Financial assets**

The balance of the financial asset account for SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Investment portfolio[1] | 3,524,829 | 2,373,823 |

| | 2022 | 2021 |
|---|---|---|
| Accounts receivable (Note 20) | 150,186 | 112,762 |
| Reinsurance assets (Note 21) | 432 | 925 |
| Hedging assets (Note 23.1) | 197,479 | 219,654 |
| **Total financial instrument assets** | **3,872,926** | **2,707,164** |

1)This increase is due to assets backing the insurance reserves of Asulado Seguros S.A., an entity that was created in December 2022 for the purpose of offering annuities to Protección's fund members. For further details see Note 4.

The classification of financial assets at year-end 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|---|---|
| **Financial instruments at amortized cost** | | |
| Investments | 904,510 | 371,562 |
| Accounts receivable (Note 20) | 150,186 | 112,762 |
| Reinsurance assets (Note 21) | 432 | 925 |
| **Total financial instrument assets at amortized cost** | **1,055,128** | **485,249** |
| **Financial instruments at fair value through profit or loss** | | |
| Investments | 2,617,197 | 1,996,782 |
| **Total financial instrument assets at fair value through profit or loss** | **2,617,197** | **1,996,782** |
| **Financial instruments at fair value through Other Comprehensive Income** | | |
| Investments | 3,122 | 5,479 |
| Hedging assets (Note 23.1) | 197,479 | 219,654 |
| **Total financial instrument assets at fair value through Other Comprehensive Income** | **200,601** | **225,133** |
| **Total financial instrument assets** | **3,872,926** | **2,707,164** |

The following is a breakdown of the investment portfolios held:

| Type of security | Currency | 2022 | 2021 |
|---|---|---|---|
| Fixed Income | USD | 654,056 | 287,191 |
| | Local currency | 1,437,358 | 824,227 |
| | Others | 2,922 | - |
| Equity instruments | USD | 438,327 | 524,142 |
| | Local currency | 992,166 | 738,263 |
| Others | Local currency | | - |
| **Total investment portfolio** | | **3,524,829** | **2,373,823** |

The balance of the financial assets held at year-end 2022 and 2021, classified as current and non-current, is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Investments | 1,927,246 | 1,094,530 |
| Accounts receivable | 736 | 582 |
| Hedging assets | 197,479 | 219,654 |
| **Non-current financial instruments** | **2,125,461** | **1,314,766** |
| Investments | 1,597,583 | 1,279,293 |
| Accounts receivable | 149,450 | 112,180 |

| | 2022 | 2021 |
|---|---|---|
| Reinsurance assets | 432 | 924 |
| **Current financial instruments** | **1,747,465** | **1,392,398** |
| **Total financial instrument assets** | **3,872,926** | **2,707,164** |

***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 value***

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 were initially recognized.

The book values of short-term receivables, which are measured at their amortized cost, are reasonably 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 2022 and 2021 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).

The financial assets of SURA Asset Management S.A. and Subsidiaries, at year-end 2022 and 2021 are classified as follows on the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Subtotal | Amortized cost | Total |
|---|---|---|---|---|---|---|
| Investments | 6,952 | 2,607,773 | 5,594 | **2,620,319** | 904,510 | **3,524,829** |
| Accounts receivable (Note 20) | - | - | - | **-** | 150,186 | **150,186** |
| Reinsurance assets (Note 21) | - | - | - | **-** | 432 | **432** |
| Hedging assets (Note 23.1) | | 197,479 | - | **197,479** | - | **197,479** |
| **Total financial assets - 2022** | **6,952** | **2,805,252** | **5,594** | **2,817,798** | **1,055,128** | **3,872,926** |
| Investments | 10,474 | 1,986,308 | 5,479 | **2,002,261** | 371,562 | **2,373,823** |
| Accounts receivable (Note 20) | - | - | - | **-** | 112,762 | **112,762** |
| Reinsurance assets (Note 21) | - | - | - | **-** | 925 | **925** |
| Hedging assets (Note 23.1) | | 219,654 | - | **219,654** | - | **219,654** |
| **Total financial assets - 2021** | **10,474** | **2,205,962** | **5,479** | **2,221,915** | **485,249** | **2,707,164** |

The following are the movements recorded in the financial asset account at year-end 2022 and 2021:

a) **Financial assets at amortized cost**

| | Investments | Accounts receivable (Note 20) | Reinsurance assets (Note 21) | Total |
|---|---|---|---|---|
| **Opening Balance - 2021** | **403,407** | **119,437** | **991** | **523,835** |
| Additions | 42,444 | 7,839,263 | 1,894 | 7,883,601 |
| Net returns on financial assets | 24,489 | - | - | 24,489 |
| Write-offs | (41,020) | (7,827,284) | (1,770) | (7,870,074) |
| Impairment | (1,609) | (218) | - | (1,827) |
| Exchange difference | (56,149) | (18,436) | (190) | (74,775) |
| **Closing balance - 2021** | **371,562** | **112,762** | **925** | **485,249** |
| Additions | 662,942 | 6,316,330 | 1,297 | 6,980,569 |
| Net returns on financial assets | 58,488 | - | - | 58,488 |
| Write-offs | (149,298) | (6,295,572) | (1,778) | (6,446,648) |
| Impairment | (3,811) | (339) | - | (4,150) |
| Reclassified non-current assets held for sale | - | 17,193 | - | 17,193 |
| Exchange difference | (35,373) | (188) | (12) | (35,573) |
| **Closing balance - 2022** | **904,510** | **150,186** | **432** | **1,055,128** |

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

| | Investments |
|---|---|
| **Opening Balance - 2021** | **2,153,719** |
| Additions | 1,858,305 |
| Net valuation gains on financial assets | 72,664 |
| Write-offs | (1,812,923) |
| Exchange differences | (274,983) |
| **Closing balance - 2021** | **1,996,782** |
| Additions | 2,613,467 |
| Dividends | (7,025) |
| Net valuation losses on financial assets | (82,330) |
| Write-offs | (1,823,740) |
| Exchange difference | (79,957) |
| **Closing balance - 2022** | **2,617,197** |

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

| | Investments |
|---|---|
| **Opening balance - 2021** | **8,230** |
| Additions | (546) |
| Net valuations of financial assets | (69) |
| Returns | 373 |
| Impairment | (1,479) |
| Exchange difference | (1,030) |
| **Closing balance - 2021** | **5,479** |
| Additions | (2,461) |
| Net valuations of financial assets | 13 |
| Exchange difference | 91 |
| **Closing balance - 2022** | **3,122** |

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) |
|---|---|---|---|
| **Opening balance - 2021** | **109,368** | **(34,392)** | **74,976** |
| Net valuations of financial assets (Note 16) | 115,798 | - | 115,798 |
| Valuations on changes through Other Comprehensive Income | 34,621 | 14,849 | 49,470 |
| Hedging costs | 96 | - | 96 |
| Exchange differences | (25,334) | 4,648 | (20,686) |
| **Closing balance - 2021** | **234,549** | **(14,895)** | **219,654** |
| Net valuations of financial assets (Note 16) | 153,907 | - | 153,907 |
| Valuations on changes through Other Comprehensive Income | (47,536) | (93,261) | (140,797) |
| Hedging costs | (402) | - | (402) |

| | Cash flow hedging assets (Note 23.1) | Foreign investment hedging assets (Note 23.1) | Total hedging assets (Note 23.1) |
|---|---|---|---|
| Exchange difference | (51,386) | 16,503 | (34,883) |
| **Closing balance - 2022** | **289,132** | **(91,653)** | **197,479** |

**19.2 Financial liabilities**

The financial liabilities held by SURA Asset Management S.A. and Subsidiaries, including accounts payable at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| **Financial liabilities at amortized cost** | | |
| Issued bonds (Note 38) | 854,174 | 852,934 |
| Financial obligations (Note 33) | 651 | 499 |
| Accounts payable (Note 31) | 156,226 | 152,454 |
| **Total other financial liabilities at amortized cost** | **1,011,051** | **1,005,887** |
| | | |
| **Financial liabilities at fair value through profit or loss** | | |
| Hedging liabilities (Note 23.2) | 50 | - |
| **Total financial liabilities at fair value through profit or loss** | **50** | **-** |
| **Total financial liabilities** | **1,011,101** | **1,005,889** |

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

| | 2022 | 2021 |
|---|---|---|
| **Financial liabilities at amortized cost** | | |
| Issued bonds | 854,174 | 852,934 |
| Financial obligations | 627 | 499 |
| **Total non-current financial liabilities** | **854,801** | **853,433** |
| Financial obligations | 24 | - |
| Accounts payable | 156,226 | 152,456 |
| Hedging liabilities | 50 | - |
| **Total current financial liabilities** | **156,300** | **152,456** |
| **Total financial liabilities** | **1,011,101** | **1,005,889** |

The maturities and description of the financial obligations held by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are as follows:

| | Interest rate | Maturity | 2022 | 2021 |
|---|---|---|---|---|
| **Non-current financial liabilities** | | | | |
| Security deposits | 0.00% | 2023 | 627 | 499 |
| **Total security deposits** | | | **627** | **499** |
| | | | | |
| **Total non-current financial liabilities** | | | **627** | **499** |

| | Interest rate | Maturity | 2022 | 2021 |
|---|---|---|---|---|
| **Current financial liabilities** | | | | |
| Bancolombia | 41.31% APR | 2023 | 4 | - |
| Bancolombia | 41.31% APR | 2023 | 4 | - |
| Interest on financial obligations | | 2023 | 16 | - |
| **Total bank loans** | | | **24** | **-** |
| **Total current financial liabilities** | | | **24** | **-** |
| | | | | |
| **Total financial obligations** | | | **651** | **499** |

The maturities of the financial obligations held at year-end 2022 and 2021 are shown as follows:

| Obligation | Less than 1 year | Between 1-3 years | Between 3-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Long-term security deposits | - | 372 | 113 | 142 | 627 |
| Short-term bank loans | 24 | - | - | - | 24 |
| **Total 2022** | **24** | **372** | **113** | **142** | **651** |

| Obligation | Less than 1 year | Between 1-3 years | Between 3-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Long-term security deposits | - | 329 | 77 | 93 | 499 |
| Short-term bank loans | - | - | - | - | - |
| **Total 2021** | **-** | **329** | **77** | **93** | **499** |

***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 at 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 - 2022 | 499 | 852,934 | - | 29,611 | 883,044 |
| New loans | 39,193 | - | - | - | 39,193 |
| Additions | - | - | - | 5,517 | 5,517 |
| Cancellations and write-offs | (39,038) | - | | (16,084) | (55,122) |
| Accrued interest | 12,204 | 41,184 | - | 1,207 | 54,595 |
| Interest paid | (1,028) | (38,257) | - | | (39,285) |
| Business combination | - | - | 48 | 1,239 | 1,287 |
| Unrealized exchange differences | (11,175) | 11,514 | - | (11) | 328 |

| | Financial obligations | Issued bonds | Obligations - derivatives | Lease liabilities | Total debt |
|---|---|---|---|---|---|
| Unrealized exchange differences - effectiveness | - | 153,129 | - | - | 153,129 |
| Currency translation effect | (4) | (166,330) | 2 | (115) | (166,447) |
| **Closing balance - 2022** | **651** | **854,174** | **50** | **21,364** | **876,239** |

**NOTE 20 - Accounts receivable**

Accounts payable at year-end 2022 and 2021 for SURA Asset Management S.A. and Subsidiaries are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Accounts receivable due on pension business | 45,422 | 25,222 |
| Accounts receivable due on contracts with clients (See Note 5) | 44,425 | 36,839 |
| Accounts receivable due on insurance business | 30,373 | 7,971 |
| Accounts receivable due on fund management business | 981 | 4,383 |
| Accounts receivable from personnel | 3,449 | 4,753 |
| Accounts receivable from "Other Taxes" | 5,110 | 6,051 |
| Commissions | 541 | 420 |
| Accounts receivable from related parties (Note 42.2.1) | 287 | 61 |
| Other accounts receivable | 21,927 | 29,718 |
| **Subtotal - accounts receivable** | **152,515** | **115,418** |
| Impairment | (2,329) | (2,656) |
| **Total accounts receivable (net)** | **150,186** | **112,762** |

The aging of accounts receivable for 2022, is as follows:

| Aging of accounts receivable | Less than 1 year | More than 5 years | Total |
|---|---|---|---|
| Aging of accounts receivable - 2022 | 149,450 | 736 | 150,186 |
| Aging of accounts receivable - 2021 | 112,180 | 582 | 112,762 |

[1]The balance shown over the last 5 years corresponds to security deposits that must be held with the Uruguayan Central Bank.

The movement corresponding to the impairment of accounts receivable for the years 2022 and 2021 is shown as follows:

| | 2022 | 2021 |
|---|---|---|
| **Total Opening Balance** | **(2,656)** | **(2,351)** |
| Write-offs | 411 | (585) |
| Provision increases | (339) | (397) |
| Exchange differences through profit and loss | 255 | 677 |
| **Final balance - calculated** | **(2,329)** | **(2,656)** |

**NOTE 21 - Reinsurance assets**

Reinsurance assets at year-end 2022 and 2021 for SURA Asset Management S.A. and Subsidiaries are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Reinsured insurance contracts | 432 | 925 |
| **Total reinsurance assets** | **432** | **925** |

Total reinsurance receivables for the years 2022 and 2021 were only obtained in Chile

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. Reinsurance is mainly carried out in Chile.

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 reinsurance assets that have been ceded as part of an insurance contract, the insurance companies belonging to SURA Asset Management S.A. reduce their corresponding book values and recognize any impairment loss, if applicable, in the income accounts.

Reinsurance assets are assessed on a regular basis so as to be able to detect any circumstance that could cause an impairment. 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 - Income tax**

**22.1. Applicable regulations**

Currently applicable tax provisions have stipulated the following nominal income tax rates for 2022 and 2021 as applicable to SURA Asset Management and its subsidiaries located in Chile, Colombia, Argentina, Uruguay, Mexico, Peru, El Salvador and the United States:

| | Chile | Mexico | Peru | Uruguay | El Salvador | Colombia | Argentina | United States |
|---|---|---|---|---|---|---|---|---|
| **Tax Rate - 2022** | 27.00% | 30.00% | 29.50% | 25.00% | 30.00% | 35.00% | 35.00% | 21.00% |
| **Tax Rate - 2021** | 27.00% | 30.00% | 29.50% | 25.00% | 30.00% | 31.00% | 35.00% | 21.00% |

**Colombia:** In 2022 the general income tax rate is 35% and 10% for income from occasional gains. In the case of financial institutions, these shall have a surcharge of 3 percentage points applicable from 2022 to 2025. Under Law 2277 of 2022, the surtax applicable to financial institutions and insurance companies was increased to 5 percentage points until 2027.

The audit benefit is extended for the years 2022 and 2023 to reduce the term in which income tax returns are finally and officially accepted by 6 or 12 months, provided that the corresponding net income tax is increased by 35% or 25% respectively.

**Chile:** Law 21,210 issued in February 2020 called the Income Tax Law classifies income into that sourced from "capital" and that from "labor-related activities" and establishes an income tax rate of 27%.

**Mexico:** Here, income tax is calculated at an applicable rate of 30%; and also income tax on employee tax profit sharing is charged at a rate of 10%. Tax losses can be offset over a period not exceeding 10 years.

**Peru:** The income tax rate charged in this country is 29.5% on taxable income after workers' profit-sharing plans, which is calculated by applying a rate of 5% on net taxable income. Losses may be offset within a period of 4 years beginning on the year following when the loss is produced, or indefinitely at a rate of 50% per year, depending on the system chosen, and this may not be subsequently changed.

**Argentina:** This country taxes income sourced worldwide. Law 27,630 passed on June 16, 2021, establishes amendments to this country´s Income Tax Law, these including a modification to the tax rate for capital companies which will be gradually levied depending on the corresponding amount of net taxable income as follows: for up to $5,000,000 Argentine pesos (ARS) the rate is 25%; between $5,000,000 ARS and $50,000,000 ARS the rate is 30% and from $50,000,000 onwards the rate is 35%, for fiscal years beginning on or after January 1, 2021.

**El Salvador:** Legal entities, domiciled or not in this country, shall calculate their tax by applying a rate of 30% to their taxable income, except for companies that have obtained a taxable income of less than or equal to USD 150,000, in which case a rate of 25% shall apply, excluding in addition to the aforementioned all those incomes that have been subject to definitive income tax withholdings in the legal percentages established in the Law.

El Salvador does not have a minimum alternative tax and tax losses generated in any period may not be carried forward to subsequent periods.

**Uruguay:** The income tax rate for corporations is 25% and is based on territorial income taking into account certain exceptions, therefore, income from outside the country is considered foreign-sourced and not subject to tax; in the event that the company does not produce tax profits, it must be taxed using the minimum IRAE system as established in Article 93 of the Law of Income Tax on Economic Activities (IRAE in Spanish), which establishes that the corresponding tax must be based on the income produced the previous year on a minimum basis of approximately USD 300 per month; also tax losses may be imputed within the following 5 years of having been sustained.

**United States:** Corporate income tax is levied at a rate of 21%. A variable rate per State is also established, this not to exceed 12%.

There are several types of companies, the most common being a Corporation and a Limited Liability Company ("LLC"). These two types of entities provide protection to owners from commercial liability (both have limited liability). A Corporation is represented by the directors ("officers and directors"), the same as an S.A. in Colombia.

**22.2. Current tax**

SURA Asset Management S.A. and Subsidiaries offset tax assets and liabilities only if it has a legally enforceable right to do so using current and deferred income tax assets and liabilities as provided by 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.

| | 2022 | 2021 |
|---|---|---|
| **Current tax assets** | | |
| Income and supplementary tax | 32,089 | 5,329 |
| Tax credits | 9,228 | 779 |
| Withholding tax | 22 | 17 |
| **Total current tax** | **41,339** | **6,125** |

| | 2022 | 2021 |
|---|---|---|
| **Current tax liabilities** | | |
| Income and supplementary tax | 4,222 | 17,088 |
| **Total current tax liabilities** | **4,222** | **17,088** |

The following are the amounts of current tax that shall be recovered or paid over the next 12 months or more.

| Current tax | 2022 | 2021 |
|---|---|---|
| Current tax assets to be recovered within 12 months | 31,500 | 4,673 |
| Current tax assets to be recovered after 12 months | 9,839 | 1,452 |
| **Total Current Tax Assets** | **41,339** | **6,125** |
| | | |
| Current tax liabilities payable within 12 months | 4,222 | 13,573 |
| Current tax liabilities payable after 12 months | - | 3,515 |
| **Total Current Tax Liabilities** | **4,222** | **17,088** |

**22.3. Tax recognized on income for the period**

| | 2022 | 2021 |
|---|---|---|
| Current tax | (49,304) | (117,034) |
| Adjustments on prior periods | 2,604 | 906 |
| **Total current tax expense** | **(46,700)** | **(116,128)** |

| | | |
|---|---|---|
| Origination/reversal of temporary differences | (26,435) | 14,856 |
| Deferred tax adjustment | 265 | (304) |
| Changes in tax rates | 4,917 | 1,314 |
| **Total deferred tax expense (income)** | **(21,253)** | **15,866** |

**22.4. Reconciliation of Effective Tax Rates**

Effective tax rate reconciliation is broken down as follows:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| **Book earnings before tax** | | **191,211** | | **265,758** |
| Income tax at the local tax rates * | 30.85% | (58,986) | 28.18% | (74,881) |
| **Plus the tax effect of:** | | | | |
| The elimination effects on the consolidated accounts(1) | | (135,849) | | (159,291) |
| Non-deductible expense | | (2,222) | | (8,872) |
| Investments | | (119,315) | | (108,775) |
| Financial assets | | (60,503) | | (40,062) |
| Property, plant and equipment | | (382) | | (1,043) |
| Amortization of intangibles | | (72) | | (90) |
| Provisions and contingencies | | (1,308) | | (600) |
| Financial liabilities | | (5,103) | | - |
| Other concepts | | - | | 31 |
| Tax losses | | (40,783) | | (7,848) |
| Surtax | | (3,507) | | (2,884) |
| **Less the tax effect of:** | | | | |
| The effect of IFRS translation adjustments | | 24,813 | | 38,933 |
| Investments | | 112,277 | | 140,055 |
| Financial assets | | 11,765 | | 5,985 |
| Property, plant and equipment | | - | | 303 |
| Amortization of intangibles | | 186 | | 105 |
| Provisions and contingencies | | 20,782 | | 5,014 |
| Financial liabilities | | 54,588 | | 36,664 |
| Other concepts | | 44,797 | | 23,515 |
| Exempt income | | 14,354 | | 7,562 |
| Tax discounts | | 68,701 | | 45,752 |
| Adjustments from prior periods | | 2,896 | | (1,149) |
| Adjustments for tax rate changes | | 4,917 | | 1,314 |
| **Income tax** | **35.54%** | **(67,954)** | **37.73%** | **(100,262)** |

* The applied rate is obtained from the average associated with the nominal rates of all countries.

(1) The effects of eliminating these from the consolidated accounts are mainly due to having reclassified dividend income, amortized intangibles, and to a lesser extent eliminations from reciprocal operations. These bases are multiplied by the nominal rate factor of each country.

The consolidated effective tax rate at year-end came to 35.54%, for a decline of 2.19 percentage points compared to the 37.73% levied the previous year.

Income tax shows a lower expense of USD $32.308 which is mainly explained by the following:

- Chile: due to the inflationary effects in this part of the world that produce a favorable tax impact in the form of a deduction.
- Mexico: as a result of the 31% decrease in fee and commission charges, which last year stood at 0.83% and ended up at 0.57%.
- Colombia: this change is due to having posted the business combination with Protección for setting up the new insurance firm, Asulado Seguros de Vida. The effects of exchange rate differences also had a consequent effect.

**22.5. Deferred tax**

The movement of deferred taxes between December 2021 and 2022, in the form of deferred tax assets (positive) and liabilities (negative), is broken down as follows:

| | 2022 | 2021 | Recognized in the Comprehensive Income Accounts | Recognized in the Other Comprehensive Income Accounts | Translation effects | Business combination effect |
|---|---|---|---|---|---|---|
| Financial assets | (66,417) | (72,508) | (57,679) | 49,280 | 14,491 | - |
| Investments | (102,933) | (110,926) | (96,966) | - | 888 | 104,071 |
| Fixed assets | (20,819) | (19,701) | 298 | (616) | (800) | - |
| Employee benefits | 3,426 | 4,126 | (822) | 23 | 145 | - |
| financial liabilities | 1,362 | (1,392) | 2,754 | - | - | - |
| Deferred acquisition costs (DAC): | (16,429) | (17,070) | 756 | - | (115) | - |
| Provisions | 20,765 | 14,817 | 4,534 | - | 652 | - |
| Financial obligations | 129,264 | 92,244 | 57,828 | - | (20,808) | - |
| Intangibles | (225,320) | (180,816) | 1,446 | - | (7,137) | (38,098) |
| Tax losses | 60,362 | 725 | 66,483 | - | (6,846) | - |
| Other items | (10,713) | (10,467) | 114 | - | (72) | (288) |
| **Total Deferred Tax Assets** | **86,709** | **40** | **-** | **-** | **-** | **-** |
| **Total deferred tax liabilities** | **(314,161)** | **(301,008)** | **-** | **-** | **-** | **-** |
| **Deferred tax, net** | **(227,452)** | **(300,968)** | **(21,254)** | **48,687** | **(19,602)** | **65,685** |

**22.6. Unrecognized temporary differences from unused tax credits**

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

| Maturity | Opening balance | Non-recoverable tax credits | Tax credits for the period | Closing balance 2022 |
|---|---|---|---|---|
| Between one and five years | 178,873 | - | 13,969 | 192,842 |
| More than 5 years | 2,264 | - | 15 | 2,279 |

### 22.7. Unrecognized deferred tax liabilities

At year-end 2022 there were deferred tax liabilities relating to taxes that would be payable on earnings on which the Company expects to grant consent, plus other earnings corresponding to subsidiaries on which the Company has determined not to grant consent for their distribution at the closing date of the respective reporting period; therefore, the subsidiaries shall not be able to distribute such earnings. The Company also has no plans to dispose of these investments in the foreseeable future.

Temporary differences related to undistributed earnings, for which no deferred tax has been recognized, are broken down as follows.

| | 2022 | 2021 |
|---|---|---|
| Domestic subsidiaries | 64,357 | 477 |
| Foreign-based subsidiaries | 3,188,941 | 4,098,708 |

### 22.8. Uncertainty With Income Tax Treatments

At year-end 2022 and 2021, the Company analyzed all those tax aspects that could be qualified as uncertain and disclosed, according to the tax legislation applicable to each jurisdiction.

## NOTE 23 – Derivatives and hedging operations

SURA Asset Management S,A, uses derivatives such as forwards and swaps, to hedge both its exchange rate and interest rate risk exposure. 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 2022 and 2021, 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 Colombia has hedged its issues of bonds maturing in 2024 and 2027 as well as on its net investment abroad, through the accounting bifurcation 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 issues.

- 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 (hedged item).

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

Hedged exposure:

- Economic risks generated by the uncertainty of paying the coupons denominated 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

- Bonds 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.<br>SURA Asset Management México S.A.<br>SURA Asset Management Perú S.A.<br>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.

- Bonds issued on April 17, 2014, as part of a placement of debt securities carried out on the Luxembourg Stock Exchange, under 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 | US $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.,<br>SURA Asset Management Chile S.A.<br>SURA Asset Management México S.A. de C.V.,<br>SURA Asset Management Perú S.A.,<br>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 the Company's subsidiaries in Mexico, Chile and Peru from their functional currency to Sura AM'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 curves, these being designated as hedging instruments for net investments held in foreign-based operations 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 were the value of the investments held by Sura AM on July 31, multiplied by the exchange rates corresponding to July 31, 2018 Under this accounting rule, there are two types of hedged items, this based on the nature of the transaction and its inherent exposure.

i. A hedged item is considered to be a transaction-related hedged item when the nature of such is a specific transaction whose forward element (time value) is characterized by the cost of the hedging relating to this specific transaction, and as a result this same forward element 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 forward element is the cost of hedging against a risk for a specific period of time and, as a result the forward element 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 forward element is characterized by the cost of protecting against the risk exposure associated with exchange rates during a specific period of time. Accordingly, Paragraph B6.5.34 of IFRS 9 stipulates that the forward element (or time value) must be recognized and accumulated in the Other Comprehensive Income accounts, and then reclassified and amortized to the Comprehensive Income accounts in a systematic and rational manner throughout the periods during which the hedged item affects profit and loss.

**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 at 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 forward 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 Company's 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 hedging 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.

The balances of the hedging assets and liabilities held by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are shown below.

**23.1. Assets hedging arrangements**

Hedging assets held by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Cash flow hedging assets | 289,132 | 234,549 |
| Net foreign investment hedging assets | (91,653) | (14,895) |
| **Total hedging assets** | **197,479** | **219,654** |

All hedging assets at year-end 2022 and 2021 are held by Colombia only.

The aging of hedging assets is as follows:

| | Between 1-3 years | Between 3-5 years | More than 5 years | Total |
|---|---|---|---|---|
| Colombia | 137,876 | 59,603 | - | 197,479 |
| **Total hedging assets - 2022** | **137,876** | **59,603** | **-** | **197,479** |
| Colombia | - | 140,960 | 78,694 | 219,654 |
| **Total hedging assets - 2021** | | **140,960** | **78,694** | **219,654** |

**23.2 Derivative and hedging arrangements financial liabilities**

SURA Asset Management S.A. and its Subsidiaries recorded a balance in its derivative liabilities account at year-end 2022, this corresponding to Protección S.A.

| | 2022 | 2021 |
|---|---|---|
| Interest rate swaps | 50 | - |
| **Total hedging liabilities** | **50** | **-** |

| | 2022 |
|---|---|
| **Opening balance - 2022** | - |
| Business combination | 48 |
| Conversion differences | 2 |
| **Closing balance - 2022** | **50** |

This Swap was taken out with Banco de Occidente based on the following parameters:

| | |
|---|---|
| Transaction date | 2021-11-12 |
| Effective date | 2021-11-17 |
| Maturity date | 2023-11-17 |
| Variable rate | IBR |
| Fixed rate | 5.45 |
| Frequency | Quarterly |
| Settlement | Financial |

## NOTE 24 - Other assets

Other assets and pre-paid expense, as recorded by SURA Asset Management S.A. and Subsidiaries for the years 2022 and 2021, are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| **Other assets - non-current** | | |
| Works of art | 11,121 | 10,512 |
| Restricted cash | 825 | 1,233 |
| **Total other assets - non-current** | **11,946** | **11,745** |
| **Other assets - current** | | |
| Pre-paid expense | 3,899 | 2,688 |
| **Total other assets - current** | **3,899** | **2,688** |
| **Total other assets** | **15,845** | **14,433** |

(1) The works of art belonging to Sura Art S.A. of C.V in Mexico are largely 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.

Restricted cash at year-end 2022:

| Restricted cash 2022 | Amounts subject to restrictions | Restriction description | Date on which restriction was lifted | Country |
|---|---|---|---|---|
| Bank deposits | | | | |
| Banco Interactive Brokers (Investment Account) ME I1652772 | 642 | Commission-related hedge funds - Foreign Brokerage Firm | Ongoing | Peru |

| Restricted cash 2022 | Amounts subject to restrictions | Restriction description | Date on which restriction was lifted | Country |
|---|---|---|---|---|
| Banco de La Nación (Deduction Account) M.N 00-005-171466 | 183 | Funds used solely to pay taxes to the SUNAT Tax Authorities | Ongoing | Peru |
| **Total restricted cash - 2022** | **825** | | | |

Restricted cash at year-end 2021:

| Restricted cash 2021 | Amounts subject to restrictions | Restriction description | Date on which restriction was lifted | Country |
|---|---|---|---|---|
| **Bank deposits** | | | | |
| Banco Interactive Brokers (Investment Account) ME I1652772 | 1,140 | Commission-related hedge funds - Foreign Brokerage Firm | Ongoing | Peru |
| Banco de La Nación (Deduction Account) M.N 00-005-171466 | 93 | Funds used solely to pay taxes to the SUNAT Tax Authorities | Ongoing | Peru |
| **Total restricted cash - 2021** | **1,233** | | | |

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

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 IFRS 16 for this type of contract.

The carrying values of assets subject to financial leasing agreements at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Buildings | 18,828 | 25,598 |
| Vehicles | 192 | 119 |
| Computer and communications equipment | 686 | 984 |
| Improvements to leased property | 1,301 | 1,555 |
| **Total right-of-use assets** | **21,007** | **28,256** |
| Right-of-Use liabilities | 21,364 | 29,611 |
| **Total right-of-use liabilities** | **21,364** | **29,611** |

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

| | Buildings | Office equipment | Vehicles | Computer equipment | Improvements to leased property | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Opening Balance - 2021 | 56,681 | 619 | 172 | 1,191 | 12,899 | 71,562 |
| Additions | 8,832 | - | 137 | 1,165 | 1,585 | 11,719 |
| Write-offs | (4,625) | (572) | (83) | (672) | (6,808) | (12,760) |
| Currency translation effect | (6,712) | (47) | (21) | (195) | (1,595) | (8,570) |
| **Closing balance - 2021** | **54,176** | **-** | **205** | **1,489** | **6,081** | **61,951** |
| Additions | 5,784 | - | 158 | 119 | 738 | 6,799 |
| Write-offs | (12,110) | - | (32) | (192) | (23) | (12,357) |
| Business combination | 4,295 | - | - | - | - | 4,295 |
| Currency translation effect | 301 | - | 6 | 32 | (456) | (117) |
| **Closing balance - 2022** | **52,446** | **-** | **337** | **1,448** | **6,340** | **60,571** |
| **Depreciation** | | | | | | |
| Opening Balance - 2021 | (23,192) | (595) | (65) | (497) | (9,519) | (33,868) |
| Depreciation for the year | (13,775) | - | (60) | (441) | (903) | (15,179) |
| Withdrawals | 5,220 | 550 | 30 | 365 | 4,728 | 10,893 |
| Currency translation effect | 3,169 | 45 | 9 | 68 | 1,168 | 4,459 |
| **Closing balance - 2021** | **(28,578)** | **-** | **(86)** | **(505)** | **(4,526)** | **(33,695)** |
| Depreciation for the year | (11,592) | - | (93) | (432) | (758) | (12,875) |
| Withdrawals | 9,319 | - | 32 | 191 | (129) | 9,413 |
| Business combination | (2,115) | - | - | - | - | (2,115) |
| Currency translation effect | (652) | - | 2 | (16) | 374 | (292) |
| **Closing balance - 2022** | **(33,618)** | **-** | **(145)** | **(762)** | **(5,039)** | **(39,564)** |
| **Closing balance - 2022** | **18,828** | **-** | **192** | **686** | **1,301** | **21,007** |
| **Closing balance - 2021** | **25,598** | **-** | **119** | **984** | **1,555** | **28,256** |

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

| | Liabilities on Financial Leasing Agreements |
|---|---|
| Opening Balance - 2021 | 37,106 |
| Additions | 3,729 |
| Withdrawals | (9,838) |
| Accrued interest | 2,101 |
| Adjustments for exchange differences | 430 |
| Currency translation effect | (3,917) |
| **Closing balance - 2021** | **29,611** |
| Additions | 5,517 |
| Withdrawals | (16,084) |
| Accrued interest | 1,207 |
| Business combination | 1,239 |
| Adjustments for exchange differences | (11) |
| Currency translation effect | (115) |
| **Closing balance - 2022** | **21,364** |

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

| | Minimum amounts payable | Present value of minimum amounts payable | Future interest charges |
|---|---|---|---|
| Less than 1 year | 5,220 | 4,644 | 576 |
| Between 1-5 years | 18,133 | 14,448 | 3,685 |
| More than 5 years | 2,592 | 2,272 | 320 |
| **Total leases - 2022** | **25,945** | **21,364** | **4,581** |

| | Minimum amounts payable | Present value of minimum amounts payable | Future interest charges |
|---|---|---|---|
| Less than 1 year | 2,048 | 1,787 | 261 |
| Between 1-5 years | 23,991 | 22,115 | 1,876 |
| More than 5 years | 6,724 | 5,709 | 1,015 |
| **Total Leases - 2021** | **32,763** | **29,611** | **3,152** |

The following is a breakdown of the payments on leasing arrangements as recognized in the income accounts for the period:

| | 2022 | 2021 |
|---|---|---|
| Expense incurred on low value assets | 22 | 59 |
| Expense incurred with short term asset leasing arrangements | 1,764 | 1,663 |
| Variable lease payments | 97 | 91 |
| **Total recognized in the income accounts** | **1,883** | **1,813** |

The following are the undiscounted potential future lease payments related to periods subsequent to the date of exercising the extension and termination options made available:

| | Less than 5 years | More than 5 years |
|---|---|---|
| Lease agreements with extension options that are not expected to be renewed | 219 | - |
| Lease agreements with extension options that are expected to be renewed | 16,616 | 4,529 |
| **Total leasing arrangements** | **16,835** | **4,529** |

## 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:

| | 2022 | 2021 |
|---|---|---|
| Deferred acquisition costs (DAC) | 181,867 | 174,038 |
| Total Deferred Acquisition Costs (DAC) | **181,867** | **174,038** |

Movements in the Deferred Acquisition Costs - DAC - account at year-end 2022 and 2021 are as follows:

| | Total |
|---|---|
| Opening Balance - 2021 | 179,109 |

| | |
|---|---|
| Additions | 58,968 |
| Amortizations | (47,188) |
| Exchange difference | (16,851) |
| **Closing balance - 2021** | **174,038** |
| Additions | 47,593 |
| Amortizations | (46,728) |
| Exchange difference | 6,964 |
| **Closing balance - 2022** | **181,867** |

**NOTE 27 - Investment properties**

Financial obligations at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Buildings | 70,404 | 65,040 |
| Land | 7,802 | 3,526 |
| **Total investment properties** | **78,206** | **68,566** |

Movements in the investment property account for the years 2022 and 2021 is shown as follows:

| | 2022 | 2021 |
|---|---|---|
| **Opening balance** | 68,566 | 76,174 |
| Write-offs | (574) | (3,597) |
| Additions | - | 5,202 |
| Fair value | 5,478 | 4,692 |
| Business combination | 5,248 | - |
| Currency translation effect | (512) | (13,905) |
| **Closing balance** | **78,206** | **68,566** |

Lease income obtained from the Company's investment property at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Lease income | 4,047 | 4,072 |
| **Total lease income** | **4,047** | **4,072** |

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 SURA Asset Management S.A. and Subsidiaries. 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.

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 properties 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.
- Ingeniero Gino Layseca Zoppi CIP, N° 48728, REPEV 10812-2011 in Perú.
- Luis Pedraza Merino Constructora E.I.R.L., REPEV Nº 280-98 in Perú.
- Francisco Ochoa Avalúos de Colombia.
- Colliers Internacional de Colombia.

**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. Valuations are performed on an annual basis and the fair value gains and losses are recorded in the income statement.

A categorization level 3 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.

**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 were observed, evaluated and traded during the last half of 2022, as well as in the terms of the lease income obtained, this based on current contracts and future projections in keeping with current market vacancy rates.

Finally, based on the conservative parameters taken into account when conducting these appraisals, under IFRS these provide sufficient margin for protecting against eventual market fluctuations.

The investment properties held by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are broken down as follows:

| Total investment properties - 2022 | Maximum contractual term (in years) | Maximum term elapsed (in years) | Appraisal date | Current status | Country |
|---|---|---|---|---|---|
| Millenium | 4 | 8 | December 31 2022 | Leased to third parties. | Chile |
| Nueva Los Leones | 3 | 1 | December 31 2022 | Leased to third parties. | Chile |

| Total investment properties - 2022 | Maximum contractual term (in years) | Maximum term elapsed (in years) | Appraisal date | Current status | Country |
|---|---|---|---|---|---|
| Paseo Las Palmas - Renta | 4 | 16 | December 31 2022 | Leased to third parties. | Chile |
| Coyancura | 3 | 2 | December 31 2022 | Leased to third parties. | Chile |
| Bandera Building | 2 | 2 | December 31 2022 | Leased to third parties. | Chile |
| Apoquindo Building | 5 | 2 | December 31 2022 | Leased to third parties. | Chile |
| Adoquindo Plot of Land | 5 | 2 | December 31 2022 | Leased to third parties. | Chile |
| Land (aliquot) Sura Tower | 1 | - | November 18, 2022 | Leased to related parties | Peru |
| Building and parking space - Sura Tower | 1 | - | November 18, 2022 | Leased to related parties | Peru |
| Dominii Buildings | | - | December 27 2022 | Building subject to litigation | Peru |
| Office 1103 Business Tower | - | - | November 04, 2021 | Available | Colombia |
| Parking spaces Business Tower | - | - | November 4, 2021 | Available | Colombia |
| 5th Floor Protección Tower Medellin | 3 | - | November 16, 2021 | Leased to third parties | Colombia |
| 6th Floor Protección Tower Medellin | 3 | - | November 16, 2021 | Leased to third parties | Colombia |
| Parking spaces Protección Tower Medellin | 3 | - | November 16, 2021 | Leased to third parties | Colombia |
| Premises Nos 110-120-172 Protección Tower | 5 | 14 | November 16, 2021 | Leased to third parties | Colombia |
| Offices Nos 403-404-405 Unicentro Medellin | - | - | December 02 2021 | Available | Colombia |

| Total investment properties - 2021 | Maximum contractual term (in years) | Maximum term elapsed (in years) | Appraisal date | Current status | Country |
|---|---|---|---|---|---|
| Millenium | 4 | 7 | December 31 2021 | Leased to third parties. | Chile |
| Nueva Los Leones | - | - | December 31 2021 | Available | Chile |
| Paseo Las Palmas - Renta | 3 | 15 | December 31 2021 | Leased to third parties. | Chile |
| Coyancura | 5 | 1 | December 31 2021 | Leased to third parties. | Chile |
| Bandera Building | 3 | 1 | December 31 2021 | Leased to third parties. | Chile |
| Apoquindo Building | 6 | 1 | December 31 2021 | Leased to third parties. | Chile |
| Adoquindo Plot of Land | 6 | 1 | December 31 2021 | Leased to third parties. | Chile |
| Land (aliquot) Sura Tower | 1 | - | December 02, 2021 | Leased to related parties | Peru |
| Building and parking space - Sura Tower | 1 | - | December 02, 2021 | Leased to related parties | Peru |
| Dominii Buildings | - | - | December 15, 2021 | Available | Peru |

None of the Company’s investment properties had been used to secure or guarantee loans at year-end 2022 and 2021. No property has been pledged to a third party. All land and buildings used for leasing purposes are free of any encumbrance or pledge.

The investment properties of SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 correspond to Level 3 on the Fair Value Hierarchy

**NOTE 28 - Property, plant and equipment, net**

The classification of the net Property, Plant and Equipment account belonging to SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Buildings | 32,023 | 20,823 |
| Computer, communication and other equipment | 15,026 | 12,191 |
| Vehicles | 3,758 | 3,393 |
| Land | 3,800 | 2,736 |
| Improvements to leased property | 16 | 25 |

| Total property, plant and equipment, net | 54,623 | 39,168 |
|---|---|---|

Movements to the Property, Plant and Equipment held by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are shown as follows:

| | Buildings | Computer, communication and other equipment | Land | Improvements to leased property | Vehicles | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Opening Balance - 2021 | **42,184** | **57,267** | **3,013** | **975** | **4,642** | **108,081** |
| Additions | 6,750 | 4,863 | - | - | 1,929 | 13,542 |
| Write-offs | (4,739) | (4,315) | - | - | (1,891) | (10,945) |
| Revaluations | 641 | - | - | - | - | 641 |
| Currency translation effect | (5,459) | (5,172) | (277) | (48) | (239) | (11,195) |
| **Closing balance - 2021** | **39,377** | **52,643** | **2,736** | **927** | **4,441** | **100,124** |
| Additions | 3,740 | 11,010 | 203 | - | 2,148 | 17,101 |
| Write-offs | (1,797) | (9,191) | - | - | (1,529) | (12,517) |
| Revaluations | 1,598 | - | - | - | - | 1,598 |
| Business combination | 13,359 | 8,893 | 828 | - | 39 | 23,119 |
| Impairment to business combination | (337) | - | (20) | - | - | (357) |
| Currency translation effect | (682) | 1,523 | 53 | 107 | 109 | 1,110 |
| **Closing balance - 2022** | **55,258** | **64,878** | **3,800** | **1,034** | **5,208** | **130,178** |
| | | | | | | |
| **Depreciation** | | | | | | |
| Opening Balance - 2021 | **(17,469)** | **(40,286)** | **-** | **(938)** | **(1,254)** | **(59,947)** |
| Depreciation for the year | (3,734) | (6,876) | - | - | (639) | (11,249) |
| Withdrawals | 292 | 2,973 | - | (11) | 775 | 4,029 |
| Currency translation effect | 2,357 | 3,737 | - | 47 | 70 | 6,211 |
| **Closing balance - 2021** | **(18,554)** | **(40,452)** | **-** | **(902)** | **(1,048)** | **(60,956)** |
| Depreciation for the year | (2,573) | (6,235) | - | - | (591) | (9,399) |
| Withdrawals | 68 | 4,711 | - | (12) | 191 | 4,958 |
| Business combination | (1,808) | (6,477) | - | - | - | (8,285) |
| Currency translation effect | (368) | (1,399) | - | (104) | (2) | (1,873) |
| **Closing balance - 2022** | **(23,235)** | **(49,852)** | **-** | **(1,018)** | **(1,450)** | **(75,555)** |
| | | | | | | |
| **Net book value** | | | | | | |
| **Closing balance - 2022** | **32,023** | **15,026** | **3,800** | **16** | **3,758** | **54,623** |
| **At year-end 2021** | **20,823** | **12,191** | **2,736** | **25** | **3,393** | **39,168** |

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 4 and 10 years |
| Computer, communication and other equipment | Between 2-5 years |
| Land | Indefinite |
| 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 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Goodwill [1] | 1,172,017 | 1,100,669 |
| Trademarks | 32,837 | 32,385 |
| Client relations | 629,635 | 507,717 |

| | 2022 | 2021 |
|---|---|---|
| Software and applications | 32,787 | 35,001 |
| Software licenses | 2,180 | - |
| Other intangible assets | 430 | 508 |
| **Total Intangible Assets** | **1,869,886** | **1,676,280** |

Goodwill corresponding to business combinations held by SURA Asset Management S.A. as posted at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Acquisition of the ING companies | 860,562 | 826,871 |
| Acquisition of AFP Horizonte | 272,608 | 272,608 |
| Acquisition of Fiduciaria Sura S.A. | 985 | 1,190 |
| Protección S.A. and AFP Crecer S.A. | 37,862 | - |
| **Total Goodwill** | **1,172,017** | **1,100,669** |

Movements in the intangible asset account belonging to SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are as following:

| | Goodwill | Trademarks | Client relations | Software and applications | Software licenses | Other intangible assets | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Opening Balance - 2021 | 1,244,198 | 38,026 | 944,087 | 83,892 | - | 1,626 | 2,311,829 |
| Additions | - | - | - | 22,295 | - | 32 | 22,327 |
| Write-offs | - | - | - | (23,641) | - | - | (23,641) |
| Currency translation effect | (143,529) | (5,641) | (97,403) | (8,483) | - | (276) | (255,332) |
| **Closing balance - 2021** | **1,100,669** | **32,385** | **846,684** | **74,063** | **-** | **1,382** | **2,055,183** |
| Additions | - | - | - | 17,153 | 231 | 12 | 17,396 |
| Write-offs | - | - | - | (15,861) | (749) | - | (16,610) |
| Business combination | 37,570 | - | 138,233 | - | 4,132 | - | 179,935 |
| Currency translation effect | 33,778 | 452 | 31,963 | 1,350 | (81) | (12) | 67,450 |
| **Closing balance - 2022** | **1,172,017** | **32,837** | **1,016,880** | **76,705** | **3,533** | **1,382** | **2,303,354** |
| **Amortizations** | | | | | | | |
| Opening Balance - 2021 | - | - | (340,488) | (42,443) | - | (929) | (383,860) |
| Amortizations | - | - | (36,481) | (17,856) | - | (81) | (54,418) |
| Withdrawals | - | - | 34 | 16,232 | - | (27) | 16,239 |
| Currency translation effect | - | - | 37,968 | 5,005 | - | 163 | 43,136 |
| **Closing balance - 2021** | **-** | **-** | **(338,967)** | **(39,062)** | **-** | **(874)** | **(378,903)** |
| Amortizations | - | - | (35,510) | (17,348) | - | (70) | (52,928) |
| Withdrawals | - | - | - | 13,002 | - | (17) | 12,985 |
| Business combination | - | - | - | - | (1,353) | - | (1,353) |
| Currency translation effect | - | - | (12,768) | (510) | - | 9 | (13,269) |
| **Closing balance - 2022** | **-** | **-** | **(387,245)** | **(43,918)** | **(1,353)** | **(952)** | **(433,468)** |
| **Net book value** | | | | | | | |
| **Closing balance - 2022** | **1,172,017** | **32,837** | **629,635** | **32,787** | **2,180** | **430** | **1,869,886** |
| **At year-end 2021** | **1,100,669** | **32,385** | **507,717** | **35,001** | **-** | **508** | **1,676,280** |

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 | 16 |
| Seguros de Vida S.A (Chile) | 14 | 3 |
| AFP Integra (Peru) | 30 | 19 |
| AFAP Sura S.A. (Uruguay) | 23 | 12 |
| Afore Sura S.A. De C.V. (Mexico) | 27 | 16 |
| Protección (Colombia) | 25 | 14 |

**Impairment tests**

Goodwill acquired through business combinations as well as trademarks with indefinite useful lives have been allocated to the following Companies for the purpose of performing individual impairment tests: These Companies make up the Cash Generating Units (CGUs) in each country The values assigned to the Companies that make up the CGUs at year-end 2022 and 2021 are as follows:

| | 2022 | 2021 |
|---|---|---|
| **CGUs in Chile** | | |
| AFP Capital S.A. (Chile) | 423,970 | 425,142 |
| Corredora de Bolsa and Administradora General de Fondos S.A (Chile) | 19,109 | 19,162 |
| **CGUs in Mexico** | | |
| Afore Sura S.A. De C.V. (Mexico) | 279,346 | 263,908 |
| Sura Investment Management México S.A de C.V. (Mexico) | 6,623 | 6,257 |
| **CGUs in Peru** | | |
| AFP Integra (Peru) | 351,380 | 336,706 |
| Fondos Sura SAF S.A.C. (Peru) | 16,578 | 15,885 |
| **CGU in Uruguay** | | |
| AFAP Sura S.A. (Uruguay) | 36,164 | 32,419 |
| **CGU Fiduciaria Sura** | | |
| FIDUCIARIA SURA S.A. (Colombia) | 985 | 1,190 |
| **CGU Protección and AFP Crecer** | | |
| Protección S.A. (Colombia) and AFP Crecer S.A. (El Salvador) | 37,862 | - |
| **Total** | **1,172,017** | **1,100,669** |

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 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.: 5 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: 5 years
  - AFP Integra S.A.: 10 years
  - Fondos Sura SAF S.A.C.: 5 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 CGUs financial projections were estimated on the date the analysis was performed is 31 December, 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 10.16% and 24.54%.

  Income tax rates: Projected cash flows are estimated on an after-tax basis. For this purpose, the income tax rates applicable to each country at year-end 2022, were applied. These came to 27% in the case of Chile, 30% in Mexico, 29.5% in Peru, 25% in Uruguay and 35% in Colombia (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*: in order to estimate the value in use corresponding to trademarks their indefinite useful life was used, based on their 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 4.14% 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.

**NOTE 30 - Investments in associates and joint ventures**

Investments in Associates at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Fondos De Cesantías Chile III S.A. | 5,987 | - |
| Servicios de Administración Previsional S.A. | 3,891 | 3,600 |
| Fondos de Cesantías Chile II S.A. | 3,090 | 2,271 |
| Inversiones DCV S.A. | 2,062 | 1,773 |
| Administradora de Fondos de Pensiones y Cesantías Protección S.A. (*) | - | 362,055 |

| | 2022 | 2021 |
|---|---|---|
| **Total investments in related parties** | **15,030** | **369,699** |
| | | |
| Unión para la infraestructura S.A.S (UPI) | 505 | 295 |
| Unión para la infraestructura Perú S.A.C. | 230 | 192 |
| **Total investments in joint ventures** | **735** | **487** |
| | | |
| **Total investments in associates and joint ventures** | **15,765** | **370,186** |

(*) Protección S.A. went from being an Associate to a Subsidiary, please refer to Note 4

Our Associates and joint ventures are listed below:

| Name of Company | Status | Main business activity | Country | % Voting rights | # Shares held |
|---|---|---|---|---|---|
| Inversiones DCV S.A. | Associate | Shareholder register management services | Chile | 34.82% | 9,854 |
| Fondos de Cesantías Chile II | Associate | Pension and severance funds | Chile | 29.40% | 570,000 |
| Fondos de Cesantías Chile III | Associate | Pension and severance fund | Chile | 36.65% | 200,000 |
| Servicios de Administración Previsional S.A. | Associate | Voluntary savings funds | Chile | 22.64% | 745,614 |
| Unión para la infraestructura Perú S.A.C. | Joint venture | Funds | Peru | 50.00% | 2,708,000 |
| Unión para la infraestructura S.A.S (UPI) | Joint venture | Funds | Colombia | 50.00% | 300,000 |

The financial information corresponding to the associates of SURA Asset Management is summarized as follows:

| 2022 | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Equity | Revenues | Profit (loss) | Other Comprehensive Income | Comprehensive income |
|---|---|---|---|---|---|---|---|---|---|
| Inversiones DCV S.A. | 18 | 7,892 | 6 | - | 7,904 | 1,620 | 1,632 | - | 1,632 |
| Servicios de Administración Previsional S.A. | 15,363 | 9,982 | 9,957 | 70 | 15,318 | 36,701 | 16,333 | - | 16,333 |
| Fondos de Cesantías Chile II | 20,320 | 2,560 | 13,160 | 352 | 9,368 | 50,354 | 13,578 | - | 13,578 |
| Fondos de Cesantías Chile III | 14,473 | 243 | 156 | - | 14,560 | - | 134 | - | 134 |
| Unión para la infraestructura Perú S.A.C. | 10,773 | 1,917 | 5,990 | - | 6,700 | 14,448 | 863 | - | 863 |
| Unión para la infraestructura S.A.S (UPI) | 2,391 | 420 | 1,400 | 400 | 1,011 | 2,797 | 1,119 | - | 1,119 |

| 2021 | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Equity | Revenues | Profit (loss) | Other Comprehensive Income | Comprehensive income |
|---|---|---|---|---|---|---|---|---|---|
| Fondo de Pensiones y Cesantías Protección S.A. | 169,468 | 759,540 | 56,657 | 310,350 | 562,001 | 473,275 | 73,874 | 4,504 | 78,378 |
| Inversiones DCV S.A. | 434 | 7,364 | 335 | - | 7,463 | 1,569 | 1,582 | - | 1,582 |
| Servicios de Administración Previsional S.A. | 20,362 | 9,880 | 18,622 | 95 | 11,525 | 38,845 | 16,877 | - | 16,877 |
| Fondos de Cesantías Chile II | 16,127 | 5,743 | 9,032 | 5,114 | 7,724 | 43,185 | 2,863 | (455) | 2,408 |
| Unión para la infraestructura Perú S.A.C. | 634 | 147 | 397 | - | 384 | 886 | 599 | - | 599 |
| Unión para la infraestructura S.A.S (UPI) | 1,411 | 517 | 852 | 487 | 589 | 2,081 | (102) | - | (102) |



Information for Internal

## NOTE 31 - Accounts payable

Accounts payable at year-end 2022 and 2021 for SURA Asset Management S.A. and Subsidiaries are broken down as follows:

| Current accounts payable | 2022 | 2021 |
|---|---|---|
| Accounts payable to suppliers | 54,207 | 61,265 |
| Accounts payable on pension business - contracts with clients | 31,202 | 23,174 |
| Accounts payable on pension business | 30,291 | 27,723 |
| Other accounts payable - short term | 17,793 | 8,775 |
| Accounts payable on fund management business | 11,039 | 23,739 |
| Employment contributions and withholdings payable | 8,833 | 5,660 |
| Other taxes payable | 2,563 | 1,986 |
| Accounts payable from related parties (Note 42.2.1) | 147 | 10 |
| Dividends payable | 151 | 122 |
| **Current accounts payable** | **156,226** | **152,454** |
| **Total accounts payable** | **156,226** | **152,454** |

An aging analysis performed on the accounts payable held at year-end 2022 and 2021 showed the following results:

| | | Less than 1 year | Total |
|---|---|---|---|
| Accounts payable | 2022 | 156,226 | 156,226 |
| Accounts payable | 2021 | 152,454 | 152,454 |

## NOTE 32 - Reinsurance liabilities

Reinsurance liabilities at year-end 2022 and 2021 are held in their entirety in Chile and consist of the following

| | 2022 | 2021 |
|---|---|---|
| Reinsurance liabilities | 570 | 713 |
| **Total reinsurance liabilities** | **570** | **713** |

These consist of obligations incurred by SURA Asset Management S.A., in performing reinsurance operations. Reinsurance operations refer to ceding portions of risks to another insurance company.

## NOTE 33 - Financial obligations at amortized cost

Financial obligations held by SURA Asset Management S.A. at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Financial obligations | 651 | 499 |
| **Total financial obligations** | **651** | **499** |

The balance of financial obligations held at year-end 2022 and 2021, classified as current and non-current, is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Non-current financial obligations | 627 | 499 |
| Current financial obligations | 24 | - |

The maturities and description of the financial obligations held at year-end 2022 and 2021 can be found in Note 19.2 - Financial Liabilities

## NOTE 34 – Technical Reserves - Insurance Contracts

### Technical reserves

Items contained in the Technical Reserve Account fall into the following categories:

**Claim 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: corresponding to 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 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 (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. This provision is determined on the basis of paid premiums net of expense and is amortized over the term of coverage.

Life insurance deposit (savings) reserves or fund value reserves for unit-linked, universal life (including flexible), and other products that include a deposit component (savings component that recognizes the value of policyholders 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 only subsidiaries dedicated to the insurance business are Seguros de Vida Sura S.A. Chile and Asulado Seguros de Vida S.A. Colombia.

The technical reserves held by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Mathematical reserve | 1,184,403 | 110,281 |
| **Non-current reserves** | **1,184,403** | **110,281** |
| Other reserves | 2,928 | 2,657 |
| Reserve for unearned premiums | 882 | 792 |
| IBNR reserves | 3,865 | 2,252 |
| Claims reserves | 3,152 | 4,017 |
| Fund value reserves | 1,028,241 | 1,097,804 |
| Other insurance contract liabilities | 4,820 | 3,389 |
| **Current reserves** | **1,043,888** | **1,110,911** |
| **Total insurance contract liabilities** | **2,228,291** | **1,221,192** |

The technical reserves belonging to SURA AM are located in Chile and Colombia

The breakdown per type of reserve held at year-end, including the retained as well as the reinsured portions, is shown as follows:

| | Retained portion (liability) | Reinsured portion (asset) | Total |
|---|---|---|---|
| Mathematical reserve | 1,184,403 | 5 | 1,184,398 |
| Other reserves | 2,928 | - | 2,928 |
| Reserve for unearned premiums | 882 | 3 | 879 |
| IBNR reserves | 3,865 | 111 | 3,754 |
| Claims reserves | 3,152 | 313 | 2,839 |
| Fund value reserves | 1,028,241 | - | 1,028,241 |
| Other insurance contract liabilities | 4,820 | - | 4,820 |
| **Total 2022** | **2,228,291** | **432** | **2,227,859** |

| | Retained portion (liability) | Reinsured portion (asset) | Total |
|---|---|---|---|
| Mathematical reserve | 110,281 | - | 110,281 |
| Other reserves | 2,657 | - | 2,657 |
| Reserve for unearned premiums | 792 | 10 | 782 |
| IBNR reserves | 2,252 | 477 | 1,775 |
| Claims reserves | 4,017 | 438 | 3,579 |
| Fund value reserves | 1,097,804 | - | 1,097,804 |
| Other insurance contract liabilities | 3,389 | - | 3,389 |
| **Total 2021** | **1,221,192** | **925** | **1,220,267** |

The breakdown by type of reserve is shown as follows:

| | Individual protection * | Unit-linked | Group insurance | Others | Total |
|---|---|---|---|---|---|
| Mathematical reserve | 1,165,711 | - | 18,692 | - | 1,184,403 |
| Other reserves | 151 | 2,777 | - | 4,820 | 7,748 |
| Reserve for unearned premiums | 529 | 339 | 14 | - | 882 |
| IBNR reserves | 2,433 | 1,168 | 264 | - | 3,865 |
| Claims reserves | 762 | 1,846 | 544 | - | 3,152 |
| Fund value reserves | - | 1,028,241 | - | - | 1,028,241 |
| **Total 2022** | **1,169,586** | **1,034,371** | **19,514** | **4,820** | **2,228,291** |

| | Individual protection * | Unit-linked | Group insurance | Others | Total |
|---|---|---|---|---|---|
| Mathematical reserve | 93,358 | - | 16,923 | - | 110,281 |
| Other reserves | 350 | 2,307 | - | 3,389 | 6,046 |
| Reserve for unearned premiums | 469 | 296 | 27 | - | 792 |
| IBNR reserves | 1,596 | 507 | 149 | - | 2,252 |
| Claims reserves | 601 | 2,320 | 1,096 | - | 4,017 |
| Fund value reserves | - | 1,097,804 | - | - | 1,097,804 |
| **Total 2021** | **96,374** | **1,103,234** | **18,195** | **3,389** | **1,221,192** |

* The reserve corresponding to individual protection includes our traditional, universal life and individual health care as well as mandatory pension policies.

The movements and the effects of measuring insurance and reinsurance liabilities are shown as follows:

| | Insurance contract liabilities | Total insurance contract liabilities | Insurance contract assets | Total insurance contract assets | Net |
|---|---|---|---|---|---|
| **Opening Balance - 2021** | 1,332,608 | 1,332,608 | 991 | 991 | 1,331,617 |
| Changes in reserves (claims, premiums, new reserves set up) | 120,370 | 120,370 | 124 | 124 | 120,246 |
| Monetary correction - reserves | 82,004 | 82,004 | - | - | 82,004 |
| Freed up reserves | (48,212) | (48,212) | - | - | (48,212) |
| Other changes to reserves | (16,374) | (16,374) | - | - | (16,374) |
| Currency translation adjustments | (249,204) | (249,204) | (190) | (190) | (249,014) |
| **Total 2021** | **1,221,192** | **1,221,192** | **925** | **925** | **1,220,267** |
| Changes in reserves (claims, premiums, new reserves set up)[1] | 1,093,078 | 1,093,078 | (481) | (481) | 1,093,559 |
| Monetary correction - reserves | 143,642 | 143,642 | - | - | 143,642 |
| Freed up reserves | (87,453) | (87,453) | - | - | (87,453) |
| Other changes to reserves | 1,307 | 1,307 | - | - | 1,307 |
| Currency translation adjustments | (143,475) | (143,475) | (12) | (12) | (143,463) |
| **Total 2022** | **2,228,291** | **2,228,291** | **432** | **432** | **2,227,859** |

1) Higher reserves were set up in 2022 by the Company Asulado Seguros S.A. corresponding to premiums issued for annuities offered to Protección's fund members. Asulado Seguros S.A. was first set up in December 2022, for further details see Note 4.

**NOTE 35 - Employee benefits**

The balance of the Employee Benefit account for SURA Asset Management S.A. and Subsidiaries is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Short-term benefits (Note 35.1) | 54,038 | 51,593 |
| Long-term benefits (Note 35.2) | 1,710 | 965 |
| Post-employment benefits (Note 35.3) | 2,436 | 1,405 |
| Termination benefits | 280 | - |
| **Total employee benefits** | **58,464** | **53,963** |

**35.1 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 respective oversight authorities.
b) Short-term Performance Incentives: accruing on a monthly basis using estimated percentages of performance compliance. These are paid during the first quarter of each year to all those employees entitled to such incentives for achieving the predefined targets and to the extent that corporate objectives have been attained.
c) Other employee benefits: these are minor amounts, which are charged to expense, to the extent that the service or benefit is provided.

Short-term employee benefits are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Bonuses | 36,606 | 42,061 |
| Vacation pay | 9,381 | 6,878 |
| Extralegal Bonus | 12 | - |
| Current provisions for employee benefits | 6,246 | 2,131 |
| Severance | 1,692 | 472 |
| Other benefits | 101 | 51 |
| **Total short-term employee benefits** | **54,038** | **51,593** |

**35.2 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.

The long-term benefits offered by Sura Asset Management S. A. at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Seniority Bonus | 1,710 | 965 |
| **Total long-term employee benefits** | **1,710** | **965** |

Long-term employee benefits correspond entirely to Mexico.

The following shows the movements of long-term employee benefits:

| | Seniority Bonus |
|---|---|
| **Present value of employee benefit obligations at January 1, 2021** | **686** |
| Costs incurred during the period | 68 |
| Interest expense | 8 |
| Costs of past services | 261 |
| Gains due to changes in financial assumptions | (28) |
| Currency translation adjustments | (30) |
| **Present value of employee benefit obligations at year-end 2021** | **965** |
| Costs incurred during the period | 218 |
| Interest expense | 103 |
| Costs of past services | 377 |
| Losses due to changes in actuarial assumptions | 105 |
| Gains due to changes in financial assumptions | (19) |
| Upcoming payments | 86 |
| Employee payments | (132) |
| Currency translation adjustments | 7 |
| **Present value of employee benefit obligations at year-end 2022** | **1,710** |

The following are the economic assumptions which were systematically applied for the purpose of estimating the costs of a deferred benefit plan:

| | Seniority Bonus | |
|---|---|---|
| | **2022** | **2021** |
| Discount rate (%) | 9.50% | 7.50% |
| *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 2022 based on a 1% change in the discount and inflation rates**

| | Seniority Bonus | | | |
|---|---|---|---|---|
| | Discount rate | | Inflation rate | |
| | Increase +1 | Discount-1 | Increase +1 | Discount-1 |
| Present value of employee benefits | 1,736 | 1,682 | 1,660 | 1,757 |
| Variation in sensitivity | (26) | 28 | 50 | (47) |

**Sensitivity analysis performed for 2021 based on a 1% change in the discount and inflation rates**

| | Seniority Bonus | | | |
|---|---|---|---|---|
| | Discount rate | | Inflation rate | |
| | Increase +1 | Discount-1 | Increase +1 | Discount-1 |

| | | | | |
|---|---|---|---|---|
| Present value of employee benefits | 1,005 | 938 | 930 | 997 |
| Variation in sensitivity | (40) | 27 | 35 | (32) |

**35.3 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:

| | 2022 | 2021 |
|---|---|---|
| Retirement bonus | 1,631 | 759 |
| Retirement pensions | 805 | 646 |
| **Total post-employment benefits** | **2,436** | **1,405** |

The following table shows the movement in this account

| | Retirement benefits | Retirement pensions |
|---|---|---|
| **Present value of obligations at January 1, 2021** | **954** | **402** |
| Upcoming payments | 174 | 234 |
| Other changes | (200) | 41 |
| Exchange difference | (169) | (31) |
| **Present value of obligations at year-end 2021** | **759** | **646** |
| Other changes | 1,180 | 99 |
| Exchange difference | -308 | 60 |
| **Present value of obligations at year-end 2022** | **1,631** | **805** |

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 | | Retirement pensions | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Discount rate (%) | 9.50% | 7.25% | 9.50% | 9.50% |
| Annual inflation rate (%) | 3.00% | 4.25% | 5.50% | 3.50% |
| Wage increase rate (%) | 4.00% | 3.75% | 4.50% | 4.50% |

**Sensitivity analysis performed for 2022 based on a 1% change in the discount and inflation rates**

| | Retirement benefits | | | | Retirement pensions | | | |
|---|---|---|---|---|---|---|---|---|
| | Discount rate | | Inflation rate | | Discount rate | | Inflation rate | |
| | Inc. +1 | Dec. -1 | Inc. +1 | Dec. -1 | Inc. +1 | Dec. -1 | Inc. +1 | Dec. -1 |
| Present value of employee benefits | 1,519 | 1,751 | 1,756 | 1,513 | 905 | 690 | 805 | 805 |
| Variation in sensitivity | 112 | (120) | (125) | 118 | (100) | 115 | - | - |
| Present service expense | 159 | 157 | 154 | 153 | 145 | 142 | 139 | 137 |

**Sensitivity analysis performed for 2021 based on a 1% change in the discount and inflation rates**

| | Retirement benefits | | | | Retirement pensions | | | |
|---|---|---|---|---|---|---|---|---|
| | Discount rate | | Inflation rate | | Discount rate | | Inflation rate | |
| | Inc. +1 | Dec. -1 | Inc. +1 | Dec. -1 | Inc. +1 | Dec. -1 | Inc. +1 | Dec. -1 |
| Present value of employee benefits | 1,242 | 1,315 | 1,316 | 1,241 | 1,059 | 866 | 970 | 970 |
| Variation in sensitivity | (224) | (297) | (298) | (222) | (89) | 104 | - | - |
| Present service expense | 80 | 79 | 77 | 77 | 112 | 110 | 106 | 104 |

**35.4 Employee benefit expense**

The following is a breakdown of employee benefit expense at year-end 2022 and 2021 (See Note 13):

| | 2022 | 2021 |
|---|---|---|
| Salaries and wages | 93,841 | 94,386 |
| Commissions | 42,507 | 53,860 |
| Bonuses | 35,674 | 41,614 |
| Other subsidies | 19,504 | 24,375 |
| Legal employment benefits | 25,927 | 23,481 |
| Indemnities | 11,256 | 23,022 |
| Social security contributions | 15,729 | 17,936 |
| Insurance policies | 6,083 | 6,284 |
| Personnel training | 1,692 | 1,931 |
| **Total employee benefit expense** | **252,213** | **286,889** |

**NOTE 36 - Provisions and contingencies**

Provisions set up by SURA Asset Management S.A. and Subsidiaries at year-end 2022 and 2021 are broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Provisions - non-current | | |
| Provisions for litigation and lawsuit expense | 51,786 | 9,388 |
| **Total provisions - non-current** | **51,786** | **9,388** |
| Provisions - current | | |
| Other general provisions - current | 74,558 | 1,575 |
| **Total provisions - current** | **74,558** | **1,575** |
| **Total provisions** | **126,344** | **10,963** |

The movements with provisions set up to cover litigation and lawsuit expense in each country at year-end 2022 and 2021 are shown as follows:

| Provisions for litigation and lawsuit expense | Total |
|---|---|
| **Opening balance - 2021** | 10,025 |
| Amounts used | (275) |
| Currency translation differences | (362) |
| **Closing balance - 2021** | **9,388** |

| | |
|---|---|
| New provisions and additions | 32,251 |
| Business combination | 12,851 |
| Amounts used | (2,959) |
| Currency translation differences | 255 |
| **Closing balance - 2022** | **51,786** |

Movements in the general provisions account at year-end 2022 and 2021 for SURA Asset Management S.A. and Subsidiaries are broken down as follows:

| Other general provisions | Total |
|---|---|
| **Opening balance - 2021** | 2,432 |
| New provisions and additions | 4,269 |
| Amounts used | (4,834) |
| Currency translation differences | (292) |
| **Closing balance - 2021** | **1,575** |
| New provisions and additions | 3,310 |
| Business combination | 207,536 |
| Amounts used | (137,729) |
| Currency translation differences | (134) |
| **Closing balance - December 31 2022** | **74,558** |

**NOTE 37 - Deferred Income Liabilities (DIL)**

Deferred income liabilities at year-end 2022 and 2021 are outlined below:

| | 2022 | 2021 |
|---|---|---|
| Deferred Income Liabilities (DIL) | 14,294 | 14,592 |
| **Total Deferred Income Liabilities (DIL)** | **14,294** | **14,592** |

This provision assumes that expense is deferred over a period of 20 years considering that this is the length of time that commitments could last with non-contributing clients and 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 balance of Issued Bonds at year-end 2022 and 2021 is broken down as follows:

| | 2022 | 2021 |
|---|---|---|
| Issued bonds | 854,174 | 852,934 |
| **Total long-term issued bonds** | **854,174** | **852,934** |

All bonds were issued in Colombia

Movements with issued bonds for the year ended December 31, 2022, are shown as follows

| | |
|---|---:|
| Opening balance - 2021 | **851,751** |
| Accrued interest | 41,236 |
| Interest paid | (39,235) |
| Unrealized exchange differences | 9,095 |
| Unrealized exchange differences (efficacy) | 115,011 |
| Currency translation effect | (124,924) |
| **Closing balance - 2021** | **852,934** |
| Accrued interest | 41,184 |
| Interest paid | (38,257) |
| Unrealized exchange differences | 11,514 |
| Unrealized exchange differences (efficacy) | 153,129 |
| Currency translation effect | (166,330) |
| **Closing balance - 2022** | **854,174** |

**Bonds 2027**

In April 2017, SURA Asset Management S.A. 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 surpassing Colombia´s own sovereign debt rating. These ratings were obtained for both the issuer and the securities issued.

Detailed information regarding this issue of bonds is shown below:

| | |
|---|---|
| Issuer | SURA Asset Management S.A. |
| Guarantors | 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. |
| Type of offering | 144A / Reg S |
| Amount authorized and issued: | USD 350 million. |
| Coupon | 4.375% annual rate |
| Maturity date | April 11, 2027 |
| Nominal value (USD dollars): | USD 99.07. |
| Use of the funds obtained: | Restructuring liabilities and general corporate purposes |
| Payment method: | Returns are paid on a half-yearly in arrears basis |
| Custodian: | Bank of New York Mellon |

The Prospectus and Issue and Placement Rules and Regulations contain the following general obligations: The Company, upon signing this agreement, shall abstain from:

**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**: these 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 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.

**d) Debt:** SURA Asset Management may not 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 income for the corresponding period.
- 100% of the net cash earnings or the market value of the assets received by SURA Asset Management S.A.
- 100% of the consolidated depreciation and amortization expense incurred by SURA Asset Management S.A. for the corresponding period.

**f) Reporting Obligations:**

- The English versions of SURA Asset Management ´s quarterly consolidated financial statements prepared in accordance with IFRS, to be 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 Company'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 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 a Baa1 in August 2014. Both investment grades were maintained in 2017 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 the subsidiary SUAM Finance B.V., (the absorbed company) domiciled in Curaçao. SURA Asset Management S.A. and Subsidiaries were the sole shareholders of the absorbed company, so there was no place for the exchange of shares or portions of capital, nor did this have any effect on the consolidated financial statements.

Detailed information regarding this issue of bonds is shown below:

| | |
|---|---|
| Issuer | SUAM Finance B.V.* |
| Guarantors | SURA Asset Management S.A.,<br>SURA Asset Management Chile S.A. (formerly Sura S.A.)<br>SURA Asset Management México S.A. de C.V.,<br>SURA Asset Management Perú S.A.,<br>SURA Asset Management Uruguay Sociedad de Inversión S.A. (formerly Tublyr S.A.) |
| Type of offering | Type of offering: 144A / Reg S |
| Amount authorized and issued: | USD 500 million |
| Coupon | 4.875% annual rate |
| Maturity date | April 17, 2024 |
| Nominal value (each in USD dollars): | USD 99.57. |
| Use of the funds obtained: | Restructuring liabilities and general corporate purposes |
| Payment method: | Returns are paid on a half-yearly in arrears basis |
| Custodian: | Bank of New York Mellon |
| IRR | 5.1% |
| Transaction costs | USD 5million |

* SUAM Finance was terminated without being wound under a cross-border merger with SURA Asset Management, a process which was completed on July 31, 2018, whereupon Sura AM took over the obligation with the latter´s bondholders.

The Prospectus and Issue and Placement Rules and Regulations together with the Prospectus contain the following general obligations:

**a) Encumbrances:** SURA Asset Management S.A. may not 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:** These 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 S.A. and its subsidiaries, unless SURA Asset Management S.A. 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.

**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 income for the corresponding period.
- 100% of the net cash earnings or the market value of the assets received by SURA Asset Management S.A.
- 100% of the consolidated depreciation and amortization expense incurred by SURA Asset Management S.A. for the corresponding period.

**f) Reporting Obligations:**

- 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 Company'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.

## 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, divided up into 2,616,407 shares in 2022, which was the same for 2021.

**Changes to the Company's Shareholder Structure**

There were no changes in Sura Asset Management S.A.'s shareholder structure either in 2022 or 2021.

**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 - 2022 | % Stake | Outstanding shares - 2021 | % 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% | 174,755 | 6.68% |
| CDPQ Investments INC | 1 | 0.00% | 1 | 0.00% |

| Shareholder | Outstanding shares - 2022 | % Stake | Outstanding shares - 2021 | % Stake |
|---|---|---|---|---|
| Compañía de Seguros Bolívar S.A. | 63,732 | 2.44% | 63,732 | 2.44% |
| | **2,616,407** | **100%** | **2,616,407** | **100%** |

* Caisse de Dépôt et Placement du Québec.

All shares carry the same rights and obligations for their holders.

**a) Non-controlling interests**

Non-controlling interests correspond to minority interest on the part of third parties in investments held in:

| | | | 2022 | |
|---|---|---|---|---|
| **Name of Company** | **Country** | **% Non-Controlling Stake** | **Equity** | **Net income** |
| Administradora de Fondos de Pensiones y Cesantías Protección S.A. | Colombia | 47.09% | 206,517 | 25,607 |
| Asulado Seguros de Vida S.A. | Colombia | 26.51% | 42,117 | (1.297) |
| AFP Capital S.A. | Chile | 0.29% | 2,171 | 280 |
| AFP Integra S.A. | Perú | 0.0007% | 2 | - |
| | | | **250,807** | **24,590** |

| | | | 2021 | |
|---|---|---|---|---|
| **Name of Company** | **Country** | **% Non-Controlling Stake** | **Equity** | **Net income** |
| AFP Capital S.A. | Chile | 0.29% | 2,133 | 243 |
| AFP Integra S.A. | Perú | 0.0007% | 3 | - |
| | | | **2,136** | **243** |

**b) Currency translation differences**

Upon converting subsidiary financial statements from their functional currencies into the reporting currency used by SURA Asset Management S.A. (the US dollar), the following currency translation differences were produced.

| | 2022 | 2021 |
|---|---|---|
| Currency translation differences | (1,337,213) | (1,463,532) |
| **Total equity attributed to the controlling company** | **(1,337,213)** | **(1,463,532)** |

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. at year-end 2022 and 2021:

**<u>2022</u>**

**Ordinary dividends:**

| Third party | No. shares held | Value of the dividends paid |
|---|---|---|
| Grupo de Inversiones Suramericana S.A. | 2,186,721 | 74,390 |
| Sociedades Bolívar S.A. | 191,198 | 6,504 |
| CDPQ | 174,755 | 5,945 |
| CDPQ Investments INC | 1 | - |
| Compañía de Seguros Bolívar S.A. | 63,732 | 2,169 |
| **Total 2022** | **2,616,407** | **89,008** |

**2021**

**Ordinary dividends:**

| Third party | No. shares held | Value of the dividends paid |
|---|---|---|
| Grupo de Inversiones Suramericana S.A. | 2,186,721 | 62,366 |
| Sociedades Bolívar S.A. | 191,198 | 5,453 |
| CDPQ | 174,755 | 4,984 |
| CDPQ Investments INC | 1 | - |
| Compañía de Seguros Bolívar S.A. | 63,732 | 1,818 |
| **Total 2021** | **2,616,407** | **74,621** |

**d) Share placement premium.**

| Share premium | |
|---|---|
| Opening Balance - 2021 | 3,607,651 |
| Distributed share placement premium | - |
| **Closing Balance - 2021** | **3,607,651** |
| Distributed share placement premium | - |
| **Closing balance - 2022** | **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 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 as well as capital increases and reductions.

**Capitalizations performed in 2022:**

| Country | Made By | Received By | Value USD |
|---|---|---|---|
| México | SURA Asset Management Mexico S.A. De C.V. | NBM Innova S.A De C.V. | 1,232 |
| United States | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | Inversiones Sura Corp | 5 |
| México | SURA Asset Management Mexico S.A. De C.V. | Sura IM Gestora México S.A. De C.V. | 153 |
| United States | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | Inversiones Sura Corp | 100 |

| Country | Made By | Received By | Value USD |
|---|---|---|---|
| México | SURA Asset Management Mexico S.A. De C.V. | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | 377 |
| México | SURA Asset Management Mexico S.A. De C.V. | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | 370 |
| México | SURA Asset Management Mexico S.A. De C.V. | NBM Innova S.A De C.V. | 747 |
| United States | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | Inversiones Sura Corp | 700 |
| México | SURA Asset Management Mexico S.A. De C.V. | NBM Innova S.A De C.V. | 358 |
| México | SURA Asset Management Mexico S.A. De C.V. | NBM Innova S.A De C.V. | 179 |
| México | SURA Asset Management Mexico S.A. De C.V. | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | 993 |
| México | SURA Asset Management Mexico S.A. De C.V. | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | 370 |
| México | SURA Asset Management Mexico S.A. De C.V. | Sura IM Gestora México S.A. De C.V. | 199 |
| México | SURA Asset Management Mexico S.A. De C.V. | NBM Innova S.A De C.V. | 1,000 |
| México | SURA Asset Management Mexico S.A. De C.V. | NBM Innova S.A De C.V. | 197 |
| Colombia | SURA Asset Management S.A. | Sociedad Administradora de Fondos de Pensiones y Cesantías Protección S.A. | 48,865 |
| México | SURA Asset Management Mexico S.A. De C.V. | NBM Innova S.A De C.V | 407 |
| United States | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | Inversiones Sura Corp | 1,000 |
| México | SURA Asset Management Mexico S.A. De C.V. | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | 929 |
| México | SURA Asset Management Mexico S.A. De C.V. | Sura IM Gestora Mexico S.A. De C.V. | 1,004 |
| Uruguay | SURA Asset Management Uruguay Sociedad De Inversión S.A. | Administradora De Fondos De Inversión S.A. AFISA Sura | 205 |
| Uruguay | SURA Asset Management Uruguay Sociedad De Inversión S.A. | Administradora De Fondos De Inversión S.A. AFISA Sura | 1,025 |

**Capitalizations performed in 2021:**

| Country | Made By | Received By | Value USD |
|---|---|---|---|
| México | SURA Asset Management México S.A. De C.V. | Sura Investment Management S.A. De C.V. | 9,899 |
| México | SURA Asset Management Mexico S.A. de C.V. | Proyectos Empresariales AI Sura S.A. De C.V. | 9,745 |
| Uruguay | SURA Asset Management Uruguay Sociedad De Inversión S.A. | Corredor De Bolsa Sura S.A. | 1,524 |
| México | SURA Asset Management Mexico S.A. de C.V. | NBM Innova S.A.S. | 1,337 |
| México | SURA Asset Management Mexico S.A. de C.V. | NBM Innova S.A.S. | 1,095 |
| México | SURA Asset Management Mexico S.A. de C.V. | NBM Innova S.A.S. | 966 |
| Colombia | SURA Asset Management S.A. | NBM Innova S.A.S. | 843 |
| México | SURA Asset Management Mexico S.A. de C.V. | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | 492 |
| Perú | Sociedad Agente De Bolsa Sura S.A. | Sociedad Titulizadora Sura S.A. | 329 |
| Perú | SURA Asset Management Perú S.A. | Sociedad Agente De Bolsa Sura S.A. | 329 |
| México | SURA Asset Management Mexico S.A. de C.V. | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | 248 |
| México | SURA Asset Management Mexico S.A. de C.V. | Sura IM Gestora México S.A. De C.V. | 200 |
| México | SURA Asset Management Mexico S.A. de C.V. | NBM Innova S.A.S. | 193 |
| México | SURA Asset Management Mexico S.A. de C.V. | Sura IM Gestora México S.A. De C.V. | 149 |
| Uruguay | SURA Asset Management Uruguay Sociedad De Inversión S.A. | Administradora De Fondos De Inversión S.A. AFISA Sura | 53 |

**Capital reductions in 2022**

| Country | Name of Company | No. shares | Amounts returned USD |
|---|---|---|---|
| México | Asesores Sura S.A. De C.V. | 40,094 | 2,866 |
| México | Proyectos Empresariales Ai Sura S.A. De C.V. | 200,000,000 | 4,720 |
| Argentina | SURA Asset Management Argentina S.A. | 17,445,450 | 382 |
| México | Asesores Sura S.A. De C.V. | 4,855 | 358 |
| Perú | Sociedad Agente De Bolsa Sura S.A. | 7,000,000 | 2,101 |
| Uruguay | Administradora De Fondos De Inversión S.A. AFISA Sura | 30,000 | 1,375 |
| Uruguay | Corredor de Bolsa Sura S.A. | 40,000,000 | 1,034 |

**Capital reductions in 2021**

| Country | Name of Company | No. shares | Amounts returned USD |
|---|---|---|---|
| México | SURA Asset Management México S.A. de C.V. | 175,000,000 | 13,021 |
| México | Pensiones Sura S.A. de C.V. | 175,000,000 | 11,969 |
| Perú | Sociedad Agente de Bolsa Sura S.A. | - | 3,567 |
| Uruguay | Corredor de Bolsa Sura S.A. | - | 1,961 |
| Uruguay | SURA Asset Management Uruguay Sociedad de Inversión S.A. | - | 1,632 |
| México | Pensiones Sura S.A. de C.V. | - | 214 |

**Mergers performed in 2022:**

None took place in 2022.

**Mergers performed in 2021:**

None took place in 2021.

**New Companies set up in 2022:**

| Country | New Company Name | Set up by: | % Stake Held |
|---|---|---|---|
| Colombia | Asulado Seguros de Vida S.A. | SURA Asset Management S.A. | 73.49% |
| United States | Inversiones Sura Corp | Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | 100.00% |

**New Companies set up in 2021:**

| Country | New Company Name | Set up by: | % Stake Held |
|---|---|---|---|
| México | Sura IM Gestora México | SURA Asset Management México S.A. de C.V. | 100% |

**Companies divested in 2022:**

No company divestitures took place in 2022

**Companies divested in 2021:**

No company divestitures took place in 2021

**Companies wound up in 2022:**

| Country | New Company Name |
|---|---|
| Mexico | Pensiones Sura S.A. DE C.V. |

**Companies wound up in 2021:**

No companies were wound up in 2021

**Changes to Company Names in 2022:**

| Country | New Company Name | Former Company Name |
|---|---|---|
| El Salvador | SM Asesores S.A. DE C.V. | SUAM Corredora de Seguros 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 income 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.

Each country has specific provisions for allocating reserves, this in accordance with the different regulatory or oversight authorities governing each business.

## NOTE 40- Other Comprehensive Income

Shareholders´ equity, including controlling and non-controlling interest, as recorded in Other Comprehensive Income is broken down as follows:

| | Opening balance - Other Comprehensive Income | Other Comprehensive Income | Deferred tax | Closing balance - Other Comprehensive Income | Non-controlling - Other Comprehensive Income |
|---|---|---|---|---|---|
| Opening Balance - 2022 | (1,440,468) | (1,434,402) | (6,065) | - | (1,258) |
| Asset revaluations (1) | 9,183 | 1,598 | (616) | 10,165 | 3,024 |
| Losses (gains) on actuarial plans (post-employment) (2) | (312) | (321) | 23 | (610) | - |
| Financial instruments at fair value through Other Comprehensive Income (3) | 356 | 16 | 1 | 373 | (23) |
| Cash flow hedges (4) | 27,050 | (47,536) | 49,279 | 28,793 | - |
| Net foreign investment hedges (5) | (22,140) | (93,261) | - | (115,401) | - |

| | Opening balance - Other Comprehensive Income | Other Comprehensive Income | Deferred tax | Closing balance - Other Comprehensive Income | Non-controlling - Other Comprehensive Income |
|---|---|---|---|---|---|
| Surplus via equity method from associates and joint ventures (6) | 8,927 | 2,494 | - | 11,421 | 5,430 |
| Exchange differences on investments in associates and subsidiaries (7) | (1,463,532) | 126,062 | - | (1,337,470) | (773) |
| **Closing balance - 2022** | | **(1,445,350)** | **42,622** | **(1,402,729)** | **6,400** |

| | Opening balance - Other Comprehensive Income | Other Comprehensive Income | Deferred tax | Closing balance - Other Comprehensive Income | Non-controlling interest - Other Comprehensive Income |
|---|---|---|---|---|---|
| Opening Balance - 2021 | (1,137,484) | (1,147,029) | 9,546 | - | (795) |
| Asset revaluations (1) | 8,715 | 641 | (173) | 9,183 | 1 |
| Losses (gains) on actuarial plans (post-employment) (2) | (36) | (392) | 116 | (312) | - |
| Financial instruments at fair value through Other Comprehensive Income (3) | 425 | (69) | - | 356 | - |
| Cash flow hedges (4) | 7,983 | 34,621 | (15,554) | 27,050 | - |
| Net foreign investment hedges (5) | (36,988) | 14,848 | - | (22,140) | - |
| Surplus via equity method from associates and joint ventures (6) | 7,623 | 1,304 | - | 8,927 | - |
| Exchange differences on investments in associates and subsidiaries (7) | (1,125,206) | (338,326) | - | (1,463,532) | (463) |
| **Closing balance - 2021** | | **(1,434,402)** | **(6,065)** | **(1,440,468)** | **(1,257)** |

(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 through profit or loss for the period in question.

(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 is 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 movements relating to investments in associates: record the equity changes in investments in associates upon applying the equity method.
(7) Currency translation gains or losses represent the cumulative value of the exchange differences arising from converting the results and net assets of foreign operations into SURA Asset Management's reporting currency and its 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 currency translation differences are reclassified to profit and loss, either partially or in full when the foreign operation is disposed of. This includes the portion held by SURA Asset Management in investments in associates and joint ventures.

**NOTE 41 - Discontinued operations and assets held for distribution to owners**

Discontinued operations at year-end are broken down as follows

| | 2022 | 2021 |
|---|---|---|
| (Losses) Income from discontinued operations | (7,424) | 1,970 |

In 2022 Pensiones Sura Mexico was wound up and for 2021 all discontinued operations were located in Mexico.

The balances of assets held for distribution to owners and their associated liabilities at year-end are shown below:

| | 2022 | 2021 |
|---|---|---|
| Non-current assets held for distribution | - | 2,305 |
| Liabilities relating to non-current assets held for distribution | - | 226 |

The stated net assets correspond to the Mexican subsidiary, Pensiones Sura S.A. de C.V. de México.

In the first half of 2020, the annuity portfolio held by Pensiones Sura Mexico was sold off. This transaction implied withdrawing the corresponding technical reserves and the financial instruments backing these from SURA Asset Management's Consolidated Financial Statements.

On December 18, 2020, the National Insurance and Bonding Commission in Mexico (CNSF in Spanish) revoked the authorization previously awarded to Pensiones Sura S.A. de C.V. to operate as a pension insurance institution (annuities).

Taking into consideration Sura Asset Management S.A.'s strategy and purpose with regard to investments in its subsidiaries and associates, each time these, or a portion thereof, are either wound up or sold off, Senior Management analyzes the alternatives available for divesting said investments. In the case of Pensiones Sura México, Senior Management determined that the cash flows obtained from the winding up of this vehicle would return to the shareholders as dividends and returns on capital.

On August 10, 2022, the Company was finally wound up, for which purpose dividends were distributed among the shareholders on the aforementioned date in the same proportion as the stakes held, as well as the Company's capital stock to be reimbursed through its total reduction.

The decision to wind up the company and remove it from SURA Asset Management´s consolidation perimeter was made after receiving the regulator's authorization to do so as well to having complied with all pending tax and legal obligations.

The following is the Statement of Financial Position corresponding to Pensiones Sura S.A. de C.V.:

**Pensiones Sura S.A. de C.V.**
Statement of Financial Position
At August 09, 2022 (prior to being wound up)
(Stated in USD thousands)

| | **2022** |
|---|---:|
| **Assets** | |
| Assets held for distribution | 2,140 |
| | |
| **Total assets** | **2,140** |
| | |
| **Equity** | |
| Reserves | 24,101 |
| Profits (losses) for the prior year | (14,576) |
| Profits (losses) for the current year | 35 |
| Exchange differences | (7,420) |
| | |
| **Total Equity** | **2,140** |

## NOTE 42 – Fair Value

The fair value of financial assets and liabilities traded on active markets (financial assets in the form of debt securities, equity instruments and derivatives that are actively traded on stock exchanges or interbank markets) is based on prices that can be observed given current market transactions, or that are supplied by the price providers in the different locations where Sura Asset Management has a presence.

An active market is a market on which assets or liabilities are transacted with sufficient frequency and for sufficient volumes so as to provide price information on a continuous basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined using internal or external valuation techniques when they are provided by the price providers of the different locations where Sura Asset Management has a presence.

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

SURA Asset Management may use internally developed models for financial instruments that do not have active markets. These models are generally based on standardized valuation techniques and methods commonly used by the financial industry. Valuation models are used primarily to evaluate equity instruments from non-listed issuers, debt securities, and other financial instruments for which the markets were or have been inactive during the financial period. Some inputs for these models may not be observable due to an absence of market transactions and, therefore, are estimated based on assumptions.

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

**Fair Value Hierarchy**

This section explains the judgments and estimates made to determine the fair values of financial instruments that are recognized and measured at fair value in the financial statements. So as to be able to ensure the reliability of the data used in determining fair value, SURA Asset Management classified its financial assets and liabilities in the three levels stipulated by applicable accounting standards. These levels are as follows:

**Level 1:** Inputs for Level 1 are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the date these are measured.

**Level 2:** Inputs for Level 2 are different from the quoted prices included in Level 1 since they are directly or indirectly observable for assets or liabilities in markets that are not active.

**Level 3:** Inputs for Level 3 are unobservable for the asset and liability in question.

All financial instruments that are listed on active markets and valued at market prices are classified in Level 1. Financial instruments that are quoted in markets that are not considered to be active, but are valued according to quoted market prices, quotations from price vendors or alternative price sources supported by observable inputs, are classified in Level 2.

Should a fair value measurement use observable data that requires significant adjustments to be made based on unobservable data, this measurement is classified as Level 3. Assessing the importance of a particular input for the measurement of fair value as a whole requires judgment, this based on taking into account factors specific to the asset or liability in question.

Determining what is considered 'observable' requires significant judgment on the part of SURA Asset Management, which considers observable data to be market data that is already available, distributed or updated either in the public domain or by price vendors, and is reliable and verifiable, non-proprietary, and provided by independent sources that actively participate in the relevant market.

**Measuring fair value on a recurring basis**

Recurring fair value measurements are those required or permitted on the Statement of Financial Position at the end of each accounting period.

The following table shows an analysis, based on the fair value hierarchy, of Sura Asset Management's assets and liabilities (broken down by type), measured at fair value at year-end 2022 and 2021 on a recurring basis.

| At year-end 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| At fair value through profit or loss | | | | |
| Debt securities – domestic issues | - | 1,181,645 | 2,472 | 1,184,117 |
| Equity securities – domestic issues | 6,952 | 1,426,128 | - | 1,433,080 |
| **Total investments at fair value through profit or loss** | **6,952** | **2,607,773** | **2,472** | **2,617,197** |
| At fair value through Other Comprehensive Income | | | | - |
| Debt securities – foreign issues | - | - | 3,122 | 3,122 |
| **Total investments at fair value through equity** | **-** | **-** | **3,122** | **3,122** |
| **Total investments at fair value** | **6,952** | **2,607,773** | **5,594** | **2,620,319** |

| At year-end 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| At fair value through profit or loss | | | | |
| Debt securities – domestic issues | - | 720,376 | - | 720,376 |
| Equity securities – domestic issues | 10,474 | 1,265,932 | - | 1,276,406 |
| **Total investments at fair value through profit or loss** | **10,474** | **1,986,308** | **-** | **1,996,782** |
| At fair value through Other Comprehensive | | | | |
| Debt securities – foreign issues | - | - | 2,370 | 2,370 |
| Equity securities – domestic issues | - | - | 3,109 | 3,109 |
| **Total investments at fair value through equity** | **-** | **-** | **5,479** | **5,479** |
| **Total investments at fair value** | **10,474** | **1,986,308** | **5,479** | **2,002,261** |

The following is the hierarchy level for hedging derivatives:

| Level 2 | | |
|---|---|---|
| | Year-end 2022 | Year-end 2021 |
| **Hedges** | | |
| Exchange swaps | 197,479 | 219,654 |
| **Total financial assets – hedging transactions** | **197,479** | **219,654** |

**Measuring fair value on a non-recurring basis**

The fair values of non-recurring assets classified as Level 3 are determined using pricing models, discounted cash flow methodologies, a current replacement cost or similar techniques, using internal models or external experts with sufficient experience and knowledge of the real estate market

or the assets being appraised. Generally-speaking, these evaluations are carried out by referring to market data or on a replacement cost basis, when sufficient market data is not available.

SURA Asset Management S.A. shows its investment properties as assets at fair value on a non-recurring basis, which fall in the Level 3 category and their value at year-end 2022 and 2021 is shown in Note 27.

**Determining Fair Value**

**42. Investments in legal reserve requirements**

This legal reserve requirement is a reserve or a capital guarantee that pension fund management firms must maintain in order to manage their funds. Valuations of these reserves are performed using the value of the unit corresponding to each Mandatory Pension Fund which is updated on a daily basis.

**b. Investments in mutual funds.**

A Mutual Fund is an asset composed of contributions from private individuals and legal entities (called unit-holders or contributors), that is invested in publicly traded securities and assets, as permitted by law, and which are managed by a company on behalf of and at the risk of the unit-holders or contributors. These contributions are stated in mutual fund quotas, and there may be different series of quotas for the same fund, which must be stipulated in the internal rules and regulations of the respective fund, all of which must carry the same value and characteristics. Shares in mutual funds are valued taking into account the value of the fund unit, as calculated by the fund management company.

**c. Investment funds**

These are assets made up of contributions from natural persons and legal persons, called participants or contributors, and are invested in securities and assets, as permitted by applicable legislation. These funds can be of a private or public nature. Participations in investment funds are valued taking into account the value of the fund unit, as calculated by the fund management company, and in the case of funds that consist of investment properties, the value of the fund unit reflects the value of said property, which is measured as indicted in "Investment properties".

**D. Investment properties**

Investment property is property (land or buildings or parts of buildings or both) held by its owner or lessee under a finance lease arrangement in order to obtain rentals, capital gains, or both. The Group's investment properties are valued by external experts, who use price-based valuation techniques.

**Transfers between Levels 1 and 2 of the fair value hierarchy**

In Sura Asset Management there were no transfers between the aforementioned levels for 2022 and 2021.

**Reconciliation of Level 3 of the fair value hierarchy**

The following table shows a reconciliation of the opening and closing balances of the fair value measurements classified in Level 3.

| | Equity instruments | Financial assets – debt securities | Investment properties |
|---|---|---|---|
| **Opening balance – 2021** | **3,850** | **4,380** | **76,174** |
| Additions | - | - | 5,202 |
| Sales/divestitures | - | (546) | (3,597) |
| Valuation adjustments affecting profit and loss | - | 373 | 4,692 |
| Impairment | - | (1,479) | - |
| Valuation adjustments affecting Other Comprehensive Income | (69) | - | - |
| Currency translation effect | (672) | (358) | (13,905) |
| **Closing balance – 2021** | **3,109** | **2,370** | **68,566** |
| Additions | - | 11 | - |
| Sales/divestitures | - | - | (574) |
| Impairment | - | - | - |
| Business combination | - | - | 5,248 |
| Valuation adjustments affecting Other Comprehensive Income | 13 | - | 5,478 |

| | | | |
|---|---|---|---|
| Currency translation effect | 1 | 91 | (512) |
| **Closing balance - 2022** | **3,123** | **2,472** | **78,206** |

The following table shows a summary of assets and liabilities accounted for at a value other than fair value at year-end 2022 and 2021 for disclosure purposes only:

| | Year-end 2022 | | Year-end 2021 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| **Assets** | | | | |
| Debt Instruments at Amortized Cost [1] | 904,509 | 928,088 | 371,562 | 375,796 |
| Reinsurance assets | 432 | 432 | 925 | 925 |
| Other accounts receivable [2] | 150,186 | 150,186 | 112,762 | 112,762 |
| **Total Assets** | **1,055,127** | **1,078,706** | **485,249** | **489,483** |
| **Liabilities** | | | | |
| Financial obligations | 651 | 651 | 499 | 499 |
| Liabilities on Financial Leasing Agreements | 21,364 | 21,364 | 29,611 | 29,611 |
| Accounts payable[2] | 156,226 | 156,226 | 152,456 | 152,454 |
| Securities issued [3] | 854,174 | 820,743 | 852,934 | 905,624 |
| **Total liabilities** | **1,032,415** | **998,984** | **1,035,500** | **1,088,188** |

(1) Debt securities at amortized cost and other financial assets and liabilities: The fair value of fixed-income investments at amortized cost was determined using the price calculated by the price provider together with investments traded on an active market and with a market price on the date that these are measured are classified on Level 1, investments without an active market and/or with an estimated price (present value of the flows of a security, discounted using the benchmark rate and the corresponding margin) given by the vendor are classified as Level 2.

(2) Accounts receivable and accounts payable: For these accounts, their book values were considered to be similar to their fair values, due to their short-term nature.

(3) Securities issued The fair value of securities issued is determined based on quoted or estimated prices provided by the price vendor. This is considered to be a Level 2 valuation.

**NOTE 43 – Information regarding related parties**

**43.1 Related parties**

SURA Asset Management S.A.'s subsidiaries, key management personnel, entities over which key personnel may exercise control or joint control and post-employment benefit plans for the benefit of key personnel are considered related parties.

The following is a breakdown of SURA Asset Management S.A.'s related parties at year-end 2022 and 2021:

a) Companies under the direct control of Grupo de Inversiones Suramericana S.A., the parent company of SURA Asset Management S.A.:

| 2022 | 2021 |
|---|---|
| Suramericana S.A. | Suramericana S.A. |
| SURA Asset Management S.A. | SURA Asset Management S.A. |
| Arus Holding S.A.S. | Arus Holding S.A.S. |
| Inversiones y Construcciones Estratégicas S.A.S. | Inversiones y Construcciones Estratégicas S.A.S. |
| Sura Ventures S.A.S. | Sura Ventures S.A.S. |

b) Companies in which SURA Asset Management S.A. holds a direct stake:

| Name of Company | Country | 2022 | 2021 |
|---|---|---|---|
| Activos Estratégicos Sura AM Colombia S.A.S. | Colombia | 100.00% | 100.00% |
| Sura Investment Management Colombia S.A.S. | Colombia | 100.00% | 100.00% |
| SURA Asset Management Argentina S.A. | Argentina | 97.34% | 97.34% |
| NBM Innova S.A.S. | Colombia | 100.00% | 100.00% |
| Fiduciaria Sura S.A. | Colombia | 5.00% | 5.00% |
| Sura S.A. | Chile | 100.00% | 100.00% |
| SURA Asset Management México S.A. de C.V. | Mexico | 100.00% | 100.00% |
| AFP Integra S.A. | Perú | 44.18% | 44.18% |
| SURA Asset Management Perú S.A. | Peru | 100.00% | 100.00% |
| Administradora de Fondos de Pensiones y Cesantías Protección S.A. | Colombia | 52.91% | 49.36% |
| SM Asesores S.A. DE C.V. | El Salvador | 99.98% | 99.98% |
| SURA Asset Management Uruguay Sociedad de Inversión S.A. | Uruguay | 100.00% | 100.00% |
| Asulado Seguros de Vida S.A. | Colombia | 73.49% | N/A |

c) Companies under the indirect control of SURA Asset Management S.A. are listed in Note 1 (Corporate Information)

d) Members of the Board of Directors:

| 2022 | 2021 |
|---|---|
| Gonzalo Alberto Pérez Rojas | Gonzalo Alberto Pérez Rojas |
| Ricardo Jaramillo | Ricardo Jaramillo |
| Miguel Cortés Kotal | Miguel Cortés Kotal |
| Marianne Loner | Marianne Loner |
| Esteban Cristian Iriarte | Esteban Cristian Iriarte |
| Carlos Jaime Muriel Gaxiola | Carlos Jaime Muriel Gaxiola |
| Jorge Tasías | Jorge Tasías |

### 43.2 Transactions between 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 these transactions are all considered to be short-term transactions

Balances are reconciled at the end of each year, in order to eliminate all applicable inter-company transactions. The exchange difference with recorded rates is charged to the income accounts on the Consolidated Financial Statements

**43.2.1 Related-Party Transactions Among Subsidiaries**

The following is a summary of the total related party transactions between subsidiaries at year-end 2022 and 2021 that have been eliminated in the consolidated accounts:

| Name of Company | Country | Accounts receivable | Accounts payable | Revenues | Expense |
|---|---|---|---|---|---|
| Sura S.A. | Chile | - | 4,927 | - | 100 |
| Corredores De Bolsa Sura S.A. | Chile | 647 | 82 | 7,773 | 3,708 |
| Administradora General De Fondos Sura S.A. | Chile | 91 | 1,185 | (3,073) | 10,226 |
| Seguros De Vida Sura S.A. | Chile | 981 | 252 | 10,467 | 5,387 |
| Sura Data Chile S.A. | Chile | - | 1,085 | 3,631 | 66 |
| Sura Chile S.A. | Chile | 2,092 | 109 | 16,896 | 77 |
| AFP Capital S.A. | Chile | 74 | 167 | - | 12,976 |
| Sura Investment Management Colombia S.A.S. | Colombia | - | 744 | - | 1,963 |
| SURA Asset Management S.A. | Colombia | 5,069 | 381 | 1,171 | 1,336 |
| Sura IM Gestora de Inversiones S.A.S. | Colombia | 6 | - | 18 | - |
| Administradora de Fondos de Pensiones y Cesantías Protección S.A. | Colombia | 123 | 14,570 | 812 | 185,313 |
| NBM Innova S.A.S. | Colombia | 19 | 32 | 26 | 3 |
| Fiduciaria Sura S.A. | Colombia | 37 | 25 | 35 | 24 |
| Asulado Seguros De Vida S.A. | Colombia | - | - | 185,005 | 662 |
| Sura Art Corporation S.A. De C.V. | Mexico | 44 | - | 298 | 32 |
| Asesores Sura S.A. De C.V. | Mexico | - | - | 202 | - |
| Sura Investment Management S.A. De C.V. | Mexico | - | 2 | 294 | 3,051 |
| Afore Sura S.A. De C.V. | Mexico | - | 52 | 2,904 | 628 |
| SURA Asset Management Mexico S.A. De C.V. | Mexico | 26 | - | - | 32 |
| Promotora Sura AM S.A. De C.V. | Mexico | - | - | 10 | - |
| Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | Mexico | - | - | - | 126 |
| NB Innova S.A De C.V. | Mexico | 1 | - | 49 | 3 |
| Sura IM Gestora México S.A. de C.V. | Mexico | - | - | - | 19 |
| AFP Integra S.A. | Peru | - | 2 | 148 | 113 |
| Fondos Sura SAF S.A.C. | Peru | - | 73 | - | 487 |
| SURA Asset Management Peru S.A. | Peru | - | - | 113 | 1 |
| Sociedad Agente De Bolsa Sura S.A. | Peru | 72 | - | 443 | 17 |
| AFP Crecer S.A. | El Salvador | 15,079 | 8 | 158 | - |
| AFAP Sura S.A. | Uruguay | - | - | - | 1,027 |
| Administradora De Fondos De Inversión S.A. AFISA Sura | Uruguay | - | 89 | - | 1,631 |
| SURA Asset Management Uruguay Sociedad De Inversión S.A. | Uruguay | - | 2 | 1,989 | 1,821 |
| Sm Asesores S.A. De C.V. | Uruguay | 89 | - | 1,210 | 559 |

| Name of Company | Country | Accounts receivable | Accounts payable | Revenues | Expense |
|---|---|---|---|---|---|
| Inversiones Sura Corp | United States | - | 22 | - | 494 |
| **Total 2022** | | **24,450** | **23,809** | **230,579** | **231,882** |

| Name of Company | Country | Accounts receivable | Accounts payable | Revenues | Expense |
|---|---|---|---|---|---|
| Sura S.A. | Chile | - | 17 | - | 252 |
| Corredores De Bolsa Sura S.A. | Chile | 716 | 146 | 9,146 | 3,878 |
| Administradora General De Fondos Sura S.A. | Chile | 85 | 1,152 | (3,597) | 11,069 |
| Seguros De Vida Sura S.A. | Chile | 980 | 299 | 12,053 | 6,864 |
| Sura Data Chile S.A. | Chile | - | 586 | 3,249 | 18 |
| Sura Chile S.A. | Chile | 1,361 | 3 | 17,442 | 63 |
| AFP Capital S.A. | Chile | - | 171 | - | 13,415 |
| SURA Asset Management S.A. | Colombia | 70 | 854 | 869 | 3,047 |
| NBM Innova S.A.S. | Colombia | 1 | 14 | 22 | 33 |
| Sura Art Corporation S.A. De C.V. (Sura Art) | Mexico | 60 | 2 | 353 | 31 |
| Asesores Sura S.A. De C.V. | Mexico | - | - | 4,180 | 971 |
| Pensiones Sura S.A. De C.V. | Mexico | - | - | - | 352 |
| Sura Investment Management S.A. De C.V. | Mexico | 24 | 274 | 867 | 7,190 |
| Afore Sura S.A. De C.V. | Mexico | 273 | 108 | 3,027 | 914 |
| SURA Asset Management México S.A. De C.V. | Mexico | - | 3 | 134 | 32 |
| Promotora Sura AM S.A. De C.V. | Mexico | 5 | - | 1,860 | 215 |
| Gestión Patrimonial Sura Asesores En Inversiones S.A De C.V. | Mexico | - | 9 | 8 | 97 |
| NBM Innova S.A De C.V. | Mexico | 6 | 1 | 169 | 666 |
| Proyectos Empresariales Ai Sura S.A. De C.V. | Mexico | - | - | 345 | 606 |
| AFP Integra S.A. | Peru | 427 | 2 | 161 | 153 |
| Fondos Sura SAF S.A.C. | Perú | 4 | 39 | 1 | 482 |
| SURA Asset Management Peru S.A. | Perú | 27 | 427 | 113 | 0 |
| Sociedad Agente De Bolsa Sura S.A. | Perú | 39 | 4 | 421 | 17 |
| AFAP Sura S.A. | Uruguay | - | - | - | 829 |
| Administradora De Fondos De inversión S.A. AFISA Sura | Uruguay | - | 102 | - | 1,383 |
| SURA Asset Management Uruguay Sociedad De Inversión S.A. | Uruguay | 122 | 1 | 1,590 | 103 |
| Corredor De Bolsa Sura S.A. | Uruguay | 102 | 4 | 1,065 | 465 |
| Sura IM Gestora México S.A. de C.V. | México | - | 1 | - | 18 |
| **Total 2021** | | **4,302** | **4,219** | **53,478** | **53,163** |

**43.2.1 Related-party transactions with Grupo de Inversiones Suramericana S.A., the parent company of SURA Asset Management S.A.:**

The following is a summary of these transactions at year-end 2022 and 2021:

| Name of Company | Country | Transactions with the Business Group | | | |
|---|---|---|---|---|---|
| | | Asset Accounts | Liability Accounts | Revenues | Expense |
| Sura S.A. | Chile | - | - | 28 | - |
| Administradora General de Fondos Sura S.A. | Chile | 38 | - | 63 | 12 |
| AFP Capital S.A. | Chile | - | - | 458 | - |
| Sura Investment Management Colombia S.A.S. | Colombia | - | - | 146 | - |
| SURA Asset Management S.A. | Colombia | 55 | 28 | 63 | 109 |

| Name of Company | Country | Transactions with the Business Group | | | |
|---|---|---|---|---|---|
| | | Asset Accounts | Liability Accounts | Revenues | Expense |
| Administradora de Fondos de Pensiones y Cesantías Protección S.A. | Colombia | 155 | 114 | 55 | 183 |
| Sura Investment Management S.A. De C.V. | Mexico | 30 | - | 26 | - |
| Fondos Sura SAF S.A.C. | Peru | - | - | - | 76 |
| SURA Asset Management Peru S.A. | Peru | - | - | 5 | - |
| AFAP Sura S.A. | Uruguay | - | 5 | - | - |
| Corredor De Bolsa Sura S.A. | Uruguay | 9 | - | 8 | - |
| **Total 2022** | | **287** | **147** | **852** | **380** |

| Name of Company | Country | Transactions with the Business Group | | | |
|---|---|---|---|---|---|
| | | Asset Accounts | Liability Accounts | Revenues | Expense |
| Administradora General De Fondos Sura S.A. | Chile | 27 | - | 291 | 82 |
| SURA Asset Management S.A. | Colombia | 3 | - | 315 | 2,814 |
| Asesores Sura S.A. De C.V. | Mexico | - | - | - | 8 |
| Sura Investment Management S.A. De C.V. | Mexico | 21 | - | 232 | 22 |
| Afore Sura S.A. De C.V. | Mexico | 1 | - | 9 | 103 |
| Promotora Sura AM S.A. De C.V. | Mexico | - | - | 31 | 2 |
| Fondos Sura SAF S.A.C. | Peru | - | - | - | 792 |
| SURA Asset Management Peru S.A. | Peru | - | - | 51 | - |
| AFAP Sura S.A. | Uruguay | - | 10 | - | - |
| Corredor De Bolsa Sura S.A. | Uruguay | 9 | - | 82 | - |
| NB Innova S.A De C.V | Mexico | - | - | - | 1 |
| Proyectos Empresariales AI Sura S.A. De C.V. | Mexico | - | - | - | 3 |
| AFP Integra S.A. | Perú | - | - | - | 5 |
| **Total 2021** | | **61** | **10** | **1,011** | **3,832** |

### 43.3 - Other Related-Party Information

The following contains additional information regarding the Company's related parties:

**Remuneration for key personnel**

Information corresponding to key personnel employed by SURA Asset Management S.A. and Subsidiaries is as follows:

a) Senior executive employment benefits - liabilities

| | 2022 | 2021 |
|---|---|---|
| Short-term employee benefits | 7,371 | 7,577 |
| Post-employment employee benefits | 1,857 | 1,018 |
| Employment termination benefits | 253 | - |
| **Total remuneration for key personnel** | **9,481** | **8,595** |

b) Senior executive employment benefits - expense

| | 2022 | 2021 |
|---|---|---|
| Short-term employee benefits | 17,670 | 17,275 |
| Long-term employee benefits | 3 | - |
| Employment termination benefits | 1,523 | - |
| **Total remuneration for key personnel** | **19,196** | **17,275** |

**NOTE 44 - Commitments and contingencies**

**Contingencies for legal claims**

At year-end 2022, the subsidiaries and related companies of SURA Asset Management were involved in a total of 27.534 court cases, of which 8.597 are new insofar as notice of such was served during said year. During this same period a total of 10.570 court cases were ruled upon. The following table shows a breakdown by individual country of the legal proceedings currently being heard:

| | | Legal proceedings - 2022 | | |
|---|---|---|---|---|
| **Country** | **Total legal proceedings pending ruling at year-end 2022** | **New** | **Ruled** | **Total legal proceedings pending ruling at year-end 2021** |
| Chile | 93 | 62 | 83 | 114 |
| México | 12,234 | 2,740 | 1,592 | 11,086 |
| Perú | 944 | 48 | 25 | 921 |
| Uruguay | 1 | 0 | 0 | 1 |
| Colombia | 14,257 | 5,745 | 8,868 | 17,380 |
| El Salvador | 5 | 2 | 2 | 5 |
| **Total general** | **27,534** | **8,597** | **10,570** | **29,507** |

The figures corresponding to AFP Proteccion (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 proceeding.

**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 2022 and 2021, these letters of guarantee totaled PEN 240,800,000 million and PEN 290,700,000 million respectively.

**NOTE 45 - Information regarding operating segments**

**45.1 Reportable 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:

**Retirement Savings:** 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.

**Sura Investments:** 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.

**New Lines of Business:** This segment covers developing and exploring business opportunities other than those relating to individual or institutional voluntary savings.

**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.

## 45.2 Statement of Income Per Segment

**SURA Asset Management S.A. and Subsidiaries**

**At Year-End 2022**

**Consolidated Statement of Income**

**(stated in thousands of USD)**

| | Retirement Savings | Investment Management | Sura Investments | Insurance and Annuities | New Business | Corporate - Others | Adjustments and eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| Commission income | 555,599 | 62,411 | 65,448 | - | 156 | 20,520 | (37,279) | 666,855 |
| Investment (expense) income | 16 | (21) | 189 | - | - | 423,432 | (424,527) | (911) |
| Fair value gains, net | 736 | 116 | 99 | - | - | 7,428 | - | 8,379 |
| Revenues from legal reserves | 8,539 | - | 47 | - | - | - | - | 8,586 |
| Equity method revenues from associates and joint ventures, net | 2,930 | 589 | 3,812 | - | - | (1,775) | 1,824 | 7,380 |
| Other operating income | 229,723 | 1,794 | 8,469 | 36,639 | 443 | 4,548 | (224,665) | 56,951 |
| **Operating income - fund and pension management** | **797,543** | **64,889** | **78,064** | **36,639** | **599** | **454,153** | **(684,647)** | **747,240** |
| Gross premiums | - | - | 109,755 | 1,175,846 | - | - | (185,006) | 1,100,595 |
| Premiums ceded to reinsurers | - | - | (266) | (1,473) | - | - | - | (1,739) |
| **Net premiums** | - | - | 109,489 | 1,174,373 | - | - | (185,006) | 1,098,856 |
| Revenues from investments backing insurance reserves | - | - | 72,461 | 222,582 | - | - | 878 | 295,922 |
| Fair value losses from investments underpinning insurance reserves, net | - | - | (85,548) | 5,992 | - | - | - | (79,556) |
| Claim expense, net | - | - | (132,376) | (8,228) | - | - | - | (140,604) |
| Movements in reserves, net | - | - | 59,355 | (1,208,622) | - | - | - | (1,149,267) |
| **Margin from insurance operations** | **-** | **-** | **23,381** | **(30,504)** | **-** | **-** | **(184,128)** | **25,351** |
| Selling, general and administrative expense | (514,316) | (60,863) | (84,086) | (11,062) | (12,123) | (81,605) | 228,659 | (535,396) |
| Deferred acquisition costs (DAC): | 1,726 | - | (856) | (5) | - | - | - | 865 |
| **Total operating and administrative expense** | **(512,590)** | **(60,863)** | **(84,942)** | **(11,067)** | **(12,123)** | **(81,605)** | **228,659** | **(534,531)** |
| **Operating earnings** | **284,953** | **4,026** | **16,503** | **211,670** | **(11,524)** | **372,548** | **(640,116)** | **238,060** |
| Financial income | 6,631 | 797 | 1,029 | 817 | 64 | 5,066 | (66) | 14,338 |
| Financial expense | (2,237) | (564) | (467) | (55) | (1) | (61,473) | 251 | (64,546) |
| Derivative income (expense), net | (7) | - | (2) | - | - | 1,824 | - | 1,815 |
| Income from exchange differences, net | (2,635) | (526) | 7 | 163 | (18) | 4,553 | - | 1,544 |
| **Net earnings before income tax from continuing operations** | **286,705** | **3,733** | **17,070** | **212,595** | **(11,479)** | **322,518** | **(639,931)** | **191,211** |
| Income tax, net | (66,206) | (1,090) | (8,250) | (54) | 247 | 7,246 | 153 | (67,954) |
| **Net income for the year from continuing operations** | **220,499** | **2,643** | **8,820** | **212,541** | **(11,232)** | **329,764** | **(639,778)** | **123,257** |
| Net (losses) for the year from discontinued operations | - | - | - | - | - | (3) | (7,421) | (7,424) |
| **Net income for the year** | **220,499** | **2,643** | **8,820** | **212,541** | **(11,232)** | **329,761** | **(647,199)** | **115,833** |

**SURA Asset Management S.A. and Subsidiaries**
**Consolidated Income Statement**
**At Year-End 2021**
**(stated in thousands of USD)**

| | Retirement Savings | Investment Management | Sura Investments | Insurance and Annuities | New Business | Corporate - Others | Adjustments and eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| Commission income | 601,132 | 60,729 | 66,775 | 168 | 21 | 20,931 | (40,044) | 709,712 |
| Investment (expense) income | - | 51 | 218 | - | - | 548,308 | (535,649) | 12,928 |
| Fair value gains, net | - | 34 | 98 | - | - | 208 | - | 340 |
| Revenues from legal reserves | 40,596 | - | 1,431 | - | - | - | - | 42,027 |
| Equity method revenues from associates and joint ventures, net | 29,263 | 247 | 7,156 | - | - | (4,699) | 4,700 | 36,667 |
| Other operating income | 6,588 | 1,256 | 7,052 | 391 | 843 | 4,277 | (13,302) | 7,105 |
| **Operating income - fund and pension management** | **677,579** | **62,317** | **82,730** | **559** | **864** | **569,025** | **(584,295)** | **808,779** |
| Gross premiums | - | - | 174,724 | 8,677 | - | - | - | 183,401 |
| Premiums ceded to reinsurers | - | - | (272) | (1,392) | - | - | - | (1,664) |
| **Net premiums** | - | - | 174,452 | 7,285 | - | - | - | 181,737 |
| Revenues from investments backing insurance reserves | - | - | 107,945 | 4,778 | - | - | 860 | 113,583 |
| Fair value gains from investments underpinning insurance reserves, net | - | - | 29,786 | 1,054 | - | - | - | 30,840 |
| Claim expense, net | - | - | (138,820) | (3,419) | - | - | - | (142,239) |
| Movements in premium reserves, net | - | - | (152,244) | (1,918) | - | - | - | (154,162) |
| **Margin from insurance operations** | **-** | **-** | **21,119** | **7,780** | **-** | **-** | **860** | **29,759** |
| | | | | | | | | **-** |
| Selling, general and administrative expense | (355,925) | (61,610) | (99,078) | (9,324) | (8,979) | (79,762) | 52,337 | (562,341) |
| Deferred acquisition costs (DAC): | 12,243 | - | (453) | (10) | - | - | - | 11,780 |
| **Total operating and administrative expense** | **(343,682)** | **(61,610)** | **(99,531)** | **(9,334)** | **(8,979)** | **(79,762)** | **52,337** | **(550,561)** |
| | | | | | | | | **-** |
| **Operating income** | **333,897** | **707** | **4,318** | **(995)** | **(8,115)** | **489,263** | **(531,098)** | **287,977** |
| Financial income | 3,970 | 1,542 | 237 | - | 37 | 3,518 | 1,139 | 10,443 |
| Financial expense | (2,468) | (900) | (344) | (82) | (1) | (55,374) | (2,187) | (61,356) |
| Derivative income (expense), net | - | - | (173) | (53) | - | (790) | - | (1,016) |
| Income on exchange differences, net | 3,146 | 475 | 991 | 148 | (36) | 24,987 | (1) | 29,710 |
| **Net earnings before tax from continuing operations** | **338,545** | **1,824** | **5,029** | **(982)** | **(8,115)** | **461,604** | **(532,147)** | **265,758** |
| Income tax, net | (85,656) | (4,067) | (666) | (2,135) | 151 | (7,889) | - | (100,262) |
| **Net income for the year from continuing operations** | **252,889** | **(2,243)** | **4,363** | **(3,117)** | **(7,964)** | **453,715** | **(532,147)** | **165,496** |
| Net income for the year from discontinued operations | - | - | - | 1,970 | - | - | - | 1,970 |
| **Net income for the year** | **252,889** | **(2,243)** | **4,363** | **(1,147)** | **(7,964)** | **453,715** | **(532,147)** | **167,466** |

### 45.3 Operating Revenues by Individual Country

**SURA Asset Management S.A. and Subsidiaries**

**Consolidated Income Statement**

**At Year-End 2022**

**(stated in thousands of USD)**

| | Consolidated | Chile | Mexico | Peru | Uruguay | El Salvador | Colombia | Argentina | United States |
|---|---|---|---|---|---|---|---|---|---|
| Fee and commission income | 666,855 | 243,165 | 249,180 | 106,812 | 17,353 | 5,580 | 44,448 | 314 | 3 |
| Other investment (expense) income | (911) | (931) | - | 2 | - | - | 18 | - | - |
| Fair value gains, net | 8,379 | 357 | - | - | - | 45 | 7,977 | - | - |
| Revenues from legal reserves | 8,586 | 12,252 | (8,136) | (8,886) | (266) | - | 13,622 | - | - |
| Equity method revenues from associates and joint ventures, net | 7,380 | 10,345 | - | - | - | - | (2,965) | - | - |
| Other operating income | 56,951 | 2,989 | 12,301 | 822 | 125 | 311 | 40,403 | - | - |
| **Operating revenues - fund and pension management** | **747,240** | **268,177** | **253,345** | **98,750** | **17,212** | **5,936** | **103,503** | **314** | **3** |
| Gross premiums | 1,100,595 | 117,575 | - | - | - | - | 983,020 | - | - |
| Premiums ceded to reinsurers | (1,739) | (1,739) | - | - | - | - | - | - | - |
| **Net premiums** | 1,098,856 | 115,836 | - | - | - | - | 983,020 | - | - |
| Revenues from investments backing insurance reserves | 295,922 | 80,645 | - | - | - | - | 215,277 | - | - |
| Fair value gains from investments underpinning insurance reserves, net | (79,556) | (84,294) | - | - | - | - | 4,738 | - | - |
| Claim expense, net | (140,604) | (135,989) | - | - | - | - | (4,615) | - | - |
| Movements in reserves, net | (1,149,267) | 56,253 | - | - | - | - | (1,205,520) | - | - |
| **Margin from insurance operations** | **25,351** | **32,451** | **-** | **-** | **-** | **-** | **(7,100)** | **-** | **-** |
| Selling, general and administrative expense | (535,396) | (179,266) | (190,376) | (75,114) | (18,212) | (4,870) | (66,969) | (340) | (249) |
| Deferred Acquisition Costs (DAC) | 865 | (4,006) | 3,833 | 167 | 871 | - | - | - | - |
| **Total operating and administrative expense** | **(534,531)** | **(183,272)** | **(186,543)** | **(74,947)** | **(17,341)** | **(4,870)** | **(66,969)** | **(340)** | **(249)** |
| **Operating earnings** | **238,060** | **117,356** | **66,802** | **23,803** | **(129)** | **1,066** | **29,434** | **(26)** | **(246)** |
| Financial income | 14,338 | 5,241 | 1,689 | 1,136 | 1,179 | - | 5,055 | 38 | - |
| Financial expense | (64,546) | (8,453) | (1,227) | (692) | (106) | (137) | (53,930) | (1) | - |
| Derivative income (expense), net | 1,815 | - | - | - | - | - | 1,815 | - | - |
| Income from exchange differences, net | 1,544 | 742 | (594) | (3,264) | (215) | - | 4,869 | (10) | 16 |
| **Net earnings before income tax from continuing operations** | **191,211** | **114,886** | **66,670** | **20,983** | **729** | **929** | **(12,757)** | **1** | **(230)** |
| Income tax, net | (67,954) | (11,863) | (17,399) | (9,368) | (1,631) | (400) | (27,201) | (92) | - |
| **Net income for the year from continuing operations** | **123,257** | **103,023** | **49,271** | **11,615** | **(902)** | **529** | **(39,958)** | **(91)** | **(230)** |
| Net (losses) income for the year from discontinued operations | (7,424) | - | (7,421) | - | - | - | (3) | - | - |
| **Net income for the year** | **115,833** | **103,023** | **41,850** | **11,615** | **(902)** | **529** | **(39,961)** | **(91)** | **(230)** |

**SURA Asset Management S.A. and Subsidiaries**
**Consolidated Income Statement**
**At Year-End 2021**
**(stated in thousands of USD)**

| | Consolidated | Chile | Mexico | Peru | Uruguay | El Salvador | Colombia | Argentina | United States |
|---|---|---|---|---|---|---|---|---|---|
| Commission income | 709,712 | 255,712 | 330,178 | 104,017 | 15,456 | 48 | 4,049 | 252 | - |
| Investment income (expense) income | 12,928 | 12,839 | - | 2 | - | - | 87 | - | - |
| Fair value gains, net | 340 | 92 | - | 214 | - | - | 34 | - | - |
| Revenues from legal reserves | 42,027 | 15,514 | 15,127 | 9,565 | 1,821 | - | - | - | - |
| Equity method revenues from associates and joint ventures, net | 36,667 | 3,975 | - | - | - | - | 32,692 | - | - |
| Other operating income | 7,105 | 2,672 | 3,426 | 529 | 96 | 3 | 379 | - | - |
| **Operating income - fund and pension management** | **808,779** | **290,804** | **348,731** | **114,327** | **17,373** | **51** | **37,241** | **252** | **-** |
| Gross premiums | 183,401 | 183,401 | - | - | - | - | - | - | - |
| Premiums ceded to reinsurers | (1,664) | (1,664) | - | - | - | - | - | - | - |
| **Net premiums** | 181,737 | 181,737 | - | - | - | - | - | - | - |
| Revenues from investments backing insurance reserves | 113,583 | 113,583 | - | - | - | - | - | - | - |
| Fair value gains from investments underpinning insurance reserves, net | 30,840 | 30,840 | - | - | - | - | - | - | - |
| Claim expense, net | (142,239) | (142,239) | - | - | - | - | - | - | - |
| Movements in reserves, net | (154,162) | (154,162) | - | - | - | - | - | - | - |
| **Margin from insurance operations** | **29,759** | **29,759** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Selling, general and administrative expense | (562,341) | (193,183) | (241,001) | (73,596) | (15,210) | (42) | (38,942) | (367) | - |
| Deferred Acquisition Costs (DAC) | 11,780 | (5,097) | 17,336 | (594) | 135 | - | - | - | - |
| **Total operating and administrative expense** | **(550,561)** | **(198,280)** | **(223,665)** | **(74,190)** | **(15,075)** | **(42)** | **(38,942)** | **(367)** | **-** |
| **Operating earnings** | **287,977** | **122,283** | **125,066** | **40,137** | **2,298** | **9** | **(1,701)** | **(115)** | **-** |
| Financial income | 10,443 | 2,891 | 3,152 | 2,816 | 706 | 4 | 855 | 19 | - |
| Financial expense | (61,356) | (998) | (1,932) | (3,050) | (54) | - | (55,320) | (2) | - |
| Derivative income (expense), net | (1,016) | (226) | - | - | - | - | (790) | - | - |
| Income from exchange differences, net | 29,710 | 21,045 | 1,329 | 1,564 | 221 | - | 5,553 | (2) | - |
| **Net earnings before income tax from continuing operations** | **265,758** | **144,995** | **127,615** | **41,467** | **3,171** | **13** | **(51,403)** | **(100)** | **-** |
| Income tax, net | (100,262) | (34,713) | (37,836) | (13,392) | (920) | (3) | (13,302) | (96) | - |
| **Net income for the year from continuing operations** | **165,496** | **110,282** | **89,779** | **28,075** | **2,251** | **10** | **(64,705)** | **(196)** | **-** |
| Net income for the year from discontinued operations | 1,970 | - | 1,970 | - | - | - | - | - | - |
| **Net income for the year** | **167,466** | **110,282** | **91,749** | **28,075** | **2,251** | **10** | **(64,705)** | **(196)** | **-** |

**NOTE 46 - Earnings per share**

The following figures are stated in US dollars:

| | 2022 | 2021 |
|---|---|---|
| **Basic earnings per share** | | |
| From continuing operations attributable to the controlling shareholder | 47.11 | 63.25 |
| From net operations for the year, attributable to the controlling shareholder | 34.87 | 63.91 |

| | 2022 | 2021 |
|---|---|---|
| Earnings for the year from continuing operations | 123,257 | 165,496 |
| Net earnings for the year, attributable to the controlling shareholder | 91,243 | 167,223 |
| Weighted average number of ordinary shares for the purposes of basic earnings per share are shown as follows: | 2,616,407 | 2,616,407 |

**NOTE 47 - 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 Colombia, Chile, México, Perú, Uruguay and El Salvador. 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) One insurance company, and (3) Fund Management and Brokerage firms A brief description of the exposure associated with insurance brokerage is also provided. On the other hand, we shall be addressing 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 S.A. and the earnings retained from previous years (freely disposable capital), as well as discontinued operations, should these exist.

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, 2022. This year 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 | 2022 | 2021 | % Change |
|---|---|---|---|
| CLP/ USD (Chile) | 855.9 | 853.5 | 0.3% |
| MXP/USD (Mexico) | 19.5 | 20.6 | -5.5% |
| PEN/USD (Peru) | 3.8 | 3.9 | -4.2% |
| UYU/USD (Uruguay) | 40.1 | 44.7 | -10.4% |
| COP/USD (Colombia) | 4810.2 | 3981.2 | 20.8% |

## 1.1 Risk Management Framework

Given the importance of handling the risks to which we are exposed in the various countries this in a timely and efficient manner, SURA Asset Management is governed by a Risk Management System tailored to the Company's needs (Operating Risks) 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), reformulating risk and creating 4 new categories in 2020. In 2021 some of the risks were merged, others were eliminated and others were reformulated, maintaining these same 4 categories, whereas in 2022 the risks revised the previous year were maintained SURA Asset Management´s Strategic Risks are as follows:

**Context-Based Strategic Risks**

**Economic Performance and Financial Market Maturity:** 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. The ability of markets and financial instruments to develop and mature, so as to become more instrumental in SURA Asset Management's strategy.

**Political and Social Context:** Managing harmful political dynamics, that are not very constructive for the country, giving rise to the so-called populism; a divided government (presidency of one party, and the parliament of another party) thereby hindering policy-making. This could affect Sura AM through the corresponding contagion risk. Additionally, there are informal groups of individuals or organizations whose purpose is to bring about changes to the social fabric, which could end up impacting our business. This can be greatly leveraged by social networks.

**Cybersecurity.** These are the risks relating to the use of information as well as cyber-attacks on the Organization's presence in both cyberspace and the digital environment. This includes the risk of fraud due to disruptions with the services or the infrastructure underpinning the Organization's operations.

**Relationship-based Strategic Risks**

**Inspiring the confidence of different stakeholders.** Stakeholder confidence being affected as a result of events that impact SURA Asset Management's reputation. Another issue is that our business is increasingly exposed to social networks, affecting not only the way in which this affects us but also how we relate to our stakeholders.

**Strategic Business Risk**

**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.

**Sustainable Business:** Carrying out our lines of business, taking care of the impact this has on our various stakeholders, from an environmental, social and corporate governance standpoint, both in terms of our operations as well as how we invest our managed resources. This has to do with fulfilling our fiduciary duty and the perception of our capabilities as asset managers, our sustainability in generating income for the business (both in terms of the value of investments and assets under management, as well as the origin of our income as this relates to factors such as unemployment and economic growth), together with the sustainability of the planet and society in general.

**Regulatory Changes and Amendments to Tax Legislation.** Developing new businesses which have not as yet been regulated This relates to regulatory changes affecting our different lines of business, not only the pension business, but also geopolitical risk and a dependence on government regulatory and tax policies.

**Ability to provide our clients with an adequate value-added offering.** Fulfilling 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). This entails truly understanding our clients and how they perceive risk. Designing the right value proposition for the client, being able to deliver the value proposition thereby produced and have the client value this same.

**Business transformation.** Being able to transform our business model in a swift and timely manner so as to opportunely respond to changes in our business environment. When we speak about our business model, we refer to our products and solutions, processes, channels and technology. Emphasis is placed on the risks associated with digital management, incorporating security, surveillance and resilience strategies that allow for adequate operating levels.

**Disruptive business model.** Non-obvious competitors, disruptive business models on the part of our industry, either by existing competitors or by competitors currently engaged in other industries, including the Fintechs

**Strategic Risks of Good Resource Utilization**

**Ability to have a team of human talent equipped with the necessary skills.** Attracting 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.

Also, as part of our risk management framework, we have continued with our consolidation efforts on a regional level and on identifying the mitigating factors for these Strategic Risks.

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. Should these risks materialize, they could well 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 detecting and opportunely handling risk and must account for their actions accordingly.

**Second 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

**Third 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 Balance Sheet.** This is the risk of potential losses or changes in the expected level of earnings due to movements given demographic, financial and business variables, 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 Risks** are 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 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. Challenging this process in a constructive manner is important this being 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 Area**s: 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 2022, the different Corporate Risk Areas carried out projects that have incorporated improvements to the different risk management and corporate governance systems, methodologies, metrics and tools aimed at unifying and standardizing these same on a subsidiary level. The main achievements obtained are as follows:

**Business Risk:** this consists of following up on the risk dimension inherent to the Profitability and Balance Sheets of the Company's Retirement Savings, Sura Investments and Investment Management subsidiaries, by defining and periodically calculating both the respective risk appetites and value metrics, and being able to use these models to analyze different dimensions of each line of business from the standpoint of risk. Likewise, carrying out follow-ups, together with the Sura Investments line of business, on the Business Context Risk, with a special focus on issues such as Suitability. Stabilizing the calculation of Adequate Equity in accordance with the Colombian Financial Conglomerates Law, as well as stabilizing the Risk Management Framework that is fully aligned with this new legislation.

**Operational Stability Risk and Information Risks** Projects have been carried out in 2022 that incorporate improvements in the operational risk management and information security and cybersecurity systems, such as the implementation of a technological solution focusing on the efficiency and standardization of the pillars of SURA AM's Internal Control System. Among the main achievements are the following: Improving the Operating Risk Management Governance Model, strengthening the tools and methodologies used for the risk management systems, and timely deliveries of reports and information to the different stakeholders so that these may analyze the Company’s performance.

**Investment risk** This group consolidates the risks of negative impacts on the value of investments made with third-party assets and/or the Company’s own investments. These risks are directly managed by the operating units in which SURA Asset Management holds stakes, for which they use mechanisms to measure, monitor and manage the risks associated with market movements, credit risk, liquidity risk, among others; in which they seek to maintain continuous improvement plans that include initiatives having local scope or by means of synergies and corporate guidelines with a more regional scope.

Priority was given in 2022 to risk management activities in the asset management business, these aimed at building internal risk policies, which build upon the experience of our internal teams and the lessons learned during the existence of SURA Investment Management, with which a more orderly, coordinated and standardized management of the risks assumed shall be achieved; these policies are initially applicable to the funds belonging to the group of fixed income products on the traditional markets. In the case of the sura investments’

s line of business, it is worth highlighting the efforts made to strengthen the standards used by some of the local teams in evaluating and making recommendations to retail clients regarding alternative vehicles managed by third parties, mainly for the initial due diligence evaluations. In terms of the due diligence capabilities for international fund managers of traditional funds, the teams of all our lines of business took part in drawing up a new due diligence process that shall allow for evaluating the sustainability performance (both corporate and that of sustainable investments) on the part of this type of entity, beginning with requesting information from the most relevant ones, or based on the amounts invested, in this category; In addition, these teams continued to monitor relevant corporate events that occurred with some fund managers, which resulted in preventive measures taken in suspending investments in the funds of two international fund managers, as well as follow ups on the progress made by relevant investigations in two others.

In 2023, the Corporate Risk Management function shall also focus on:

- Our operating risk management function with a focus on deploying a tool for managing and monitoring Risks, Compliance and Auditing. We shall also continue to work on the standardization and efficiency of our risk management systems in order to maintain a control environment in line with the Company's risk appetite.

- With regard to Investment Risk, our monitoring capabilities will be reinforced, within the scope that regulatory and contractual limitations allow for, regarding the consolidated risk of the portfolio investments managed by the operating entities, in order to strengthen the capabilities of our regional synergies. The corporate team shall also be participating in defining guidelines for the risk management framework as applicable to investments in new businesses and consolidating lines of business under SURA Investments.
- Improving the Risk Appetite model corresponding to the Voluntary Savings business.
- Improvements and monitoring the Context-Based Risk for our voluntary savings business.
- Incorporating based on that provided by the Colombian Conglomerates Law the consolidation of Protección and Crecer, as well as the new insurance company Asulado.

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 fund management business, these broken down per business unit. For 2022, total Assets Under Management for the Mandatory Pension business came to USD 117,563 million, with another USD USD 5,690 million corresponding to our Voluntary Savings business.

| Product Family | Assets Under Management - Mandatory Pensions | Assets Under Management - Voluntary Savings | Assets Under Management - Mandatory Pensions | Assets Under Management - Voluntary Savings |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| Chile | 32,963 | 1,797 | 31,677 | 1,659 |
| México | 39,975 | 1,551 | 36,902 | 1,363 |
| Perú | 9,788 | 201 | 11,949 | 250 |
| Uruguay | 3,543 | - | 3,136 | - |
| Colombia | 24,964 | 2,136 | 31,165 | 2,851 |
| El Salvador | 6,330 | 5 | 6,222 | 8 |
| **Total** | **117,563** | **5,690** | **121,051** | **6,131** |

The Chilean Pension Fund Management firm at the end of 2022, had a total of 1.6 million members, of whom 0.97 million are direct contributors, thus representing a contribution rate of 61% The year-end wage base came to USD 13,317 million. Chile´s income from 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 2022, the Mexican Pension Fund Management firm, had a total of 7.6 million fund members. Income from our Mexican Mandatory Pension business largely corresponds to the commission charged on Assets Under Management which came to USD40,387 million. Fees and commissions at year-end 2022 came to 0.57% of total AuM. In 2022, there was a significant regulatory cut to the fees and commissions charged compared to the previous year. The Mexican Pension Fund Management firm also manages Voluntary Pension Funds

At the end of 2022, the Peruvian Pension Fund Management firm had 3.7 million members, of whom 1.5 million are direct contributors, representing a contribution rate of 41%. The year-end wage base came to USD 11,416 million. Peru´s income from its mandatory pension business mainly corresponds to the commission charged on said wage base, This commission, at year-end 2022, 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 number 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 0.79% at year-end 2022.

At the end of 2022, the Uruguayan Pension Fund Management firm, had a total of 0.4 million members, of whom 0.2 million are direct contributors, representing a contribution rate of 51% The year-end wage base came to USD 1,530 million. Uruguay´s income from its mandatory pension business mainly consists of the commission charged on said wage base, This commission comes to 0.99%, however, in the light of a recent reform, commissions may be gradually reduced so as not to exceed by more than 50% the lowest commission charged within the pension management system.

In November 2022, Sura Asset Management took over the companies Protección S.A. in Colombia and AFP Crecer in El Salvador, whose revenues had previously been accounted for using the equity method given their status as associates. Given the above, both companies are also included within the scope of this Risk Management Note.

At the end of 2022, the Colombian Pension Fund Management firm, had a total of 5.1 million members, of whom 2.6 million are direct contributors, representing a contribution rate of 51% The year-end wage base came to USD 11,677 million. Colombia´s income from its mandatory pension business largely corresponds to the fees and commissions charged on the aforementioned wage base. It is worth mentioning that Protección´s commissions came to 3%, which includes a pension insurance premium, which in 2022 stood at 2.2%.

The El Salvadoran Pension Fund Management firm at the end of 2022, had 1.8 million members, of whom 0.4 million are direct contributors, representing a contribution rate of 22% The year-end wage base came to USD 3,824 million. El Salvador´s income from its mandatory pension business mainly consists of the commission charged on said wage base,

### 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 |
|---|---|---|
| | 2022 | 2021 |
| **(10%) in Management Commissions** | **(77.8)** | **(78.0)** |
| Chile | (21.1) | (19.0) |
| Mexico | (24.6) | (29.6) |
| Peru | (9.4) | (8.8) |
| Uruguay | (1.4) | (1.2) |
| Colombia | (17.8) | (16.2) |
| El Salvador | (3.4) | (3.2) |
| | | |
| **+10% in Transfers** | **(5.6)** | **(5.3)** |
| Chile | (1.7) | (1.4) |
| Mexico | (1.1) | (1.0) |
| Peru | (0.5) | (0.5) |
| Uruguay | (0.0) | (0.0) |
| Colombia | (2.3) | (2.4) |
| El Salvador | - | - |

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 (where commissions are charged on Assets under Management), the third factor (3) relates to declining funds.

The sensitivity analysis 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 amount of fund members transferring out, its magnitude is related to commercial activities in each of the markets where SURA Asset Management S.A. operates.

### 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) movements with 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 their 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 | 1.00% |
| México | 0.53% |
| Perú | 1.00% |
| Uruguay | 0.50% |
| Colombia | 1.00% |
| El Salvador | N/A |

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 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 on SURA Asset Management S.A.'s reserve requirement. 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 |
|---|---|---|
| | 2022 | 2021 |
| **-10% in the Valuation of Variables** | **(40.3)** | **(54.0)** |
| Chile | (10.8) | (14.2) |
| Mexico | (15.7) | (18.6) |
| Peru | (2.7) | (7.8) |
| Uruguay | (0.5) | (0.4) |
| Colombia | (10.6) | (13.0) |
| El Salvador | Not applicable | Not applicable |
| **+100bps Interest Rates** | **(47.8)** | **(42.7)** |
| Chile | (20.7) | (14.6) |
| Mexico | (18.6) | (16.3) |
| Peru | (1.3) | (3.2) |
| Uruguay | (0.4) | (0.4) |
| Colombia | (6.8) | (8.2) |
| El Salvador | Not applicable | Not applicable |
| **-10% depreciation in Foreign Currency** | **(36.1)** | **(40.8)** |
| Chile | (13.7) | (17.9) |
| Mexico | (8.9) | (9.2) |
| Peru | (9.1) | (8.7) |
| Uruguay | (0.3) | (0.3) |
| Colombia | (4.1) | (4.7) |
| El Salvador | Not applicable | Not applicable |

The greatest effect comes from sensitivity to hikes 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) require 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 millions)**

| 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 |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| **Chile** | | | | |
| Fund A | 4.2% | 0.5 | 5.3% | 0.6 |
| Fund B | 4.2% | 0.5 | 4.3% | 0.6 |
| Fund C | 2.3% | 1.2 | 3.1% | 1.2 |
| Fund D | 2.1% | 0.7 | 2.1% | 0.6 |
| Fund E | 2.2% | 0.6 | 2.3% | 0.4 |
| **México** | N/A | N/A | N/A | N/A |
| **Peru** | | | | |
| Fund 1 | 2.0% | 0.2 | 1.4% | 0.2 |
| Fund 2 | 2.0% | 0.7 | 4.2% | 0.8 |
| Fund 3 | 0.2% | 0.1 | 5.8% | 0.1 |
| **Uruguay** | | | | |
| Accumulation | 2.2% | 0.3 | 5.1% | 0.8 |
| Retirement | 1.8% | 0.1 | 2.0% | 0.2 |
| **Colombia** | | | | |
| Greater risk | 3.9% | 0.4 | 4.1% | 0.4 |
| Moderate risk | 3.1% | 1.6 | 3.2% | 2.1 |
| Conservative risk | 2.6% | 0.2 | 2.3% | 0.3 |
| Scheduled withdrawals (*) | 0.2% | 0.3 | 4.1% | 0.5 |
| Long-term severance | 4.9% | 0.1 | 5.0% | 0.2 |
| Short-term severance | 5.9% | 0.0 | 0.9% | 0.0 |
| **El Salvador** | | | | |
| Conservative Fund | 2.0% | 0.6 | 2.7% | 0.6 |
| Special Retirement Fund | 2.0% | 0.0 | 2.0% | 0.0 |

The information herein provided corresponds to that stated in the Statement of Financial Position at year-end 2022

It is also worth noting that AFP Protección retains part of its insurance risk since it does not take out pension insurance for 100% of the corresponding risk. With regard to this risk, AFP Protección maintains an actuarial provision for its expected future commitments.

**Retained Insurance Risk – Pension Fund Management Firms (in USD millions)**

| Product Family | Exposure 2022 | Exposure 2021 |
|---|---|---|
| Colombia (Protección) | 108.5 | 192.7 |

Changes to 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 millions)**

| | Exposure 2022 | Exposure 2021 |
|---|---|---|
| +10% of the Implicit Claims Rate | (29.6) | (63.3) |
| +10% Slippage (Minimum Wage) | (0.4) | (7.3) |

### 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 2022 | Effect on Earnings before Tax 2021 |
|---|---|---|

| - 100 bp in Interest Rates | (1.0) | (1.0) |
|---|---|---|
| Chile | (0.7) | (0.6) |
| Peru | (0.2) | (0.3) |
| 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 2022, 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 2022 for expected losses on the financial assets held by SURA Asset Management´s pension fund management subsidiaries

**3. Risk Management Notes – 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.

In December a new insurance company was created in Colombia called Asulado Seguros de Vida S.A., which shall offer pension insurance and annuities for the individual savings pension model. At year-end it was offering only annuities.

Compañía de Seguros de Chile has the largest exposure, this through its Unit-Linked Individual Insurance, which is an important source of growth for the Company, and accounts for 81% of its total reserves. The Individual Unit Savings (non-Unit Linked) portfolio was run-off more than twenty years ago, this including endowment and universal life insurance and represents 16.3% of total reserves. The Traditional Individual insurance business also consists to a lesser extent of Temporary Insurance and Individual Health Insurance (covering higher medical expense).

With regard to reinsurance operations, individual health insurance shows a large ceded premium trailed by traditional 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.

**Volatility Risk – 1-year time horizon (in USD millions)**

| Deviation | Effect on Earnings before Tax | Effect on Earnings before Tax |
|---|---|---|
| | 2022 | 2021 |
| **+10% with the Mortality Rate** | **(0.5)** | **(0.4)** |
| Chile – Insurance | (0.5) | (0.4) |
| Colombia – Insurance | (0.0) | Not applicable |
| **+10% with the Morbidity Rate** | **(0.2)** | **(0.1)** |
| Chile – Insurance | (0.2) | (0.1) |
| Colombia – Insurance | (0.0) | Not applicable |
| **+10% with the Longevity Rate** | **(0.01)** | |
| Chile – Insurance | Not applicable | Not applicable |
| Colombia – Insurance | (0.01) | Not applicable |

Chile's exposure to mortality risk has slightly increased 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.

With respect to Longevity Risk, this is the first year reported for the company.

#### 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 millions)**

| Deviation | Effect on Earnings before Tax 2022 | Effect on Earnings before Tax 2021 |
|---|---|---|
| **+10% in Mortality Rate** | **(4.0)** | **(3.4)** |
| Chile – Insurance | (4.0) | (3.4) |
| Colombia – Insurance | (0.0) | Not applicable |
| **+10% with the Morbidity Rate** | **(2.7)** | **(1.0)** |
| Chile – Insurance | (2.7) | (1.0) |
| Colombia – Insurance | (0.0) | Not applicable |
| **+ 10% with the Longevity Rate** | **(11.8)** | |
| Chile – Insurance | (Not applicable) | Not applicable |
| Colombia – Insurance | (11.8) | Not applicable |

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.

### 3.2.3 Mitigating Factors in Business Risk

Underwriting policies and reinsurance agreements have been put into place to mitigate all those risks that could affect SURA Asset Management S.A.'s income and equity accounts. 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 include proportional coverage, excess loss and catastrophic loss.

## 3.3 Financial Risk

Financial Risk for the insurance business relate 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 | Derivatives | Unit-Linked Funds | Total | % |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | | | | | | |
| **Chile – Insurance** | **380** | **0** | **0** | **85** | **7** | **0** | **796** | **1,269** | **50.3%** |
| % including Unit-Linked | 29.9% | 0.0% | 0.0% | 6.7% | 0.6% | 0.0% | 62.7% | | |
| % excluding Unit-Linked | 80.4% | 0.0% | 0.0% | 18.1% | 1.6% | 0.0% | | | |
| **Colombia – Insurance** | **849** | **0** | **0** | **0** | **406** | **0** | **0** | **1,255** | **49.7%** |
| % including Unit-Linked | 67.6% | 0% | 0% | 0% | 32.4% | 0% | 0% | | |
| % excluding Unit-Linked | 67.6% | 0% | 0% | 0% | 32.4% | 0% | | | |
| **Total** | **1,229** | **0** | **0** | **85** | **413** | **0** | **796** | **2,524** | **100%** |
| % including Unit-Linked | 48.7% | 0% | 0% | 3.4% | 16.4% | 0% | 31.5% | | |
| % excluding Unit-Linked | 71.1% | 0% | 0% | 4.9% | 3.9% | 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 2022 (In USD millions)**

| Type | Chile – Insurance | Colombia – Insurance |
|---|---|---|
| Government | 86.1 | 590.1 |
| AAA | 0.0 | 0.0 |
| AA+ | 0.0 | 0.0 |
| AA | 0.0 | 0.0 |
| AA- | 0.0 | 0.0 |
| A+ | 0.0 | 0.0 |
| A | 67.0 | 0.0 |
| A- | 0.0 | 0.0 |
| BBB+ | 0.0 | 0.0 |
| BBB | 204.3 | 0.0 |
| BBB- | 0.0 | 0.0 |
| BB+ | 0.0 | 229.0 |
| BB | 20.5 | 16.1 |
| BB- | 0.0 | 13.0 |
| B+ | 0.0 | 0.6 |
| B | 1.9 | 0.0 |
| Deposits | 0.0 | 0.0 |
| Mortgage loans | 0.0 | 0.0 |
| Leasing | 0.0 | 0.0 |
| **Total** | **380** | **849** |

#### 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.

The provisions for Expected Impairment Losses at year-end 2022 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) |
|---|---|---|
| | 2022 | 2021 |
| Debt Instruments at Amortized Cost | 512 | 261 |
| Premiums Due | 0 | 0 |
| Reinsurance Current Account | 0.9 | (0.4) |
| Real Estate Debtors | 0 | 0 |
| **Total Chile – Insurance** | **513** | **260.6** |
| | | |
| Debt Instruments at Amortized Cost | 3,354 | Not applicable |
| Premiums Due | 0 | Not applicable |
| Reinsurance Current Account | 0 | Not applicable |
| Real Estate Debtors | 0 | Not applicable |
| **Total Colombia – Insurance** | **3,354** | |

### 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 prices of 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 gradually reclassified at amortized cost. Hence the accounting mismatches in equity versus movements with 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 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 millions)**

| Business Unit | Liability Reserves * | Adequacy of Reserves | Adequacy of Reserves |
|---|---|---|---|
| | 2022 | | 2021 |
| Chile – Insurance | 1,182.2 | 3.2% | 5.1% |
| Colombia – Insurance | 1,006.6 | 1.8% | Not applicable |

* including Unit-Linked in Chile

**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 millions)**

| Business Unit and Currency | Exposure – Investment Assets | Exposure – Policy Liabilities |
|---|---|---|
| | 2022 | |
| Chile – Real Currency | 465.2 | 362.5 |
| Chile – Nominal Currency | 7.5 | 0.0 |
| Chile – USD | 0.0 | 0.0 |
| Chile – Other Currencies | 0.0 | 0.0 |
| **Total Chile** | **472.7** | **362.5** |
| | | |
| Colombia – Real Currency | 574.1 | 0.0 |
| Colombia – Nominal Currency | 511.0 | 976.3 |
| Colombia USD | 169.2 | 0.0 |
| Colombia Other Currencies | 0.6 | 0.0 |
| **Total Colombia** | **1,254.9** | **976.3** |

* excluding Unit-Linked in Chile

#### 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 earnings before tax. The results of this sensitivity analysis are explained by a higher asset position versus liabilities in USD.

**Sensitivity to 1 % depreciation rate (in USD millions)**

| Business unit | Effect on Earnings before Tax | Effect on Earnings before Tax |
|---|---|---|
| | 2022 | 2021 |
| Chile | (0.0) | (0.0) |
| Colombia | (16.9) | Not applicable |

#### 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 earnings before tax. The results of this sensitivity analysis are explained by a higher asset position versus liabilities in real currency.

**Sensitivity to 1 % deflation rate (in USD millions)**

| Business Unit | Effect on Earnings before Tax | Effect on Earnings before Tax |
|---|---|---|
| | 2022 | 2021 |
| Chile | (1.0) | (0.8) |
| Colombia | (5.7) | Not applicable |

#### 3.3.2.3 Risk of Price Variation Rates: 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 asset classes on earnings before tax.

**Sensitivity to 10 % drop in asset prices (in USD millions)**

| Business Unit and Asset | Effect on Earnings before Tax | Effect on Earnings before Tax |
|---|---|---|
| | 2022 | 2021 |
| Chile – Real Estate | (8.5) | (7.1) |
| Chile – Equity Securities | (0.7) | (1.4) |
| Colombia – Real Estate | (0.0) | Not applicable |
| Colombia – Equity Securities | (40.6) | Not applicable |

### 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 2022 – Short Term Cash Flow Position (in USD millions)**

| Business Unit | 0 to 1 month | 1 to 3 months | 3 to 12 months | 0 to 12 months |
|---|---|---|---|---|
| **Liquidity – Chile** | **(5.8)** | **(5.0)** | **30.6** | **(19.8)** |
| Flows of assets | 10.1 | 4.1 | 87.6 | 101.7 |
| Flows of liabilities and expense | 15.9 | 9.1 | 57.0 | 82.0 |
| **Liquidity – Colombia** | **413.1** | **26.9** | **14.2** | **454.3** |
| Flows of assets | 418.5 | 37.4 | 63.7 | 519.6 |
| Flows of liabilities and expense | 5.3 | 10.5 | 49.5 | 65.3 |
| **Total Liquidity** | **407.3** | **21.9** | **44.8** | **474.1** |
| Flows of assets | 428.5 | 41.5 | 151.3 | 621.4 |
| Flows of liabilities and expense | 21.2 | 19.6 | 106.5 | 147.3 |

### 3.3.4 Mitigating Factors – Financial Risk

#### 3.3.4.1 Credit Risk

Credit risk is managed from two standpoints. The first relates to fundamental analyses of the creditworthiness of potential issuers when the corresponding securities are included in the investment portfolio.

As part of this process, a rating is established for each issuer based on SURA Asset Management's proprietary methodology, through which the creditworthiness of these issuers is determined along with whether they are eligible given the objectives of these portfolios. The second relates to 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 weighting of the existing portfolio of investments (especially in relation to term matching 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 the 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.

The outlook for mitigating the market risk corresponding to price variations is concentrated in managing real estate assets, in the case of the Chilean insurance company, and equities in the case of the Colombian insurance company. Here, the concentration of the portfolio held in these assets is monitored. Furthermore, in the case of Chile, 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 the least possible 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 2022 came to USD 11,353.9 million, 58.2% of which corresponds to institutional clients and the remaining 41.8% individuals.

**Fund Management Business Profile * (in USD millions)**

| Business unit | Assets Under Management – Retail | Assets Under Management – Institutional | Assets Under Management – Retail | Assets Under Management – Institutional |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| Chile | 2,849 | 1,661 | 2,823 | 1,593 |
| México | 988 | 2,897 | 1,026 | 2,696 |
| Perú | 844 | 380 | 801 | 502 |
| Uruguay | 342 | 66 | 316 | 59 |
| Argentina | - | 6 | - | 4 |
| Colombia | - | 1,973 | - | 135 |
| **Total** | **5,023** | **6,983** | **4,966** | **4,989** |

* 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 | | Effect on Earnings before Tax | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Retail | Institutional | Retail | Institutional |
| **-10% in Management Commissions** | (6.9) | (2.5) | (6.9) | (1.9) |
| Chile | (3.9) | (0.2) | (3.9) | (0.3) |
| Mexico | (1.2) | (1.3) | (1.3) | (1.1) |
| Peru | (1.6) | (0.2) | (1.5) | (0.3) |
| Uruguay | (0.2) | (0.01) | (0.2) | (0,009) |
| Argentina | 0.0 | (0,001) | 0.0 | (0,001) |
| Colombia | 0.0 | (0.8) | 0.0 | (0,168) |

The risks to commission income consist of:

(1) a reduction in commission rates ( given market competition, etc.); and

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 number of commissions collected.

#### 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 2022, 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 2022 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 Insurance Brokerage Subsidiaries in Uruguay and El Salvador

SURA Asset Management does not have its own insurance subsidiaries in both Uruguay and El Salvador, which is why, in order to provide a value-added range of products to its clients holding wealth management products in these countries, it offers its insurance brokerage services distributing third party insurance products.

**Insurance Brokerage Revenues (in USD millions)**

| Business unit | Annual Commissions | Annual Commissions |
|---|---|---|
| | 2022 | 2021 |
| Uruguay | 0.005 | 0.008 |
| El Salvador | 0.02 | 0.05 |
| **Total** | **0.025** | **0.058** |

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 millions)**

| Deviation | Effect on Earnings Before Tax | Effect on Earnings Before Tax |
|---|---|---|
| | 2022 | 2021 |
| -10% in Management Commissions | **(0.0025)** | **(0.0056)** |
| Uruguay | (0.0005) | (0.0008) |
| El Salvador | (0,002) | (0.0048) |

## 6. 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 a breakdown of the Company’s currency exposure.

| Currency | Currency Exposure on Corporate Debt (in USD millions) | |
|---|---|---|
| | 2022 | 2021 |
| USD-Denominated Debt | 854.1 | 852.9 |
| COP-Denominated Debt | 0.7 | 0.5 |
| **Total** | **854.8** | **853.4** |

At year-end 2022, 99.9% of this debt corresponded to bonds issued on the international markets in USD, with 93% of their nominal amount is hedged in the form of Cross Currency Swaps Bank debt (including leases) denominated in Colombian pesos corresponds to 0.1% of the total.

**Financial Hedging Risk**

Cross Currency Swaps (CCS) hedge the principal amount of all bonds issued.

In order to obtain the financial hedging risk, a 10% sensitivity analysis was applied to the exchange rate. With this, the net Swap Exposure was reduced by USD 71.7 million.

**Counterparty risk**

Counterparty risk is calculated using the Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) methodologies. This takes into account the risk classifications of all those entities with whom hedges have been taken out so as to be able to assigns the corresponding default probabilities. The Recovery Rate is calculated using the weighted average obtained for each individual issuer in advanced/mature markets this based on historical data.

The corresponding provision at year-end 2022 reached USD 5.2 million, this corresponding to an exposure of 2.6%.

## 7. Risk Management Note - Risks With SURA Asset Management's Seed Capital

In 2022, SURA Asset Management participated in five new projects by investing its Seed Capital. In addition, seed capital invested in the SURA Deuda Privada Chile Investment Fund and in the SURA Multiactivo Conservador, Multiactivo Moderado, Multiactivo Crecimiento and Acciones Colombia FICs is returned. At year-end 2022, the Company held twenty-three seed capital projects in its investment portfolio.

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.

## 7.1. Traditional Assets

### 7.1.1 Latin America Corporate Debt Fund denominated in USD

The SURA Latin America Corporate Debt Fund in USD was first launched on December 14, 2020 and is domiciled and managed in Mexico. The fund's objective is to achieve levels of income and capital appreciation over the mid to long term through a diversified strategy based on investments in Latin American corporate debt instruments. The fund seeks to invest primarily in debt instruments issued in U.S. dollars by corporate issuers whose assets and/or revenues are mostly sourced from countries such as Mexico, Colombia, Peru, Chile, Argentina and Brazil. The aim of this fund is to invest in a diversified portfolio carrying a medium-to-long-term investment horizon and moderate risk.

The firm responsible for managing this fund is SURA Investment Management México S.A. de C.V., S.O.F.I. SURA SURA Asset Management has invested seed capital in this fund directly through a sub-fund belonging to SURA-AM SICAV vehicle.

At year-end 2022, 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 USD-denominated Latin America Corporate Debt Fund at year-end 2022 (in USD millions)**

| Geographical and currency concentration | Absolute | % |
|---|---|---|
| | 2022 | |
| US (Dollar) | 37.1 | 100% |
| Uruguay (Uruguayan peso) | 0.0 | 0% |
| Japan (Yen) | 0.0 | 0% |
| China (Yuan) | 0.0 | 0% |
| Colombia (COP) | 0.0 | 0% |
| **Total** | **37.1** | **100%** |

| Concentration per asset class. | Absolute |
|---|---|
| Fixed income securities | 35.9 |
| Equities | 0.0 |
| Cash and banks | 1.2 |
| Others | 0.0 |
| **Total** | **37.1** |

### 7.1.2. FIC SURA Fixed Income Colombia Fund

This is an open-ended mutual fund with a permanence agreement. Its objective is to provide investors with an investment instrument focused on fixed income assets issued mainly in Colombia, with an expected return that is higher than that of an on-sight investment, and with a moderate risk profile. This fund was launched on November 2, 2021.

At year-end 2022, net disbursements came to COP 1,337.6 million (USD 0.3 million) and the book value of this investment totaled COP 1.475 million (USD 0.4 million).

**Breakdown of the seed capital invested in the FIC SURA Fixed Income Colombia Fund at year-end 2022 (in USD millions)**

| Geographical and currency concentration | Absolute | % |
|---|---|---|
| | 2022 | |
| US (Dollar) | 0.0 | 0% |
| Uruguay (Uruguayan peso) | 0.0 | 0% |
| Japan (Yen) | 0.0 | 0% |
| China (Yuan) | 0.0 | 0% |
| Colombia (COP) | 0.4 | 100% |
| **Total** | **0.4** | **100%** |

| Concentration per asset class. | Absolute |
|---|---|
| Fixed income securities | 0.4 |
| Equities | 0.0 |
| Cash and banks | 0.0 |
| Others | 0.0 |
| **Total** | **0.4** |

### 7.1.3. Absolute Return

The Absolute Return Fund, domiciled in Mexico, was launched in October 2021. The fund's objective is to offer clients the option of investing in debt securities, either directly, or through mutual funds, Exchange Traded Funds (ETF) collective investment vehicles and/or stock-referenced certificates called TRACs in Spanish, in pesos, Inflation Indexed Investment Units called UDIS in Spanish and/or foreign currency. The fund's strategy is based on a performance objective seeking to generate returns above CETES28d + 170bps.

At year-end 2022, at total commitment of MXN 196.4 million (USD 10.1 million) was fully disbursed. The book value of the stake held at year-end 2022 came to USD 8.8 million.

| Geographical and currency concentration | Absolute | % |
|---|---|---|
| | 2022 | |
| US US (Dollar) | 0.0 | 0% |
| Uruguay (Uruguayan peso) | 0.0 | 0% |
| Japan (Yen) | 0.0 | 0% |
| China (Yuan) | 0.0 | 0% |
| Mexico MXN | 8.8 | 100% |
| **Total** | **8.8** | **100%** |

| Concentration per asset class. | Absolute |
|---|---|
| Fixed income securities | 8.8 |
| Equities | 0.0 |
| Cash and banks | 0.0 |
| Others | 0.0 |
| **Total** | **8.8** |

## 7.2 ALTERNATIVE ASSETS

### 7.2.1 Infrastructure Fund

#### *7.2.1.1 FCP Debt 4G Sura Asset Management - Credicorp Capital I Private Debt Infrastructure Compartment*

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. As a result of this effort, Unión para la Infraestructura in Colombia came into being as a professional manager of infrastructure funds. In conjunction with the UPI, the FCP 4G Credicorp Capital-Sura Asset Management – Compartimento DPI I was launched which represents committed investments from institutional clients worth COP 1.39 trillion (approximately USD 289 million) Currently, 98.5% of the resources committed in this sub-fund have been invested in the financing of four road concession projects under a PPP scheme in Colombia through senior debt facilities in local currency.

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 15.6 million) of which COP 66,469 million (USD 13.8 million) have been drawn down at year-end 2022. The book value of the stake held amounts to COP 85.037 million (USD 17.7 million).

**Breakdown of the seed capital invested in the 4G Credicorp Capital- Sura Asset Infrastructure Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | 17.7 | 100% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **17.7** | |

#### *7.2.1.2 FCP Debt 4G Sura Asset Management - Credicorp Capital I Liquidity Compartment I*

In 2017, the second compartment of the FCP Deuda 4G was launched, with the objective of financing liquidity shortfalls in public initiative projects with guaranteed revenues. This compartment now has five investors and a total committed capital of COP 70,000 million (USD 14.6 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 2.1 million) of which a net balance of COP 1,692.6 million (USD 0.4 million) has now been drawn down. The book value of the stake held at year-end 2022 comes to COP 2,812.1 million (USD 0.6 million).

**Breakdown of the seed capital invested in the Infrastructure Liquidity Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | 0.6 | 100% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **0.6** | |

#### *7.2.1.3 FIP Infraestructura -AM Sura – Credicorp Capital Fund*

As part of the platform's deployment plan throughout the region, in 2019 the Union para la Infrastructuracame into being in Peru, with the launch of the FIP Infraestructura AM Sura - Credicorp Capital Fund, amounting to USD 95.5 million and aimed at investing, through equity securities, in infrastructure projects located in countries that make up the Pacific Alliance.

Over the course of three years, the Fund Manager (UP) has managed to bring to fruition three investments for a combined value of more than USD 55 million, the first investment was made in 2020 and corresponds to a controlling stake of a highway platform located in Mexico that was subsequently listed on the Mexican Stock Exchange through a Fibra (a Mexican REIT). The second took place in 2021 and corresponds to a strategically important greenfield port project located in the department of Antioquia in Colombia, and finally in 2022 we acquired a minority stake in an electricity distribution company located in the department of Arequipa in Peru.

Out of its current commitments, SURA Asset Management, through Fondos Sura SAF, committed USD 2.5 million. At year-end, 2022, draw downs of USD 1.5 million have been met and the carrying value of the stake held comes to USD 2.0 million.

**Breakdown of the seed capital invested in the AM Sura - Credicorp Capital Infrastructure Investment fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | 2.0 | 100% |
| **Total** | **2.0** | |

#### *7.2.1.4 AM Sura - Credicorp Capital Highway Investment Fund in Peru*

Together with the launching of the FIP Infraestructura AM Sura - Credicorp Capital Fund, an opportunity arose regarding the acquisition of 16.2% of the Class B shares belonging to the road concessionaire Norvial through a club deal with capital from high net worth investors. The fund received USD 10.9 million in committed investments, USD 0.24 million of which corresponded to SURA Asset Management through Fondos Sura SAF.

Total commitments were called in 2020. The book value of the stake held at year-end 2022 came to USD 0.2. million.

**Breakdown of the seed capital invested in the AM Sura - Credicorp Capital Highway Investment Fund in Peru at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | 0.2 | 100% |
| **Total** | **0.2** | |

### *7.2.1.5 FCP Deuda Infraestructura II Sura – Credicorp Capital I Fund Compartment A*

In November 2021, the first closing of the second Colombian Infrastructure Debt Fund took place, this being a vehicle that shall provide financing for Fourth and Fifth Generation highway and airport projects in Colombia. The Fund received commitments for COP 1.37 trillion (USD 284.8 million) and has managed to invest close to 40% of these resources in three highway projects. Out of the total resources committed to this Fund, Sura Asset Management, through its subsidiary SURA Asset Management Chile, committed COP 28,000 million (USD 5.8 million). At year-end, 2022, COP 98.2 million (USD 20.0 thousand) had been drawn down and its carrying value came to COP 445.0 million (USD 0.1 million).

**Breakdown of the seed capital invested in Compartment A of the FCP Deuda Infraestructura II Sura – Credicorp CapitalDebt Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | 0.1 | 100% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **0.1** | |

## 7.3 Real Estate

### *7.3.1 FCP SURA Asset Management Real Estate Development Private Equity Fund*

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 and Chile, 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 and office use.

The fund received committed investments totaling COP 294,338 million (USD 61.2 million), of which SURA Asset Management through its subsidiary SURA Asset Management Chile S.A. committed a total of COP 5,886 million (USD 1.2 million). At year-end 2022, 100% of this total amount had been drawn down this amounting to COP 5.886 million (USD 1.2 million). The book value of this investment at year-end 2022 amounts to COP 6.091 million (USD 1.3 million).

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 FCP SURA Asset Management Real Estate Development Private Equity Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | 1.3 | 100% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **1.3** | |

### *7.3.2 Sura Private Real Estate Investment Fund*

This private real estate investment fund is managed by Fondos Sura SAF (Perú), 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 24.7 million  In 2019, there were 2 capital repayments the first for USD 7.4 million on July 5. and the second for USD 3.3 million on November 21. In 2020, there were 2 capital repayments the first for USD 6.0 million on December 17.. No investments or distributions were made in 2021 and 2022. The carrying value of the investment at year-end 2022 came to USD 7.5 million.

**Breakdown of seed capital invested in the Sura Private Real Estate Investment Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Peru (US dollar) | 7.5 | 100% |
| **Total** | **7.5** | |

### *7.3.3 SURA Real Estate Investment Fund III*

The objective of the SURA Real Estate Investment Fund III is to invest in stabilized assets in Chile, specifically in the office, industrial and retail property segments. The fund was launched in January 2019 and obtained committed investments amounting to 1,091,745 UFs (development units)  On August 31, 2019 it conducted a second closure with committed investments totaling 2,051,585 UFs (development units).

At year-end 2022, SURA Asset Management Chile had made net disbursements of seed capital worth CLP 7,116.8 million (USD 8.3 million). The book value of the stake held at November 2022 came to CLP 7,799.9 million (USD 9.1 million). **Note:** This fund had not closed at year-end 2022 at the time of drawing up this Note.

The Fund carried out its first investment in January 2019 with the purchase of a Class A office building and at year-end 2022 the Fund has invested in the acquisition of 23 assets distributed in the office (73%), industrial warehousing (11%), retail (8%) and other (8%) segments, for a value of UF 5,880,131 (USD 240 million).

**Breakdown of the seed capital invested in the Rentas III Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | 9.1 | 100% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **9.1** | |

### *7.3.4 Fondo de Inversión SURA Rentas México Investment Fund*

Investments in two real estate assets as anchors for the Fondo México Rentas, an investment vehicle in the process of incorporation and commercialization. The main objective of this fund is to preserve capital, generate cash flow and obtain capital gains through a portfolio of industrial property located in Mexico, producing USD- denominated income.

- In September 2021, 80% of the trust rights of "trust 4594/2021 Banca Mifel" were acquired for USD 16.6 million, plus 2.0 million in value added tax. This trust has only a Class A industrial warehouse located in the city of Juarez in Mexico consisting of 27,759 m2 of GLA and carries a medium-term, dollar-indexed, triple net lease agreement with no possibility of early exit. The value of this asset amounts to USD 21.1 million according to JLL's appraisal dated June 6, 2022.
- In October 2022, an industrial warehouse was acquired in Pesqueria, Nuevo Leon, Mexico, which was contributed to the "Trust 5458/2022 Banco Actinver". This industrial building consists of 34.141 m2 of GLA and carries a medium-term, dollar-indexed, triple net lease agreement with no possibility of early exit. The purchase value of this asset came to USD 19.8 million, plus 2.5 million in value added tax. The asset was appraised at USD 20.5 million by CBRE on June 17, 2022.
- In both acquisitions, a portion of the value thus disbursed includes USD 4.5 million in value added tax, which shall be recovered once the fund is formally constituted.

At year-end 2022, SURA Asset Management Chile had made disbursements of USD 19.3 million, an investment having a book value of USD 22.3 million at year-end 2022.

**Breakdown of the seed capital invested in the Sura Rentas Mexico Investment Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | - | 0% |

| | | |
|---|---|---|
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Mexico (US dollar) | 22.3 | 100% |
| **Total** | **22.3** | |

#### 7.3.5 Sura Renta Residencial Investment Fund

The Fund is a long-term investment vehicle designed to acquire and manage residential rental properties with a strategy focused on income generation, capital appreciation and capital preservation for providing returns. For such purposes, the Fund shall invest its resources in companies that take part, either directly or indirectly, in acquiring real estate for housing purposes in Chile, with the aim of leasing to third parties each of these properties, whether a building, residential unit, housing complex, parking lots, warehousing or others,.

In September 2022, the Fund acquired its first residential rental asset located in the city of Santiago, specifically in La Cisterna commune. This asset was designed for residential leasing purposes and has 272 apartment units distributed in 1D1B, 2D1B and 2D2B typologies, with an average occupancy rate of 85.6%.

At year-end, the fund has drawn down  100% of its capital, this  equivalent to CLP 7,469 million (USD 8.7million) of which SURA Asset Management Chile has contributed CLP 682.8 million (USD 0.8 million). The book value of the stake held at year-end 2022 amounts to CLP 692.4 (USD 0.8 million).

**Breakdown of the seed capital invested in the SURA Renta Residencial Investment Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | 0.8 | 0% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 100% |
| **Total** | **0.8** | |

### 7.4 Private Debt

#### *7.4.1 Colombian Corporate Debt Fund*

The purpose of the Colombian Corporate Debt Fund, launched on October 1, 2020, is to invest in senior debt instruments granted to small and medium-sized companies in Colombia.

At year-end 2022, SURA Asset Management Chile held investment commitments of COP 37,505 million (USD 9.4 million). Out of this amount, at year-end 2022 the net amount disbursed comes to COP 33.897 million (USD 7.1 million). The book value of the stake held at year-end 2022 comes to COP 39.113 million (USD 8.1 million).

**Breakdown of the seed capital invested in the Colombian Corporate Debt Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | 8.1 | 100% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **8.1** | |

### *7.4.2 Sura Payroll Loan Closed-end Collective Investment Fund*

The purpose of this fund, launched on December 1, 2020, is to acquire loans granted to private individuals in Colombia originated and managed by specialized credit brokers.

At year-end 2020, the fund manager, through SURA Asset Management Chile, had disbursed the total investment commitments of COP 18,144 million (USD 3.8 million). In 2021, COP 17,606 million (USD 3.7 million) was returned to the investor, with another COP 126 million (USD 0.03 million) returned in 2022, leaving a balance of COP 412.2 million (USD 0.08 million) to be returned. The carrying value of the investment at year-end 2022 came to COP 700 million (USD 0.15 million).

**Breakdown of the seed capital invested in the Sura Payroll Loan Closed-end Collective Investment Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | 0.1 | 100% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **0.1** | |

### *7.4.3 Sura Factoring Peru Fund*

This fund provides working capital financing to supplier companies in Peru's main industries.
At year-end, 2022, the fund manager, through SURA Asset Management Chile, had disbursed PEN 15.6 million (USD 4.1 million). The book value of the investment came to PEN 16.2 million (USD 4.2 million).

**Breakdown of the seed capital invested in the Sura Factoring Peru Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | 4.2 | 100% |
| Others (US dollar) | - | 0% |

| Total | 4. 2 | |
|---|---|---|

#### 7.4.4 *Sura Private Credit Colombia Fund*

This fund, which belongs to the Alternative Debt segment and was launched in Q3 2021, combines, as part of its investment strategy payroll loan returns with the liquidity offered by financial mechanisms such as Factoring, this in order to provide investors with a well-differentiated value strategy.

At year-end 2022, the fund manager, through SURA Asset Management Chile, had disbursed COP 658.8 million (USD 0.1 million). The book value of the investment came to COP 906.4 million (USD 0.2 million).

**Breakdown of the seed capital invested in the Sura Private Credit Colombia Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | 0.2 | 100% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **0.2** | |

#### 7.4.5 *SUAM Private Equity Investment Fund*

This Fund, which was launched in 2020, invests in collateralized private corporate debt strategies, that is to say those backed by collateral. Furthermore it offers better credit hedging arrangements through insurance and/or cash flow trusts to maintain a controlled level of credit risk.

At year-end 2022, the fund manager, through SURA Asset Management Chile, had disbursed USD 0.3 million. The book value of this investment corresponds to USD 0.3 million Also, at year-end 2022, an additional USD 0.8 million was contributed to this fund through an investment made to FIP Capital Semilla Perú (an intermediary fund used to channel investments from SURA AM Chile to investment funds in Peru). The book value of this investment through FIP Capital Semilla Perú at year-end 2022 came to USD 0.8 million. Total investment in this strategy at year-end 2022 came to USD 1.1 million.

**Breakdown of the seed capital invested in the SUAM Private Equity Investment Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Peru (US dollar) | 1.1 | 100% |
| **Total** | **1.1** | |

### 7.5 Fund of Funds

#### 7.5.1 SURA Fund of Funds Global Private Debt (Investment channeled through FIP Seed Capital Peru)

The SURA Global Private Debt Fund of Funds, domiciled in Peru, was launched in December 2021, and is aimed at obtaining attractive returns for clients by investing in funds and ETFs with direct exposure to international private debt instruments. This fund is aimed primarily at private individuals with long-term investment horizons. Its geographic investment focus is on the United States and Europe.

At year-end 2022, USD 16.2 million has been disbursed to the strategy through the FIP Capital Semilla Perú Fund , of which USD 7.9 million have been returned. The book value of the investment came to USD 8.1 million.

**Breakdown of the seed capital invested in the Sura Global Private Debt Investment Fund of Funds at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Peru (US dollar) | 8.1 | 100% |
| **Total** | **8.1** | |

#### 7.5.2 SURA Global Real Estate Investment Fund

The SURA Global Real Estate Investment Fund, domiciled in Chile, is a non-callable investment vehicle denominated in USD whose main objective is to obtain capital gains and/or cash flows by investing in real estate funds and/or ETFs. The purpose of this is to invest in stabilized real estate assets that are strategically located in different sectors such as: residential, retail, office, industrial, hotels, among others. Its geographic investment focus is on the United States and Europe. This Fund was started up in January 2022.

At year-end 2022, USD 12.4 million has been disbursed to the strategy, of which USD 1.2 million has been repaid. The book value of the investment came to USD 11.1 million.

**Breakdown of the seed capital invested in the Fondo de Inversión SURA Real Estate Global Real Estate Investment Fund at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | - | 0% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Chile (US dollar) | 11.1 | 100% |
| **Total** | **11.1** | |

### 7.6 Other related investments

#### *7.6.1 FIP Capital Semilla IM Fund*

The FIP Capital Semilla IM was set up in 2022, for the purpose of consolidating SURA Asset Management Chile's Seed Capital investments in Peru. Thus, at the end of 2022, this vehicle consolidated SURA Asset Management Chile's investments in the Global Private Debt Fund of Funds and in the SUAM Capital Estrategia Private Investment Fund (partially).

At year-end 2021, the carrying value of this investment came to USD 8.9 million.

#### *7.6.2 Real Estate Assets in Colombia*

This portfolio includes two real estate investments in Colombia, these being plots of land

- In April 2020, a plot of land was acquired in Medellín for COP 16,500 million (USD 3.4 million), which has an approximate area of 2,600 m2 on which a real estate project is to be developed. The marketing strategy for the asset in question is currently being defined. This land is currently held as part of the Trust, Fideicomiso 1 Sur managed by the Alianza Fiduciaria, where SURA Asset Management Chile S.A. holds a 100% stake. At year-end 2022, total disbursements came to COP 18.500 million (USD 3.8 million) and the equity value of this investment totaled COP 16.700 million (USD 3.5 million).
- In June 2021, in conjunction with Arquitectura & Concreto and FCP SURA Asset Management Desarrollo Inmobiliario, a plot of land was acquired in Bogotá for COP 21,000 million (USD 4.4 million), which has an approximate area of 1,500 m2 and on which an office building is to be developed. The Company is currently waiting to reach a break-even point in terms of its commercialization. This land is currently held as part of the Trust, Fideicomiso Edificio 7.84 managed by SURA Asset Management Chile S.A,through the SUAM Chile Stand-Alone Trust which holds a 23.5% stake. At year-end 2022, total disbursements corresponding to this initiative came to COP 15,825 million (USD 3.3 million) and the equity value of the investment amounted to COP 16.323 million (USD 3.4 million).

**Breakdown of the seed capital invested in the Lote 1Sur and Edificio 7.84 Trust Funds at year-end 2022 (in USD millions)**

| Country (Currency) | Absolute | % |
|---|---|---|
| | 2022 | |
| Chile (Chilean Pesos) | - | 0% |
| Colombia (Colombian Pesos) | 6.9 | 100% |
| Mexico (Mexican Pesos) | - | 0% |
| Peru (New Sols) | - | 0% |
| Others (US dollar) | - | 0% |
| **Total** | **6.9** | |

### 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 2022:

**Free Capital - 2022 (in USD millions)**

| Business unit | Fixed Income Securities | Equity Securities | Cash and banks | Mutual Funds | Total | % |
|---|---|---|---|---|---|---|
| | 2022 | | | | | |
| **Chile** | **5.9** | **0.1** | **87.3** | **71.5** | **164.8** | **68%** |
| Chile CLP | 5.8 | 0.1 | 17.4 | 71.5 | | |
| Chile - USD | 0.1 | 0.0 | 69.9 | 0.0 | | |
| **México** | **18.9** | **0.3** | **1.1** | **0.0** | **20.2** | **8%** |
| México MXN | 18.9 | 0.3 | 0.2 | 0.0 | | |
| Mexico - USD | 0.0 | 0.0 | 0.9 | 0.0 | | |
| **Perú** | **3.7** | **0.0** | **5.6** | **41.3** | **50.6** | **21%** |
| Peru - PEN | 1.2 | 0.0 | 4.5 | 41.3 | | |
| Peru - USD | 2.5 | 0.0 | 1.1 | 0.0 | | |
| **Uruguay** | **6.6** | **0.2** | **0.3** | **0.0** | **7.1** | **3%** |
| Uruguay - UYU | 6.6 | 0.2 | 0.1 | 0.0 | | |
| Uruguay - USD | 0.0 | 0.0 | 0.3 | 0.0 | | |
| **Total** | 14% | 0% | 39% | 46% | | |

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. Discontinued Operations

Based on a strategic review of its business units, SURA Asset Management Mexico decided to exit the Annuities business. In the light of this, we proceeded with separate disclosures for this divested subsidiary. (See Note 41).

This Company is being wound up, although the shareholders meeting approving its winding up has already been held and the corresponding capital has been repatriated, the registration of the aforementioned meeting in the Public Registry of Commerce and its cancellation before the Federal Taxpayers' Registry must be completed.

## 10. Risk Management Notes - Operating Stability and Compliance

### 10.1 Operating Stability Risk

Operating Risk Management is focused on identifying, managing, mitigating and monitoring the different threats to which SURA Asset Management is exposed through its operations, which may cause financial losses or impacts on the Company's reputation. For this reason, the Company continues to develop and promote its operating, information security and cybersecurity risk culture based on self-control, self-management and self-regulation among all its employees and different stakeholders.

In 2022, the Company's risk profile has been maintained at levels within the risk appetite tolerance established by the Board of Directors by identifying and evaluating the risks relating to the value and supplier chains in terms of products and/or services, in addition to ensuring the corporate monitoring of the risks identified in strategic projects and decisions taken to mitigate these in order to ensure the success of the projects involved. Also, identifying and analyzing the risks arising within the Company's own environment that could impact its business continuity and testing the continuity plan in accordance with the defined control mechanisms in order to guarantee the connectivity and stability of our technological operations; and continuing to deploy measures aimed at an in-depth analysis and evaluation of fraud on corporate level.

**10.2 Information Technology and Security and Cybersecurity Risks**

At SURA Asset Management, the handling and treatment of our technological, information security and cybersecurity risks continue to be subject to a strategic risk approach, considering that the corresponding impact, should these arise, could well cause operating, financial and reputational losses for the Company. In 2022, the Corporate Information Security and Cybersecurity Model was reinforced by modernizing the Governance and Work Framework so as to develop the necessary capabilities and mitigate the risks faced by the Company as arising from the global threat landscape together with the requirements regarding the Company's development and operations. As well as evaluating the objective maturity in the short, medium and long term on the framework that includes global standards in terms of Information Security, thus providing greater continuity to protecting information assets against emerging threats and vulnerabilities that represent a latent risk for the Company.

In 2022, structured work commenced on the Company’s operating efficiencies by unifying regional suppliers and the scope offered by its cybersecurity services in order to to standardize (i) the handling and monitoring of corporate information security and strengthening control mechanisms, (ii )the continuous monitoring for protecting technological and information assets; and (iii) expanding the coverage over our threat intelligence and vulnerability management function for mitigating the risk of leakage, information hijacking, identity theft, unavailability of services, and the improper use of information and fraud.

In 2022, the Company´s regional coverage policy was renewed, which addresses claims for information security risk events with regard to our digital assets,brand, cybersecurity events and the availability of technological systems and services.

**10.3 Regulatory 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 adopted by each Company. 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.

Fines exceeding the sum of twenty thousand United States dollars (USD 20,000) are shown below. In 2022, three (3) such fines in excess of this amount were imposed, as shown below:

**Regulatory Compliance - Significant Sanctions and Fines Paid in 2022 (in USD)**

| Country | Amount (in USD) | Quantity |
|---|---|---|
| Peru | 23,738.72 | 1 |
| Perú | 97,795.28 | 1 |
| Perú | 96,587.93 | 1 |

* Corresponding to fines paid during the reporting period.

The observations that gave rise to the aforementioned sanctions have been duly addressed, with action plans being drawn up and controls and initiatives deployed to avoid any repetition of such.

**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, governance 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 48 - Additional Information**

***Personnel Structure***

The following is a breakdown of the staff employed by SURA Asset Management S.A. and Subsidiaries

| Year ended December 31, 2022 | Number of persons employed at year-end | | |
|---|---|---|---|
| | Men | Women | Total |
| Senior Management | 43 | 24 | 67 |
| Administrative Personnel | 1,681 | 1,992 | 3,673 |
| Sales Personnel | 1,168 | 2,155 | 3,323 |
| **Total** | **2,892** | **4,171** | **7,063** |

| Year ended December 31, 2021 | Number of persons employed at year-end | | |
|---|---|---|---|
| | Men | Women | Male employees |
| Senior Management | 36 | 18 | 54 |
| Administrative Personnel | 1,309 | 1,365 | 2,674 |
| Sales Personnel | 1,206 | 2,001 | 3,207 |
| **Total** | **2,551** | **3,384** | **5,935** |

***Information regarding the Parent Company's governing bodies***

For the year ended December 31, 2022, 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 2022:

- Fees to be paid on a bimonthly basis to the principal members of the Board of Directors: USD 5.775
- Fees for attending ordinary or extraordinary Board Committee meetings USD 2.887

Total paid in 2022 came to COP 1,238,042 or USD 291.

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 49 - Events Occurring After The Reporting Period**

**Change in the strategic focus for the voluntary savings business**

In the last few months of 2022, Sura Asset Management decided to merge the Investment Management and Inversiones Sura business units, both focused on voluntary savings (the former more oriented towards institutional clients and the latter to retail clients). The new business unit shall be called SURA INVESTMENTS.

For this purpose, the Company is drawing up a business plan that will involve a different grouping of operating segments, as well as new organizational structures for operating the business with more specific strategic focuses based on the level of business development in each country, thus accelerating the profitability of SURA Asset Management's savings business.

While some decisions have been made regarding the organizational structure at the end of 2022, the change in segment grouping, potential changes in processes, and strategic communication to the market will be made during the first months of 2023.

**NOTE 50 - Approval for these financial statements**

These financial statements, as issued by SURA Asset Management S.A. and Subsidiaries for the year ended December 31, 2022, were authorized by the Board of Directors, as stated in Minutes No. 83 of a meeting of the Board of Directors held February 28, 2023.