

Separate Financial Statements

Codensa S.A. E.S.P.

For the years ended 31 December 2018 and 2017 and
for the twelve-month period ended 31 December
2018 and 2017, with Statutory Auditor's Report

enel
codensa

Statutory Auditor's Report

To the Shareholders of:

Codensa S.A. E.S.P.

Report on the Financial Statements

I have audited the accompanying separate financial statements of Codensa S.A. E.S.P., which comprise the separate statement of financial position as of 31 December 2018 and the corresponding statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Reporting Standards accepted in Colombia (CFRS); for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; for selecting and implementing the appropriate accounting policies; and for establishing accounting estimates reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these separate financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require me to comply with ethical principles, plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by Management, as well as evaluating the overall presentation of the separate financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the separate financial statements referred to above, taken from books of accounts, present fairly, in all material respects, the financial position of the Company as of 31 December 2018, the results of its operations and cash flows for the year then ended in accordance with the Financial Reporting Standards accepted in Colombia.

Other Matters

The separate financial statements under accounting and financial reporting standards accepted in Colombia of Codensa S.A. E.S.P. as of 31 December 2017, which are part of the comparative information of the accompanying separate financial statements, were audited by me, in accordance with auditing standards generally accepted in Colombia, on which I expressed my unqualified opinion on 15 February 2018.

Other Legal and Regulatory Requirements

Based on the scope of my audit, I am not aware of any circumstance indicating failure to comply with the following Company obligations: 1) keeping Minutes, Shareholders and accounting books, according to legal norms and the accounting technique; 2) performing its activities according to the bylaws and decisions of the Shareholders' Meeting and the Board of Directors, as well as the norms relative to integral social security; and 3) keeping correspondence and account vouchers. Additionally, there is consistency between the separate financial statements hereto and the accounting information included in the management report prepared by the Company's Management, which includes the Management's certification regarding the free circulation of endorsed invoices issued by vendors or suppliers. The report corresponding to the requirements of article 1.2.1.2 of Decree 2420 of 2015 was issued separately on 21 February 2019.



Angela María Guerrero Olmos

Statutory Auditor

Professional License 104291-T

Appointed by Ernst & Young Audit S.A.S. TR-530

Bogota D.C., Colombia

21 February 2019

Codensa S.A. E.S.P.

Statement of Financial Position – Separate

(Thousands of pesos)

	Note	As of 31 December 2018	As of 31 December 2017
Assets			
Current Assets:			
Net cash and cash equivalents	4	\$ 633.939.201	\$ 548.070.988
Net other current financial assets	5	695.199	20.078.611
Other current non-financial assets	6	14.080.329	5.812.608
Net commercial accounts receivable and other receivables	7	607.103.818	518.146.366
Current accounts receivable from related entities	8	17.397.859	16.624.900
Net inventories	9	119.939.172	93.794.805
Assets held for sale	10	18.917.654	-
Total current assets		1.412.073.232	1.202.528.278
Non-current assets:			
Net Other non-current financial assets	5	18.886	27.660
Other non-current non-financial assets	6	15.343.312	14.035.258
Net commercial accounts receivable and other receivables	7	53.102.674	93.089.428
Investments in subsidiaries, joint ventures and associates	11	5.065.965	2.276
Net intangible assets other than capital gains	12	229.029.119	158.176.554
Net Property, plant and equipment	13	5.110.031.961	4.716.326.295
Total non-current assets		5.412.591.917	4.981.657.471
Total assets		6.824.665.149	6.184.185.749
Liabilities and equity			
Current liabilities:			
Other financial liabilities	15	507.358.599	334.820.847
Commercial accounts payable and other payables	16	1.181.561.548	1.030.149.051
Accounts payable to related entities	8	265.550.455	123.544.915
Provisions	17	33.531.258	8.473.708
Taxes payable	19	69.999.930	91.384.638
Provisions for employee benefits	18	63.814.230	72.112.889
Liabilities held for sale	10	12.453.350	-
Other non-financial liabilities	20	8.160.165	8.716.178
Total current liabilities		2.142.429.535	1.669.202.226
Non-current liabilities:			
Other financial liabilities	15	1.597.038.007	1.502.255.612
Provisions	17	9.509.067	50.056.695
Net deferred tax liabilities	14	5.507.156	19.649.837
Provisions for employee benefits	18	283.208.814	261.120.766
Other non-financial liabilities	20	19.135.216	33.081.908
Total non-current liabilities		\$ 1.914.398.260	\$ 1.866.164.818
Total liabilities		\$ 4.056.827.795	\$ 3.535.367.044

Codensa S.A. E.S.P.
Statement of Financial Position – Separate (Continued)

(Thousands of pesos)

	Note	As of 31 December 2018	As of 31 December 2017
Equity			
Issued capital	21	\$ 13.487.545	\$ 13.487.545
Issue premiums		190.553.196	190.553.196
Other reserves	21	233.148.856	236.340.012
Other comprehensive income		(75.002.270)	(58.196.019)
Net income		608.640.849	623.485.951
Retained earnings		311.011.501	123.965.716
Retained losses		(37.859.236)	(37.859.236)
Retained earnings due to transition to CFRS		31.681.781	31.681.781
Retained earnings due to conversion to CFRS		1.756.025.883	1.789.210.510
Equity effect business combination		(263.850.751)	(263.850.751)
Retained earnings		2.405.650.027	2.266.633.971
Total equity		2.767.837.354	2.648.818.705
Total liabilities and equity		\$ 6.824.665.149	\$ 6.184.185.749

The accompanying notes are an integral part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.



David Felipe Acasta Correa
 Legal Representative



Luz Dary Sarmiento Quintero
 Public Accountant
 Professional Card 65450-T



Angela María Guerrero Olmos
 Statutory Auditor
 Professional Card 104291-T
 Appointed by Ernst & Young Audit S.A.S. TR-530
 (Refer to my report dated 21 February 2019)

Codensa S.A. E.S.P.

Income Statement, by Nature – Separate

(Thousands of pesos, except earnings per share)

	Note	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Income from ordinary activities	22	\$ 5.038.609.808	\$ 4.520.055.651
Other operating income	22	21.198.860	21.516.127
Total income from ordinary activities and other operating income		5.059.808.668	4.541.571.778
Provisioning and services	23	(3.048.201.524)	(2.562.136.895)
Contribution margin		2.011.607.144	1.979.434.883
Works for fixed assets		79.538.010	54.562.582
Personnel expenses	24	(203.889.155)	(183.501.743)
Other operating expenses	25	(330.299.569)	(300.419.446)
Gross operating profit		1.556.956.430	1.550.076.276
Depreciations and amortisations	26	(354.627.483)	(313.504.221)
Impairment losses (Reversal)	26	(40.896.882)	(9.174.751)
Operating profit		1.161.432.065	1.227.397.304
Financial revenues		35.336.181	30.425.572
Financial expenses		(201.115.058)	(193.185.738)
Exchange difference		(4.855.282)	(1.899.740)
Financial earnings	27	(170.634.159)	(164.659.906)
Earnings from other investments	28	64.006	69
Earnings from sale and disposal of assets	29	(12.457.615)	(11.238.857)
Earnings before taxes		978.404.297	1.051.498.610
Income tax expense	30	(369.763.448)	(428.012.659)
Net income		\$ 608.640.849	\$ 623.485.951
Basic and diluted earnings per share			
Basic and diluted earnings per share in on-going operations	31	\$ 4.464,40	\$ 4.578,41
Weighted average number of outstanding common shares		134.875.450	134.875.450

The accompanying notes are an integral part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Acosta Correa
 Legal Representative


Luz Dary Sarmiento Quintero
 Public Accountant
 Professional Card 65450-T


Ángela María Guerrero Olmos
 Statutory Auditor
 Professional Card 104291-T
 Appointed by Ernst & Young Audit S.A.S. TR-530
 (Refer to my report dated 21 February 2019)

Codensa S.A. E.S.P.

Statement of Comprehensive Income – Separate

(Thousands of pesos)

Note	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Net income	\$ 608.640.849	\$ 623.485.951
Components of other comprehensive income not reclassified to earnings before taxes		
Gain (loss) on new measurements of defined benefit plans	(24.620.805)	9.058.500
Losses in new measurements of financial instruments measured at fair value through OCI	(8.774)	(15.441)
Other comprehensive income not reclassified to earnings before taxes	(24.629.579)	9.043.059
Components of other comprehensive income reclassified to earnings before taxes		
Gain (loss) due to cash flow hedges	(20.043)	15.314
Other comprehensive income reclassified to earnings before taxes	(20.043)	15.314
Income tax relative to components of other comprehensive income not reclassified to net income		
Effect of taxes on new measurements of defined benefit plans	7.835.955	(3.426.791)
Total income tax relative to components of other comprehensive income not reclassified to net income	7.835.955	(3.426.791)
Income tax relative to components of other comprehensive income reclassified to net income		
Effect of taxes on cash flow hedges	7.416	(5.524)
Total income tax relative to components of other comprehensive income reclassified to net income	7.416	(5.524)
Total other comprehensive income	(16.806.251)	5.626.058
Total comprehensive income	\$ 591.834.598	\$ 629.112.009

The accompanying notes are an integral part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Acosta Correa
 Legal Representative


Luz Dary Sarmiento Quintero
 Public Accountant
 Professional Card 65450-T


Ángela María Guerrero Olmos
 Statutory Auditor
 Professional Card 104291-T
 Appointed by Ernst & Young Audit S.A.S. TR-530
 (Refer to my report dated 21 February 2019)

Codensa S.A. E.S.P.

Statement of Changes in Equity – Separate

(Thousands of pesos)

	Reserves					Other comprehensive income				
	Issued capital	Issue premium	Legal reserve	Occasional reserve	Total reserves	Cash flow hedges	Gains and losses on new measurements of financial instruments	Gains and losses due to defined benefit plans	Accumulated earnings and profits	Total equity
Initial equity as of 01-01-2017	\$ 13.487.545	\$ 190.553.196	\$ 26.454.481	\$ 170.987.380	\$ 197.441.861	\$ 2.837	\$ 8.041	\$ (63.832.955)	\$ 2.208.517.028	\$ 2.546.177.553
Changes in equity	-	-	-	-	-	-	-	-	-	-
<i>Net income</i>	-	-	-	-	-	-	-	-	623.485.951	623.485.951
<i>Other comprehensive income (Note 32)</i>	-	-	-	-	-	9.790	(15.441)	5.631.709	-	5.626.058
Comprehensive income	-	-	-	-	-	9.790	(15.441)	5.631.709	623.485.951	629.112.009
Declared dividends	-	-	-	-	-	-	-	-	(526.470.857)	(526.470.857)
Increases (decreases) due to other changes, equity	-	-	-	38.898.151	38.898.151	-	-	-	(38.898.151)	-
Total increase (decrease) in equity	-	-	-	38.898.151	38.898.151	9.790	(15.441)	5.631.709	58.116.943	102.641.152
Final equity as of 31-12-2017	\$ 13.487.545	\$ 190.553.196	\$ 26.454.481	\$ 209.885.531	\$ 236.340.012	\$ 12.627	\$ (7.400)	\$ (58.201.246)	\$ 2.266.633.971	\$ 2.648.818.705
Changes in equity	-	-	-	-	-	-	-	-	-	-
<i>Net income</i>	-	-	-	-	-	-	-	-	608.640.849	608.640.849
<i>Other comprehensive income (Note 32)</i>	-	-	-	-	-	(12.627)	(8.774)	(16.784.850)	-	(16.806.251)
Comprehensive income	-	-	-	-	-	(12.627)	(8.774)	(16.784.850)	608.640.849	591.834.598
Declared dividends	-	-	-	-	-	-	-	-	(439.631.322)	(439.631.322)
Increases (decreases) due to other changes, equity (Note 21)	-	-	-	(3.191.156)	(3.191.156)	-	-	-	(29.993.471)	(33.184.627)
Total increase (decrease) in equity	-	-	-	(3.191.156)	(3.191.156)	(12.627)	(8.774)	(16.784.850)	139.016.056	119.018.649
Final equity as of 31-12-2018	\$ 13.487.545	\$ 190.553.196	\$ 26.454.481	\$ 206.694.375	\$ 233.148.856	\$ -	\$ (16.174)	\$ (74.986.096)	\$ 2.405.650.027	\$ 2.767.837.354

The accompanying notes are an integral part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Acosta Correa
 Legal Representative


Luz Dary Sarmiento Quintero
 Public Accountant
 Professional Card 65450-T


Angela María Guerrero Olmos
 Statutory Auditor
 Professional Card 104291-T
 Appointed by Ernst & Young Audit S.A.S. TR-530
 (Refer to my report dated 21 February 2019)

Codensa S.A. E.S.P.

Statement of Cash Flows, Direct Method - Separate

(In thousands of pesos)

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Cash flows from (used in) operating activities:		
Types of collections by operating activity		
<i>Collections from sales of goods and services</i>	\$ 4.833.235.106	\$ 4.459.778.207
<i>Collections from royalties, fees, commissions and other revenues from ordinary activities</i>	115.737.594	110.598.534
<i>Other collections from operating activities</i>	1.963.191.591	1.841.605.935
Types of cash payments from operating activities		
<i>Payments to vendors for supply of goods and services</i>	(3.439.467.073)	(2.825.877.909)
<i>Payments to and on behalf of employees</i>	(160.771.770)	(161.325.243)
<i>Payments of bonuses and compensations, annuities and other benefits of subscribed policies</i>	(4.443.028)	(3.567.878)
<i>Other payments for operating activities</i>	(1.652.538.787)	(1.799.745.506)
Reimbursed income tax (paid)	(381.415.101)	(400.390.282)
Other cash inflows (outflows)	(63.614.090)	(73.394.351)
Net cash flows from operating activities	1.209.914.442	1.147.681.507
Cash flows from (used in) investment activities:		
Cash flows used to obtain control of subsidiaries or other businesses		
	(5.000.000)	-
Other collections for the sale of equity or debt instruments of other entities	132.000.000	7.500.000
Other payments to acquire equity or debt instruments from other entities	(112.000.000)	(27.500.000)
Loans to related entities	-	(46.808.489)
Purchase of property, plant and equipment	(908.955.183)	(734.714.575)
Payments from futures, forwards, option and swap contracts	(153.978)	(310.588)
Collections from related entities	-	46.808.489
Interests received	10.345.929	12.777.040
Net cash flows used in investment activities	(883.763.232)	(742.248.123)
Cash flows from (used in) financing activities:		
Amount from issue of bonds	555.000.000	630.000.000
Amount from short-term loans	-	100.000.000
Loans from related entities	81.000.000	-
Dividends paid	(424.769.587)	(550.181.269)
Interests paid	(146.710.355)	(122.056.627)
Bank loan payments	(39.782.607)	(139.782.607)
Bond loan payments	(261.660.000)	(391.500.000)
Payments of finance lease liabilities	(3.360.448)	(3.489.265)
Net cash flows used in financing activities	(240.282.997)	(477.009.768)
Net increase (decrease) in cash and cash equivalents	85.868.213	(71.576.384)
Cash and cash equivalents initial balance	548.070.988	619.647.372
Cash and cash equivalents final balance	\$ 633.939.201	\$ 548.070.988

The accompanying notes are an integral part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been accurately taken from the Company's accounting books.


David Felipe Acosta Correa
 Legal Representative


Luz Dary Sarmiento Quintero
 Public Accountant
 Professional Card 65450-T


Ángela María Guerrero Olmos
 Statutory Auditor
 Professional Card 104291-T
 Appointed by Ernst & Young Audit S.A.S. TR-530
 (Refer to my report dated 21 February 2019)



Content

1. Overview	12
2. Bases for Presentation	15
3. Accounting Policies	20
4. Cash and Cash Equivalents	50
5. Other Financial Assets.....	51
6. Other Non-Financial Assets	52
7. Commercial Accounts Receivable and Other Receivables, Net	53
8. Balances and Transactions with Related parties	58
9. Net inventories	63
10. Non-current assets and liabilities held for sale	64
11. Investments in Subsidiaries, Joint Ventures and Associates	65
12. Net Intangible Assets Other than Capital Gains	65
13. Net Property, Plant and Equipment	68
14. Net deferred taxes.....	73
15. Other Financial Liabilities.....	76
16. Commercial accounts payable and other payables.....	83
17. Provisions	84
18. Provisions for employee benefits	94
19. Taxes payable	98
20. Other non-financial liabilities.....	100
21. Equity	102

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

22. Revenues from ordinary activities and other operating revenues	105
23. Provisioning and Services.....	109
24. Personnel expenses	110
25. Other fixed operating expenses	110
26. Expense for Depreciation, Amortisation and Impairment Losses	112
27. Net financial income.....	112
28. Income from Other Investments.....	114
29. Income from the Sale and Disposal of Assets	114
30. Income Tax Expenses	115
31. Earnings per Share	116
32. Other Comprehensive Income	116
33. Assets and Liabilities in Foreign Currency	117
34. Penalties	117
35. Other Insurance.....	118
36. Commitments and Contingencies.....	119
37. Risk Management	121
38. Information on fair value	124
39. Categories of financial assets and financial liabilities	125
40. Subsequent events.....	125
41. Reclassification in the Financial Statements	126
42. Approval of Financial Statements	126





1. Overview

1.1. Economic entity

Codensa S.A. E.S.P. is a public limited company in accordance with the provisions of Act 142/1994. The Company has an indefinite duration.

The Company was organised through public deed No. 4610 of the 36th Notary of Bogota D.C. on 23 October 1997 and registered with the Chamber of Commerce on the same date with No. 00607668, with contributions from the distribution and marketing assets of the Group Energía Bogotá S.A. E.S.P. (formerly Empresa de Energía de Bogotá S.A. E.S.P.), holding 51.32% of shares, and cash contributions of other investors holding 48.48% of shares.

The Company is of Colombian origin, with seat and main headquarters located at Carrera 13A No. 93-66, Bogotá D.C.

Codensa S.A. E.S.P. is a subsidiary of Enel Américas S.A., entity controlled by Enel S.P.A. (hereinafter Enel).

The situation of the Corporate Group registered with the trade register of the Bogot Chamber of Commerce was updated by registration No. 02316803 of book IX of 28 March 2018, without any change being made with respect to the parent company. The situation of the Corporate Group is exercised by the company Enel SpA (parent company) indirectly over the companies Emgesa S.A. E.S.P. and Codensa S.A. E.S.P. through the company Enel Américas S.A.; indirectly on Sociedad Portuaria Central Cartagena S.A. E.S.P. through Emgesa S.A. E.S.P.; indirectly on the company Inversora Codensa S.A. E.S.P. through Codensa S.A. E.S.P.; indirectly on the companies Enel Green Power Colombia S.A.S E.S.P. and El Paso Solar S.A.S. E.S.P. through Enel Green Power S.P.A. On 21 June 2018, through registration No. 1171351, the registry of the Corporate Group was updated in order to include the Enel Foundation and the company Enel X Colombia S.A. E.S.P.

The Company's corporate purpose is the distribution and marketing of electric energy, as well as the execution of all activities related, connected, supplementary and associated to the distribution and marketing of electric energy, the execution of works, designs and consulting in electrical engineering and the marketing of products for the benefit of its customers. The Company may also carry out other activities related to the provision of utilities in general, manage and operate other public utilities, enter into and execute special management agreements with other public utilities, and sell or lend goods or services relative to utilities to other economic agents within the country and abroad.

Additionally, the Company's corporate purpose also includes, among others, offering financing services for goods and services to customers, including the "Crédito Fácil Codensa" credit line, and offering subscriptions and insurance policies, part of which were transferred to Banco Colpatría Red Multibanca Colpatría S.A. as of 27 November 2009.

1.2. Corporate Cooperation Agreements

Included in the credit portfolio sale process of the Codensa Crédito Fácil business and the transfer of the going concern, a Corporate Corporation agreement was entered into with Banco Colpatría Red Multibanca Colpatría S.A., whose main purpose is regulating the terms and conditions between the parties for the promotion, administration, invoicing, and collection of financial services exclusive to the Codensa users of the "Crédito Fácil Codensa" business, and, in general, managing the "Crédito Fácil Codensa" going concern during its 10-year term of operation plus 4 years of dismantling. The basis for remuneration is directly associated with the items of current interests, default interest and management fees accrued. The agreement includes certain indemnity clauses, mainly regarding regulatory changes with the transferred deal, which involves economic sanctions as defined in the agreement.

1.3. Mapfre Seguros Agreement

In July 2010, an agreement was entered into with Mapfre Colombia Vida Seguros S.A. to provide the Company's energy customers access to the market channel in order to allow Mapfre the sale of insurance policies for an eight-year term. On 1 December 2016, Mapfre Colombia Vida Seguros S.A., Mapfre Seguros Generales de Colombia S.A. and Mapfre Servicios Exequiales S.A.S. accepted the new commercial offer made by Codensa whose purpose is to provide the service of promotion, billing and collection of the value of the premiums and instalments of the contracts authorized by Codensa and that Mapfre sells to Codensa's customers, among others. The term of this contract is 8 years.

On 1 February 2017, Mapfre and Codensa signed an addendum on the commercial offer accepted in December 2016, through which the marketing fund constituted with the contribution of Mapfre was eliminated and whose objective was the development of promotional activities that would allow to develop the insurance product commercially. From this moment on, the Company took on promotional activities and advertising displays and, by virtue of this new activity, the percentage of remuneration increased by 6.81% on the collection received.

1.4. Business Combination

Codensa S.A. E.S.P, Empresa de energía de Cundinamarca S.A. E.S.P and Distribuidora Eléctrica de Cundinamarca S.A. E.S.P

On 30 September 2016, by Public Deed No. 4063 of the First Notary Public of the Bogota Circle, registered with the Bogota Chamber of Commerce on the same date, was executed the merger through absorption between Codensa S.A. ESP (absorbing company), Empresa de Energía de Cundinamarca S.A. ESP (hereinafter EEC) and Distribuidora Eléctrica de Cundinamarca S.A. E.S.P.

Such operation was performed after meeting all legally established requirements, including: i) the approval by the shareholders' meetings of the companies involved in the process and the general bondholders' meeting of Codensa, ii) the statement of no objection by the Superintendence of Industry and Trade, as stated in Resolution 16027 of 4 April 4 2016, and iii) authorisation of the merger by the Superintendence of Corporations through Resolution No. 300-002988 of 18 August 2016.

For 2018 and 2017, revenues from ordinary activities and operating costs associated with the Cundinamarca area are an integral part of the operation of Codensa SA. E.S.P.

1.5. Legal and Regulatory Framework

For the implementation of the new framework stipulated by the Constitution, the Household Public Utilities Act (Act 142/1994) and the Electric Act (Act 143/1994) were issued, which defined the criteria and policies that are to govern the provision of household utilities in the country, as well as the procedures and mechanisms for their regulation, control and monitoring.

The Electric Act makes the constitutional approach viable, regulates power generation, transmission, distribution and marketing activities, creates the market and competition environment, and strengthens the sector and the State's intervention. Taking into account the characteristics of each activity or business, as general guidelines for the development of such regulatory framework, it established the creation and implementation of rules that provide for free competition of power generation and marketing activities; while the guidelines for transmission and distribution focused on treating these activities as monopolies, seeking in any event competition conditions wherever possible.



The main institution in the electric energy sector is the Ministry of Mines and Energy, which, through the Mining and Energy Planning Unit (UPME), prepares the National Energy Plan and the Generation-Transmission Expansion Plan. The Commission for the Regulation of Energy and Gas (CREG) and the Superintendence of Household Public Utilities (SSPD) are responsible respectively for regulating and auditing the companies in the sector; furthermore, the Superintendence of Industry and Trade is the national authority that governs competition protection issues.

The electric sector is based on the fact that trading companies and large consumers can negotiate electric energy by means of bilateral agreements. In addition, the sector agents can negotiate energy through a short-term market known as the spot market, which operates freely depending on conditions of supply and demand.

In January 2017, the Regulation Commission-CREG approved the unification of Codensa and EEC markets, for which a single regulated rate applies as of that date for users of the entire market currently served by Codensa.

The integrated market rates Codensa plus EEC were calculated and published on 20 January 2017. Under current regulations, the implementation of this new rate on the invoice starts on 7 February 2017.

The Commission for the Regulation of Energy and Gas (CREG) defines the remuneration methodology of distribution networks. Distribution charges are reviewed every five years and updated monthly according to the Producer Price Index (IPP). These charges include the new replacement value of all assets in operation; the administration, operation and maintenance (AOM) expense, as well as the non-electrical assets used in the distribution business.

The current distribution charges for Codensa were published by the CREG in October 2009.

The current review of regulated distribution charges began in 2013 with the publication of the bases of the remuneration methodology proposed by CREG in Resolution No. 43 of 2013. These bases were complemented with the development of the Purposes and Guidelines for the Remuneration of Distribution Activity for the period 2015-2019 contained in CREG Resolution No. 079 of 2014.

The Regulation Commission issued CREG Resolution No. 95 of 2015, which defines the methodology for calculating the regulated remuneration rate (WACC) for electricity distribution and transmission activities, as well as for the distribution and transportation of natural gas.

In February 2018, the Regulation Commission published CREG Resolution 015 of 2018, which gave a final decision on the Distribution Remuneration Methodology for the new rate period, and determines the remuneration of the existing asset base, as well as the presentation of investment plans, the remuneration of operation and maintenance expenses, and defines the paths of improvement of losses and quality of service.

Subsequently, in response to the comments sent by the agents in July 2018 CREG Resolution 085 of 2018 was issued, which clarifies and corrects some provisions of CREG Resolution 015. It is expected that by 2019, according to the indicative agenda of the CREG, the new charges that were requested from the regulator would be approved in accordance with the aforementioned methodology.

In March 2018, the Commission published CREG Regulation 030 of 2018, regulating the Small-Scale Self-Generation and Distributed Generation activities in the National Interconnected System.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

In September 2018, the Commission published CREG Resolution 114 of 2018, which determines the general principles and conditions that must be met by the mechanisms for the trade of electric power so that their prices are recognized in the component of purchase costs of energy to the regulated user.

2. Bases for Presentation

The Company presents its general-purpose separate financial statements in Colombian pesos and the values have been rounded up to the nearest thousand (COP \$000), except as otherwise indicated.

The separate financial statements include comparative information corresponding to the previous period.

The accounting principles used in its preparation are those described below:

2.1. Accounting Principles

The Company's general-purpose separate financial statements as of 31 December 2018, have been prepared in accordance with the Colombian Financial Reporting Standards (CFRS), which take into account all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the SIC Interpretations, the IFRIC interpretations and the conceptual framework for financial information, as applicable, issued and approved by the International Accounting Standards Board (IASB) as of 31 December 2015, and which were published in Spanish by such organisation in 2016, and incorporated into the Colombian technical accounting framework by Act 1314 of 13 July 2009, regulated by Unified Regulatory Decree 2420/2015, as amended by Decrees 2496/2015, 2131/2016, 2170/2017 and compiled and updated as per Decree 2483/2018.

The Company belongs to Group 1 for adoption according to the definitions of Decrees 2784 of 28 December 2012 and 3024 of 27 December 2013, according to which the Company issued the first comparative financial statements under CFRS as of 31 December 2015.

The general-purpose separate financial statements have been prepared following the going concern principle through the application of the cost method, with the exception, according to the CFRS, of such assets and liabilities registered at fair value.

The preparation of the separate financial statements in accordance with the CFRS requires the use of certain critical accounting estimates. It also requires Management to apply its judgment in the process of applying the accounting policies.

2.2. Accrual Basis of Accounting

The Company prepares its separate financial statements using the accrual basis of accounting, except for cash flow information.

2.3. New Accounting and Financial Reporting Standards Accepted in Colombia with effective application as of 1 January 2019

Decrees 2496 of December 2015, 2131 of December 2016, 2170 of December 2017 and 2483 of December 2018 introduced new standards, modifications or amendments issued or made by the International Accounting Standards Board (IASB) to the International Financial Reporting Standards between 2015 and 2017 to assess their implementation in financial years beginning on or after 1 January 2019, with earlier adoption permitted.





IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaced IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. This standard establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to take into account all leases under a single model in the balance sheet, similar to the accounting for finance leases according to IAS 17. The standard includes two recognition exemptions for lessees: leases of “low value” assets and short-term leases (i.e., leases with a lease term of 12 months or less). On the start date of a lease, a lessee will recognise a right-of-use asset and a liability per lease. The lessees must separately recognise the interest expense of the lease liability and the depreciation expense of the right-of-use asset.

Lessees will also be required to remeasure the lease liability when certain events occur (for example, a change in the term of the lease, a change in future lease payments resulting from a change in an index or rate used to determine the payments). The contract will generally recognise the amount of the new measurement of the lease liability as an adjustment to the right-of-use asset.

The accounting of lessors under IFRS 16 will continue to classify all leases using the same classification principle as in IAS 17, differentiating between two types of lines: operating and finance leases.

IFRS 16, which is effective for annual periods starting 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Company plans to adopt IFRS 16 according to the retroactive model with accumulated effect, recognised from the date of adoption without restating the comparative information. As a practical solution, the Company will choose not to apply the standard to contracts that were not previously identified as containing a lease agreement in accordance with IAS 17 and IFRIC 4.

The Company will choose to use the exemptions proposed by the standard in the lease agreements for which the lease term ends within 12 months from the date of the initial application, and to the lease agreements for which the underlying asset is of low value.

During 2017 and 2018, Management has carried out a detailed evaluation of the basis of contracts for the implementation of IFRS 16. The Company expects to recognise right-of-use assets and financial liabilities in an approximate range of COP \$29,000,000 and \$36,000,000, on 1 January 2019.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

This interpretation refers to the determination of the exchange rate to be used in the initial recognition of an asset, revenue or expense (or part thereof) in the derecognition of non-monetary assets or liabilities related to the advance consideration, the date of the transaction on the date on which an entity initially recognizes said non-financial asset or liability as a result of the advance payment. If there are multiple advance payments, received or delivered, companies must determine the transaction date for each of those payments.

The date of application of this interpretation in the Colombian accounting framework is for periods starting on or after 1 January 2019. The Company does not expect impacts due to the application of this interpretation, given that advance considerations in foreign currency are recognised at the exchange rate of the date of the transaction.

Transfers of Investment Property - Amendments to IAS 40

These amendments make some clarifications for cases in which a company must transfer properties, including properties under construction or investment properties. These amendments establish that a change in use occurs when the property begins to meet or fails to meet the definition of investment property and there is evidence of such change. A simple change in the intention to use the property by Management does not constitute evidence of a change in use. The Companies must apply the amendments prospectively on the changes in use that occur from the period in which these amendments begin to be applied. The Companies must re-evaluate the classification of the property maintained at that date and, if applicable, reclassify it to reflect the conditions existing at that time. This amendment is included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of 1 January 2019. As of the date of these financial statements, the Company has no investment properties.

Classification and Measurement of Share-Based Payment Transactions - Amendments to IFRS 2

These amendments were issued by the IASB in order to respond to three main areas: the effects of the conditions for the irrevocability of the concession in the measurement of share-based payment transactions agreed in cash, the classification of share-based payment transactions with net settlement characteristics for tax withholding obligations and accounting when a modification to the terms and conditions of the share-based payment transactions changes its classification from settled in cash to settled in equity.

In its adoption, companies are required to apply the amendments without re-expressing prior periods, but retrospective application is permitted if eligible for the three amendments and meet other criteria. These amendments are included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of 1 January 2019. As of the date of these financial statements, the Company has no share-based payment transactions.

Amendment to IAS 1: Disclosure Initiative

The IASB issued amendments to IAS 1 “Presentation of Financial Statements”, as part of its main initiative to improve the presentation and disclosure of information in the financial statements. These amendments are designed to encourage companies to apply professional judgment to determine what type of information to disclose in their financial statements.

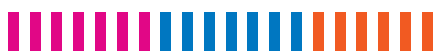
Amendment to IFRS 10, IFRS 12 and IAS 28: Investment Entities, Application of the Consolidation Exception

These amendments, which are restricted in scope to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”, clarify the application of the consolidation exception for investment entities and its subsidiaries. The amendments also reduce the requirements in particular circumstances, reducing the costs of the application of the Standards.

Improvements to IFRS (2015-2017 Cycle)

It corresponds to a series of minor amendments that clarify, correct or eliminate a redundancy in the following standards: IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”. The application is as of 1 January 2019.

IFRS 3 Business Combinations: The amendment clarifies in which cases an entity that obtains control of a business is a joint operation. This clarifies the requirements for business combinations established in stages that include re-measuring the interests previously held in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer re-measures all of its previous interest in the joint operation





IFRS 11 Joint Arrangements: A party that participates in a joint operation but does not have joint control, can obtain joint control of the joint operation in the activity of the joint operation that constitutes a business according to the definitions in IFRS 3. The amendment clarifies that the interests held before carrying out the joint operation are not measured again.

IAS 12 Income Taxes: The amendment clarifies that the consequences of dividends on income tax are related to transactions or past events that generated distributable profits to the owners. Similarly, an entity recognizes the income tax as a result of the gain or loss through profit or loss or other comprehensive income, taking into account the original recognition made by the entity as a result of past events.

IAS 23 Borrowing Costs: The amendment clarifies that an entity treats as part of general loans any loan originally made to develop an asset, contemplating all the activities necessary to prepare that asset for the use intended by management.

Amendment to IFRS 10 and IAS 28: Sale or Contribution of Assets

The amendment corrects an inconsistency between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” with respect to the accounting treatment of the sale and contributions between an investor and its associate or joint venture.

The IASB decided to indefinitely defer the date of effective implementation of this amendment, pending the outcome of its research project on the equity method. The date of application of this amendment has yet to be determined.

2.4. Financial Reporting Standards Not Incorporated into the Accounting Framework Accepted in Colombia, Issued but Not yet Effective

IFRS 17 Insurance contracts

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

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

- » UA specific adaptation for contracts with characteristics of direct participation (variable rate approach).
- » A simplified approach (the premium allocation approach) mainly for short-term contracts.

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

The Company is evaluating the potential effect of this standard in its financial statements.

IFRIC 23 Uncertainty Over Income Tax Treatments

The interpretation addresses the income tax accounting in cases where the tax treatment includes uncertainties that affect the application of IAS 12, and does not apply to taxes that are outside the scope of this IFRIC, nor does it include specific requirements related to interest and sanctions associated with uncertain tax treatments. The interpretation deals with the following:

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

- » When the entity considers uncertain tax treatments separately.
- » The assumptions made by the entity about the examination of tax treatments by the corresponding authorities.
- » The way in which the entity determines the fiscal profit (or fiscal loss), fiscal bases, losses or fiscal credits not used, and fiscal rates.
- » The way in which the entity considers the changes in events and circumstances.
- » A Company must determine whether it evaluates each uncertain treatment separately or in groups, using the approach that best predicts the resolution of uncertainties.

The application date of the established interpretation is for periods beginning on or after 1 January 2019. The Company has no impact due to the application of this interpretation.

Application of IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” - Amendment to IFRS 4

The amendments are intended to resolve issues that arise as a result of the implementation of the new financial reporting standard, IFRS 9, prior to the implementation of IFRS 17 “Insurance Contracts”, which replaces IFRS 4. These amendments introduce two options for entities that issue insurance contracts: a temporary exemption from the application of IFRS 9 and an overlay approach. A company may choose the overlay approach when it adopts IFRS 9 and apply this approach retrospectively to financial assets designated in the transition to IFRS 9. The company will restate the comparative information reflecting the overlay approach, if and only if, it opted to re-express comparative information in the application of IFRS 9.

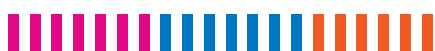
These amendments must be applied retrospectively and have not been introduced into the Colombian accounting framework by means of any decree to date. These amendments are not applicable to the company.

2.5. Relevant Estimates and Accounting Criteria

In the preparation of the Financial Statements, specific estimates have been used by the Company’s Management, the business units, and the supporting areas to quantify some assets, liabilities, revenues, expenses and commitments registered therein.

The estimates basically refer to:

- » Hypotheses used in actuarial calculation of liabilities and obligations with the employees, such as discount rates, mortality rates, salary increases, etc. (See Note 3.2.13)
- » The useful life of property, plant and equipment and intangibles. (See Notes 3.2.7 and 3.2.8)
- » The hypotheses used for the calculation of the fair value of the financial instruments. (See Notes 3.2.1.2 and 3.2.1.3).
- » The expected credit loss from commercial accounts receivable and other financial assets (See Note 3.2.9 (b))
- » Electric energy supplied to customers pending meter reading.
- » Specific magnitudes of the electric system, including those corresponding to other companies, such as production, customer billing, power consumed, etc., which allow to estimate the global liquidation of the electric system that will be materialised in the respective final liquidations, pending billing on the issue date of the Financial Statements and that could affect the balances of assets, liabilities, revenues and costs registered therein.
- » Probability of occurrence and amount of uncertain or contingent liabilities. (See Note 3.2.11)
- » Future disbursements for restorations and dismantling, as well as the discount rates to be used. (See Note 3.2.8).
- » Tax results, which will be declared to the respective tax authorities in the future, which have served as basis for recording the various balances related to income taxes in the current Financial Statements. (See Notes 3.2.12).





These judgments and estimates have been made relying on the best information available on the issue date of these Financial Statements. It is possible that future events will force their change, either upwards or downwards, in future periods, which would be done prospectively, recognising the effects of changes in the judgment or estimates in the respective future Financial Statements.

3. Accounting Policies

3.1. Changes in Policies

IFRS 9 Financial Instruments

As of January 1, 2018, IFRS 9 Financial Instruments became effective, this version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting project for financial instruments: Classification and measurement, impairment and hedge accounting.

IFRS 9 entered into force for annual periods beginning on or after 1 January 2018, with early application permitted; a retrospective application is required, but comparative information is not mandatory. The standard contemplates the exception for hedge accounting, whose requirements are generally applied prospectively, with some limited exceptions.

The Company adopted the new standard on the required date, and in accordance with the guidelines of IFRS 9 for the transition, made its retrospective application and did not express the comparative information; reflecting the impact of the transition on the initial accumulated earnings and profits for the year 2018.

The impacts for each of the relevant topics of this regulation are described below:

(a) Classification and measurement

In general, commercial loans and accounts receivable are maintained to collect the contractual cash flows; and they are expected to generate cash flows that represent only capital and interest payments. The Company analysed the contractual characteristics of the cash flows of these instruments and concluded that they meet the criteria for measuring the amortised cost defined by the new standard. In the specific cases in which sales of financial assets have been made, there has been a substantial transfer of risks and benefits and a corresponding decrease in assets. Therefore, there are no changes in the classification and measurement of these items.

Moreover, equity participations in unlisted companies are intended to be maintained in the foreseeable future and the Company applies the option to present changes in fair value through OCI.

In conclusion, there is no impact on the statement of financial position when applying the classification and measurement requirements of IFRS 9.

(b) Impairment

IFRS 9 requires the Company to record the expected credit losses in all its debt securities, loans and commercial accounts receivable, either for 12 months or for the life of the assets, seeking to recognise the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset; whereas IAS 39 proposed an impairment model focused on losses incurred based on current and past customer behaviour.

Due to the characteristics of the Company's financial assets, in accordance with the guidelines of the Group, the models to be applied were defined as follows:

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Simplified collective model

It is applied in general for the commercial portfolio of the Company, considering the following categories: Residential, Commercial, Industrial, Official, Public Lighting and Other Businesses (VAPS); this model takes as a basis the three-year statistical information, from which it determines the percentages of expected credit loss for each maturity range, multiplying the Probability of Default by the Loss Given Default, these percentages are applied to the balances of the invoiced and estimated commercial portfolio.

The expected credit loss of the commercial portfolio determined by the simplified collective model as of 1 January 2018 is as follows:

Category	Expected credit loss as of 1 January 2018
Industrial	\$ 10.826.594
Residential	7.414.769
Commercial	5.297.210
Official	3.721.613
Public Lighting	1.310.545
Other Businesses (VAPS)	1.088.931
	\$ 29.659.662

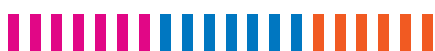
Simplified individual model

This model is applied to the commercial portfolio for customers that, due to their characteristics, require individual analysis, such as the municipalities with which they have agreements and that under the previous regulatory framework had a one hundred percent impairment, special cases such as litigations in progress with the Capital District, some customers that due to their conditions are considered to be at risk of default. In addition, the toll category that fits this methodology was included in this model due to the low number of customers that comprise it.

The expected credit loss is calculated on the balance of the invoiced and estimated portfolio for each counterparty, multiplying it by the Probability of Default (PD) and the Loss Given Default (LGD). See note 3.2.8 (b).

The expected credit loss of the commercial portfolio determined by the simplified individual model as of 1 January 2018 is as follows:

Item	Expected credit loss as of 1 January 2018
Special cases	
Bogota Capital District	\$ 88.080.058
Municipalities	27.762.117
Other energy customers	2.237.971
Other Businesses (VAPS)	1.285.048
Collection Requirement	6.017.803
Toll Category	280.979
	\$ 125.663.976





General collective model

Under this model, all other financial assets other than commercial accounts receivable, which are within the scope of the standard, are evaluated. This model groups the counterparties into four categories defined by the group (public administrations, institutional counterparties, loans to employees and other assets), on which the risk of the other assets is measured collectively.

The expected credit loss is calculated on the balance of each category multiplying it by the Probability of Default (PD) and the Loss Given Default (LGD). See note 3.2.9 (b).

The expected credit loss on the other financial assets determined by the collective general model as of 1 January 2018 is as follows:

Categories	Expected credit loss as of 1 January 2018
Public administrations	\$ 85.989
Institutional counterparties	1.138.358
Loans to employees	247.439
Other assets	7.340.965
	\$ 8.812.751

The impairment impact recognised in the Company's financial statements as a result of the adoption of IFRS 9 is as follows:

Item	Commercial Portfolio	Other Assets	Total As of 1 January 2018
Impairment Under IAS 39	\$ 105.795.436	\$ 8.623.464	\$ 114.418.900
Impairment Under IFRS 9			
Simplified Collective Model	29.659.662	–	29.659.662
Simplified Individual Model	125.663.976	–	125.663.976
General Collective Model	–	8.812.751	8.812.751
Total Impairment IFRS 9	\$ 155.323.638	\$ 8.812.751	\$ 164.136.389
Impact Adoption IFRS 9	\$ 49.528.202	\$ 189.287	\$ 49.717.489

(c) Hedge accounting

The Company determined that all hedge relationships existing as of 1 January 2018 designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9.

The Company has chosen not to retrospectively apply IFRS 9 in the hedge transition. IFRS 9 does not change the general principles of how an entity accounts for effective hedges, therefore the application of the hedging requirements of IFRS 9 does not have a significant impact on the Company's financial statements.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Impacts Summary

In summary, the impact of the transition to IFRS 9 recognised in the Company's financial statements is as follows:

Item in the Statement of Financial Position	Impairment balance as of 31 December 2017	Impairment balance as of 1 January 2018	Impairment of financial assets due to the adoption of IFRS 9
Cash and cash equivalents	\$ 1.044.516	\$ 1.095.642	\$ 51.126
Other current financial assets	-	6.102	6.102
Commercial accounts receivable and other receivables	113.374.384	163.034.645	49.660.261
Total impairment of financial assets	\$ 114.418.900	\$ 164.136.389	\$ 49.717.489
Deferred tax			(16.532.862)
Accumulated earnings and profits			\$ 33.184.627

IFRS 15 Revenue from Contracts with Customers

IFRS 15 aims to provide a single and comprehensive revenue recognition model for all contracts with customers, except for leases, financial instruments and insurance contracts; and improve comparability within industries, between industries and between capital markets; having as a basic principle that an entity recognizes revenues from ordinary activities in a way that represents the transfer of goods or services undertaken with customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled in exchange for said goods or services .

IFRS 15 establishes a model for the recognition of revenue from contracts with customers based on 5 steps, which are:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

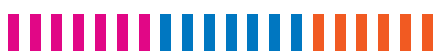
IFRS 15 replaces the following international accounting standards and interpretations: IAS 11: Construction Contracts, IAS 18: Revenue, IFRIC 13: Customer Loyalty Programmes, IFRIC 15: Agreements for the Construction of Real Estate, IFRIC 18: Transfer of Assets from Customers and SIC 31: Revenue-Barter Transactions Involving Advertising Services.

In accordance with the provisions of this standard, the Company made the transition to IFRS 15 as of 1 January 2018, using the modified retrospective approach, which considers the adoption effect on retained earnings and does not restate comparative financial information.

In the process of adopting IFRS 15, the Company has considered the following:

Portfolio approach:

The Company obtains its main income flows from the sale of goods and/or the rendering of services based on the distribution and trade of electric power in the regulated market and related, connected and complementary activities; as well as the sale of products to benefit customers.





The practical solution of paragraph 4 of IFRS 15 allows this standard to be applied to a portfolio of contracts; for this reason, the Company, through the identification of income flows, defined the groups of contracts with customers (Categories) that have similar characteristics in the contractual terms and conditions. These categories were determined using the following types: a) Type of goods or services offered (electricity, value-added services); b) Market typology (regulated, non-regulated); or c) Type of customer (size, type, sector); which following the 5-step model and special topics of IFRS 15, allow the identification of the goods and/or services undertaken in the contracts

Contracts with multiple goods and/or services:

IFRS 15 in paragraphs 26 to 30 provides: a contract with multiple goods and services, when the Company identifies several performance obligations in the transfer of goods and/or services offered to customers, and these are met independently.

The following is a detailed analysis of the different contracts related to the provision of goods and/or services that the Company offers its customers:

Distribution and Trade of Energy, Customers Regulated Market: This is the most significant category and is made up of the uniform conditions contract to which all customers who undertake and comply with the regulatory characteristics to belong to the regulated market are affiliated; the performance obligations identified in this category are: provision of energy service, connection service, reconnections and meter review; which represent different goods or services that are not substantially the same and have different transfer patterns. Therefore, it is considered that the uniform conditions contract presents multiple goods and/or services.

Supply of Public Lighting service with the Bogota District: This category is composed of the contract for the supply and payment of the public lighting service with the Capital District and includes the infrastructure lease service within the scope of other regulations. Two performance obligations have been identified: the provision of the energy service and the maintenance service; consequently, the contract in question contains the provision of two committed services.

Supply of Public Lighting service with Municipalities: Corresponds to contracts for public lighting services and/or infrastructure lease, signed with the municipalities; public lighting infrastructure lease services are under the scope of other standards and the public lighting service under the scope of IFRS 15, consequently two performance obligations have been identified: the provision of the energy service and the service of maintenance; therefore, the aforementioned contract may contain more than one committed service.

Energy transport - Tolls and transmission: This category includes the energy distribution service related to the use of the Company's distribution networks by other sellers, this service is part of Resolution 156 of 2011 issued by the Colombian Commission for the Regulation of Energy and Gas and through which the Selling Regulation of the public electric power service is established, as part of the Operation Regulation. The Company acts as the principal and has identified the use of the distribution network as the only performance obligation and, in this sense, does not present multiple goods and/or services associated with this category.

Business and government services: This category is made up of several contracts signed for the sale of goods and/or the provision of services with business or government customers and presents the following division according to the promised goods or services:

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

- a) **Contract for collaboration and financing of goods and services:** The performance obligation consists in the promotion, origination, administration, billing and collection of exclusive financial services to the users of the Company; therefore, it is not a contract with multiple goods and/or services committed to customers and the Company acts as agent.
- b) **Connection, administration, operation and maintenance:** The identified performance obligations are: i) the supply, testing and start-up of the communications network, ii) the revision of connection designs, construction inspection, assembly, testing and start-up, iii) administration, operation and maintenance of the line module and iv) supervision of the signals of the connection point from the Company's control centre; as a result, multiple goods and/or services are presented that are committed to the customers and that are controlled and satisfied by the Company.
- c) **Commercial offer - commercial mandate management:** The commercial management of products, works and/or services is the only performance obligation; consequently, the contract does not contain multiple goods and/or services committed to customers and the Company acts as agent.
- d) **Collaboration contracts - Insurance:** There is a performance obligation, which is the sale and provision of marketing channels; the Company acts as agent and the contract does not present multiple goods and/or services committed to customers.
- e) **Electrical works:** The identified performance obligations are access to the Company's customers for the provision of electrical work services, the supply of serial material, financing service; in this sense, the contract contains multiple goods and/or services committed to customers; when the Company controls the goods and/or services committed and satisfies performance obligations on its own, it acts as principal, otherwise it acts as agent.
- f) **Insurance and publications:** The following are identified as performance obligations: the promotion, billing and collection services through the billing of public energy service and the delivery of policies and contracts; noting that the contract contains multiple goods and/or services committed to customers, the Company does not control the goods and/or services committed and does not fulfil performance obligations on its own, i.e., acts as agent.
- g) **De-energization manoeuvres:** The performance obligation consists in the provision of the operation service for the de-energization of the networks owned by the Company; therefore, it is not a contract with multiple goods and/or services committed to customers and the Company acts as principal.
- h) **Other electrical works and projects:** Considers as performance obligations the electrical works and projects related to the transfer of high voltage networks and lighting (Graphic design and constructive design of Christmas lighting); as a result, multiple goods and/or services committed to the customers are presented and the Company acts as principal.
- i) **Electrical networks cooperation agreement:** Its performance obligations are electrical works and projects related to the installation, protection, transfer, replacement or relocation of the electrical networks; therefore, the contract does not contain multiple goods and/or services committed to customers and the Company acts as principal.
- j) **Advertising inserts:** The performance obligation is to print, insert and deliver advertising information on the bill; consequently, it is not a contract with multiple goods and/or services committed to the customers and the Company acts as principal.
- k) **Metering equipment:** The performance obligation is the supply of serial material (meters, current and power transformers and seals); in this sense, the contract does not present multiple goods and/or services committed to customers and the Company acts as principal.





Other revenues: This category is comprised mainly of the contracts of operations with related parties and they are considered not to present contracts with multiple goods and services.

Fulfilment of performance obligations:

IFRS 15 in paragraphs 32 and 35 provides that the fulfilment of performance obligations is carried out over time or on a point in time according to the pattern of transfer of control of the goods and/or services committed to customers.

In the analysis performed on the fulfilment of performance obligations of the categories: a) Distribution and trade of energy customers, regulated market, b) Supply of public lighting service with the Bogota district, c) Provision of public lighting service with municipalities, d) Transportation of energy - tolls and transmission and e) Business and government services; The fulfilment of performance obligations is carried out over time, given that customers receive and consume the committed goods or services simultaneously and benefit to the extent that the contracts are executed; except for the sale of metering equipment that is fulfilled on a moment in time with the delivery of these goods.

For the “Other revenues” category, the fulfilment of the associated performance obligations is generally made at a specific time, taking into account that the goods and/or services offered to the customers do not present future commitments.

Variable considerations:

IFRS 15 in paragraph 50 provides that if the consideration promised in a contract includes a variable amount, the Company will estimate the amount of the consideration to which it will be entitled in exchange for the transfer of goods and/or services undertaken with customers.

The following is the analysis of variable considerations made on the categories:

Distribution and Trade of Energy, Regulated Market Customers and Energy Transportation - Tolls and Transmission: The consideration is regulated for the provision of energy service and is reflected net of compensations to customers. For the other performance obligations there are prices of supervised freedom that are published by the Company and are under the supervision of the Superintendence of Household Public Utilities; therefore, there are no variable considerations because the customers linked to these categories do not have valid expectations that are related to: the Company’s commercial practices, its published policies or specific statements; because no discounts are granted, and no returns, refunds, credits, price reductions or other similar elements are generated.

Supply of Public Lighting service with the Bogota District, Supply of Public Lighting service with Municipalities and Business and Government Services: The promised consideration corresponds to the prices offered or negotiated by the Company with customers; therefore, there are no variable considerations as prices are previously agreed upon and discounts, reimbursements, incentives, performance bonuses or other types of benefits that affect the amounts to be received from customers are not granted.

Contracts with amendments:

IFRS 15 in paragraph 18 provides that contracts with amendments are presented when there are changes in the scope or price approved by the parties, which create new rights and obligations required in the contract in exchange for the goods or services offered to customers.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

The Company, with the analysis made to the flow streams and the associated categories, determined that there is no impact, because there are no changes that provide new goods or services or in the prices that are outside the previously agreed or regulated conditions. The changes that were identified are related to the dates of commencement or termination of the contract or prices, without thereby altering the consideration agreed between the parties for the supply of goods and/or the provision of services.

Consideration as Principal or as Agent:

IFRS 15 in paragraphs B34 to B38 provides that when a third party is involved in providing goods and/or services to a customer, the Company must determine whether the commitment to comply with the performance obligation is their responsibility or that of a third party. In the event that the Company controls the goods and/or services undertaken with customers and satisfies itself the performance obligations for the customers, it acts as principal. Otherwise, it acts as agent.

When the Company controls and fulfils performance obligations with customers, it acts as principal and recognizes as revenue the gross amount of the consideration which it expects to be entitled to in exchange for the transferred goods and/or services. When a third party is in charge of the control and fulfilment of performance obligations; the Company acts as agent and recognizes the revenue for the net amount of the consideration it is entitled to.

Contract costs:

IFRS 15 in paragraphs 91 to 98 allows an asset to be recognised for the costs of obtaining or fulfilling a contract.

In the contracts under the scope of this category analysed, the Company determined that it does not incur costs to obtain contracts; therefore, it does not recognize incremental costs for obtaining contracts or for fulfilling contracts.

Concession agreements:

In the contracts analysed there are no concession agreements or possible impacts that arise from them in the adoption of IFRS 15.

According to the analysis made in the implementation of IFRS 15, no changes were determined that affect the current policy of revenue recognition or impacts on the financial statements derived from the adoption.

3.2. Accounting Policies Applicable to General-Purpose Financial Statements

The main accounting policies applied when preparing the accompanying general-purpose separate financial statements are the following:

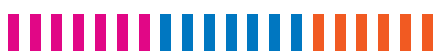
3.2.1. Financial Instruments

3.2.1.1. Cash and Cash Equivalents

This item in the Financial Statement includes cash, bank balances, term deposits and other short-term investments less than or equal to 90 days after the date of investment, with high liquidity rapidly realised in cash and which have a low risk of change in value.

3.2.1.2. Financial Assets

The Company classifies its financial assets in the following measurement categories: measured at fair value and measured at amortised cost. The classification depends on whether the financial asset is a debt or equity instrument.





3.2.1.2.1. Debt Instrument

With IFRS 9 becoming effective as of 1 January 2018, version 2015, the classification of financial assets at amortised cost is maintained and that of financial assets at fair value is extended; the previous version corresponding to 2014 only included financial assets at fair value through profit or loss and the present version adds the classification of financial assets at fair value through other comprehensive income.

(a) Financial Assets at Amortised Cost

A debt instrument is classified as measured at “amortised cost” only if it meets the following criteria: the purpose of the business model of the Company is to keep the asset to obtain contractual cash flows, and the contractual terms give rise, on specified dates, to receiving cash flows that are only principal and interest payments on the unpaid balance.

The nature of the derivatives implicit in a debt investment is taken into account to determine whether the cash flows of the investment are only principal and interest payments on the unpaid balance and, in such event, these are not accounted for separately.

(b) Financial assets at fair value through other comprehensive income

The financial assets held for the collection of contractual cash flows and for selling assets, where the cash flows of the assets represent only payments of principal and interest, and which are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. The movements in the book value are taken through other comprehensive income, except for the recognition of gains or losses due to impairment, interest revenues and exchange gains and losses in the amortised cost of the instrument, which are recognised through profit or loss. When the financial asset is derecognized, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest revenues from these financial assets are included in “interest revenues” using the effective interest rate method.

(c) Financial assets at fair value through profit or loss

Assets that do not meet the requirements for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A loss or gain on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the income statement for the period in which it arises, unless it arises from debt instruments that were designated at fair value or that are not held for trading. Interest revenues from these financial assets are included in “interest revenues” using the effective interest rate method.

3.2.1.2.2. Equity Instrument

All equity instruments are measured at fair value. Equity instruments held to negotiate are measured at fair value through profit or loss. For other equity instruments, the Company can make an irrevocable election in the initial recognition to recognise changes in fair value through other comprehensive income in equity, instead of net income.

3.2.1.2.3. Derivative Financial Instruments and Hedging Activities

Derivatives are recognised at their fair value on the date the contract is executed and are constantly revised at fair value.

If derivative financial instruments are not qualified for recognition through the hedging accounting treatment, they are registered at fair value through profit or loss. Any change in the fair value of the derivatives is immediately recognised in profit or loss as

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

“other gains / losses, net”. If they are designated for hedging, the method to recognise the gain or loss from the changes in the fair value of the derivatives depends on the nature of the risk and the item being hedged.

The Company designates certain derivatives as:

- (a) fair value hedging of recognised assets or liabilities (fair value hedges);
- (b) hedging of a particular risk associated with a recognised asset or liability or a highly probable expected transaction (cash flow hedges); or
- (c) hedging of net investments in an overseas operation (net investment hedges).

The Company documents, at the beginning of the hedging, the relationship of the hedging instruments and the hedged items, as well as their objectives and risk management strategy supporting the hedging transactions. The company also documents its assessment, both at the beginning of the hedge and periodically, on whether the derivatives used in the hedging transactions are highly effective to compensate for the changes in fair values or cash flows of the hedged items.

The total fair value of the derivatives used as hedging is classified as non-current asset or liability when the maturity of the remaining hedged item is greater than 12 months, and classified as current asset or liability when the maturity of the remaining hedged item is less than 12 months. The derivatives that are used for hedging or that are held for negotiation are classified as current assets or liabilities.

(a) Fair value hedging

Changes in fair value of derivatives designated and qualified as fair value hedges are registered in the income statement, and the gain or loss of the hedged item attributable to the hedged risk adjust the book value of the hedged item and is recognised in profit or loss. The gain or loss related to the cash portion of the derivatives is recognised in the income statement as “financial expenses”, as well as the non-cash portion, which is also recognised in the income statement but as “other gains/(losses), net”.

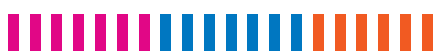
If the hedging no longer meets the criteria to be recognised through the hedging accounting criteria, the adjustment of the book value of the hedged item is amortised in profit or loss using the effective interest method in the remaining period until its maturity.

As of the reporting date, the Company has no fair value hedges.

(b) Cash flow hedging

The cash portion of the changes in fair value of the derivatives designated and qualified as cash flow hedges are recognised through other comprehensive income. The gain or loss relative to the non-cash portion is recognised immediately in the income statement as “other gains/ (losses), net”.

The amounts accrued in net equity are registered in the income statement for the periods on which the hedged item affects them. However, when the foreseen hedged transaction results in the recognition of a non-financial asset, the gains or losses previously recognised in equity are transferred from equity and included as part of the initial cost of the asset. The capitalised amounts are finally recognised in the cost of sales when the products are sold, if dealing with inventory, or in the depreciation, if dealing with property, plant and equipment.





When a hedging instrument expires or is sold, or when it no longer meets the criteria to be recognised through the hedging accounting treatment, any gain or loss accrued in equity on that date is kept in equity and recognised when the projected transaction affects the income statement. When no projected transaction is expected, the accrued gain or loss in equity is transferred immediately to the income statement as “other gains/(losses), net.”

(c) Hedges of a Net Investment in a Foreign Operation

Net investment hedges of operations abroad are accounted for in a similar manner as the cash flow hedges. Any gain or loss of the hedging instrument related to the cash portion of the hedging is recognised through other comprehensive income. The gain or loss related to the non-cash portion of the hedging is immediately recognised in the income statement as “other gains / (losses), net.”

Accrued gains and losses in equity are transferred to the income statement when the operation is sold or partially written-off.

As of the date of these financial statements, the Company has no hedges of investments in a foreign operation.

3.2.1.3. Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss; this classification applies to the derivatives constituted to cover obligations that reflect the strategy that the Company has to cover the market risks associated with the interest rate or the exchange rate.

3.2.1.3.1. Debts (Financial Obligations)

Debts are initially recognised at fair value, net of costs incurred in the transaction.

Debts are subsequently registered at their amortised cost; Any difference between the funds received (net of the costs of the transaction) and the redemption value is recognised in the income statement during the loan period using the effective interest method.

The costs incurred to obtain the debt are recognised as transactions to the extent that it is likely that the debt will be received in whole or in part. In such case, the fees are deferred until the loan is received. If there is no evidence of the likelihood that part or all of the debt will be received, the fees are capitalized as prepaid costs paid for services to obtain liquidity and are amortised in the respective loan period.

Loans are classified in current liabilities, unless the company has the unconditional right of deferring the payment of the obligation at least 12 months from the date of the balance sheet. As of the reporting date, the Company owes debts in bonds and loans; and because they are intangible, the transaction costs have been taken to profit or loss at the time of issuance of the securities.

The costs of general and specific assets are directly attributable to the acquisition, construction or production of suitable assets, which are those required to be substantially used for the expected use or are they added to the cost of said assets until the assets are substantially prepared for their use or sale. Revenues from investments obtained in the temporary investment of resources obtained from specific debts that have not yet been invested on qualified assets are deducted from the costs of interest susceptible of capitalisation. All other debt costs are recognised in the income statement in the period in which they are incurred.

3.2.1.4. Financial Assets and Financial Liabilities with Related Parties

Loans and debts with related parties are initially recognised at the fair value of the transaction plus the directly attributable transaction costs. After the initial recognition, these loans and debts are measured at their amortised cost, using the effective interest method. The amortisation of the interest rate is recognised in the income statement as revenues or financial costs or as other operating revenues or expenses, depending on the nature of the asset or liability that generates it.

3.2.1.5. Commercial Accounts Payable

Commercial accounts payable are payment obligations for goods or services that have been acquired from vendors in the ordinary course of business. Accounts payable are classified as current liabilities if the payment is to be made within a one-year term or less. If the payment is to be made over a period greater than one year, these are then presented as non-current liabilities.

Commercial accounts payable are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

3.2.1.6. Recognition and Measurement

Conventional purchases and sales of financial assets are recognised on the date of negotiation, which is the date when the company undertakes to purchase or sell the asset. Financial assets are written-off when the right to receive cash flows have expired or have been transferred and the company has substantially transferred all risks and benefits inherent to the property.

In the initial recognition, the Company measures financial assets at fair value plus, in the case of a financial asset that is not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition of the financial asset. The financial asset transaction costs that are measured at their fair value through profit or loss are directly accounted for in the profit and loss account.

The gain or loss in a debt instrument that is subsequently measured at its fair value and which is not part of a hedging operation is recognised in profit or loss and presented in the income statement as “other (losses)/gains - net” in the period in which they are accrued.

The gain or loss in a debt instrument that is subsequently measured at its amortised cost and which is not part of a hedging operation is recognised in profit or loss of the period when the financial asset is written-off or impaired through the amortisation process using the effective interest method.

Subsequently, the Company measures all equity instruments at fair value. When Management has opted for presenting unrealised and realised fair value gains or losses, and losses in equity instruments in other comprehensive income, such fair value gains and losses cannot be registered in profit or loss. Dividends from equity instruments are recognised in profit or loss, provided they represent a return on investment.

The Company must reclassify all affected debt instruments if, and only if, its business model for management of financial assets changes.



3.2.1.7. Offsetting of Financial Instruments

Financial assets and liabilities are offset and their net value is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and Management has the intention of liquidating the net amount or realisation of the asset and pay for liabilities simultaneously.

3.2.1.8. Fair Values

The fair values of investments with stock prices are based on their current listed price. If the market for a financial instrument is not active or the instrument is not listed in the stock exchange, the Company establishes its fair value using appropriate valuation techniques depending on the situation. These techniques include the use of values observed in recent transactions performed under the terms of free competition, reference to other instruments that are substantially similar, analysis of discounted cash flows and models of options making the best possible use of market information and relying as reasonably possible on in-house specific data.

3.2.2. Inventories

The stock in inventories includes materials on which the risks and benefits of the property have been acquired; this classification includes materials such as those managed in warehouses of the Company's logistics operator.

The inventories are shown in the current asset of the financial statements, even if accounted for after 12 months, insofar as it is considered that they belonged to the ordinary operating cycle.

The cost of inventories consists of the purchase cost and all costs that are directly or indirectly attributable to the inventory, for example: transport, customs duties, insurance, non-recoverable indirect taxes, etc. and net of discounts, bonuses and premiums of a commercial nature.

The cost is measured in accordance with the weighted average method, which considers the units of an article purchased on different dates and with costs as part of a set in which individual purchases are no longer identifiable but all of them are equally available.

The weighted average cost must include additional charges, for example: sea freight cost, customs duties, insurance etc., chargeable and acquired during the period.

The cost of inventories may not be recoverable if inventories are damaged, partially or totally obsolete, or in some cases due to low turnover.

Obsolete materials are understood as those not expected to be sold or used during the Company's ordinary operating cycle, such as scrap and technologically out-dated materials. Surplus at a stock level that can be considered reasonable, in accordance with the regular use expected in the ordinary operating cycle, are considered of slow movement. Obsolete and slow movement inventories have the possibility of being used or realised, which in some cases represent their cost as scrap sales.

Inventory items that are used in maintenance affect the Company's results.

As of the presentation date of the financial statements, the amount of inventories does not exceed its recoverable amount.

3.2.3. Non-current Assets Held for Sale and Discontinued Activities

The Company classifies as non-current assets those held for sale of property, plant and equipment, intangibles, investments in associates, joined ventures and groups subject to disposal (group of assets that will be sold together with their associated liabilities), relative to which on the closing date of the statement of financial position active processes for their sale have started and it is estimated that such sale is highly likely.

These assets or groups subject to disposal are accounted for at the lowest value of either the book value or the fair value, less costs until the sale, and are no longer amortised or depreciated from the moment they are classified as non-current assets held for sale.

Non-current assets held for sale and the components of groups subject to disposal classified as held for sale are presented in the statement of financial position as follows: Assets on a single line item that reads “Non-current assets or group of assets for disposal, classified as held for sale” and liabilities also on a single line item that reads “Liabilities included in groups of assets for disposal, classified as held for sale.”

In turn, the Company considers discontinued activities the significant and separable business lines that have been sold or have been disposed of by different means, or that meet the conditions to be classified as held for sale, including, in each case, other assets that together with the business line are part of the same sales plan. In addition, discontinued activities are also those entities acquired exclusively for resale purposes.

Gains or losses after taxes of discontinued activities are presented on a single line item of other comprehensive income called “gain (loss) of discontinued operations”

As of the presentation date of these financial statements, the Company classified the small hydroelectric plant PCH Rio Negro as non-current assets held for sale. The Company does not have discontinued activities.

3.2.4. Investments in Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when there is enough power to direct the relevant activities of the subsidiary, which are generally operating and financing activities, for the purpose of obtaining benefits from its activities, and is exposed, or has the right, to the variable yields of the subsidiary.

Investments in subsidiaries are initially recorded at cost and thereafter the equity method is applied in the separate financial statements of the Company, as established in Decree 2420/2015, as complemented by Decree 2496/2015 and as amended by Decrees 2131 of 2016 and 2170 of 2017.

Dividends received from these companies are recorded by reducing the value of the investment and the results obtained by them, which correspond to the Company according to their interest, under the item “Gain (loss) of associates accounted for using the equity method.” The measurement of the equity method is assessed according to the materiality of the figures and taking into account the interest in each subsidiary.

3.2.5. Investments in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence on financial and operating policy decisions, without having control or joint control.



A joint venture is an entity that the Company controls jointly with other participants, where they maintain a contractual agreement that establishes joint control over the relevant activities of the entity. The parties have rights to the net assets of the entity. As of the date of acquisition, the excess of the acquisition cost over the net fair value of identifiable assets, liabilities and contingent liabilities assumed by the associate or joint venture is recognised as goodwill. Goodwill is included in the book value of the investment, is not amortised and is individually tested for impairment.

Joint operation: Arrangement whereby the parties exercising joint control are entitled to the assets and liabilities with respect to the liabilities related to the arrangement.

Joint control: The distribution of the contractually determined control of an agreement, which exists only when decisions on the relevant activities require the unanimous consent of the parties sharing control.

A joint operator will recognise in relation to its interest in a joint operation: (a) its assets, including its interest in jointly held assets; (b) its liabilities, including its share of the liabilities incurred jointly; (c) its ordinary revenues from the sale of its interest in the proceeds of the joint operation; (d) its share of revenues from ordinary activities arising from the sale of the product of the joint operation; and (e) its expenses, including its share of expenses incurred jointly.

As of the issue date of the financial statements, the Company has no investments in associates or registered any goodwill generated on investments in associates and joint ventures or joint arrangements.

3.2.6. Business Combination

In a business combination, the Company records at fair value the assets acquired and liabilities assumed by the subsidiary at the date of control, except for certain assets and liabilities that are recorded in accordance with the measurement principles established in other IFRS. If the fair value of the transferred consideration plus the fair value of any non-controlling interest exceeds the fair value of the subsidiary's net assets acquired, this difference is recorded as goodwill. In the event of a low-priced purchase, the resulting gain is recorded with a credit to profit or loss, after reassessing whether all assets acquired and liabilities assumed have been correctly identified and reviewing procedures used to measure the fair value of these amounts.

For each business combination, the Company chooses whether to measure the non-controlling interests of the acquired company at fair value or at the proportional part of the identifiable net assets of the acquired company. If it is impossible to determine the fair value of all assets acquired and liabilities assumed on the date of acquisition, the company will report the provisional values recorded. During the measurement period, which will not exceed one year from the date of acquisition, the recognised provisional values will be adjusted retrospectively and additional assets or liabilities will also be recognised to reflect new information obtained on facts and circumstances that existed at such date but were not known to Management at that time. In the case of business combinations conducted in stages, at the date of acquisition, a fair value is measured of the interest previously held in the equity of the acquired company and the resulting gain or loss, if any, is recognised in profit or loss.

The acquisition costs incurred are charged to expenses and presented as administrative expenses in the income statement.

3.2.7. Intangible Assets

Intangible assets are recognised initially for their cost of acquisition or production and, subsequently, are valued at net cost of the respective cumulative amortisation and impairment losses that, in each case, have been caused.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Intangible assets are amortised linearly throughout their life, from the moment when they are in usable condition. The Company evaluates in the initial recognition whether the useful life of the intangible assets is defined or indefinite and the amortisation period, which is reviewed at the end of each year.

The criteria for recognising impairment losses of these assets and, in each case, the recovery of impairment losses registered in previous years are explained in the asset value impairment policy.

(a) Research and Development Expenses

The Company applies the policy of recording as intangible assets in the statement of financial position the cost of projects in their development phase, provided that their technical viability and economic profitability are reasonably assured.

Research costs are recognised directly in profit or loss.

(b) Other Intangible Assets

These assets correspond mainly to IT software, right of way and easements. Their accounting recognition is done initially at the cost of acquisition or production and are subsequently measured at net cost of the respective cumulative amortisation and impairment losses that, in each case, have been caused.

Average useful life for amortisation:

Item	Years of estimated useful life	
	2018	2017
Development costs	2	2
Licences	3	3
Easements	50	50
Software	4	4

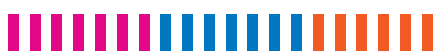
The loss or gain in the derecognition of an intangible asset is determined as the difference between the net amount obtained by its disposal, and the carrying amount of the asset.

As of the date of these financial statements, the Company has no intangible assets with an indefinite useful life.

3.2.8. Property, Plant and Equipment

Property, plant and equipment are initially recognised by their cost of acquisition and are subsequently valued at the net cost of their corresponding accumulated depreciation and impairment losses. In addition, at the price paid for the acquisition of each item, the cost also includes, where appropriate, the following items:

- » The costs of general and specific interests are directly attributable to the acquisition, construction or production of suitable assets, which are those required for a given substantial time before they are ready for the expected use or are they added to the cost of said assets until the time the assets are substantially ready for their intended use or sale. The Company defines substantial period as a term exceeding twelve months. The interest rate used corresponds to the specific financing or, if unavailable, the average financing rate of the company making the investment.
- » Personnel expenses related directly to constructions in progress.
- » Future disbursements that the Company will have to make with respect to the closing of its facilities are incorporated into the asset value for the updated value, recognizing from an accounting standpoint the respective provision for dismantling or restoration. The Company annually reviews its estimates on the aforementioned future disbursements, increasing or decreasing the asset value based on the results of said estimation. (See Note 17).





» Components of property, plant and equipment are the spare parts that meet the recognition characteristics; These spare parts are not part of that material inventory.

Constructions in progress are transferred to assets in operation once the trial period ends, i.e., when they are available for use, after which their depreciation begins.

The costs for expansion, modernising or improvement representing an increase in productivity, capability, efficiency or extension of useful life are capitalised as greater cost of the respective goods.

The substitutions or renovations of complete items that increase the useful life of a good, or its economic capacity, are registered as the greater value of the respective goods, taking the substituted or renewed items out of the accounting.

Periodical maintenance, conservation and repair disbursements are registered directly in the income statement as costs in the corresponding period.

Based on the process of the impairment testing, the Company considers that the book value of the assets does not exceed their recoverable value thereof.

Property, plant and equipment, in this case net of its residual value, is depreciated distributing linearly the cost of the variable components during their estimated useful life, which constitutes the time during which the Company expects to use them. The estimated useful life and residual value are revised periodically and, if applicable, adjusted prospectively. On the presentation date of these financial statements, the Company did not consider significant the residual value of its fixed assets.

Below are the main types of property, plant and equipment, together with their respective estimated useful life.

Types of property, plant and equipment	Interval of years of estimated useful life 2018	Interval of years of estimated useful life 2017
Buildings	20 – 40	20 – 40
Plant and equipment		
<i>Hydraulic plants (*)</i>	-	5 – 80
Distribution plants and equipment		
<i>Substations</i>	20 – 40	20 – 40
<i>High voltage network</i>	20 – 40	20 – 40
<i>Low and medium voltage network</i>	10 – 35	10 – 35
<i>Measurement and tele-control equipment</i>	10 – 20	10 – 20
Finance leases	1 – 3	1 – 3
Other facilities		
<i>Vehicles</i>	5 – 5	5 – 5
<i>Furniture</i>	5 – 10	5 – 10
Fixed installations and accessories	5 – 15	5 – 15
Computer equipment	3 – 15	3 – 15

(*) In October 2018, the Board of Directors approved the start of the sale process of the Small Hydroelectric Power Plant PCH Rio Negro. (See Note 10)

In 2014, the opening of electrical assets such as substations, lines and networks in the accounting system was made, and the remaining average useful life was modified, and was applied as of 1 January 2015.

The change in useful life corresponds to the average of each category, which may vary from one year to the next due to the effect of fully depreciated assets.

Lands are not depreciated as their useful life is undefined.

The gains or losses arising from sales or withdrawals of goods under property, plant and equipment are recognised as other gains (losses) in the comprehensive income, and are calculated by deducting from the sum received from the sale, the net accounting value of the asset and the respective sale costs.

The excess of the tax depreciation over the accounting depreciation generates a tax effect that is registered as a deferred tax liability.

3.2.9. Asset Impairment

(a) Non-financial Assets (Except Inventories and Deferred Tax Assets)

Throughout the period, and essentially on the closing date, an assessment is performed to determine whether there is any indication that an asset could have been subject to impairment loss. Should there be any sign, an estimate is made of the recoverable value of said asset to determine, where applicable, the value of the impairment. If dealing with identifiable assets not generating cash flows independently, the recoverability is estimated for the Cash-Generating Unit (CGU) to which the asset belongs, understanding as such the smaller group of identifiable assets generating independent cash inflows.

In Codensa S.A. E.S.P, two Cash-Generating Units (CGUs) are currently identified: the Distribution assets made up of transmission lines, substations, distribution networks and equipment that jointly provide the service of distributing electricity to final consumers, located in an explicitly limited geographical area; and the Generation assets represented by the small hydroelectric power plant PCH Rio Negro that was received from the Empresa de Energía de Cundinamarca S.A. E.S.P. in the merger process carried out on 1 October 2016. As of the date of these financial statements, the latter was restated at fair value and classified as non-current assets held for sale.

The recoverable value is the greater of the fair value less the cost required for its sale and the value in use, the latter being the current value of estimated future cash flows. To calculate the recovery value of property, plant and equipment, capital gain, and intangible assets, the value in use is the criterion used by the Company in nearly every case.

To estimate the value in use, the Company prepares the projections of cash flows before taxes based on the most recent budget available. These budgets incorporate the best estimates of the Management regarding revenues and costs of the Cash-Generating Units, using sector projections, past experience and future expectations.

These projections generally cover the next 10 years, estimating cash flows for coming years by applying reasonable growth rates, which are neither growing nor exceeding the average long-term growth rates for the respective sector. These flows are deducted to calculate its current value at a rate before taxes, which reflects the business capital costs. This calculation takes into account the current cost of money and risk premiums generally used among business analysts.

In the event the recoverable value of the CGU is less than the net book value of the asset, the respective provision for the impairment loss is registered for the difference, debited to the item "Impairment loss (Reversal)" in the income statement. Said provision is allocated, first, to the added value of the CGU, if any, and then to the other assets that make it up, by prorating on the basis of the accounting value of each of them, with a cap of their fair value less the sales cost, or its use value, with no possibility of a negative value.



Impairment losses recognised in an asset in previous years are reversed when there is a change in the estimates of the recoverable amount, increasing the value of the asset, crediting profit or loss with the cap of the book value that the asset would have had should the accounting adjustment not be made. With respect to capital gain, accounting adjustments that could have been made are not reversible.

(b) Financial Assets

Policy applied for 2017

The Company assesses at the end of each period whether there is objective evidence of impairment on value of a financial asset or group of financial assets measured at amortised cost. A financial asset or a group of financial assets is impaired and the impairment losses have been incurred if there is objective evidence of impairment resulting from one or more events that have occurred after the initial recognition of the asset (a “loss event”), and the loss event (or events) has an impact on future estimated cash flows of the financial asset or group of financial assets that can be reliably calculated.

To determine the need of making an adjustment for impairment on financial assets, the procedure is as follows:

1) For assets with commercial origin, the Company has defined a policy for registering impairment provisions depending on the seniority of the balance due, which is generally applicable, except in cases where there is a special characteristic that makes the specific analysis of collectability advisable.

The Company performed an analysis based on the nature, impairment and payment behaviour by type of portfolio and nature of customers, having established the following impairment percentages:

Energy Portfolio

Type of portfolio	Age	Residential	Commercial	Industrial	Official	Street lighting municipalities
Energy portfolio	<i>1 to 180 days</i>	2,7%	3,4%	4,3%	2,8%	4,5%
	<i>181 to 360 days</i>	32,3%	20,7%	17,7%	38,5%	11,9%
	<i>Over 360 days</i>	100%	100%	100%	77,1%	100%
Agreed portfolio	<i>With 3 or fewer late fees</i>	24,6%	24,3%	42,0%	0,3%	17,9%
	<i>With more than 3 late fees</i>	100%	100%	100%	77,1%	100%
Frozen portfolio	<i>Creditor agreement</i>	100%	100%	100%	100%	100%
	<i>Less than 360 days</i>	77,7%	77,2%	76,9%	96,9%	96,9%
	<i>Over 360 days</i>	100%	100%	100%	100%	100%

The percentage of impairment that will be applied to the portfolio of tolls, distribution areas and unregulated customers is 100% on the portfolio with delinquencies greater than 360 days, and in special cases an analysis will be performed individually as mentioned above.

The analysis of impairment percentages is reviewed every two years.

Other businesses

The following provision percentages will be applied to Codensa's portfolio of services, electrical work, and work for private parties, infrastructure and electricity companies.

Provision	Age
1,42%	Current portfolio - 1 to 30 days
2,96%	Portfolio 31 to 90 days past due
8,15%	Portfolio 91 to 180 days past due
20,48%	Portfolio 181 to 360 days past due
100%	Portfolio over 360 days

The write-off of the portfolio is recognised once there is legal or material certainty of the debt loss. For this write-off to be applicable, the insolvency of the debtors, the lack of real guarantees or any other cause that proves the impossibility to recover the debt with certainty must be demonstrated.

2) In the case of balances receivable with financial origin, the need for impairment is determined through a specific analysis in each case; without there being on the issue date of these financial statements any financial assets overdue for a significant amount without commercial origin.

Policy applied for 2018

As of 1 January 2018, with IFRS 9 becoming effective, the Company determined the expected credit loss on all its debt securities, loans and accounts receivables, either for 12 months or for the useful life of the assets, recognizing the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset.

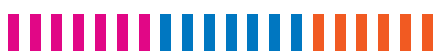
The expected credit loss will be determined periodically applying the models defined by the group as follows:

Simplified collective model

It is applied in general for the commercial portfolio of the Company considering the following categories:

- » Residential
- » Commercial
- » Industrial
- » Official
- » Public Lighting and
- » Other businesses (VAPS)

The model is based on statistical information from three years, from which it determines the percentages of expected credit loss for each maturity range, multiplying the Probability of Default by the Loss Given Default. These percentages are applied to the balances of the invoiced and estimated commercial portfolio.





Under this model, the ratios are dynamic, the percentages applied as of 31 December 2018 are the following:

Categories / Expiry Ranges	0-30 días	31-60 días	61-90 días	91-120 días	121-150 días	151-180 días	>180 días
Residential	0,15%	5,15%	18,81%	37,55%	54,48%	72,26%	82,57%
Commercial	0,23%	7,12%	19,32%	32,13%	44,15%	56,97%	75,99%
Industrial	0,31%	8,72%	19,50%	30,20%	40,54%	53,27%	83,72%
Official	5,37%	24,36%	47,01%	70,48%	79,73%	79,73%	79,73%
Public Lighting	1,29%	5,90%	15,05%	30,11%	56,53%	60,87%	63,93%
Other Businesses (VAPS)	0,01%	10,45%	14,96%	25,26%	25,22%	28,31%	59,75%

Simplified individual model

This model is applied to the commercial portfolio for customers that, due to their characteristics, require individual analysis. In addition, this model considers the category of tolls that is adjusted to this methodology by the low number of customers that comprise it.

The expected credit loss is calculated on the balance of the invoiced and estimated portfolio for each counterparty, multiplying it by following variables.

Probability of Default (PD): Can be provided by an external provider, if available, or by evaluating the financial statements of the counterparty. In case of not having a specific PD by the aforementioned mechanisms, according to the group guidelines, the country rating minus three notches will be used. If there are indications of impairment, they will be reflected in this variable, reaching one hundred percent where appropriate.

Loss Given Default (LGD): The percentage of loss that would be generated if the breach materializes. It is calculated by the difference with the estimated recovery rate. In case of not having a specific LGD, in accordance with the group guidelines, the Basel II model will be used.

General collective model

Under this model, all other financial assets other than commercial accounts receivable, which are within the scope of IFRS 9, are evaluated. This model groups the counterparties into four categories defined by the group:

- » Public administrations
- » Institutional counterparties
- » Loans to employees
- » Other assets

The expected credit loss is calculated on the balance of each category multiplying it by the following variables:

Probability of Default (PD): It is determined in accordance with the group guidelines for each category, considering the Company's rating, the financial entity and the country, in some cases deducting three notches afterwards. If there are indications of impairment, they will be reflected in this variable, reaching one hundred percent where appropriate.

Loss Given Default (LGD): The percentage of loss that would be generated if the breach materializes. It is calculated by the difference with the estimated recovery rate. In case of not having a specific LGD, in accordance with the group guidelines, the Basel II model will be used.

3.2.10. Leases

To determine whether a contract is, or contains, a lease, the Company analyses the economic background of the agreement, evaluating if the performance of the contract depends on the use of a specific asset and if the agreement transfers the right of use of the asset. If both conditions are met, at the beginning of the contract, based on their fair values, payments and considerations related to the lease are separated from those corresponding to other items incorporated in the agreement.

Leases where all risks and benefits inherent to the property are substantially transferred are classified as financial. The rest of the leases are classified as operating.

Financial leases under which the company acts as lessee, are recognised at the beginning of the contract, registering assets according to its nature and liabilities for the same amount and equal to the fair value of the leased good, or at present value of the minimum payments for the lease, should it be less. Subsequently, the minimum payments for the lease are divided between financial expense and debt reduction. The financial cost is recognised as expense and is distributed among the periods that constitute the term of the lease, thus obtaining a constant interest rate in each period on the balance of the debt pending amortisation. The asset is depreciated with the same terms as the rest of similar depreciable assets, should there be reasonable certainty that the lessee will acquire the property at the end of the lease. If there is no such certainty, the asset is depreciated in the shortest of either the useful life of the asset or the lease term.

In the case of operating leases, the instalments are recognised as expense if lessee and as revenues if lessor, linearly during the term of the lease, except if there is another systematic distribution basis that is more representative.

3.2.11. Contingent Provisions, Liabilities and Assets

The existing financial statement of the financial statements of the company, whose amount and type of payment are uncertain, are registered in the statement of financial position value that is estimated as most likely for the company to cancel the obligation.

The provisions are quantified taking into account the best information available on the issue date of the financial statements, related to the consequences of the event, including their cost to be re-evaluated at the subsequent accounting closing.

As part of the provisions, the Company includes the best estimates on risk of civil, labour and fiscal lawsuits; therefore, it is not expected that additional liabilities will be derived therefrom other than those registered. Given the characteristics of the risks covered by these provisions, it is not possible to determine certain payment dates for the estimated obligation. When assessing the probability, the available evidence should be considered, as well as case law and legal evaluation.

The risks of civil, labour and fiscal lawsuits that are considered contingent are disclosed in the notes to the financial statements.

Contingent liabilities are obligations arising from past events, the existence of which is subject to the occurrence or non-occurrence of future events that are not wholly under the Company's control, or present obligations arising from past events, the amount of which cannot be reliably estimated or it is not likely that an outflow of resources will occur for its cancellation. Contingent liabilities are not recorded in the financial statements but are disclosed in notes thereto, except those that are individually included in the purchase price report, made in a business combination, the fair value of which can be reliably determined.





A contingent asset is caused by the occurrence, or non-occurrence, of one or more uncertain events in the future, which are not fully controlled by the company. The likely occurrence of benefits is disclosed and, if the realisation of revenues is almost certain, recognised in the financial statements. The Company will refrain from recognising any contingent asset.

3.2.12. Taxes

Includes the cost of generally mandatory taxes in favour of the State and payable by the Company on account of private calculations that are determined on the taxable basis of the fiscal year, in accordance with tax regulations of national and territorial order governing the locations where the Company operates.

3.2.12.1. Income Tax and Deferred Tax

The income tax expense for the period includes income tax, income tax surcharge and deferred tax, resulting from the application of the type of levy on the period's taxable base, after applying the deductions that are fiscally permitted, plus the variation of assets and liabilities for deferred taxes and tax credits. Differences between the book value of assets and liabilities and their tax base generate the balance of deferred tax assets or liabilities, which are estimated using the tax rates expected to be valid when assets and liabilities are realised, considering for such purpose the rates that at the end of the reporting period have been approved or for which the approval process is close to an end.

The provision for income tax is calculated at the effective rate as of 31 December 2018 of 37%. This rate includes the 33% income tax and the 4% income tax surcharge, using the accrual method, determining it based on the commercial profit adjusted according to current tax regulations in order to properly connect the revenues of the period with their respective costs and expenses, registering the amount of the estimated liabilities.

Deferred tax assets are recognised as a result of all deductible temporary differences, losses and tax credits not used, to the extent that it is likely that there will be future tax gains sufficient to recover deductions for temporary differences and to make tax credits effective, except if the deferred tax relative to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that:

- (a) is not a business combination, and
- (b) at the time it was realised, it did not affect either the accounting guarantee or the tax gain (loss).

With respect to deductible temporary differences related to investment in subsidiaries, associates and joint ventures, deferred tax assets are recognised only if it is likely that the temporary differences will revert in the foreseeable future and if there are tax gains against which the temporary differences can be used.

Deferred tax liabilities are recognised for all temporary differences, except for those derived from the initial recognition of capital gain and those whose origin is from the valuation of investment in subsidiaries, associates and joint ventures, where the company can control their reversion and it is likely that there will be no reversions in a foreseeable future.

Act 1943 of 2018 modified the income tax rate as of taxable year 2019, defining the following rates: 2019 33%, 2020 32%, 2021 31%, 2022 onwards 30%, which apply to the taxable net income obtained each year. The effects of temporary differences that imply payment of a lower or higher income tax in the current year are accounted for as deferred tax credit or debit at the current tax rate when the differences are reversed (33% for 2019, 32% for 2020, 31% for 2021 and 30% for 2022 onwards), provided there is a reasonable expectation that such differences will be reversed in the future and, also for assets, that at that moment sufficient taxable income will be generated.

The income tax expense is accounted for pursuant to IAS 12 “Income Taxes”.

The current tax and the variations in deferred tax assets or liabilities are registered in profit or loss or in Total Equity lines in the statement of financial position, according to where the gains or losses that give rise to them have been registered.

The discounts that can be applied to the amount determined as current tax liability are charged to profit or loss as a “Income tax expense”, except if there are doubts about tax realisation, in which case they are not recognised until their effective materialisation, or if they correspond to specific tax incentives, which will then be registered as grants.

For each accounting close, the registered deferred tax assets and liabilities are reviewed in order to prove that they are in force, making timely corrections thereon in accordance with the results of the aforementioned analysis.

Income tax is presented net, after deducting early payments made and withholdings in favour.

Deferred tax assets and liabilities are presented net in the statement of financial position if there is a legal right to offset current tax assets against current tax liabilities, and only if such deferred taxes are related to income taxes corresponding to the same tax authority.

3.2.12.2. Wealth Tax

Act 1739 of December 2014 created the wealth tax for the years 2015 to 2017 for legal entities. The tax is determined at the rate of 1.15%, 1% and 0.4% for the years 2015, 2016 and 2017, respectively, for assets in excess of \$5,000,000; and is calculated annually on net equity on 1 January of each taxable year minus \$5,000,000.

The legal obligation of the wealth tax is caused for taxpayers who are legal entities as of 1 January 2015, 2016 and 2017.

For the 2018 term, Wealth Tax is not generated in accordance with article 296-2 of the Tax Code, complemented by article 5 of Act 1739 of 2014.

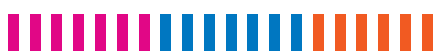
3.2.13. Employee Benefits

(a) Pensions

The Company has commitments related to pensions, both for defined provision and defined contribution, which are managed basically through pension plans. For the defined provision plans, the company registers the expenses corresponding to these commitments based on the accrual criterion throughout the employees’ working life; as of the presentation date of the financial statements, there are actuarial studies calculated with the projected unit credit method; costs for past services corresponding to variations in benefits are recognised immediately and the commitments for defined provision plans represent the current value of obligations accrued. The company does not have assets affected by these plans.

(b) Other Obligations Subsequent to the Workplace Relationship

The Company grants to its employees retired with pension, educational, electric energy and health benefits. The right to these benefits depends usually on the employee having worked until the age of retirement. The costs expected for such benefits are accrued during the employment term, using a methodology similar to that of the defined benefits plans. Actuarial losses and gains arise from adjustments based on experience and changes in actuarial assumptions, and are debited or credited to other comprehensive income in the period they occur. These obligations are measured annually or as required by the parent company, by qualified independent actuaries.





The retroactivity of severance pay, considered as post employment benefits, is paid to employees belonging to the labour regime previous to Act 50/1990 and who decided not to benefit from the regime change, calculating this social benefit for the whole time worked, based on the last earned salary. In the latter case, only a reduced number of employees and actuarial gains and losses derived from adjustments from experience and changes in actuarial assumptions are debited or credited to other comprehensive income.

The Company has implemented voluntary retirement plans that contemplates within the benefits a temporary income for employees who decided to benefit from it and who will qualify for the old-age pension in less than ten years. The obligation for the defined benefits is calculated by independent actuaries using the projected unit credit method.

(c) Long-term Benefits

The Company recognises its active employees with benefits associated to their time of service, such as five-year periods. The costs expected for such benefits are accrued during employment, using a methodology similar to that used for the defined benefit plans.

The actuarial gains or losses arising from adjustments for experience and changes in actuarial assumptions are debited to or credited to profit or loss of the period in which they occur. These obligations are measured annually or as required by the parent company, by qualified independent actuaries.

(d) Benefits of Employee Loans

The Company grants its employees loans at below-market rates, and therefore their present value is calculated discounting future flows at market rates, recognising as early paid benefit the difference between the market rate and the rate granted, through accounts receivable. The benefit is amortised during the term of the loan as the higher value of personnel expenses, and the accounts receivable are updated at the amortised cost, reflecting its financial effect on the income statement.

3.2.14. Fair Value Estimate

The fair value of an asset or liability is defined as the price that would be received for selling an asset or paid for transferring a liability in an arranged transaction among market participants on the date of measurement.

The measurement at fair value supposes that the transaction for selling an asset or transferring a liability takes place in the main market, i.e., the market with the greatest volume and level of activity for the asset or liability. In absence of a main market, the transaction is supposed to take place in the most beneficial market to which the entity has access, i.e., the market that maximises the price that would be received for selling the asset or that minimises the price that would be paid for transferring the liability.

To determine the fair value, the Company uses the measurement techniques that are appropriate for the situation and on which there is sufficient data to make the measurement, maximising the use of relevant observable input data and minimising the use of non-observable input data.

Considering the hierarchy of input data used in the measurement techniques, the assets and liabilities measured at fair value can be classified into the following levels:

Level 1: Quoted price (not adjusted) in an active market for identical assets and liabilities.

Level 2: Input data other than quoted prices that are included in level 1 and which are evident for assets or liabilities, whether directly (i.e., as price) or indirectly (i.e., derived from price). The methods and hypotheses used to determine level 2 of fair values, by type of financial assets or financial liabilities, take into account the estimated future cash flows, deducted with the zero-coupon curves of the type of interest of each currency. All the described measurements are carried out through external tools such as “Bloomberg”.

Level 3: Input data for assets or liabilities that are not based on observable market information (non-observable inputs).

When measuring fair value, the Company takes into account the characteristics of the asset or liability, particularly:

- » For non-financial assets, a measurement of the fair value takes into account the capacity of the market participant to generate economic benefits by using the asset at its highest and best use, or through its sale to other market participants who want to use the asset at its highest and best use.
- » For liabilities and equity instruments, the fair value supposes that the liability will not be liquidated and that the equity instrument will not be cancelled or otherwise extinguished on the measurement date. The fair value of the liability reflects the effect of the default risk, i.e., the risk of an entity failing to meet an obligation, which includes, but is not limited to, the Company’s own credit risk.
- » With respect to financial assets and financial liabilities with offset positions in market risk or credit risk of the counterpart, fair value is measured on a net base, consistent with the way in which market participants could set the price of net risk exposure on the measurement date.

3.2.15. Foreign Currency Conversion

(a) Functional Currency and Presentation Currency

The line items included in the financial statements are valued using the currency of the main economic environment where the entity operates (Colombian pesos).

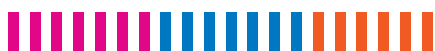
The financial statements are presented in “Colombian pesos,” which, in turn, is the Company’s functional currency and presentation currency. Its figures are expressed in thousands of Colombian pesos, except for the net profit per share and the representative exchange rate, which are expressed in Colombian pesos, while the foreign currency (for example dollars, euros, sterling pounds, etc.) are expressed in units.

(b) Transactions and Balances in Foreign Currency

Company operations in any currency other than its functional currency are registered at the type of exchange rates in force at the time of the transaction. Throughout the year, the differences arising between the type of exchange booked and that in force on the date of collection or payment are registered as exchange differences in the statement of comprehensive income.

In addition, at each year-end closing, the conversion of balances receivable or payable in a currency other than the functional currency for each company is performed at the type of exchange in force on the closing date. The valuation differences produced are registered as exchange differences in the statement of comprehensive income.

Balances denominated in foreign currency are expressed in Colombian pesos at the representative exchange rates as of 31 December 2018 and 2017 of \$3,249.75 and \$2,984.00 for US \$1 and \$3,714.95 and \$3,583.18 for 1 Euro.





3.2.16. Classification of Balance as Current and Non-current

The Company presents in its financial statements the assets and liabilities as current and non-current, after excluding the assets and liabilities available for sale. Assets are classified as current, as the intent is to realise, sell or use them during the Company's ordinary operating cycle or within the 12 months following the reporting period, all other assets are classified as non-current. Current liabilities are those the Company expects to liquidate during the ordinary operating cycle or within the 12 months following the report, all other assets being classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities in all events.

3.2.17. Recognition of Revenues

Policy applied for 2017

Revenues are booked according to the accrual criterion. Ordinary revenues are recognised whenever there is gross inflow of economic benefits generated during the Company's ordinary course of business during the period, provided that such inflow generates an increment in the total equity that is not related to the contributions made by the owners of such equity and those benefits can be valued reliably. Ordinary revenues are measured at fair value of the consideration received or to be received, derived therefrom and booked based on the accrual criterion.

The following criteria are followed for recognition of ordinary revenues:

Distribution and trade of electric energy: revenues are registered in accordance with the amounts of electric energy supplied to the customers during the period, at prices established in the respective contracts or stipulated by the electricity market under the current regulations, as the case may be. These revenues include an estimate of energy supplied but not yet read in the customer's meter.

Ordinary revenues derived from the provision of services are recognised only when they can be estimated reliably and according to the degree of realisation of the service provision on the date of the statement of financial position.

Exchanges or swaps of goods or services for other goods or services of similar nature and price are not considered transactions that generate ordinary revenues.

The Company registers the net amount of purchase or sale agreements of non-financial items that are calculated by the net cash or other financial instrument. Agreements that have been executed and maintained for the purpose of receiving or delivering said non-financial items are registered in accordance with the contractual terms of purchase, sale or use requirements expected by the entity.

Gains or losses derived from changes in the fair value of the category financial assets at fair value through profit or loss are presented in the profit and loss account under Other (losses)/gains- net in the period in which they arise.

Revenues from dividends of financial assets at fair value through profit or loss are recognised in the profit and loss account as part of other revenues upon establishing the Company's right to receive payments. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Revenues (expenses) for interests are accounted for considering the effective interest rate applicable to the principal pending amortisation during the respective accrual period. Exchanges or swaps of goods or services for other goods or services of similar nature and price are not considered transactions that generate ordinary revenues.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

The Company registers the net amount of purchase or sale agreements of non-financial items that are calculated by the net cash or other financial instrument. Agreements that have been executed and maintained for the purpose of receiving or delivering said non-financial items are registered in accordance with the contractual terms of purchase, sale or use requirements expected by the entity.

Gains or losses derived from changes in the fair value of the category financial assets at fair value through profit or loss are presented in the profit and loss account under Other (losses)/gains- net in the period in which they arise.

Revenues from dividends of financial assets at fair value through profit or loss are recognised in the profit and loss account as part of other revenues upon establishing the Company's right to receive payments. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Revenues (expenses) for interests are accounted for considering the effective interest rate applicable to the principal pending amortisation during the respective accrual period.

Policy applied for 2018

As of 1 January 2018 with IFRS 15 becoming effective, the Company applies a recognition model for revenue from contracts with customers based on 5 steps:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The recognition model for revenue from contracts with customers contemplates the following:

(a) Portfolio approach:

In order to identify the goods and/or services promised in contracts with customers, the Company applies the practical solution that allows them to be grouped into "Categories or Clusters" when they have similar characteristics in the contractual terms and conditions.

These categories are determined using the following types: a) type of goods or services offered; b) market typology; or c) Type of customer.

(b) Contracts with multiple goods and/or services:

A contract is established with multiple goods and services when the Company identifies several performance obligations in the transfer of goods and/or services offered to customers, and these are satisfied independently.





(c) Fulfilment of performance obligations:

The fulfilment of the performance obligations according to the transfer pattern of the control of the goods and/or services undertaken with the customers is carried out:

- » Over time.
- » On a point in time.

Performance obligations are met over time when:

- » The customer simultaneously consumes the benefits provided by the performance of the entity as the Company performs them.
- » The Company's performance creates or improves an asset that the customer controls as it is created or improved.
- » The Company's performance creates or improves an asset with an alternative use for it. The Company has the enforceable right to pay the performance it has completed to date.

Revenue is recognised in accordance with the measurement of fulfilment of performance obligations.

The measurement of fulfilment of performance obligations over time is done through two types of methods:

- » Product Methods: They are made based on direct measurements of the goods and/or services undertaken with customers.
- » Resource Methods: They are made in relation to the total expected resources.

(d) Variable considerations:

If the consideration promised in a contract includes a variable amount, the Company will estimate the amount of the consideration to which it will be entitled in exchange for the transfer of goods and/or services undertaken with customers. Where applicable, the value of the considerations will be presented net of the payment to customers.

(e) Contracts with amendments:

These are configured when there are changes in the scope or price approved by the parties, which create new rights and obligations required in the contract in exchange for the goods and services offered to customers.

(f) Consideration as Principal or Agent:

When a third party is involved in providing goods and/or services to a customer, the Company must determine if the commitment to fulfil the performance obligations is their responsibility or that of a third party. In the event that the Company controls the goods and/or services undertaken with customers and satisfies the performance obligations by itself, it acts as principal. Otherwise, it acts as agent.

When the Company controls and satisfies performance obligations with customers, it acts as principal and recognizes as revenue the gross amount of the consideration to which it expects to be entitled to in exchange for the transferred goods and/or services. When a third party is in charge of the control and satisfaction of performance obligations, the Company acts as agent and recognizes the revenue for the net amount of the consideration it is entitled to.

Contract costs:

An asset may be recognised for the costs of obtaining or fulfilling a contract.

Contract Assets and Liabilities:

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

The Company will recognise a contractual asset and a contractual liability to the extent that the following circumstances arise in the supply of goods and services:

- » Contract asset: It is presented as the right that the Company has to a consideration in exchange for the supply of goods and/or services transferred to customers, when that right is conditioned by something other than the passage of time.
- » Contract liability: Corresponds to the obligation of the Company to transfer goods and/or services to customers for which the Company has received a consideration from customers.

3.2.18. Recognition of costs and expenses

The Company recognizes its costs and expenses to the extent that economic events occur in such a way that they are recorded systematically in the corresponding accounting period, independent of the flow of monetary or financial resources. Expenses are made up of disbursements that do not qualify to be recorded as a cost or as an investment.

The costs include purchases of energy, personnel costs or third parties directly related to the sale or provision of services, maintenance of assets, transmission system costs, depreciation, amortisation, among others.

The expenses include taxes, public services, among others. All of them incurred for the processes responsible for the sale or provision of services.

Investments include costs directly related to the formation or acquisition of an asset that requires a substantial period of time to put it in conditions of use and sale.

Personnel costs directly related to the construction of projects, interest costs of the debt to finance projects and overhaul costs that increase the useful life of existing assets, among others, are capitalized as constructions in progress.

3.2.19. Capital Stock

Common shares, with or without preferred dividend, are classified under equity.

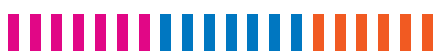
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction of the amount received net of taxes.

3.2.20. Reserves

Registered as reserves are the appropriations authorised by the General Shareholders' Meeting, through profit or loss, to comply with legal provisions or to cover expansion plans or financing needs.

The legal provisions that contemplates the establishment of reserves applicable to the Company is the following:

- » The Code of Commerce requires the Company to appropriate 10% of its annual net profits determined as legal reserve to local accounting standards until the balance of such reserve is equivalent to 50% of the subscribed capital. The mandatory legal reserve cannot be distributed before the Company's liquidation, but it can be used to absorb or reduce annual net losses. The balance of the reserve exceeding 50% of the subscribed capital are freely available for shareholders.
- » Up to 2016, article 130 of the Tax Code, which sets out the appropriation of net profits at 70% of the higher value of tax depreciation over accounting depreciation, calculated pursuant to local accounting standards. This article was repealed by Act 1819 of 2016 in article 376. Therefore, as of 2017, this reserve is not appropriated, but reserves from previous years are maintained.





3.2.21. Earnings per Share

The basic earnings per share is calculated as the quotient between the net gain of the period attributable to Company shareholders and the average weighted number of ordinary outstanding shares in said period, after making the appropriation for preferred dividends corresponding to 20,010,799 shares as of 31 December 2018 of the Group Energía de Bogotá S.A. E.S.P. Preferred dividends have a value of US \$0.10 per share.

3.2.22. Distribution of Dividends

Commercial laws in Colombia stipulate that, once making the appropriations for legal reserve, statutory reserve or other reserves and tax payments, the remainder will be distributed among the shareholders, in accordance with the share distribution project presented by the Company Management and approved by the General Shareholders' Meeting. The dividend payment will be made in cash on the dates set out by the General Shareholders' Meeting to those qualifying as shareholders at the time the payments are payable.

When it is necessary to absorb losses, these will be covered with reserves specially designated for such purpose or otherwise with the legal reserve. Reserves whose purpose is to absorb specific losses cannot be used to cover others, except if so decided by the General Shareholders' Meeting.

As of the year-end closing, the amount of the obligation with the shareholders is determined net of the provisional dividends approved in the course of the period, and it is accounted for under the line item "commercial accounts payable and other payables" and under "accounts payable to related entities"; as applicable, through total equity. Provisional and definitive dividends are registered as the lower value of "total equity" at the time of its approval by the competent body, which in first instance is the Company's Board of Directors, while in the second instance is the General Shareholders' Meeting's responsibility.

3.2.23. Operating Segments

An operating segment is a component of an entity:

- (a) that develops business activities from which it may derive ordinary activity revenues and expenses in expenses (including revenues from ordinary activities and expenses for transactions with other components of the same entity);
- (b) whose operating results are reviewed by the maximum operations decision-making authority, to decide on resources that are to be allocated to the segment and to evaluate their performance; and
- (c) over which there is differentiated financial information.

The Company, for all purposes, in accordance with the guidelines of IFRS 8, has only one operating segment associated with the electric energy business;

4. Cash and Cash Equivalents

	As of 31 December 2018	As of 31 December 2017
Balances in Banks	\$ 617.129.012	\$ 492.194.410
Other Cash and Cash Equivalents	16.760.658	28.018.755
Other Cash and Cash Equivalents (1)	16.824.853	28.018.755
Impairment of cash and cash equivalents (2)	(64.195)	-
Petty Cash	49.531	57.823
Term Deposits (3)	-	27.800.000
	\$ 633.939.201	\$ 548.070.988

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

The detail of cash and equivalent in pesos by currency type presented above is the following:

	As of 31 December 2018		As of 31 December 2017	
Colombian Pesos	\$	563.808.817	\$	476.994.319
U.S. Dollars		70.108.784		71.057.281
Euros		21.600		19.388
	\$	633.939.201	\$	548.070.988

(1) Corresponds to fiduciary commissions and collective portfolios originated in usual operations of additions and decreases made daily by the treasury to these entities, in order to channel the proceeds from collection and arrange them for the management of the Company's short-term liquidity.

Entity	As of 31 December 2018		As of 31 December de 2017			
		EA Rate		EA Rate		
Corredores Asociados	\$	8.674.410	3,12%	\$	25.496.763	5,16%
Credicorp		6.476.532	3,15%		3.886	4,74%
Fiduciaria Bogotá 378		1.360.823	1,40%		1.586.628	1,00%
Fiduciaria Occidente		135.618	3,34%		186.210	5,19%
Alianza Valores		96.288	2,77%		92.906	4,58%
BBVA Fiduciaria		41.894	2,78%		40.321	4,78%
Fondo Abierto Alianza		14.769	2,97%		279.661	4,38%
Valores Bancolombia		10.406	2,57%		116.889	4,44%
Fiduciaria Bogotá		9.724	2,67%		9.467	3,43%
Fondo de inversión BBVA		3.183	3,86%		-	-
Fiduciaria Corficolombiana		1.206	2,73%		206.024	3,98%
	\$	16.824.853		\$	28.018.755	

(2) Corresponds to \$ 64,195 for the implementation of IFRS 9, calculating an impairment in cash and cash equivalents.

(3) Term deposits correspond to certificates of deposit expiring in a term less than or equal to three months from the date of acquisition and accruing market interests for this type of short-term investments, which are listed below:

As of 31 December 2018, the Company does not hold term deposits with maturities of less than 90 days.

As of 31 December 2017:

Entity	Value	Objective	Date of Purchase	Maturity	Term (Days)	EA Rate
GNB Sudameris	\$ 20.000.000	Dividends	17/10/2017	15/01/2018	90	5,60%
Banco Av. Villas	7.800.000	Interest Bonds	16/11/2017	15/02/2018	89	5,30%
Total	\$ 27.800.000					

As of 31 December 2018, there are no restrictions or limitations on cash reflected in the financial statements.

5. Other Financial Assets

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Judicial Foreclosures (1)	\$ 695.199	\$ -	\$ 58.567	-
Investments held to maturity (2)	-	-	20.000.000	-
Financial investments - companies that are unlisted or have little liquidity (3)	-	18.886	-	27.660
Forwards (4)	-	-	20.044	-
	\$ 695.199	\$ 18.886	\$ 20.078.611	\$ 27.660



Codensa S.A. E.S.P. Notes to the Financial Statements – Separate

(Thousands of pesos)

(1) As of 31 December 2018, as a result of foreclosures executed on the Company's bank accounts, a balance of \$695,199 is presented, where 92% corresponds to alleged tax debts of the process advanced by the Municipality of Girardot against Codensa SA ESP according to Official Letter No. 123-14-02- AP-842-2018.

(2) Investments held to maturity correspond to term deposits that mature within three months from their acquisition date and accrue the market interest for these types of investments that are listed below:

As of 31 December 2018, the Company does not have term deposits.

As of 31 December 2017:

Entity	Value	Objective	Date of Purchase	Maturity	Term (Days)	EA Rate
GNB Sudameris	20.000.000	Dividends	12/10/2017	15/01/2018	95	5,60%
Total	\$ 20.000.000					

(3) Corresponds mainly to the following financial investments in unlisted companies:

Share certificates	Economic activity	Common shares	% Interest	As of 31 December 2018	As of 31 December 2017
Electrificadora del Caribe S.A E.S.P (a)	Energy	714.443	0,0014%	12.567	\$ 21.341
Transelca S.A E.S.P	Energy	12.026	0,0665%	4.781	4.781

A decrease originated in the investment in Electricaribe S.A E.S.P. is reflected as a result of the valuation calculated at fair value based on the Company's interest in Electricaribe's equity, this being the most appropriate method for measuring the investment by the conditions of the counterparty; this equity instrument is classified as measured at fair value through other comprehensive income, for \$8,774 and \$15,441 for 2018 and 2017, respectively. This Company was intervened by the Colombian State.

(4) As of 31 December 2017, the Company acquired a forward with BBVA of active valuation for the obligations contracted with Seguros Mapfre, this covers the corporate insurance policies for all material damages.

Below are the main characteristics of said forward:

Underlying	Maturity	Risk factor	Asset notional	Currency	Fixed rate	MTM
Insurance coverage	19/01/2018	Exchange rate	USD 1.258	USD	\$ 2.974,17	\$ 20.044

6. Other Non-Financial Assets

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Prepayments on purchases of goods and services (1)	\$ 11.962.875	\$ -	\$ 4.366.358	\$ -
Employee benefit for loans (2)	1.319.509	15.264.646	1.323.974	13.956.592
Others (3)	717.183	78.666	68.984	78.666
Travel prepayments	80.762	-	53.292	-
	\$ 14.080.329	\$ 15.343.312	\$ 5.812.608	\$ 14.035.258

(1) As of 31 December 2018 and 2017, the composition of this line item corresponds to prepayments for exchange transactions and international energy transactions to XM for \$4,285,630 and \$2,313,103, and for the purchase of goods and services from local creditors for \$7,677,245 and \$2,053,255, respectively.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

- (2) Corresponds to the recognition of the benefit paid in advance of employee loans agreed on at a rate of zero or below market rates, for which reason the Company discounts future flows at the market rate, recognising as benefit paid in advance the difference between the market rate and the granted rate, and amortising them over the term of the loan.
- (3) As of December 31, 2018 corresponds mainly to account receivable from the Superintendence of Household Utilities by judgments of the Council of State in favour of the Company in November 2017. In April 2018, the Superintendence issued correction order on settlements of the special contribution of the year 2014 (contribution settled by the former EEC) for \$605,945.

7. Commercial Accounts Receivable and Other Receivables, Net

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Commercial accounts, gross (1)	\$ 664.562.468	\$ 98.766.103	\$ 601.703.519	\$ 77.533.684
Other accounts receivable, gross (2)	11.979.447	39.045.976	11.216.856	34.077.124
Total commercial accounts and other accounts receivable, gross	676.541.915	137.812.079	612.920.375	111.610.808
Impairment provision commercial accounts	(69.096.829)	(77.226.478)	(94.484.210)	(11.391.503)
Impairment provision other accounts receivable	(341.268)	(7.482.927)	(289.799)	(7.129.877)
Total commercial accounts and other accounts receivable, net	\$ 607.103.818	\$ 53.102.674	\$ 518.146.366	\$ 93.089.428

- (1) As of 31 December 2018, the composition of commercial accounts is as follows:

	Current portfolio	Overdue portfolio			Total current portfolio	Non-current portfolio
		1-180	181-360	>360		
Energy portfolio						
Not- agreed portfolio (a)	\$ 452.477.034	\$ 26.252.749	\$ 9.385.398	\$ 50.819.378	\$ 538.934.559	\$ 65.377.443
Mass customers	181.023.793	8.465.631	2.158.642	12.040.318	203.688.384	-
Large customers	152.987.500	15.434.262	4.520.393	29.611.542	202.553.697	-
Institutional customers (b)	118.465.741	2.352.856	2.706.363	9.167.518	132.692.478	65.377.443
Agreed portfolio (c)	16.803.442	1.090.762	351.974	211.151	18.457.329	13.870.849
Mass customers	4.553.686	464.937	86.317	46.379	5.151.319	860.303
Large customers	6.252.821	625.345	259.081	164.772	7.302.019	3.716.192
Institutional customers	5.996.935	480	6.576	-	6.003.991	9.294.354
Energy portfolio, gross	469.280.476	27.343.511	9.737.372	51.030.529	557.391.888	79.248.292
Energy portfolio impairment	(14.263.378)	(5.448.230)	(7.531.185)	(36.769.364)	(64.012.157)	(76.885.245)
Energy portfolio, net	\$ 455.017.098	\$ 21.895.281	\$ 2.206.187	\$ 14.261.165	\$ 493.379.731	\$ 2.363.047
Supplementary business portfolio and others (d)						
Mass customers	36.931.770	16.637	58.455	468.560	37.475.422	10.269.188
Large customers	57.687.628	2.776.079	1.041.392	3.206.312	64.711.411	9.248.623
Institutional customers	4.983.747	-	-	-	4.983.747	-
Supplementary business portfolio, gross (e)	99.603.145	2.792.716	1.099.847	3.674.872	107.170.580	19.517.811
Supplementary business portfolio impairment	(604.464)	(1.074.479)	(666.765)	(2.738.964)	(5.084.672)	(341.233)
Supplementary business portfolio, net	98.998.681	1.718.237	433.082	935.908	102.085.908	19.176.578
Total commercial accounts, gross	568.883.621	30.136.227	10.837.219	54.705.401	664.562.468	98.766.103
Commercial accounts impairment	(14.867.842)	(6.522.709)	(8.197.950)	(39.508.328)	(69.096.829)	(77.226.478)
Total commercial accounts, net	\$ 554.015.779	\$ 23.613.518	\$ 2.639.269	\$ 15.197.073	\$ 595.465.639	\$ 21.539.625



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)



As of 31 December 2018, the composition of commercial accounts is as follows:

	Current portfolio	Overdue portfolio			Total current portfolio	Non-current portfolio
		1-180	181-360	>360		
Energy portfolio						
Not- agreed portfolio (a)	\$ 407.717.783	\$ 26.217.295	\$ 5.735.046	\$ 79.083.980	\$ 518.754.104	\$ 48.509.984
Mass customers	164.453.132	7.869.673	1.886.337	8.749.411	182.958.553	-
Large customers	160.959.933	13.248.398	3.443.809	25.012.310	202.664.450	-
Institutional customers (b)	82.304.718	5.099.224	404.900	45.322.259	133.131.101	48.509.984
Agreed portfolio (c)	11.961.624	3.978.834	163.219	64.982	16.168.659	12.478.889
Mass customers	3.829.400	374.757	55.406	30.414	4.289.977	803.671
Large customers	5.568.495	1.501.040	107.813	34.568	7.211.916	3.746.580
Institutional customers	2.563.729	2.103.037	-	-	4.666.766	7.928.638
Energy portfolio, gross	419.679.407	30.196.129	5.898.265	79.148.962	534.922.763	60.988.873
Energy portfolio impairment	(6.576.774)	(4.184.583)	(1.681.819)	(77.869.595)	(90.312.771)	(10.596.982)
Energy portfolio, net	\$ 413.102.633	\$ 26.011.546	\$ 4.216.446	\$ 1.279.367	\$ 444.609.992	\$ 50.391.891

	Current portfolio	Overdue portfolio			Total current portfolio	Non-current portfolio
		1-180	181-360	>360		
Supplementary business portfolio and others (d)						
Mass customers	20.682.285	9.063	964	689.070	21.381.382	10.065.910
Large customers	35.309.103	2.430.511	971.578	2.716.770	41.427.962	6.478.901
Institutional customers	3.971.412	-	-	-	3.971.412	-
Supplementary business portfolio, gross (e)	59.962.800	2.439.574	972.542	3.405.840	66.780.756	16.544.811
Supplementary business portfolio impairment	(978.948)	(76.988)	(403.124)	(2.712.379)	(4.171.439)	(794.521)
Supplementary business portfolio, net	58.983.852	2.362.586	569.418	693.461	62.609.317	15.750.290
Total commercial accounts, gross	479.642.207	32.635.703	6.870.807	82.554.802	601.703.519	77.533.684
Commercial accounts impairment	(7.555.722)	(4.261.571)	(2.084.943)	(80.581.974)	(94.484.210)	(11.391.503)
Total commercial accounts, net	\$ 472.086.485	\$ 28.374.132	\$ 4.785.864	\$ 1.972.828	\$ 507.219.309	\$ 66.142.181

(a) As of 31 December 2018 and 2017, corresponds mainly to customer portfolio of the regulated market for \$415,617,761 and \$364,352,232, tolls portfolio \$29,530,725 and \$27,870,432, public lighting portfolio for \$69,005,790 and \$98,420,375 and portfolio of regulatory schemes \$91,887,144 and \$44,438,653, respectively.

From the portfolio specified above, as of 31 December 2018 and 2017, \$81,745,734 and \$101,386,135, respectively, are in the process of being claimed by customers, mainly by the Special Administrative Unit of Public Services (hereinafter UAESP).

The portfolio of the regulatory schemes belongs to the Ministry of Mines and Energy for the deficit in the application of subsidies and contributions to users of electric power service, its balance presents an increase due to the recording of this deficit during the year 2018, and its latest balance validation corresponds to December 2017.

(b) The Company's main institutional customer is the UAESP. As of 31 December 2018 and 2017, the main items subject to claim by the UAESP are described below:

VAT portfolio of public lighting infrastructure

On 14 November 2013, the Company filed a query with the DIAN (the Colombian tax authority) regarding the applicability of Article 19 of Decree 570/1984, to determine the special taxable base for movable property. The DIAN issued a response without solving the request made by the Company. Subsequently, on 4 November 2014, the DIAN issued a new opinion, but failed to define the Company's query and therefore on 16 December 2014, a new query was filed requesting clarification of the opinion.

At the same time, in order to clarify whether the lease of public lighting infrastructure gives rise to VAT, on 5 December 2014 the Company filed a query with the DIAN.

On 6 June 2015, the Company submitted a settlement request with the UAESP to the Attorney General's Office, which was rejected initially arguing that it was not relevant; nonetheless, the corresponding appeal was filed, which was resolved favourably on 1 July 2015, scheduling the settlement hearing for 5 August 2015. The settlement hearing was held on such date, but the parties decided to not settle.

Simultaneously, on 17 June 2015, the claim against the UAESP was filed in order to prevent the Entity from arguing the expiry of the term for filing the claim, were it submitted after the settlement hearing. On 2 October 2015, the Company applied for an injunction aimed at getting the UAESP to pay in advance the outstanding balance, which was rejected by the Third Section of the Cundinamarca Administrative Court, considering that this was resolved in the judgment.

The DIAN, through opinion No. 100202208-0808 of 1 September 2015, decided on the treatment of the VAT on the lease of the public lighting service infrastructure, making it clear that the public lighting service is a household public utility and, hence, it gives rise to VAT. This opinion supports the charge that the Company has been applying to the UAESP.

In compliance with the opinion above and pursuant to the communications issued by the Company to the UAESP, on 5 November 2015 began the billing of current and default interests, calculated on the outstanding balance of this Entity. As of 31 December 2018 and 2017, current interest amounts to \$5,059,734 and default interest amounts to \$1,148,266. Interests have not increased since February 2016, considering that the Company froze the billing of interests as a result of the working groups established jointly with the UAESP.

On 6 October 2016, the Company was notified of the first instance decision issued by the Administrative Court of Cundinamarca on 28 September 2016, which denied the claim filed by the Company with respect to the UAESP's obligation to pay VAT on the lease of the infrastructure for the provision of the public lighting service. The judgment states mainly that: (i) the Company is providing the public lighting service in the District of Bogota and, in as service provider, is responsible for the tax; (ii) in Annex 1 to the agreement of 25 January 2002, the VAT was not included in the liquidation components (a) energy supply, (b) infrastructure lease, (c) administration, operation and maintenance, which means that VAT is included in the service provision cost; and (iii) the denaturalisation of the lease agreement, taking into account that covenant No. 766/1997 does not meet the requirements thereof.

On 21 October 2016, the Company filed with the Court of Cundinamarca the appeal against the judgment issued by said judicial corporation. Subsequently a request for preference of judgment was filed with the Council of State, in order to expedite the appeal, taking into account the importance and impact of the process.

On 17 March 2017, the Company was notified by the Third Section of the Council of State about its acceptance of the appeal against the ruling issued by the Administrative Court of Cundinamarca. In this sense, and in order to expedite the declaration of this instance with respect to the judgment issued, the Company filed a report requesting the priority of the judgment, which was filed on 7 April 2017.





On 4 September 2017, the DIAN, through the opinion No 100202208-0881 addressed to the UAESP, confirms the rule contained in Official Letter No. 025652 of 3 September 2015, which concludes that the public lighting service is not within the exclusion framework provided in article 476 of the tax code, in other words, the public lighting service is not a public household service and therefore no VAT is caused by this service.

On 29 September 2017, the court notified that it will refrain from giving priority to the ruling in the current procedural stage of the process and notified the parties to submit the closing arguments. On 11 October 2017, the Company submitted the closing arguments and on 13 October 2017, the UAESP submitted its arguments.

On 23 October 2017, a report was submitted, providing the opinion in question as part of the evidence of the process, as well as requesting the priority of judgment again.

To date, the UAESP has not paid the VAT for the lease service corresponding to 2015 and earlier, except November and December 2015, which were paid in March 2016 for \$1,987,355. The UAESP also paid the period between January and July 2016 for \$7,104,425; however, as a result of the aforementioned judgment, the UAESP refrained from making payments as of the service billing of August 2016.

Non-current balances as of 2018 and 2017 contain the account receivable in arrears from the UAESP for the VAT of the public lighting infrastructure lease, invoice not collected since July 2013, including interest. This amount corresponds to \$65,377,443 and \$48,509,984, respectively. The variation between the periods in question corresponds to the VAT invoicing made in 2018.

In line with the provisions of IFRS 9, the Company considered that, regardless of the loss percentage established, there are variables that can lead to the existence of a high risk of loss and therefore the decision was made to provision 100% of the portfolio as of December 2018.

- (c) The agreed portfolio corresponds to agreements between the Company and the customers on payment of a given sum, with a deadline and a pre-established interest rate. These agreements are applicable to customers requesting financing on account of electric energy consumption that are in arrears or at risk of not being paid. As of 31 December 2018 and 2017, the short-term portfolio amounts to \$18,457,329 and \$16,168,659, the detail on maturity terms of the non-current portfolio is as follows:

Year	As of 31 December 2018	As of 31 December 2017
Between one and two years	\$ 3.688.275	\$ 3.950.008
Between two and three years	2.130.870	1.808.113
Over three years	8.051.704	6.720.768
	\$ 13.870.849	\$ 12.478.889

- (d) As of 31 December 2018 and 2017, corresponds mainly to works for individuals \$25,828,196 and \$26,772,653, electric works \$26,834,056 and \$27,265,747, infrastructure \$7,453,140 and \$5,314,830, Codensa Services \$16,632,695 and \$12,705,539 and collection orders of \$7,471,144 and \$6,186,810, respectively.

- (e) The supplementary business portfolio corresponds to agreements between the Company and the customers on payment of a given sum, with a deadline and a pre-established interest rate, applicable to customers requesting financing on account of installations, adjustments, fines for losses and other services provided by the Company. The detail on maturity dates of non-current portfolio is as follows:

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Year	As of 31 December 2018	As of 31 December 2017
Between one and two years	\$ 12.042.589	\$ 10.660.896
Between two and three years	5.516.442	4.748.484
Over three years	1.958.780	1.135.431
	\$ 19.517.811	\$ 16.544.811

The increase between 1 January and 31 December 2018 corresponds mainly to the signing of agreements of the Codensa Servicios line, among which are the agreements Uniaguas E.S.P. S.A. for \$2,987,832, Sociedad de Cirugía San Jose Hospital \$1,360,070, Emmanuel Instituto de Rehabilitación \$928,771, Vased \$539,957, Bancolombia \$469,332, Incca University \$465,579, Clinica Chia S.A. \$411,386, Agua del Sinu S.A. E.S.P. \$373,063, Fermín de Santamaría \$357,000, Fidufes Sociedad Fiduciaria \$280,101, Fiduciaria Helm Trust \$246,112, José A Gonzalez M \$232,244 and other lesser amounts.

Portfolio Impairment

With IFRS 9 becoming effective as of 1 January 2018, the expected credit loss is calculated recognizing the impairment in advance from the first day and not waiting for an event that indicates the impairment of the financial asset.

In the implementation, three models defined by the group were adopted:

- » Simplified collective model
- » Simplified individual model
- » General collective model

(See note 3.1 Changes in Policies and note 3.2.9 (b) financial asset impairment policy)

The evolution of portfolio impairment is as follows:

Item	Impairment under IAS 39 as of 31 December 2017	Impairment under IFRS 9 as of 1 January 2018 (i)	Impairment under IFRS 9 as of 31 December 2018 (ii)
Provision for impairment of commercial accounts			
Simplified Collective Model (1)		\$ 29.659.662	\$ 36.485.026
Simplified Individual Model (2)		125.663.975	109.654.933
Total Provision for impairment of commercial accounts	\$ 105.795.436	\$ 155.323.637	\$ 146.139.959
Provision impairment other accounts receivable			
General Collective Model		7.711.006	8.007.543
Total Provision impairment other accounts receivable	\$ 7.578.948	\$ 7.711.006	\$ 8.007.543
Total	\$ 113.374.384	\$ 163.034.643	\$ 154.147.502

(i) Due to the adoption of IFRS 9 in accordance with note 3.1. (b) changes in policies.

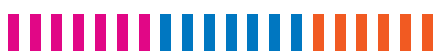
(ii) By 2018, the following variations in the impairment are presented:

(1) Simplified Collective Model:

Provision increase of \$6,825,364 mainly due to the increase in the portfolio balances of the residential, commercial and industrial categories.

(2) Simplified Individual Model:

- » Increase in the provision of customers that present risk of default in payment agreements for \$3,034,216, mainly by the Municipality of Agua de Dios \$1,730,005, Fabio Mussilini \$492,539, Pablo Forero \$480,644 and Fabiola Rojas \$475,530.
- » Increase in the provision of VAT Infrastructure for Public Lighting PD 100% \$13,173,133



Codensa S.A. E.S.P. Notes to the Financial Statements – Separate

(Thousands of pesos)

- » Adjustment of provision for litigation portfolio UAESP luminaires - \$35,873,423
- » Increase in the provision of prescribed customers (without ongoing demand) that in 2017 changed from the collective model to the individual with PD 100% \$ 1,742,709.

The movements of the provision for impairment of commercial accounts are as follows:

Debtors for sale due and not paid with impairment	Value
Balance 31 December 2017	\$ 113.374.384
Impact Application IFRS9	49.660.259
Balance 31 December 2017	\$ 163.034.643
Commercial Portfolio	
Increases (decreases) in the period	(7.750.875)
Amounts written off	(1.136.266)
Balance 31 December 2018	\$ 154.147.502

- (2) As of 31 December 2018 and 2017, corresponds mainly to accounts receivable from employees for a present value of \$38,265,474 and \$32,795,453, accounts receivable from personnel retired for a present value of \$3,299,422 and \$3,286,835 for housing loans, appliances, education, among others, respectively. Loans granted to employees are awarded with rates between 0% and 4.75% and for retired personnel between 0% and 7%, which is why the Company discounted the future cash flows at the market rate, recognizing as a prepaid benefit the differential between the market rate and the awarded rate, and amortising them over the term of the loan.

Guarantees granted by Debtors:

For customers subscribing to payment agreements for financing products other than electric energy, the Company supports these debts with blank promissory notes. In addition, for employee debts of, personal guarantees (promissory notes and instruction letters) and collaterals (mortgages and pledges) are established.

8. Balances and Transactions with Related parties

Accounts receivable from Related Entities:

Company	Type of related entity	Country of origin	Type of transaction	As of 31 December 2018	As of 31 December 2017
Emgesa S.A. E.S.P	Otra (*)	Colombia	Sale of energy (1)	\$ 11.311.486	\$ 11.223.241
		Colombia	Other services	406.296	922.669
Enel SPA	Controladora	Italia	Expatriates	2.854.408	2.741.774
Grupo Energía Bogotá	(**)	Colombia	Christmas Lighting	1.323.529	-
Grupo Energía Bogotá	(**)	Colombia	Other services	8.608	44.827
Enel Green Power Col	Otra (*)	Colombia	Other services(2)	393.185	706.994
Enel Energía	Otra (*)	Italia	Expatriates	268.162	258.650
EOSC	Otra (*)	España	Other services (3)	232.562	222.797
Endesa Energía	Otra (*)	España	Other services (3)	257.959	104.630
Enel Distribuzione	Otra (*)	Italia	Expatriates	106.309	93.182
Enel Iberoamérica S.R.L	Otra (*)	España	Expatriates	95.450	95.450
Enel Chile S.A.	Otra (*)	Chile	Expatriates	76.264	47.958
Enel Distribución Perú S.A.	Otra(*)	Perú	Other services	23.704	11.683
Empresa Distribuidora del Sur	Otra (*)	Argentina	Expatriates	15.513	-
Endesa CEMSA S.A.	Otra (*)	Argentina	Expatriates	12.429	-
Cia, Energetica Do Ceara	Otra (*)	Brasil	Expatriates	11.995	-
Energía Nueva	Otra (*)	México	Expatriates	-	86.472
Enel Américas	Controladora	Chile	Other services	-	64.573
				\$ 17.397.859	\$ 16.624.900

(*) They correspond to companies over which Enel SPA has significant influence or control

(**) Grupo Energía Bogotá S.A. E.S.P is a shareholder of Codensa (See Note 21).

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

(1) As of 31 December 2018 and 31 December 2017, the balance consists of the tolls, regional transmission system (STR) and billing by distribution areas (ADDs) estimates for \$11,095,278 and \$10,688,689; use of lines and networks for \$160,829 and \$365,619 and energy billing for \$55,379 and \$168,933, respectively.

(2) Corresponds to the administration services for Enel Green Power Colombia.

(3) Corresponds to the services provided by CAT (Call Centre).

Accounts payable to related entities

Company	Type of Related entity	Country of origin	Type of Transaction	As of 31 December 2018	As of 31 December 2017
Grupo Energía Bogotá	(**)	Colombia	Dividends (1)	\$ 55.674.005	\$ 48.009.432
Emgesa S.A E.S.P	Other (*)	Colombia	Loan (2)	81.000.000	-
		Colombia	Purchase of energy (3)	53.699.255	651.439
	Colombia	Financial interests	276.572	-	
	Colombia	Other services	133.796	950.237	
Enel Américas	Controlling	Chile	Dividends (1)	52.399.066	45.185.349
Enel Italia	Other (*)	Italia	Other services (4)	14.374.334	19.414.128
		Italia	Expatriates	1.812.716	1.748.418
Enel Distribuzione	Other (*)	Italia	Other services (5)	2.419.902	2.432.212
Enel Chile	Other (*)	Chile	Other services (6)	2.001.395	3.611.602
		Italia	Expatriates	269.732	245.856
Enel Iberoamérica S.R.L	Other (*)	España	Expatriates	504.025	243.051
Enel Global Infr. & Network	Other (*)	Italia	Expatriates	574.694	-
Enel SPA	Controlling	Italia	Expatriates	410.963	692.549
Enel Green Power	Other (*)	Italia	Expatriates	-	182.306
Enel Distribución Chile	Other (*)	Chile	Expatriates	-	178.336
				\$ 265.550.455	\$ 123.544.915

(*) Correspond to companies over which Enel SPA has significant influence or control.

(**) Grupo Energía Bogotá is a shareholder of Codensa (See Note 21)

(1) Dividends declared payable corresponding to 2017 profits according to the payment plan will be paid in January 2019.

(2) Corresponds to intercompany loans granted to the Company in December with maturity date 11 February 2019 at a rate of 6.93% E.A. for payment of creditors.

(3) Energy Portfolio due for consumption in December.

(4) Corresponds mainly to (i) Cybersecurity and Digital Enabler services requested by the ICT area; (ii) Computer services associated with the implementation of the Cloud service.

(5) Corresponds to the acquisition of meters by Smart Metering project.

(6) Corresponds to IT expenses and technology regarding support, maintenance, Sales Force SAP licenses.





Effects on net income with related entities

Company	Type of transaction	As of 31 December 2018	As of 31 December 2017
Revenues			
Emgesa S.A. E.S.P.	Tolls and use of lines and networks	\$ 139.445.674	\$ 133.204.648
	Energy and other services	704.213	760.367
	Other revenues	269.515	790.009
	Financial interest loans	–	108.149
	Compensation quality of service (1)	(1.399.450)	–
Grupo Energía Bogotá	Christmas lighting	1.323.529	1.293.103
Enel Green Power Colombia	Other services (2)	1.090.883	569.862
Enel Spa	Expatriates	370.397	1.751.999
	Exchange difference	5.259	8.921
Endesa Operaciones y Servicios	Other services (3)	681.594	764.505
	Exchange difference	77.460	83.987
Endesa Energía	Other services (3)	304.682	267.209
	Exchange difference	35.154	29.460
Enel energía	Expatriates	9.512	258.650
Enel Italia	Exchange difference	132.271	355.227
Enel Distribuzione Spa	Expatriates	106.309	93.182
	Exchange difference	27.805	143.842
Enel Chile S.A.	Expatriates	27.212	47.958
	Exchange difference (4)	511.779	35.101
Empresa Distribuidora Sur S.A	Expatriates	15.513	–
Endesa CEMSA S.A.	Expatriates	12.429	–
Cia, Energetica Do Ceara	Expatriates	11.995	–
Enel Distribución Perú S.A.	Exchange difference	2.315	47
	Expatriates	10.981	–
Energía Nueva Energía Limpia	Exchange difference	3.253	7.633
	Expatriates	–	15.663
Enel Green Power Italia	Exchange difference	2.399	–
Enel Américas	Other services	–	54.263
Enel Distribución	Exchange difference	–	1.137
Enel Iberoamérica S.R.L	Expatriates	–	29.830
	Exchange difference	–	15.744
		\$ 143.782.683	\$ 140.690.496
Costs and expenses			
Emgesa S.A. E.S.P.	Energy	752.606.390	789.958.065
	Other services	337.270	714.969
	Financial interest loans (5)	297.390	–
Enel Italia Servizi	Computer Services	10.135.748	14.742.646
	Expatriates (6)	64.298	1.748.418
	Exchange difference	501.355	674.031
Enel Spa	Expatriates	883.372	930.025
	Exchange difference	2.890	16.579
Fundación Enel	Contributions to Foundation	740.489	714.068
Enel Distribuzione Spa	Expatriates	536.597	517.326
	Exchange difference	57.420	93.460
Enel Global Infr. & Network	Expatriates	574.694	319.051
Enel Iberoamérica S.R.L	Expatriates	260.973	253.449
	Exchange difference	–	(5.367)
Endesa Operaciones y Servicios	Exchange difference	76.416	45.916
Grupo Energía Bogotá	Leases	24.523	–
Endesa Energía	Exchange difference	23.414	12.326
Enel Chile S.A.	Exchange difference	14.223	338.745

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Company	Type of transaction	As of 31 December 2018	As of 31 December 2017
Energía Nueva Energía Limpia Mx	Exchange difference	5.602	8.589
Enel Distribución Chile S.A	Exchange difference	3.018	–
	Expatriates (7)	(52.362)	178.536
Enel Américas	Exchange difference	2.346	–
Enel Distribución Perú S.A.	Exchange difference	1.275	–
Enel Green Power Italia	Expatriates	–	229.649
	Exchange difference	–	40.601
		\$ 767.097.341	\$ 811.531.082

- (1) Compensations for quality of service are not recognized as an expense, but as a lower value of the revenue generated by energy sales in accordance with the group guidelines for the implementation of IFRS 15 paragraph 51.
- (2) Invoicing of administrative services provided to Enel Green Power Colombia for the months of January to December.
- (3) Corresponds to invoicing for CAT (Call Centre) services.
- (4) Exchange difference generated in the payment of the invoicing of software licensing and leasing services provided in 2017.
- (5) Interests intercompany loans granted to the Company in December with maturity date 11 February 2019 at a rate of 6.93% E.A. for payment of creditors.
- (6) In 2017, Enel Italia Servizi generated invoicing of expatriate costs corresponding to previous periods.
- (7) Corresponds to recovery of expenses of the previous period.

Board of Directors and Key Management Personnel

Board of Directors

The Company has a Board of Directors made up of seven (7) principal members, each of whom has a personal alternate, elected by the General Shareholders' Meeting by the electoral quotient system. In accordance with the corporate bylaws, while the company has the quality of issuer of securities, 25% of the board members will be independent as provided for by the law. The appointment of board members will be for two (2) years, and they can be re-elected indefinitely and without prejudice to the power of the Shareholders' Meeting to remove them freely at any time.

In accordance with the minutes number 69 of the General Shareholders' Meeting held on 20 March 2018, the following board of directors was approved:

Seat	Principal	Alternate
First	Caldas Rico Andrés	Restrepo Molina Carlos Mario
Second	Vargas Lleras José Antonio	Lopez Vergara Leonardo
Third	Rubio Díaz Lucio	Pardo Gómez Juan Manuel
Fourth	Álvarez Hernández Astrid	Baracaldo Andrés
Fifth	Castilla Canales Felipe	Botero Valencia Alejandro
Sixth (Independent)	Franco Reyes José Antonio	Rodríguez Ríos Daniel
Seventh (Independent)	Lopez Valderrama Andrés	Noero Arango Vicente



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)



On 26 April 2018, Mr. José Antonio Franco Reyes, principal member of the sixth seat, resigned as member of the Board of Directors of Codensa. On 22 August 2018, Mr. Vicente Noero submitted his resignation as an alternate member of the seventh seat of the Board of Directors. Consequently, on 20 September 2018, an Extraordinary session of the Shareholders' Meeting was held, where the appointment of Mr. Mario Antonio Cajiao Pedraza as alternate member of the seventh seat of the Board of Directors was approved and the vacancy of principal member of the sixth seat remained, given that there was no proposal for this position. Therefore, the Board of Directors, as of the reporting date, is composed as follows:

Seat	Principal	Alternate
First	Caldas Rico Andrés	Restrepo Molina Carlos Mario
Second	Vargas Lleras José Antonio	Lopez Vergara Leonardo
Third	Rubio Díaz Lucio	Pardo Gómez Juan Manuel
Fourth	Álvarez Hernández Astrid	Baracaldo Andrés
Fifth	Castilla Canales Felipe	Botero Valencia Alejandro
Sixth (Independent)	Vacante	Rodríguez Ríos Daniel
Seventh (Independent)	López Valderrama Andrés	Cajiao Pedraza Mario Antonio

The Company appoints a Chairman, who is elected by the Board of Directors among its members for a given period, and may be re-elected indefinitely or removed freely before the expiry of the period. In addition, the Board of Directors has a Secretary, who may or may not be a member of the Board. The appointment of the Chairman was approved by the Board of Directors in a meeting held on 26 May 2015. The Secretary of the Board of Directors was appointed on 21 March 2018.

In accordance with the provisions in Article 55 of the corporate bylaws, the General Shareholders' Meeting must set the remuneration of the Board members. The current remuneration as of 30 September 2018 amounts to USD \$1,000, after taxes, for attendance to each session of the Board of Directors, approved by the General Shareholders' Meeting in ordinary session held on 20 March 2018.

Below is the list of fees paid to members of the Board of Directors:

Name	As of 31 December 2018	As of 31 December 2017
Rubio Díaz Lucio	\$ 37.266	\$ 46.850
Castilla Canales Felipe	37.107	30.197
Caldas Rico Andrés	33.808	-
Lopez Valderrama Andrés	33.739	6.757
Vargas Lleras José Antonio	33.613	40.092
Rodríguez Ríos Daniel	27.418	3.423
Álvarez Hernández Gloria Astrid	20.066	40.056
Moreno Restrepo Ernesto	16.238	6.793
Baracaldo Sarmiento Andrés	10.114	-
Franco Reyes José Antonio	9.689	30.197
Lopez Vergara Leonardo	6.906	3.435
Acosta Correa David Felipe	6.711	40.092
Pardo Juan Manuel	3.252	-
Cabrales Martínez Orlando	-	43.415
Angulo Gonzalez María Victoria	-	13.229
Eduardo Aguirre José Bernardo	-	13.229
Restrepo Molina Carlos Mario	-	6.757
Botero Valencia Alejandro	-	3.423
	\$ 275.927	\$ 327.945

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Key Management Personnel

Below is a list of key Management personnel:

Name	Position
Lucio Rubio Díaz	Country CEO
David Felipe Acosta Correa	General Manager Codensa
Di Murro Michelle (a)	Administration and Finance Manager

(a) As of April 2018, Michele Di Murro was appointment as Administration and Finance Manager, replacing Daniele Caprini.

The fees received by key Management personnel include salaries and short-term benefits, out of which the most representative corresponds to the annual bonus for meeting objectives.

The detailed fees are listed below:

	As of 31 December 2018	As of 31 December 2017
Remunerations	\$ 2.254.743	\$ 1.148.205
Short-term benefits	245.102	336.209
Long-term benefits	91.631	135.885
	\$ 2.591.476	\$ 1.620.299

Incentives Plans for Key Management Personnel

The Company has established for its executives an annual bonus for meeting objectives and level of individual contribution to the Company. These bonuses correspond to a specific number of gross monthly remunerations.

As of 31 December 2018 and 2017, the Company does not have payment benefits based on actions of key management personnel, nor has it established warranties in their favour.

As of 31 December 2018, there are no compensation payments for contract termination.

9. Net inventories

	As of 31 December 2018	As of 31 December 2017
Net electrical material (1)	\$ 106.586.480	\$ 84.995.774
Transformers (1)	8.570.211	5.391.458
Non-electrical material (1)	4.333.101	2.915.072
Added value (2)	449.380	492.501
	\$ 119.939.172	\$ 93.794.805

(1) In 2018, the Company increased material procurement required for projects such as the maintenance and optimisation plan in quality of medium voltage lines and networks infrastructure, reinforcement of tele-control network and equipment, undergrounding small and medium voltage networks for land-use planning (POT), expansion of high voltage capacity and other projects intended to improve quality indices, service capacity and ation and expansion of public lighting.





Below is the detailed movement of the provision for impairment associated with electrical material:

Balance as of December 2017	\$	-
Endowment of provision		(799.886)
Balance as of December 20168	\$	(799.886)

(2) Corresponds primarily to the inventory of induction stoves available for sale; to date there are no signs of impairment of said inventory.

(3) The consumption of materials through profit or loss as of December 2018 and 2017 corresponds to::

	As of 31 December 2018	As of 31 December 2017
Maintenance substations and networks	\$ 6.672.816	\$ 7.793.689
Lighting and new business	2.796.565	3.227.257
Other materials	3.351.146	2.060.903
	\$ 12.820.527	\$ 13.081.849

There are not inventories pledged as guarantee of debt compliance.

10. Non-current assets and liabilities held for sale

In October 2018, the Board of Directors approved the start of the sale process of the Small Hydroelectric Power Plant PCH Rio Negro, and the contracting of an investment bank to channel said sale process.

The Rio Negro PCH Power Plant was received in the merger with the company Empresa de Energía de Cundinamarca - EEC in 2016. Considering that Codensa was created after 1992, the vertical integration restriction is applicable and therefore cannot commercially operate or represent any generation assets, therefore, to date, the sale process has been initiated with the advice of the investment bank.

The sale plan is being advanced with the Bancolombia investment bank, based on a schedule that closes the sale in 2019.

Taking into account the sale process and the provisions of IFRS 5 "Non-current assets held for sale and discontinued operations", prior to classification as a non-current asset held for sale, the PCH has been recorded at fair value. This involved recognizing an impairment loss of \$15,453,756, which has been determined in accordance with the valuation made.

Below are the non-current assets and liabilities held for sale as of 31 December 2018.

	Balance as of 31 December 2018
Non-current assets held for sale	
Net property, plant and equipment	\$ 18.917.654
Hydraulic power plant	
Non-current liabilities held for sale	(12.453.350)
Dismantling	\$ 6.464.304
Net value of assets and liabilities held for sale	

11. Investments in Subsidiaries, Joint Ventures and Associates

The Company's interests in other associates and subsidiaries are registered using the cost method and the equity method, in accordance with the defined policy (See Note 3.4 and 3.5). The detail of investments is as follows:

Share Certificates	Economic activity	Relationship	Common shares	Interest %	As of 31 December 2018	As of 31 December 2017
Enel X Colombia S.A.S. (1)	Services	Subsidiary	5.000.000	100,00%	\$ 5.063.775	\$ -
Inversora Codensa	Investment	Subsidiary	5.000	100,00%	2.190	2.276
					\$ 5.065.965	\$ 2.276

(1) Incorporation of Company Enel X: On 17 April 2018, with private document number 02332222 of Book IX, the company Enel X Colombia SAS was incorporated, which has as main corporate purpose among others to execute Public Lighting projects for the development of modernisations, administrations, operation and maintenance, expansions, tele-management, inventory surveys, photometric designs, supervision, among others; under different modalities of contracting with the state as concessions individually or jointly forming strategic alliances.

The authorized capital is 20 billion Colombian pesos divided into 20,000,000 common shares with a par value of \$1,000 each, where Codensa S.A E.S.P. it has a 100% stake of the subscribed capital amounting to \$5,000 million.

Article 2.1.2. of part 1 of book 2 of Decree 2420 of 2015 added by Decree 2496 of 2015, establishes the application of Art. 35 of Act 222, which indicates that the interests in subsidiaries must be recognized in the separate financial statements by the equity method, under this guideline the equity method was applied as of 2016. In January 2017, the amendment to IAS 27 came into effect, which allows investments to be recognized using the equity method in the separate financial statements, eliminating the exception to IFRS that existed in the local framework against the standards issued by the IASB.

12. Net Intangible Assets Other than Capital Gains

	As of 31 December 2018	As of 31 December 2017
Software (1)	\$ 131.666.454	\$ 99.128.344
Easement (2)	55.967.613	31.833.163
Licenses (3)	39.207.888	24.004.853
Development costs	2.187.164	3.210.194
Net intangible assets	\$ 229.029.119	\$ 158.176.554
Software	233.010.593	185.282.959
Easement	66.687.010	41.294.319
Licenses	73.306.820	54.778.057
Development costs	30.676.152	31.147.905
Gross intangible assets	403.680.575	312.503.240
Software	(101.344.139)	(86.154.615)
Easement	(10.719.397)	(9.461.156)
Licenses	(34.098.932)	(30.773.204)
Development costs	(28.488.988)	(27.937.711)
Accumulated amortization	\$ (174.651.456)	\$ (154.326.686)



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)



(1) Corresponds to the following software:

	Net cost as of 31 December 2018	Remaining life (Years)	Net cost as of 31 December 2017	Remaining life (Years)
Administrative management systems	\$ 6.841.930		\$ 5.863.703	
SAP Software	2.632.421	2	2.578.046	2
Institutional Portal Project Latam	1.811.028	3	597.652	2
Archibus system	736.976	4	866.650	4
Storia system	621.235	4	491.723	4
SAP RRHH software	547.372	4	579.570	4
ABC Flow Charter	289.872	2	441.110	3
Mercury	203.026	2	308.952	3
Commercial management systems	20.805.254		21.844.917	
E - Order field work management	8.196.693	3	6.483.260	3
Epic Evolution CRM	5.166.007	4	5.849.844	4
Synergia 4J Project	3.012.589	2	5.227.520	3
One Hub	1.739.000	4	-	
Electronic billing	1.185.436	4	-	
Billing on Site	704.008	2	989.860	3
ICT online services portal	422.814	0.4	1.796.738	1
Business Intelligence Software	333.915	1	1.095.713	2
Automation Vehicle Recharge System	35.890	0.2	364.829	1
Business partners operation system	8.902	0.2	37.153	1
Distribution management system	104.019.270		71.419.724	
Sap E4E (a)	59.087.108		42.172.552	
Scada Software - Front end Communication (b)	10.497.028	4	6.774.463	4
Software DMS / EMS	8.228.963	4	2.260.260	3
SIR-regulation information system	7.605.654	4	5.534.874	4
Software Scada STM	7.305.806	4	8.953.726	4
Software Scada (b)	3.753.682	4	77.224	1
DigI&N Colombia	1.690.631		-	
Oracle licensing	401.400	2	733.858	3
IBM Transformation Project	527.064	2	699.953	3
Cas Projects 2015	76.674	0.3	230.021	1
Effective Monitoring of Power	54.493	1	179.159	2
Linux License	186.539	2	279.910	3
Service Now Project	155.508	2	236.643	3
Novel IDM Licenses	22.149	0.4	66.447	1
Corporate Data Network Metrolan HA	694.643	3	817.851	4
PIM System Power Quality	442.466	4	470.480	4
Big Data Analytics and Dashboards	529.303	4	413.787	4
Other minor computer programs	2.760.159		1.518.516	
	\$ 131.666.454		\$ 99.128.344	

(a) Corresponds mainly to the development of the E4E project (Evolution for Energy), which aims to standardize the SAP systems that support the accounting models, asset management and operation of the Company, among the most important costs associated with the project are consulting fees to perform the “roll out” and implementation of the system.

(b) Corresponds mainly to the development of Scada software, tele-control and automation technology for the medium voltage distribution network under the Enel model, which will significantly improve service quality indicators.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

(2) As of 31 December 2018 and 2017, correspond to 38 and 36 easements, respectively. The easements are presented below:

	<u>As of 31 December 2018</u>		<u>As of 31 December 2017</u>	
Nueva Esperanza (a)	\$	34.459.714	\$	13.941.939
Subestación Bacatá AT/AT y AT/MT (*)		13.455.250		10.146.170
Other minor easements		3.007.093		3.232.528
Northwest Substation HV/HV HV/MV (*)		3.106.669		2.843.211
Legalization of easements substations HV/MV (*)		1.938.887		1.669.315
	\$	55.967.613	\$	31.833.163

HV (High voltage) y MV (Medium voltage)

(a) Corresponds mainly to the legalization of easements for corridors of high voltage lines such as Nueva Esperanza - Bosa 2 115 Kv and Nueva Esperanza - Ceiling 115 Kv- Nueva Esperanza - Muña 115kv.

(3) Corresponds mainly to the projects of the CRM Sales Force platform for \$22,179,142 and the BI-BA platform for \$3,739,198. The first is the transformation of the multi-channel service platform that allows for the management of pre-sale, sale, after-sales processes for value-added products and services (VAPS), and the transformation of the BI business intelligence system into the new Cloud platform, which will optimize the extraction and data processing.

The detail and movements of the intangible asset is as follows:

	<u>Development Costs</u>		<u>Easement</u>		<u>Licenses</u>		<u>Software</u>		<u>Intangible assets</u>	
Initial balance 01/01/2017	\$	1.996.444	\$	25.328.069	\$	44.829.358	\$	46.801.441	\$	118.955.312
Movements										
Additions		1.637.187		7.244.505		24.168.158		23.608.420		56.658.270
Withdrawals		-		-		(176.585)		(764.298)		(940.883)
Amortisation (see Note 26)		(423.437)		(1.193.060)		(2.643.526)		(12.689.771)		(16.949.794)
Other increases (decreases)		-		453.649		(42.172.552)		42.172.552		453.649
Movements of the period		1.213.750		6.505.094		(20.824.505)		52.326.903		39.221.242
Final balance 31/12/2017	\$	3.210.194	\$	31.833.163	\$	24.004.853	\$	99.128.344	\$	158.176.554
Movements										
Additions		-		20.159.570		18.411.163		47.484.777		86.055.510
Transfers		-		-		117.600		(117.600)		-
Amortisation (ver Nota 26)		(551.277)		(1.258.241)		(3.325.728)		(15.189.524)		(20.324.770)
Other increases (decreases)		(471.753)		5.233.121		-		360.457		5.121.825
Movements of the period		(1.023.030)		24.134.450		15.203.035		32.538.110		70.852.565
Final balance 31/12/2018	\$	2.187.164	\$	55.967.613	\$	39.207.888	\$	131.666.454	\$	229.029.119

As of 31 December 2018 and 2017, the Company has no intangible assets with indefinite useful life. Additionally, there are no restrictions or guarantees on intangible assets.





13. Net Property, Plant and Equipment

	As of 31 December 2018	As of 31 December 2017
Construction in progress (1)	\$ 1.087.398.798	\$ 820.496.119
Buildings	187.860.259	187.193.449
Land	108.751.871	95.026.725
Improvements in third-party property	1.940.277	2.781.441
Plant and equipment	3.648.731.122	3.545.040.509
<i>Electrical distribution networks and installations</i>	2.784.854.721	2.698.392.975
<i>Substations and high voltage lines</i>	863.876.401	813.716.052
<i>Hydraulic power plant</i>	-	32.931.482
Fixed installations and others	66.862.309	63.365.970
<i>Other installations</i>	43.029.732	38.112.395
<i>Fixed installations and accessories</i>	23.832.577	25.253.575
Finance leases	8.487.325	2.422.082
Net property, plant and equipment	\$ 5.110.031.961	\$ 4.716.326.295
Construction in progress	1.087.398.798	820.496.119
Buildings	243.670.265	237.400.120
Land	108.751.871	95.026.725
Improvements in third-party property	10.128.371	10.128.371
Plant and equipment	8.046.608.037	7.676.179.899
<i>Electrical distribution networks and installations</i>	6.132.597.844	5.818.490.058
<i>Substations and high voltage lines</i>	1.914.010.193	1.818.748.396
<i>Hydraulic power plant</i>	-	38.941.445
Fixed installations and others	186.786.732	175.236.459
<i>Other installations</i>	123.390.829	105.725.984
<i>Fixed installations and accessories</i>	63.395.903	69.510.475
Finance leases	14.739.797	14.695.992
Gross property, plant and equipment	9.698.083.871	9.029.163.685
Buildings	(55.810.006)	(50.206.671)
Improvements in third-party property	(8.188.094)	(7.346.930)
Plant and equipment	(4.397.876.915)	(4.131.139.390)
<i>Electrical distribution networks and installations</i>	(3.347.743.123)	(3.120.097.083)
<i>Substations and high voltage lines</i>	(1.050.133.792)	(1.005.032.344)
<i>Hydraulic power plant</i>	-	(6.009.963)
Fixed installations and others	(119.924.423)	(111.870.489)
<i>Other installations</i>	(80.361.097)	(67.613.589)
<i>Fixed installations and accessories</i>	(39.563.326)	(44.256.900)
Finance leases	(6.252.472)	(12.273.910)
Accumulated depreciation of property, plant and equipment	\$ (4.588.051.910)	\$ (4.312.837.390)

(1) Assets undergoing construction correspond to the following projects:

Project	As of 31 December 2018	As of 31 December 2017
Connections lines and mass urban networks	\$ 295.437.169	\$ 215.144.355
Latam tele-control project - Codensa	116.847.000	126.935.371
Normalisation and quality medium voltage service	112.363.807	69.628.339
Modernisation of public lighting Bogotá	83.078.567	25.959.509
Medium voltage lines quality plan	57.160.582	24.550.189
Land use planning IDU - Municipalities	52.208.334	28.933.127
Medium voltage capacity expansion	39.132.680	50.298.420
Public Lighting Expansion	36.194.789	32.401.805
Construction Substation North STN-115Kva	34.156.379	37.044.989
Replenishment of rural and urban infrastructure level 2	32.972.188	14.997.626
High voltage capacity expansion	26.562.300	47.187.990

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Project	As of 31 December 2018	As of 31 December 2017
Replenishment transformers and urban rural equipment	25.506.832	19.876.756
Replenishment of rural infrastructure level 1	22.222.756	6.971.291
Adaptation of loss control measures equipment	19.280.757	15.603.239
Construction Gran Sabana Substation	18.760.200	6.054.769
Substation equipment modernisation	18.532.786	25.966.849
Commercial Headquarters Adjustments	17.371.124	5.612.189
Other minor projects	15.798.322	24.123.915
Normalisation and quality high voltage service	13.102.826	3.156.800
Smart Metering	12.099.879	20.287.401
Expansion Peripheral networks MV - LV	10.756.143	7.103.314
Rural Public Lighting	10.720.307	1.766.867
Concessions medium voltage lines	8.099.259	4.403.302
Substation San José	5.465.307	-
Construction Substation Compartir 115-11.4Kva	3.568.505	375.966
Construction Nueva Esperanza Substation 500-115Kva	-	5.273.811
Modernisation of the Rionegro Hydraulic Power Plant	-	830.909
Expansion Gorgonzola substation exits	-	7.021
	\$ 1.087.398.798	\$ 820.496.119

The composition and movements of the line item Properties, plant and equipment are detailed below:

	Plant and Equipment									
	Construction in progress	Lands	Buildings	Improvements third-party property	Substations and high voltage lines	Installations and electric distribution networks	Hydraulic power station	Other installations	Finance leases	Property, plant and equipment
Initial balance 01/01/2017	\$ 768.482.031	\$ 95.130.567	\$ 118.197.959	\$ 9.122.269	\$ 708.742.115	\$ 2.475.571.542	\$ 30.215.368	\$ 70.225.916	\$ 5.255.446	\$ 4.280.943.213
Movements in property, plant and equipment										
Additions (a)	738.578.490	7.461	-	-	-	-	-	1.240.616	961.497	740.788.064
Transfers	(685.824.264)	(100.007)	73.516.699	(5.334.724)	151.726.474	451.735.443	3.365.914	10.914.465	-	-
Withdrawals	(286.489)	(11.296)	-	-	(1.400.979)	(6.093.844)	-	(442.890)	(161.408)	(8.396.906)
Depreciation expenses (see note 26)	-	-	(4.521.209)	(1.006.104)	(45.351.558)	(222.820.166)	(649.800)	(18.572.137)	(3.633.453)	(296.554.427)
Other increases (decreases)	(453.649)	-	-	-	-	-	-	-	-	(453.649)
Period movements	52.014.088	(103.842)	68.995.490	(6.340.828)	104.973.937	222.821.433	2.716.114	(6.859.946)	(2.833.364)	435.383.082
Final balance 31/12/2015	\$ 820.496.119	\$ 95.026.725	\$ 187.193.449	\$ 2.781.441	\$ 813.716.052	\$ 2.698.392.975	\$ 32.931.482	\$ 63.365.970	\$ 2.422.082	\$ 4.716.326.295
Period movements										
Movements in property, plant and equipment										
Additions (a)	756.230.386	8.210.964	-	-	-	-	-	2.092.288	9.866.110	776.399.748
Transfers	(484.125.744)	5.543.679	6.345.282	-	104.488.455	345.638.352	2.136.702	19.973.274	-	-
Withdrawals (b)	-	(29.497)	(13.641)	-	(1.273.761)	(7.381.561)	-	(20.630)	(98.906)	(8.817.996)
Impairment (see note 26)	-	-	-	-	-	-	-	(15.453.755)	-	(15.453.755)
Depreciation expenses (see note 26)	-	-	(5.664.831)	(841.164)	(53.054.345)	(251.795.045)	(16.150.529)	(3.094.838)	(3.701.961)	(334.302.713)
Other increases (decreases) (see note 12 and note 13)	(5.201.963)	-	-	-	-	-	(18.917.655)	-	-	(24.119.618)
Period movements	266.902.679	13.725.146	666.810	(841.164)	50.160.349	86.461.746	(32.931.482)	3.496.339	6.065.243	393.705.666
Final balance 31/12/2018	\$ 1.087.398.798	\$ 108.751.871	\$ 187.860.259	\$ 1.940.277	\$ 863.876.401	\$ 2.784.854.721	-	\$ 66.862.309	\$ 8.487.325	\$ 5.110.031.961

- (a) As of 31 December 2018 and 2017, \$2,998,967 and \$8,786,465 of financial expenses were capitalized into eligible assets for projects such as replacement and redesign of rural medium voltage, Nueva Esperanza substation and Norte substation.
- (b) Corresponds mainly to the removal of MV/LV distribution transformers and street lighting luminaires, modernisation and replacement projects.





Additional information on property, plant and equipment, net

Main investments

As of 31 December 2018 and 2017, additions to property, plant and equipment correspond to investments in conditioning, modernisation, expansion and construction of substations, lines and networks in high, medium and low voltage and distribution transformers in order to enhance efficiency and levels of quality of service. The main additions to property, plant and equipment correspond to:

Additions by project	Class	As of 31 December 2018	As of 31 December 2017
Adaptation and modernisation in HV, MV and LV lines and networks *	Lines and Networks	\$ 296.548.085	\$ 79.850.462
Expansion of HV, MV and LV lines and networks *	Lines and Networks	100.515.680	255.353.584
Tele-control Latam	Lines and Networks	78.612.610	95.763.109
Expansion and modernisation of rural and urban public lighting	Lines and Networks	76.070.098	63.376.178
Adaptation, modernisation and expansion of HV/MV and MV/ MV substations *	Substations	72.673.316	4.032.792
Expansion and adaptation of MV and LV distribution transformers *	Lines and Networks	33.635.887	22.944.382
Acquisition of measuring devices to control MV and LV losses *	Lines and Networks	27.978.435	15.018.781
Expansion Gran Sabana substation	Substations	9.853.427	13.085.640
Expansion substation Norte STN/115 Kv	Substations	7.779.667	7.557.888
Expansion substation Compartir STN / 115 Kv	Substations	6.298.040	-
Expansion substation Nueva Esperanza 550/115 Kv	Substations	1.769.067	29.886.061

* HV (High voltage), MV (Medium voltage) and LV (Low voltage)

As of 31 December 2018 and 2017, direct workforce was capitalized directly related to the construction in progress for \$79,538,010 and \$54,562,582. The variation corresponds mainly to the greater execution of tele-control projects, replacement quality and urban and rural infrastructure in medium voltage networks, Gran Sabana substation, North Substation, massive urban and rural connections in medium and low voltage networks and compliance with the district land use planning.

Main transfers to operation

As of 31 December 2016, the main constructions in progress that started operations correspond to:

Project	Bogota Urban	Cundinamarca	Total Activation
Modernisation, conditioning and expansion medium voltage lines and networks	\$ 113.736.027	\$ 101.332.285	\$ 215.068.312
Modernisation, conditioning and expansion high and medium voltage substations (1)	54.080.253	46.804.786	100.885.039
Modernisation, conditioning and expansion low voltage lines and networks	53.259.878	37.003.967	90.263.845
Modernisation, conditioning and expansion distribution transformers	10.881.432	15.851.313	26.732.745
Modernisation, conditioning and expansion of Public Lighting	10.910.591	2.657.752	13.568.344
Modernisation, conditioning and expansion high voltage lines and networks	5.165.126	7.076.519	12.241.644

(1) On 10 September, the Company declared to XM the entry into operation of the new lines of Nueva Esperanza - Bosa 2 115 Kv and Nueva Esperanza - Ceiling 115 Kv. The application was approved and communicated by the National Dispatch Centre. With this communication and other requirements contained in the regulation, the Company will initiate the rate application process before the CREG for the allocation of the charges that remunerate the assets. The Company made a transfer of construction in progress to property, plant and equipment in operation for an approximate value of \$12,139 million pesos.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

As of 31 December 2017, the main constructions in progress that started operations corresponded to:

Project	Bogota Urban	Cundinamarca	Total Activation
Modernisation, conditioning and expansion medium voltage lines and networks	\$ 197.076.665	\$ 116.367.138	\$ 313.443.803
Modernisation, conditioning compensation high and medium voltage substations	97.870.847	73.718.640	171.589.487
Modernisation, conditioning and expansion of Public Lighting	63.994.076	1.260.293	65.254.369
Modernisation, conditioning and expansion low voltage lines and networks	31.134.304	23.607.973	54.742.277
Modernisation, conditioning and expansion high voltage lines and networks	17.433.723	11.676.368	29.110.091
Modernisation, conditioning and expansion distribution transformers	11.009.154	7.056.847	18.066.001

Finance lease

As of 31 December 2018 and 2017, property, plant and equipment includes \$8,487,325 and \$2,422,082, corresponding to the net book value of assets that are the subject of finance lease agreements. As of December 2018, the variation is mainly due to the termination of the contracts of the temporary union rentacol EEC in January and the business consortium in August, the latter was replaced by Transportes Especiales Aliados S.A.S. in September.

The finance lease agreements correspond to the lease agreements of vehicles established mainly with Mareauto Colombia S.A.S., Transportes Especializados JR S.A.S. and Transportes Especiales Aliados S.A.S; for the support the Company's operation; and Equirent S.A., for the transport of the organization's executives.

On 1 September, Codensa and Transportes Especiales Aliados S.A.S. signed an agreement for \$22,418,741 with a 3-year term, and aims at the use of 90 vehicles under the modality of finance lease. The start of this agreement was 1 September 2018. This agreement replaced the business consortium under which about 45% of the fleet of vehicles for the operation of the Company was contracted.

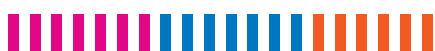
The present value of future payments derived from said agreements are as follows:

Minimum Payments for leases, obligations for finance leases	As of 31 December 2018			As of 31 December 2017		
	Gross	Interest	Present value	Gross	Interest	Present value
Less than one year	\$ 4.386.631	\$ 865.489	\$ 3.521.142	\$ 1.754.959	\$ 171.013	\$ 1.583.946
Over one year but less than five years (see note 15)	5.685.794	494.425	5.191.369	1.036.970	101.299	935.671
Total	\$ 10.072.425	\$ 1.359.914	\$ 8.712.511	\$ 2.791.929	\$ 272.312	\$ 2.519.617

Operating Lease

The income statement as of 31 December 2018 and 2017 includes \$10,817,333 and \$11,232,970, respectively, corresponding mainly to the accrual of operating lease agreements of real estate, including:

Administrative offices	Start date	End date	Purchase option
North Point (a)	Jun-14	May-19	No
Oficina Q93	Jan-10	Dec-20	No
Calle 82 Piso 5y6	April-13	Dec-20	No
Calle 82 Piso 7	Aug-11	Dec-20	No
Calle 82 Of.801	Oct-09	Sept-21	No
Corporativo torre 93	oct-09	sept-21	No





	Start date	End date	Purchase option
Customer service offices			
Calle 80	Jan-04	Dec-22	No
Chapinero	Sept-11	Sept-21	Si
Suba 91	Oct-14	Oct-24	No
San Diego	Oct-10	Sept-20	No
Kennedy	Aug-13	Jul-23	Si
Soacha	Oct-11	oct-21	Si

(a) Floors 5 and 6 will be delivered on 31 January 2019; floors 3 and 4 on 1 March 2019.

As of 31 December 2018, related contracts are adjusted annually in accordance with the Consumer Price Index (CPI) and points contractually defined; and on agreements that establish a purchase option, the Company has no expectations of exercising said option.

As of 31 December 2018, future payments derived from said contracts are as follows:

Minimum future payments for non-payable leases, Lessees	As of 31 December 2018	As of 31 December de 2017
Less than one year	\$ 10.386.241	\$ 6.702.319
Over one year but less than five years	21.570.925	11.199.244
Over five years	7.673.506	1.034.199
	\$ 39.630.672	\$ 18.935.762

The above information does not include VAT

Insurance policies

Below are the policies for the protection of Company property:

Insured property	Risks covered	Insured value	Maturity	Insurance company
Company equity (*)	Non-contractual civil liability	USD \$20.000	01/11/2019	Axa Colpatría
	Non-contractual civil liability (tier of USD 200 million in excess of USD 20 million)	USD \$200.000	01/11/2019	Mapfre Seguros Colombia
	Environmental civil liability	USD \$11.322	31/10/2019	Chubb Seguros Colombia
Civil works, equipment contents, stores and profit loss (*)	All risk material damage, earthquake, seaquake HMAcc – AMIT, profit loss and machinery breakdown	USD \$1.132.250	01/11/2019	Mapfre Seguros Colombia
		Damage to third party property: \$ 300,000		
Vehicles (a)	Non-contractual civil liability	Death or injuries 1 person: \$ 300,000	02/01/2019	Seguros Mundial
		Death or injuries 2 or more people: \$ 600,000		

(*) The Company's insurance policy agreements are executed in dollars.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

(a) The Company renewed the vehicle insurance policy for 2019 under the following conditions:

Insured property	Risks covered	Insured value	Maturity	Insurance company
Vehicles	Non-contractual civil liability	Damage to third party property: \$ 300,000 Death or injuries 1 person: \$ 300,000 Death or injuries 2 or more people: \$ 600,000	03/01/2020	Seguros Mundial

14. Net deferred taxes

The recovery of asset balances for deferred taxes depends on the achievement of profit in the future. Management considers that future tax profit is sufficient for asset recovery.

Below is the detail of the net deferred tax assets as of 31 December 2018:

	Initial balance 01-01-2018	Increases (decreases) for deferred tax in profit or loss (i)	Increases (decreases) for deferred tax in equity	Increase (Decrease) due to deferred taxes in profit or loss by rate change (i)	Increase (decrease) due to deferred taxes in other comprehensive income (ii)	Final balance 31/12/2018
Deferred tax assets						
Provisions and others (1)	\$ 46.367.067	\$ (14.255.048)	\$ 16.532.862	\$ (2.041.131)	\$ -	\$ 46.603.750
Defined contribution obligations (*)	13.092.034	4.381.892	-	(2.083.734)	5.458.901	20.849.093
Total deferred tax asset	\$ 59.459.101	\$ (9.873.156)	\$ 16.532.862	\$ (4.124.865)	\$ 5.458.901	\$ 67.452.843
Deferred tax liabilities						
Excess of tax depreciation on book value (2)	77.592.344	(279.979)	-	(5.526.769)	-	71.785.596
Others (3)	1.516.594	(231.215)	-	(103.560)	(7.416)	1.174.403
Total deferred tax liabilities	\$ 79.108.938	\$ (511.194)	\$ -	\$ (5.630.329)	\$ (7.416)	\$ 72.959.999
Net deferred tax assets (liabilities)	\$ (19.649.837)	\$ (9.361.962)	\$ 16.532.862	\$ 1.505.464	\$ 5.466.317	\$ (5.507.156)

(*) In the Increase or (Decrease) due to deferred taxes in other comprehensive income (ii), the effect of the change in the rate equivalent to (\$545,890) is included.

(i) As of 31 December 2018, the decrease in deferred tax in profit or loss includes: (i) Deferred tax for the period (\$15,355,206) (ii) Deferred tax from prior years of \$7,498,708.

(ii) Deferred tax assets correspond to the calculation due to a change in policy due to the recognition of IFRS 9 in the Company and to the difference between the actuarial calculation of pensions of Decree 2783 of 2001 for fiscal purposes and the result under IFRS as of 31 December 2018. Deferred tax liabilities correspond to the movements of the settled forwards.



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate

(Thousands of pesos)



(1) As of 31 December 2018, the detail of deferred tax assets on account of other provisions corresponds to:

	Final balance 31/12/2017	Increase (decrease) due to deferred taxes in profit or loss	Increase (decrease) due to deferred taxes in Equity	Increase (decrease) in deferred taxes in profit or loss due to change in rate	Final Balance 12/31/2018
Provision of uncollectible accounts (a)	8.615.050	471.169	16.532.862	(784.099)	24.834.982
Provisions of works and services	2.783.040	(347.302)	-	-	2.435.738
Labour obligations provision	6.687.404	(1.962.254)	-	(90.973)	4.634.177
Provision for contingent liabilities (b)	10.917.030	(4.634.782)	-	(571.113)	5.711.135
Provision - Claims with third parties (c)	7302.028	(7302.028)	-	-	-
Provision for dismantling	169.613	(4.073)	-	(15.049)	150.491
Others	9.892.902	(475.778)	-	(579.897)	8.837.227
	46.367.067	(14.255.048)	16.532.862	(2.041.131)	46.603.750

- (a) The increase in equity corresponds mainly to the change in the accounting policy with the recognition of IFRS 9.
- (b) For 2018, it corresponds mainly to the reclassification of the dismantling of the PCH (Central Rio Negro - Puerto Salgar) to liabilities held for sale, and to the calculation of the deferred tax of the provisions on litigation.
- (c) Provision for the litigation of Public Lighting with the UAESP (see note 17).
- (2) As of 31 December 2018, corresponds to the difference in accounting and fiscal depreciation for: i) depreciation requested in excess for additional shifts in 1998, ii) depreciation for reduction of balances as of 2014, iii) difference in the cost of assets for technical re-assessment, iv) accounting and fiscal differences for the adjustments for inflation in 2004, 2005 and 2006, v) the fiscal-level assets as of 2017 are evaluated according to the percentages of depreciation defined in Article 137 of the Tax Code.
- (3) As of 31 December, 2018, corresponds mainly to the deferred tax for the difference in the valuation of financial obligations.

Deferred taxes as of 31 December 2018 by rate are presented below:

	2019 Income tax and surcharge	2020 Income tax and surcharge	2021 Income tax and surcharge	2022 Onwards
Estimated provisions and liabilities	\$ 27.524.397	\$ 462.684	\$ 230.516	\$ 110.231.142
Property, plant and equipment	(17.403.031)	(32.085.803)	(39.618.552)	(147.117.990)
Portfolio	25.619.081	25.619.081	26.395.416	819.832
Others	(345.432)	(75.180)	(75.180)	(3.376.823)
	\$ 35.395.015	\$ (6.079.218)	\$ (13.067.800)	\$ (39.443.839)
Rate	33%	32%	31%	30%
	\$ 11.680.355	\$ (1.945.350)	\$ (4.051.018)	\$ (11.833.152)
Occasional earnings	6.420.068			
Rate	10%			
Tax	642.009			
Total deferred tax liabilities	\$ (5.507.156)			

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

The following is the detail of net deferred tax assets (liabilities) as of 31 December 2017:

	Final balance 31-12-2016	Increase (decrease) due to deferred taxes in profit or loss (i)	Increase (Decrease) due to deferred taxes in other comprehensi- ve income (See numeral 1 note 32) (ii)	Final balance 31-12-2017
Deferred tax assets				
Provisions and others (1)	\$ 70.446.499	\$ (24.079.432)	\$ -	\$ 46.367.067
Defined contribution obligations	17.894.416	(4.463.071)	(339.311)	13.092.034
Total deferred tax assets	88.340.915	(28.542.503)	(339.311)	59.459.101
Deferred tax liabilities				
Excess of tax depreciation on book value (2)	69.314.546	8.277.798	-	77.592.344
Others (3)	4.971.029	(3.459.959)	5.524	1.516.594
Total deferred tax liabilities	74.285.575	4.817.839	5.524	79.108.938
Net deferred tax assets (liabilities)	\$ 14.055.340	\$ (33.360.342)	\$ (344.835)	\$ (19.649.837)

(i) As of 31 December 2017, the decrease in profit or loss due to deferred tax includes: (i) Deferred tax for the period of \$28,720,448 (ii) Deferred tax from prior years of \$ 4,639,893.

(ii) Deferred tax assets correspond to the difference between the actuarial calculation of pensions under Decree 2783 of 2001 for tax purposes and the resulting one under IFRS. Deferred tax liabilities correspond to the movements of the forward constituted to cover the exchange rate risk.

(1) As of 31 December 2017, the detail of deferred tax asset for other provisions corresponds to:

	Final balance 31-12-2016	Increase (decrease) due to deferred taxes in profit or loss	Final balance 31-12-2017
Provision of uncollectible accounts (a)	\$ 17.182.182	\$ (8.567.132)	\$ 8.615.050
Provisions of works and services (b)	14.526.743	(11.743.703)	2.783.040
Labour obligations provision	10.034.277	(3.346.873)	6.687.404
Provision for contingent liabilities	9.729.381	1.187.649	10.917.030
Provision of industry and trade (c)	7.487.994	(7.487.994)	-
Provision - Claims with third parties	6.000.000	1.302.028	7.302.028
Provision for dismantling	2.831.593	(2.661.980)	169.613
Others (d)	2.654.329	7.238.573	9.892.902
	\$ 70.446.499	\$ (24.079.432)	\$ 46.367.067

(a) The variation corresponds mainly to the decrease in the temporary difference between the policy of provision of the fiscal portfolio and the provision of the accounting portfolio.

(b) The tax reform provided for 2017 the deduction of the industry and trade tax expense at 100% as long as said tax is paid before the presentation of the income tax return, however, for 2016 only what was effectively paid in the year was considered deductible.





(c) For 2016 deferred tax was calculated on the pending invoices due to the fact that there was an obligation to have the physical invoice at the time of closure to be considered as deductible, however, as of the tax reform the services or goods purchased can be taken as deductible even if the invoice has the date of issue of the following period.

(d) For 2017 onwards, it mainly corresponds to the calculation of the deferred tax of the provisions on labour and civil litigations that through the reform would be considered deductible.

(2) As of 31 December 2017, corresponds to the difference in accounting and fiscal depreciation for: i) depreciation requested in excess for additional shifts in 1998, ii) depreciation for reduction of balances as of 2014, iii) difference in the cost of assets due to technical revaluation, iv) accounting and fiscal differences for inflation adjustments for 2004, 2005 and 2006.

(3) As of 31 December 2017, corresponds mainly to the deferred tax for the difference in the valuation of financial obligations.

The deferred tax as of 31 December 2017 by rate is presented below:

	2018	2019 onwards
	Income tax and surcharge	Income tax and surcharge
Estimated provisions and liabilities	\$ 27813.662	\$ 122.046.528
Property, plant and equipment	–	(237.074.807)
Portfolio	12.307.215	13.148.550
Others	1.554.644	(6.338.825)
	\$ 41.675.521	\$ (108.218.554)
Rate	37%	33%
	15.419.943	(35.712.123)
Occasional earnings	6.423.430	
Rate	10%	
Tax	642.343	
Total	\$ (19.649.837)	

15. Other Financial Liabilities

	As of 31 December 2018			As of 31 December 2017		
	Current		Non-current	Corriente		Non-current
	Capital	Interest		Capital	Interest	
Bonds issued (1)	\$ 160.000.000	\$ 28.013.636	\$ 1.493.340.000	\$ 261.660.000	\$ 22.892.111	\$ 1.098.340.000
Bank Obligations (2)	309.831.972	5.991.850	98.506.638	42.404.813	6.279.978	402.979.941
Lease obligations (3)	3.521.141	-	5.191.369	1.583.945	-	935.671
	\$ 473.353.113	\$ 34.005.486	\$ 1.597.038.007	\$ 305.648.758	\$ 29.172.089	\$ 1.502.255.612

(1) The bond movement from January to December 2018, is summarized as follows:

(i) On 11 April 2018, the first placement was made of the seventh tranche of the Ordinary Bonds and Commercial Paper Issuance and Placement Programme of Codensa S.A. E.S.P. of \$360,000,000. The award was made as follows:

- a. Subseries E7: \$200,000,000 for a term of 7 years and with a coupon rate of 6.74% E.A.
- b. Subseries B12: \$160,000,000 for a term of 12 years and with a coupon rate of CPI +3.59%

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

The resources were used to finance the Company's investment plan.

- (ii) On 23 October 2018, the first placement was made of the eighth tranche of the Ordinary Bonds and Commercial Paper Issuance and Placement Programme of Codensa SA. E.S.P., for \$195,000,000. The award was made as follows:
 - a. Subseries B5: \$195,000,000 for a term of 5 years and with a coupon rate of CPI +2.82%

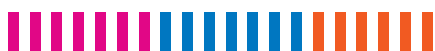
The resources were used to refinance financial obligations.

- (iii) On 15 November 2018, payment was made on the fifth issue, corresponding to the second tranche under the Company's Bonds and Commercial Paper Issuance and Placement Program, as follows:
 - a. Second Tranche - First Lot for \$166,400,000
 - b. Second Tranche - Second Lot for \$ 15,260,000
- (iv) On 11 December 2018, the balance of the third issue of Ordinary Bonds for \$80,000,000 Subseries A10 was paid.
- (v) The following bonds were classified from long-term to short-term:
 - a. Fifth Tranche of the Bonds Programme, Subseries E2 for \$160,000,000 maturing on 9 March 2019.

The total financial debt of the Company in bonds is represented in seven (7) bond issues in force in the local market, below are the main financial characteristics of the bonds issued and effective since 2008 as of 31 December 2018:

Bond Issuance and Placement Programme

Through Resolution No. 194 of 29 January 2010, the Colombian Financial Superintendence ordered the registration in the National Register of Securities and Issuers (RNVE in Spanish) of the Codensa Ordinary Bond Issue and Placement Programme for an amount of up to \$600,000,000, and its public offer. Through Resolution No. 0624 of 3 April 2013, the Colombian Financial Superintendence authorised the renewal of the validity term of the authorisation for the public offer of the Codensa Ordinary Bond Issue and Placement Programme for a three-year term counted as of the signing of the aforementioned Resolution, i.e., until 30 April 2016. Subsequently, having met the requirements established for such purpose, the Limit for the Issue and Placement Programme was extended on 13 March 2014 through Resolution No. 0407/2014 of the Colombian Financial Superintendence to \$185,000,000, increasing the Programme's Global Limit to \$785,000,000. The Limit of the Issue and Placement Programme was extended once again on 7 October 2014 through Resolution No. 1780/2014 of the Financial Superintendence to \$165,000,000, increasing the Programme's Global Limit to \$950,000,000. Resolution No. 0623 of 23 May 2016 approved the extension of the Global Programme Limit to an additional amount of \$560,000,000, bringing the Global Limit to \$1,510,000,000, while the renewal of the term for the authorisation of the public offer of the bonds in the Programme was approved for three additional years as of the execution of said Resolution, i.e., until 3 June 2019. On 28 December 2017, Resolution No. 1893, approved the following amendments to the Company's Issuance and Placement Programme of ordinary bonds: i) The inclusion of Commercial Papers in the Programme for the issue and placement of securities of ordinary bonds of the company, their registration with the RNVE and their public offer and ii) The incorporation of the changes derived from the application of article 6.1.1.1.5 of Decree 2555 of 2010, referring to the modality used for issuing the securities, the Plan for the amortisation of the securities and the possibility of publishing the interest rate offered separately from the offer notice. Finally, Resolution No. 0136 of 31 January 2018 approved the expansion of the Programme's Overall Quota in an additional amount of one trillion two hundred ninety-five billion Pesos (\$1,295,000,000,000) bringing the Overall Quota to a total of two trillion eight hundred five billion Pesos (\$2,805,000,000,000).





As of 31 December 2018, eight (8) issues have taken place under the Programme. The first Tranche was issued on 17 February 2010, the second Tranche on 15 November 2013, the third Tranche on 25 September 2014 the fourth Tranche on 15 September 2016, the fifth Tranche on 9 March 2017 and the eighth Tranche on 23 October 2018. Below is the detail of current issues:

Second Tranche under the Programme

Total placed value	\$375.000.000, as follows: Subseries B5: \$181,660,000 Subseries B12: \$193,340,000
Current balance as of 31 December 2018	\$193.340.000
Par value per bond	\$10.000
Issue terms	Subseries B5: 5 years Subseries B12: 12 years
Date of issue	15 de noviembre de 2013 para todas las series
Maturity	Subseries B5: 15 November 2018 Subseries B12: 15 November 2025
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries B5: CPI + 3.92% E.A. Subseries B12: CPI + 4.80% E.A.
Rating	AAA (Triple A) Granted by FitchRatings Colombia S.A. S.C.V).

Third Tranche under the Programme

Total placed value	\$185,000,000, as follows: Subseries B7: \$185,000,000
Current balance as of 31 December 2018	\$185.000.000
Par value per bond	\$10.000
Issue Terms	Subseries B7: 7 years
Date of Issue	25 September 2014
Maturity	Subseries B7: 25 September 2021
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries B7: CPI + 3.53% E.A.
Rating	AAA (Triple A) Granted by FitchRatings Colombia S.A. S.C.V).

Fourth Tranche under the Programme

Total placed value	\$90,000,000, as follows: Subseries E4: \$90,000,000
Current balance as of 31 December 2018	\$90.000.000
Par value per bond	\$10.000
Issue Terms	Subseries E4: 4 years
Date of Issue	15 September 2016
Maturity	Subseries E4: 15 September 2020
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E4: 7.70% E.A.
Rating	AAA (Triple A) Assigned by FitchRatings Colombia S.A. S.C.V.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Fifth Tranche under the Programme

Total placed value	\$430,000,000, as follows: Subseries E2: \$160,000,000 Subseries E5: \$270,000,000
Current balance as of 31 December 2018	\$430,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E2: 2 years Subseries E5: 5 years
Date of Issue	9 March 2017
Maturity	Subseries E2: 9 March 2019 Subseries E5: 9 March 2022
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E2: 7.04% E.A. Subseries E5: 7.39% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

Sixth Tranche under the Programme

Total placed value	\$200,000,000, as follows: Subseries E7: \$200,000,000
Current balance as of 31 December 2018	\$200,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E7: 7 years
Date of Issue	8 June 2017
Maturity	Subseries E7: 8 June 2024
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E7: 6.46% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

Seventh Tranche under the Programme

Total placed value	\$360,000,000, as follows: Subseries E7: \$200,000,000 Subseries B12: \$160,000,000
Current balance as of 31 December 2018	\$360,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E7: 7 years Subseries B12: 12 years
Date of Issue	11 April 2018
Maturity	Subseries E7: 11 April 2025 Subseries B12: 11 April 2030
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E7: 6.74% E.A. Subseries B12: CPI+3.59% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.

Eighth Tranche under the Programme

Total placed value	\$195,000,000, as follows: Subseries B5: \$195,000,000
Current balance as of 31 December 2018	\$195,000,000
Par value per bond	\$10,000
Issue Terms	Subseries B5: 5 years
Date of Issue	23 October 2018
Maturity	Subseries B5: 23 October 2023
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries B5: CPI+2.82% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)



On 11 December 2018, the payment by maturity of the subseries A10 of the third issuance of bonds by the Company in 2009 was for \$80,000,000. With this payment all the subseries under this issue were expired, therefore to date there is no current balance.

The detail of the obligations for debt bonds as of 31 December 2018 is as follows:

Series	Rate EA	Type of rate	Current		Non-current				
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 5 years	5 to 10 years	Total Non-current
Bonds B12-13	8,23%	Variable	\$ 1.989.160	\$ -	\$ 1.989.160	\$ -	\$ -	\$ 193.340.000	\$ 193.340.000
Bonds B7-14	6,92%	Variable	239.129	-	239.129	-	185.000.000	-	185.000.000
Bonds E4-16	7,70%	Fixed	313.956	-	313.956	90.000.000	-	-	90.000.000
Bonds E2-17	7,04%	Fixed	160.691.636	-	160.691.636	-	-	-	-
Bonds E5-17 (*)	7,39%	Fixed	16.290.395	-	16.290.395	-	270.000.000	-	270.000.000
Bonds E7-17	6,46%	Fixed	829.813	-	829.813	-	-	200.000.000	200.000.000
Bonds E7-18	6,74%	Fixed	2.956.457	-	2.956.457	-	-	200.000.000	200.000.000
Bonds B12-18	6,98%	Variable	2.444.313	-	2.444.313	-	-	160.000.000	160.000.000
Bonds B5-18	6,18%	Variable	2.258.777	-	2.258.777	-	195.000.000	-	195.000.000
			\$ 188.013.636	\$ -	\$ 188.013.636	\$ 90.000.000	\$ 650.000.000	\$ 753.340.000	\$ 1.493.340.000

The payment of interest is made quarterly and the amortisation of the principal is made at the maturity of the issue.

(*) The payment of interest has an annual periodicity, payment due 09/03/2019.

The detail of Obligations for debt bonds as of 31 December 2017 is as follows:

Series	Rate EA	Type of rate	Current		Non-current				
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 5 years	5 to 10 years	Total Non-current
Bonds A10-08	9,90%	Variable	\$ 439.563	\$ 80.000.000	\$ 80.439.563	-	-	-	\$ -
Bonds B5-13	8,20%	Variable	1.862.031	181.660.000	183.522.031	-	-	-	-
Bonds B12-13	9,12%	Variable	2.195.790	-	2.195.790	-	-	193.340.000	193.340.000
Bonds B7-14	7,80%	Variable	268.928	-	268.928	-	185.000.000	-	185.000.000
Bonds E4-16	7,70%	Fixed	313.956	-	313.956	-	90.000.000	-	90.000.000
Bonds E2-17	7,04%	Fixed	691.636	-	691.636	160.000.000	-	-	160.000.000
Bonds E5-17 (*)	7,39%	Fixed	16.290.394	-	16.290.394	-	270.000.000	-	270.000.000
Bonds E7-17	6,46%	Fixed	829.813	-	829.813	-	-	200.000.000	200.000.000
Total Bonds			\$ 22.892.111	\$ 261.660.000	\$ 284.552.111	\$ 160.000.000	\$ 545.000.000	\$ 393.340.000	\$ 1.098.340.000

The payment of interest is made quarterly and the amortisation of the principal is made at the maturity of the issue.

(*) The payment of interest has an annual periodicity

(2) On 17 March 2016, the Company acquired a loan with The Bank of Tokyo Mitsubishi UFJ for \$200,000,000, EA rate 8.4931% maturing on 17 March 2019, and on 10 June 2016 another one was acquired with the same bank for \$162,000,000, EA rate 8.815% maturing on June 10, 2020. These resources were intended for general purposes of the Company.

The loans with The Bank of Tokyo Mitsubishi UFJ have an active agreement, which establishes a maximum Net Debt/Ebitda ratio of 3.5x, which has been fulfilled.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

In addition, as a result of the business combination process, the Company recognised fourteen treasury credits for \$138,098,600 with the banks Banco de Bogota, Banco AV Villas, Banco Popular and Banco Agrario, on which an assessment of each financial obligation was made with applicable market rates in accordance with the nature of the loans (13.08% EA), reflecting a fair value of \$128,511,053.

During 2018, payments of principal were made for \$ 39,782,607.

The detail of bank loans as of 31 December 2018 is as follows:

Description	Maturity	Rate EA	Current			Non-current		
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	Total Non-current
The Bank of Tokyo Mitsubishi UFJ	18/03/2019	8,49%	\$ 204.899.556	\$ -	\$ 204.899.556	\$ -	\$ -	\$ -
The Bank of Tokyo Mitsubishi UFJ	10/06/2020	9,01%	793.350	81.000.000	81.793.350	81.000.000	-	81.000.000
Banco de Bogotá	12/03/2019	7,72%	2.446.456	-	2.446.456	-	-	-
Banco AV Villas	12/03/2019	7,50%	1.247.405	-	1.247.405	-	-	-
Banco Popular	01/12/2019	7,45%	650.297	1.251.594	1.901.891	-	-	-
Banco Popular	01/12/2019	7,44%	1.252.185	3.676.498	4.928.683	-	-	-
Banco BBVA	21/01/2020	6,21%	255.496	730.739	986.235	216.963	-	216.963
Banco BBVA	23/02/2020	6,10%	214.507	626.414	840.921	185.972	-	185.972
Banco BBVA	25/03/2020	5,96%	113.979	340.441	454.420	101.104	-	101.104
Banco BBVA	21/04/2020	6,21%	434.400	1.231.900	1.666.300	715.418	-	715.418
Banco BBVA	21/05/2020	6,07%	277.085	803.931	1.081.016	466.915	-	466.915
Banco BBVA	22/06/2020	6,03%	258.435	769.270	1.027.705	446.781	-	446.781
Banco BBVA	17/03/2021	6,72%	668.057	1.965.971	2.634.028	2.127.152	531.788	2.658.940
Banco BBVA	21/04/2021	6,86%	349.448	951.782	1.301.230	1.007.850	503.925	1.511.775
Banco BBVA	23/05/2021	6,75%	513.741	1.458.762	1.972.503	1.544.697	772.348	2.317.045
Banco Agrario	22/08/2021	7,15%	1.742.681	4.899.442	6.642.123	5.077.557	3.808.168	8.885.725
Total Bank Loans			\$ 216.117.078	\$ 99.706.744	\$ 315.823.822	\$ 92.890.409	\$ 5.616.229	\$ 98.506.638

The detail of bank loans as of 31 December 2017 is as follows:

Description	Maturity	Rate EA	Current			Non-current			Total Non-current
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	3 to 4 years	
The Bank of Tokyo Mitsubishi UFJ	18/03/2019	8,49%	\$ 4.853.333	\$ -	\$ 4.853.333	\$ 200.000.000	\$ -	\$ -	\$ 200.000.000
The Bank of Tokyo Mitsubishi UFJ	10/06/2020	9,01%	-	833.018	833.018	81.000.000	81.000.000	-	162.000.000
Banco de Bogotá	12/03/2019	7,72%	2.497.631	7.348.175	9.845.806	2.155.890	-	-	2.155.890
Banco AV Villas	12/03/2019	7,50%	1.271.588	3.742.966	5.014.554	1.099.476	-	-	1.099.476
Banco Popular	01/12/2019	7,45%	724.533	1.977.986	2.702.519	1.660.286	-	-	1.660.286
Banco Popular	01/12/2019	7,44%	1.382.588	3.966.739	5.349.327	4.335.123	-	-	4.335.123
Banco BBVA	21/01/2020	6,21%	285.864	779.997	1.065.861	842.815	210.704	-	1.053.519
Banco BBVA	23/02/2020	6,10%	234.839	668.640	903.479	722.479	180.620	-	903.099
Banco BBVA	25/03/2020	5,96%	122.144	363.390	485.534	392.673	98.168	-	490.841



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)



Description	Maturity	Rate EA	Current			Non-current			Total Non-current
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	3 to 4 years	
Banco BBVA	21/04/2020	6,21%	486.232	1.315.405	1.801.637	1.390.183	695.091	-	2.085.274
Banco BBVA	21/05/2020	6,07%	303.742	858.427	1.162.169	907.248	453.624	-	1.360.872
Banco BBVA	22/06/2020	6,03%	277.610	821.416	1.099.026	868.130	434.065	-	1.302.195
Banco BBVA	17/03/2021	6,72%	724.260	2.110.626	2.834.886	2.075.387	2.075.387	518.847	4.669.621
Banco BBVA	21/04/2021	6,86%	393.939	1.021.970	1.415.909	983.696	983.696	491.848	2.459.240
Banco BBVA	23/05/2021	6,75%	566.221	1.566.338	2.132.559	1.507.676	1.507.676	753.838	3.769.190
Banco Agrario	22/08/2021	7,15%	1.923.639	5.261.534	7.185.173	4.958.297	4.958.296	3.718.722	13.635.315
Total Bank Loans			\$ 16.048.163	\$ 32.636.627	\$ 48.684.790	\$ 304.899.359	\$ 92.597.327	\$ 5.483.255	\$ 402.979.941

(3) The detail of the obligations for commercial leases as of 31 December 2018 is as follows:

Description	Rate	Type of rate	Current			Non-current		
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	Total Non-current	
Equirent S.A.	9,54%	Fija	\$ 32.423	\$ 102.002	\$ 134.425	\$ 96.853	\$ 96.853	
Mareauto Colombia SAS	11,78%	Fija	644.406	2.065.440	2.709.846	3.259.399	3.259.399	
Transportes Especializados JR S.A.S.	9,48%	Fija	6.642	13.747	20.389	1.835.117	1.835.117	
Transportes Especializados Aliados S.A.S.	12,50%	Fija	200.154	456.327	656.481	-	-	
Total lease obligations			\$ 883.625	\$ 2.637.516	\$ 3.521.141	\$ 5.191.369	\$ 5.191.369	

The detail of obligations for commercial leases as of 31 December 2017 is as follows:

Description	Rate	Type of rate	Current			Non-current		
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	Total Non-current
Banco Corpobanca (Helm)	7,36%	Fija	\$ 20.442	\$ 27.701	\$ 48.143	\$ -	\$ -	\$ -
Consorcio Empresarial	7,08%	Fija	288.151	591.194	879.345	-	-	-
Equirent S.A.	9,54%	Fija	29.495	92.791	122.286	134.426	96.853	231.279
Mareauto Colombia SAS	11,78%	Fija	90.559	268.264	358.823	384.393	299.611	684.004
Transportes Especializados JR S.A.S.	9,48%	Fija	6.044	19.011	25.055	20.388	-	20.388
Unión Temporal Rentacol	10,80%	Fija	150.294	-	150.294	-	-	-
Total lease obligations			\$ 584.985	\$ 998.961	\$ 1.583.946	\$ 539.207	\$ 396.464	\$ 935.671

As of 31 December 2018, the Company has \$3,928,388 in unused authorized credit lines, jointly with Emgesa S.A. E.S.P. and re-assignable between the two Companies, in respect of which, if required, the financial entities will update the conditions for their approval and disbursement, and as part of their financing strategy Codensa subscribed on 26 January 2018, a credit line committed for COP \$215 billion with Bancolombia, with (1) year of availability of resources for disbursement.

Additionally, an intercompany credit line with Emgesa S.A. E.S.P. has been approved for USD \$100 million for general purposes of the Company.

16. Commercial accounts payable and other payables

	As of 31 December 2018	As of 31 December 2017
Other payables (1)	\$ 949.906.128	\$ 843.199.871
Accounts payable for energy purchases (2)	231.655.420	186.949.180
	\$ 1.181.561.548	\$ 1.030.149.051

(1) The detail of other accounts payable as of 31 December 2018 is as follows:

	As of 31 December 2018	As of 31 December 2017
Accounts payable for goods and services (a)	\$ 777.611.344	\$ 695.215.100
Taxes other than Income Tax (b)	53.848.456	49.377.510
Collection in favour of third parties (c)	61.334.940	47.576.297
Other payables (d)	34.957.135	34.293.924
Balances in favour of customers (e)	18.371.849	15.564.786
Fees	3.782.404	1.172.254
	\$ 949.906.128	\$ 843.199.871

- (a) As of 31 December 2018, corresponds mainly to invoices for energy purchases of Emgesa S.A. E.S.P for \$89,038,245 transferred by this generator to Sumitomo Mitsui Banking Corporation through factoring operations, without responsibility for the seller.

As of 31 December 2018 and 2017, it corresponds primarily to the account payable to Banco Colpatria Red Multibanca Colpatria S.A. for the collection of the "Crédito Fácil Codensa" business portfolio, which was reconciled and outstanding for \$236,967,327 and \$154,804,892, respectively. This balance was paid in the first week of January 2019 and 2018, respectively.

- (b) As of 31 December 2018 and 2017, taxes other than income tax correspond to:

	As of 31 December 2018	As of 31 December 2017
Provision for tax payment (i)	\$ 28.240.237	\$ 26.321.979
Territorial taxes, municipal and related taxes (ii)	25.608.219	23.055.531
	\$ 53.848.456	\$ 49.377.510

- (i) As of 31 December 2018 and 2017, corresponds to withholdings to third parties of \$8,465,910 and \$8,510,604 and self-withholding of \$19,774,327 and \$17,811,376, respectively.
- (ii) As of 31 December 2018 and 2017, corresponds mostly to the industry and trade tax for \$15,119,562 and \$13,569,824, respectively. The Company is subject to the industry and trade tax in Bogotá at the rates of 0.966% on operating revenues, 1.104% on other non-operating revenues and at a 15% rate for signs and billboards over tax. In other municipalities where the Company is subject to the industry and trade tax, such tax is paid in accordance with the rates set out for each territorial entity.
- (c) As of 31 December 2018 and 2017, corresponds mostly to liabilities for mandate contracts of subscription to periodicals, magazines and insurance policies for \$20,100,611 and \$23,693,189; Banco Colpatria Red Multibanca Colpatria S.A. for \$25,356,674 and \$13,644,331 for the collection in the settlement process made by the Company of the loan portfolio of the business "Crédito Fácil Codensa" sold to the Bank, in accordance with the business cooperation contract, respectively. The collection made by the Company is reconciled periodically by the parties and transferred subsequently.



(d) As of 31 December 2018 and 2017, corresponds mostly to liabilities on account of energy distribution areas (ADDs) for \$15,182,236 and \$21,072,936, respectively. The ADDs correspond to the distribution charge of other network operators that, by regulatory order, must be invoiced and collected by the Company from its final users under the distribution areas scheme. The distribution areas is a regulatory mechanism implemented in Colombia under CREG Resolution 058-068 and 070 of 2008, which is intended for the distribution of costs that are to be assumed by final users, in an equitable manner, in the different regions among all users nationwide.

(e) Corresponds to balances in favour of customers generated mainly by the higher value paid by customers and by invoicing adjustments.

(2) The main suppliers of energy purchases correspond to:

	As of 31 December 2018	As of 31 December 2017
XM S.A. E.S.P.	57.026.365	71.481.972
Aes Chivor y Compañía Eca E.S.P.	54.843.397	20.689.320
Isagen S.A. E.S.P.	51.269.259	59.429.400
Empresas Publicas de Medellín E.S.P.	22.660.634	3.812.414
Empresa De Energía del Pacífico S.A. E.S.P.	14.305.416	5.138.305
Empresa De Energía De Boyacá S.A. E.S.P.	6.082.736	6.235.878
Termotasajero S.A. E.S.P.	5.839.158	-
Empresa Urrea S.A. E.S.P.	3.054.950	5.852.817
Celsia S.A. E.S.P.	2.974.166	937.368
Gestión Energética S.A E.S.P.	2.427.607	-
Generarco S.A E.S.P.	2.394.378	4.061.502
Nitro Energy Colombia S.A.S.	1.898.777	453.820
Others of smaller amount	6.878.577	8.856.384
	231.655.420	186.949.180

The variation is mainly due to a rise in long-term prices in 2018, explained by the market expectations of a supply deficit in the 2014-2016 portfolio formation years. For 2018 and 2017, the average contract price was 203.06 /Kwh and 180.42 \$/Kwh, respectively.

Additionally, the level of coverage of long-term demand for 2018 reached 88%, while in 2017 it was 79%, as a result of the new hiring strategy with the aim of reducing the average contract price.

17. Provisions

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Provision for legal claims (1)	\$ 14.517.695	\$ 2.288.790	\$ -	\$ 14.374.556
<i>Labour</i>	5.707.455	1.470.738	-	6.238.500
<i>Civil</i>	8.810.240	818.052	-	8.136.056
Dismantling, restoration and rehabilitation costs (2)	18.441.204	6.069.987	7.636.536	12.606.527
Other provisions	572.359	1.150.290	837.172	23.075.612
Public Lighting (3)	-	-	-	22.127.357
Environmental Compensation Nueva Esperanza (4)	25.140	-	808.785	65.159
Environmental Compensation Gran Sabana (5)	-	-	28.387	-
Environmental Compensation Compartir (6)	547.219	288.698	-	-
Other provisions	-	861.592	-	883.096
Total provisions	\$ 33.531.258	\$ 9.509.067	\$ 8.473.708	\$ 50.056.695

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

(1) As of 31 December 2018, the value of the claims against the Company administrative, civil, labour and constitutional actions amount to \$12,937,190,246; based on the assessment of success probability in the defence of these cases, \$16,806,485 have been provisioned to cover probable losses for these contingencies. Management estimates that the result of the lawsuits corresponding to the non-provisioned portion will be favourable to the Company's interests, and would not cause significant liabilities to be accounted for or, if they do, they would not materially affect the Company's financial position.

Given the characteristics of the risks covered by these provisions, it is not possible to determine a reasonable calendar with payment dates.

The Value of claims for administrative, civil, labour and contractor processes is detailed as follows:

Processes	Qualification	No. of processes	No of processes (undetermined amount)	Value of contingency (a)	Value of provision	VPN	Total value
Civil	Probable	74	3	12.436.121	\$ 10.020.392	\$ 392.101	\$ 9.628.291
	Likely	128	55	508.966.595	-	-	-
	Remote	37	25	370.000	-	-	-
Total civil		239	83	521.772.716	10.020.392	392.101	9.628.291
Labour	Probable	40	-	8.499.121	7.395.169	216.976	7.178.194
	Likely	98	32	15.661.333	-	-	-
	Remote	4	-	300.000	-	-	-
Total labour		142	32	24.460.454	7.395.169	216.976	7.178.194
Total processes		381	115	\$ 546.233.170	\$ 17.415.561	\$ 609.077	\$ 16.806.485

(a) The value of the contingency corresponds to the amount which, according to the experience of the lawyers, is the best estimate of payment in case of a decision unfavourable to the Company. The provision is determined by the lawyers as the amount of loss in the event that the decision is probable. Processes qualified as probable are provisioned one hundred per cent on the value of the real contingency.

Below are the details of the main legal proceedings classified as probable that the Company has as of 31 December 2018:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Olga Josefina Nieto Avendaño	2014	3.825.824	Electrocution	In Court with appeal by the Company.
Maria de Jesús Segura	2012	1.067.000	Electrocution	Pending judgment hearing.
Adriana Pereira Carrillo y otros	2010	1.000.000	Work accident	He finds himself with unfavourable judgment in the last instance, at court to fix costs, and payment of sentence.
Maria Cecilia Guerrero y Otros	2011	700.000	Electrocution	Pending judgment hearing.
Jorge William Duran Castellanos	2008	500.000	Refund for ineffectiveness of dismissal, payment of salaries and others.	The judgment was paid and on 11 October 2018, compliance with the judgment was sent. The case due for service of notice of the executive process, payment must be excepted
Narda Ruth Botero	2014	444.000	Electrocution	Evidence stage
Gloria Isabel Linares Paris	2014	100.000	Conventional pension recognition	The case file is requested, the sentence was paid.
Gerardo Salamanca	2015	40.000	Recognition and payment of the readjustment of 8% of the old-age pension allowance.	On 16 April 2018 referred to Court to set the date of ruling.
Juan Nepomuceno Chala	2011	30.000	Pension compatibility	On July 6, 2018, the Court does not file the unfavourable judgment for the company. The ruling is in the process of payment with request to human resources for the reassessment of pension factors for retroactive payment.
Elsy Maria Bermudez de Rodríguez	2016	21.315	Executive by imposed sentence.	On 9 November 2018 the process is definitively filed with payment of the judgment by the company.
Félix Antonio Cifuentes Olarte	2010	20.000	Payment of salaries, benefits and compensation.	In the Supreme Court of Justice since 5 December 2014 to issue judgment.



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)



Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Olga Cecilia Martínez de Zuluaga y Otros	2015	13.800	Pension Increase	Final file since 19 November 2018 with favourable judgments for the company.
Martha Angarita Serpa y Otros	2015	13.800	Pension Increase	On 18 October 2018, referred to Court to set the date of ruling.
Lorenzo Porras Martínez y Otros	2015	13.800	Pension Increase	On December 17, 2018, a cassation appeal requested by CODENSA is admitted.
José María Salazar Montealegre	2015	13.800	Pension Increase	On 16 April 2018, referred to Court to set the date of ruling.
Hilda Consuelo Estévez y Otros	2015	13.800	Pension Increase	On 16 November 2017, referred to Supreme Court of Justice to set the date of ruling.
Hipólito González Acosta	2015	600	Refund of pension allowance paid in excess by Empresa de Energía de Cundinamarca.	As of July 2018 it was created for payment of costs, they have already been paid and currently the process is pending filing.

Below are the details of the main legal proceedings classified as likely that the Company has as of 31 December 2018:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Centro Medico de la Sabana PH y Otros	2014	337.000.000	Compensation for damages to users of voltage level 1 for owning the distribution assets.	In Court with the evidence gathered by the summoned parties.
UAESP	2018	113.082.894	Executive debt collection of Resolution 412 and 730 of 2017 that re-settled unilaterally the Public Lighting Agreement for the periods 1998-2004.	Suspended because admission writ for the claim against the resolution subject of the proceedings was provided.
ASOCUAN	2009	15.000.000	Claim for property vindication where the substation is located.	Process pending to continue with procedure. Service of notice to all co-owners of the horizontal property as defendant in counterclaim is under way (it involves more than 1,200 notices).
ASOCUAN	2011	15.000.000	Claim that seeks the nullity of a license granted by the Ministry of Culture.	Judicial process without having closed the evidentiary stage, pending the respective closure to proceed with the respective closing arguments
Soledad Cobos Laurens	2014	11.000.000	Compensation of easement for location of infrastructure on property	Initial Hearing was set for 23 May 2019.
AENE Servicios S.A.	2012	7.000.000	Claims for breach of contract	Hearing of Art. 373 CGP was set on 19 February 2019.
Carlos Eduardo Moreno	2016	5.754.000	Electrocution injury	The Evidence Hearing was suspended for Codensa to provide a copy of the complaint filed against the National Police for the construction of the Police Station in the Municipality of SUSÁ.
Inversiones Rico LTDA en Liquidación	2015	4.000.000	Compensation for the location of high voltage towers in a high valuation area	Favourable ruling in the initial Hearing, appealed and referred to the Council of State.
Zamir Humberto Villamil y Otros	2016	3.000.000	Death by electrocution	Waiting for an initial Hearing date to be set.
Cooperativa de Ingeniería y servicios ISECOOP	2012	2.916.000	Declare the nullity num 5 clause second contract CPS037-06	Favourable ruling in first instance, with appeal, referred to the Council of State for review.
Victor Manuel Vega Arenas y otros	2013	2.500.000	Death by electrocution	Favourable ruling, it was appealed and referred to the Superior Court Civil Chamber.
Abelardo Garcia Rodriguez	2016	2.000.000	Cenvar	In Court to set the date of the Judgment Hearing.
Carlos Alberto Amador Morales y Otros	2017	1.800.709	Fatal work accident of contractor - Employer's fault - solidarity - relatives claim compensation for damages	Initial hearing set on 15 March 2019 at 10:30 a.m.
Cooperativa de trabajo asociado SERVICOMTREC	2012	1.740.380	There was a mathematical error in the settlement of the contract CPS019-06	Favourable ruling in first instance, under terms to file appeal.
Yuli Andrea Roa Cubides y Otros	2013	1.259.952	Death by electrocution	Initial hearing set on 15 March 2019 at 8:30 a.m.

(2) Taking into account that Colombia, through Act 1196 of 2008, embraced the Stockholm Convention, inasmuch as this event is regulated by Ministry of Environment Resolution No. 222 of 15 December 2011, as amended by Resolution 1741 of 2016, the Company acknowledged the provision for transformers contaminated with PCB (polychlorinated biphenyls) as of 2012 and has subsequently made the updates of the obligation taking into account changes in financial variables and main assumptions.

Export of contaminated transformers

On 11 November 2014, an agreement was entered into with LITO S.A.S., which intended to carry out the disposal process of PCB-contaminated transformers, upon authorisation of the border transit permit issued by the ANLA (National Authority of Environmental Licenses). However, in 2015 the MAERSK shipping company was limited during the period of authorisation to carry out the agreed transport, taking into account the existence of the period of exclusive transport restrictions for food destined to Europe.

In order to generate costs and export efficiency of the contaminated transformers, the Company implemented ultrasonic cleaning technology for the treatment of equipment contaminated with PCB, which was endorsed at large by the Ministry of Environment and Sustainable Development as a result of the pilot project implemented by the Company together with its partner company LITO S.A.S. In August 2016, addendum No. 1 to the agreement with LITO S.A.S. was executed, which included the handling, packaging, loading, transport, treatment and final disposal of electrical equipment contaminated with PCB without oil using the ultrasound cleaning technique.

On 9 September 2016, the National Authority of Environmental Licenses (ANLA) issued the permit for the transboundary movement of waste, which was the reason for the decontamination of 164 equipment contaminated with PCB with a weight equivalent to 65 tons during the last quarter using the new technology, representing savings of 31% of the cost of the traditional export alternative. In addition, the traditional export of 23 tons was made which due to their characteristics cannot be cleaned. The total export and washing cost during 2016 amounted to \$461,067.

During 2017, the Company performed carcass washing for 4.7 tons at a cost of \$17,256, however, no export was made in this period, taking into account that the term of the aforementioned contract ended. In December, the award of the new contract for the service of “Handling, packing, loading, transport, treatment and final disposal of waste contaminated with PCBs” was made to LITO S.A.S. for \$ 531,220, with an expected term of 3 years. In accordance the previous paragraph, the Company moved the export activities planned in 2017 to the following periods.

During 2018, the Company performed carcass washing for 21.92 tons at a cost of \$102,257 and exported 9.66 tons for \$85,997. These activities were carried out under the contract LITO S.A.S.

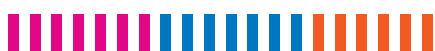
Inventory Marking and Sampling

On 21 December 2015, agreement 5600014180 was entered into with Empresa Colombia Multiservicios S.A. (hereinafter CAM) for a 3-year term, whose objective is to carry out sampling, handling, analysis and storage of samples and marking of equipment in general. On 2 February 2016 began the marking and sampling of medium voltage equipment.

In early 2016, the real rates were updated after the award of this agreement, generating an approximate impact of \$4,419 million pesos.

On 26 April 2016, the EEC signed the agreement 5600014342 for a 3-year term, for the inventory of the Cundinamarca area. On 5 September 2016 began the marking and sampling of medium voltage equipment in the area in question.

On 2 November 2017, the Company and CAM signed a transaction agreement for each of the agreements in question that had as purpose (i) to carry out the early termination with an end date of 31 July 2017; (ii) recognize the cost overruns assumed by CAM in relation to the displacement of crews, availability of crews to provide the service, equipment among other concepts. The amount of the transaction agreements amounts to \$658,123 and \$282,463 on the agreements signed by the Company and EEC, respectively.





As of 31 December 2018 and 2017, the expenditures associated with sampling and marking including transaction agreements and those associated with equipment in MV and LV oil to Compañía Ingelectrica S.A. amount to \$101,593 and \$3,459,666, respectively.

Regulatory Changes

The Ministry of Environment issued Resolution 1741 of October 2016, modifying articles 4, 5, 6, 7, 8, 9, 14, 26, 29 and 34 of Resolution 222 of 2011 with respect to the identification, marking, and other aspects associated with the collection of information on equipment owned by third parties. The impact was measured and included by the Company in the provision for \$962,238.

Changes in Other Assumptions

In addition, during 2016 the provision presented important changes associated with the following assumptions: (i) Savings for the implementation of the stratification in the assets of the Cundinamarca area; (ii) inclusion of costs associated with non-performance visits within the marking activities; (iii) inclusion of quality control activities included in the integrated audit framework; (iv) incorporation of the workforce required for the project; (v) update of prices due to the change of value added tax from 16% to 19%, among others.

As of 31 December 2018 and 2017, the value of the projected undiscounted flows are as follows:

Year	As of 31 December 2018	As of 31 December 2017
2018	\$ -	\$ 7,319.367
2019	18,441.204	7,554.627
2020 onwards	6,669.849	6,298.725
	\$ 25.111.053	\$ 21.172.719

As of 31 December 2018 and 2017, the Company updated the provision discounting future cash flows at net present value at a rate of 6.21% and 6.09% E.A., generating a financial effect of \$(844,326) and \$1,068,337, the most appropriate discount rate, considering the interest rates of government bonds (TES) that have maturities similar to those of the obligation.

(3) As of 31 December 2018, the payment corresponding to the provision of the Public Lighting litigation was made with the UAESP for \$24,471,044 that had a balance as of 31 December 2017 of \$22,127,357.

The following is a brief description of the main events of this litigation and the events that took place during 2018:

On 20 April 1997, an inter-administrative agreement was entered into by the District and the GEB (Grupo Energía de Bogotá), which ensures the supply of electric energy to the city for public lighting purposes. The agreement was assigned to the Company on 23 October 1997; the same year, the CREG, through Resolution No 99/97, modified the household electric energy service rate, expressly excluding public lighting, and the Company submitted to the District some invoices where it made its own, unilateral calculation of the value of electric energy it supplied. The District questioned the Company's rate, but paid what it considered was the fair cost. On 25 January 2002, the parties established a methodology that would be applicable in the future and decided to prepare a georeferenced inventory, the result of which would be compared with the existing census so that, in the event of differences, the costs and remunerations would be recalculated with respect to given periods as applicable. The georeferenced inventory (prepared between the years 2000 and 2003) resulted in a difference of 8,661 luminaries less than those invoiced by the Company to the District, so the Company is required to recalculate, and to include default interest for the excess values paid between 1998 and 2004.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

As a result of a popular action that took place in the Tenth Administrative Court of Bogotá, A first instance judgement was issued on 09 November 2009 compelling the UAESP and the Company to take all necessary measures, within two months as of the issue of the ruling, to finally settle the balance, in favour or against, duly updated with the DTF (values updating formula), plus interest. Should no agreement be reached, the UAESP must prepare within two months a liquidation for consideration of the company, which can resort to pertinent government channels and in case of no payment, it can proceed to execute the judgement. The second instance judgement confirms what was declared and currently is in force, without other appeals being applicable.

On 26 August 2014, UAESP and the Company signed an agreement in which they reached an agreed settlement where the Company assumed 50%, equivalent to \$14,432,754. This agreement had to be authorized by the Company and the director of the UAESP and ratified by the Administrative Judge No. 10 of Bogotá (who became aware of the process in the 1st instance).

On 1 June 2017, the 10 Administrative Judge of the Circuit of Bogota refused to consider the aforesaid agreement taking into account that it was not executed within two months following the enforcement of the ruling of 29 September 2011, which expired on 2 February 2012; ordering the UAESP to carry out the unilateral settlement. However, taking into account that the Judge did not issue a statement of approval or rejection of the agreement, it remains enforceable for the parties.

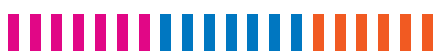
On 31 August 2017, in compliance with the order of the Administrative Judge, the UAESP issued resolution 412 of 2017, through which it made the invoicing re-settlement for the public lighting subject of the process for an amount of \$141,016,977. Consequently, the Company filed an appeal for reconsideration.

On 29 December 2017, the Company was notified of resolution 730 of 2017 issued on December 18 by the UAESP through which it resolved the appeal filed by the Company, confirming the contested decision and reconsidering the calculation of the re-settlement notified in August on the basis of updating the DTF in accordance with the order of the Judge in judgment of September 2009. Accordingly, the new claim of UAESP amounts to \$113,082,893.

On 25 January 2018, the UAESP summoned the Company, the Company, faced with this situation, offered the UAESP the payment of the amount that it considers fair of \$14,432,754, which as of 28 February and according to the agreed update amounted to \$23,633,336. This sum may be offset with three invoices that the UAESP must pay for public lighting as of the date. Given the silence of the UAESP, a request was filed on 16 March 2018 for a working table to reach an agreement, as the UAESP began non-coercive persuasion of the debt. However, on 22 March 2018, the UAESP notified the decision to issue a payment order against the Company for the sums of money contained in the Resolution.

On 22 March 2018, the UAESP informed that a payment order had been issued against the Company as judicial collection began. Once the judicial collection was answered and the Company's exceptions were resolved unfavourably, the UAESP was informed of the admission of the claim for nullity and reinstatement of the right by the Administrative Court of Cundinamarca, upon which the UAESP, through writ of 6 September, proceeded to suspend the judicial collection process.

Given the impossibility of reaching an agreement with the UAESP regarding the amounts of administrative acts, Resolutions No. 412 of 2/08/2017 and 730 of 18/12/2017, on 25 July 2018, the Company proceeded to file with the Administrative Court of Cundinamarca for the Nullity and Reinstatement of Right. This claim was admitted by the Court on 22 August 2018, and is currently in the status of serving notice to the UAESP.





On 28 September 2018, the Company paid the UAESP the sum of \$24,471,044, which corresponds to the amount that was agreed upon in the agreement signed by the parties in 2014, updated at a rate equal to the DTF from the date on which the difference occurred to the actual date on which the payment is made.

The remaining unilateral re-settlement of the new claim by the UAESP and which is subject of a claim for nullity and reinstatement of right is qualified as contingent with an estimated time of process completion of 3 years.

(4) Corresponds to compensations included in Resolution 1061 and Agreement 017 of 2013 between the Ministry of Environment and the Cundinamarca Regional Autonomous Corporation, respectively, which approves the substitution of the forest reserve protecting and producing the high watershed of the Bogota River, committing the Company to implement a compensation and reforestation plan in the construction area of the Nueva Esperanza substation.

Environmental License Nueva Esperanza Substation

On 31 July 2014, through Resolution No. 1679, the Cundinamarca Regional Autonomous Corporation – CAR, granted the Environmental License for development of the project “Construction of the Nueva Esperanza 500/115 kV substation, its 115 kV lines and the connection modules.” Nevertheless, on 8 August 2014, the company filed an appeal for reconsideration against said ruling, based on article 55 of the aforementioned Resolution, which requests including and clarifying issues associated with the geographical zone, the compensations, the census, etc.

On 30 December 2014, the Company was notified about Resolution 3788 of 24 December 2014, whereby the appeal for reconsideration is resolved, granting the Environmental License for the construction and operation of the “Nueva Esperanza” project. The appeal corrects the essential aspects and compensates favourably all of the issues presented by the Company in the appeal for reconsideration.

Ban Release and Reforestation

On 20 February 2015, the partial promise of sale was executed between the Company and Álvaro Eduardo Convers for \$1,350,000 for the acquisition of property No. 5 El Pireo, which is intended for the compliance with the environmental compensation obligation associated with the construction of the Nueva Esperanza Substation. 50% of the payment for this property was made in 2015 and the remaining 50% in 2016, following the procedures of the relevant authorities to obtain the segregation license and the removal of marginal notes 2 and 3 on the property registration page, and the milestones associated with the deed and registration in favour of the Company. The legalisation of the Pireo property was made on 4 October 2016 by public deed No. 3333 of the 11th Notary Public of the Bogota Circle.

Ban Release: Resolution No. 1702 of 17 July 2015 “Whereby a partial release of the ban is ordered and other decisions are made”, issued by the Ministry of Environment and Sustainable Development. The ban is partially released through the aforementioned resolution for the taxonomic groups Bromelias, Orchids, Moss, Lichen and Hepaticas and for five (5) individuals of the species *Cyathea caracasana*, reported in the area of intervention of the Nueva Esperanza project, according to the relevant coordinates.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

The Company was notified of Resolution 2128 of 30 September 2015, whereby the appeal for reconsideration, associated with the Ban Release of the “Nueva Esperanza” project is resolved. The appeal corrects essential aspects and replaces favourably all the points presented by the Company in its appeal for reconsideration. This fact is essential for the project and allows to continue with the construction of the 115kV transmission lines.

On 1 December 2015, the environmental compensation agreement was executed between the Company and the Geosintesis Consortium, which is intended for forest use of 3,600 tree individuals; the establishment, isolation and maintenance of protective forest plants; the ecological reclaiming of 0.5 hectares; the forest management plan of El Pireo property; and the design, creation and maintenance of a living barrier for the Nueva Esperanza substation, among other direct influence activities of the project. The remaining contract term is 12 months and the disbursements incurred to date amount to \$3,718,609, of which \$1,366,606 were executed in 2017.

On 23 December 2016, the promise of sale was executed between the Company and Anselmo Ibañez León for \$433,000 for the acquisition of the San Gregorio property located in the municipality of Sibaté, where the reforestation requested under the environmental license must be continued. 50% was paid upon the signing of the promise to purchase agreement and the other 50% was paid in the first two months of 2017.

During 2018, the maintenance of the forestry in the El Pireo and San Gregorio properties and areas located in the RENACE Forest was carried out, within the framework of the environmental compensation, as well as the maintenance for the 3126 epiphytes that were rescued and transferred.

Furthermore, in the first two months of 2018, CODENSA S.A. E.S.P. opened the Exhibition Hall of archaeological pieces in the municipality of Soacha, receiving 50,337 visitors during the six (6) months of its management, and launched the book “Nueva Esperanza 2000 años de historia prehispánica de una comunidad en el altiplano cundiboyacense”.

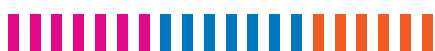
As of 31 December 2018, the commitments established in the framework of the Environmental Management Plan were fulfilled, in the construction phase of the project’s corridor 3, as well as the activities necessary to comply with the obligations contained in the Resolution that granted the environmental license and the obligations contained in the permits for the removal and release of the ban. The amount of the payments in 2018 amounted to \$988,497.

The value of the projected undiscounted flows is presented below:

Year	As of 31 December 2018	As of 31 December 2017
2018	-	808.784
2019	25.140	69.885
	\$ 25.140	\$ 878.669

As of 31 December 2017, the Nueva Esperanza provision was updated to the net present value at a rate of 7.25% EA (IBR + 2.55%), generating a financial effect of (\$92,331). As of 31 December 2018, no financial update was made, as the balance of the provision corresponds to short-term flows.

(5) On 6 February 2017, through Resolution No. 0263, the Regional Autonomous Corporation of Cundinamarca - CAR granted the environmental license for the development of the project “Construction of the Gran Sabana Substation, 115 kv lines and connection modules”. The license mainly commits the Company to carry out a compensation and reforestation plan in the construction zone of the substation.





In October 2017, Codensa and Parque Jaime Duque signed an agreement whereby the park allocates the land for the reforestation of 1,100 trees, allowing Codensa to comply with the environmental obligation.

During the first quarter of 2018, the activities related to this provision ended with the planned obligations running for \$28,387.

- (6) Corresponds to compensations included in Resolution 0255 of February 2018 of the Regional Autonomous Corporation of Cundinamarca, whereby the environmental license is granted for the construction of the 115 KV Compartir substation and connection modules located in the municipality of Soacha and environmental obligations such as waste management, wildlife management and forest use and social programs are set out.

Environmental license Compartir Sub-station

Codensa S.A. E.S.P. presented a plan of activities and actions to comply with the necessary actions that aim to prevent, mitigate, control and correct the impacts generated by the construction of the Compartir substation, as well as a monitoring plan in order to evaluate the effectiveness of said plan detailed in resolution 0255 of 2018.

This resolution orders an economic measure on Codensa for \$700,000, intended for the purchase of machinery and the planting of native trees. The Company made a list of all the activities requested and made an internal assessment of the amounts required for each activity, which generated an initial provision amount registered in March 2018 for \$1,457,089

During 2018, the commitments established in the framework of the Environmental Management Plan were fulfilled. It should be noted that during 2018, two days of voluntary planting and four for beautification of gardens of residential complexes located in the municipality of Soacha were carried out, giving rise to the shared value project called "Reforestation Soacha". In addition, several activities of social outreach, training in electromagnetic fields, and noise modelling were carried out. The delivery of the machinery is planned for January 2019, a commitment included in the Environmental License.

The value of the indexed undiscounted flows projected, and the value used in 2018 are presented below:

Year	As of 31 December 2018	
2018	\$	582.628
2019		547.219
2020		247.644
2021		92.591
	\$	1.470.082

As of 31 December 2018, the provision of Compartir was updated to the net present value at a rate of 7.52% EA (IBR + 3.17%), generating a financial effect in 2018 of \$(38,543).

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

The movement of provisions between 1 January 2017 and 31 December 2018 is as follows:

	Provision of legal claims	Dismantling, restoration and rehabilitation costs	Gran Sabana	Nueva Esperanza	Compartir	Public lighting and others	Total
Initial balance as of 01-01-2017	\$ 14.388.531	\$ 21.699.533	\$ -	\$ 2.234.811	\$ -	\$ 15.562.884	\$ 53.885.759
Increase (Decrease) in provisions	1.894.674	1.572.916	455.585	147.718	-	430.301	4.501.194
Provision used	(955.814)	(3.839.176)	(428.907)	(1.416.254)	-	(110.089)	(6.750.240)
Financial effect update	-	1.068.337	1.709	(92.331)	-	7.127.357	8.105.072
Recoveries	(952.835)	(258.547)	-	-	-	-	(1.211.382)
Total movements in provisions	(13.975)	(1.456.470)	28.387	(1.360.867)	-	7.447.569	4.644.644
Final balance as of 31-12-2017	\$ 14.374.556	\$ 20.243.063	\$ 28.387	\$ 873.944	\$ -	\$ 23.010.453	\$ 58.530.403
Increase (Decrease) in provisions (a)	11.179.106	5.458.548	-	141.208	1.457.089	(21.504)	18.214.447
Provision used	(2.453.284)	(333.754)	(28.387)	(988.497)	(582.628)	(24.471.045)	(28.857.595)
Financial effect update	(609.077)	(856.666)	-	(1.515)	(38.544)	2.343.688	837.886
Recoveries	(5.684.816)	-	-	-	-	-	(5.684.816)
Total movements in provisions	2.431.929	4.268.128	(28.387)	(848.804)	835.917	(22.148.861)	(15.490.078)
Final balance as of 31-12-2018	\$ 16.806.485	\$ 24.511.191	\$ -	\$ 25.140	\$ 835.917	\$ 861.592	\$ 43.040.325

(a) The following is the movement of 2018 of the provision for legal claims, which mainly corresponds to:

Process type	Plaintiff	Subject of claim	Value
Adm. Direct Compensation	Olga Josefina Nieto Avendaño	Death by electrocution	1.000.000
Adm. Direct Compensation	Lisandro Burgos Mayorga	Death of Henry Burgo by electrocution	500.026
Adm. Direct Compensation	Sergio Alejandro Cortes Bonilla	Electrocution injuries	200.000
Adm. Direct Compensation	Diana Patricia Quintero Ossorio	Death of Jesus Correa by electrocution	180.000
Adm. Direct Compensation	Juan Rafael Restrepo Bello	Death of a horse by electrocution	100.000
Civil Ordinary	Jhon Fredy Reina Villar Y Otros	Electrocution	1.200.000
Civil Ordinary	Dilva Cecilia Madera Argel Y Otros	Death by electrocution	500.000
Civil Ordinary	Internacional De Suelas	Compensation for quality of service	140.000
Civil Ordinary	Edwin Fernando Patarroyo Baquero	Consequential damages and lost profits	118.173
Labour Ordinary	Arnol Arnulfo Rincon	Recognition and payment of conventional pension	500.000
Labour Ordinary	Clara Ines Porras De Forero	Recognition and payment of conventional pension	500.000
Labour Ordinary	Elcy Marlen Ayala Anzola	Recognition and payment of conventional pension	500.000
Labour Ordinary	Jose Gustavo Veloza Zea	Recognition and payment of conventional pension	500.000
Labour Ordinary	Gilberto Garcia Lopez	Solidarity wages and social benefits	500.000
Labour Ordinary	Luis Eduardo Sarmiento	Recognition and payment of conventional pension	400.000
Labour Ordinary	Sonia Gualteros	Recognition and payment of conventional pension	300.000
Labour Ordinary	José Domingo Hernandez	Solidarity and payment of work remuneration, and compensation payment for strict liability for work accidents	300.000
Labour Ordinary	Guillermo Mejia Rodriguez	Reinstatement/compensation dismissal without just cause	300.000
Labour Ordinary	Henry Alonso Velasquez	Reinstatement/compensation dismissal without just cause	300.000
Labour Ordinary	Hernando Rivera Espinosa	Compensation dismissal without just cause	192.000
Criminal	Defensa Judicial–Yacopi	Confiscation - Yacopi	115.000





Asset ownership process - Public Lighting

There is currently a collective action in the Administrative Court of the Bogota Circuit, against Codensa S.A. E.S.P, filed by the Department Inspector of Cundinamarca, which claims that the Company has violated collective rights to administrative morality, among others, questioning the ownership of the infrastructure and the contractual modality "lease agreement" used by Codensa S.A. E.S.P. with different municipalities of the department of Cundinamarca, for the provision of public lighting service. According to the Inspector of Cundimarca, this agreement must be formalized through a Concession agreement. The amount of the process not determined, and the process is in the testing stage. This contingency is qualified as possible.

18. Provisions for employee benefits

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Social benefits and contributions to social security (1)	\$ 34.724.136	\$ -	\$ 38.156.278	\$ -
Obligations for defined post-employment and long-term benefits. (2)	29.085.089	283.208.814	33.949.786	261.120.766
Benefits for retirement plans	5.005	-	6.825	-
	\$ 63.814.230	\$ 283.208.814	\$ 72.112.889	\$ 261.120.766

(1) As of 31 December 2018 and 2017, it corresponds mainly to bonuses of \$13,977,607 and \$18,530,109, vacation and vacation premium for \$10,922,321 and \$11,570,623. In addition, the Company makes periodic contributions required by law for severance pay and social security: health, professional risks and pensions, to the respective private funds and to Colpensiones, which assume these obligations in their entirety. As of 31 December 2018 and 2017, social security and payroll contributions amount to \$4,293,478 and \$3,966,372, and severance pay and interest on severance pay to \$5,186,593 and \$3,866,417, respectively.

(2) The Company grants different defined benefits plans; post-employment obligations and long-term benefits to its active or pensioned employees; all these in accordance with the fulfilment of previously defined requirements, which refer to:

Retirement Pensions

The Company has a defined benefit pension plan on which it does not present specific assets, except for all resources derived from the performance of its operating activity. The pension benefit plans establish a pension benefit amount that an employee will receive upon retirement, which usually depends on one or more factors such as age of employee, years of service and compensation.

The recognised liability in the statement of financial position, with respect to defined benefit pension plans, is that present value of the obligation of the defined benefit on the date of the statement of financial position, together with adjustments for unrecognised actuarial gains or losses. The obligation for the defined benefit is calculated by independent actuaries using the projected unit credit method.

The present value is the defined benefit obligation and is determined by deducting the estimated cash outflows, using interest rates based on the yield curve of the Public Debt Bonds of the Colombian Government (TES), expressed in real value units (UVR), whose terms are close to those of that pension obligation until maturity.

Actuarial losses and gains derived from adjustments based on experience and changes in actuarial hypothesis are debited or credited to the net equity in other comprehensive income, in the period of occurrence.

The pensioner base for the recognition of this benefit corresponds to:

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Item	As of 31 December 2018	As of 31 December 2017
Pensioners	1.175	1.166
Average age	67,2	66,2

Other post – employment benefits

Pensioner benefits

The company provides the following aids to pension-retired employees: (i) education aid, (ii) electric energy aid, and (iii) health aid in accordance with the provisions of the collective bargaining agreement.

The right to the aforementioned benefits is generally granted to employees, regardless of whether or not they have worked until the retirement age. The costs expected from these benefits are acquired during the time of employment using a methodology similar to that of the defined benefits plans. The actuarial gains and losses derived from the adjustments for experience and changes in the actuarial assumptions are debited or credited to other comprehensive income in the period of occurrence. These obligations are measured annually by qualified independent actuaries.

The pensioner base for the recognition of this benefit corresponds to:

	As of 31 December 2018	As of 31 December 2017
Education aid		
Pensioner	164	201
Average age	18,7	18,8
Energy aid		
Pensioner	999	1.010
Average age	66,8	65,9
Health aid		
Pensioner	1.406	1.520
Average age	63.4	59,5

Retroactive severance pay

Retroactive severance pay, which is considered a post-employment benefit, is liquidated for employees belonging to the labour regime that was in force prior to Act 50/1990 and who decided not to benefit from this regime change. The social benefit is liquidated for the whole time worked based on the last salary earned and is paid regardless of the employee being dismissed or retiring voluntarily. The actuarial gains and losses of the adjustments for experience and changes in actuarial assumptions are debited or credited to other comprehensive income.

The employee base for the recognition of this benefit corresponds to:

Item	As of 31 December 2018	As of 31 December 2017
Employees	69	69
Average age	54	52,9
Seniority	27,6	26,6

Long-term benefits

The Company recognises to its active employees benefits associated to seniority, such as five-year periods, consisting in making an additional payment for every 5 years of uninterrupted service to employees whose hiring date was before 21 September 2005 and employees working in the EEC, and accrues as of the second year in accordance with the provisions of the collective bargaining agreement.



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)



The costs expected from these benefits are accrued during the employment period, using a methodology similar to that used for the defined benefits plan. The actuarial gains and losses derived from adjustments for experience and changes in the actuarial assumptions are debited or credited to profit or loss of the period of occurrence. These obligations are measured by qualified independent actuaries.

The employee base for the recognition of this benefit corresponds to:

Item	As of 31 December 2018	As of 31 December 2017
Employees	172	173
Average age	51,20	50,29
Seniority	24,0	23,04

As of 31 December 2018 and 2017, the actuarial calculation of post-employment benefits was performed by the firm Aon Hewitt Mexico, which used the following set of hypotheses:

Financial Hypotheses:

Type of Rate	As of 31 December 2018	As of 31 December 2017
Discount rate	6,80%	6,82%
Salary increase rate (active personnel)	5,00%	4,50%
Pension increment rate	4,00%	3,50%
Estimated inflation	4,00%	3,50%
Health service inflation	8,00%	8,00%

Demographic Hypotheses:

Biometric base	
Mortality rate	2008 Colombian mortality rate (valid annuitant)
Disabled mortality rate	Enel internal table
Total and permanent disability	EISS
Turnover	Enel internal table
Retirement	Men: 62 Women: 57

The movement of obligations for benefits defined as of 31 December 2018 is the following:

	Retired personnel		Active personnel		Defined benefits plan
	Pensions (a)	Benefits	Retroactive severance pay	Five-year term	
Initial balance 1 January 2017	\$ 230.395.861	\$ 73.258.809	\$ 2.698.139	\$ 5.403.405	\$ 311.756.214
Cost of current service	-	-	119.341	268.132	387.473
Cost for interests	14.325.623	4.684.105	175.744	338.262	19.523.734
Contributions paid	(23.729.882)	(3.401.628)	(451.659)	(762.637)	(28.345.806)
Actuarial (gains) losses arising from changes in financial assumptions	(6.565.033)	(7.397.061)	(64.310)	(75.214)	(14.101.618)
Actuarial (gains) losses arising from changes in experience adjustments	8.398.234	(3.787.556)	436.328	803.549	5.850.555
Final balance as of 31 December 2017	\$ 222.824.803	\$ 63.356.669	\$ 2.913.583	\$ 5.975.497	\$ 295.070.552
Cost of current service	-	-	123.119	265.953	389.072
Cost for interests	14.918.001	4.169.775	197.409	378.237	19.663.422
Contributions paid	(23.177.833)	(3.568.003)	(326.764)	(966.584)	(28.039.184)
Actuarial (gains) losses arising from changes in financial assumptions	12.886.914	848.231	4.887	139.564	13.879.596
Actuarial (gains) losses arising from changes in experience adjustments	9.010.052	1.267.012	603.709	449.672	11.330.445
Final balance as of 31 December 2018	\$ 236.461.937	\$ 66.073.684	\$ 3.515.943	\$ 6.242.339	\$ 312.293.903

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

(a) Complying with the provisions of article 4 of decree 2131 of 2016 that allows the application of IAS 19 for determining the post-employment benefit liability for future retirement pensions, requiring additionally the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, which restates the provisions of Decree 2783 of 2001; we have, upon apply these parameters as of 31 December 2018 and 2017, that the post-employment benefits liability for future retirement pensions amounts to \$190,375,282 y \$189,367,502, respectively. The sensitivity in question was made by the firm Aon Hewitt México, which used the following set of hypotheses:

Type of Rate	As of 31 December 2018	As of 31 December 2017
Discount rate	10,13%	10,82%
Technical interest	4,80%	4,80%
Estimated inflation	5,09%	5,74%

The following chart shows the behaviour in the present value of the obligation for each of the defined benefits, related to the per cent variation in 100 basic points above or below the Discount Rate used for the current calculation.

As of 31 December 2018:

Changes in discount rate	Retired personnel		Active personnel		
	Pensions	Benefits	Retroactive severance pay	Five-year term	Defined benefits plan
- 100 basic points	\$ 264.495.400	\$ 73.336.710	\$ 3.773.115	\$ 6.519.611	\$ 348.124.836
+ 100 basic points	\$ 213.345.927	\$ 59.971.765	\$ 3.282.970	\$ 5.987.936	\$ 282.588.598

As of 31 December 2017:

Changes in discount rate	Retired personnel		Active personnel		
	Pensions	Benefits	Retroactive severance pay	Five-year term	Defined benefits plan
- 100 basic points	\$ 248.011.629	\$ 70.479.460	\$ 3.152.300	\$ 6.253.034	\$ 327.896.423
+ 100 basic points	\$ 201.999.266	\$ 57.400.862	\$ 2.698.664	\$ 5.721.540	\$ 267.820.332

Collective Bargaining Agreements

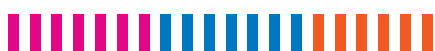
Collective Bargaining Agreement 2015 – 2018

After SINTRAELECOL submitted the list of demands to Codensa on 30 May 2018, the stage of direct settlement between the representatives of the Company and the representatives of the union was started according to the terms of the law, which was the postponed to 12 July 12 and ended on 3 August without any agreement between the parties. In accordance with the applicable regulations, the collective dispute was referred to the Arbitration Court for resolution.

Collective Bargaining Agreement SINTRAELECOL - EEC 2016- 2018.

This Agreement is effective from 1 January 2016 to 30 June 2018 (2016-2018), and governs the relationships with the unionised employees that come from the EEC, in compliance with international and internal standards. The main objective of the negotiation was the extended homogenisation of the conventional benefits that the Company had and the consolidation of benefits in a single document is pending, which will be produced as a result of the pending Arbitration Court in Codensa.

Collective Bargaining Agreement Codensa - ASIEB





On 1 May 2016, the Collective Bargaining Agreement with the ASIEB Trade Union Organisation was signed. This Collective Agreement applies to all the Company's employee engineers affiliates of the trade union of engineers to the service of energy companies - ASIEB. The term of the Agreement is from 1 May 2016 to 31 December 2019.

19. Taxes payable

Income Tax

Tax returns for taxable years 2016 and 2017 are open for revision by the tax authorities, as well as the income tax for equality CREE of 2016. However, according to Management, in the event of revision, no significant differences are expected.

The income tax is presented below:

	As of 31 December 2018	As of 31 December 2017
Current income tax (1)	\$ 355.091.584	\$ 401.408.330
Withholdings and self-withholdings	(137.552.840)	(124.099.211)
Other withholdings	(81.295.776)	(73.079.290)
Income tax advance	(63.594.469)	(112.264.651)
Tax discount (2)	(2.648.569)	(580.540)
	\$ 69.999.930	\$ 91.384.638

(1) Liabilities for current income tax payable consist of:

	As of 31 December 2018	As of 31 December 2017
Income tax relative to the results of the period (See note 30)	\$ 355.005.191	\$ 397.928.267
Income taxes related to components of other comprehensive income (See numeral 1 Note 32)	(2.377.054)	3.087.479
Tax discount for investment in science and technology	2.463.447	392.584
	\$ 355.091.584	\$ 401.408.330

(2) As of 31 December 2018 and 2017, corresponds to tax discounts in: (i) donations to non-profit organizations according to article 257 of the Tax Code for \$185,122 and 187,956, which corresponds to a lower value of the donation registered; (ii) the investments made in research, technological development or innovation according to article 256 of the Tax Code for \$2,463,447 and 392,584, which corresponds to a lower value of current income tax expense.

The main reconciliation items between earnings before taxes and the taxable net income are:

Item	From 1 January to 31 December 2018	From 1 January to 31 December 2017
Accounting earnings before income tax	\$ 978.404.297	\$ 1.051.498.610
Wealth tax		
Non-deductible expenses (1)	-	7.796.019
Non-deductible provisions (2)	17.894.935	3.426.856
Contribution to financial transactions	(17.737.635)	(25.568.533)
Other line items that increase net income	11.196.804	11.433.356
Non-deductible taxes	(1.844.938)	1.725.045
Presumptive interests	23.994	31.106
Total line items that increase net income	46.698	32.223
Total partidas que aumentan la renta líquida	9.579.858	(1.123.928)
Line items that decrease net income		
Fiscal depreciation and amortisation (3)	(16.047.568)	(44.003.982)

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Item	From 1 January to 31 December 2018	From 1 January to 31 December 2017
Losses for new measurement of defined benefits plans	(11.018.238)	3.244.682
Special deductions	-	(14.778)
Difference payroll tax and pension contributions	-	(1.833.501)
Fiscal profit in sale of fixed assets	(469.640)	(194.827)
Deductions for hiring the disabled	(171.026)	(174.313)
Other line items that decrease net income	(547.367)	(3.805.681)
Non-taxable income	(63.775)	(164)
Total line items that decrease net income	(28.317.614)	(46.782.564)
Taxable net income	959.666.541	1.003.592.118
Presumptive income Investor Codensa		
Income tax rate	33,00%	34,00%
Income tax	316.689.959	341.221.320
Occasional earnings	469.640	194.827
Tax rate of occasional earnings	10,00%	10,00%
Tax on occasional earnings	46.964	19.483
Total income tax and complementary	\$ 316.736.923	\$ 341.240.803

(1) As of 31 December 2018 and 2017, it corresponds to non-causal expenses such as Impairment of fixed assets \$15,453,756 and \$0, loan forgiveness for \$926,142 and \$1,435,572, non-deductible expense of donations for \$591,215 and \$563,867, financial expenses-revenues from the previous year for \$1,142,774 and \$411,172, others for (\$2,066,597) and \$1,016,246

(2) The variation corresponds mainly to: (i) provision for the litigation of Public Lighting with the UAESP \$23,925,086, (ii) provision for the portfolio of VAT of the public lighting infrastructure lease and other minor activities for the value of (\$27,998 .535), (iii) the tax reform (Act 1819 of 2016), which provided that for 2017 the deduction of the industry and trade tax expense would be 100% as long as the tax is paid before the presentation of the income tax return, for a value of (\$18,719,984), and for 2018 no provision was included \$ 0, (iv) Other costs and expenses estimated at \$12,211,137 and others for (\$2,298,507).

(3) As of 31 December 2018, corresponds to the difference between the fiscal and accounting depreciation of fixed assets.

As a result of the tax reform Act 1819 of 2016, as of 2017 the income tax for equality CREE was eliminated and was replaced by the CREE tax surcharge of 6%, for a surcharge of the Income Tax for the year 2018 and 2017 equivalent to 4% and 6%. Considering the foregoing, the comparative tax effects for the years 2018 and 2017 are as follows:

Income tax surcharge

Item	From 1 January to 31 December 2018	From 1 January to 31 December 2017
Ordinary taxable net income	\$ 959.666.541	\$ 1.003.592.118
Exemption income tax surcharge	800.000	800.000
Taxable net income income tax surcharge	958.866.541	1.002.792.118
Income tax surcharge rate	4,00%	6,00%
Income Tax Surcharge	38.354.661	60.167.526
Total income tax and income tax surcharge payable	\$ 355.091.584	\$ 401.408.329

Equity Reconciliation

	As of 31 December 2018	As of 31 December 2017
Accounting equity	\$ 2.767.837.354	\$ 2.648.818.705
Estimated liabilities	173.880.690	210.823.821
Fiscal adjustment to assets	(229.805.308)	(230.651.378)
Provision for debtors	87.384.509	24.983.221





	As of 31 December 2018	As of 31 December 2017
Others	2.381.919	1.870.002
Monetary correction	(1.353.237)	(1.428.417)
Debit (credit) deferred tax	5.507.156	19.649.837
Fiscal equity	\$ 2.805.833.083	\$ 2.674.065.791

Transfer Pricing

Taxpayers of income tax who execute operations with economic associates or related parties abroad are bound to determine, for income tax purposes, their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, considering for these operations the prices and profit margins that would have been used in comparable operations with independent entities. The external advisors have validated each of the contracts made during 2018 with related parties from abroad in order to validate the correct application of the market prices in each one.

20. Other non-financial liabilities

	As of 31 December 2018		As of 31 December 2017	
	Current	Non-current	Current	Non-current
Prepayments from customers for use of networks	\$ 8.160.165	\$ -	\$ 8.278.678	\$ -
Deferred revenue	-	-	437.500	-
Contingent Liabilities (1)	-	19.135.216	-	33.081.908
	\$ 8.160.165	\$ 19.135.216	\$ 8.716.178	\$ 33.081.908

- (1) The EEC recognised labour and civil contingencies for those processes classified as likely (high probability) to receive an unfavourable judgment; contingencies classified as possible (low probability) are included in a business combination in accordance with IFRS 3 guidelines, in addition 100% of tax contingencies were recognised given their nature.

The variation as of December 2018 is mainly due to the sale process for 2019 of the Small Hydroelectric Power Plant PCH Rio Negro and, prior to the classification of the plant as a non-current asset held for sale, the provision for dismantling the plant was reclassified to liabilities held for the sale under current liabilities for \$12,453,350.

Below are the main processes considered under such criteria in IFRS 3:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Engineering Cooperative ISECOOP	2013	2.916.000	Nullity is ordered for section 5 of clause two of service provision agreement No. 037 of 2 October 2006 entered into with EEC.	In the procedure of appeal filed against the judgment of first instance.
Associated Labour Cooperative SERVICOMTREC	2013	1.740.380	There was a mathematical error in the Agreement for the Provision of Transport Services CPS-019-06, as well as in its amendment, clarification and correction and in the addition and extension, entered into between SERVICOMTREC and the Company. Therefore, the value of the agreement for the Provision of Transport Services CPS-019-06 is adjusted to the sum of \$944,341, and other amounts are adjusted.	In Court with closing arguments for a judgment in first instance.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Dalia Mercedes Lasso and others	2009	1.037.000	Electrocution injuries to Mr Carlos Arturo Cortes Sanchez.	End of evidentiary (documentary) stage.
Diana Patricia Quintero Osorio	2015	850.000	Death of Mr Nelson de Jesus by electrocution.	In Court with closing arguments for judgment in second instance.
Luis Humberto Hernandez and others	2016	500.000	On 29 and 30 August 2015, a fire broke out in the rural area of Nocaima Cundinamarca, due to a short circuit of the low voltage power line located in the towns of Loma Larga, Cuñaral, El Cajón, La Florida, Tobia alta, Conchue and Baquero. This electrical infrastructure is owned by the Company. Fifty (50) people are affected.	End of evidentiary (documentary) stage.
Lisandro Burgos Mayorga	2009	500.025	Death of Henry Burgo by electrocution.	In Court with closing arguments for judgment in second instance.
Juan Rafael Restrepo Bello	2009	354.400	Death of a horse by electrocution.	In Court with closing arguments for judgment in second instance.
Jaime Filinto Hernández Bohórquez	2011	80.000	Quema de cultivos de caña, plátano, pastos, etc.	End of evidentiary (documentary) stage.

Fiscal Processes Municipality of Agua de Dios

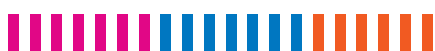
The Company's main tax litigations as of 31 December 2017, classified as likely, correspond to six processes originated between the Municipality of Agua de Dios and the EEC for the public lighting tax

Subject of claim: The Municipality considers that the Company is liable to the public lighting tax for having a substation in its jurisdiction, however, the tax liability is disproportionate in relation to the cost incurred by the Municipality for the provision of the service. The fee charged according to the installed capacity of the substation corresponds to COP \$12,000 that has been updated every year. Therefore, the process seeks the nullity of bills for public lighting tax issued by the Municipality.

Claim: \$738.578

Current status and procedural situation:

- i. The 2015-376 process ended on 10 December 2018 with a final decision favourable to Codensa.
- ii. The 2015-284 process that obtained a favourable ruling on 4 December 2017 due to the company's non-passive subjection to the industry and commerce tax. The municipality lodged an appeal, so the second instance is ongoing.
- iii. In the 2015-30 process, we obtained a judgment in second instance favourable to Codensa on 25 April 2018, the municipality appealed and we are in the course of the second instance.
- iv. For the process established in 2016, 2016-73 the provisional suspension on 3 May 2017 of the defendant acts was denied and the reform of the lawsuit was admitted on 18 October 2017.
- v. The processes 2017-452 and 2017-836 are in the course of the first instance, the first of these is scheduled for initial hearing on 4 June 2019, and for the second we were served a copy of the exceptions submitted by the municipality on 12 February 2018.
- vi. On 9 July 2018 the lawsuit for the process identified with 2018-210 was filed and on 3 August it was admitted.





21. Equity

Capital

The authorized capital is represented by 28,378,952,140 shares with a par value of \$100 each. As of 31 December 2018 and 2017, the subscribed and paid-in shares correspond to 134,875,450.

The shareholding structure as of 31 December 2018 and 2017 is detailed below:

Shareholders	Common shares with voting rights		Preferred shares without voting rights		Shareholding structure	
	Interest	Number of shares	Interest (%)	Number of shares	Interest (%)	Number of shares
Grupo Energía Bogotá S.A. E.S.P.(1)	42,84%	49.209.331	100%	20.010.799	51,32%	69.220.130
Enel Américas S.A	56,72%	65.148.360			48,30%	65.148.360
Other minority shareholders	0,44%	506.960			0,38%	506.960
	100%	114.864.651	100%	20.010.799	100%	134.875.450

(1) As a result of the extraordinary session of the General Shareholders' Meeting of Empresa de Energía de Bogotá S.A. E.S.P., on 6 October 2017, the name change to Grupo Energía Bogotá S.A. E.S.P. was approved.

Of the total shares of Empresa de Energía de Bogotá S.A. E.S.P., 20,010,799 shares correspond to non-voting shares with a preferred dividend of US \$0.10 per share.

Distribution of Dividends

The General Shareholders' Meeting of 20 March 2018, according to Minutes No. 69, approved with a vote of 56.7178% of present shares the distribution of ordinary dividends for \$433,923,281 and preferred dividends for \$5,708,040 charged to the net income of 31 December 2017. Grupo Energía Bogotá has reportedly filed a request for arbitration with the Bogota Chamber of Commerce, where it seeks the nullity of this Minutes, including in the contested matters the approval of the profit distribution project.

The dividends on the 2017 net income for \$439,631,322 (\$3,217.21 per common share (*)) will be paid as follows: 100% of the preferred dividend and 37.73% of the ordinary dividend paid on 19 May 2018, 37.36% on 24 October 2018, 24.91% on 16 January 2019.

The General Shareholders' Meeting of 28 March 2017, according to Minutes No. 67, ordered the distribution of dividends for \$526,470,858 charged to the net income of 31 December 2016.

The dividends on the 2016 net income for \$526,470,858 (\$3,860.16 per common share (*)) will be paid as follows: 100% of the preferred dividend and 28.39% of the ordinary dividend paid on 27 April 2017, 26.85% on 15 May 2017, 26.85% on 27 October 2017 and 17.91% paid on 15 January 2018.

The General Shareholders' Meeting held on 29 March 2016, as per Minutes No. 64, ordered the distribution of dividends for \$473,905,380 against net income as of 31 December 2015.

The dividends on net income of 2015 for \$ 473,905,380 (3,541.49 (*) per common share) were paid as follows: 100% of preferred dividend and 40.78% of ordinary dividend on 28 June 2016, 34.54% paid on 26 October 2016 and 24.68% paid on 27 January 2017.

(*) Figures in Colombian pesos.

Arbitration Tribunal of Grupo Energía Bogotá S.A E.S.P.VS. Enel Américas S.A.

On December 4, 2017, Enel Américas S.A. was notified of the request for initiation of arbitration proceedings filed by Grupo Energía Bogotá S.A. E.S.P. in relation to the differences arising in the profits distribution of the year 2016 for Emgesa S.A. E.S.P. and Codensa S.A. E.S.P., as regulated by the Investment Framework Agreement -AMI-.

Grupo Energía Bogotá S.A. E.S.P. argues Enel Américas acted against its own actions when voting for a profits distribution of 70%, in breach of provisions of clause 3.8 of AMI which establishes the form of profits distribution compelling the parties to vote favourably for the distribution of the 100% possible to distribute during each exercise.

The claims of the lawsuit are (i) Declaration of non-compliance of AMI by Enel Américas S.A. (ii) Legitimacy of Grupo Energía de Bogotá S. A. E.S.P. to convene an Extraordinary Shareholders' Meeting that includes in the agenda the distribution of the percentage pending distribution for the year 2016. (iii) Distribution of 100% of the percentage pending distribution for each Company.

On 12 December 2017, a public draw for arbitrators was held for the arbitration court; however the parties wish to choose their own arbitrators as indicated in the Investment Framework Agreement (AMI).

This process is attended directly by the lawyers of Enel Américas, taking into account the initial phase of the process, the contingency is qualified as eventual. Management considers that this situation does not affect the financial statements as of 31 December 2018.

The challenge of the minutes is related to the distribution of dividends for the years 2016 and 2017 and incursion in renewable markets. (This court is pending installation; the suit was withdrawn to be reformed and the appointment of arbitrators is underway.)

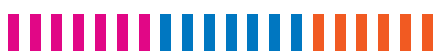
Arbitration Tribunals of Grupo Energía Bogotá SA ESP versus Codensa S.A. E.S.P and Emgesa S.A. E.S.P

There are 11 arbitration proceedings requests filed by the local partner Grupo Energía Bogotá against Codensa S.A. E.S.P., seeking the annulment of the Minutes of the Board of Directors and General Shareholders' Minutes, raising the following arguments: i) Conflicts of Interest with related economic companies; ii) Impossibility of ratification of authorizations to contract; iii) Undue removal of the conflict of interest; iv) Violation of the AMI regarding the distribution of profits.

The claims of the lawsuit are similar, stating that the decisions are flawed because they breach a peremptory standard, are absolutely null and void for the purpose and cause, breach the provisions of the AMI regarding the distribution of profits, and approving some minutes while an arbitration is in progress. The amount is undetermined, however, the decisions taken regarding operations with related economic companies of high impact for the business are involved. On 5 July 2018, the draw of the arbitrators was carried out due to not reaching an agreement for their designation and suggested accumulation with the arbitration against Enel Américas. The process is in the stage of appointment of arbitrators and disclosures of arbitrators and of the parties.

The minutes challenged by Grupo Energía de Bogotá S.A E.S.P. specifically against the Company are the following:

1. Board of Directors Minutes No. 270 of 21 March 2018 (Whereby powers were granted to the General Manager to issue the purchase orders of the Public Bid GE-18-001 in favor of Emgesa S.A. E.S.P. for the energy of the periods 2020 to 2022 for the Regulated Market of Codensa S.A. E.S.P.) Conflict of Interest.
2. General Meeting Minutes N 69 of 20 March 2018 (Whereby the profit distribution project was approved for fiscal year 2017, no proposal was approved for modification of the Articles of Association presented by GEB, the operations with economic





- associates of Codensa S.A. E.S.P. were ratified in 2017, a conflict of interest was removed in transactions with related parties for fiscal year 2018).
3. Board of Directors Minutes N 271 of 25 April 2018 (Whereby the approval proposal for “Technical Services” was notified and the extension of the intercompany agreement with Enel Italia S.R.L. was approved, regarding the “Cloud Service, Licenses and Cybersecurity and Digital Enablement Services”;
 4. Board of Directors Minutes N 272 of 24 May 2018 (Whereby the approval proposal for “Cybersecurity and Development Services and Supply of IT Platforms with Enel Italia” was notified).
 5. Board of Directors Minutes N 273 of 21 June 2018 (For the proposal and decisions regarding the “Cybersecurity Services with Enel Italia”; approval of the contracting of the “Services for the Development and Supply of IT Platforms” and not subjecting the discussion on the “Evolution of the Codensa-Enel-Codensa image” to the approval of the Board of Directors.
 6. Board of Directors Minutes N 274 of 19 July 2018 (relative to the presentation as a special report of the “Energy Purchase Approval Procedure” and the “Enel Colombia Corporate Building.” Also, because the content of the minutes is inaccurate compared to what actually happened at the meeting)
 7. Board of Directors Minutes N 275 of 23 August 2018 (relative to the proposed approval of a new Energy Procurement Procedure) to the extent that substantial changes are intended and not in a way to the procedure and except purchases with economic partners of the special majorities established in the AMI. Also because the underlying conflict of interest is not taken into account.
 8. Board of Directors Minutes N 276 of 25 September 2018 (relative to the approval of the Technical Services and the Codensa Emgesa Commercial Partnership, as well as having taken as report the Mandate Agreement between Emgesa and Codensa for the distribution of invoices to customers in the non-regulated market of Emgesa, and the evolution of the brand Codensa to Enel Codensa) to the extent that there is a conflict of interest and these issues had to be submitted to the Board for approval and not taken as a special report.
 9. Minutes N 70 of 20 September 2018 (relative to the removal of conflict of interest and ratification of transactions with related parties: Mandate Agreement between Emgesa and Codensa for the distribution of invoices in the Bogota areas, Framework Agreement for Business Cooperation between Emgesa and Codensa; offer to buy energy with Emgesa; Technical assistance agreement for the implementation of financial, insurance and billing solutions for third parties between Codensa and Enel X SRL; Contributions of Codensa to the Enel Colombia Foundation) and Sabana, the proposed approval of a new Energy Purchase Procedure) to the extent that sufficient information was not provided, no conflict of interest was properly raised and the Assembly could not ratify operations with related parties economic
 10. Board of Directors Minutes N 277 of 24 October 2018 (relative to the approval of the proposal of the new procedure of purchases of energy, ratification of the lease agreement use of public lighting infrastructure with the Municipality of Sibaté, participation in the bidding process of the Company Construcciones Planificadas SA for the construction of electrical installations of the Centre for Cancer Treatment and Research, Luis Carlos Sarmiento Angulo, approval of the participation and purchase of energy in the long-term auction of the Wholesale Energy Market and in “several topics” the information on not participating in the tender for the operation of Electricaribe for regulatory limits) to the extent that there is a conflict of interest, these agreements must have been previously submitted to the Board of Directors for approval and not through ratification, also due to the fact that sufficient information was not provided to the Board.

The Arbitration Courts have not yet been formally installed, they are in the initial stage of appointment of arbitrators and acceptance thereof

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

Other reserves

	As of 31 December 2018	As of 31 December de 2017
Reserve for deferred depreciation (Art. 130 Tax Code)	\$ 206.694.375	\$ 209.885.531
Legal reserve	26.454.481	26.454.481
	\$ 233.148.856	\$ 236.340.012

Legal reserve

In accordance with Colombian law, the Company must transfer at least 10% of the year profit to a legal reserve, until it is equal to 50% of the subscribed capital. This reserve is not distributable before the Company's liquidation; however, it may be used to absorb or reduce annual net losses. The balances of the reserve in excess of 50% of the subscribed capital are freely available to shareholders.

Reserve for Deferred Depreciation (Article 130 of the Tax Code)

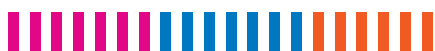
In the tax reform established by Act 1819 of 2016, article 130 of the tax code was repealed; consequently, the reserves constituted until 31 December 2017 will revert to the extent that the accounting depreciation equals the fiscal depreciation. Therefore, for the March 2018 Meeting, the release of \$3,191,156 of the reserve set up was ordered, leaving a balance of \$ 206,694,375.

The General Shareholders' Meeting of 2017, 2016, 2015 ordered the establishment of the reserve on account of accelerated depreciation pursuant to article 130 of the Tax Code for \$38,898,151, \$43,029,236 and \$76,995,746, respectively through profit or loss each year.

Additionally, in previous periods, a reserve of 70% of the depreciation requested in excess was established since 1998 for tax purposes, amounting to \$50,962,398.

22. Revenues from ordinary activities and other operating revenues

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Energy Sales	\$ 4.260.156.348	\$ 3.786.427.722
<i>Distribution and trade of energy - regulated market (1)</i>	4.116.632.611	3.666.192.611
<i>Supply of public lighting service (2)</i>	143.523.737	119.612.023
<i>Non-regulated market (3)</i>	–	623.088
Energy Transportation (4)	444.380.755	429.759.293
Induction stoves		333.289
Business and Government Services	149.126.080	122.947.785
Total revenues from ordinary activities under IFRS 15	\$ 4.853.663.183	\$ 4.339.468.089
Leases outside the scope of IFRS 15	184.946.625	180.587.562
Total revenues from ordinary activities	\$ 5.038.609.808	\$ 4.520.055.651
Other operating revenue outside the scope of IFRS 15	21.198.860	21.516.127
<i>Recovery loss of energy</i>	11.651.640	8.042.055
<i>Sale of obsolete materials</i>	3.357.423	3.442.837
<i>Fines and penalties</i>	2.332.805	4.350.582
<i>Others</i>	3.856.992	5.680.653
Total revenues from ordinary activities and other operating revenues	\$ 5.059.808.668	\$ 4.541.571.778





(1) As of 31 December 2018 and 2017, energy sales in the regulated market amount to 8,884 and 8,790 Gwh, of which 5,055 and 5,000 Gwh correspond to residential customers, 2,489 and 2,453 Gwh to commercial customers, 1,066 and 1,066 Gwh to industrial customers and 274 and 271 Gwh to official customers, respectively; and energy sales in the non-regulated market for public lighting amounted to 301 and 301 Gwh, mainly for the consumption of the Capital District 216 and 216 Gwh and other municipalities for 85 and 85 Gwh, respectively.

The variation corresponds mainly to the rate increases during 2018. The variations by component are listed below:

	Applied average rate 2017	Applied average rate 2018	Variation
Gm	160,08	186,92	14,4%
Tm	28,96	31,19	7,2%
Pr	29,70	34,26	13,3%
D	142,48	146,52	2,8%
Rm	24,58	32,89	25,3%
Cv	42,32	44,82	5,6%
Cu	428,12	476,60	10,2%

Generation costs (Gm): One of the factors that affected the behaviour of G during 2018 is the level of coverage, real spot prices (stock market) had a trend contrary to market expectations years ago when starting the creation of the purchase portfolio for the year 2018. The Company presented a coverage level of 88% higher than the market, which was at 83%.

Transmission Costs (Tm): Significant for the following:

May: Decrease of -4.7 \$/Kwh in the transmission component (T), strongly influenced by the STN delta that had to adjust the liquidation of March 2018, which was calculated with an underestimated demand at approximately 10%.

June: Increase of +3.1 \$/Kwh in the transmission component (T), equivalent to 11.3%, which reflects an increase in the estimated revenues for the transmitters.

October: Increase of \$ 4/Kwh in the transmission component, corresponding to the beginning of compensation to Intercolombia for the assets: Ituango, Medellin substations and the associated lines, Alférez Substation and Cerromatoso - Chinu Line.

Cost of Losses (Pr): The increments of these components are related to the effect on the variation of the Gm and Tm components.

Restriction Costs (Rm): This variable corresponded to the strongest variation due to limitations in the Caribbean Coast, with generation outside merit. The restrictions are considered national and are assumed by the entire demand.

(2) As of 31 December 2018 and 2017, energy sales of the non-regulated market for public lighting amounted to 301 and 301 Gwh, mainly for the consumption of the Capital District at 216 and 216 Gwh and other municipalities at 85 and 85 Gwh , respectively.

(3) As of 31 December 2017, corresponds to the consumption of 2.2 Gwh carried out by the 6 customers of the non-regulated market from the portfolio managed by the EEC, which were integrated into Codensa as of 30 September 2016 with the execution of the merger. To date, the agreements with non-regulated customers have terminated.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

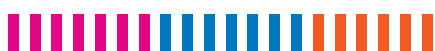
(4) As of 31 December 2018 and 2017, it corresponds mainly to billing for the electric energy infrastructure use service of the Company by other energy marketers in the local distribution systems of \$244,042,429 and \$234,837,885 and regional transmission systems for \$195,553,641 and \$190,073,102, respectively.

Breakdown of revenues from contracts with customers

The Company obtains its revenues from contracts with customers, for the transfer of goods and/or services; These contracts were grouped into categories that have similar characteristics in the contractual terms and conditions, in accordance with the practical solution of IFRS 15.

The following table summarizes the categories, the groups of contracts they contain, the main performance obligations and how these performance obligations are met.

Category	Groups of contracts	Performance obligations	Fulfilment of performance obligations
Energy Sales	Distribution and Trade of Energy, Customers Regulated Market	Provision of the energy service Connection Service Meter review service Reconnections	Over time
	Supply of Public Lighting service with the Bogota District	Provision of energy service and maintenance of public lighting	
	Non-regulated market	Sale of energy to the non-regulated market	
	Supply Public Lighting service with Municipalities	Provision of energy service and maintenance of public lighting	
Energy Transportation	Energy transport - Tolls and transmission	Use of the distribution network	Over time
Business and Government Services	Collaboration and financing of goods and services	Promotion, origination, administration, billing and collection of exclusive financial services	Over time
	Connection, administration, operation and maintenance	i) Supply, testing and commissioning of the communications network	
		ii) Review of connection designs, construction inspection, assembly, testing and commissioning	
		iii) Administration, operation and maintenance of the line module	
		iv) Supervision of the signals of the connection point from the Company's control centre	
	Business management mandate	Commercial management of products, works and/or services	
	Collaboration - Insurance	Trade and disposal of marketing channels	
	Electrical works	Access to the Company's customers for the provision of electrical works services, supply of material and financing	
	Insurance and publications	Promotion, billing and collection services through the invoices of public energy service and the delivery of policies and contracts	
	De-energizing manoeuvres	Operation service to de-energize the networks owned by the Company	
Other electrical works and projects	Electrical works and projects related to the transfer of high voltage networks and lighting (Graphic design and constructive design of Christmas lighting)		
Cooperation agreements - electrical networks	Electrical works and projects related to the installation, protection, transfer, replacement or relocation of electrical networks		
Advertising inserts	Print, insert and deliver advertising information on the bills		
Metering equipment	Supply of serial material (meters, current and power transformers and seals)	On a point in time	





Performance obligations correspond to commitments to transfer to a customer a series of different goods or services, or a series of different goods or services but which are substantially the same and have the same pattern of transfer to customers.

Performance obligations are met to the extent that goods and/or services undertaken with customers are transferred, i.e., to the extent that the customer gains control of the goods and services transferred.

In the Company's business lines, the fulfilment of performance obligations is mainly carried out over time, given that customers simultaneously receive and consume the committed goods or services and benefit to the extent that contracts are executed.

For the "Other income" category, the fulfilment of the associated performance obligations is generally made at a specific time, taking into account that the goods and/or services offered to the customers do not present future commitments.

The Company's revenues are generated in Colombia.

Significant judgments in the application of the standard

The Company recognizes revenues when control of the committed goods and/or services is transferred to customers, and they have the ability to use the goods and/or services provided, obtaining the economic benefits associated with them.

Regarding the schedule of fulfilment of performance obligations, we have that for performance obligations met over time, the method of measuring the progress of fulfilment of performance obligations is carried out by the product method, as the Company is entitled to receive as compensation from customers the value of the goods and/or services provided to customers, up to the date of delivery.

The prices for the provision of the energy service are established based on the regulation and for other items in accordance with the contractual agreement. The Company does not offer discounts or other types of benefits to customers that may have variable consideration in the supply of goods and services.

Contract assets and liabilities

Contract assets

The Company does not have contractual assets, since the goods and/or services provided to customers that have not yet been invoiced generate an unconditional right to the consideration paid by customers, because only the passage of time is required in the enforceability of payments by customers, and the Company has fulfilled all performance obligations.

The Company does not incur costs to obtain or fulfil contracts, so it does not have assets associated with this item.

Contract liabilities

The Company presents contract liabilities in the statement of financial position, in the line item of other current non-financial liabilities. Contract liabilities reflect the Company's obligations in the transfer of goods and/or services to customers for which the entity has received an advance consideration.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

As of 31 December 2018, the Company has received advance payments for the energy transportation service for \$7,328,395 and for entry to the market channel for \$9,670.

The Company recognizes as revenue the contract liabilities, to the extent that it fulfils the performance obligations.

23. Provisioning and Services

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Energy purchases (1)	\$ 2.322.921.286	\$ 1.874.417.202
Transport costs (2)	500.637.818	468.024.137
Other variable provisioning and services (3)	224.642.420	219.695.556
	\$ 3.048.201.524	\$ 2.562.136.895

(1) As of 31 December 2018 and 2017, energy purchases amount to 10,508 and 10,330 Gwh; Purchases intended for the regulated market have a 97.5% share derived from contracts with 8,996 and 8,002 Gwh, and purchases in the stock market 1,253 and 2,064 Gwh, the remaining 2.5% corresponds to purchases destined to the non-regulated market with 259 and 2 Gwh, respectively.

Increase in the average contract price of \$22.64/Kwh, (2018 203.06 \$/Kwh, 2017 180.42 \$/Kwh).

(2) As of 31 December 2018 and 2017, it is mainly composed of the right-of-use costs in the national transmission power systems of \$324,065,312 and \$298,107,867, and regional transmission costs of \$162,937,130 and \$157,073,661, respectively.

(3) Following is a description of other variable provisioning and services:

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Costs of providing goods and services to individuals (a)	\$ 73.305.793	\$ 73.686.295
Industry and trade tax	61.023.118	52.615.464
Costs related to metering equipment	41.397.454	37.481.215
Public lighting maintenance and others	28.993.448	36.329.118
Cut and reconnection costs	16.238.877	12.112.650
Other local taxes related to sales	2.175.238	1.736.818
Contributions regulation entities (b)	1.508.492	5.733.996
	\$ 224.642.420	\$ 219.695.556

(a) As of 31 December 2018 and 2017, corresponds mainly to associated business costs of value-added services such as electrical works, Christmas lights and subscriptions to magazines, insurance and other products.

(b) The variation corresponds mainly to the recognition of judgments in favour of the Company with respect to higher values paid in the settlement of contributions to regulating agencies for the years 2014-2015.





24. Personnel expenses

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Wages and salaries (1)	\$ 164.407.202	\$ 146.865.321
Social security service and other social charges	38.918.126	34.788.485
Expense (revenue) for obligation of post-employment benefits (2)	838.745	1.191.022
Other personnel expenses (3)	(274.918)	656.915
	\$ 203.889.155	\$ 183.501.743

(1) As of 31 December 2018 and 2017, corresponds to wages and salaries for \$125,026,271 and \$113,314,456, bonuses for \$12,185,707 and \$10,028,989, vacation and vacation bonus for \$11,723,458 \$10,813,892, service bonus for \$5,715,720 and \$4,642,575, severance pay and interest on severance pay for \$5,338,427 and \$4,028,745, amortisation of employee benefits for \$4,417,618 and \$4,036,665, respectively.

(2) As of 31 December of 2017 and 2016, corresponds to the cost of the current service of active workers associated to the retroactive severance benefit for \$123,119 and \$119,341, 5-year periods for \$265,953 and \$268,132, respectively. As of 31 December 2017 and 2016, as of the actuarial calculation made by Aon Hewitt, Mexico the effect of actuarial losses is included in 5-year periods, arising from changes of variables for \$449,673 and \$803,549, respectively.

(3) As of 31 December 2018 and 2017, corresponds to:

(a) Labour litigations: Recognized allocation of litigation that was subject to changes in the rating in accordance with analyses performed by attorneys-in-fact for \$1,628,323 and \$616,026, respectively.

(b) Retirement bonus: corresponds to the expenses (recoveries) associated with the provision of retirement bonus for the management personnel for \$(1,903,241) and \$272,063, respectively.

25. Other fixed operating expenses

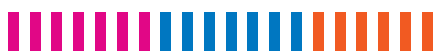
	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Independent professional services, outsourced and others (1)	\$ 193.681.391	\$ 171.113.116
Repairs and maintenance	75.823.947	76.746.047
Other supplies and services (2)	24.139.650	19.830.263
Leases and fees	10.817.333	11.232.970
Taxes and rates (3)	3.397.462	9.914.849
Insurance premiums	5.079.641	4.642.866
Advertising, marketing and public relations (4)	12.874.285	4.267.319
Transport and travel expenses	4.485.860	2.672.016
	\$ 330.299.569	\$ 300.419.446

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

(1) Below is the detail of independent professional services, outsourced and others:

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Maintenance services and software and computer application development (a)	\$ 32.459.054	\$ 29.435.701
Market recovery contracts	26.271.252	26.333.313
Reading	22.220.756	21.281.726
General administration expenses	20.975.123	16.645.217
Collection contracts	15.033.479	14.274.371
Customer service contracts	14.861.434	13.541.111
Diagnosis, inspection and maintenance of substations, networks and electrical installations (b)	10.722.421	8.200.950
Other management and operating contracts	7.796.223	9.855.919
Fees (c)	7.104.642	4.070.283
Telecommunications services	6.818.611	4.149.636
Administration of transport services	5.605.064	4.172.773
Billing (d)	4.714.201	3.943.909
Logistics operation contract for materials and inventories	3.705.743	4.727.279
Civil and administrative litigations (e)	3.865.909	95.231
Non-payment management contracts	2.889.715	2.650.764
Industrial safety	2.842.476	3.078.726
Diner and cafeteria	1.783.361	994.051
Assigned personnel service	1.711.706	988.467
Casualty losses	1.410.007	1.816.825
Office supplies and equipment	890.214	856.864
	\$ 193.681.391	\$ 171.113.116

- (a) As of 31 December 2018 and 2017, the increase corresponds mainly to the contracting and implementation of services associated with the cloud architecture and the maintenance of technical and commercial operation applications, mainly Amazon Web Service for \$4,712,854 and \$2,381,089 and Indra for \$1,876,237 and \$641,417 respectively.
- (b) Increased due to maintenance operations performed on substations, medium and low voltage networks and public lighting.
- (c) The fees increased mainly due to consulting in business management with Consumo Consultores S.A.S. for \$813,032, Bain & Company Colombia for \$849,436 and to business advice with Accenture Ltda for \$695,596.
- (d) The increase is due to the cost of billing on site and the updating of contracts for the distribution of invoices, mainly with Quanta Service Colombia and Bureau Veritas Colombia.
- (e) The variation corresponds mainly to the provision made in 2018 regarding litigations of a civil nature that were subject to changes in the rating according to the analysis carried out by attorneys-in-fact for \$3,770,678, which corresponds mainly to the change in the probability of the civil litigations, as follows: Raul Ernesto Rodriguez, due to judgment that forced to modify the provision for the payment thereof, changing from remote to probable; Rosalba Garcia Roza 2018, unfavourable judgment for the Company, change from likely to probable; Dilva Cecilia Wood Algiers, to comply with the ruling, payment is provisioned upon finalising the details to make the disbursement.





- (2) The variation is mainly due to increases in training costs for Company employees and public services.
- (3) The decrease corresponds mainly to the payment of property tax in 2018 for \$2,080,116 and to the wealth tax in 2017 for \$7,796,019.
- (4) Corresponds mainly to the cost of advertising campaigns for the promotion of the Enel brand in the media.

26. Expense for Depreciation, Amortisation and Impairment Losses

	Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017	
Depreciations (Note 13)	\$	334.302.713	\$	296.554.427
Amortisations (Note 12)		20.324.771		16.949.794
Depreciations and amortisations		354.627.484		313.504.221
Impairment financial assets (1)		25.443.126		9.174.751
Impairment property, plant and equipment (2)		15.453.755		-
	\$	395.524.365	\$	322.678.972

- (1) As of 31 December 2018, corresponds mainly to the allocation of:
- (i) 100% provision of the Public Lighting Infrastructure VAT portfolio for \$13,173,133, prescribed customers that do not present an ongoing lawsuit for \$ 1,742,709 and customers that present risk of default in payment agreements: Municipality of Agua de Dios for \$1,730 .005, Fabio Mussilini for \$492,539, Pablo Forero for \$480,644 and Fabiola Rojas for \$475,530.
 - (ii) In the supplementary business portfolio, the variation is mainly due to customers who default on payment agreements: Supernet TV Telecomunicaciones for \$1,294,633 and Biogas Doña Juana for \$411,659.
- (2) Corresponds to the impairment of the Rio Negro Hydroelectric Power Plant for \$15,453,755 for possible sale (See note 11).

27. Net financial income

	Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017	
Default interests (1)	\$	11.200.642	\$	8.619.453
Revenues from cash and cash equivalents (2)		10.691.401		13.789.298
Other financial revenues (3)		6.293.327		1.699.335
Interests on loans to employees (4)		5.433.819		5.149.899
Interests on customer financing (3)		1.716.992		1.167.587
Financial revenues (net)		35.336.181		30.425.572
Financial obligations (5)		(153.357.218)		(145.582.452)
Tax on movement of funds		(22.393.608)		(22.866.713)
Obligation for post-employment benefits		(19.802.986)		(19.448.520)
Other financial costs (6)		(4.842.197)		(13.754.284)
Impairment of financial assets (7)		(2.686.388)		-
Finance leases		(1.031.628)		(320.234)
Financial expenses		(204.114.025)		(201.972.203)
Capitalised financial expenses		2.998.967		8.786.465
Net financial expenses		(201.115.058)		(193.185.738)
Revenues from exchange difference		15.205.713		3.291.773
Expenses from exchange difference		(20.060.995)		(5.191.513)
Net exchange difference		(4.855.282)		(1.899.740)
Total net financial income (8)	\$	(170.634.159)	\$	(164.659.906)

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

- (1) Corresponds to billing of default interest to customers for energy service and other products.
- (2) Corresponds mainly to financial returns in national currency from deposits and investments in different entities such as Corredores Asociados, Credicorp, Fiduciaria Bogota, Fiduciaria de Occidente, Alianza Valores, BBVA Fiduciaria, Fondo abierto Alianza, Valores Bancolombia and Fiduciaria Corficolombiana.
- (3) As of 31 December 2018, corresponds mainly to the financial update of the VAT portfolio for public lighting infrastructure for \$2,811,706, the update of the dismantling provision of the Rio Negro Hydroelectric Power Plant (PCH) for \$891,252, update of PPA litigations for \$1,012,847, financial update of legal provisions for \$609,778 and the update of the provision of PCB dismantling liability for \$844,326.
- (4) As of 31 December 2018 and 2017, corresponds to the financial interest of housing credits for \$921,724 and \$894.195, and the financial effect of loans to employees agreed at the differential market rate for \$4,512,096 y \$4,255,703, respectively.
- (5) Corresponds to the interests on bonds issued generated under the Company's Bond Issue and Placement Programme, as follows:

Issue	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Loans Bank of Tokyo (a)	\$ 31.270.413	\$ 31.349.749
Interest Bonds E5-17	19.953.000	16.236.395
Interest Bonds B12	15.316.639	17.117.586
Interest Bonds E7-17	12.620.200	7.123.213
Interest Bonds B7-14	12.363.536	14.425.122
Interest Bonds E2-17	10.976.000	8.932.436
Interest Bonds B5-13	10.789.069	14.523.620
Interest Bonds E7-18 (b)	9.554.457	-
Other commercial loans (c)	7.174.283	13.936.425
Interest Bonds B12-18 (b)	7.855.193	-
Interest Bonds E4-16	6.741.000	6.741.000
Interest Bonds A10-08	6.484.650	7.764.277
Interest Bonds B5-18 (b)	2.258.778	-
Interest Bonds A10-07	-	7.360.081
Amortisation premium of bond issue A10-07	-	72.548
Total	153.357.218	145.582.452
Capitalisation of Interests	(2.998.967)	(8.786.465)
	\$ 150.358.251	\$ 136.795.987

- (a) Corresponds to the interests of the loans acquired with The Bank of Tokyo Mitsubishi UFJ on 17 March 2016 for \$200,000,000 with an agreed rate of 8.4931% EA, and 10 June 2016 for \$162,000,000, at a rate of 8.8150% EA.
- (b) Corresponds to the interest on bond issues made in 2018 (See Note 15).
- (c) Corresponds to the interests of bank loans acquired as a result of the business combination (See Note 15).
- (6) As of 31 December 2018, corresponds mainly to the financial update of the issuance of securities and commercial papers for \$1,882,150, financial update of the provision for the litigation of public lighting for \$2,343,688 and costs for issuance of bonuses for \$511,161.
- (7) Recognized expense for the impairment of financial assets such as cash and equivalents, agreements and other assets, in accordance with the provisions of IFRS 9 in relation to the expected credit loss.
- (8) The origins of the effects on exchange difference results correspond to:



Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate

(Thousands of pesos)



	Twelve-month period from 1 January to 31 December 2018	
	Revenues from exchange difference	Expenses from exchange difference
Cash	\$ 224.503	\$ (55.005)
Bank balance	432.010	(5.420.979)
Cash and cash equivalents	656.513	(5.475.984)
Current accounts receivable	664.720	(2.156.196)
Total Assets	1.321.233	(7.632.181)
Accounts payable for goods and services	9.009.977	(10.698.219)
Other commercial creditors	3.402.399	(129.170)
Commercial creditors	1.472.105	(1.601.426)
Total liabilities	13.884.481	(12.428.814)
Net results	\$ 15.205.713	\$ (20.060.995)

	Twelve-month period from 1 January to 31 December 2017	
	Revenues from exchange difference	Expenses from exchange difference
Cash	\$ 28.118	\$ (113.619)
Bank balance	67.173	(274.075)
Cash and cash equivalents	95.291	(387.694)
Current accounts receivable	178.973	(124.735)
Inventories	-	(2)
Total Assets	274.264	(512.431)
Accounts payable for goods and services	1.813.303	(2.685.821)
Commercial creditors	1.204.206	(1.993.261)
Total liabilities	3.017.509	(4.679.082)
Net results	\$ 3.291.773	\$ (5.191.513)

28. Income from Other Investments

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Dividends of associated investments	\$ 317	\$ 163
Equity method (1)	63.689	(94)
\$	64.006	\$ 69

(1) Corresponds to the equity method applied on Inversora Codensa S.A.S. for \$(86) and on Enel X Colombia S.A.S. for \$63,775

29. Income from the Sale and Disposal of Assets

	Twelve-month period from 1 January to 31 December 2018	Twelve-month period from 1 January to 31 December 2017
Property, plant and equipment (1)	\$ 8.200.049	\$ 8.000.887
Materials (2)	4.257.566	2.521.020
Others	-	716.950
\$	12.457.615	\$ 11.238.857

(1) Corresponds primarily to the write-off of substation equipment, lines and networks, distribution transformers and public lighting luminaires due to obsolescence, damage and replacement.

(2) Corresponds primarily to the billing of materials to the cooperating companies as a result of the physical taking of inventories.

30. Income Tax Expenses

The provision recognized through profit or loss, for income tax and income tax surcharge is broken down as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
Current income tax	\$ 355.005.191	\$ 397.928.267
	355.005.191	397.928.267
Income tax previous years	6.901.759	(3.275.949)
Deferred tax movement (1)	15.355.206	28.720.448
Deferred tax movement previous years (1)	(7.498.708)	4.639.893
	\$ 369.763.448	\$ 428.012.659

(1) As of 31 December 2018 and 2017, corresponds to the reduction of the net deferred tax of \$7,856,498 and \$33,360,341, which includes (i) deferred tax for the period of \$16,860,670 and \$28,720,448; (ii) deferred tax on prior years for (\$7,498,708) and \$4,639,893; and (iii) effect for rate changes as a result of the tax reform for (\$1,505,464) and \$-, respectively.

Below is the reconciliation of the income tax that would result from applying the current general tax type to “earnings before taxes” and the expense registered equivalent to an effective rate on net income as of 31 December 2018 and 2017 of 37.79% y 40.71%, respectively:

Reconciliation effective tax rate	Year ended 31 December 2018	Rate	Year ended 31 December 2017	Rate
Net income	\$ 608.640.849		\$ 623.485.951	
Income tax expense	369.763.448		428.012.659	
Earnings before taxes	978.404.297		1.051.498.610	
Legal tax rate in force	37%		40%	
Tax according to legal rate in force	(362.009.590)	(37%)	(420.599.444)	(40%)
Permanent differences:				
Non-deductible taxes (1)	(4.151.695)	0,42%	(4.585.785)	(0,44%)
Non-deductible wealth tax	0	0%	(3.118.408)	(0,30%)
Non-causal and other non-deductible expenses (2)	(7.008.998)	0,72%	(1.019.728)	(0,10%)
Expenses from previous years	422.827	(0,04%)	(164.469)	(0,02%)
Net effect of movement of estimated liabilities and permanent provisions	153.273	(0,02%)	1.713.985	0,16%
Assumed interests	(17.278)	0%	(12.889)	0%
Additional deduction disabled	63.280	(0,01%)	69.725	0,01%
Non-taxable dividends	0	0%	66	0%
Other permanent differences	173.767	(0,02%)	83.842	0,01%
Rate difference adjustment – deferred adjustments previous years (3)	1.982.017	(0,20%)	936.390	0,09%
Adjustment for income tax return prior year (4)	596.949	(0,06%)	(1.363.944)	(0,13%)
Effect of CREE surcharge adjustment - surcharge	32.000	0%	48.000	0%
Total permanent differences	(7.753.858)	(0,79%)	(7.413.215)	(0,71%)
Income tax expense	\$ (369.763.448)	(37,79%)	\$ (428.012.659)	(40,71%)

(1) As of 31 December 2018 and 2017, corresponds to the effect on income tax of the tax on movement of funds for \$4,142,817 and \$4,573,342, and taxes on vehicles for \$8,878 and \$12,443, respectively.

(2) As of 31 December 2018 and 2017, corresponds mainly to the effect on income tax and surcharges, for expenses without a causal relationship such as donations, loan forgiveness, among others.

(3) As of 31 December corresponds mainly to: i) effect due to changes in the rate as a result of the tax reform for \$1,505,464 ii) and other temporary items for \$476,553.





(4) The variation corresponds to the difference between the calculation of the income provision and the values presented in the income tax return. These differences generate a change in both the current tax and the deferred tax, the main items that generated the variation are: (i) the difference in accounting depreciation and fiscal depreciation, (ii) differences in the calculation of provisions for costs and expenses (iii) differences between the accounting and fiscal actuarial calculations.

31. Earnings per Share

The earnings per basic share are calculated dividing profit attributable to the Company shareholders adjusted to preferred dividends after taxes between the weighted averages of common outstanding shares over the year. As of 31 December 2018 and 2017, there are no common shares acquired by the Company.

	Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017	
Profit attributable to owners	\$	608.640.849	\$	623.485.951
Preferred dividends (1)		6.503.009		5.971.222
Profit attributable to owners adjusted to preferred dividends		602.137.840		617.514.729
Weighted average of outstanding shares		134.875.450		134.875.450
Basic and diluted earnings per share (*)	\$	4.464,40	\$	4.578,41

(*) Figures in Colombian pesos.

(1) Out of total shares of Grupo de Energía de Bogotá S.A. E.S.P., 20,010,799 shares correspond to shares without voting rights with an annual preferred dividend of US \$0.10 per share.

32. Other Comprehensive Income

The breakdown of other comprehensive income is shown below:

	Twelve-month period from 1 January to 31 December 2018		Twelve-month period from 1 January to 31 December 2017	
Components of other comprehensive income that will not be reclassified to net income				
Losses for new measurements of defined benefits plans (1)	\$	(24.620.805)	\$	9.058.500
Losses on new measurements of financial instruments measured at fair value rough OCI (2)		(8.774)		(15.441)
Other comprehensive income that will not be reclassified to earnings before taxes		(24.629.579)		9.043.059
Other comprehensive income that will be reclassified to earnings before taxes				
Gains (losses) on cash flow hedges		(20.043)		15.314
Other comprehensive income that will be reclassified to earnings before taxes		(20.043)		15.314
Income and deferred taxes relative to components of other comprehensive income that will not be reclassified to net income				
Tax effect for losses on new measures of defined benefits plans (1)		7.835.955		(3.426.791)
Total income taxes relative to components of other comprehensive income that will not be reclassified to net income		7.835.955		(3.426.791)
Total income taxes relative to components of other comprehensive income that will be reclassified to net income				
Effect of taxes on cash flow hedges		7.416		(5.524)
Total income taxes relating to components of other comprehensive income will be reclassified to net income		7.416		(5.524)
Total other comprehensive income	\$	(16.806.251)	\$	5.626.058

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

(1) Corresponds to the effect of actuarial losses valued by Aon Hewitt México. As of 31 December 2018 and 2017, actuarial losses with effect on equity are presented below:

	Year ended 31 December 2018			Year ended 31 December 2017		
	Pension and benefits	Retroactive severance pay	Temporary income	Pension and benefits	Retroactive severance pay	Temporary income
Initial balance	\$ (55.509.972)	\$ 54.143	\$ (2.745.417)	\$ (61.311.831)	\$ 303.394	\$ (2.824.518)
Actuarial gain (loss)	(24.012.209)	(608.596)	-	9.351.416	(372.017)	79.101
Current tax	2.377.054	-	-	(3.087.480)	-	-
Deferred tax	5.276.322	182.579	-	(462.077)	122.766	-
Final balance	\$ (71.868.805)	\$ (371.874)	\$ (2.745.417)	\$ (55.509.972)	\$ 54.143	\$ (2.745.417)

The value of the losses is transferred directly to retained earnings and will not be reclassified to profit or loss.

(2) As of 31 December 2018 and 2017, gains (losses) on the investment in Electricaribe S.A. E.S.P. as a result of the measurement using the multiples method were recorded in other comprehensive income for (\$8,773) and (\$15,441), respectively. The value of the losses is transferred directly to the retained earnings and will not be reclassified to profit or loss.

33. Assets and Liabilities in Foreign Currency

The standards existing in Colombia allow for the free negotiation of foreign currency through banks and financial institutions at free exchange rates. Nonetheless, most of the transactions in foreign currency require compliance with certain legal requisites.

Summary of assets and liabilities expressed in foreign currency:

	As of 31 December 2018		
	(in EUR)	(in US Dollars)	(in thousands of pesos)
Cash and cash equivalents	€5.814	US\$ 21.573.593	\$ 70.130.384
Debtors	125.711	4.252	480.826
Accounts payable	(4.436.124)	(1.097.480)	(20.046.522)
Net asset (liability) position	€ (4.304.599)	US\$ 20.480.365	\$ 50.564.688

	As of 31 December 2017		
	(in EUR)	(in US Dollars)	(in thousands of pesos)
Cash and cash equivalents	€ 5.411	US\$ 23.812.762	\$ 71.076.669
Debtors	94.042	53.999	498.101
Accounts payable	(2.692.117)	(2.526.354)	(17.184.981)
Net asset (liability) position	€ (2.592.664)	US\$ 21.340.407	\$ 54.389.789

34. Penalties

In the period between January 1 and December 31, 2018, the company has been notified of the following sanctions:

- » On 26 July 2017, the Superintendence of Household Public Utilities, in File 2016240350600015E, for the breach of the ITAD continuity indicators established in CREG Resolution 097 of 2008, decided in the first instance to impose a fine of \$1,475,434 for considering that the quality indicators were violated. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20182400096585 of 18 July 2018 the entity decided to confirm the fine, thus declaring it final.
- » On 3 October 2017, the Superintendence of Household Public Utilities, in file No. 20152403600122E, decided to sanction with a fine of \$1,490,188, for considering that the Company failed to comply with the reporting obligations of fatal accidents to the Unified Information System -SUI of the Superintendence and considering that the rules on electrical safety established in the Technical Regulation of Electrical Installations-RETIE were not complied with. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20182400104695 of 15 August 2018 the entity decided to confirm the fine, thus declaring it final.





- » On 3 October 2017, the Superintendence of Household Public Utilities, in file No. 2015240350600102E, decided to sanction with a fine of \$981.164 for considering that the Company failed to comply with the safety rules of the infrastructure established in the Technical Regulation of Electrical Installations-RETIE. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20182400105125 of 16 August 2018 the entity decided to confirm the fine, thus declaring it final.
- » On 12 February 2018 the Superintendence of Household Public Utilities, in the file No. 2016240350600061E, decided to sanction with a fine of \$15,625 for considering that the Company failed to provide the service because the estimated regulatory compensations for 1 user of the service exceeded the distribution charge billed for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and through Resolution 20182400130455 del 8 November 2018 the entity decided to confirm the fine, thus declaring it final.
- » On 28 February 2018, the Superintendence of Household Public Utilities, in the file No. 2015240350600113E, decided to sanction with a fine of \$62,499 for considering that the Company failed to provide the service because the estimated regulatory compensations for 10 users of the service exceeded the invoiced distribution charge for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and decision on said appeal is pending.
- » On 12 April 2018, the Superintendence of Household Public Utilities, in the file No. 2015240350600082E, decided to sanction with a fine of \$15,625, for considering that the Company failed to provide the service because the estimated regulatory compensations for 1 user of the service exceeded the distribution charge billed for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and decision on said appeal is pending.
- » We were notified of Resolution 85653 of 2016, in which the Superintendence of Industry and Trade imposed a penalty of \$241,309 for a complaint filed by Claudia Milena Muñoz Triviño, for considering that Codensa indeed violated the personal data protection regime by posting on twitter personal information of the plaintiff (home address). On 13 December 2017, the Superintendence of Industry and Trade notified Resolution No. 6323 of 4 October 2017, whereby it decided on the appeals for reconsideration and interim appeal filed against Resolution 85653 of 2016, confirming the fine. On 20 December 2017, the fine was paid at Banco Popular. The demand for nullity and restoration of right was filed and is pending decision.
- » By order No. 26346 of 15 March 2018, the Superintendence of Industry and Trade imposed a fine of \$37,834 for 339 days of delay in the compliance with the payment for compensation for a defective product to a customer. An interim appeal was filed against the order that imposed the penalty and the Company is waiting for the Authority to resolve this appeal.
- » Vehicle Tax, the special requirement for value correction of vehicle valuation, with amount of fine plus interest for \$229.
- » Lighting tax, sanction for the delivery of information in the municipality of Itagui, with a fine of \$179,624.
- » Withholding 2017 and 2018, extemporaneousness withholdings in municipality, with a fine of \$1,607.
- » Writ ICA tax withholding Anapoima first and second two-month period of 2018 due to extemporaneousness returns due to change of deadlines in municipal agreement with a fine for \$6,325.

35. Other Insurance

In addition to policies relative to properties, plant, and equipment (see note 13), the company has the following policies:

Property/person insured	Risks covered	Insured amount (figures in thousands)	Expiry	Insurance Company
Transport of goods	Loss or damage to the transported goods	US\$ 750 limit / Court	31/07/2019	HDI Seguros S.A.
Employees having a direct contract (a)	Death, total and permanent disability	\$1,800 maximum individual insured sum	01/01/2019	HDI Seguros de Vida S.A.
Counsellors or directors	Civil responsibility of directors and managers	\$15,773,178	10/11/2019	SBS Seguros S.A.

(a) The Company contracted a new policy for employees with direct contract for the year 2019 under the following conditions:

Property/person insured	Risks covered	Insured amount (figures in thousands)	Expiry	Insurance Company
Employees with direct contract (a)	Death, total and permanent disability	Maximum individual insured sum: \$ 1,800,000	01/01/2020	Seguros Bolívar S.A.

36. Commitments and Contingencies

(a) Purchase Commitments:

The Company as of 31 December 2018 has commitments to purchase electric energy as follows:

Year	Commitments with third parties	Commitments with Emgesa S.A. E.S.P.	Total
2019	686.940.159	1.049.386.215	1.736.326.374
2020-2021	1.496.733.719	2.278.377.893	3.775.111.612
2022-2023	-	619.306.487	619.306.487
	\$ 2.183.673.878	\$ 3.947.070.595	\$ 6.130.744.473

The energy purchase commitments by supplier are listed below:

Supplier	Interest
Emgesa S.A. E.S.P	64,38%
Empresas Públicas de Medellín E.S.P	16,73%
AES Chivor y Compañía Eca E.S.P.	9,43%
Isagen SA E.S.P	4,18%
Empresa URRRA SA E.S.P	1,23%
Others	4,05%

Below is the summary of purchase commitments of materials and services:

Año	Materiales	Servicios
De 2019 a 2021	\$ 455.395.498	\$ 555.310.376
De 2022 a 2025	-	70.829
	\$ 455.395.498	\$ 555.381.205

(b) Litigations and Arbitrations:

The Company faces litigations classified as possible or contingent, with respect to which Management, with the support of its external and internal legal advisors, estimates that the outcomes corresponding to the part not provisioned will be favourable to the Company and will not cause significant liabilities which must be accounted for or which, if they do, will not significantly affect their financial position

(c) Litigations Classified as Contingent

The main litigations that the Company has as of 31 December 31 2018 classified as contingent are:

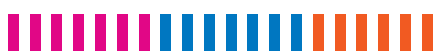
a. Process Sabana Medical Center PH and Others

Start date: 2014

Claim: \$337.000.000

Subject of claim: The plaintiffs seek that the Company return what it has allegedly charged in excess for not applying the rate benefit to said group of users belonging to Voltage Level 1, who are also owners of the distribution assets.

The claim and the main event of the claim are based on the fact that the Company is illicitly enriching because it does not apply any rate benefit to the users that belong to this voltage level and who own the infrastructure, as established in Resolution 082/2002, as amended by Resolution 097/2008. The plaintiff determines the amount of this process based on the fact that this situation is replicated in approximately 550 thousand users and that each one is entitled to compensation.





Current status of process: A settlement hearing was held, which was declared unsuccessful. The Company is expecting the statement of evidence.

On 8 September 2017, the firm agreed to the request of the plaintiff to include the initial plaintiffs' group of 4 legal representatives of the co-properties (Office Class Building, Minicentro Shopping Center, Santa Ana II Building and Beatriz Building), which are grouped together not as direct plaintiffs, but as a group affected by the events that constitute the presumed violation, in case the judgment is favourable to them.

The proceeding entered the evidentiary stage on 27 July 2018 and on 4 December 2018, it entered the Court with the evidentiary material gathered by the parties and by the required Authorities.

b. Process Owners Association of the Urban Centre Antonio Nariño

Start date: 2009

Claim: \$15.000.000

Subject of claim: The Association claims a property located within its facilities where an energy substation of Codensa operated. Codensa counterclaims the prescription of the property or easement.

Current status of process: Codensa summoned specific persons whose address is unknown and unspecified persons to extend the effects of a possible judgement on anyone who could claim respect for the real rights in dispute. To date, the Judge's review of the summons is in process.

c. Process Owners Association of the Urban Centre Antonio Nariño

Start date: 2011.

Claim: \$15.000.000

Subject of claim: The association claims the nullity of the permit granted by the Ministry of Culture to Codensa to intervene a declared property of cultural interest on the basis that Codensa was not the owner of the property.

Current status of process: The Company answered the complaint and is in the evidentiary stage.

Litigations as Plaintiff:

As of 31 December 2018, the Company acts as a plaintiff in four lawsuits that, in the event of being decided favourably, could generate a revenue. These lawsuits correspond to actions for nullity and reinstatement of right filed against the resolutions through which the Superintendence of Household Public Utilities settled the special provided in article 85 of Act 142/1994 for taxable years 2013, 2014 and 2015 on a taxable base higher than that set out in the Act. If a favourable ruling is obtained, the Superintendence of Household Public Utilities shall return what the judge determines as an excess paid value. The values under discussion are as follows: for 2013 \$3,237,619; for 2014 \$3,339,604 and for 2015 \$5,102,330. During 2018 there were no judicial decisions in these processes.

37. Risk Management

The Company is exposed to certain risks it manages through the implementation of identification, measurement, concentration limitation, and supervision systems.

The basic principles defined by the Company to implement its risk management policy include the following:

- » Comply with good corporate governance standards.
- » Comply strictly with the entire corporate regulatory system.
- » Each management, corporate area and business line defines:
 - a. Markets in which it can operate on the basis of sufficient knowledge and skills to ensure effective risk management.
 - b. Criteria about counterparties.
 - c. Authorised operators.
- » Managements, corporate areas and business lines establish for each market where they operate their risk exposure consistent with the defined strategy.
- » All managements corporate areas and business line are performed within the limits approved in each case.
- » Managements, corporate areas and business lines establish risk management controls as necessary to ensure that market transactions are carried out in accordance with the Company's policies, standards and procedures.

Interest Rate Risk

The variations of interest rates change the fair value of such assets and liabilities earning a fixed interest rate, as well as the flow of assets and liabilities referenced at variable interest rate.

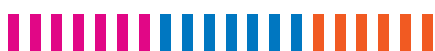
The purpose of risk management relative to interest rates is to reduce the volatility of the financial cost reflected in the income statement.

Depending on the estimates by the Company and the objectives of debt structure, hedging operations were undertaken through the contracting of derivatives that mitigate such risks. Instruments that can be used correspond to rate swaps, setting from variable to fixed rates. Currently the Company has not contracted interest rate hedging.

The following chart shows the sensitivity analysis of the financial cost associated with issued debt, relative to the per cent variation of interest rates as follows:

Interest rate	As of 31 December 2018		As of 31 December 2017	
	Variation (basic points)*	Sensitivity in COP thousands	Variation (basic points)*	Sensitivity in COP thousands
CPI	+/- 5,14 %	(+/-)\$ 39.071.347	+/- 5,59 %	(+/-)\$ 37.318.249
DTF	+/- 3,39 %	(+/-)\$ 1.672.524	+/- 2,76 %	(+/-)\$ 2.479.664

(*) Changes or movements in interest rates were calculated based on their historical volatility over a three-year period (2016-2018 and 2015-2017 for the 2018 and 2017 calculations, respectively), taking twice the standard variation of the series.





Exchange Rate Risk

The type of exchange risks can be presented essentially with the following transactions:

- Debt contracted by the Company in a currency other than that at which its flows are indexed to.
- Payments to be made for the acquisition of materials associated with projects in a currency other than that at which its flows are indexed to.
- Revenues directly related to the evolution of currencies other than that of its flows.

Taking into account that the functional currency of the Company is the Colombian peso, it is necessary to mitigate the exchange rate risk by minimising the exposure of the flows to the risk of changes in the exchange rate.

The instruments that can be used correspond to derivatives (forwards and swaps) of exchange rate.

The Company currently contracts exchange rate hedges to cover the payment of invoices in dollars for the purchase of assets in foreign currency. Currently, the Company does not have foreign exchange hedges.

Commodity Risks

The Company is exposed to the risk of price variation of commodities, mainly through energy purchase and sale operations carried out in local markets.

The Company performs most of its energy purchase transactions through contracts where a price has been previously agreed upon, thus mitigating this risk.

Currently, the Company does not have any type of contracted commodities.

Liquidity Risk

The Company has in place a consistent liquidity policy for contracting long-term credit facilities, cash and temporary financial investments, for amounts that are sufficient to support the needs projected for a period depending on the situation and expectations of debt and capital markets.

The resources available must cover the needs of net financial debt service (principal plus interest), i.e., after financial derivatives.

Included below are the contractual cash flows of financial liabilities with third parties, undiscounted:

Item	Current			Non-current				
	Less than 90 days	Over 90 days	Total current	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total Non-current
Issued bonds (principal + interest)	\$ 203.938.971	\$ 63.640.896	\$ 267.579.867	\$ 473.386.528	\$ 618.124.558	\$ 652.229.454	\$ 160.000.000	\$ 1.903.740.540
Bank loans (principal + interest)	219.165.744	111.970.624	331.136.368	103.155.586	-	-	-	103.155.586
Intercompany loans (principal + interest)	81.921.645	-	81.921.645	-	-	-	-	-
Financial lease obligations (principal + interest)	1.155.859	3.230.773	4.386.632	5.685.795	-	-	-	-
Commercial accounts payable and other payables	1.181.561.548	-	1.181.561.548	-	-	-	-	-
Total	\$ 1.687.743.767	\$ 178.842.293	\$ 1.866.586.060	\$ 582.227.909	\$ 618.124.558	\$ 652.229.454	\$ 160.000.000	\$ 2.006.896.126

Credit Risk

The Company performs a detailed follow-up of credit risk.

Commercial Accounts Receivable

To mitigate significant risks of defaults in the electricity business, we deploy a robust preventive payment reminder scheme, which seeks that our customers prioritize payment avoiding delinquency. Faced with lack of payment, the supply is cut off, direct collection procedures are initiated on high amounts and collection is later assigned to specialized firms, thus reducing the possibility of high portfolio impairment. The evolution of the portfolio is monitored, allowing the definition of special recovery management plans on amounts and situations that may represent a high impact of non-payment for the Company.

To mitigate significant credit risks and defaults in the commercial portfolio, a credit analysis is made of the financing applications on VAPS and the guarantee is requested in each business. The Company deploys a robust preventive payment reminder scheme, which seeks that our clients prioritize payment avoiding delinquency. Faced with lack of payment, direct collections are initiated and collection is later assigned to specialized firms, thus reducing the possibility of high portfolio impairment. The performance of the loan is monitored, allowing us to define special recovery management plans on amounts and situations that may represent a high impact of non-payment for the Company.

Financial Assets

Investment of the Company's available resources (treasury investments), originated in the operation and in other non-operating revenues and the operation of financial derivatives are carried out with national and foreign first line entities that meet the minimum risk rating required by the Company.

The minimum risk rating of their financial counterparties must be long-term international investment level, or its equivalent at local scale, taking into account the minimum international rating in foreign currency for the Republic of Colombia. The investment can be made only in counterparties with lower ratings, within the limits established for counterparty's risks, level of investment or prior approval through a valid "Waiver" granted on risks. The local risk ratings must be issued by a risk-rating agency that is well recognised and legally established in Colombia. For international risk rating, those granted by Moody's, S&P and Fitch are acceptable. When a Financial Counterparty has more than one rating, the lowest one shall be considered for the purposes set in this section.

The liquidity surplus operations must meet the following general criteria:

Safety: In order to preserve the value of the investment portfolio, the available resources for placement must meet the credit rating requirements set forth herein.

Liquidity: The instruments that are part of the investments must have high liquidity in the market.

Profitability: Within the risk limits allowed for, the highest possible return on investment must be sought.

Diversification: Risk concentration must be avoided in a given type of issuer or counterparty.

Transparency: All operations and commitments undertaken for management of available resources must be explicitly registered and supported, and shall be governed by the norms and procedures in force.



Risk Measurement

The Company adopted IFRS 9 as of 1 January 2018, which introduced a new hedge accounting model, with the objective of aligning accounting more closely with the companies' risk management activities and establishing an approach more based in principles.

Under the new approach, a hedging relationship is effective if and only if it meets the following criteria:

- (a) There is an economic relationship between the hedged item and the hedging instrument
- (b) The effect of credit risk does not predominate over the changes in value that come from that economic relationship
- (c) The hedge ratio, understood as the relationship between the notional of the hedged item and the notional of the hedging instrument, is the same as the one used by the Company for risk management purposes and this ratio is adequate for hedge accounting purposes.

IFRS 9 eliminated the quantitative requirement of the effectiveness tests contemplated in IAS 39, under which the results should be within the range of 80% -125%.

38. Information on fair value

The fair value of financial assets and liabilities is presented for the value at which the instrument could be swapped in a current transaction between the parties, by mutual consent rather than in a forced transaction or liquidation, in accordance with the defined policy.

Below are the financial assets and liabilities with variations between the book value and the fair value as of 31 December 2018:

Financial assets (1)	Book value	Fair value
Net commercial accounts and other receivables	\$ 660.206.492	\$ 666.521.099
Financial liabilities (2)		
Issued bonds	\$ 1.653.340.000	\$ 1.746.996.159
Bank loans	408.338.610	423.884.662
Intercompany loans	81.000.000	81.501.500
Lease obligations	8.712.510	9.878.678
Total liabilities	\$ 2.151.391.120	\$ 2.262.260.999

- (1) The Company evaluates accounts receivable and other long-term receivables based on parameters such as interest rates, risk factors in each country, customer solvency and risk characteristics of the financed portfolio. Based on this evaluation, provisions are registered to account for expected losses on these receivable accounts.
- (2) The financial and financial leases are estimated by discounting future cash flows using available rates for debts with conditions, credit risk and similar maturities. The Company uses discount rates of the zero coupon curve in accordance with maturities of each issue..

The fair value of cash and cash equivalents and commercial accounts payable are rounded up to their book value, due to the short-term maturities of these instruments.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)

As of 31 December 2018, the Company keeps in its Financial Statement the following financial assets and liabilities, measured at their fair value, classified by levels, in accordance with the defined policy (See note 3.2.1.2.3):

Financial assets	Level 3 (i)
Financial Investments – companies not listed or with limited liquidity	\$ 12.567

Financial assets	Level 2
Derivative instruments (See Note 5)	\$ -

- (i) The fair value measurement of this equity instrument was based on the Company's equity interest in Electricaribe, which is the most appropriate method to measure the investment due to the conditions of the counterparty; given that there is no comparable entity in the market, this methodology is the same one applied in the previous period.

39. Categories of financial assets and financial liabilities

The categories under IFRS 9 of financial assets and financial liabilities are as follows:

Financial Assets	As of 31 December 2018		As of 31 December 2017	
	Current	Non-Current	Current	Non-Current
Amortised cost				
Cash and cash equivalents	\$ 633.939.201	\$ -	\$ 548.070.988	\$ -
Commercial accounts receivable and other receivables	607.103.818	53.102.674	518.146.366	93.089.428
Accounts receivable from related entities	17.397.859	-	16.624.900	-
Other financial assets	695.199	-	20.058.567	-
Total financial assets at amortised cost	\$ 1.259.136.077	\$ 53.102.674	\$ 1.102.900.821	\$ 93.089.428
Fair value through profit or loss				
Other financial assets	-	-	20.044	-
Total Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 20.044	\$ -
Fair value through OCI				
Other financial assets	-	18.886	-	27.660
Total financial assets at fair value through OCI	\$ -	\$ 20.335	\$ -	\$ 27.660

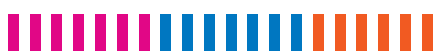
Financial liabilities	As of 31 December 2018		As of 31 December 2017	
	Current	Non-Current	Current	Non-Current
Amortised cost				
Other financial liabilities	\$ 507.358.599	\$ 1.597.038.007	\$ 334.820.847	\$ 1.502.255.612
Commercial accounts payable and other payables	1.181.561.548	-	1.030.149.051	-
Accounts payable to related entities	265.550.455	-	123.544.915	-
Total financial liabilities at amortised cost	\$ 1.954.470.602	\$ 1.597.038.007	\$ 1.488.514.813	\$ 1.502.255.612

40. Subsequent events

Credit lines

On 24 January 2019, the Board of Directors of Codensa S.A. E.S.P. approved the expansion of the total indebtedness of the Company to a total of \$2,850,000,000.

Codensa S.A. E.S.P. informs that as part of its financing strategy it signed on 29 January 2019 a "committed credit line" for COP \$200,000 million with BBVA Colombia S.A. The line of credit has a term of up to one year, with one-time payment of principal on maturity and with (1) year of availability of resources for disbursement. The line will only increase the indebtedness of the Company and will constitute indebtedness to the extent that disbursements are made. The resources available under this debt figure may be used for general corporate purposes, as well as to cover refinancing needs.





On 7 February 2019, Banco MUFG Bank, Ltd. granted the Company a loan for \$200,000,000 at a fixed rate of 5.23% due on 7 November 2019.

Intercompany loan payment

On 11 February 2019, we paid to Emgesa S.A. E.S.P. the loans granted in December for \$81,000,000 at a rate of 6.93% E.A., the interest paid corresponds to \$910,745.

Payment of dividends

On 16 January 2019, the payment of the last instalment of dividends declared for \$108,073,071 corresponding to 2017 profits was made.

41. Reclassification in the Financial Statements

In Note 7 Commercial Accounts Receivable and Other Receivables, for comparability purposes, as of 31 December 2017, (\$7,129,877) were reclassified from the item current gross commercial accounts and current impairment provision commercial accounts were reclassified to other non-current gross accounts receivable and impairment provision other non-current accounts receivable, corresponding to the balance of other accounts receivable from Empresa de Energía de Cundinamarca.

In 2018, in accordance with paragraph 51 of IFRS 15, compensations to customers are presented as a lower value of revenues from ordinary activities, therefore, for comparability purposes, as of 31 December 2017, in the income statement the value of \$15,036,327 was reclassified from the item provisioning and services to revenues of ordinary activities. In addition, the necessary adjustments were made in notes 22 Revenue from Ordinary Activities and Other Operating Revenues and 23 Provisioning and Services.

42. Approval of Financial Statements

The general-purpose Financial Statements of the Company as of 31 December 2018 were approved by the Board of Directors as per Minutes No. 269 of 22 February 2019 for presentation to the General Shareholders' Meeting, pursuant to the Code of Commerce.

Codensa S.A. E.S.P.
Notes to the Financial Statements – Separate
(Thousands of pesos)





enel.com.co