



# **OPEN POWER FOR A BRIGHTER FUTURE.**

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SEPARATE FINANCIAL STATEMENTS  
**Codensa S.A. E.S.P.**





## **SEPARATE FINANCIAL STATEMENTS**

**Codensa S.A. E.S.P.**

**For the years ended 31 December 2019 and 2018 and for  
the twelve-month period ended 31 December 2019 and  
2018, with Statutory Auditor's Report**



## Independent Auditor's Report

To the Shareholders of:

Codensa S.A. E.S.P.

### **Opinion**

I have audited the accompanying financial statements of Codensa S.A. E.S.P. (hereinafter the Company), which comprise the statement of financial position as of 31 December 2019 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.

In my opinion, the accompanying financial statements fairly present, in all material respects, the Company's financial position, taken from the books, as of 31 December 2019, the results of its operations and the cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia.

### **Basis for opinion**

I conducted my audit in accordance with International Standards on Auditing accepted in Colombia. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and with the ethical requirements that are relevant to my audit of the financial statements in Colombia, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the accompanying financial statements. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. Based on the above, below, I detail how each key matter was addressed during my audit.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Consequently, my audit included the performance of procedures designed to respond to the risks of material misstatement assessed in the financial statements. The results of my audit procedures, including the procedures performed to address the matters listed below, form the basis of my audit opinion on the accompanying financial statements.

## Key audit matter

### Estimate of income for energy delivered but not invoiced

The Company has established a procedure for the monthly recognition of the estimate for energy delivered but not invoiced corresponding to the sale of energy in the regulated market, income from tolls and income from public lighting. Said estimate is presented by the difference between the commercial billing cut-off and the monthly accounting cut-off, in which the estimate corresponds to the energy that has been delivered but not invoiced at the accounting cut-off. For income with commercial cycles that do not match the accounting cut-off, management estimates the amount to be recognized for energy delivered but not invoiced at the end of the year. This area is identified as a key aspect of auditing due to the complexity of the estimation process and management's judgment applied in the assumptions used.

## How my audit addressed the key audit matter

In relation to this key audit matter, our audit procedures as of 31 December 2019 included the following:

1. Understanding the criteria and procedures used by management for the estimate of income from energy delivered but not invoiced, including verification of the effectiveness of the relevant controls associated with the process.
2. We carried out substantive analytical procedures related to the month-to-month behaviour of the estimate versus actual billing (analysis by quantities and rates) and analysis of the behaviour of estimated demand in terms of quantities versus actual demand for regulated consumption, identifying possible significant deviations.
3. We compared the economic variables (PPI and CPI) estimated by management against real data for the month with external sources, which allows us to identify possible significant deviations and whether they are justified by management.
4. We recalculated the estimate of the regulated market, public lighting and tolls based on the information used by management to determine possible deviations requesting proper justification from management.
5. We recalculated with the Company's information sources and external sources to determine the actual income, comparing it with the period estimate to determine possible significant deviations between estimated income for energy delivered but not invoiced versus actual income.
6. We tested the effectiveness in terms of design and operation of controls executed by management in which the estimate of energy delivered but not invoiced is compared against the resulting income once they are fully invoiced.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Reporting Standards generally accepted in Colombia (CFRS), which includes designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying the appropriate accounting policies, as well as establishing the accounting estimates reasonable under the circumstances.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,

- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- » Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provided those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

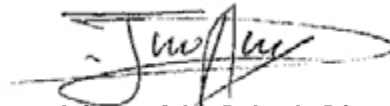
#### **Other affairs**

The financial statements under accounting and financial reporting standards accepted in Colombia of Codensa S.A. E.S.P. as of 31 December 2018, which are part of the comparative information in the accompanying financial statements, were audited by another auditor designated by Ernst & Young Audit S.A.S., on which he expressed his unqualified opinion on 21 February 2019.

### **Report on other legal and regulatory requirements**

Based on the scope of my audit, I am not aware of situations indicative of non-compliance in the fulfilment of the following Company obligations: 1) Keep the minutes books, shareholder register and accounting, according to legal regulations and accounting technique ; 2) Carry out the operations in accordance with the bylaws and decisions of the Shareholders' Meeting and the Board of Directors, and the regulations related to comprehensive social security; and 3) Keep the correspondence and the vouchers of the accounts. Additionally, there is agreement between the accompanying financial statements and Management's report, which includes Management's statement on the free circulation of the 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 2020.

The engagement partner on the audit resulting in this independent auditor's report is Edwin Vargas.



**Jeferson Arley Delgado Pérez**

Independent Auditor

Professional License 220202 –T

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

Bogota, Colombia  
21 February 2020



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## Codensa S.A. E.S.P.

### Statement of Financial Position – Separate

(Thousands of pesos)

	Note	As of 31 December 2019	As of 31 December 2018
<b>Assets</b>			
Current Assets:			
Net cash and cash equivalents	4	\$ 320.669.225	\$ 633.939.201
Net other current financial assets	5	720.495	690.037
Net other current non-financial assets	6	14.639.702	14.079.404
Net commercial accounts receivable and other receivables	7	688.085.339	607.109.905
Net current accounts receivable from related entities	8	16.961.366	17.397.859
Net inventories	9	190.914.457	119.939.172
Assets held for sale	10	37.203.350	18.917.654
<b>Total current assets</b>		<b>1.269.193.934</b>	<b>1.412.073.232</b>
Non-current assets:			
Net other financial assets	5	6.318	18.886
Net other non-financial assets	6	39.571.458	15.343.312
Net commercial accounts receivable and other receivables	7	53.367.281	53.102.674
Investments in subsidiaries, joint ventures and associates	11	5.460.654	5.065.965
Net intangible assets other than capital gains	12	306.206.569	229.029.119
Net Property, plant and equipment	13	5.575.126.194	5.110.031.961
<b>Total non-current assets</b>		<b>5.979.738.474</b>	<b>5.412.591.917</b>
<b>Total assets</b>		<b>7.248.932.408</b>	<b>6.824.665.149</b>
<b>Liabilities and equity</b>			
Current liabilities:			
Other financial liabilities	14	247.432.643	507.358.599
Commercial accounts payable and other payables	15	997.830.494	1.181.561.548
Accounts payable to related entities	8	316.168.994	265.550.455
Provisions	16	23.264.258	33.531.258
Taxes payable	17	147.948.723	69.999.930
Provisions for employee benefits	18	71.052.293	63.814.230
Liabilities held for sale	10	12.453.350	12.453.350
Other non-financial liabilities	19	4.731.358	8.160.165
<b>Total current liabilities</b>		<b>1.820.882.113</b>	<b>2.142.429.535</b>
Non-current liabilities:			
Other financial liabilities	14	1.944.787.684	1.597.038.007
Provisions	16	15.858.007	9.509.067
Provisions for employee benefits	18	304.025.771	283.208.814
Other non-financial liabilities	19	20.753.268	19.135.216
Net deferred tax liabilities	20	352.442	5.507.156
<b>Total non-current liabilities</b>		<b>\$ 2.285.777.172</b>	<b>\$ 1.914.398.260</b>
<b>Total liabilities</b>		<b>\$ 4.106.659.285</b>	<b>\$ 4.056.827.795</b>

## Codensa S.A. E.S.P.

### Statement of Financial Position – Separate (Continued)

(Thousands of pesos)


	Note	As of 31 December 2019	As of 31 December 2018
<b>Equity</b>			
Issued capital	21	\$ 13.487.545	\$ 13.487.545
Issue premiums		190.553.196	190.553.196
Other reserves	21	228.753.192	233.148.856
Other comprehensive income		(92.879.429)	(75.002.270)
<i>Net income</i>		822.757.186	608.640.849
<i>Retained earnings</i>		493.603.756	311.011.501
<i>Retained losses</i>		(37.859.236)	(37.859.236)
<i>Retained earnings due to transition to CFRS</i>		31.681.781	31.681.781
<i>Retained earnings due to conversion to CFRS</i>		1.756.025.883	1.756.025.883
<i>Equity effect business combination</i>		(263.850.751)	(263.850.751)
Retained earnings		2.802.358.619	2.405.650.027
<b>Total equity</b>		<b>3.142.273.123</b>	<b>2.767.837.354</b>
<b>Total liabilities and equity</b>		<b>\$ 7.248.932.408</b>	<b>\$ 6.824.665.149</b>

*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 faithfully taken accounting books of the companies that make up the company.

  
**Francesco Bertoli**  
Legal Representative

  
**Luz Dary Sarmiento Quintero**  
Public Accountant  
Professional Card 65450-T

  
**Jeferson Arley Delgado Pérez**  
Statutory Auditor  
Professional Card 220202-T  
Appointed by Ernst & Young Audit S.A.S. TR-530  
(Refer to my report dated 21 February 2020)

## Codensa S.A. E.S.P.

### Income Statement, by Nature – Separate

(Thousands of pesos, except earnings per share)

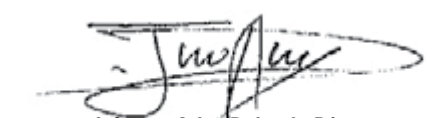
	Note	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Income from ordinary activities	22	\$ 5.416.282.845	\$ 5.038.609.808
Other operating income	22	48.274.326	21.198.860
<b>Total income from ordinary activities and other operating income</b>		<b>5.464.557.171</b>	<b>5.059.808.668</b>
<b>Provisioning and services</b>	<b>23</b>	<b>(3.156.172.601)</b>	<b>(3.048.201.524)</b>
<b>Contribution margin</b>		<b>2.308.384.570</b>	<b>2.011.607.144</b>
Works for fixed assets		95.721.646	79.538.010
Personnel expenses	24	(234.661.198)	(203.889.155)
	25	(331.152.321)	(330.299.569)
<b>Other operating expenses</b>		<b>1.838.292.697</b>	<b>1.556.956.430</b>
Depreciations and amortisations	26	(399.243.179)	(354.627.483)
Impairment losses (Reversal)	26	(14.710.633)	(40.896.882)
<b>Operating profit</b>		<b>1.424.338.885</b>	<b>1.161.432.065</b>
Financial revenues		18.672.374	35.336.181
Financial expenses		(208.195.773)	(201.115.058)
Exchange difference		10.911	(4.855.282)
<b>Net financial earnings</b>	<b>27</b>	<b>(189.512.488)</b>	<b>(170.634.159)</b>
Earnings from other investments	28	415.682	64.006
Earnings from sale and disposal of assets	29	(11.938.475)	(12.457.615)
<b>Earnings before taxes</b>		<b>1.223.303.604</b>	<b>978.404.297</b>
Income tax expense	30	(400.546.418)	(369.763.448)
<b>Net income</b>		<b>\$ 822.757.186</b>	<b>\$ 608.640.849</b>
<b>Basic and diluted earnings per share</b>			
Basic and diluted earnings per share in on-going operations	31	\$ 6.051,50	\$ 4.464,40
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 faithfully taken accounting books of the companies that make up the company.

  
**Francesco Bertoli**  
 Legal Representative

  
**Luz Dary Sarmiento Quintero**  
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**Jeferson Arley Delgado Pérez**  
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 (Refer to my report dated 21 February 2020)

# Codensa S.A. E.S.P.

## Statement of Comprehensive Income – Separate

(Thousands of pesos)

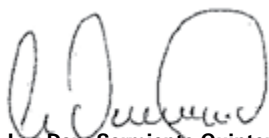
	Note	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
<b>Net income</b>		<b>\$ 822.757.186</b>	<b>\$ 608.640.849</b>
<b>Components of other comprehensive income not reclassified to earnings before taxes</b>			
Loss on new measurements of defined benefit plans		(24.349.272)	(24.620.805)
Loss on new measurements of financial instruments measured at fair value through OCI		(12.567)	(8.774)
Other comprehensive income not reclassified to earnings before taxes		<b>(24.361.839)</b>	<b>(24.629.579)</b>
<b>Components of other comprehensive income reclassified to earnings before taxes</b>			
Loss on cash flow hedges		(54.503)	(20.043)
Other comprehensive income reclassified to earnings before taxes		<b>(54.503)</b>	<b>(20.043)</b>
<b>Income tax relative to components of other comprehensive income not reclassified to net income</b>			
Effect of taxes on new measurements of defined benefit plans		6.521.742	7.835.955
Total income tax relative to components of other comprehensive income not reclassified to net income		<b>6.521.742</b>	<b>7.835.955</b>
<b>Income tax relative to components of other comprehensive income reclassified to net income</b>			
Effect of taxes on cash flow hedges	20	17.441	7.416
Total income tax relative to components of other comprehensive income reclassified to net income		17.441	7.416
Total other comprehensive income	32	(17.877.159)	(16.806.251)
<b>Total comprehensive income</b>		<b>\$ 804.880.027</b>	<b>\$ 591.834.598</b>

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

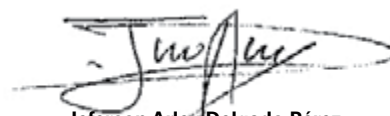
The undersigned Legal Representative and Accountant certify that we have previously verified the affirmations contained in these financial statements and that they have been faithfully taken accounting books of the companies that make up the company.



**Francesco Bertoli**  
Legal Representative



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**Jeferson Arley Delgado Pérez**  
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# Codensa S.A. E.S.P.

## Statement of Changes in Equity – Separate

(Thousands of pesos)

	Reserves			Other comprehensive income			Accumulated earnings and profits	Total equity		
	Issued capital	Issue premium	Legal reserve	Cash flow hedges	Gains and losses on new measurements of financial instruments	Gains and losses due to defined benefit plans				
<b>Initial equity as of 31-12-2017</b>	\$ 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
<b>Changes in equity</b>										
Net income	-	-	-	-	-	-	-	-	608,640,849	608,640,849
Other comprehensive income (Note 32)	-	-	-	-	-	(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
Dividends declared	-	-	-	-	-	-	-	-	(439,631,322)	(439,631,322)
Increases (decreases) due to other changes, equity	-	-	-	(3,191,156)	(3,191,156)	-	-	-	(29,993,471)	(33,184,627)
<b>Total increase (decrease) in equity</b>	-	-	-	(3,191,156)	(3,191,156)	(12,627)	(8,774)	(16,784,850)	139,016,056	119,018,649
<b>Final equity as of 31-12-2018</b>	\$ 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
<b>Changes in equity</b>										
Net income	-	-	-	-	-	-	-	-	822,757,186	822,757,186
Other comprehensive income (Note 32)	-	-	-	-	-	(37,062)	(12,567)	(17,827,530)	-	(17,877,159)
Comprehensive income	-	-	-	-	-	(37,062)	(12,567)	(17,827,530)	822,757,186	804,880,027
Dividends declared	-	-	-	-	-	-	-	-	(430,444,258)	(430,444,258)
Increases (decreases) due to other changes, equity (Note 21)	-	-	-	(4,395,664)	(4,395,664)	-	-	-	4,395,664	-
<b>Total increase (decrease) in equity</b>	-	-	-	(4,395,664)	(4,395,664)	(37,062)	(12,567)	(17,827,530)	396,708,592	374,435,769
<b>Final equity as of 31-12-2019</b>	\$ 13,487,545	\$ 190,553,196	\$ 26,454,481	\$ 202,298,711	\$ 228,753,192	\$ (37,062)	\$ (28,741)	\$ (92,813,626)	\$ 2,802,358,619	\$ 3,142,273,123

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 faithfully taken accounting books of the companies that make up the company.

  
**Francisco Bertoli**  
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Appointed by Ernst & Young Audit S.A.S. TR-530  
 (Refer to my report dated 21 February 2020)

# Codensa S.A. E.S.P.

## Separate Statement of Cash Flows - Direct Method

(Thousands of pesos)

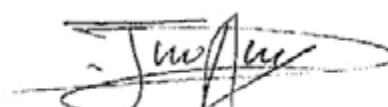
	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Cash flows from (used in) operating activities:		
Types of collections by operating activity		
<i>Collections from sales of goods and services</i>	\$ 5.237.267.364	\$ 4.833.235.106
<i>Collections from royalties, fees, commissions and other revenues from ordinary activities</i>	115.368.870	115.737.594
<i>Other collections from operating activities</i>	2.107.470.068	1.963.191.591
Types of cash payments from operating activities		
<i>Payments to vendors for supply of goods and services</i>	(3.708.508.545)	(3.429.586.855)
<i>Payments of operating leases</i>	(1.230.268)	(9.880.218)
<i>Payments to and on behalf of employees</i>	(143.297.577)	(160.771.770)
<i>Payments of bonuses and compensations, annuities and other benefits of subscribed policies</i>	(4.679.912)	(4.443.028)
<i>Other payments for operating activities</i>	(2.025.352.530)	(1.652.538.787)
Reimbursed income tax (paid)	(316.849.256)	(381.415.101)
Other cash inflows (outflows)	(74.016.410)	(63.614.090)
<b>Net cash flows from operating activities</b>	<b>1.186.171.804</b>	<b>1.209.914.442</b>
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	137.000.000	132.000.000
Other payments to acquire equity or debt instruments from other entities	(137.000.000)	(112.000.000)
Purchase of property, plant and equipment	(978.024.897)	(908.955.183)
Payments from futures, forwards, option and swap contracts	(74.367)	(153.978)
Interests received	8.183.964	10.345.929
<b>Net cash flows used in investment activities</b>	<b>(969.915.300)</b>	<b>(883.763.232)</b>
Cash flows from (used in) financing activities:		
Amount from issue of bonds		
	480.000.000	555.000.000
Amount from long-term loans	67.043.372	-
Amount from short-term loans	200.000.000	-
Loans from related entities	92.658.471	81.000.000
Dividends paid	(432.861.488)	(424.769.587)
Interest paid	(163.913.063)	(146.710.355)
Interest paid on operating leases (IFRS 16)	(1.825.440)	-
Bank loan payments	(517.391.503)	(39.782.607)
Bond loan payments	(160.000.000)	(261.660.000)
Payments of finance lease liabilities	(3.701.451)	(3.360.448)
Payments of lease liabilities (IFRS 16)	(8.535.378)	-
Payments of loans to related entities	(81.000.000)	-
<b>Net cash flows used in financing activities</b>	<b>(529.526.480)</b>	<b>(240.282.997)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(313.269.976)</b>	<b>85.868.213</b>
Cash and cash equivalents initial balance	633.939.201	548.070.988
Cash and cash equivalents final balance	<b>\$ 320.669.225</b>	<b>\$ 633.939.201</b>

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 faithfully taken accounting books of the companies that make up the company.

  
**Francesco Bertoli**  
 Legal Representative

  
**Luz Dary Sarmiento Quintero**  
 Public Accountant  
 Professional Card 65450-T

  
**Jeferson Arley Delgado Pérez**  
 Statutory Auditor  
 Professional Card 220202-T

Appointed by Ernst & Young Audit S.A.S. TR-530  
 (Refer to my report dated 21 February 2020)

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## 1. Overview

### 1.1. Economic entity

Codensa S.A. E.S.P. (hereinafter the Company) is a public limited company in accordance with the provisions of Act 142/1994 and 143/1994. 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, in the city of Bogotá D.C.

The Company 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.S. On June 27, 2019, through a private document, under number 02480893 of book IX, the Business Group was modified, in the sense of indicating the inclusion of the companies Parque Solar Fotovoltaico Sabanalarga S.A.S. and Parque Solar Fotovoltaico Valledupar S.A.S., which are indirectly controlled by the foreign company Enel Green Power SpA through Enel Green Power Colombia S.A. E.S.P. (subsidiaries).

Corporate Purpose – The Company is engaged in 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 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. It may also participate as partner or shareholder in other public utilities, directly or by associating with other persons, or forming a consortium with them. In developing its main corporate purpose, the company may promote and set up establishments or agencies in Colombia or abroad; acquire, lease, dispose of, encumber and give as collateral all kinds of movable or immovable property under any title; assume any form of association or business collaboration with natural or juridical persons to carry out activities related, connected and complementary to its corporate purpose; use trademarks, trade names, patents, inventions or any other intangible assets as long as they are related to the main purpose; transfer, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, write of execution and others; participate in public and private tenders; give or receive money in loan to or from their shareholders, parent companies, subsidiaries, and third parties; enter into insurance, transport, joint accounts, contracts with banking and/or financial institutions. It may further participate with financial institutions as a banking correspondent for the benefit of its customers.

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 Colpatria Red Multibanca Colpatria S.A. as of 27 November 2009.

The General Shareholders' Meeting, in extraordinary session No. 72 held on September 17, 2019, approved the entry of a new line of business consisting of the incorporation of a commercial financing entity to continue operating the product "Crédito Fácil Codensa" jointly with Scotiabank Colpatria. As of December 31, 2019, the commercial financing company has not been

incorporated. In the same meeting, the modification of the Company's corporate purpose was approved in order to satisfactorily advance its participation in the new Commercial Financing Company and in turn to develop complementary activities, one of them related to e-commerce to carry out business with customers through different digital platforms and strengthen the Company's position in terms of marketing and mass placement of insurance policies as an insurance correspondent.

## **1.2. Corporate Cooperation Agreements**

The Company and Scotiabank Colpatria S.A. have entered into an Open Book business collaboration agreement with the aim of providing financial products and services to users of the public energy service in the residential and commercial categories, which is in force from 1 November 2019, and the end date of the agreement shall be when all the procedures for the constitution of a financing company "NewCo" are completed and the portfolio is transferred to the new company, as established in the Investment Framework Agreement signed on 31 October 2019, between said parties.

As of 31 December 2019, the commercial financing company has not been incorporated.

## **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 the Company whose purpose is to provide the service of promotion, billing and collection of the value of the premiums and instalments of the contracts authorised by the Company and that Mapfre sells to Codensa's customers, among others. The term of this contract is 8 years.

On 1 February 2017, Mapfre and the Company 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 the Company, ii) the statement of no objection by the Superintendence of Industry and Trade, as stated in Resolution 16027 of 4 April 2016, and iii) authorisation of the merger by the Superintendence of Corporations through Resolution No. 300-002988 of 18 August 2016.

For 2019 and 2018, 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 the Company's and EEC's 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 of the Company and 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 the Company 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 the CREG in Resolution 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 079 of 2014.

The Regulation Commission issued CREG Resolution 095 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.

In February 2019, the CREG published CREG Resolution 015 of 2019, which modifies the rate of return for the electricity distribution activity, approved in CREG Resolution 016 of 2018, which adheres to the aforementioned methodology.

Subsequently, as a result of the comments sent by the agents to CREG resolution 015 of 2018, CREG resolutions 085 of 2018, 151 of 2018 and 036 of 2019 were issued, which clarify and correct some provisions of the first resolution, including the retroactive adjustment factor, the revision of the investment plan and the application of the quality scheme.

Resolution 036 of 15 April 2019, mentions that an adjustment factor will be applied that compensates (or reduces) the difference in income between the current distribution rate and the new approved rate, calculated from April of the first year until the date of approval of new charges.

In May 2019, the Ministry of Mines and Energy published Resolution 40459 of 2019, this new Ministry resolution reviews the public policy guidelines on Advanced Metering Infrastructures (AMI).

In July 2019, the National government issued Act 1964 of 2019, which aims to generate schemes to promote the use of electric vehicles and zero emissions, in order to contribute to sustainable mobility and the reduction of polluting emissions and greenhouse gas.

In July 2019, the Commission issued CREG Resolution 079 of 2019, which seeks not to change the contracting level between vertically integrated companies and/or in a situation of control, until the CREG approves the final path of maximum own contracting.

In August 2019, the CREG issued CREG Resolution 098 of 2019, which establishes the mechanisms to incorporate storage systems in order to mitigate inconveniences caused by the lack or insufficiency of energy transport networks in the National Interconnected System

In September 2019, the Superintendence of Household Public Utilities issued Resolution 20191000035615, which regulates the collection of the \$ 4/kWh surcharge on energy service from residential users of socioeconomic strata 4, 5 and 6 and commercial, industrial and non-regulated users. The resources will be contributed to the Business Fund of the Superintendence to support business intervention processes.

In October 2019, the Commission published CREG Resolution 129 of 2019, which establishes the transfer formula in the regulated user energy purchasing component for prices of the contracting mechanism of contracts resulting from the auction under Resolution 40590 of 2019 of the Ministry of Mines and Energy.

In October 2019, the Commission published CREG Resolution 130 of 2019, which defines the principles, behaviours and procedures that retail marketers must follow when entering into energy contracts for the regulated market.

In October 2019, the CREG issued Resolution CREG 142 of 2019, which establishes the transfer formula in the regulated user energy purchasing component for prices of the complementary mechanism contracts.

In December 2019, the Commission published the draft of CREG Resolution 155 of 2019, which contains the conceptual bases for the compensation of the marketing activity.

In December 2019, the Commission published CREG Resolution 198 of 2019, whereby the application of subsidies to users of socioeconomic strata 1 and 2 is extended.

In December 2019, the CREG published CREG Resolution 199 of 2019, whereby some provisions of CREG Resolution 015 of 2018 on the new compensation methodology for the distribution activity are amended.

On 20 December 2019, the CREG approved CREG Resolution 189 of 2019, being notified to the Company on 8 January 2020, and which approves the variables necessary to calculate the income and charges associated with the electric power distribution activity for the market served by the Company. On 15 January 2020, the Company filed with the CREG an appeal for reversal against the resolution

## **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 2019, 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 2016, and which were published in Spanish by such organisation in 2017, and incorporated

into the Colombian technical accounting framework by Act 1314 of 13 July 2009, and compiled and updated as per Decree 2483 of 2018, issued by Decree 2420 of 2015, as amended.

The application of these international standards in Colombia is subject to some exceptions established by the regulator and contained in Decree 2420 of 2015, as amended. These exceptions vary depending on the type of company and are as follows:

» Exceptions applicable to all financial information preparers.

Article 2.2.1 of Decree 2420 of 2015, complemented by Decree 2496 of the same year and as amended by Decrees 2131 of 2016 and 2170 of 2017, provides that the determination of post-employment benefits for future retirement or disability pensions will be carried out in accordance with the requirements of IAS 19, however, it requires the disclosure of the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016, articles 1.2.1.18.46 et seq., and, in the case of partial pension commutations, in accordance with the provisions of item 5 of article 2.2.8.8.31 of Decree 1833 of 2016, reporting the variables used and the differences with the calculation made in the terms of the technical framework under CFRS.

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 2020**

Decree 2270 of 2019 compiled and updated the technical framework of the Financial Information Standards accepted in Colombia, which had been incorporated by Decrees 2420 of 2015, 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018, including some interpretations, modifications or amendments whose application is effective from January 1, 2020.

These interpretations, modifications, and amendments, as well as the evaluation of the impacts according to the analyses carried out by the Company, are described below:

### **Amendments to IAS 19: Plan amendment, curtailment or settlement**

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement

occurs during a period. When a plan amendment, curtailment or settlement occurs during the annual reporting period, the amendments to IAS 19 specify that an entity must:

- » Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- » Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: (i) the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and (ii) the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognised in other comprehensive income.

The changes must be applied to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2020, with earlier application permitted. The Company will assess the possible impacts of the application of these amendments.

#### **IFRIC 23 - Uncertainty over Income Tax Treatments**

The interpretation addresses the accounting for income tax when tax treatments involve an uncertainty that affects the application of IAS 12. The Interpretation does not apply to items outside the scope of IAS 12 such as other taxes, levies and interest and penalties associated with uncertain tax treatments. This interpretation addresses specifically the following

- » whether an entity considers uncertain tax treatments separately;
- » the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- » how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- » how an entity considers changes in facts and circumstances.

An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. The interpretation is included in the Technical Compilation and Update Annex 1- 2019, of Decree 2270 of 2019 and is effective for the annual reporting period that begins on or after January 1, 2020, with earlier application permitted, certain exemptions are allowed in the transition. The company does not expect impacts due to the application of this interpretation.

#### **Annual improvements 2018 (issued in October 2018)**

The improvements were introduced in the Colombian accounting framework through Decree 2270 of 2019, and include:

##### **Amendments to IFRS 3: Definition of a Business**

The amendments to the definition of a business in IFRS 3 – Business Combinations help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business; remove the assessment of whether market participants are capable of replacing any missing elements; add guidance to help entities assess whether an acquired process is substantive; narrow the definitions of a business and of outputs; and introduce an optional fair value concentration test. They also add examples to illustrate the application of the amendments.

Since the amendments apply prospectively to transactions or events that occur on or after the date of the first request, the Company will not be affected by these amendments on the cut-off date.

##### **Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments align the definition of “Material” across the standards IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and clarify certain aspects of the definition. The new definition states that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

Amendments to the definition of material are not expected to have a significant impact on the Company’s financial statements.

#### **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:

- » A 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.

## **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 intangible assets and property, plant and equipment. (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.
- » Variations in income from rate changes, according to regulatory updates.
- » 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 16 Leases**

IFRS 16 leases became effective as of January 1, 2019. This standard 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.

IFRS 16 sets out 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 statement of financial position similar to the accounting for financial leases under IAS 17. The standard includes two recognition exemptions for lessees: leases for which the underlying asset is of "low value" and short-term leases (i.e., leases with a term of 12 months or less). On the start date of a lease, a lessee



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

recognises a right-of-use asset and a lease liability. Lessees must separately recognise the interest expense, the lease liability and the depreciation charge for the right-of-use asset.

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

Lessor accounting under IFRS 16 continues to classify all leases using the same classification principle as in IAS 17, either as operating or finance leases.

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

The Company adopted IFRS 16 according to the retrospective model with cumulative effect, recognizing its effects from the date of adoption without restatement of the comparative information. As a practical solution, the Company has chosen not to apply the standard to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4.

The Company has elected to use the exemptions proposed by the standard in lease agreements for which the lease terms end within 12 months from the date of initial application, and in the lease agreements for which the underlying asset is of low value.

The Company has evaluated the current office and service centre lease agreements, and identified leases that comply with the conditions of IFRS 16 in service contracts in areas such as land, networks, vehicles and computer equipment.

Right-of-use assets were measured at initial recognition for an amount equal to the lease liability, which corresponds to the present value of the lease payments that have not been paid on the date of adoption discounted using the interest rate implicit in the lease, or the incremental borrowing rate on the lease start date.

The right-of-use assets and the lease liabilities recognised by the adoption of IFRS 16 are detailed below:

Item	Total Recognitions from 1 January to 31 December 2019	Recognition During 2019 (a)	Recognition adoption 1 January 2019
<b>Right-of-use assets</b>			
- Land and buildings	\$ 29.699.503	\$ 626.392	\$ 29.073.111
- Fixed installations and others (networks, vehicles and computer equipment)	2.161.316	201.138	1.960.178
<b>Total right-of-use assets impact of IFRS 16</b>	<b>\$ 31.860.819</b>	<b>\$ 827.530</b>	<b>\$ 31.033.289</b>
<b>Lease liabilities</b>			
- Land and buildings	\$ 29.699.503	\$ 626.392	\$ 29.073.111
- Fixed installations and others (networks, vehicles and computer equipment)	2.161.316	201.138	1.960.178
<b>Total lease liabilities impact of IFRS 16</b>	<b>\$ 31.860.819</b>	<b>\$ 827.530</b>	<b>\$ 31.033.289</b>

(a) In the period from January to December 2019, the following were recognised: i) the right-of-use asset and the vehicle lease liability in accordance with the transport contract that makes the routes to the headquarters in Chia and Facatativá, and ii) the updates to the value of the right-of-use asset and the lease liability for the indexations to the lease fees of the offices and service centres.

Right-of-use assets are depreciated on a straight-line basis over the shortest of the term of the lease and the estimated useful life of the assets, as follows:

Classes of asset by use	Estimated range of useful life years
IFRS 16 leases	
<i>Land</i>	22
<i>Buildings</i>	2 – 6
<i>Fixed installations and others (networks, vehicles and computing)</i>	2 – 4

## Impacts Summary

The effect of the adoption of IFRS 16 is as follows:

Impact on the Statement of Financial Position

Statement of Financial Position Item	Total Recognitions from 1 January to 31 December 2019		Balance as of 31 December 2019	
<b>Right-of-use assets</b>				
Land and buildings	\$	29.699.503	\$	21.818.785
Fixed installations and others (networks, vehicles and computer equipment)		2.161.316		1.520.172
<b>Total right-of-use assets, net</b>	<b>\$</b>	<b>31.860.819</b>	<b>\$</b>	<b>23.338.957</b>
<b>Lease liabilities</b>				
Land and buildings	\$	29.699.503	\$	21.824.757
Fixed installations and others (networks, vehicles and computer equipment)		2.161.316		1.684.792
<b>Total lease liabilities</b>	<b>\$</b>	<b>31.860.819</b>	<b>\$</b>	<b>23.509.549</b>

Impact on the Income Statement for the twelve months ended 31 December 2019:

Income Statement Item	Movement from 1 January to 31 December 2019	
Land and buildings	\$	7.880.718
Fixed installations and others (networks, vehicles and computer equipment)		641.144
<b>Total depreciation right-of-use assets</b>	<b>\$</b>	<b>8.521.862</b>
Depreciation buildings right-of-use assets capitalised in projects		(785.268)
<b>Total expense depreciation right-of-use assets</b>	<b>\$</b>	<b>7.736.594</b>
<b>Financial expenses</b>		
Land and buildings	\$	1.880.395
Fixed installations and others (networks, vehicles and computer equipment)		129.153
<b>Total financial expenses</b>	<b>\$</b>	<b>2.009.548</b>
<b>Lease expenses (*)</b>		
Land and buildings	\$	(9.756.739)
Fixed installations and others (networks, vehicles and computer equipment)		(554.389)
<b>Total lease expenses</b>	<b>\$</b>	<b>(10.311.128)</b>
<b>Deferred tax</b>		<b>(163.714)</b>
<b>Total impact on income statement</b>	<b>\$</b>	<b>(728.700)</b>

(\*) Lower value of the lease expense corresponding to the contracts that were recognised as finance lease under the guidelines of IFRS 16.

Impact on the Statement of Cash Flows:

Cash Flow Statement Item	Movement from 1 January to 31 December 2019	
Payments to suppliers for the supply of goods and services (Payments of operating leases)	\$	(10.360.818)
<b>Net flow of operating activities</b>	<b>\$</b>	<b>(10.360.818)</b>
Payments of liabilities from finance leases	\$	8.535.378
Interest paid (leases)		1.825.440
<b>Net flow of financing activities</b>	<b>\$</b>	<b>10.360.818</b>

## Leases

The Company has lease agreements for offices, service centres, vehicles and other equipment used in the operation.

The generalities of these contracts are:

- » The Company acts as lessee and assumes the corresponding obligations.
- » Most contemplate restrictions to sublease assets.
- » They include extension, termination and fee update clauses.

The company also has certain office and service centre leases with lease terms of 12 months or less for which it has chosen to use the exemptions proposed by the standard.

The movement during the period from January to December 2019 of the right-of-use assets derived from the adoption of IFRS 16, is as follows:

	Land	Buildings	Other Installations	Total
<b>Additions caused by IFRS 16</b>	<b>\$ 3.870.193</b>	<b>\$ 25.829.310</b>	<b>\$ 2.161.316</b>	<b>\$ 31.860.819</b>
Adoption 01/01/2019	3.870.193	25.202.918	1.960.178	31.033.289
New contracts and indexations	0	626.392	201.138	827.530
Depreciation	(161.605)	(7.719.113)	(641.144)	(8.521.862)
<b>Final balance 31/12/2019</b>	<b>\$ 3.708.588</b>	<b>\$ 18.110.197</b>	<b>\$ 1.520.172</b>	<b>\$ 23.338.957</b>
<b>Right-of-use assets, net IFRS 16</b>				

The carrying value of lease liabilities (net present value of the liabilities included in other financial liabilities) and the movements during the period are detailed below:

	Current	Non-current	Total
<b>Additions caused by IFRS 16</b>	<b>\$ 10.343.610</b>	<b>\$ 21.517.209</b>	<b>\$ 31.860.819</b>
Adoption 01/01/2019	10.025.767	21.007.522	31.033.289
New contracts and indexations	317.843	509.687	827.530
Interest	2.009.548	-	2.009.548
Payments	(10.360.818)	-	(10.360.818)
Other movements	8.889.445	(8.889.445)	-
<b>Final balance 31/12/2019</b>	<b>\$ 10.881.785</b>	<b>\$ 12.627.764</b>	<b>\$ 23.509.549</b>
<b>IFRS 16 lease liabilities</b>			

The table illustrates the maturities of the minimum future payments and the net present value of the contracts recognised in the adoption of IFRS 16:

Minimum lease payments, finance lease obligations	As of 31 December 2019		
	Gross	Interest	Present value
Less than one year	\$ 10.881.784	\$ -	\$ 10.881.784
More than one year, but less than five years	12.853.235	3.049.670	9.803.565
Over five years	5.763.159	2.938.961	2.824.198
Total	<b>\$ 29.498.178</b>	<b>\$ 5.988.631</b>	<b>\$ 23.509.547</b>

Additionally, lease expenses of short-term contracts (valid for less than 12 months) that are exempt from IFRS 16 are maintained in the Income Statement, the detail is as follows:

Income Statement Item	Movement from 1 January to 31 December 2019	
Lease expense		
Buildings	\$	1.230.268
Total lease expenses short-term contracts	<b>\$</b>	<b>1.230.268</b>

### 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 derecognised, 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 “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 less 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 and Bonds)**

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 capitalised 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 Power 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.

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	
	As of December 2019	As of December 2018
Development costs	2	2
Licences	3	3
Easements	50	50
Software	3 - 5	3 - 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 additionally, 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.

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- » 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.

<b>Types of property, plant and equipment</b>	<b>Estimated years of useful life range 2019</b>	<b>Estimated years of useful life range 2018</b>
Buildings	20 - 40	20 - 40
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>Metering and tele-control equipment</i>	10 - 20	10 - 20
Finance leases		
Fixed installations and others (Vehicles)	1 - 3	1 - 3
IFRS 16 right-of-use assets (*)		
<i>Land</i>	22	-
<i>Buildings</i>	2 - 6	-
<i>Other installations (networks, vehicles and computer equipment)</i>	2 - 4	-
Other installations		
<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

(\*) With the entry into force of IFRS 16 on January 1, 2019, the right-of-use assets by lease agreements were recognised, the useful life is estimated based on the validity of the contracts.

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.

Two Cash-Generating Units (CGUs) are currently identified in the Company: 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**

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 2019 are the following:

<b>Categories / Expiry Ranges</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>121 - 150 days</b>	<b>151 - 180 days</b>	<b>&gt;180 days</b>
<b>Residential</b>	0,14%	4,70%	16,42%	32,92%	47,15%	63,50%	81,74%
<b>Commercial</b>	0,23%	6,69%	17,61%	29,70%	40,49%	51,61%	76,04%
<b>Industrial</b>	0,29%	8,08%	17,43%	26,77%	35,68%	45,60%	76,31%
<b>Official</b>	3,50%	16,73%	29,95%	44,43%	54,15%	73,26%	82,94%
<b>Public Lighting</b>	0,54%	2,52%	5,41%	12,22%	23,75%	24,82%	48,57%
<b>Other Businesses (VAPS)</b>	0,01%	13,56%	19,84%	30,78%	32,48%	37,38%	53,94%

**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 materialises. 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 materialises. 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**

#### **Policy applied for 2018**

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.

#### **Policy applied for 2019**

IFRS 16 Leases became effective as of January 1, 2019. In its application, the Company evaluates the nature of the transactions that take the legal form of a lease. The standard provides specific criteria for the lessor and the lessee.

#### **Lessee**

IFRS16 establishes principles for measurement, recognition, presentation and disclosure of leases and requires lessees to evaluate the following parameters under a single finance lease model.

A contract contains a lease if it conveys the right to control the use of the identified asset, in exchange for consideration. Therefore, the following parameters establish the conveyance of control:

- » There must be an identified asset in the lease.
- » The lessee must have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.
- » The lessee has the right to direct the use of the identified asset throughout the period of use. This is determined if:
  - The lessee has the right to operate the identified asset throughout the period of use without the supplier having the right to change those operating instructions, or
  - The lessee has designed the identified asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

If the parameters mentioned above are not met, the contracts will not constitute a lease under the parameters established in IFRS 16.

If a finance lease is set up, the lessee must recognise the right-of-use assets and finance lease liabilities at the beginning of the contract.

The standard includes two recognition exemptions for lessees:

- » Leases for which the underlying asset is of low value, and
- » Short-term leases (i.e., leases with a lease term of 12 months or less)

In this case, they are recognised in profit or loss, and there is no place for right-of-use assets or lease liabilities.

The lease liability is measured at the present value of the non-cancellable payments during the term agreed in the contract; discounted using the interest rate implicit in the lease, or the incremental borrowing rate on the start date. Subsequently, lessees are required to remeasure the lease liability when certain events occur (for example, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine the payments). The amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

The right-of-use asset is initially recognised at the commencement date and measured at cost, consisting of: i) the lease liability, ii) the lease payments made at or before the commencement date, less any lease incentives received, iii) the initial direct costs incurred by the lessee and iv) an estimate of the costs to be incurred by the lessee for dismantling or restoring the asset.

The right-of-use asset is depreciated on a straight-line basis during the shortest of the term of the lease agreement and the estimated useful life of the assets.

The interest expense, the lease liability and the depreciation on the right-of-use asset have to be recognised separately.

### **Lessor**

The lessor classifies leases either as operating or finance lease. They are classified as finance lease when substantially all of the risk and rewards incidental to ownership of the underlying asset have been transferred. If the risk and rewards of the underlying asset are not transferred they will be classified as operating lease.

#### *Finance Lease*

At the beginning of the contract, the lessor recognises the leased assets and presents them as an account receivable for a value equal to the net investment of the lease.

When the lessor is a manufacturer or dealer, revenue is recognised as the fair value of the underlying asset discounted using a market rate of interest. In addition, cost of sale is recognised as the cost, or carrying amount if different, of the underlying asset.

### *Operating Lease*

Lessor recognises revenue from lease payments of underlying assets on a straight-line basis.

The underlying assets subject to lease are reflected in the statement of financial position according to the nature of the underlying assets.

### **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 33% rate effective as of 31 December 2019, under the accrual method of accounting, and is determined 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 - Financing Law was declared unconstitutional in its full extent by the Constitutional Court in judgment C-481 of 16 October 2019; however, on 27 December 2019, Act 2010 was passed, which defined the following rates applicable to the year-end taxable income: 2020 at 32%, 2021 at 31%, 2022 onwards at 30%. 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 (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. Sales Tax**

The distribution and marketing of electrical energy is excluded from sales tax (VAT); therefore, the tax (VAT) treatment on purchases of goods and services are recorded as higher cost or expense.

Additionally, the Company provides services such as lease of equipment, maintenance of equipment and sale of scrap metal, among other services taxed at a general rate of 19%, with the exception of services provided to state entities where the applicable rate is the one in force on the date of the resolution or awarding act, or of the execution of the respective contract.

### **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:

- » Para 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 2019 and 2018 of \$3,277.14 and \$3,249.75 for US \$1 and \$3,678.59 and \$3,714.95 and for Euro €1.

### **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**

The Company applies a recognition model for revenue from contracts with customers based on 5 stages:

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 recognises 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 recognises 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:**

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 recognises 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 capitalised 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 2019 of Grupo Energía Bogotá S.A. E.S.P. Preferred dividends have a value of US \$0.10 (\*) per share.

(\*) Complete figure expressed in USD

### **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. Net Cash and Cash Equivalents

	As of 31 December 2019	As of 31 December 2018
Balances in banks (1)	\$ 285.398.900	\$ 617.129.012
Other cash and cash equivalents	35.269.711	16.760.658
<i>Other cash and cash equivalents (2)</i>	35.301.940	16.824.853
<i>Impairment of cash and cash equivalents (*)</i>	(32.229)	(64.195)
Petty cash	614	49.531
	<b>\$ 320.669.225</b>	<b>\$ 633.939.201</b>

(\*) Corresponds to the calculation of impairment in cash and cash equivalents, in accordance with IFRS 9.

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

	As of 31 December 2019	As of 31 December 2018
Colombian Pesos	\$ 319.845.259	\$ 563.808.817
U.S. Dollars	823.966	70.108.784
Euros	-	21.600
	<b>\$ 320.669.225</b>	<b>\$ 633.939.201</b>

(1) The variation in banks corresponds mainly to: i) Collection of \$7,460,106,302; ii) payments to suppliers (Remuneration, O&M, Capex, taxes) for \$(7,251,959,395); iii) payment of dividends for \$(432,861.488); iv) interest payment for \$(163,913,063); v) Bond Issue for \$480,000,000; vi) Bank loans \$(267,043,372); loan and bond payments \$(677,391,503).

(2) Corresponds mainly to fiduciary commissions and collective portfolios 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.

Collective portfolios are used to transfer the resources of the Company's savings or current accounts, generating fluctuations in the balance of the portfolios.

Entity	As of 31 December 2019	EA Rate	As of 31 December 2018	EA Rate
Corredores Asociados	\$ 16.004.056	5,23%	\$ 8.674.410	3,12%
Fondo Abierto Alianza	12.784.538	4,94%	14.769	2,97%
Fiduciaria Occidente	5.475.478	4,98%	135.618	3,34%
Credicorp	672.720	4,07%	6.476.532	3,15%
Valores Bancolombia	127.010	4,72%	10.406	2,57%
Alianza Fiduciaria	99.654	4,36%	96.288	2,77%
BBVA Fiduciaria	79.176	5,17%	41.894	2,78%
Fiduciaria Bogotá 248	58.061	0,90%	9.724	2,67%
Fiduciaria Corficolombiana	1.247	4,01%	1.206	2,73%
Fiduciaria Bogotá 371	-	0,00%	1.360.823	1,40%
Fondo de inversión BBVA	-	0,00%	3.183	3,86%
	<b>\$ 35.301.940</b>		<b>\$ 16.824.853</b>	

As of December 31, 2019, there are no restrictions or limitations on the cash reflected in the Financial Statements.

## 5. Net Other Financial Assets

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Judicial embargoes (1)	\$ 725.885	\$ -	\$ 695.199	\$ -
<i>Impairment of other assets</i>	(5.390)		(5.162)	
Financial investments - unlisted or illiquid companies (2)	-	6.318	-	18.886
	<b>\$ 720.495</b>	<b>\$ 6.318</b>	<b>\$ 690.037</b>	<b>\$ 18.886</b>

(1) The balance as of 31 December 2019 corresponds to embargoes on the Company's bank accounts for labour process \$440,000 and civil processes \$ 285,885.

Judicial embargoes are part of the Company's restricted cash.

(2) The balance of investments in companies corresponds to minor holdings of the Company in companies mainly in the electricity sector.

## 6. Other Non-Financial Assets

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Prepayments on purchases of goods and services (1)	\$ 13.300.271	\$ -	\$ 11.962.875	\$ -
Employee benefit for loans (2)	1.245.453	15.568.453	1.319.509	15.264.646
Other debtors (3)	92.237	78.666	717.183	78.666
<i>Impairment of other debtors</i>	(604)	(591)	(925)	-
Travel advances	2.345	-	80.762	-
Accounts receivable (4)		23.924.930		
	<b>\$ 14.639.702</b>	<b>\$ 39.571.458</b>	<b>\$ 14.079.404</b>	<b>\$ 15.343.312</b>

(1) As of 31 December 2019 and 2018, the composition of this line item corresponds to prepayments for exchange transactions and international energy transactions to XM for \$7,408,473 and \$6,321,758, and for the purchase of goods and services from local creditors for \$5,891,798 and \$3,989,860, respectively.

(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 31 December 2018 corresponds mainly to accounts 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. The payment was received 4 April 2019.

(4) Corresponds to the tax discount on VAT paid in the acquisition, construction or manufacture and import of real productive fixed assets, including the associated services to put them in conditions of use according to article 83 of Act 1943 of 2018.

## 7. Commercial Accounts Receivable and Other Receivables, Net

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Commercial accounts, gross (1)	\$ 742.645.642	\$ 107.890.826	\$ 664.562.468	\$ 98.766.103
Other accounts receivable, gross (3)	16.045.069	30.612.205	11.979.447	31.916.099
<b>Total commercial accounts and other accounts receivable, gross</b>	<b>758.690.711</b>	<b>138.503.031</b>	<b>676.541.915</b>	<b>130.682.202</b>
Impairment provision commercial accounts (2)	(70.236.506)	(84.831.027)	(69.096.829)	(77.226.478)
Impairment provision other accounts receivable (2)	(368.866)	(304.723)	(335.181)	(353.050)
<b>Total commercial accounts and other accounts receivable, net</b>	<b>\$ 688.085.339</b>	<b>\$ 53.367.281</b>	<b>\$ 607.109.905</b>	<b>\$ 53.102.674</b>



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(1) As of 31 December 2019, the composition of commercial accounts is as follows:

	Overdue portfolio				Total current portfolio	Non-current portfolio (c)
	Current portfolio	1-180	181-360	>360		
<b>Energy portfolio (a)</b>						
<b>Not- agreed portfolio (a)</b>	<b>\$ 480.739.401</b>	<b>\$ 35.853.430</b>	<b>\$ 14.989.045</b>	<b>\$ 52.503.819</b>	<b>\$ 584.085.695</b>	<b>\$ 75.538.484</b>
Mass customers	208.178.363	11.268.669	2.679.993	15.527.102	237.654.127	-
Large customers	155.717.094	22.335.764	8.669.317	28.458.621	215.180.796	-
Institutional customers (b)	116.843.944	2.248.997	3.639.735	8.518.096	131.250.772	75.538.484
<b>Agreed portfolio (c)</b>	<b>12.724.715</b>	<b>967.547</b>	<b>32.846</b>	<b>25.112</b>	<b>13.750.220</b>	<b>12.512.090</b>
Mass customers	5.622.074	399.348	7.833	10.842	6.040.097	835.641
Large customers	6.201.766	510.314	25.013	14.270	6.751.363	3.240.713
Institutional customers	900.875	57.885	-	-	958.760	8.435.736
<b>Energy portfolio, gross</b>	<b>493.464.116</b>	<b>36.820.977</b>	<b>15.021.891</b>	<b>52.528.931</b>	<b>597.835.915</b>	<b>88.050.574</b>
Energy portfolio impairment	(7.815.523)	(11.785.295)	(10.859.306)	(36.304.514)	(66.764.638)	(84.316.581)
<b>Energy portfolio, net</b>	<b>\$ 485.648.593</b>	<b>\$ 25.035.682</b>	<b>\$ 4.162.585</b>	<b>\$ 16.224.417</b>	<b>\$ 531.071.277</b>	<b>\$ 3.733.993</b>
<b>Supplementary business portfolio and others (d)</b>						
Mass customers	49.780.005	4.594.846	897.255	2.281.256	57.553.362	13.920.971
Large customers	79.733.676	1.467.185	1.071.020	1.523.098	83.794.979	5.919.281
Institutional customers	3.461.386	-	-	-	3.461.386	-
<b>Supplementary business portfolio, gross (e)</b>	<b>132.975.067</b>	<b>6.062.031</b>	<b>1.968.275</b>	<b>3.804.354</b>	<b>144.809.727</b>	<b>19.840.252</b>
Supplementary business portfolio impairment	(20.351)	(767.187)	(1.001.352)	(1.682.978)	(3.471.868)	(514.446)
<b>Supplementary business portfolio, net</b>	<b>132.954.716</b>	<b>5.294.844</b>	<b>966.923</b>	<b>2.121.376</b>	<b>141.337.859</b>	<b>19.325.806</b>
<b>Total commercial accounts, gross</b>	<b>626.439.183</b>	<b>42.883.008</b>	<b>16.990.166</b>	<b>56.333.285</b>	<b>742.645.642</b>	<b>107.890.826</b>
<b>Commercial accounts impairment</b>	<b>(7.835.874)</b>	<b>(12.552.482)</b>	<b>(11.860.658)</b>	<b>(37.987.492)</b>	<b>(70.236.506)</b>	<b>(84.831.027)</b>
<b>Total commercial accounts, net</b>	<b>\$ 618.603.309</b>	<b>\$ 30.330.526</b>	<b>\$ 5.129.508</b>	<b>\$ 18.345.793</b>	<b>\$ 672.409.136</b>	<b>\$ 23.059.799</b>

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

	Overdue portfolio				Total current portfolio	Non-current portfolio (c)
	Current portfolio	1-180	181-360	>360		
<b>Energy portfolio (a)</b>						
<b>Not- agreed portfolio (a)</b>	<b>\$ 452.477.034</b>	<b>\$ 26.252.749</b>	<b>\$ 9.385.398</b>	<b>\$ 50.819.378</b>	<b>\$ 538.934.559</b>	<b>\$ 65.377.443</b>
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
<b>Agreed portfolio (c)</b>	<b>16.803.442</b>	<b>1.090.762</b>	<b>351.974</b>	<b>211.151</b>	<b>18.457.329</b>	<b>13.870.849</b>
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
<b>Energy portfolio, gross</b>	<b>469.280.476</b>	<b>27.343.511</b>	<b>9.737.372</b>	<b>51.030.529</b>	<b>557.391.888</b>	<b>79.248.292</b>
Energy portfolio impairment	(14.263.378)	(5.448.230)	(7.531.185)	(36.769.364)	(64.012.157)	(76.885.245)
<b>Energy portfolio, net</b>	<b>\$ 455.017.098</b>	<b>\$ 21.895.281</b>	<b>\$ 2.206.187</b>	<b>\$ 14.261.165</b>	<b>\$ 493.379.731</b>	<b>\$ 2.363.047</b>
<b>Supplementary business portfolio and others (d)</b>						
Mass customers	36.931.770	16.637	58.455	468.559	37.475.421	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	-

	Overdue portfolio				Total current portfolio	Non-current portfolio (c)
	Current portfolio	1-180	181-360	>360		
<b>Supplementary business portfolio, gross (e)</b>	<b>99.603.145</b>	<b>2.792.716</b>	<b>1.099.847</b>	<b>3.674.871</b>	<b>107.170.579</b>	<b>19.517.811</b>
Supplementary business portfolio impairment	(604.464)	(1.074.479)	(666.765)	(2.738.964)	(5.084.672)	(341.233)
<b>Supplementary business portfolio, net</b>	<b>98.998.681</b>	<b>1.718.237</b>	<b>433.082</b>	<b>935.907</b>	<b>102.085.907</b>	<b>19.176.578</b>
<b>Total commercial accounts, gross</b>	<b>568.883.621</b>	<b>30.136.227</b>	<b>10.837.219</b>	<b>54.705.400</b>	<b>664.562.467</b>	<b>98.766.103</b>
<b>Commercial accounts impairment</b>	(14.867.842)	(6.522.709)	(8.197.950)	(39.508.328)	(69.096.829)	(77.226.478)
<b>Total commercial accounts, net</b>	<b>\$ 554.015.779</b>	<b>\$ 23.613.518</b>	<b>\$ 2.639.269</b>	<b>\$ 15.197.072</b>	<b>\$ 595.465.638</b>	<b>\$ 21.539.625</b>

(a) As of 31 December 2019 and 2018, corresponds mainly to customer portfolio of the regulated market for \$504,704,291 and \$415,617,761, infrastructure \$2,849,346 and \$7,445,006, public lighting for \$10,996,970 and \$10,353,036, private work \$24,447,330 and \$50,566,341 and portfolio of regulatory schemes \$88,312,509 and \$91,887,144, respectively.

From the portfolio specified above, as of 31 December 2019 and 2018, \$85,594,843 and \$81,745,734, respectively, are in the process of being claimed by customers, mainly by the Special Administrative Unit of Public Services (hereinafter UAESP).

(b) The Company's main institutional customer is the UAESP. As of 31 December 2019 and 2018, 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.

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 party 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.

As of the reporting period, 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 2019 and 2018, include the UAESP account receivable in arrears for VAT on public lighting infrastructure lease, invoiced but not collected since July 2013. This amount corresponds to \$74,089,203 and \$65,377,442 respectively.

Based on the opinion of the Company's external counsel and 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 31 December 2019 and 2018.

The response time of the process is approximately 5 years, beginning in March 2017 and based on the current judicial congestion presented by the Council of State.

(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 2019 and 2018, the short-term portfolio amounts to \$13,750,220 and \$18,457,329.

The detail on maturities of the non-current portfolio is as follows:

Year	As of 31 December 2019	As of 31 December 2018
Between one and two years	\$ 3.589.709	\$ 3.688.275
Between two and three years	2.084.949	2.130.870
Over three years	6.837.432	8.051.704
	<b>\$ 12.512.090</b>	<b>\$ 13.870.849</b>

(d) As of 31 December 2019 and 2018, the current complementary business portfolio corresponds mainly to private works \$27,644,242 and \$25,828,196, electrical works \$23,729,126 and \$26,834,056, infrastructure \$2,849,346 and \$7,453,140, Codensa Services \$21,187,882 and \$16,632,695 and collection orders \$7,816,148 and \$7,471,144, respectively.

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(e) The non-current 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 maturities of the non-current portfolio is as follows:

Year	As of 31 December 2019	As of 31 December 2018
Between one and two years	\$ 12.362.150	\$ 12.042.589
Between two and three years	5.518.183	5.516.442
Over three years	1.959.919	1.958.780
	<b>\$ 19.840.252</b>	<b>\$ 19.517.811</b>

(2) 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 3.2.9 (b) financial asset impairment policy)

The evolution of portfolio impairment is as follows:

Item	As of 31 December 2019	As of 31 December 2018
<b>Provision for impairment of commercial accounts</b>		
Simplified Collective Model (a)	\$ 46.550.509	\$ 36.485.026
Simplified Individual Model (b)	108.163.492	109.654.933
<b>Total provision for impairment of commercial accounts</b>	<b>\$ 154.714.001</b>	<b>\$ 146.139.959</b>
<b>Provision for impairment other accounts receivable</b>		
General Collective Model	1.027.121	871.579
<b>Total provision for impairment other accounts receivable</b>	<b>\$ 1.027.121</b>	<b>\$ 871.579</b>
<b>Total provision for impairment of commercial accounts other accounts receivable</b>	<b>\$ 155.741.122</b>	<b>\$ 147.011.538</b>

By 2019, the following variations in the impairment are presented:

(a) **Simplified Collective Model:**

Provision increase of \$10,065,483 mainly due to the increase in the portfolio balances of the residential, commercial and industrial categories.

(b) **Simplified Individual Model:**

The variation corresponds mainly to:

- » Decrease in the provision for the public lighting VAT portfolio derived from the adjustment of current and default interest \$(6,208,001) and due to an increase in the portfolio for the year of \$13,290,554, 100% provision.
- » Decrease in portfolio provision, mainly: Tocancipa \$(1,320,282); Julio Ciatoba \$(685,595); IFI Salinas Concession \$(425,242); Ladrillera Santa Ana \$ (246,672).
- » Decrease in the provision of other businesses mainly: Prodesa y Cia S.A. \$(784,117) and the increase in Biogas Doña Juana \$152,550
- » Increase in provision for prescription customers (portfolio over 5 years that is not in legal lawsuit) \$511,212

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

	<b>Value</b>
<b>Balance as of 31 December 2018</b>	\$ 147.011.538
Endowment	23.894.888
Uses	(15.165.304)
<b>Balance as of 31 December 2019</b>	<b>\$ 155.741.122</b>

(3) As of 31 December 2019 and 2018, corresponds mainly to accounts receivable from employees with a present value of \$39,998,754 and \$38,265,474 respectively, accounts receivable from retired personnel with a present value of \$2,828,093 and \$3,299.422 for housing loans, household 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**

**Net Accounts Receivable from Related Entities:**

<b>Company</b>	<b>Type of related entity</b>	<b>Country of origin</b>	<b>Type of transaction</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Emgesa S.A. E.S.P	Otra (*)	Colombia	Venta de energía(1)	\$ 11.768.298	\$ 11.311.486
		Colombia	Otros servicios	31.590	406.296
Enel SPA	Controladora	Italia	Expatriados	2.587.959	2.854.408
Grupo Energía Bogotá	Otra (**)	Colombia	Iluminación Navideña	800.000	1.323.529
		Colombia	Otros servicios	52.199	8.608
Endesa Oper. Y Serv. Comerciales	Otra (*)	España	Otros servicios (2)	376.721	232.562
Enel Energía	Otra (*)	Italia	Expatriados	265.537	268.162
Enel Global Infr. & Network	Otra (*)	Italia	Expatriados	242.246	-
Enel Green Power Col	Otra (*)	Colombia	Otros servicios(3)	188.996	393.185
Endesa Energía	Otra (*)	España	Otros servicios (2)	174.520	257.959
Enel Chile S.A.	Otra (*)	Chile	Expatriados	98.514	76.264
Enel Iberoamérica S.R.L	Otra (*)	España	Expatriados	95.450	95.450
Cia, Energetica Do Ceara	Otra (*)	Brasil	Expatriados	58.275	11.995
Enel Distribución Perú S.A.	Otra(*)	Perú	Otros servicios	55.926	23.704
Enel Distribuzione	Otra (*)	Italia	Expatriados	55.465	106.309
Empresa Distribuidora del Sur	Otra (*)	Argentina	Expatriados	52.744	15.513
Enel Trading Argentina S.R.L.	Otra (*)	Argentina	Expatriados	44.678	12.429
Enel Brasil S.A.	Otra (*)	Brasil	Expatriados	4.309	-
Enel X Colombia S.A.S	Otra (*)	Colombia	Compra Materiales	7.939	-
				<b>\$ 16.961.366</b>	<b>\$ 17.397.859</b>

(\*) Companies over which Enel SPA has significant influence or control.

(\*\*) Grupo Energía Bogotá S.A. E.S.P. is a shareholder the Company (See Note 21).

Accounts receivable from related parties show impairment in accordance with IFRS 9 for \$34,450.

(1) As of 31 December 2019 and 2017, the balance includes estimates on tolls, regional transmission system (STR) and billing by distribution areas (ADDs) for \$11,103,672 and \$11,095,278; use of lines and networks for \$332,181 and \$160,829 and energy billing for \$332,445 and \$55,379, respectively.

As of 31 December 2019, Emgesa S.A. E.S.P. supports energy conveyance with Codensa S.A. E.S.P. with bank guarantees.

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- (2) Corresponds to the services provided by the Call Center from January to December 2019, the variation corresponds a higher collection in 2019 due to the payment of pending bills in 2018 and 2019.
- (3) Corresponds to the management services provided to Enel Green Power Colombia for the periods September to December 2019, the variation corresponds to the crossing of accounts between related parties in December 2019.

**Accounts payable to related entities**

Company	Type of related entity	Country of origin	Type of transaction	As of 31 December 2019	As of 31 December 2018
Emgesa S.A E.S.P	Otra (*)	Colombia	Préstamo (1)	\$ 92.658.471	\$ 81.000.000
		Colombia	Compra energía(2)	85.334.255	53.699.255
		Colombia	Intereses financieros	792.396	276.572
		Colombia	Otros servicios	1.651.327	133.796
Grupo Energía Bogotá	Otra (**)	Colombia	Dividendos(3)	54.424.996	55.674.005
Enel Américas	Controladora	Chile	Dividendos(3)	51.223.527	52.399.066
Enel Italia	Otra (*)	Italia	Otros servicios (4)	21.340.971	14.374.334
		Italia	Expatriados	1.794.973	1.812.716
Enel Chile	Otra (*)	Chile	Otros servicios (5)	4.241.644	2.001.395
		Italia	Expatriados	-	269.732
Enel Global Infr. & Network	Otra (*)	Italia	Expatriados	1.772.966	574.694
Enel SPA	Controladora	Italia	Expatriados	539.484	410.963
Enel Iberoamérica S.R.L	Otra (*)	España	Expatriados	276.955	504.025
Enel Distribución Chile	Otra (*)	Chile	Expatriados	117.029	-
Enel Distribuzione	Otra (*)	Italia	Otros servicios (6)	-	2.419.902
				<b>\$ 316.168.994</b>	<b>\$ 265.550.455</b>

- (\*) Correspond to companies over which Enel SPA has significant influence or control.
- (\*\*) Grupo Energía Bogotá is a shareholder of the Company (See Note 21).
- (1) As of 31 December 2019 corresponds to loans granted in October and November 2019 for \$68,862,265 and \$23,796,206, respectively, maturing on 31 January 2020 at an effective annual rate of 5.34% for payment of creditors .
- (2) Energy Portfolio due for consumption in December.  
As of 31 December, the Company has commitments for the purchase of energy with Emgesa S.A. E.S.P for \$3,558,012,773
- (3) Dividends declared payable corresponding to the 2018 profit according to the payment plan, the dividends were paid in January 2020.
- (4) Corresponds mainly to: (i) Cybersecurity and Digital Enabler services requested by the GDS area. (ii) Management, processing and storage of Cloud services.
- (5) Corresponds to the acquisition, support and maintenance of additional Salesforce Licenses.
- (6) As of 31 December 2019, the variation corresponds to the billing payment for software licensing services and basic engineering services.

**Effects on net income with related entities**

Company	Type of transaction	As of 31 December 2019	As of 31 December 2018
<b>Revenue</b>			
Emgesa S.A. E.S.P	Peajes y uso de líneas y redes	144.502.874	139.445.674
	Energía y otros servicios	949.795	704.213
	Otros ingresos	300.893	269.515
	Compensación calidad del servicio (1)	(520.016)	(1.399.450)

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Company	Type of transaction	As of 31 December 2019	As of 31 December 2018
Grupo Energía Bogotá	Iluminación navideña	800.000	1.323.529
	Otros Servicios	13.555	-
Enel Green Power Colombia	Otros servicios (2)	1.035.725	1.090.883
Endesa Operaciones y Servicios	Otros servicios (3)	761.677	681.594
	Diferencia en cambio	42.213	77.460
Endesa Energía	Otros servicios (3)	327.711	304.682
	Diferencia en cambio	25.580	35.154
Enel Italia	Diferencia en cambio	338.562	132.271
	Expatriados	17.743	-
Enel Spa	Expatriados	188.162	370.397
	Diferencia en cambio	90.675	5.259
Enel Global Infr. & Network	Expatriados	242.246	-
	Diferencia en cambio	7.942	-
Enel Chile S.A.	Expatriados	22.241	27.212
	Diferencia en cambio	191.164	511.779
Cia, Energetica Do Ceara	Expatriados	46.280	11.995
Empresa Distribuidora Sur S.A	Expatriados	37.231	15.513
Enel Distribución Perú S.A.	Diferencia en cambio	1.882	2.315
	Expatriados	32.114	10.981
Endesa CEMSA S.A.	Expatriados	32.249	12.429
Enel Distribuzione Spa	Expatriados	-	106.309
	Diferencia en cambio	10.078	27.805
Enel X Colombia S.A.S	Otros Servicios	7.939	-
Enel Brasil S.A.	Expatriados	4.309	-
Enel energía	Expatriados	-	9.512
Energía Nueva Energía Limpia	Diferencia en cambio	-	3.253
Enel Green Power Italia	Diferencia en cambio	-	2.399
		<b>\$ 149.510.824</b>	<b>\$ 143.782.683</b>

**Costs and expenses**

	Energía (4)	1.079.449.888	752.606.390
Emgesa S.A. E.S.P.	Otros servicios	-	337.270
	Intereses financieros préstamos (5)	1.467.623	297.390
	Servicios Informáticos	16.430.624	10.135.748
Enel Italia Servizi	Expatriados	-	64.298
	Diferencia en cambio	276.435	501.355
Enel Global Infr. & Network	Expatriados	1.196.252	574.694
	Diferencia en cambio	6.870	-
Fundación Enel	Aportes a Fundación	1.138.876	740.489
Enel Spa	Expatriados	1.009.815	883.372
	Diferencia en cambio	45.541	2.890
Enel Chile S.A.	Diferencia en cambio	261.577	14.223
Enel Iberoamérica S.R.L	Expatriados	243.521	260.973
	Diferencia en cambio	2.228	-
Enel Distribuzione Spa	Expatriados	145.530	536.597
	Diferencia en cambio	5.421	57.420

Company	Type of transaction	As of 31 December 2019	As of 31 December 2018
Enel Distribución Chile S.A	Expatriados	117.028	(52.362)
	Diferencia en cambio	-	3.018
Endesa Operaciones y Servicios	Diferencia en cambio	57.845	76.416
Endesa Energía	Diferencia en cambio	39.202	23.414
Grupo Energía Bogotá	Arrendamientos	38.492	24.523
Enel energía	Expatriados	2.625	-
Enel Distribución Perú S.A.	Diferencia en cambio	1.775	1.275
Energía Nueva Energía Limpia Mx	Diferencia en cambio	-	5.602
Enel Américas	Diferencia en cambio	-	2.346
		<b>\$ 1.101.937.168</b>	<b>\$ 767.097.341</b>

## 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 71 of the General Shareholders' Meeting held on 26 March 2019, 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	Di Murro Michele
Fourth	Baracaldo Andrés	Álvarez Hernández Astrid
Fifth	Castilla Canales Felipe	Ussa Freddy
Sixth (Independent)	Moreno Montalvo Gustavo	Rodríguez Rios Daniel
Seventh (Independent)	Lopez 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 2019 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 26 March 2019.

The composition of the Board of Directors is duly registered with the Bogota Chamber of Commerce.



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Below is the list of fees paid to Board members:

Name	As of 31 December 2019	As of 31 December 2018
Vargas Lleras José Antonio	44.703	\$ 33.613
Rubio Díaz Lucio	44.703	37.266
Castilla Canales Felipe	44.702	37.107
Caldas Rico Andrés	41.074	33.808
Lopez Valderrama Andrés	33.538	33.739
Moreno Montalvo Gustavo	30.102	-
Baracaldo Sarmiento Andrés	18.926	10.114
Álvarez Hernández Gloria Astrid	18.469	20.066
Cajiao Pedraza Mario Antonio	11.165	-
Rodríguez Ríos Daniel	10.621	27.418
Restrepo Molina Carlos Mario	3.629	-
Moreno Restrepo Ernesto	-	16.238
Franco Reyes José Antonio	-	9.689
Lopez Vergara Leonardo	-	6.906
Acosta Correa David Felipe	-	6.711
Pardo Juan Manuel	-	3.252
	<b>\$ 301.632</b>	<b>\$ 275.927</b>

### Key Management Personnel

Below is a list of key Management personnel:

Name	Position	Period
Lucio Rubio Diaz	Country CEO	January – December
David Felipe Acosta Correa	General Manager Codensa	January – May
Francesco Bertoli	General Manager Codensa	June – December
Michelle Di Murro	Administration, Finance and Control Manager	January - December

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:

	Period ended 31 December 2019
Remunerations	\$ 1.369.389
Short-term benefits	136.692
Long-term benefits	290.164
	<b>\$ 1.796.245</b>

### 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 2019, 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 2019, there are no compensation payments for contract termination.

## 9. Net inventories

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Net electrical material (1)	\$ 166.794.630	\$ 106.586.480
Transformers (1)	12.923.699	8.570.211
Non-electrical material (1)	10.780.109	4.333.101
Added value (2)	416.019	449.380
	<b>\$ 190.914.457</b>	<b>\$ 119.939.172</b>

- (1) (1) From 1 January to 31 December 2019, the Company increased material procurement required for projects such as the maintenance and optimisation plan in quality of medium voltage lines and networks infrastructure, distribution transformers, reinforcement of tele-control network and equipment, under-grounding 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:

<b>Balance as of 31 December 2018</b>	<b>\$ (799.886)</b>
Use of provision (a)	576.320
Endowment of provision	(701.165)
<b>Balance as of 31 December 2019</b>	<b>\$ (924.731)</b>

- (a) Corresponds mainly to the losses of cable waste that were returned as surplus from the company's electrical infrastructure operations.
- (2) Corresponds primarily to the inventory of induction stoves available for sale; to date there are no signs of impairment of said inventory.

The consumption of materials through profit or loss as of December 2019 and 2018 corresponds to:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Maintenance substations and networks	\$ 10.003.047	\$ 6.672.816
Lighting and new business	1.419.881	2.796.565
Other materials	2.537.589	3.351.146
	<b>\$ 13.960.517</b>	<b>\$ 12.820.527</b>

The value of inventories recognised as an expense during the period corresponds to consumption for repairs and maintenance of the company's infrastructure (See Note 25).

There are no 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 S.A. E.S.P. was created after 1992, the vertical integration restriction is applicable and therefore cannot commercially operate or represent any generation assets, therefore, PCH was operated by Emgesa S.A. E.S.P. under a usufruct contract.

After a sale process conducted during 2019, the transaction was successfully executed by the signing of the asset purchase agreement on 26 December 2019. However, the process for transferring the asset is pending execution.

The agreement contemplates that the parties must grant the public deed on the transfer of properties in favour of the buyer and proceed with their registration before the public instruments registration office. To do this, the buyer must cooperate as necessary to fulfil the aforementioned obligations.

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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, PCH has been recorded at fair value. During 2019, mandatory compliance additions were made for environmental issues and the fair value was updated.

Below are the non-current assets and liabilities held for sale as of 31 December 2019 and 2018.

	Balance as of 31 December 2018	Additions	Fair Value Update (a)	Balance as of 31 December 2019
<b>Non-current assets held for sale</b>				
Net property, plant and equipment				
Hydraulic power plant	\$ 18.917.654	\$ 7.021.623	\$ 11.264.073	\$ 37.203.350
<b>Non-current liabilities held for sale</b>				
Dismantling	(12.453.350)			(12.453.350)
<b>Net value of assets and liabilities held for sale</b>	<b>\$ 6.464.304</b>	<b>\$ 7.021.623</b>	<b>\$ 11.264.073</b>	<b>\$ 24.750.000</b>

(a) See note 26 IFRS 5 p.41 (c)

## 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 3.2.4 and 3.2.5). The detail of investments is as follows:

Share Certificates	Economic activity	Relationship	Common shares	Interest %	As of 31 December 2019	As of 31 December 2018
Enel X Colombia S.A.S. (1)	Services	Subsidiary	5.000.000	100,00%	\$ 5.458.851	\$ 5.063.775
Inversora Codensa	Investment	Subsidiary	5.000	100,00%	1.803	2.190
					<b>\$ 5.460.654</b>	<b>\$ 5.065.965</b>

(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 authorised 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 recognised 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 recognised 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.

The company has a 100% interest in its subsidiaries, the variation corresponds to the adjustment of the valuation using the Equity Method in 2019 in Enel X Colombia for \$395,076 and in Inversora Codensa for \$387.

As of 31 December 2019, the financial information of the subsidiaries was:

	Enel X Colombia S.A.S.	Inversora Codensa S.A.S
<b>Assets</b>	<b>\$ 6.917.072</b>	<b>\$ 1.946</b>
Liabilities	1.458.221	143
Equity (*)	5.458.851	1.803
<b>Total liabilities and equity</b>	<b>\$ 6.917.072</b>	<b>\$ 1.946</b>

	<b>Enel X Colombia S.A.S.</b>	<b>Inversora Codensa S.A.S</b>
Revenue	1.398.668	-
Costs and expenses	(1.037.534)	(220)
Financial results	228.945	(157)
Corporate and deferred taxes	(195.003)	(10)
<b>Net income</b>	<b>\$ 395.076</b>	<b>\$ (387)</b>

## 12. Net Intangible Assets Other than Capital Gains

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Software (1)	\$ 204.036.035	\$ 131.666.454
Easement	57.897.561	55.967.613
Licenses	40.440.038	39.207.888
Development costs (2)	3.832.935	2.187.164
<b>Net intangible assets</b>	<b>\$ 306.206.569</b>	<b>\$ 229.029.119</b>
Software	331.480.028	233.010.593
Easement	70.340.763	66.687.010
Licenses	81.924.186	73.306.820
Development costs	32.773.246	30.676.152
<b>Gross intangible assets</b>	<b>\$ 516.518.223</b>	<b>\$ 403.680.575</b>
Software	(127.443.993)	(101.344.139)
Easement	(12.443.202)	(10.719.397)
Licenses	(41.484.148)	(34.098.932)
Development costs	(28.940.311)	(28.488.988)
<b>Accumulated amortisation</b>	<b>\$ (210.311.654)</b>	<b>\$ (174.651.456)</b>

(1) Corresponds to the following software:

	<b>Net cost as of 31 December 2019</b>	<b>Remaining life (Years)</b>	<b>Net cost as of 31 December 2018</b>	<b>Remaining life (Years)</b>
<b>Administrative management systems</b>	<b>\$ 4.495.027</b>		<b>\$ 6.841.930</b>	
SAP Software	1.864.360	2	2.632.421	2
Institutional Portal Project Latam	1.369.443	2	1.811.028	3
Archibus system	508.592	3	736.976	4
Software SAP RRHH	351.623	3	547.372	4
Storia system	303.910	3	621.235	4
Mercurio	97.099	1	203.026	2
ABC Flow Charter	-	-	289.872	2
<b>Commercial management systems</b>	<b>45.932.406</b>		<b>20.805.254</b>	
CRM Sales Force (a)	22.818.071	3	-	-
Billing	4.175.839	3	-	-
Evolución Epica CRM	4.173.423	3	5.166.007	4
Unique ID	1.972.704	-	-	-
E-Home	1.806.699	3	-	-
E - Order gestión trabajo de campo	6.291.910	2	8.196.693	3
Electronic billing	1.648.964	3	1.185.436	4
One Hub	1.026.750	3	1.739.000	4
Retail N III	1.010.938	-	-	-
Synergia 4J Project	801.307	1	3.012.589	2

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	Net cost as of 31 December 2019	Remaining life (Years)	Net cost as of 31 December 2018	Remaining life (Years)
ICT online services portal	188.636	2	422.814	0.4
Automation Vehicle Recharge System	17.165	1	35.890	0.2
On-site billing	-	-	704.008	2
Business Intelligence Software	-	-	333.915	1
Business partners operation system	-	-	8.902	0.2
<b>Distribution management system</b>	<b>153.608.602</b>		<b>104.019.270</b>	
Sap E4E (b)	100.316.235	5	59.087.108	-
Software Scada STM (c)	10.963.609	3	7.305.806	4
Software Scada - Fronten Communication	8.060.473	3	10.497.028	4
Software DMS / EMS	7.609.056	3	8.228.963	4
DigI&N Colombia	5.491.267	4	1.690.631	-
Big Data Analytics and Dashboards	3.494.843	4	529.303	4
Software Scada	2.464.962	3	3.753.682	4
MEF Local Projects	2.500.168	5	-	-
Asset Management	1.467.478	-	-	-
MLM and ARQC	1.105.970	5	-	-
SIR-regulatory information system	549.839	3	7.605.654	4
Corporate Data Network Metrolan HA	494.896	3	694.643	3
PIM Power Quality System	385.349	3	442.466	4
IBM Transformation Project	260.966	3	527.064	2
Service Now Project	173.677	3	155.508	2
Oracle licensing	95.441	1	401.400	2
Linux licensing	93.259	1	186.539	2
Effective Power Monitoring	6.785	0,1	54.493	1
Cas Projects 2015	-	-	76.674	0.3
Novel IDM licenses	-	-	22.149	0.4
Other minor computer software	8.074.329		2.760.159	
	<b>\$ 204.036.035</b>		<b>\$ 131.666.454</b>	

- (a) Corresponds mainly to the development of CRM “Customer Relationship Management” software, performs relationship management with customers, monitoring their activities, optimises marketing strategies for coordinating the sale of services. In 2019, the implementation of the Onsite Care project was carried out on the Salesforce platform.
- (b) Corresponds mainly to the development and commissioning of the E4E-GDS (Evolution for Energy - Global Distribution System) project, which aims to standardise the SAP systems that support the Company’s accounting models, asset management and operation.
- (c) Corresponds mainly to the development of Scada software, tele-control and automation technology for the medium-voltage distribution network under the Enel Global model, which allow for significant improvement in service quality indicators.
- (2) Corresponds mainly to the implementation of the first underground high-voltage test field (115kV) in agreement with the National University of Colombia to carry out pre-qualification tests of conductors used in high-voltage underground transmission, seeking to adopt the incorporation of this technology for the undergrounding of high voltage lines in the medium term in the city of Bogota.

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The composition and movements of the item intangible assets are detailed below:

	Development Costs	Easement	Licenses	Computer Software	Intangibles under Construction	Intangible Assets
<b>Initial balance 01/01/2019</b>	<b>\$ 2.187.164</b>	<b>\$ 55.967.613</b>	<b>\$ 39.207.888</b>	<b>\$ 31.957.604</b>	<b>\$ 99.708.850</b>	<b>\$ 229.029.119</b>
Additions	41.093	3.277.364	3.416.243	-	103.670.558	110.405.258
Transfers (1)	-	-	5.249.254	167.163.458	(172.412.712)	-
Amortisation	(451.322)	(1.723.806)	(7.433.347)	(26.051.723)	-	(35.660.198)
Other increases and decreases (2)	2.056.000	376.390	-	-	-	2.432.390
<b>Movements of the period</b>	<b>1.645.771</b>	<b>1.929.948</b>	<b>1.232.150</b>	<b>141.111.735</b>	<b>(68.742.154)</b>	<b>77.177.450</b>
<b>Final balance 31/12/2019</b>	<b>\$ 3.832.935</b>	<b>\$ 57.897.561</b>	<b>\$ 40.440.038</b>	<b>\$ 173.069.339</b>	<b>\$ 30.966.696</b>	<b>\$ 306.206.569</b>

- (1) Corresponds mainly to the commissioning of the ERP E4E (Evolution for Energy), which aims to standardise the SAP systems that support the Company's accounting models, asset management and operation.
- (2) Corresponds mainly to the development of the first test field in Colombia for the execution of pre-qualification tests for conductors used for high-voltage underground transmission.

As of 31 December 2019, the Company has no intangible assets with indefinite useful life.

Additionally, there are no restrictions or guarantees on intangible assets. As of 31 December 2019, there are no acquisition commitments on intangible assets through official subsidy.

### 13. Net Property, Plant and Equipment

	As of 31 December 2019	As of 31 December 2018
Construction in progress (1)	706.371.675	\$ 1.087.398.798
Buildings	213.462.060	187.860.259
Land	114.895.524	108.751.871
Improvements in third-party property	1.404.815	1.940.277
<b>Plant and equipment</b>	<b>4.420.209.426</b>	<b>3.648.731.122</b>
<i>Electrical distribution networks and installations</i>	3.517.638.230	2.784.854.721
<i>Substations and high voltage lines</i>	902.571.196	863.876.401
<b>Fixed installations and others</b>	<b>91.316.517</b>	<b>66.862.309</b>
<i>Other installations</i>	56.463.546	43.029.732
<i>Fixed installations and accessories</i>	34.852.971	23.832.577
<b>Finance leases</b>	<b>27.466.177</b>	<b>8.487.325</b>
Fixed installations and others	4.127.220	8.487.325
IFRS 16 right-of-use assets	23.338.957	-
<i>Buildings and Land</i>	21.818.785	-
<i>Fixed installations and others</i>	1.520.172	-
<b>Net property, plant and equipment</b>	<b>5.575.126.194</b>	<b>\$ 5.110.031.961</b>
Construction in progress	706.371.675	1.087.398.798
Buildings	273.060.575	243.670.265
Land	114.895.524	108.751.871
Improvements in third-party property	10.128.371	10.128.371
<b>Plant and equipment</b>	<b>9.116.910.663</b>	<b>8.046.608.037</b>
<i>Electrical distribution networks and installations</i>	7.122.147.152	6.132.597.844
<i>Substations and high voltage lines</i>	1.994.763.511	1.914.010.193
<b>Fixed installations and others</b>	<b>227.298.061</b>	<b>186.786.732</b>
<i>Other installations</i>	148.372.380	123.390.829
<i>Fixed installations and accessories</i>	78.925.681	63.395.903
<b>Finance leases</b>	<b>46.556.145</b>	<b>14.739.797</b>
Fixed installations and others	14.695.326	14.739.797

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	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
IFRS 16 right-of-use assets	31.860.819	-
<i>Buildings and Land</i>	29.699.503	-
<i>Fixed installations and others</i>	2.161.316	-
<b>Gross property, plant and equipment</b>	<b>10.495.221.014</b>	<b>9.698.083.871</b>
Buildings	(59.598.515)	(55.810.006)
Improvements in third-party property	(8.723.556)	(8.188.094)
<b>Plant and equipment</b>	<b>(4.696.701.237)</b>	<b>(4.397.876.915)</b>
<i>Electrical distribution networks and installations</i>	(3.604.508.922)	(3.347.743.123)
<i>Substations and high voltage lines</i>	(1.092.192.315)	(1.050.133.792)
<b>Fixed installations and others</b>	<b>(135.981.544)</b>	<b>(119.924.423)</b>
<i>Other installations</i>	(91.908.834)	(80.361.097)
<i>Fixed installations and accessories</i>	(44.072.710)	(39.563.326)
<b>Finance leases</b>	<b>(19.089.968)</b>	<b>(6.252.472)</b>
Fixed installations and others	(10.568.106)	(6.252.472)
IFRS 16 right-of-use assets	(8.521.862)	-
<i>Buildings and Land</i>	(7.880.718)	-
<i>Fixed installations and others</i>	(641.144)	-
<b>Accumulated depreciation of property, plant and equipment</b>	<b>\$ (4.920.094.820)</b>	<b>\$ (4.588.051.910)</b>

Assets undergoing construction correspond to the following projects:

<b>Project</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Normalisation and quality medium voltage service	\$ 110.693.230	\$ 112.363.807
Connections lines and mass urban networks	96.270.446	295.437.169
Replenishment of rural infrastructure level 2	65.334.329	22.222.756
Modernisation of public lighting Bogota	64.237.684	83.078.567
Medium voltage lines quality plan	49.948.823	57.160.582
Latam tele-control project - Codensa	43.256.569	116.847.000
Construction Substation North STN-115Kva	39.750.295	34.156.379
Medium voltage capacity expansion	35.706.574	39.132.680
Replenishment transformers and urban rural equipment	30.091.992	25.506.832
Construction Substation Compartir 115-11.4Kva	27.938.633	3.568.505
Adaptation of loss control metering equipment	26.949.027	19.280.757
High voltage service normalisation and quality	18.472.180	13.102.826
High voltage capacity expansion	12.451.876	26.562.300
Substation equipment modernisation	10.054.947	18.532.786
Other minor projects	9.501.344	15.798.322
Smart Metering	8.871.936	12.099.879
Commercial Headquarters Adjustments	8.188.564	17.371.124
Land use planning IDU - Municipalities	8.165.895	52.208.334
Construction Substation Portugal STN-115Kva	7.355.066	-
Concessions medium voltage lines	6.914.405	8.099.259
San Jose substation	6.753.449	5.465.307
Public lighting expansion	5.166.655	36.194.789
Construction Substation Terminal STN-115Kva	4.734.694	-
Rural public lighting	4.155.028	10.720.307
Expansion peripheral networks MV – LV	2.789.676	10.756.143
Replenishment of rural and urban infrastructure level 2	2.618.358	32.972.188
Construction Substation Gran Sabana	-	18.760.200
	<b>\$ 706.371.675</b>	<b>\$ 1.087.398.798</b>

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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 (c)	Property, plant and equipment
<b>Initial balance 01/01/2018</b>	\$ 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
<b>Movements in property, plant and equipment</b>										
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)	(5.201.963)	-	-	-	-	-	(18.917.655)	-	-	(24.119.618)
<b>Period movements</b>	<b>266.902.679</b>	<b>13.725.146</b>	<b>666.810</b>	<b>(841.164)</b>	<b>50.160.349</b>	<b>86.461.746</b>	<b>(32.931.482)</b>	<b>3.496.339</b>	<b>6.065.243</b>	<b>393.705.666</b>
<b>Final balance 31/12/2018</b>	<b>\$ 1.087.398.798</b>	<b>\$ 108.751.871</b>	<b>\$ 187.860.259</b>	<b>\$ 1.940.277</b>	<b>\$ 863.876.401</b>	<b>\$ 2.784.854.721</b>	<b>-</b>	<b>\$ 66.862.309</b>	<b>\$ 4.887.325</b>	<b>\$ 5.110.031.961</b>
<b>Period movements</b>										
<b>Movements in property, plant and equipment</b>										
Additions (a)	809.728.662	1.358.091	-	-	-	-	-	362.127	42.265	811.491.145
Transfers	(1.188.323.395)	6.118.432	29.390.310	-	87.307.576	1.024.378.106	-	41.128.971	-	-
Withdrawals (b)	-	-	-	-	(1.167.459)	(8.895.596)	-	(3.226)	(15.679)	(10.081.960)
Depreciation expenses (see note 26)	-	-	(3.788.509)	(535.462)	(47.445.322)	(282.699.001)	-	(17.033.664)	(12.081.023)	(363.582.981)
Other increases (decreases)	(2.432.390)	(1.332.870)	-	-	-	-	-	-	31.033.289	272.68.029
<b>Period movements</b>	<b>(381.027.123)</b>	<b>6.143.653</b>	<b>25.601.801</b>	<b>(535.462)</b>	<b>38.694.795</b>	<b>732.783.509</b>	<b>-</b>	<b>24.454.208</b>	<b>18.978.852</b>	<b>465.094.233</b>
<b>Final balance 31/12/2019</b>	<b>\$ 706.371.675</b>	<b>\$ 114.895.524</b>	<b>\$ 213.462.060</b>	<b>\$ 1.404.815</b>	<b>\$ 902.571.196</b>	<b>\$ 3.517.638.230</b>	<b>-</b>	<b>\$ 91.316.517</b>	<b>\$ 27.466.177</b>	<b>\$ 5.575.126.194</b>

(a) As of 31 December 2019 and 2018, \$4,220,664 and \$2,998,967 of financial expenses were capitalised into eligible assets for projects such as replacement and redesign of urban and rural medium voltage, Norte substation, Compartir substation and Portugal substation.

(b) Corresponds mainly to the removal of HV/MV/LV equipment, networks and distribution transformers and public lighting associated with modernisation and replenishment projects.

(c) The increase corresponds to the initial recognition of the right-of-use assets of the contracts identified as of 1 January 2019 by adoption of IFRS 16 for \$31,033,289 (See note 3.1), the right-of-use asset for \$201,138 recognised in May by an additional contract signed under the guidelines of this standard, and the adjustment to the value of the right-of-use assets by the indexation of the royalties for \$626,392.

Accumulated depreciation corresponds to \$7,747,553 of the right-of-use assets recognised in the adoption of IFRS 16 and \$4,333,470 of the finance lease of vehicles in previous terms.

### Main investments

As of 31 December 2019 and 2018, 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 2019	As of 31 December 2018
Adaptation and modernisation in HV, MV and LV lines and networks *	Lines and Networks	\$ 336.312.453	\$ 296.548.085
Adaptation, modernisation and expansion of HV / MV and MV / MV substations*	Substations	93.315.140	72.673.316
Expansion and modernisation of rural and urban public lighting	Lines and Networks	85.241.316	76.070.098
Expansion of HV, MV and LV lines and networks *	Lines and Networks	84.347.202	100.515.680



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<b>Additions by project</b>	<b>Class</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Telecontrol Latam	Lines and Networks	64.287.922	78.612.610
Expansion and adaptation of MV and LV distribution transformers *	Lines and Networks	42.245.823	33.635.887
Acquisition of measuring devices to control MV and LV losses *	Lines and Networks	22.834.443	27.978.435
Construction substation Compartir 115-11.4Kva	Substations	19.282.925	6.298.040
Expansion substation Norte STN/115 Kv	Substations	10.386.214	7.779.667
Expansion substation Portugal STN/115 Kv	Substations	7.354.969	-
Expansion substation Terminal STN/115 Kv	Substations	4.464.964	-
Expansion substation Gran Sabana	Substations	2.684.130	9.853.427
Expansion substation Nueva Esperanza 550/115 Kv	Substations	-	1.769.067

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

As of 31 December 2019 and 2018, direct workforce was capitalised directly related to the construction in progress for \$95,721,646 and \$79,538,010. The variation corresponds mainly to the greater execution of tele-control projects, replacement quality and urban and rural infrastructure in medium voltage networks, Compartir substation, San Jose, Terminal substation, North substation, massive urban and rural connections in medium and low voltage networks and compliance with the district land use plan.

### Main transfers to operation

As of 31 December 2019, the main constructions in progress that started operations correspond to:

<b>Project</b>	<b>Total Activation</b>
Modernisation, adaptation and expansion of medium voltage lines and networks	\$ 656.879.003
Modernisation, adaptation and expansion of low voltage lines and networks	190.328.602
Modernisation, adaptation and expansion of Public Lighting	127.434.255
Modernisation, adaptation of high and medium voltage substation compensation	118.357.518
Modernisation, adaptation and expansion of distribution transformers	32.355.057
Modernisation, adaptation and expansion of high voltage lines and networks	7.793.213

As of 31 December 2018, the main constructions in progress that started operations corresponded to:

<b>Project</b>	<b>Total Activation</b>
Modernisation, adaptation and expansion of medium voltage lines and networks	\$ 215.068.312
Modernisation, adaptation of high and medium voltage substation compensation	100.885.039
Modernisation, adaptation and expansion of low voltage lines and networks	90.263.845
Modernisation, adaptation and expansion of distribution transformers	26.732.745
Modernisation, adaptation and expansion of Public Lighting	13.568.344
Modernisation, adaptation and expansion of high voltage lines and networks	12.241.644

### Finance lease

As of 31 December 2019 and 2018, it corresponds to the net book value of assets under finance lease agreements, the variation corresponds mainly to the amortisation and depreciation of these assets.

The vehicle finance lease agreements in force as of 31 December 2019 have been executed with the companies Mareauto Colombia S.A.S. and Transportes Especiales Aliados S.A.S. in order to support the operation of the Company and Equirent S.A. for the transportation of the organisation's directors.

In September 2018, the Company and Transportes Especiales Aliados S.A.S. signed a 3-year term contract for \$22,418,741 for the use and benefit of 90 vehicles under finance lease. In February 2019 the finance lease agreement with the company Transportes Especializados JR S.A.S. ended.

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

Minimum lease payments, finance lease obligations	As of 31 December 2019			As of 31 December 2018		
	Gross	Interest	Present value	Gross	Interest	Present value
Less than one year	\$ 4.393.167	\$ 407.374	\$ 3.985.793	\$ 4.386.631	\$ 865.489	\$ 3.521.142
Over one year but less than five years (see note 15)	1.041.483	38.768	1.002.715	5.685.794	494.425	5.191.369
<b>Total</b>	<b>\$ 5.434.650</b>	<b>\$ 446.142</b>	<b>\$ 4.988.508</b>	<b>\$ 10.072.425</b>	<b>\$ 1.359.914</b>	<b>\$ 8.712.511</b>

### Leases under IFRS 16

On 1 January 2019, the Company adopted IFRS 16 Leases, according to the retroactive model with cumulative effect, recognising its effects from the date of adoption without restatement of the comparative information. The tight-of-use assets recognised in the adoption, the additions and updates made in 2019 are as follows (refer to note 3.1. for further details):

Item	Total Recognition as of 31 December 2019	Recognition during 2019	Recognition adoption 1 January 2019
<b>Right-of-use assets</b>			
- Land and buildings	\$ 29.699.503	\$ 626.392	\$ 29.073.111
- Fixed installations and others (networks, vehicles and computer equipment)	2.161.316	201.138	1.960.178
<b>Total right-of-use assets impact IFRS 16, gross</b>	<b>\$ 31.860.819</b>	<b>\$ 827.530</b>	<b>\$ 31.033.289</b>

### Operating Lease

The income statement as of 31 December 2019 and 2018 includes \$999,167 and \$10,817,333, respectively, corresponding mainly to the payment of real estate operating lease agreements. The variation is due to the adoption of IFRS 16.

The main office and service centre lease agreements that are not within the scope of this standard for having a term of one year or less and that continue to be recognised as operating leases are the following:

	End date of current term
<b>Administrative offices</b>	
Cortezza	Jul-20
<b>Customer service offices</b>	
Medina	Sep-20
Agua de Dios	Sep-20
Anapoima	Mar-20
Fusagasugá	Jun-20
La mesa	Jun-20
Choachí	Jul-20
Tocaima	Feb-20
Cáqueza	Sep-20
Santa Librada	Nov-20
Sesquilé	Oct-20

As of 31 December 2019, related contracts contain automatic extension clauses by common agreement of both parties and are adjusted annually by the Consumer Price Index (CPI) plus contractually defined points.

As of 31 December 2019, future payments derived from said contracts are as follows:

Minimum future payments for non-payable leases, lessees	As of 31 December 2019
Less than one year	\$ 660.081
	<b>\$ 660.081</b>

## Insurance policies

Below are the policies for the protection of Company property:

Insured property	Hedged risks	Insured value (Figures in thousands)		Maturity	Insurance company
	Non-contractual civil liability	USD\$	20.000	1/11/2020	Axa Colpatría
Company assets	Non-contractual civil liability (tier of USD \$200 million in excess of USD \$20 million)	USD\$	200.000	1/11/2020	Mapfre Seguros Colombia
	Environmental civil liability	USD	11.323	31/10/2020	Chubb Seguros
Civil works, equipment contents, stores and loss of profit	All risk material damage, earthquake, seaquake HMAAC – AMIT, loss of profit and machinery breakdown	€	1.000.000	31/10/2020	Mapfre Seguros Colombia
Vehicles	Non-contractual civil liability	\$	600.000 por vehículo	02/01/2020	Seguros Mundial
Goods and assets	Freight transport	\$	5.000.000 por despacho	31/07/2020	HDI Seguros S.A.

## 14. Other Financial Liabilities

	As of 31 December 2019			As of 31 December 2018		
	Current		Non-current	Current		Non-current
	Capital	Interest		Capital	Interest	
Bonds issued (1)	\$ 90.000.000	\$ 30.077.478	\$ 1.883.340.000	\$ 160.000.000	\$ 28.013.636	\$ 1.493.340.000
Bank Obligations (2)	111.688.696	744.388	47.817.205	309.831.972	5.991.850	98.506.638
<b>Finance lease (3)</b>	<b>14.683.471</b>	<b>184.107</b>	<b>13.630.479</b>	<b>3.521.141</b>	-	<b>5.191.369</b>
Commercial vehicle lease	3.985.793	-	1.002.715	3.521.141	-	5.191.369
IFRS 16 leases	10.697.678	184.107	12.627.764	-	-	-
Derivatives (4)	54.503	-	-	-	-	-
	<b>\$ 216.426.670</b>	<b>\$ 31.005.973</b>	<b>\$ 1.944.787.684</b>	<b>\$ 473.353.113</b>	<b>\$ 34.005.486</b>	<b>\$ 1.597.038.007</b>

(1) The bond movement from January to December 2019 corresponds mainly to:

(i) On 7 March 2019, the first placement was made of the ninth tranche of the Company's Ordinary Bonds and Commercial Paper Issuance and Placement Programme for \$480,000,000. The award was made as follows:

(a) Sub-series B10: \$200,000,000 with a 10-year term and a coupon rate of CPI + 3.56% E.A.

(b) Sub-series E4: \$280,000,000 for a 4-year term and a coupon rate of 6.30% E.A.

The resources were used to refinance financial obligations and finance the Company's investment plan.

(ii) On 9 March 2019, the first payment was made of the fifth tranche of the Company's Ordinary Bonds and Commercial Paper Issuance and Placement Programme for \$160,000,000, Sub-series E2.

(iii) As of 31 December 2019, the E4-16 bond for \$90,000,000 was reclassified from the long term to the short term.

The total financial debt of the Company in bonds is represented in nine (9) 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 2019:

### 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 Company's 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

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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. Subsequently, having fulfilled the requirements established for this purpose, 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). Finally, Resolution No. 0683 of 28 May 2019, authorised the increase in the Overall Quota of the Programme in an additional amount of \$595,000,000, bringing the Overall Quota to \$3,400,000,000, and approved the renewal of the term of the authorisation of the public offer of the Programme's bonds for an additional three years from the execution of said Resolution, i.e., until 19 June 2022.

As of 31 December 2019, nine (9) 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, the eighth Tranche on 23 October 2018 and the ninth tranche on 7 March 2019. Below is the detail of current issues:

**Second Tranche under the Programme**

Total placed value	\$375.000.000, as follows: Sub-serie B5:\$181.660.000 Sub-serie B12:\$193.340.000
Current balance as of 31 December 2019	\$193.340.000
Par value per bond	\$10.000
Issue terms	Subseries B5: 5 years Subseries B12: 12 years
Date of issue	15 November 2013 for all 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 2019	\$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.

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Coupon Rate:	Sub–serie B7: IPC + 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 2019	\$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:	Sub–serie E4: 7,70% E.A.
Rating	AAA (Triple A ) Assigned by FitchRatings Colombia S.A. S.C.V.

**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 2019	\$270.000.000
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:	Sub–serie E2: 7,04% E.A. Sub–serie 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 2019	\$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:	Sub–serie 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 2019	\$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

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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 2019	\$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:	Sub-series B5: IPC+2,82% E.A.
Rating	AAA (Triple A ) Assigned by Fitch Ratings Colombia S.A. S.C.V.

**Ninth Tranche under the Programme**

Total placed value	\$480,000,000, as follows: Subseries E4: \$280,000,000 Subseries B10: \$200,000,000
Current balance as of 31 December 2019	\$480,000,000
Par value per bond	\$10,000
Issue Terms	Subseries E4: 4 years Subseries B10: 10 years
Date of Issue	7 March 2019
Maturity	Subseries E4: 7 March 2023 Subseries B10: 7 March 2029
Issue Manager	Deceval S.A.
Coupon Rate:	Subseries E4: 6.30% E.A. Subseries B10: CPI +3.56% E.A.
Rating	AAA (Triple A ) Assigned by Fitch Ratings Colombia S.A. S.C.V.

The detail of the obligations for debt bonds as of 31 December 2019 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
Bonos B12-13	8,83%	Variable	\$ 2.128.625	\$ -	\$ 2.128.625	\$ -	\$ -	\$ 193.340.000	\$ 193.340.000
Bonos B7-14	7,50%	Variable	259.000	-	259.000	185.000.000	-	-	185.000.000
Bonos E4-16	7,70%	Fixed	313.969	90.000.000	90.313.969	-	-	-	-
Bonos E5-17 (*)	7,39%	Fixed	16.290.292	-	16.290.292	-	270.000.000	-	270.000.000
Bonos E7-17	6,46%	Fixed	829.819	-	829.819	-	200.000.000	-	200.000.000
Bonos E7-18	6,74%	Fixed	2.956.457	-	2.956.457	-	-	200.000.000	200.000.000
Bonos B12-18	7,57%	Variable	2.645.534	-	2.645.534	-	-	160.000.000	160.000.000
Bonos B5-18	6,77%	Variable	2.468.276	-	2.468.276	-	195.000.000	-	195.000.000
Bonos E4-19	6,30%	Fixed	1.181.385	-	1.181.385	-	280.000.000	-	280.000.000
Bonos B10-19	7,53%	Variable	1.004.121	-	1.004.121	-	-	200.000.000	200.000.000
			<b>\$ 30.077.478</b>	<b>\$ 90.000.000</b>	<b>\$ 120.077.478</b>	<b>\$ 185.000.000</b>	<b>\$ 945.000.000</b>	<b>\$ 753.340.000</b>	<b>\$ 1.883.340.000</b>

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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 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
Bonos B12-13	8,23%	Variable	\$ 1.989.160	\$ -	\$ 1.989.160	\$ -	\$ -	\$ 193.340.000	\$ 193.340.000
Bonos B7-14	6,92%	Variable	239.129	-	239.129	-	185.000.000	-	185.000.000
Bonos E4-16	7,70%	Fixed	313.956	-	313.956	90.000.000	-	-	90.000.000
Bonos E2-17	7,04%	Fixed	160.691.636	-	160.691.636	-	-	-	-
Bonos E5-17 (*)	7,39%	Fixed	16.290.395	-	16.290.395	-	270.000.000	-	270.000.000
Bonos E7-17	6,46%	Fixed	829.813	-	829.813	-	-	200.000.000	200.000.000
Bonos E7-18	6,74%	Fixed	2.956.457	-	2.956.457	-	-	200.000.000	200.000.000
Bonos B12-18	6,98%	Variable	2.444.313	-	2.444.313	-	-	160.000.000	160.000.000
Bonos B5-18	6,18%	Variable	2.258.777	-	2.258.777	-	195.000.000	-	195.000.000
			<b>\$ 188.013.636</b>	<b>\$ -</b>	<b>\$ 188.013.636</b>	<b>\$ 90.000.000</b>	<b>\$ 650.000.000</b>	<b>\$ 753.340.000</b>	<b>\$ 1.493.340.000</b>

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.

The detail of bank loans as of 31 December 2019 is as follows:

- (2) On 7 February 2019, the Company acquired a new loan with MUFG Bank, Ltd., for \$200,000,000 at a fixed rate of 5.23%, maturing on 7 November 2019.

On 18 March 2019, the Company repaid the loan for \$200,000,000 with MUFG Bank, Ltd., acquired in March 2016.

On 5 April 2019, the Company acquired a loan through a Findeter Rediscount line made through Banco Bogota in the amount of \$17,043,372 with an rate of IBR + 1.25% monthly in arrears for a 7-year term including a two-year grace period, the resources received will be destined to partial financing for the construction of the Compartir substation.

On 10 June 2019, the Company repaid \$81,000,000 of the loan with MUFG Bank, Ltd., acquired in June 2016.

On 13 June 13, 2019, it acquired a loan agreed with Banco BBVA COLOMBIA S.A. under the Finagro line in the amount of \$50,000,000 with a rate of IBR + 0.90% semiannually in arrears for a 3-year term. The resources received will be used to finance investments in rural areas of the Company's area of influence.

On 7 November 2019, the company repaid the loan acquired on 7 February 2019 with MUFG Bank, Ltd., for \$200,000,000 at a fixed rate of 5.23%.

During 2019, principal amortisations of treasury loans for \$36,391,503 were made.

Description	Maturity	Rate EA	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
The Bank of Tokyo Mitsubishi UFJ	10/06/2020	9,11%	\$ -	\$ 81.438.740	\$ 81.438.740	\$ -	\$ -	\$ -	\$ -
Banco de Bogotá	5/04/2026	5,47%	66.026	-	66.026	2.272.450	10.226.023	4.544.899	17.043.372
Banco BBVA	21/01/2020	5,13%	247.717	-	247.717	-	-	-	-
Banco BBVA	23/02/2020	5,18%	211.422	-	211.422	-	-	-	-
Banco BBVA	25/03/2020	5,21%	114.423	-	114.423	-	-	-	-
Banco BBVA	21/04/2020	5,13%	412.406	404.484	816.890	-	-	-	-
Banco BBVA	21/05/2020	5,18%	266.999	263.985	530.984	-	-	-	-
Banco BBVA	22/06/2020	5,21%	253.262	252.602	505.864	-	-	-	-
Banco BBVA	17/03/2021	5,86%	621.883	1.844.740	2.466.623	546.978	-	-	546.978
Banco BBVA	21/04/2021	5,78%	317.140	893.482	1.210.622	518.150	-	-	518.150
Banco BBVA	23/05/2021	5,83%	472.850	1.369.409	1.842.259	794.151	-	-	794.151

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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 5 years	5 to 10 years	
Banco BBVA	13/06/2022	5,18%	-	16.779.148	16.779.148	16.666.667	8.333.333	-	25.000.000
Banco Agrario	22/08/2021	6,23%	1.602.543	4.599.823	6.202.366	3.914.554	-	-	3.914.554
<b>Total Bank Loans</b>			<b>\$ 4.586.671</b>	<b>\$ 107.846.413</b>	<b>\$ 112.433.084</b>	<b>\$ 24.712.950</b>	<b>\$ 18.559.356</b>	<b>\$ 4.544.899</b>	<b>\$ 47.817.205</b>

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
<b>Total Bank Loans</b>			<b>\$ 216.117.078</b>	<b>\$ 99.706.744</b>	<b>\$ 315.823.822</b>	<b>\$ 92.890.409</b>	<b>\$ 5.616.229</b>	<b>\$ 98.506.638</b>

(3) The detail of the obligations for commercial vehicle leases as of 31 December 2019 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%	Fixed	\$ 35.642	\$ 61.211	\$ 96.853	\$ -	\$ -
Mareauto Colombia SAS	11,78%	Fixed	731.084	2.207.319	2.938.403	301.010	301.010
Transportes Especializados Aliados S.A.S.	12,50%	Fixed	226.667	723.870	950.537	701.705	701.705
<b>Total lease obligations</b>			<b>\$ 993.393</b>	<b>\$ 2.992.400</b>	<b>\$ 3.985.793</b>	<b>\$ 1.002.715</b>	<b>\$ 1.002.715</b>

The detail of the obligations for commercial vehicle 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%	Fixed	\$ 32.423	\$ 102.002	\$ 134.425	\$ 96.853	\$ 96.853
Mareauto Colombia SAS	11,78%	Fixed	644.406	2.065.440	2.709.846	3.259.399	3.259.399
Transportes Especializados JR S.A.S.	9,48%	Fixed	6.642	13.747	20.389	1.835.117	1.835.117
Transportes Especializados Aliados S.A.S.	12,50%	Fixed	200.154	456.327	656.481	-	-
<b>Total lease obligations</b>			<b>\$ 883.625</b>	<b>\$ 2.637.516</b>	<b>\$ 3.521.141</b>	<b>\$ 5.191.369</b>	<b>\$ 5.191.369</b>



The detail of the lease obligations under IFRS 16 as of 31 December 2019 is as follows:

	As of 31 December 2019	
	Current	Non-current
<b>Contracts IFRS 16 adoption (a)</b>	<b>\$ 10.807.763</b>	<b>\$ 12.543.585</b>
Land and buildings	9.906.858	11.917.899
Fixed installations and others (networks, vehicles and computer equipment)	900.905	625.686
<b>Contracts signed from January to December 2019 (b)</b>	<b>\$ 74.022</b>	<b>\$ 84.179</b>
Fixed installations and others (vehicles)	74.022	84.179
<b>Total lease liabilities IFRS 16</b>	<b>\$ 10.881.785</b>	<b>\$ 12.627.764</b>

(a) Finance lease liabilities recognised by the adoption of IFRS 16 correspond mainly to the lease of offices and service centres.

(b) In the period from January to December 2019, the transport contract between the Chia and Facatativá offices was recognised under IFRS 16.

As of 31 December 2019, the Company has \$3,928,803,095 in unused authorised 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 subscribed on 27 November 2019, a credit line committed for COP \$200,000,000 with BBVA Colombia S.A. The conditions of the credit line consider a two-year grace period, semi-annual interest amortisation and its availability period is until January 15, 2020. Through this line of credit, the line subscribed for \$150,000,000 with the same bank on June 6, 2019 it was cancelled.

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.

As of 31 December 2019, there are no guarantees on financial obligations.

(4) (4) As of 31 December 2019, the company has foreign exchange hedges to cover payment of insurance and capex invoices, the valuation of which corresponds to \$54,503 in favor of the bank ScotiaBank Colombia.

## 15. Commercial accounts payable and other payables

	As of 31 December 2019	As of 31 December 2018
Other payables (1)	\$ 832.275.923	\$ 949.906.128
Energy purchase suppliers (2)	165.554.571	231.655.420
	<b>\$ 997.830.494</b>	<b>\$ 1.181.561.548</b>

(1) The detail of other accounts payable as of 31 December 2019 is as follows:

	As of 31 December 2019	As of 31 December 2018
Accounts payable for goods and services (a)	\$ 647.333.774	\$ 781.393.748
Taxes other than Income Tax (b)	59.712.731	53.848.456
Collection in favour of third parties (c)	63.253.211	61.334.940
Other payables (d)	39.492.316	34.957.135
Balances in favour of customers (e)	22.483.891	18.371.849
	<b>\$ 832.275.923</b>	<b>\$ 949.906.128</b>

(a) As of 31 December 2019 and 2018, 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 \$83,694,548 and \$236,967,327, respectively. This balance was paid in the first week of January 2020 and 2019, respectively.

(b) As of 31 December 2019 and 2018, taxes other than income tax correspond to:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Provision for tax payment (i)	\$ 30.946.402	\$ 28.240.237
Territorial taxes, municipal and related taxes (ii)	28.766.329	25.608.219
	<b>\$ 59.712.731</b>	<b>\$ 53.848.456</b>

(i) As of 31 December 2019 and 2018, corresponds mainly to withholdings on third parties for \$6,955,570 and \$8,465,910 and self-withholdings for \$23,990,832 and \$19,774,327, respectively.

(ii) As of 31 December 2019 and 2018, corresponds mostly to the industry and trade tax for \$15,610,776 and \$15,119,562, 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 2019 and 2018, corresponds mostly to liabilities for mandate contracts of subscription to periodicals, magazines and insurance policies for \$20,844,554 and \$20,100,611, respectively; Banco Colpatría Red Multibanca Colpatría S.A. for \$14,000,397 and \$25,356,674 for the collection in the settlement process made by the Company of the loan portfolio of the business "Open Book"; formerly "Crédito Fácil Codensa", in accordance with the business cooperation contract, respectively. The collections made by the Company are reconciled periodically by the parties and then transferred.

In May 2019 we started the collection of the cleaning service with Área Limpia S.A.S ESP in the town of Suba, for the remainder of 2019 we began the collection with Promoambiental Distrito S.A.S. E.S.P. As of 31 December 2019, the liabilities correspond to \$18,477,565 from the towns of Suba, Candelaria, Chapinero, San Cristóbal, Santafé, Sumapaz, Usaquén and Usme.

(d) As of 31 December 2019 and 2018, corresponds mostly to liabilities on account of energy distribution areas (ADDs) for \$16,882,780 and \$15,182,236, 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 energy purchase suppliers correspond to:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
XM S.A. E.S.P. (a)	90.461.341	57.026.365
Isagen S.A. E.S.P.	18.722.553	51.269.259
Empresa De Energía del Pacífico S.A. E.S.P.	11.243.836	14.305.416
Aes Chivor y Compañía Eca E.S.P.	9.047.667	54.843.397
Empresas Públicas de Medellín E.S.P.	7.090.717	22.660.634
Termotasajero S.A. E.S.P.	5.164.625	5.839.158
Empresa Urra S.A. E.S.P.	5.158.818	3.054.950
Central Termoeléctrica el Morro 2 S.A.S	3.172.900	-
Gestión Energética S.A E.S.P.	2.579.746	2.427.607
Generarco S.A E.S.P.	1.800.852	2.394.378
Termoyopal Generación 2 S.A.S E.S.P.	1.604.222	-
Compañía energética del Tolima	1.197.635	-
Empresa De Energía De Boyacá S.A. E.S.P.	1.062.529	6.082.736
Nitro Energy Colombia S.A.S	727.652	1.898.777
Celsia S.A. E.S.P.	-	2.974.166
Others of smaller amount	6.519.478	6.878.577
	<b>\$ 165.554.571</b>	<b>\$ 231.655.420</b>

**Codensa S.A. E.S.P.**  
**Notes to the Financial Statements – Separate**  
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(a) As of 31 December 2019 and 2018, the variation corresponds mainly to the increase in the average contracting price of \$315.67/Kwh and \$184.06/Kwh, respectively.

The variation in the balances of supply contracts is due to the maturity of payments to agents, in 2018 most of them landed on the first business day of January 2019, corresponding to consumptions in November and December. For the end of 2019 the payments were made on 30 December. The balances payable correspond to December consumption.

## 16. Provisions

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
<b>Provision for legal claims (1)</b>	<b>\$ 16.124.148</b>	<b>\$ 1.304.300</b>	<b>\$ 14.517.695</b>	<b>\$ 2.288.790</b>
<i>Labour</i>	7.178.192	219.597	5.707.455	1.470.738
<i>Civil</i>	8.945.956	1.084.703	8.810.240	818.052
Dismantling, restoration and rehabilitation costs (2)	6.795.482	13.940.645	18.441.204	6.069.987
<b>Other provisions</b>	<b>\$ 344.628</b>	<b>\$ 613.062</b>	<b>\$ 572.359</b>	<b>\$ 1.150.290</b>
<i>Environmental Compensation Nueva Esperanza (3)</i>	25.140	-	25.140	-
<i>Environmental Compensation Compartir (4)</i>	264.778	-	547.219	288.698
<i>Environmental Compensation Portugal (5)</i>	54.710	-	-	-
<i>Other provisions</i>	-	613.062	-	861.592
<b>Total provisions</b>	<b>\$ 23.264.258</b>	<b>\$ 15.858.007</b>	<b>\$ 33.531.258</b>	<b>\$ 9.509.067</b>

(1) As of 31 December 2019, the value of the claims against the Company administrative, civil, labour and constitutional actions amount to \$13,697,721,026; based on the assessment of success probability in the defence of these cases, \$17,428,448 (includes financial updates) have been provisioned to cover probable losses for these contingencies. Management estimates that the results 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	Value of	Value of	VPN	Total value
Civil	Probable	97	12	\$ 354.720.826	\$ 10.605.369	\$ (574.710)	\$ 10.030.659
	Likely	191	125	166.025.711	-	-	-
	Remote	41	23	1.251.110	-	-	-
<b>Total civil</b>		<b>329</b>	<b>160</b>	<b>521.997.647</b>	<b>10.605.369</b>	<b>(574.710)</b>	<b>10.030.659</b>
Labour	Probable	35	0	7.773.813	7.546.215	(148.426)	7.397.789
	Likely	94	28	15.705.327	-	-	-
	Remote	4	1	300.000	-	-	-
<b>Total labour</b>		<b>133</b>	<b>29</b>	<b>23.779.140</b>	<b>7.546.215</b>	<b>(148.426)</b>	<b>7.397.789</b>
<b>Total processes</b>		<b>462</b>	<b>189</b>	<b>\$ 545.776.787</b>	<b>\$ 18.151.584</b>	<b>\$ (723.136)</b>	<b>\$ 17.428.448</b>

(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.

**Codensa S.A. E.S.P.**  
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Below are the details of the main legal proceedings classified as probable that the Company has as of 31 December 2019:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
Solangy Sanchez Bustos	2013	5.010.750	Electrocution	In court pending ruling
Olga Josefina Nieto Avendaño	2012	3.825.824	Electrocution	On appeal for a second instance ruling
Visita Leonor Pedroza Gonzalez Y Otros	2014	1.974.825	Electrocution	In court pending ruling
Raúl Ernesto Rodriguez	2016	1.900.000	Electrocution	Appeal that dissociated the ministry of mines and the superintendence of household public utilities, pending date for hearing
Hugo Roberto Pavon Rivera Y Otros	2013	1.200.000	Electrocution	Return to the initial 47 civil court of the circuit, in the evidentiary stage
Maria Elvira Diaz Arango	2011	1.102.871	Accident injuries on public roads.	Pending ruling hearing.
Maria Cecilia Guerrero Rodriguez Y Otros	2012	700.000	Electrocution	Pending instruction and trial hearing 5 March 2020
José Javier Jimenez Y Otros	2017	500.000	Electrocution	First instance judgment on appeal with the civil chamber of the Bogota court, pending second instance arguments and ruling.
Luz Stella Ceballos Alzate	2015	500.000	Labour claim - Retirement Pension	Pending supreme court ruling.
Jose Gustavo Veloza Zea	2019	500.000	Recognition and payment of regular pension	Executive process stage.
Elcy Marlen Ayala Anzola	2019	500.000	Recognition and payment of regular pension	Processes for cost collection in favour of the company.
Arnol Arnulfo Rincon	2019	500.000	Recognition and payment of regular pension	Executive process stage.
Gloria Ines Garcia Leon	2015	500.000	Recognition and payment of regular pension	Closed and filed in favour of the company.
Gilberto Garcia Lopez	2014	500.000	Solidarity wages and social benefits.	Pending final ruling supreme court.
Narda Ruth Botero	2014	444.000	Electrocution	Open term for allegations and first instance ruling.
Luis Eduardo Sarmiento	2017	400.000	Recognition and payment of regular pension	Pending final ruling supreme court.
Luz Angela Alvarez Berrio	2011	356.786	Electrocution	Ruling in favour first instance.
Sonia Gualteros	2017	300.000	Recognition and payment of regular pension	Process closed
Jose Serrato Malaver Y Otros	2014	300.000	Electrocution	Payment of the ruling without further developments in the process.
Jaime Aponte Fandiño	2019	300.000	Recognition and payment of regular pension	Executive process stage.
Henry Alonso Velasquez	2019	300.000	Labour reinstatement and compensation without just cause	Executive process stage.
Efrain Pinzon Villabona	2019	300.000	Recognition and payment of regular pension	In court pending ruling
Guillermo Mejía Rodriguez	2019	300.000	Reinstatement /compensation for dismissal without just cause	In cost collection in favour of the Company
Hernando Serrano Tello	2013	100.000	Regular pension - legislative act	Pending supreme court ruling.
José Domingo Hernandez	2017	16.000	Regular pension - legislative act	Pending second instance ruling.

**Codensa S.A. E.S.P.**  
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(Thousands of pesos)

Below are the details of the main legal proceedings classified as likely that the Company has as of 31 December 2019:

Processes	Start Date	Claim	Subject of the Lawsuit	Current status and procedural situation
UAESP	2018	113.082.893	Judicial debt collection of resolution 412 and 730 of 2017 that unilaterally re-liquidates the public lighting agreement for the periods 1998-2004.	Suspended. Surety bond was issued to prevent the execution of attachment orders.
Asocuan	2012	15.000.000	Lawsuit for property claim where the substation is located.	Superior Court of Bogota D.C. The tacit withdrawal was ratified at the appeal seat and on 12 December 2019 the order to obey and comply with the provision was issued
Asocuan	2012	15.000.000	Lawsuit for invalidity of license granted by the Ministry of Culture.	In evidentiary stage since 06/10/2017.
Soledad Cobos Laurens	2015	11.000.000	Compensation of easement for location of infrastructure on the premises	In evidentiary stage
Aene Servicios S.A.	2013	7.000.000	Contract breach lawsuits	In evidentiary stage
Carlos Eduardo Moreno	2017	5.754.000	Electrocution	Open term for closing arguments
Inversiones Rico Ltda En Liquidación	2016	4.000.000	Compensation for the location of high-voltage towers in high-value premises.	Expiry of the action, pending cost collection for \$ 25MM
Zamir Humberto Villamil Y Otros	2017	3.000.000	Electrocution	In evidentiary stage
Cooperativa De Ingenieria Y Servicios Isecoop	2016	2.916.000	Item 5 clause 2 Contract CPS037.06 declare void.	Closing arguments in second instance; in court - council of state.
Abelardo Garcia Rodriguez	2017	2.000.000	Compensation for damages to users of voltage level 1 for owning distribution assets.	In Court with the evidence provided by the required parties.
Carlos Alberto Amador Morales Y Otros	2018	1.800.709	Electrocution	With an appeal in court, pending ruling.
Cooperativa De Trabajo Asociado Servicomtrec	2016	1.740.380	Mathematical error in the settlement of Contract cps019-06	Open terms to present closing arguments in second instance with the council of state.
Yuli Andrea Roa Cubides Y Otros	2014	1.259.951	Electrocution	Favourable ruling dated 18 December 2019
Edificio Helios Ph, Conjunto Residencial Usatama, Edificio Sonsoles, Edificio Balmoral, Edificio Tomine.	2016	1.037.400	Compensation for easement for location of co-owned energy substation.	In court, appeal for reversal underway.
Dalia Mercedes Lasso - Adriana Machuca Serrano	2016	1.037.000	Electrocution	Cundinamarca Administrative Court rules against the Company to pay in favour of the plaintiff \$75,757,279.

- (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 shell 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 shell 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.

During 2019, the Company performed shell washing for 32.81 tons at a cost of \$121,975. 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 Empresa de Energía de Bogotá 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) recognise 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 2019 and 2018, the expenditures associated with sampling and marking including transaction agreements and those associated with equipment in MV and LV oil to Compañía Ingeléctrica S.A. amount to \$4,298,636 and \$101,593, respectively.

#### **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 2019 and 2018, the value of the projected undiscounted flows are as follows:

Year	As of 31 December 2019	As of 31 December 2018
2019	-	18.441.204
2020	6.795.482	1.263.362
2021 y siguientes	13.389.559	5.406.487
	<b>\$ 20.185.041</b>	<b>\$ 25.111.053</b>

As of 31 December 2019 and 2018, the Company updated the provision discounting future cash flows at net present value at a rate of 5.12% and 6.21% E.A., generating a financial effect of \$965,144 and \$(844,326), the most appropriate discount rate, considering the interest rates of government bonds (TES) that have maturities similar to those of the obligation.

- (3) 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.

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, the Company 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.

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 2019, no financial update was made, as the balance of the provision corresponds to short-term flows, which will be executed in April 2020 once the report is delivered to the environmental authority.

- (4) 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 Substation**

The Company 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 the Company 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.

During 2019, 300 flight derailleurs were installed on the 115 kV transmission line, air quality monitoring, four (4) electromagnetic field talks with the community in the project’s area of influence, complying with the commitments established in the Environmental Management Plan and Environmental License of the project Compartir.

The obligations from forest use activities were not started because the environmental authority has not approved the area suggested by the Company, where 500 trees should be planted and maintenance activities should be carried out on the plantation for a three-year period.

Additionally, two days of voluntary planting and four of garden beautification in residential complexes located in the municipality of Soacha were carried out, initiating the shared value project called “Reforestation Soacha”.

The value of the indexed undiscounted flows projected, and the value used in 2019 are presented below:

<b>Year</b>	<b>Al 31 de diciembre de 2019</b>
As of 31	
December 2019	\$ 618.859
2020	192.468
2021	72.310
	<b>\$ 883.637</b>



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

As of 31 December 2019, the provision of Compartir was updated to the net present value at a rate of 76.42% EA (IBR + 2.13%), generating a financial effect in 2019 of \$(47,721).

- (5) Corresponds to the obligations of the administrative act of Resolution No. 02182 of August 2019 issued by the Bogota District Secretary for the Environment, where an Environmental License is granted to carry out the project called: “Portugal Substation, transmission line at 115 kV and its connection modules,” which imposes compliance with the obligations established in the Environmental Management Plan of the Environmental Impact Assessment, as well as compliance with current environmental regulations.

**Portugal Substation Environmental License:**

On 22 August 2019, through resolution No. 02182, the Environmental Control Direction of the District Secretary for the Environment granted the Environmental License for the project “Portugal Substation, 115 kV transmission line and its connection modules,” to be executed in the premises called El Refugio, located in the Engativa locality of the city of Bogota D.C., authorizing the construction, assembly, operation and dismantling of said project. It also orders compliance with the obligations established in the Environmental Impact Assessment, the Environmental Management Plan, the Environmental Monitoring Programme and current environmental regulations.

By 2020, staff training activities will be developed to comply with the provisions of the environmental management plans and programmes of each of the activities that will be carried out during the project and that are mandatory. In addition, there are planned payments associated with the obligations related to Environmental Compliance Reports (ICA), Noise Measurements, Electromagnetic Field Measurements and the Payment to the environmental authority (SDA) for Monitoring and Control.

The movement of provisions between 1 January 2018 and 31 December 2019 is as follows:

	Provision of legal claims	Dismantling, restoration and rehabilitation costs	Gran Sabana	Nueva Esperanza	Compartir	Portugal	Public lighting and others	Total
<b>Initial balance as of 01-01-2018</b>	\$ 14.374.556	\$ 20.243.063	\$ 28.387	\$ 873.944	\$ -	\$ -	\$ 23.010.453	\$ 58.530.403
Increase (Decrease) in provisions	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)
<b>Total movements in provisions</b>	<b>2.431.929</b>	<b>4.268.128</b>	<b>(28.387)</b>	<b>(848.804)</b>	<b>835.917</b>	<b>-</b>	<b>(22.148.861)</b>	<b>(15.490.078)</b>
<b>Final balance as of 31-12-2018</b>	<b>16.806.485</b>	<b>24.511.191</b>	<b>-</b>	<b>25.140</b>	<b>835.917</b>	<b>-</b>	<b>861.592</b>	<b>43.040.325</b>
Increase (Decrease) in provisions (a)	5.635.062	(198.381)	-	-	-	54.710	(218.722)	5.272.669
Provision used	(2.494.087)	(4.591.276)	-	-	(618.859)		(29.808)	(7.734.030)
Financial effect update	(114.058)	1.014.593	-	-	47.720		-	948.255
Recoveries	(2.404.954)	-	-	-	-		-	(2.404.954)
<b>Total movements in provisions</b>	<b>621.963</b>	<b>(3.775.064)</b>	<b>-</b>	<b>-</b>	<b>(571.139)</b>	<b>54.710</b>	<b>(248.530)</b>	<b>(3.918.060)</b>
<b>Final balance as of 31-12-2019</b>	<b>\$ 17.428.448</b>	<b>\$ 20.736.127</b>	<b>\$ -</b>	<b>\$ 25.140</b>	<b>\$ 264.778</b>	<b>\$ 54.710</b>	<b>\$ 613.062</b>	<b>\$ 39.122.265</b>

(a) The following is the movement of 2019 of the provision for legal claims, which mainly corresponds to:

Process type	Plaintiff	Subject of claim	Value
Civil_Ordinary	SSPD	Noncompliance Report NT4 Assets Out of operation	\$ 1.656.232
Labour	Pedro Rodríguez Zarate	Recognition and payment of regular pension	500.000
Civil	Virginia Ariza Navarro	Death by electrocution	413.350
Civil	Jeronimo Santiago Velasquez y Otros	Damage to third parties	360.000
Civil	Gloria Amparo Betancourth	Death by electrocution of Henry Burgos	300.000
Labour	Romulo Olaya Cifuentes	Compensation for termination of contract without just cause	250.000
Civil	Manuela Mahecha y Otros	Burning crops	240.000
Civil	Jose Gilberto Bernal	Burning crops	215.000
Administrative	Lisandro Burgos Mayorga	Death by electrocution of Henry Burgos	(500.026)
Labour	Pedro Rodríguez Zarate	Recognition and payment of regular pension	(500.000)
Civil	Jairo Antonio Buritica Gomez y Otros	Minor injuries from contact with the network	(323.600)
Civil	Dilva Cecilia Madera Argel y Otros	Death by electrocution	(302.631)
Direct repair	Betty del Carmen Rodríguez Corredor	Death by electrocution	(250.271)
Labour	Efrain Solano Rodriguez	Pension comparability	(150.000)
Labour	Jorge Arturo Suarez Carrero	Recognition and payment of regular pension	(143.618)

## 17. Taxes payable

### Income Tax

Tax returns for taxable years 2016, 2017 and 2018 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:

	<u>As of 31 December 2019</u>		<u>As of 31 December 2018</u>
Current income tax (1)	\$ 425.799.515	\$	355.091.584
Withholdings and self-withholdings	(149.750.124)		(137.552.840)
Other withholdings	(88.389.987)		(81.295.776)
Income tax advance	(15.197.191)		(63.594.469)
Tax discount (2)	(24.513.490)		(2.648.569)
	<b>\$ 147.948.723</b>	<b>\$</b>	<b>69.999.930</b>

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

	<u>As of 31 December 2019</u>		<u>As of 31 December 2018</u>
Income tax relative to the results of the period (See note 30)	\$ 400.107.012	\$	355.005.191
Income taxes related to components of other comprehensive income (See numeral 1 Note 32)	1.326.404		(2.377.054)
Tax discount for investment in science and technology	2.997.186		2.463.447
Tax discount Industry and Trade Tax	21.084.195		-
Tax discount donation	284.718		-
	<b>\$ 425.799.515</b>	<b>\$</b>	<b>355.091.584</b>

(2) As of December 31, 2019 corresponds to the tax discount for investments made in science and technology equivalent to \$2,997,186; for payment of the Industry and Trade Tax \$21,084,195, in accordance with article 115 of the Tax Code; for donations \$284,718; and the discount for the acquisition of real productive fixed assets \$147,391, in accordance with article 258-1 of the Tax Code. As of December 31, 2018 corresponds to (i) donations to non-profit entities under article 257 of the Tax Code for \$185,122, which corresponds to a lower value of the registered donation; and (ii) investments made in research, technological development or innovation, according to article 256 of the Tax Code, for \$2,463,447 which corresponds to a lower value of current income expenditure.

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

Item	<u>From 1 January to 31 December 2019</u>		<u>From 1 January to 31 December 2018</u>
<b>Accounting earnings before income tax</b>	<b>\$ 1.223.303.604</b>	<b>\$</b>	<b>978.404.297</b>
<b>Line items increasing net income</b>			
Wealth tax	-		-
Non-deductible expenses (1)	(8.402.888)		17.894.935
Non-deductible provisions	(2.523.857)		(17.737.635)
Contribution to financial transactions	11.888.958		11.196.804
Other line items that increase net income	(5.088.134)		(1.844.938)
Non-deductible taxes (2)	65.259.605		23.994
Presumptive interests	39.461		46.698
<b>Total line items that increase net income</b>	<b>61.173.145</b>		<b>9.579.858</b>
<b>Line items that decrease net income</b>			
Fiscal depreciation and amortisation (3)	5.151.105		(16.047.568)
Losses for new measurement of defined benefits plans	1.669.815		(11.018.238)
Fiscal profit in sale of fixed assets	-		(469.640)
Deductions for hiring the disabled	(159.315)		(171.026)
Other line items that decrease net income	(441.717)		(547.367)
Non-taxable income	(395.076)		(63.775)
<b>Total line items that decrease net income</b>	<b>5.824.812</b>		<b>(28.317.614)</b>

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Item	From 1 January to 31 December 2019	From 1 January to 31 December 2018
<b>Taxable net income</b>	<b>1.290.301.561</b>	<b>959.666.541</b>
<b>Presumptive income Investor Codensa</b>		
Income tax rate	33,00%	33,00%
<b>Income tax</b>	<b>425.799.515</b>	<b>316.689.959</b>
Occasional earnings	-	469.640
Tax rate of occasional earnings	10,00%	10,00%
<b>Tax on occasional earnings</b>	<b>-</b>	<b>46.964</b>
<b>Total income tax and complementary</b>	<b>\$ 425.799.515</b>	<b>\$ 316.736.923</b>

- (1) As of 31 December 2019 and 2018, the main variation corresponds to untaxed income from the recovery of impairment of assets held for sale (\$11,264,073) and \$15,453,756, loan forgiveness for \$2,076,846 and \$ 926,142 , non-deductible donation expense of \$1,145,876 and \$591,215, financial expenses-income from the previous year of \$0 and (\$1,142,774), and others for (\$361,537) and (\$2,066,597).
- (2) Corresponds to the non-deductibility of the expense for the Industry and Trade Tax.
- (3) The variation corresponds to the difference between the fiscal and accounting depreciation of fixed assets.

As a result of Act 1819 of 2016, as of 2017 the income tax for equality CREE was eliminated and replaced the 6% CREE tax surcharge with 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 2019 and 2018 are as follows:

**Income tax surcharge**

Item	From 1 January to 31 December 2019	From 1 January to 31 December 2018
<b>Ordinary taxable net income</b>	<b>\$ 1.290.301.561</b>	<b>\$ 959.666.541</b>
Exemption income tax surcharge	-	800.000
<b>Taxable net income income tax surcharge</b>	<b>1.290.301.561</b>	<b>958.866.541</b>
Income tax surcharge rate	0%	4,00%
<b>Income Tax Surcharge</b>	<b>-</b>	<b>38.354.661</b>
<b>Total income tax and income tax surcharge payable</b>	<b>\$ 425.799.515</b>	<b>\$ 355.091.584</b>

**Equity Reconciliation**

	As of 31 December 2019	As of 31 December 2018
<b>Accounting equity</b>	<b>\$ 3.142.273.123</b>	<b>\$ 2.767.837.354</b>
Estimated liabilities	166.028.586	173.880.690
Tax adjustment on assets	(243.047.055)	(229.805.308)
Debtors provision	91.068.550	87.384.509
Others	5.192.649	2.381.919
Price-level restatement	(1.315.647)	(1.353.237)
Deferred tax asset	352.442	5.507.156
<b>Fiscal equity</b>	<b>\$ 3.160.552.648</b>	<b>\$ 2.805.833.083</b>

**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 2019 with foreign related parties in order to validate the correct application of the market prices in each one. In 2020, the assessment and supporting documentation will be prepared to comply with the tax obligation in July 2020.

## 18. Provisions for employee benefits

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Social benefits and contributions to social security (1)	\$ 42.628.759	\$ 1.176.817	\$ 34.724.136	\$ -
Obligations for defined post-employment and long-term benefits. (2)	28.423.534	302.848.954	29.085.089	283.208.814
Benefits for retirement plans	-	-	5.005	-
	<b>\$ 71.052.293</b>	<b>\$ 304.025.771</b>	<b>\$ 63.814.230</b>	<b>\$ 283.208.814</b>

(1) As of 31 December 2019 and 2018, it corresponds mainly to bonuses of \$18,318,396 and \$13,977,607, vacation leaves and vacation bonus for \$12,608,499 and \$10,922,321. 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 2019 and 2018, social security and payroll contributions amount to \$5,310,415 and \$4,293,478, and severance pay and interest on severance pay to \$6,252,401 and \$5,186,593, 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:

Item	As of 31 December 2019	As of 31 December 2018
Pensioners	1.173	1.175
Average age	68,1	67,2

### *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:

	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
<b>Education aid</b>		
Pensioner	146	164
Average age	19	18,7
Energy aid	990	999
Pensioner	67,7	66,8
<b>Health aid</b>		
Pensioner	1.335	1.406
Average age	64,9	63,4

#### *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:

<b>Item</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Employees	68	69
Average age	54,9	54
Seniority	28,6	27,6

#### *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.

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:

<b>Item</b>	<b>As of 31 December 2019</b>	<b>As of 31 December 2018</b>
Employees	168	172
Average age	52,10	51,20
Seniority	25,0	24,0

As of 31 December 2019 and 2018, the actuarial calculation of post-employment benefits was performed by the firm Aon Hewitt Mexico, which used the following set of hypotheses:

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*Financial Hypotheses:*

Type of Rate	As of 31 December 2019	As of 31 December 2018
Discount rate	5,81%	6,80%
Salary increase rate (active personnel)	4,90%	5,00%
Pension increment rate	3,85%	4,00%
Estimated inflation	3,85%	4,00%
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 2019 is the following:

	Retired personnel		Active personnel		Defined benefits plan
	Pensions (a)	Benefits	Retroactive severance pay	Five-year term	
<b>Initial balance 1 January 2018</b>	<b>\$ 222.824.803</b>	<b>\$ 63.356.669</b>	<b>\$ 2.913.583</b>	<b>\$ 5.975.497</b>	<b>\$ 295.070.552</b>
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
<b>Final balance as of 31 December 2018</b>	<b>\$ 236.461.937</b>	<b>\$ 66.073.684</b>	<b>\$ 3.515.943</b>	<b>\$ 6.242.339</b>	<b>\$ 312.293.903</b>
Cost of current service			138.873	262.859	401.732
Cost for interests	15.774.145	4.338.998	234.232	387.936	20.735.311
Contributions paid	(21.747.807)	(3.622.605)	(348.736)	(811.169)	(26.530.317)
Actuarial (gains) losses arising from changes in financial assumptions	26.754.244	6.529.297	241.111	231.182	33.755.834
Actuarial (gains) losses arising from changes in experience adjustments	(4.850.297)	(4.433.541)	108.458	(208.595)	(9.383.975)
<b>Final balance as of 31 December 2019</b>	<b>\$ 252.392.222</b>	<b>\$ 68.885.833</b>	<b>\$ 3.889.881</b>	<b>\$ 6.104.552</b>	<b>\$ 331.272.488</b>

- (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 2019 and 2018, that the post-employment benefits liability for future retirement pensions amounts to \$183,533,420 and \$190,375,282, 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 2019	As of 31 December 2018
Discount rate	8,89%	10,13%
Technical interest	4,80%	4,80%
Estimated inflation	3,91%	5,09%

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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 2019:

Changes in discount rate	Retired personnel		Active personnel		Defined benefits plan
	Pensions	Benefits	Retroactive severance pay	Five-year term	
- 100 basic points	\$ 282.708.073	\$ 76.815.036	\$ 4.157.762	\$ 6.386.459	\$ 370.067.330
+ 100 basic points	\$ 224.616.366	\$ 61.877.772	\$ 3.646.449	\$ 5.845.508	\$ 295.986.095

As of 31 December 2018

Changes in discount rate	Retired personnel		Active personnel		Defined benefits plan
	Pensions	Benefits	Retroactive severance pay	Five-year term	
- 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

### 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 postponed to 12 July 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 trade union organisation ASIEB 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. To date, no petition has been filed by the union that initiates a collective dispute for the negotiation of a new agreement.

### 19. Other non-financial liabilities

	As of 31 December 2019		As of 31 December 2018	
	Current	Non-current	Current	Non-current
Prepayments from customers for use of networks (2)	\$ 4.731.358	\$ -	\$ 8.160.165	\$ -
Deferred income	-	-	-	-
Contingent Liabilities (1)	-	20.753.268	-	19.135.216
	<b>\$ 4.731.358</b>	<b>\$ 20.753.268</b>	<b>\$ 8.160.165</b>	<b>\$ 19.135.216</b>

- (1) Empresa de Energía de Cundinamarca (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. Below are the main processes considered under such criteria in IFRS 3:

(a) **Engineering Cooperative ISECOOP**

Start date: 2013

Claim: \$2.916.000

Provisioned: \$2.916.000

Purpose of the lawsuit: To declare void item 5 of clause two of service provision agreement No. 037 of 2 October 2006 entered into with Empresa de Energía de Cundinamarca.

Estado actual y situación procesal: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; First instance ruling in favour of the company issued by the Administrative Court of Cundinamarca Section Three Subsection B; The appeal filed within the term by the plaintiff against the first instance ruling was granted; Within the legal term granted, closing arguments were presented in the second instance; In Court - Council of State, Third Section - to issue a second instance ruling.

(b) **Associated Labour Cooperative SERVICOMTREC**

Start date: 2013

Claim: \$1.740.380

Provisioned: \$1.740.380

Purpose of the lawsuit: To declare the existence of 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, to adjust the value of the agreement for the Provision of Transport Services CPS-019-06 to the sum of \$944,341, and other amounts.

Current status and procedural situation: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; First instance ruling in favour of the company issued by the Administrative Court of Cundinamarca Section Three Subsection B; The appeal filed within the term by the plaintiff against the first instance ruling was granted; Open term for presenting closing arguments in the second instance to the Council of State, Third Section.

(c) **Dalia Mercedes Lasso and Others**

Start date: 2016

Claim: \$1.037.000

Provisioned: \$1.037.000

Purpose of the lawsuit: Electrocutation injuries to Mr Carlos Arturo Cortes Sanchez.

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

(d) **Diana Patricia Quintero Osorio**

Start date: 2016

Claim: \$850.000

Provisioned: \$180.000

Purpose of the lawsuit: Death of Mr Nelson de Jesus by electrocution.

Current status and procedural situation: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; First instance ruling against Codensa S.A. E.S.P. issued by the Administrative Court of Cundinamarca Section Three Subsection B, declaring the shared guilt for the reckless act of the victim and ordered Codensa S.A. E.S.P. to pay in favor of the plaintiffs the sum of \$ 75,757 for the following items:



\$ 33.189 for material damage  
\$ 36.886 for moral damage in favour of minor child  
\$ 5.533 for moral damage in favour of the spouse  
\$ 149 for sentence in costs

The appeal filed within the term by the plaintiff against the first instance ruling was granted; Within the legal term granted, closing arguments were presented in the second instance with the Council of State, Third Section; In Court to issue a second instance ruling.

(e) **Luis Humberto Hernandez and Others**

Start date: 2016

Claim: \$500.000

Provisioned: \$500.000

Purpose of the lawsuit: 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 were affected.

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

(f) **Maria Lucia Angola Zapata**

Start date: 2016

Claim: \$353.700

Provisioned: \$353.700

Purpose of the lawsuit: Death of Nestor Fabio Orjuela Angola by electrocution.

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

(g) **Luis Antonio Quito Bernal**

Start date: 2016

Claim: \$353.700

Provisioned: \$353.700

Purpose of the lawsuit: Bodily injury of Luis Antonio Quito Bernal by electric shock.

Current status and procedural situation: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; In Court to issue first instance ruling.

(h) **Maria Rutby Acosta de Silgado**

Start date: 2016

Claim: \$160.000

Provisioned: \$387.714

Purpose of the lawsuit: Regular pension recognition

Current status and procedural situation: Response given within the term; The evidentiary stage was completed; Within the legal term granted, closing arguments were presented in the first instance; First instance ruling against the company issued by the 30th Labour Court of the Bogota Circuit; The appeal filed within the term by the company against the first instance ruling was granted; Within the legal term granted, closing arguments were presented in the second instance; Second instance ruling in favour of the company issued by the Superior Court of the Judicial District Labour Chamber, which reversed the first instance decision. The appeal for reversal with the Supreme Court of Justice Labour Chamber underway.

(i) **Yeir Antonio Benavides Ladino**

Start date: 2016

Claim: \$498.240

Provisioned: \$498.240

Purpose of the lawsuit: Bodily injury of Yeir Albeiro Benavidez by electric shock.

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

(j) **Ladrillera San Miguel Arcángel**

Start date: 2016

Claim: \$300.000

Provisioned: \$300.000

Purpose of the lawsuit: Breach of service provision contract - outages

Current status and procedural situation: Response given within the term; Evidentiary stage underway.

**Fiscal Processes Municipality of Agua de Dios**

The Company's main tax litigations as of 31 December 2019, classified as likely, correspond to six processes originated between the Municipality of Agua de Dios and Empresa de Energía de Cundinamarca 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. Therefore, the process seeks the nullity of bills for public lighting tax issued by the Municipality.

Claim: \$1.000.376.

Provisioned: \$1.000.376.

Current status and procedural situation:

The following processes are open as of 31 December 2019.

- i. File 2015-30. On 25 April 2018, a first instance ruling was issued in favour of the Company. Currently in the Chamber of the Administrative Court of Cundinamarca, since 29 January 2019, to issue a second instance ruling.
- ii. File 2016-73. On 15 August 2019, a first instance ruling was issued in favour of the Company. Pending submission to the Administrative Court of Cundinamarca to issue a second instance ruling.
- iii. File 2017-836. Currently in the Chamber of the Administrative Courts of Girardot since 26 August 2019, to issue a first instance ruling.
- iv. File 2017-452. On 7 October 2019, a first instance ruling was issued against Codensa, which was appealed. Currently in the Chamber of the Administrative Court of Cundinamarca, since 15 November 2019, to issue a second instance ruling.
- v. File 2019-152. A lawsuit was filed with the Administrative Courts of Girardot on 6 May 2019. The schedule of the initial hearing is pending.
- vi. File 2019-370. A lawsuit was filed with the Administrative Courts of Girardot on 6 December 2019. Pending admission of the lawsuit.

It is worth considering the following proceedings that took place during 2019.

- i. File 2018-210. On 7 October 2019, a favourable first instance ruling was issued, which was not appealed.
- ii. File 2015-284. On 2 September 2019, the Cundinamarca Administrative Court issued a second instance ruling in favour of the Company.

- (2) The variation corresponds mainly to: i) Sellers that gave a favourable balance generating prepayments for a lower value, ii) Sellers that changed from prepaid to bank guarantee to secure the payment of invoices, iii) Commercial agreement with Dixel S.A. E.S.P. for prepayment within the first days of the following month.

## 20. 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 (liabilities) as of 31 December 2019:

	Initial balance 01/01/2019	Increases (decreases) for deferred tax in profit or loss (i)	Increase (decrease) for deferred tax in other comprehensi- ve income (ii)	Final balance 31/12/2019
<b>Deferred tax assets</b>				
Provisions and others (1)	\$ 46.603.750	\$ 5.312.792	-	\$ 51.916.542
Defined contribution obligations	20.849.093	(421.473)	7.848.148	28.275.768
Hedging instruments	-	-	17.441	17.441
<b>Total deferred tax assets</b>	<b>\$ 67.452.843</b>	<b>\$ 4.891.319</b>	<b>\$ 7.865.589</b>	<b>\$ 80.209.751</b>
<b>Deferred tax liabilities</b>				
Excess of tax depreciation on book value (2)	71.785.596	8.159.536		79.945.132
Others	1.174.403	(557.342)	-	617.061
<b>Total deferred tax liabilities</b>	<b>\$ 72.959.999</b>	<b>\$ 7.602.194</b>	<b>\$ -</b>	<b>\$ 80.562.193</b>
<b>Net deferred tax assets (liabilities)</b>	<b>\$ (5.507.156)</b>	<b>\$ (2.710.875)</b>	<b>\$ 7.865.589</b>	<b>\$ (352.442)</b>

- (i) As of 31 December 2019, the increase (decrease) in deferred income tax corresponds to: (i) deferred tax for the period (\$541,897) and (ii) Deferred tax from previous years for (\$ 2,168,978).

- (ii) Deferred tax assets correspond 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 2019 for \$7,848,146, and to the movements of settled forwards for \$17,441.

- (1) As of 31 December 2019, the detail of deferred tax assets on account of other provisions corresponds to:

	Final balance 01/01/2019	Increase (decrease) for deferred tax in profit or loss	Final balance
Provision of uncollectible accounts (a)	31/12/2019 \$	408.742	\$ 25.243.724
Provisions of works and services	2.435.738	542.713	2.978.451
Labour obligations provision	4.634.177	(2.407.965)	2.226.212
Provision for contingent liabilities	5.711.135	514.845	6.225.980
Provision for dismantling	150.491	14.835	165.326
Others (b)	8.837.227	6.239.622	15.076.849
	<b>\$ 46.603.750</b>	<b>\$ 5.312.792</b>	<b>\$ 51.916.542</b>

- (a) Corresponds to the provision of the Public Lighting VAT portfolio with UAESP.

- (b) Corresponds mainly to vehicle lease for \$74,294, recognition for the adoption of IFRS 16 for \$6,604,322, provision for materials and other estimated long-term liabilities (\$ 438,994).

- (2) As of 31 December 2019, 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 reassessment; 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; and vi) liabilities for adoption of IFRS 16 equivalent to (\$6,440,608).

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Act 2010 of 2019 defined the following rates: year 2020 at 32%, year 2021 at 31%, year 2022 onwards at 30%, which show no changes compared to 31 December 2018. The deferred tax as of 31 December 2019 by rate is presented below:

	2020 Income tax and surcharge	2021 Income tax and surcharge	2022 Onwards
Estimated provisions and liabilities	\$ 25.571.519	\$ 3.803.135	\$ 151.384.463
Property, plant and equipment	(15.988.398)	(24.833.443)	(225.908.285)
Portfolio	26.881.022	26.881.022	28.266.900
Others	(20.677)	(75.180)	(1.898.991)
	<b>\$ 36.443.466</b>	<b>\$ 5.775.534</b>	<b>\$ (48.155.913)</b>
Rate	32%	31%	30%
	\$ 11.661.909	\$ 1.790.416	\$ (14.446.774)
Occasional earnings	6.420.068		
Rate	10%		
Tax	642.007		
Total deferred tax liabilities	<b>\$ (352.442)</b>		

The following is the detail of net deferred tax assets (liabilities) as of 31 December 2018:

	Final balance 01/01/2018	Increase (decrease) for deferred tax in profit or loss (i)	Increase (decrease) for deferred tax in equity	Increase (decrease) for deferred tax in profit or loss due to rate change (i)	Increase (decrease) for deferred tax in other comprehen- sive income (ii)	Final balance 31/12/2018
<b>Deferred tax assets</b>						
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
<b>Total deferred tax assets</b>	<b>\$ 59.459.101</b>	<b>\$ (9.873.156)</b>	<b>\$ 16.532.862</b>	<b>\$ (4.124.865)</b>	<b>\$ 5.458.901</b>	<b>\$ 67.452.843</b>
<b>Deferred tax liabilities</b>						
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
<b>Total deferred tax liabilities</b>	<b>\$ 79.108.938</b>	<b>\$ (511.194)</b>	<b>\$ -</b>	<b>\$ (5.630.329)</b>	<b>\$ (7.416)</b>	<b>\$ 72.959.999</b>
<b>Net deferred tax assets (liabilities)</b>	<b>\$ (19.649.837)</b>	<b>\$ (9.361.962)</b>	<b>\$ 16.532.862</b>	<b>\$ 1.505.464</b>	<b>\$ 5.466.317</b>	<b>\$ (5.507.156)</b>

(\*) 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.

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

	Initial balance 01/01/2018	Increase (decrease) for deferred taxes in profit or loss	Increase (decrease) for deferred taxes in equity	Increase (decrease) for deferred taxes in rate change results	Final balance 31/12/2018
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 – Third party-claims (c)	7.302.028	(7.302.028)	-	-	-
Provision for dismantling	169.613	(4.073)	-	(15.049)	150.491
Others	9.892.902	(475.778)	-	(579.897)	8.837.227
	<b>\$ 46.367.067</b>	<b>\$ (14.255.048)</b>	<b>\$ 16.532.862</b>	<b>\$ (2.041.131)</b>	<b>\$ 46.603.750</b>

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- (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)
	<b>\$ 35.395.015</b>	<b>\$ (6.079.218)</b>	<b>\$ (13.067.800)</b>	<b>\$ (39.443.839)</b>
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	<b>\$ (5.507.156)</b>			

## 21. Patrimonio

### Capital

The authorised capital consists of 28,378,952,140 shares with a par value of \$100 each.

As of 31 December 2019 and 2018, the subscribed and paid-in shares correspond to 114,864,651 ordinary shares and 20,010,799 preference shares for a total of 134,875,450 shares with a nominal value of \$100.

The shareholding structure as of 31 December 2019 is detailed below:

Shareholders	Common shares with voting rights		Common shares with voting rights		Shareholding structure	
	Interest (%)	Number of shares	Interest (%)	Number of shares	Interest (%)	Number of shares
Grupo Energía Bogotá S.A. E.S.P.	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
	<b>100%</b>	<b>114.864.651</b>	<b>100%</b>	<b>20.010.799</b>	<b>100%</b>	<b>134.875.450</b>

Of the total shares of Empresa de Energía de Bogotá S.A. ESP, 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 26 March 2019, according to Minutes No. 71, approved with a vote of 56.718% of present shares the distribution of ordinary dividends for \$424,188,502 and preferred dividends for \$6,255,756 charged to the net income of 31 December 2018.

Grupo Energía Bogotá has reportedly filed a request for arbitration with the Bogota Chamber of Commerce, seeking to declare these Minutes void, thereby challenging the approval of the profit distribution project.

The dividends on the 2018 net income for \$430,444,258 (\$3,145.04 per common share (\*)) would be paid as follows: 100% of the preferred dividend and 37.19% of the ordinary dividend paid on 22 May 2019, 36.82% payable on 17 October 2019, 24.54% payable on 15 January 2020.

The dividends on the 2017 net income for \$439,631,322 (\$3,217.21 per common share (\*)) were 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.

(\*) 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 Americas 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 chose their own arbitrators as indicated in the Investment Framework Agreement .

Grupo Energía Bogotá S.A. E.S.P. filed a new lawsuit which was notified on 10 April 2019 and answered by Enel Américas on 13 May 2019. The parties were summoned to a conciliation hearing, but it never took place because Grupo Energía Bogotá S.A. E.S.P. file an amendment to the lawsuit, including claims for damages for more breaches of the Investment Framework Agreement: i) Distribution of profits 2016, 2017 and 2018, ii) Non-development of non-conventional renewable energy generation projects, ii) Conflicts of interest in contracts with economic related companies of the Enel Group and iv) Imposition of the Enel brand on the companies Codensa S.A. E.S.P. and Emgesa S.A. E.S.P.

This process is attended directly by the lawyers of Enel Américas. Taking into account the evidentiary stage of the process currently in progress, the contingency is qualified as remote. Management considers that this situation does not affect the financial statements as of 31 December 2018.

### **Arbitration Tribunals of Grupo Energía Bogotá SA ESP vs. Codensa S.A. E.S.P**

There are 17 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 authorisations 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, decisions are being made regarding the operations with economic related companies of high impact for the business.

By order dated 25 October 2019, the Arbitration Court that was first installed decided to accumulate the procedures into one because the claims are similar and they can be carried out by the same proceedings between the same parties. This way, Codensa S.A. E.S.P. will only be involved in only one arbitration. The arbitration is currently in the lawsuit response phase.

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. 269 of 22 February 2018 (Whereby the project for the distribution of profits for the 2017 fiscal year and a proposal to amend the Bylaws was authorised for submission to the General Shareholders' Meeting).
- (2) 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 favour of Emgesa for the energy of the periods 2020 to 2022 for the Regulated Market of the Company). Conflict of Interest.
- (3) General Meeting Minutes No. 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 the Company were ratified in 2017, a conflict of interest was removed in transactions with related parties for fiscal year 2018).
- (4) Board of Directors Minutes No. 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").
- (5) Board of Directors Minutes No. 272 of 24 May 2018 (Whereby the approval proposal for "Cybersecurity and Development Services and Supply of IT Platforms with Enel Italia" was notified).
- (6) Board of Directors Minutes No. 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).
- (7) Board of Directors Minutes No. 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).
- (8) Board of Directors Minutes No. 275 of 23 August 2018 (relative to the proposed approval of a new Energy Procurement Procedure).
- (9) Board of Directors Minutes No. 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).
- (10) Extraordinary Shareholders' Meeting Minutes No. 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).
- (11) 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).

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- (12) Board of Directors Minutes No. 278 of 22 November 2018 (related to the presentation of the Pre-Closing 2018, approval of the 2019 budget and 2020-2021 projections and in “miscellaneous” the reiteration of not participating in the tender for operating Electricaribe due to regulatory limits).
- (13) Board of Directors Minutes No. 279 of December 20, 2018 (related to the approval for participating in bidding projects of more than 5 million dollars; authorisation to purchase E-motorwerks equipment).
- (14) Board of Directors Minutes No. 280 of 24 January 2019 (regarding the approval of the purchase of energy from Emgesa for the supply in Codensa Charging Stations for electric vehicles, clarification on authorisation to participate in the MME Long-Term auction and report on the Enel X Business line).
- (15) Board of Directors Minutes No. 282 of 21 February 2019 (regarding the approval of documents to be submitted for consideration of the Shareholders’ Meeting - report to the audit committee containing operations with economic related parties during 2018 and profit distribution project for the 2018 fiscal year) File 115466.
- (16) Board of Directors Minutes N 283 of March 21, 2019 (regarding the approval of documents to be submitted to the Enel X Colombia S.A.S. Sole Shareholder’s Meeting and request to grant powers to the General Manager of Enel X Colombia S.A.S. to submit business offers) File 115466.
- (17) General Meeting Minutes No. 71 of 26 March 2018 (Whereby the profit distribution project for the 2019 fiscal year was approved, the operations with Codensa’s economic associates in 2018 were ratified, a conflict of interest arose in operations with economic associates for the year 2019) File 116257.

**Other reserves**

	<b>As of 31 December 2019</b>		<b>As of 31 December 2018</b>
Reserve for deferred depreciation (Art. 130 Tax Code)	\$ 202.298.711	\$	206.694.375
Legal reserve	26.454.481		26.454.481
	<b>\$ 228.753.192</b>	<b>\$</b>	<b>233.148.856</b>

**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 2018 and 2017 will revert to the extent that the accounting depreciation equals the fiscal depreciation. Therefore, for the March 2019 and 2018 Meetings, the release of \$4,395,664 and \$3,191,156, respectively, from the reserve established, leaving a balance of \$202,298,711.

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. Revenue and other operating revenues

	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Energy Sales (1)	\$ 4.541.786.666	\$ 4.260.156.348
<i>Distribution and trade of energy - regulated market (1)</i>	4.401.047.033	4.116.632.611
<i>Supply of public lighting service (2)</i>	140.739.633	143.523.737
Energy Transportation	485.647.500	444.380.755
Business and Government Services (4)	185.752.927	149.126.080
<b>Total revenue under IFRS 15</b>	<b>\$ 5.213.187.093</b>	<b>\$ 4.853.663.183</b>
Leases outside the scope of IFRS 15	203.095.752	184.946.625
<b>Total revenue</b>	<b>\$ 5.416.282.845</b>	<b>\$ 5.038.609.808</b>
Other operating revenue outside the scope of IFRS 15	48.274.326	21.198.860
Recovery loss of energy	23.613.854	11.651.640
Others	24.660.472	9.547.220
<b>Total revenue and other operating revenues</b>	<b>\$ 5.464.557.171</b>	<b>\$ 5.059.808.668</b>

(1) As of 31 December 2019 and 2018, energy sales in the regulated market amount to 8,943 Gwh and 8,884 Gwh, of which 5,112 Gwh and 5,055 Gwh correspond to residential customers, 2,507 Gwh and 2,489 Gwh to commercial customers, 1,045 Gwh and 1,066 Gwh to industrial customers, and 278 Gwh and 274 Gwh to official customers, respectively.

Below are the increases in the component rate received during 2019:

	Applied average rate 2018	Applied average rate 2019	Variation
Gm	186,92	208,31	11,4%
Tm	31,19	34,22	9,7%
Pr	34,26	37,63	9,8%
D	166,78	172,81	3,6%
Rm	32,89	16,05	-51,2%
Cv	44,82	47,06	5,0%
<b>Cu</b>	<b>476,60</b>	<b>495,66</b>	<b>4,0%</b>

**Generation costs (Gm):** Increase of \$ 13.7/kWh, as a result of a 113.3% increase in the purchase price on the stock exchange, which is equivalent to \$ 125.55/kWh, after evaluating the rate of December 2019 vs. December 2018. Purchases on the stock market accounted for 11.2% of total purchases in generation costs.

**Transmission Costs (Tm):** Increase of \$ 3.03/kWh (8.8%) in the transmission component associated with the combination of lower demand, compared to the previous year.

**Cost of Losses (Pr):** Increase of \$ 1.4/kWh, affected by generation increases related to the effects on the variation of the Gm and Tm components.

**Distribution Costs (D):** Increase of \$ 6.1/kWh mainly due to the distribution component associated with an increase in the unit charge of the Regional Transmission System Centro Sur, which in turn reflects a downward expectation of energy demand.

**Restriction Costs (Rm):** Relief for the amount received by the Wholesale Energy Market corresponding to the application of the guarantee for non-compliance on the date of commissioning of Hidroituango. The amount received equals \$148,030,000, which was applied as follows: 85,238,000 million pesos in the energy consumption bill for November 2019 and 62,792,000 million pesos for the bill of December 2019. (CREG Res. 101 of 2019).

**Marketing costs (Cv):** The increase of \$0.9/kWh corresponds to the increase in the CPI and the increase in the contribution payment to the Superintendence of Household Public Utilities reflected in the last quarter of the year.

## **Income provision for rate changes 2019**

### **New Distribution Methodology of CREG Resolution 015 of 2018**

Through this Resolution the Energy and Gas Regulation Commission - CREG adopted the methodology, rate formulas and other provisions for the remuneration of the activity of electricity distribution in the Colombian National Interconnected System, such as the conditions for network operators to invest new resources to modernise the infrastructure used in the electric power distribution activity.

Under the procedure established in this methodology, in July 2018, the Company submitted to the CREG the income request for the next rate period (2019-2023), including 2019.

### **CREG Resolution 036 of 2019**

In April 2019, the CREG published CREG Resolution 036 of 2019, whereby some provisions of CREG Resolution 015 of 2019 were amended and established the regulatory annuity from April to March each year.

In particular, by means of this Resolution, the CREG established retrospectively, from April 2019 to the month when the particular Resolution on income is approved, an adjustment to said income in each of the settlements of the first twelve (12) months of application of the new methodology. The adjustment compensates (or subtracts) the difference in income between the current Dx rate (CREG Res. 097/08) and the new Dx rate (CREG Res. 015/19) from April to when the charges are approved, including the adjustment of the CPROG (maintenance of energy losses).

Finally, in the first year, a new rate will be applied on bills from the month following the approval of the resolution on distribution charges under the methodology of CREG Res. 015 of 2019.

### **CREG Resolution 189 of 2019**

On 20 December 2019, the CREG approved CREG Resolution 189 of 2019, being notified to the Company on 8 January 2020, and which approves the variables necessary to calculate the income and charges associated with the electric power distribution activity for the market served by the Company. In addition, and given that CREG Resolution 036 of 2019 grants the right to have an adjustment of retroactive income, the best estimate was made with the information available to date according to the variables approved.

- (2) As of 31 December 2019, energy sales of the non-regulated market for public lighting have decreased from 301 Gwh in 2018 to 289 Gwh in 2019, mainly for the consumption of the Capital District at 205 Gwh and 216 Gwh and other municipalities at 83 Gwh and 85 Gwh, respectively.
- (3) As of 31 December 2019 and 2018, the variation corresponds mainly to billing for the electric energy infrastructure use service of the Company by other energy marketers in the local distribution systems of \$336,117,671 and \$244,042,429 and regional transmission systems for \$149,529,829 and \$195,553,641, respectively.
- (4) As of 31 December 2019, there is an increase in revenues from business and government services, mainly for value added services \$178,516,116 and \$147,212,423; provision of engineering services \$2,237,538 and \$1,158,681; and other service provisions \$1,442,200 and \$755,987 respectively.

### **Breakdown of revenue 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 summarises the categories, the groups of contracts they contain, the main performance obligations and how these performance obligations are met.

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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	Over time	
		Connection Service		
		Meter review service		
		Reconnections		
	Supply of Public Lighting service with the Bogota District	Provision of energy service and maintenance of public lighting		
Energy Transportation	Non-regulated market	Sale of energy to the non-regulated market	Over time	
	Supply Public Lighting service with Municipalities	Provision of energy service and maintenance of public lighting		
Business and Government Services	Energy transport - Tolls and transmission	Use of the distribution network	Over time	
	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-energise 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 recognises 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.

As of 31 December 2019, the Company has received advance payments for the energy transportation service for \$17,065,571.

The Company recognises as revenue the contract liabilities, to the extent that it fulfils the performance obligations.

## 23. Provisioning and Services

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Energy purchases (1)	\$ 2.363.426.429	\$ 2.322.921.286
Transport costs (2)	534.572.684	500.637.818
Other variable provisioning and services (3)	258.173.488	224.642.420
	<b>\$ 3.156.172.601</b>	<b>\$ 3.048.201.524</b>

(1) As of 31 December 2019 and 2018, energy purchases amount to 10,348 Gwh and 10,508; purchases intended for the regulated market through contracts amount to 8,512 Gwh and 8,996 Gwh; and purchases in the stock market 1,762 Gwh and 1,253 Gwh, the remaining corresponds to purchases intended for the non-regulated market with 68 Gwh and 259 Gwh, respectively.

There is an increase in the average price on the energy exchange that amounts to \$ 228.85/Kwh and \$ 203.06/Kwh as of 31 December 2019 and 2018, respectively.

(2) As of 31 December 2019 and 2018, it is mainly composed of the right-of-use costs in the national transmission power systems of \$358,234,865 and \$324,065,312 and in regional transmission \$166,422,820 and \$162,937,130 respectively.

(3) Following is a description of other variable provisioning and services:

	<b>Twelve-month period from January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Costs of providing goods and services to individuals (a)	\$ 106.783.603	\$ 73.305.793
Industry and trade tax	64.379.883	61.023.118
Costs related to metering equipment	42.438.822	41.397.454
Public lighting maintenance and others	19.092.455	28.993.448
Cut and reconnection costs	18.699.176	16.238.877
Contributions regulation entities	4.676.890	1.508.492
Other local taxes related to sales	2.102.659	2.175.238
	<b>\$ 258.173.488</b>	<b>\$ 224.642.420</b>

(a) As of 31 December 2019 and 2018, corresponds mainly to associated business costs of value-added services such as electrical works, Christmas lights and subscriptions to magazines, insurance and other products.

## 24. Personnel expenses

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Wages and salaries (1)	\$ 189.368.233	\$ 164.407.202
Social security service and other social charges	39.935.608	38.918.126
Expense (revenue) for obligation of post-employment benefits (2)	818.965	838.745
Other personnel expenses (3)	4.538.392	(274.918)
	<b>\$ 234.661.198</b>	<b>\$ 203.889.155</b>

(1) As of December 31, 2019 and 2018, corresponds to wages and salaries of \$142,025,100 and \$125,026,271, bonuses of \$16,450,621 and \$12,185,707, vacation leaves and vacation bonuses \$13,270,983 and \$11,723,458, service bonus \$7,894,304 and \$5,715,720, severance pay and severance pay interest \$6,324,227 and \$5,338,427, amortisation of employee benefits of \$3,402,998 and \$4,417,618, respectively.

(2) As of 31 December of 2019 and 2018, corresponds to the cost of the current service of active workers associated to the retroactive severance benefit for \$138,873 and \$123,119, 5-year periods for \$262,859 and \$265,953, respectively.

As of 31 December 2019 and 2018, 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 \$(208.595) and \$449,673, respectively.

(3) (3) As of 31 December 2019 and 2018, corresponds to:

(a) Labour litigations: Recognised allocation of litigation that was subject to changes in the rating in accordance with analyses performed by attorneys-in-fact for \$463,366 and \$1,628,323, respectively.

(b) Retirement bonus: Corresponds to the expenses (recoveries) associated with the provision of retirement bonus for the management personnel for \$4,075,026 and \$(1,903,241), respectively.

## 25. Other fixed operating expenses

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Independent professional services, outsourced and others (1)	\$ 194.497.193	\$ 193.681.391
Repairs and maintenance (2)	76.389.122	75.823.947
Other supplies and services (3)	25.984.725	24.139.650
Leases and fees (4)	7.690.083	10.817.333
Taxes and rates (5)	4.500.161	3.397.462
Insurance premiums	5.922.646	5.079.641
Advertising, marketing and public relations	12.261.035	12.874.285
Transport and travel expenses	3.907.356	4.485.860
	<b>\$ 331.152.321</b>	<b>\$ 330.299.569</b>

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(1) Below is the detail of independent professional services, outsourced and others:

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Maintenance services, software development and computer applications (a)	\$ 37.181.150	\$ 32.459.054
Market recovery contracts	24.079.514	26.271.252
Reading	18.828.864	22.220.756
General administration expenses	18.781.269	20.975.123
Collection contracts	15.956.613	15.033.479
Diagnosis, inspection and maintenance of substations, networks and electrical installations (b)	15.641.618	10.722.421
Other management and operation contracts	15.101.366	7.796.223
Customer service contracts	12.491.150	14.861.434
Fees (c)	10.692.165	7.104.642
Telecommunications services	7.268.184	6.818.611
Billing (d)	4.838.777	4.714.201
Temporary staff service	3.259.173	1.711.706
Civil and administrative litigations	2.910.541	3.865.909
Non-payment management contracts	2.556.831	2.889.715
Diner and cafeteria	2.413.970	1.783.361
Industrial safety	1.499.721	2.842.476
Office supplies and stationery	996.287	890.214
Logistics operation contract for materials and inventories (e)	-	3.705.743
Transportation Services Management (e)	-	5.605.064
Loss on claims (e)	-	1.410.007
	<b>\$ 194.497.193</b>	<b>\$ 193.681.391</b>

(a) As of 31 December 2019 and 2018, 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, Synergia 4J and Genesis.

(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 Accenture Ltda and for legal advice on constituting the Open Book business.

(d) Corresponds mainly to costs of correspondence and file management, software maintenance and Cloud service contracts, administrative outsourcing service and telephone and communications costs.

(e) As of 31 December 2019, the transportation service management cost and loss on claims are included under the heading other management and operation contracts, the item logistics operation contract for materials and inventories is included under the heading of diagnosis, inspection and maintenance of substations, networks and electrical installations.

(2) Includes material consumption of \$13,960,517 (see note 9).

(3) The variation is mainly due to increases in training costs for Company employees, public services and office management expenses.

(4) Includes short-term leases outside the scope of IFRS16 for \$1,230,268.

(5) The increase corresponds mainly to the payment of property tax in 2019 and to withholdings of assumed taxes.

## 26. Expense for Depreciation, Amortisation and Impairment Losses

	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Depreciations (Note 13)	\$ 363.582.981	\$ 334.302.712
Amortisations (Note 12)	35.660.198	20.324.771
<b>Depreciations and amortisations</b>	<b>399.243.179</b>	<b>354.627.483</b>
Impairment financial assets (1)	25.974.706	25.443.127
(Recovery), impairment of assets held for sale (2)	(11.264.073)	15.453.755
<b>Impairment losses</b>	<b>14.710.633</b>	<b>40.896.882</b>
	<b>\$ 413.953.812</b>	<b>\$ 395.524.365</b>

- (1) As of 31 December 2019, corresponds mainly to the allocation of:
- (i) 100% provision of the Public Lighting Infrastructure VAT portfolio for \$13,551,993, prescribed customers that do not present an ongoing lawsuit for \$4,572,019 and customers that present risk of default in payment agreements: Municipality of Agua de Dios for \$3,067,538, others \$1,423,550.
  - (ii) In the supplementary business portfolio, the variation is mainly due to customers who default on payment agreements: Biogas Doña Juana for \$752,996.
- (2) Corresponds to the update of the fair value of PCH (Rio Negro Hydroelectric Power Plant) for \$(11,264,073).

## 27. Net Financial Income

	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Revenues from cash and cash equivalents (1)	\$ 10.062.346	\$ 10.691.401
Interest on loans to employees (2)	5.255.716	5.433.819
Interest on customer financing	2.413.070	1.716.992
Other financial revenues (3)	539.436	6.293.327
Default interests (4)	401.806	11.200.642
<b>Financial revenues</b>	<b>18.672.374</b>	<b>35.336.181</b>
Financial obligations (5)	(161.885.832)	(153.357.218)
Tax on movement of funds	(23.777.916)	(22.393.608)
Obligation for post-employment benefits	(20.966.493)	(19.802.986)
Other financial costs (6)	(4.939.175)	(4.842.197)
Finance leases (7)	(2.916.385)	(1.031.628)
Recovery of financial assets (8)	2.111.285	(2.686.388)
<b>Financial expenses</b>	<b>(212.374.516)</b>	<b>(204.114.025)</b>
Capitalised financial expenses	4.178.743	2.998.967
<b>Net financial expenses</b>	<b>(208.195.773)</b>	<b>(201.115.058)</b>
Revenues from exchange difference	27.526.425	15.205.713
Expenses from exchange difference	(27.515.514)	(20.060.995)
<b>Net exchange difference (9)</b>	<b>10.911</b>	<b>(4.855.282)</b>
<b>Total net financial income</b>	<b>\$ (189.512.488)</b>	<b>\$ (170.634.159)</b>

- (1) 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.
- (2) As of 31 December 2019 and 2018, corresponds to the financial interest of housing credits for \$888,154 and \$921,724, and the financial effect of loans to employees agreed at the differential market rate for \$4,367,562 and \$4,512,096, respectively.

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- (3) The variation mainly corresponds to the fact that in 2019 there was no financial update on the public lighting infrastructure VAT portfolio, because there is no financial effect because it was fully provisioned, the financial effect in 2018 was \$2,811,706.
- (4) Corresponds to the billing of default interest to customers for energy service and other products, the variation corresponds mainly to the adjustment made in December 2019 corresponding to default interest on VAT for the lease of public lighting infrastructure billed to UAESP from December 2015 to February 2016 for \$ 6,208,001.
- (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 2019		Twelve-month period from 1 January to 31 December 2018	
Loans Bank of Tokyo (a)	\$	21.939.507	\$	31.270.413
Interest Bonds E5-17		19.952.898		19.953.000
Interest Bonds B12-18 (b)		16.045.934		7.855.193
Interest Bonds E4-19 (d)		13.906.749		-
Interest Bonds E7-18 (b)		13.160.000		9.554.457
Interest Bonds B7-14		12.875.521		12.363.536
Interest Bonds E7-17		12.620.206		12.620.200
Interest Bonds B5-18 (b)		12.262.448		2.258.778
Interest Bonds B10-19 (b)		12.011.917		-
Interest Bonds B12		11.302.821		15.316.639
Other commercial loans (c)		7.007.849		7.174.283
Interest Bonds E4-16		6.741.013		6.741.000
Interest Bonds E2-17		2.058.969		10.976.000
Interest Bonds B5-13		-		10.789.069
Interest Bonds A10-08		-		6.484.650
<b>Total</b>		<b>161.885.832</b>		<b>153.357.218</b>

- (a) Corresponds to the interests of the loans acquired with MUFG Bank, Ltd. on 17 March 2016 for \$200,000,000 with an agreed rate of 8.4931% EA, 10 June 2016 for \$162,000,000, at an agreed rate of 8.8150% EA and on 7 February 2019 for \$200,000,000, at an agreed rate of 5.3335% EA.
- (b) Corresponds to the interest on bond issues made in 2018 (See Note 14).
- (c) Corresponds mainly to the interests of bank loans acquired as a result of the business combination (See Note 14).
- (d) Corresponds to the interest of the bond issues carried out in 2019 (See Note 14).
- (6) As of 31 December 2019, corresponds mainly to costs for bond issues of \$2,172,016, financial update of legal provisions \$1,307,301, update of the provision of liabilities for decommissioning of PCBs for \$1,014,593, financial update of energy agreements \$(412,593).
- (7) As of 31 December 2019, corresponds to interest on leases under IFRS 16 for \$2,009,548 and interest on vehicle leases for \$906,837.
- (8) Recognised 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, the variation corresponds mainly to a decrease in the provision of energy agreements and other businesses.



(9) The origins of the effects on exchange difference results correspond to:

	<b>Twelve-month period from 1 January to 31 December 2019</b>	
	<b>Revenues from exchange difference</b>	<b>Expenses from exchange difference</b>
Cash	\$ 686	\$ (45.068)
<i>Bank balance</i>	23.253.026	(21.447.334)
Cash and cash equivalents	<b>23.253.712</b>	<b>(21.492.402)</b>
Current accounts receivable	228.996	(4.699.476)
<b>Total Assets</b>	<b>23.482.708</b>	<b>(26.191.878)</b>
Accounts payable for goods and services	4.043.717	(1.160.349)
Commercial creditors	-	(163.287)
<b>Total liabilities</b>	<b>4.043.717</b>	<b>(1.323.636)</b>
<b>Net results</b>	<b>\$ 27.526.425</b>	<b>\$ (27.515.514)</b>

	<b>Twelve-month period from 1 January to 31 December 2018</b>	
	<b>Revenues from exchange difference</b>	<b>Expenses from exchange difference</b>
Cash	\$ 224.503	\$ (55.005)
<i>Bank balance</i>	432.010	(5.420.979)
Cash and cash equivalents	<b>656.513</b>	<b>(5.475.984)</b>
Current accounts receivable	664.720	(2.156.196)
<b>Total Assets</b>	<b>1.321.233</b>	<b>(7.632.180)</b>
Accounts payable for goods and services	9.009.977	(10.698.219)
Other commercial creditors	3.402.399	(129.170)
Commercial creditors	1.472.104	(1.601.426)
<b>Total liabilities</b>	<b>13.884.480</b>	<b>(12.428.815)</b>
<b>Net results</b>	<b>\$ 15.205.713</b>	<b>\$ (20.060.995)</b>

## 28. Income from Investments

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Equity method (1)	\$ 394.689	\$ 63.689
Dividends of investments in associates	20.993	317
	<b>\$ 415.682</b>	<b>\$ 64.006</b>

(1) Corresponds to the equity method applied to Inversora Codensa S.A.S. for \$(387) and Enel X Colombia S.A.S. for \$395,076. They are wholly owned subsidiaries. Enel X Colombia has the purpose of developing public lighting projects, low, medium and high-voltage electrical engineering works and special and architectural lighting projects, among others.

## 29. Income from the Sale and Disposal of Assets

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Propiedad, planta y equipo (1)	\$ 11.938.475	\$ 8.200.049
Materiales (2)	-	4.257.566
	<b>\$ 11.938.475</b>	<b>\$ 12.457.615</b>

(a) Corresponds primarily to the write-off of substation equipment, lines and networks, distribution transformers and public lighting luminaires due to obsolescence, damage and replacement.

(b) As of 31 December 2018, 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 recognised through profit or loss, for income tax and income tax surcharge is broken down as follows:

	Twelve-month period from 1 January to 31 December 2019	Twelve-month period from 1 January to 31 December 2018
Current income tax	\$ 400.107.012	\$ 355.005.191
	<b>400.107.012</b>	<b>355.005.191</b>
Income tax previous years	(2.271.469)	6.901.759
Deferred tax movement (1)	541.897	15.355.206
Deferred tax movement previous years (1)	2.168.978	(7.498.708)
	<b>\$ 400.546.418</b>	<b>\$ 369.763.448</b>

(1) As of 31 December 2019 and 2018, corresponds to the reduction of the net deferred tax of \$2,710,875 and \$7,856,498, which includes (i) deferred tax for the period of \$541,897 and \$16,860,670; (ii) deferred tax on prior years for \$2,168,978 and (\$7,498,708); and (iii) effect for rate changes as a result of the tax reform for \$0 and (\$1,505,464), 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 2019 and 2018 of 32.74 and 37.79%, respectively:

Reconciliation effective tax rate	Twelve-month period from 1 January to 31 December 2019	Rate	Twelve-month period from 1 January to 31 December 2018	Rate
Net income	\$ 822.757.186		\$ 608.640.849	
Income tax expense	400.546.418		369.763.448	
Earnings before taxes	<b>1.223.303.604</b>		<b>978.404.297</b>	
Legal tax rate in force	33%		37%	
Tax according to legal rate in force	<b>(403.690.189)</b>	(33%)	<b>(362.009.590)</b>	(37%)
<b>Permanent differences:</b>				
Non-deductible taxes (1)	(25.459.026)	(2,08%)	(4.151.695)	0,42%
Non-deductible wealth tax	0	0%	0	0%
Non-causal and other non-deductible expenses (2)	3.049.095	0,25%	(7.008.998)	0,72%
Expenses from previous years	0	0%	422.827	(0,04%)
Net effect of movement of estimated liabilities and permanent provisions	32.112	0%	153.273	(0,02%)
Assumed interests	(13.022)	0%	(17.278)	0%
Additional deduction disabled	52.574	0%	63.280	(0,01%)
Other permanent differences	0	0%	173.767	(0,02%)
Rate difference adjustment – deferred adjustments previous years	1.013.448	0,08%	(481.430)	0,05%
Other tax benefits (3)	24.366.099	1,99%	2.463.447	(0,25%)
Adjustment for income tax return prior year (4)	102.491	(0,06%)	596.949	(0,06%)
Effect of CREE surcharge adjustment - surcharge	0	0%	32.000	0%
<b>Total permanent differences</b>	<b>3.143.771</b>	<b>0,26%</b>	<b>(7.753.858)</b>	<b>(0,79%)</b>
<b>Income tax expense</b>	<b>\$ (400.546.418)</b>	<b>(32,74%)</b>	<b>\$ (369.763.448)</b>	<b>(37,79%)</b>

(1) As of 31 December 2019 and 2018, corresponds to the effect on the income tax of the industry and trade tax of \$21,342,607 and \$0, tax on financial movements of \$4,116,419 and \$ 4,142,817, the vehicle tax for \$0 and \$8,878, respectively.

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- (2) The variation, for the year 2019, corresponds mainly to the recognition as untaxed income from the recovery of impairment of assets held for sale for (\$11,264,073) and which for 2018 was a non-deductible expense of \$ 15,453,756, as well as the effect of non-causal expenses such as donations and loan forgiveness, among others.
- (3) As of 31 December 2019 and 2018 corresponds to the recognition of tax discounts in: industry and trade tax for \$21,084,195 and \$0, donations for \$284,719 and \$ 0, investment in science and technology for \$2,997,186 and \$2,463,477.
- (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, and (ii) differences in the calculation of provisions for costs and expenses.

### 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 2019 and 2018, there are no common shares acquired by the Company.

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
Profit attributable to owners	\$ 822.757.186	\$ 608.640.849
Preferred dividends (1)	6.557.819	6.503.009
Profit attributable to owners adjusted to preferred dividends	816.199.367	602.137.840
Weighted average of outstanding shares	134.875.450	134.875.450
<b>Basic and diluted earnings per share (*)</b>	<b>\$ 6.051,50</b>	<b>\$ 4.464,40</b>

(\*) Figure in Colombian pesos.

- (1) Out of total shares of Grupo Energía 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.

(\*) Full figure expressed in USD

### 32. Other Comprehensive Income

The breakdown of other comprehensive income is shown below:

	<b>Twelve-month period from 1 January to 31 December 2019</b>	<b>Twelve-month period from 1 January to 31 December 2018</b>
<b>Components of other comprehensive income that will not be reclassified to net income</b>		
Losses for new measurements of defined benefits plans (1)	\$ (24.349.272)	\$ (24.620.805)
Losses on new measurements of financial instruments measured at fair value rough OCI (2)	(12.567)	(8.774)
<b>Other comprehensive income that will not be reclassified to earnings before taxes</b>	<b>(24.361.839)</b>	<b>(24.629.579)</b>
<b>Other comprehensive income that will be reclassified to earnings before taxes</b>		
Gains (losses) on cash flow hedges	(54.503)	(20.043)
<b>Other comprehensive income that will be reclassified to earnings before taxes</b>	<b>(54.503)</b>	<b>(20.043)</b>
<b>Income and deferred taxes relative to components of other comprehensive income that will not be reclassified to net income</b>		
Tax effect for losses on new measures of defined benefits plans (1)	6.521.742	7.835.955
<b>Total income taxes relative to components of other comprehensive income that will not be reclassified to net income</b>	<b>6.521.742</b>	<b>7.835.955</b>
<b>Total income taxes relative to components of other comprehensive income that will be reclassified to net income</b>		
Effect of taxes on cash flow hedges	17.441	7.416
<b>Total income taxes relating to components of other comprehensive income will be reclassified to net income</b>	<b>17.441</b>	<b>7.416</b>
<b>Total other comprehensive income</b>	<b>\$ (17.877.159)</b>	<b>\$ (16.806.251)</b>

- (1) Corresponds to the effect of actuarial losses valued by Aon Hewitt México. As of 31 December 2019 and 2018, actuarial losses with effect on equity are presented below:

	Twelve-month period from 1 January to 31 December 2019			Twelve-month period from 1 January to 31 December 2018		
	Pension and benefits	Retroactive severance pay	Temporary income	Pension and benefits	Retroactive severance pay	Temporary income
<b>Initial balance</b>	<b>\$ (71.868.805)</b>	<b>\$ (371.874)</b>	<b>\$ (2.745.417)</b>	<b>\$ (55.509.972)</b>	<b>\$ 54.143</b>	<b>\$ (2.745.417)</b>
Actuarial loss	(23.999.702)	(349.569)	-	(24.012.209)	(608.596)	-
Current tax (note 17)	1.326.404			2.377.054	-	-
Deferred tax (note 20)	7.743.275	104.871		5.276.322	182.579	-
<b>Final balance</b>	<b>\$ (86.798.828)</b>	<b>\$ (616.572)</b>	<b>\$ (2.745.417)</b>	<b>\$ (71.868.805)</b>	<b>\$ (371.874)</b>	<b>\$ (2.745.417)</b>

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 2019 and 2018, 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 (\$12,567) and (\$8,773), 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 2019		
	(in EUR)	(in US Dollars)	(in thousands of pesos)
Cash and cash equivalents	€ -	US 251.428	\$ 823.966
Debtors	683.633	263.621	3.378.721
Accounts payable	(13.619.460)	(15.513.732)	(100.940.946)
<b>Net liability position</b>	<b>€ (12.935.827)</b>	<b>US (14.998.683)</b>	<b>\$ (96.738.259)</b>

	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)
<b>Net asset (liability) position</b>	<b>€ (4.304.599)</b>	<b>US 20.480.365</b>	<b>\$ 50.564.688</b>

### 34. Penalties

In the period between 1 January and 31 December 2019, the company has been notified of the following penalties:

- » On 12 February 2018 the Superintendence of Household Public Utilities, under file No. 2016240350600061E, decided to sanction the Company 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. The fine was paid on 22 January 2019.

- » On 28 February 2018, the Superintendence of Household Public Utilities, under file No. 2015240350600113E, decided to sanction the Company 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 distribution charge billed for the respective month. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and by means of Resolution 20192400004785 of 5 March 2019 the entity decided to confirm the fine, thus declaring it final. The fine was paid on 29 March 2019.
- » On 12 April 2018, the Superintendence of Household Public Utilities, under file No. 2015240350600082E, decided to sanction the Company 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 by means of Resolution 20192400010955 of 29 April 2019 the entity decided to confirm the fine, thus declaring it final. The fine was paid on 9 July 2019.
- » On 17 May 2019, the Superintendence of Household Public Utilities, under file No. 2017240350600018E, decided to sanction the Company with a fine of \$39,750, for considering that the Company failed to provide the service because the estimated regulatory compensations for 7 users 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 is pending decision by the entity.
- » On 26 July 2019, the Superintendence of Household Public Utilities, under file No. 2017240350600037E, decided to sanction the Company with a fine of \$1,656,232, for considering that the Company failed to timely report assets of voltage level 4 out of operation to not exclude them from remuneration. An interim appeal was filed against the penalty with the Superintendence of Household Public Utilities and is pending decision by the entity.
- » 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 the Company 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 by order No. 10,654 of 2019 of 7 February 2019, the Superintendence of Industry and Trade reduced the penalty to \$13,728. The penalty was paid on 29 May 2019.

### 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	\$5,000,000 by court	31/07/2020	HDI Seguros S.A.
Employees having a direct contract	Death, total and permanent disability	\$1,800 maximum individual insured sum	31/01/2020	HDI Seguros de Vida S.A.
Counsellors or directors	Civil responsibility of directors and managers	\$ 15.773.178	10/11/2020	SBS Seguros S.A.

## 36. Commitments and Contingencies

### (a) Purchase Commitments:

The Company as of 31 December 2019 has commitments to purchase electric energy as follows:

Year	Commitments with third parties	Commitments with Emgesa S.A. E.S.P.	Total
2020-2021	\$ 1.595.993.634	\$ 2.385.180.019	\$ 3.981.173.653
2022-2023	603.114.690	849.929.139	1.453.043.829
2024-2027	817.516.811	322.903.615	1.140.420.426
2028-2032	667.790.367		667.790.367
2033 onwards	534.232.293		534.232.293
	<b>\$ 4.218.647.795</b>	<b>\$ 3.558.012.773</b>	<b>\$ 7.776.660.568</b>

Below is the summary of purchase commitments of materials and services:

Year	Materials	Services
2020 to 2021	\$ 400.570.519	\$ 294.807.961
2022 to 2023	11.256.422	283.411.325
	<b>\$ 411.826.941</b>	<b>\$ 578.219.286</b>

### (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 2019 classified as contingent are:

#### a. Process Sabana Medical Center PH and Others

Start date: 2014

Claim: \$337.000.000

Purpose of the claim: The plaintiffs seek that the Company returns 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 committing illicit enrichment 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.

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.

On 1 February 2019, the Court confirmed the evidentiary request made to the Company and Grupo de Energía de Bogotá, in order to gather missing documentation.

On 7 February 2019, an appeal for reversal is filed against the confirmation order, arguing that all the requested evidentiary information had already been provided.

On 20 February 2019, the Court resolves the appeal for reversal, requesting the list of all users who own the voltage level 1 assets.

On 28 March 2019, the requested information and the date for receiving the testimonies are expected.

As observed, the process continues in its evidentiary phase.

#### **b. Process Owners Association of the Urban Centre Antonio Nariño**

Start date: 2009

Claim: \$15.000.000

Purpose of the claim: The Association claims a property located within its facilities where an energy substation of the Company operated. The Company counterclaims the prescription of the property or easement.

Current status of process: In February 2019 began the logistics of serving notice to the defendants in counterclaim, which are all co-owners of the properties that make up the joint ownership.

The notices began to be served on Friday 29 March 2019, through successive servicing until completing almost 800 notices that must be served. However, on 22 April 2019, the Judge decided to declare the tacit withdrawal of the membership claim (in counterclaim) that the Company had filed. The above insofar as it was not possible to comply with the requirement given by the court, consisting of serving notice the defendant in full within the 30 days, in accordance with the provisions of article 317 of the General Procedural Code.

The Company filed an appeal against this decision, which will be resolved by the Superior Court of the Judicial District of Bogota.

#### **c. Public Lighting Litigation with the UAESP**

As of 31 December 2019, there is an unfavourable ruling issued on 21 August 2019 within the process of nullity and restoration of the right of Codensa S.A. E.S.P against UAESP for the re-liquidation of public lighting from 1998 to 2004.

The main events of this litigation and the events that occurred during 2019 are described below:

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.

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 authorised 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 lawsuit was admitted on August 21, 2018.

On 28 September 2018, the Company paid 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 with a rate equal to the DTF from the date the difference occurred to the actual date the payment is made. The remaining value of the unilateral settlement is the purpose of the lawsuit against UAESP.

On 21 August 2019, the Administrative Court of Cundinamarca ruled the process denying the claims of the lawsuit, reducing the value of the agreement concluded in 2014 as it was considered out of time.

The Company filed an appeal because: i) the Court was not aware that the transaction entered into by the parties on 26 June 2014 is fully valid and, therefore, UAESP was required to incorporate it in the partial and unilateral settlement of the inter-administrative agreement. (Act 80 of 1993, article 60). ii) The Court was not aware of the existence and validity of the transaction contained in the settlement agreement signed by the parties on 26 June 2014 and therefore its res judicata effect (art. 2483 Civil Code). iii) The Court was not aware of the principle of good faith (art. 83 Political Constitution) and the prohibition against going against one's own acts (estoppel). iv) The Court was not aware that management cannot obtain any benefit from its own non-compliance. The delay is not attributable to CODENSA, since the obligation to re-settle unilaterally (2 months) was only for UAESP and this occurs after 24 months, so the delay is attributable to UAESP.



The appeal, pending admission, will be resolved by the Council of State and considering the congestion that the administration of justice currently has, we consider that we can have a decision not earlier than five years.

In turn, in the framework of the judicial debt collection process, a surety policy was presented under the terms of art. 837-1 of the Tax Code, in order to prevent the execution of attachment orders against the Company.

The contingency is classified as possible or eventual, given that the Court's affirmations are controversial in our favour before the Council of State, and in view of the ruling against us, the success rate is not over 50%.

#### **Litigations as Plaintiff:**

As of 31 December 2019, the Company acts as a plaintiff in two 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, estimated 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, \$520,417 (EEC litigation, assumed by Codensa), and for 2015, \$5,102.

In 2019, a partially favourable ruling was obtained in the process underway regarding the tax paid during 2014, in which the Council of State in any case ordered the return of \$1,363,089. In addition, a favourable ruling was obtained for the dispute on the tax for the taxable year 2013, which ordered the return of \$2,717,205.

### **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 2019		As of 31 December 2018	
	Variation (basic points)*	Sensitivity in COP thousands	Variation (basic points)*	Sensitivity in COP thousands
IPC	+/- 3,16 %	(+/-)\$ 30.610.313	+/- 5,14 %	(+/-)\$ 39.071.347
DTF	+/- 2,23 %	(+/-)\$ 1.390.295	+/- 4,08 %	(+/-)\$ -
DTF	+/- 1,66 %	(+/-)\$ 345.073	+/- 3,39 %	(+/-)\$ 1.672.524

(\*) Changes or movements in interest rates were calculated based on their historical volatility over a three-year period (2017-2019 and 2016-2018 for the 2019 and 2018 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 has contracted exchange rate hedges for a notional amount of USD 1,338,864, maturing in January 2020, whose valuation as of 31 December 2019 corresponds to \$54,503 in favour of Scotiabank Colombia.

### 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.

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Included below are the contractual cash flows of financial liabilities with third parties, undiscounted:

Item	Current			Non-current				Total 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	
Issued bonds (principal + interest)	\$ 49.249.843	\$ 175.280.237	\$ 224.530.080	\$ 692.477.792	\$ 815.393.528	\$ 692.846.700	\$ 162.749.120	\$ 2.363.467.140
Bank loans (principal + interest)	1.109.203	89.614.377	90.723.580	62.810.031	853.767	17.198.602	-	80.862.400
Intercompany loans (principal + interest)	93.909.373	-	93.909.373	-	-	-	-	-
Financial lease obligations (principal + interest)	1.144.264	3.248.903	4.393.167	1.041.483	-	-	-	1.041.483
Lease obligations IFRS 16 (principal + interest)	2.709.798	7.529.562	10.239.360	8.862.795	4.632.864	5.763.159	-	19.258.818
Commercial accounts payable and other payables	997.830.494	-	997.830.494	-	-	-	-	-
<b>Total</b>	<b>\$ 1.145.952.975</b>	<b>\$ 275.673.079</b>	<b>\$ 1.421.626.054</b>	<b>\$ 765.192.101</b>	<b>\$ 820.880.159</b>	<b>\$ 715.808.461</b>	<b>\$ 162.749.120</b>	<b>\$ 2.464.629.841</b>

### 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 scheme of payment reminder preventive measures, which seeks that our customers prioritise payment avoiding delinquency. Faced with non-payment, in the first instance we proceed with persuasive actions such as the suspension of electricity service and the early management of collection on high amounts of debt. Subsequently, failure to receive payment or reach an agreement, judicial debt collection begins, by assigning the debts to specialised collection firms, thus reducing the possibility of high portfolio impairment. The evolution of the portfolio is periodically monitored and, if required, complementary recovery management actions are defined 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 scheme of payment reminder preventive measures, which seeks that our customers prioritise payment avoiding delinquency. Faced with non-payment, in the first instance, persuasive actions are taken, such as early collection management on high amounts of debt. Subsequently, failure to receive payment or reach an agreement, judicial debt collection begins, by assigning the debts to specialised collection firms, thus reducing the possibility of high portfolio impairment. Periodic monitoring of credit performance is performed and, if required, complementary recovery management actions are defined 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.

## 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 2019:

<b>Financial assets (1)</b>	<b>Book value</b>	<b>Fair value</b>
Net commercial accounts and other receivables	\$ 741.446.035	\$ 746.661.049
<b>Financial liabilities (2)</b>		
Issued bonds	\$ 2.003.417.478	\$ 2.119.647.846
Bank loans	160.250.289	167.017.673
Intercompany loans	92.658.471	93.154.058
Lease obligations	28.498.057	30.704.841
Derivatives	54.503	54.503
<b>Total liabilities</b>	<b>\$ 2.284.878.798</b>	<b>\$ 2.410.578.921</b>

- (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.

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As of 31 December 2019, 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):

<b>Financial assets</b>	<b>Level 3 (i)</b>
Financial Investments – companies not listed or with limited liquidity	\$ 12.567

- (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:

<b>Financial Assets</b>	<b>As of 31 December 2019</b>		<b>As of 31 December 2018</b>	
	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>
<b>Amortised cost</b>				
Cash and cash equivalents	\$ 320.669.225	\$ -	\$ 633.939.201	\$ -
Commercial accounts receivable and other receivables	688.085.339	53.367.281	607.109.905	53.102.674
Accounts receivable from related entities	16.961.366	-	17.397.859	-
Other financial assets	720.495	-	690.037	-
<b>Total financial assets at amortised cost</b>	<b>\$ 1.026.436.425</b>	<b>\$ 53.367.281</b>	<b>\$ 1.259.137.002</b>	<b>\$ 53.102.674</b>
<b>Fair value through OCI</b>				
Other financial assets	-	6.318	-	18.886
<b>Total financial assets at fair value through OCI</b>	<b>\$ -</b>	<b>\$ 6.318</b>	<b>\$ -</b>	<b>\$ 18.886</b>

<b>Financial liabilities</b>	<b>As of 31 December 2019</b>		<b>As of 31 December 2018</b>	
	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>
<b>Amortised cost</b>				
Other financial liabilities	\$ 247.432.643	\$ 1.944.787.684	\$ 507.358.599	\$ 1.597.038.007
Commercial accounts payable and other payables	997.830.494	-	1.181.561.548	-
Accounts payable to related entities	316.168.994	-	265.550.455	-
<b>Total financial liabilities at amortised cost</b>	<b>\$ 1.561.432.131</b>	<b>\$ 1.944.787.684</b>	<b>\$ 1.954.470.602</b>	<b>\$ 1.597.038.007</b>

### 40. Approval of Financial Statements

The general-purpose Financial Statements of the Company as of 31 December 2019 were approved by the Board of Directors as per Minutes No. 295 of 25 February 2020 for presentation to the General Shareholders' Meeting, pursuant to the Code of Commerce.

### 41. Subsequent events

#### Payment of intercompany loan:

On 15 January 2020, Emgesa S.A. E.S.P. was repaid the loans granted in October 2019 for \$68,862,265 at a rate of 5.34% E.A., the interest paid corresponds to \$ 717,938.

On 17 January 2020, Emgesa S.A. E.S.P. was repaid the loan granted in November 2019 for \$23,796,206 at a rate of 5.34% E.A., the interest paid corresponds to \$ 244,372.

#### Payment of dividends

On 15 January 2020, the surplus of the dividends declared corresponding to the 2018 profit for \$105,648,523 was paid.

### Bank credit

On 14 January 2020, Codensa S.A. E.S.P. made use of the committed line of credit with Banco BBVA Colombia S.A. for an amount of COP \$200,000,000, under the Finagro line, with a 5-year term and a 2-year grace period. The proceeds received are used to finance investments in rural areas of the Company's area of influence.

### Transmilenio S.A. Agreement

On 3 January 2020, Codensa signed contracts with Transmilenio S.A. in order to lease three yards with electrical recharging infrastructure for 15.7 years. In accordance with these agreements, Codensa signed three property lease agreements with CI Alliance S.A., Terrapuertos S.A.S. and CIGESA S.A.S. In the coming months, the Company will begin the development of infrastructure in these properties in accordance with the specifications of the yards to be delivered to Transmilenio.

### Hedge maturity date

In December 2019, derivative liabilities with Scotiabank Colombia were acquired to cover exposure of payment of insurance and capex bills that matured in January 2020, as detailed below:

Derivative	Underlying	Risk factor	Asset notional	Currency	Active fixed rate	Maturity	MTM
FORWARD	Insurance bill payment exposure coverage	Exchange rate	1.252.503	USD	3.322,56	28 de january de 2020	\$ 43.634
FORWARD	Capex bill payment coverage	Exchange rate	86.361	USD	3.411,27	07 de january de 2020	10.869
<b>Total Valuation</b>							<b>\$ 54.503</b>





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