Empresas Públicas de Medellín E.S.P. and Subsidiaries

Consolidated Financial Statements and Notes
Under Accounting and Financial Reporting
Standards accepted in Colombia
31 December 2020 and 2019

CERTIFICATION OF FINANCIAL STATEMENTS

Medellín, March 23, 2021

To the Board of Directors of Empresas Públicas de Medellín E.S.P.

We, the undersigned, in our capacity as the Legal Representative and Accountant of Empresas Públicas de Medellín E.S.P., hereby certify that the balances of the consolidated Financial Statements of Empresas Públicas de Medellín E.S.P. and its subsidiaries at December 31, 2020 and 2019, were faithfully taken from the accounting books, which are prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for the Spanish original) and adopted by the General Accounting Office of Colombia through Resolution 037/2017 and its amendments. These accounting and financial reporting standards are based on the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), as well as interpretations issued by the Interpretations Committee, adopted in Colombia through Decree 2420/2015 and its amendments.

We certify that the assertions contained in the consolidated Financial Statements were verified for accuracy in relation to:

a) All economic events that have occurred during the reporting period have been properly recorded for their due recognition in the appropriate amounts and accounts, measured at fair value and adequately disclosed.

b) That economic events are classified, presented and disclosed in accordance with accounting and financial reporting standards.

c) All assets, liabilities and equity in the consolidated financial statements represent the existence of assets, rights and obligations and have been valued at the appropriate amounts.

d) The disclosures or accounting notes are prepared clearly and in accordance with accounting and financial reporting standards.

The Consolidated Financial Statements do not contain any defects, inaccuracies or misstatements that would prevent the true financial position and financial performance of the Entity and its subsidiaries from being known.

Mónica María Ruiz Arbeláez
Acting Legal Representative

John Jaime Rodríguez Sosa
Public Accountant
Professional License No. 144842-T

KPMG S.A.S.
Calle 2 No. 20 – 50, Piso 7, Edificio Q Office
Medellín - Colombia

Teléfono 57 (4) 3556060
home.kpmg/co

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Empresas Públicas de Medellín E.S.P.:

Opinion

We have audited the consolidated financial statements of Empresas Públicas de Medellín E.S.P. (the Group), which comprise the consolidated statement of financial position as of December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance of its operations and its consolidated cash flows for the year then ended, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia adopted by the Nation's General Accounting Office through resolution 037 of 2017 and resolution 056 of 2020, applied consistently with the previous year.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent with respect to the Group, in accordance with the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA Code) included in the Information Assurance Standards accepted in Colombia together with the ethical requirements that are relevant to our audit of the consolidated financial tatements established in Colombia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code mentioned above. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 5 to the consolidated financial statements, which describes the events that occurred at the Ituango Hydroelectric Project and their impact on the financial statements. The root causes of the mentioned events are still being evaluated by the Company and the relevant control and surveillance agencies, therefore the final result cannot be determined at present and consequently no further effect on the Group's consolidated financial statements is foreseen. Our opinion is not modified because of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of the Impairment of the Cash Generating Unit - Power Generation (See notes 2.24 and 8.2 to the consolidated financial statements)	
Key Audit Matter	**How our audit addressed the key audit matter**
The Company's consolidated statement of financial position includes property, plant and equipment, net and intangible assets for Ch$16,773,466 million associated with the cash generating unit (CGU) of Power Generation. For the impairment assessment, the Financial Planning and Analysis Department establishes the value in use considering the calculations generated by the HSF - Oracle application and the base information for the determination of the financial projections of the businesses is approved by the respective Vice-Presidencies and annually ratified by the Board of Directors. We consider the evaluation of the impairment of the Cash Generating Unit - Power Generation as a key audit matter, because it involves complex judgment elements by the Company such as: (i) the methodology used and calculations performed for the estimation of the value in use and (ii) the relevant inputs and assumptions used in the model such as: (1) the historical behavior of certain base variables for the projection; (2) the discount rates applied and macroeconomic variables used (3) the projection period and (4) the perpetual growth gradient.	Our audit procedures to evaluate the impairment of the cash generating unit - Power Generation included, among others, the following: Evaluation of the design, implementation and operative effectiveness of controls established by the Group to calculate CGU impairment. This included controls associated with the approvals of key operating assumptions included in the financial projections for the determination of value in use by the Vice President of each business and the Board of Directors. With the involvement of professionals with experience and knowledge in the evaluation of information technology, automatic controls associated with the proper administration and management of access to the HSF application were evaluated to ensure the integrity and protection of historical information and the configuration of the financial projection model. - Involvement of professionals with knowledge and experience in valuation who assisted us in: (i) the evaluation of the methodology used to estimate the value in use and the development of independent recalculations, and (ii) the evaluation of the following input data and relevant assumptions used in the model: (1) historical behavior of

	certain base variables for the projection; (2) discount rates and macroeconomic variables; (3) projection period; and (4) the perpetual growth gradient.
Evaluation of the adequacy of provisions for litigation and adequate evaluation of contingent liabilities (See notes 28.1.3 and 28.3 to the consolidated financial statements).	
Key audit matter	**How our audit addressed the key audit matter**
The Group is involved in certain tax and legal proceedings. The Company records provisions for these proceedings when it is probable that an outflow of resources will be required to settle a present obligation and when the amount of the outflow can be estimated. The Group discloses a contingency when the probability of loss related to such proceedings is considered possible or when it is considered probable, but the amount of the disbursement cannot be reliably estimated. The Group's consolidated statement of financial position includes provisions for litigation of $300,056 and the notes to the financial statements disclose contingent liabilities of $1,614,826 million. The valuation of these provisions and contingent liabilities requires the Group to make significant judgments on the probability of judgment in administrative, tax and labor proceedings, as well as the determination of the amounts of the obligations to be paid based on the claims and the related estimated dates of payment. We have considered the evaluation of the adequacy of provisions for litigation and contingencies as a key audit matter because it requires significant judgment and effort. Specifically, because of the nature of the estimates and assumptions, including judgments about the probability of loss and the amounts that would be paid in the event of unfavorable outcomes.	Our audit procedures for the evaluation of the adequacy of provisions for litigation and contingent liabilities included, among others, the following: - Understanding of the processes established by the Group for the estimation of provisions for litigation and determination of contingent liabilities including the evaluation of the design, implementation and effectiveness of relevant controls, such as: (i) compliance with professional profiles of lawyers, established by the entity for the handling of litigation according to their complexity and specialty, (ii) evaluation by the Conciliation Committee of the probability of judgment as well as the claims of administrative, tax and labor litigation that resulted in a judgment, (iii) reconciliation of the report generated from the repository of litigation and disputes of Maya legal management against the records of the accounting application JDEdwards. - Evaluation of the competence and capacity of professionals with internal and external expertise, which determined the probability of loss and the estimated amount of disbursement in each litigation. - Confirmation from the Group's internal and external lawyers on the probability of judgment and the status of current proceedings.

	- Selection of a sample of the main litigations to analyze the supporting documentation with the involvement of professionals with experience and knowledge in administrative, tax and labor law, who assisted us in: • The legal analysis of the supporting documents of the lawsuits, the probability of judgment indicated by the Company and the estimated amount. • The analysis of the possibility for the Company to file an appeal against the judicial decision, according to the current situation of each of the selected cases. - Evaluation of the disclosures included in the notes to the consolidated financial statements in accordance with the applicable financial reporting framework.

Other Matters

The consolidated financial statements as of and for the year ended December 31, 2019 are presented solely for comparative purposes, were audited by us and in our report dated March 26, 2020, we expressed an unqualified opinion on them and included an emphasis of matter paragraph related to the events that occurred in the Ituango Hydroelectric Project, a situation that to date remains.

Other Information

Management is responsible for the other information. The other information comprises the information included in the management report, but does not include the consolidated financial statements and our related auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between that information and the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of management and of personnel responsible for the corporate governance of the Group for the consolidated financial statements.

Management is responsible for the preparation and reasonable presentation of this consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia adopted by the Nation's General Accounting Office through resolution 037 of 2017 and resolution 056 of 2020. This responsibility includes: designing, implementing and maintaining such internal control as management deems is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and establishing accounting estimates that are reasonable in the circumstances.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and for using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to proceed in one of these ways.

The personnel responsible for the corporate governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional skepticism during the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one arising from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the consolidated financial statements give a true and fair view.

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

We communicate to those charged with governance of the Group, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

KPMG S.A.S.
March 23, 2021
Medellín

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2020 and 2019

Amounts stated in millions of Colombian pesos

	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment, net	5	37,651,696	35,605,655
Investment property	6	165,119	140,354
Goodwill	7	3,123,221	2,895,451
Other intangible assets	7	2,684,858	2,350,612
Right-of-use assets	15	571,222	609,412
Investments in associates	11	1,643,033	1,758,462
Investments in joint ventures	12	32,467	82
Deferred tax assets	41	726,806	220,026
Trade and other receivables	13	1,276,757	1,013,685
Other financial assets	14	3,441,279	2,541,567
Other assets	17	93,104	106,914
Cash and cash equivalents (restricted)	19	110,920	46,415
Total non-current assets		**51,520,482**	**47,288,635**
Current assets			
Inventories	18	477,338	391,244
Trade and other receivables	13	4,179,728	4,072,661
Assets for current income tax	41	416,267	169,185
Other financial assets	14	2,411,864	867,998
Other assets	17	785,297	438,592
Cash and cash equivalents	19	3,987,044	1,664,151
Total current assets		**12,257,538**	**7,603,831**
Total assets		**63,778,020**	**54,892,466**
Debit balances of deferred regulatory accounts	31	767	-
Deferred tax assets related to deferred regulatory account balances	31	-	7,683
Total assets and debit balances of deferred regulatory accounts		**63,778,787**	**54,900,149**
Equity			
Issued capital	20	67	67
Treasury shares		(52)	(41)
Reserves	20	2,298,987	2,337,862
Accumulated other comprehensive income	21	4,079,876	3,304,761
Retained earnings	20	16,057,923	14,518,224
Net profit for the year	20	3,584,538	2,985,182
Other components of equity		71,537	68,333
Equity attributable to owners of the company		**26,092,876**	**23,214,388**
Non-controlling interests	20	1,034,317	964,572
Total equity		**27,127,193**	**24,178,960**

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2020 and 2019

Amounts stated in millions of Colombian pesos

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	Notes	2020	2019
Liabilities			
Non-current liabilities			
Borrowings and loans	22	20,687,484	17,671,539
Creditors and other accounts payable	23	619,099	601,393
Other financial liabilities	24	1,320,326	916,917
Employee benefits	26	1,021,447	931,492
Income tax payable	41	33,701	33,701
Deferred tax liabilities	41	1,978,080	2,243,327
Provisions	28	592,862	491,930
Other liabilities	29	954,417	116,440
Total non-current liabilities		**27,207,416**	**23,006,739**
Current liabilities			
Borrowings and loans	22	3,900,318	2,984,466
Creditors and other accounts payable	23	3,086,015	2,534,254
Other financial liabilities	24	577,488	416,661
Employee benefits	26	284,489	247,466
Income tax payable	41	197,380	363,584
Taxes, contributions and rates	27	376,960	222,368
Provisions	28	690,892	589,977
Other liabilities	29	330,406	330,064
Total current liabilities		**9,443,948**	**7,688,840**
Total liabilities		**36,651,364**	**30,695,579**
Credit balances of deferred regulatory accounts	31	-	25,610
Deferred tax liabilities related to balances of deferred regulatory accounts	31	230	-
Total liabilities and credit balances of deferred regulatory accounts		**36,651,594**	**30,721,189**
Total liabilities and equity		**63,778,787**	**54,900,149**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Mónica María Ruiz Arbeláez	Miguel Alejandro Calderón Chatet	John Jaime Rodríguez Sosa
Deputy General Manager	Executive Vice-President of Finance and Investments	Director of Accounting and Costs
Certification Attached		Professional Card No. 144842-T
		Certification Attached

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

Amounts stated in millions of Colombian pesos

	Notes	2020	2019
Continuing operations			
Sale of goods	32	27,928	24,222
Rendering of services	32	19,201,942	17,648,656
Leases	32	96,741	111,841
Total Revenue		**19,326,611**	**17,784,719**
Other income	33	471,794	573,303
Income for sale of assets	34	507	1,592
Total income		**19,798,912**	**18,359,614**
Costs of goods sold and services rendered	35	(13,508,628)	(11,557,807)
Administrative expenses	36	(1,772,997)	(1,596,792)
Impairment loss on accounts receivable		(295,471)	(77,801)
Other expenses	37	(92,187)	(157,467)
Financial income	38.1	157,273	370,837
Financial expenses	38.2	(1,267,632)	(1,290,282)
Net foreign exchange difference	39	(374,260)	(55,883)
Share of loss of equity accounted investees	11 and 12	(91,970)	11,793
Gain on equity investments	40	1,664,795	9,727
Income for the year before tax		**4,217,835**	**4,015,939**
Income tax	41	(499,028)	(810,199)
Profit for the year after taxes from continuing operations		**3,718,807**	**3,205,740**
Discontinued operations, net of income tax	42	-	48,245
Profit of the year before net movement in balances of deferred regulatory accounts		**3,718,807**	**3,253,985**
Net movement in balances of net regulatory accounts related to profit for the year	31	30,534	(139,997)
Net movement in deferred tax related to deferred regulatory accounts related to profit for the year	31	(8,423)	41,988
Profit for the year and net movement in deferred tax related to deferred regulatory accounts		**3,740,918**	**3,155,976**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	21	(52,321)	(72,364)
Equity investments measured at fair value through equity	21	596,104	465,395
Equity accounted investees - share of OCI	11 and 21	(825)	(243)
Income tax related to components that will not be reclassified	21 and 41	14,025	149,678
		556,983	**542,466**
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	**21**	**(27,458)**	**28,841**
Reclassified to profit or loss for the year		(402,757)	(54,338)
Effective portion of changes in fair value		375,299	83,179
Exchange differences on translation of foreign operations	21	230,765	(216,050)
Equity accounted investees - share of OCI	11 and 21	872	(55)
Income taxes related to components that can be reclassified	21 and 41	11,142	19,268
		215,321	**(167,996)**
Other comprehensive income, net of taxes		**772,304**	**374,470**
Total comprehensive income for the year		**4,513,222**	**3,530,446**
Profit for the year attributable to:			
Owners of the company		3,584,538	2,985,182
Non-controlling interest		156,380	170,794
		3,740,918	**3,155,976**
Total comprehensive income attributable to:			
Owners of the company		4,359,720	3,358,619
Non-controlling interest		153,502	171,827
		4,513,222	**3,530,446**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Mónica María Ruiz Arbeláez
Deputy General Manager
Certification Attached

Miguel Alejandro Calderón Chatet
Executive Vice-President of Finance and Investments

John Jaime Rodríguez Sosa
Director of Accounting and Costs
Professional Card No. 144842-T
Certification Attached

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2020 and 2019

Amounts stated in millions of Colombian pesos

						Other comprehensive income								
	Issued capital	Treasury shares	Reserves	Retained earnings	Other components of equity	Equity investments	Defined benefit plans	Cash flow hedging	Conversion differences	Reclassification of properties, plant and equipment to investment property	Result of the period in other comprehensive income of associates and joint ventures business	Attributable to owners of the company	Non-controlling interests	Total
	Note 20.1		Note 20.2	Note 20.3		Note 21.3	Note 21.2	Note 21.5	Note 21.6	Note 21.1	Note 21.4		Note 20.4	
Balance at 1 January 2019	67	-	2,560,657	15,650,483	(23,323)	2,168,304	(28,381)	(70,503)	817,051	11,796	(3,640)	21,082,511	953,707	22,036,218
Profit for the period	-	-	-	2,985,182	-	-	-	-	-	-	-	2,985,182	170,794	3,155,976
Other comprehensive income for the period, net of income tax	-	-	-	-	-	587,736	(48,637)	48,116	(213,480)	-	(298)	373,437	1,033	374,470
Comprehensive income for the period	**-**	**-**	**-**	**2,985,182**	**-**	**587,736**	**(48,637)**	**48,116**	**(213,480)**	**-**	**(298)**	**3,358,619**	**171,827**	**3,530,446**
Repurchase of shares	-	(41)	-	-	-	-	-	-	-	-	-	(41)	(40)	(81)
Surpluses and dividends declared	-	-	-	(1,289,652)	-	-	-	-	-	-	-	(1,289,652)	(139,590)	(1,429,242)
Movement of reserves	-	-	(222,651)	222,651	-	-	-	-	-	-	-	-	-	-
Purchase and sale of noncontrolling interests	-	-	(144)	(40,216)	14,926	(1,090)	(107)	803	(2,806)	-	-	(28,634)	(31,561)	(60,195)
Transfers to retained earnings	-	-	-	(8,994)	-	8,477	537	-	-	-	-	20	-	20
Income tax related to transactions with owners	-	-	-	1,955	-	-	-	-	-	-	-	1,955	1,866	3,821
Equity method on variations in equity	-	-	-	(162)	3,752	-	-	-	-	-	24	3,614	-	3,614
Other movement of the period	-	-	-	(17,841)	72,978	30,978	(557)	-	-	438	-	85,996	8,363	94,359
Balance at 31 December 2019	67	(41)	2,337,862	17,503,406	68,333	2,794,405	(77,145)	(21,584)	600,765	12,234	(3,914)	23,214,388	964,572	24,178,960
Balance at 1 January 2020	67	(41)	2,337,862	17,503,406	68,333	2,794,405	(77,145)	(21,584)	600,765	12,234	(3,914)	23,214,388	964,572	24,178,960
Profit for the period	-	-	-	3,584,539	-	-	-	-	-	-	-	3,584,539	156,380	3,740,919
Other comprehensive income for the period, net of income tax	-	-	-	-	-	594,266	(33,299)	(16,316)	230,485	-	47	775,183	(2,878)	772,305
Comprehensive income for the period	**-**	**-**	**-**	**3,584,539**	**-**	**594,266**	**(33,299)**	**(16,316)**	**230,485**	**-**	**47**	**4,359,722**	**153,502**	**4,513,224**
Repurchase of shares	-	(11)	-	-	-	-	-	-	-	-	-	(11)	(10)	(21)
Surpluses and dividends declared	-	-	-	(1,488,302)	-	-	-	-	-	-	-	(1,488,302)	(103,440)	(1,591,742)
Movement of reserves	-	-	(40,418)	40,418	-	-	-	-	-	-	-	-	-	-
Purchase and sale of noncontrolling interests	-	-	1,543	432	(370)	-	-	-	31	-	-	1,636	(1,461)	175
Transfers to retained earnings	-	-	-	27	-	(19)	(8)	-	-	-	-	-	-	-
Income tax related to transactions with owners	-	-	-	(2,246)	-	-	-	-	-	-	-	(2,246)	(2,142)	(4,388)
Gain (or loss) on disposition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(156)	(156)
Equity method on variations in equity	-	-	-	-	3,574	-	-	-	-	-	-	3,574	-	3,574
Other movement of the period	-	-	-	4,187	-	(47)	(52)	-	6	21	-	4,115	23,452	27,567
Balance at 31 December 2020	67	(52)	2,298,987	19,642,461	71,537	3,388,605	(110,504)	(37,900)	831,287	12,255	(3,867)	26,092,876	1,034,317	27,127,193

The accompanying notes are an integral part of these Consolidated Financial Statements.

Mónica María Ruiz Arbeláez
Deputy General Manager
Certification Attached

Miguel Alejandro Calderón Chatet
Executive Vice-President of Finance and Investments

John Jaime Rodríguez Sosa
Director of Accounting and Costs
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EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
Amounts stated in millions of Colombian pesos

	Notes	2020	2019
Cash flows from operating activities:			
Profit for the year		**3,740,918**	**3,155,976**
Adjustments to reconcile the net profit for the year to the net cash flows used in operating activities:			
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	35 and 36	1,265,623	1,140,099
Impairment of property, plant and equipment, right of use assets and intangible assets	8	200,267	2,254
Impairment loss on accounts receivable	13	295,471	77,801
Write down inventories, net	35	848	36
Gain / loss due to exchange difference	39	374,260	55,883
Gain / loss due to valuation of investment property	33	18,250	(51,808)
Result for valuation of financial instruments and hedge accounting	38.1 and 38.2	44,027	31,910
Result of compensation for activities associated with investment flow	33	(192)	(78,295)
Provisions, post-employment and long-term defined benefit plans	36	311,982	240,896
Provisions for tax, insurance and reinsurance obligations and financial updating	36 and 38.2	29,086	2,455
Government subsidies applied	33	(30,782)	(1,023)
Deferred income tax	41	(237,239)	(233,502)
Current income tax	41	736,268	1,043,701
Share of loss of equity-accounted investees	9 and 11	91,970	(11,793)
Interest and yield income	38.1	(77,563)	(251,812)
Interest and commission expenses	38.2	1,119,023	1,222,527
Gain / loos due to disposal of properties, plant and equipment, right-of-use assets, intangibles and investment property	32, 33 and 34	55	(1,538)
Result from withdrawal of property, plant and equipment, right of use assets, intangible assets and investments	37	14,767	99,458
Gain / loss due to disposal of financial instruments	40	-	47,534
Non-effective recoveries	33	(111,208)	(310,004)
Gain / loss from discontinued operations, net of income tax	42	-	(48,245)
Result of deferred regulatory accounts	31	(22,110)	98,009
Gain / loss from due to disposal of Investments in subsidiaries	40	192	-
Gain / loss from business combinations	40	(1,592,003)	-
Dividend income from investments	14	(72,984)	(57,262)
		6,098,926	**6,173,257**
Net changes in operating assets and liabilities:			
Change in inventories		(38,772)	18,878
Change in trade and other receivables		943,027	(217,220)
Change in other assets		(135,223)	99,965
Change in creditors and other accounts payable		374,585	(139,144)
Change in labor obligations		(1,877)	(53,052)
Change in provisions		(177,451)	(368,479)
Change in other liabilities		320,173	376,587
Cash generated from operating activities		**7,383,388**	**5,890,792**
Interest paid		(1,310,429)	(1,612,421)
Income tax paid		(1,140,994)	(804,930)
Income tax refund		46,785	1,255
Net cash provided by operating activities		**4,978,750**	**3,474,696**
Cash flows from investing activities:			
Acquisition of subsidiaries or business, net of cash acquired		554,720	(20)
Disposal of subsidiaries or business		(192)	471,808
Purchase of property, plant and equipment	5	(3,165,459)	(3,260,864)
Disposal of property, plant and equipment	5	3,048	18,589
Purchase of intangible assets	7	(278,216)	(316,068)
Disposal of intangible assets	7	671	44,096
Disposal of investment properties		507	2,165
Purchase of investments in financial assets		(2,177,248)	(452,875)
Disposal of investments in financial assets		382,341	1,074,060
Interest received		4,236	3,335
Dividends received from subsidiaries		-	(92)
Dividends received from associates and joint business	11	16,786	41,600
Other dividends received	14	72,965	56,132
Compensation received	5.1	369,700	531,607
Other cash flows from investment activities		20,350	(64,517)
Net cash flow used in investing activities		**(4,195,791)**	**(1,851,044)**
Cash from financing activities:			
Acquisition of own shares		(21)	(81)
Obtaining of borrowings and loans	22	6,424,523	9,297,603
Payments of borrowings and loans	22	(2,896,219)	(9,425,148)
Transaction costs due to issuance of debt instruments		(28,553)	(13,146)
Payments of liabilities for financial leasing		(46,525)	(40,883)
Dividends or surpluses paid to Medellín Municipality	42	(1,488,319)	(1,289,652)
Dividends or surplus paid to non-controlling interests	9	(104,256)	(103,162)
Subsidies of capital		460	154
Payments of capital of derivatives designated as cash flow hedges		19,586	156,514
Acquisition of non-controlling interests		175	(60,197)
Payment of pension bonds		(7,712)	(26,091)
Other cash from financing activities		(3,422)	43,570
Net cash flows provided / (used in) by financing activities		**1,869,717**	**(1,460,519)**
Net increase in cash and cash equivalents		**2,652,676**	**163,133**
Effects of variations in exchange rates in the cash and cash equivalents		(265,278)	(50,948)
Cash and cash equivalents at beginning of the year	19	1,710,566	1,598,381
Cash and cash equivalents at end of the year	19	**4,097,964**	**1,710,566**
Restricted resources	19	541,788	196,072

The accompanying notes are an integral part of these Consolidated Financial Statements.

Mónica María Ruiz Arbeláez
Deputy General Manager
Certification Attached

Miguel Alejandro Calderón Chatet
Executive Vice-President of Finance and Investments

John Jaime Rodríguez Sosa
Director of Accounting and Costs
Professional Card No. 144842-T
Certification Attached

Table of contents of notes to consolidated financial statements

Notes to the consolidated financial statements years ended December 31, 2020 and 2019.

(Amounts expressed in millions of Colombian pesos, except for the market representative exchange rate which are expressed in Colombian pesos and thousands of dollars, Euros, sterling pounds and yens)

Note 1. Reporting Entity

Empresas Públicas de Medellin E.S.P. and subsidiaries (hereinafter, "EPM Group") is the holding company of a multi-latin Enterprise group made up of 45 companies and a structured entity[1], that have presence in the provision of public utilities in Colombia, Chile, El Salvador, Guatemala, Mexico and Panama.

Empresas Públicas de Medellín E.S.P. (hereinafter EPM), holding of the EPM Group, is a municipal decentralized entity, created in Colombia through Decision 58 dated August 6, 1955 issued by the Administrative Council of Medellín, as an autonomous public institution. It was transformed into an industrial and commercial government company of municipal order through Decision 069 of December 10, 1997 of the Medellín Council. Due to its legal status, EPM is endowed with administrative and financial autonomy, and its own equity according to Article 85 of Law 489 of 1998. The share capital with which the company was constituted and currently operates, as well as its equity, is of public nature, being its only owner is the Municipality of Medellín. Its main corporate domicile is located at Carrera 58 No. 42-125 in Medellín, Colombia. It has not established a term of duration.

EPM provides domiciliary public utilities of water, sewage electricity and natural gas distribution. It can also provide the domiciliary public utility of waste management, treatment and disposal of solid waste, as well as the supplementary activities related to each and every one of the mentioned public utility services.

The Group offers its services through the following segments, the activities of which are described in Note 48. Operating segments: Electric Power Generation, Distribution and Transmission; Distribution and Marketing of Natural Gas; Water supply; Wastewater management; Solid waste management. Additionally, the Others Segment includes the participation in the telecommunications business, through the associate UNE EPM Telecomunicaciones S.A. and its subsidiaries: Edatel S.A. E.S.P, Orbitel Servicios Internacionales S.A. - OSI, Cinco Telecom Corporation - CTC and Colombia Móvil S.A .; and the associate Inversiones Telco S.A.S. and its subsidiary Emtelco S.A .; offering voice, data, Internet, professional services, data center, among others.

The consolidated financial statements of the Group corresponding to the year ended 31 December 2019, were authorized by the Board of Directors to be published on 23 March 2021.

Legal and Regulatory Framework

The activities developed by the EPM Group, i.e. domiciliary public utilities, are regulated in Colombia, Chile, El Salvador, Guatemala, Mexico, and Panama. The most significant regulatory matters that apply are:

1. Legislation for Colombia

[1] Autonomous Equity Financiación Social of EPM, CHEC, EDEQ and ESSA. Under International Financial Reporting Standards -IFRS adopted in Colombia, they are considered structured entities that are part of the consolidation perimeter of the EPM Grupo's financial statements.

The rendering of public home utilities is regulated in Colombia mainly by Law 142, Public Utilities Act, and Law 143 of 1994, Electricity Act.

The functions of control, inspection and supervision of the entities that provide public home utilities are exercised by the Office of the Superintendent of Domiciliary Public Utilities (SSPD, for its Spanish initials).

EPM, because it is a Bond issuer, is subject to the control of the Financial Superintendency of Colombia under Decree 2555 of 2010 by which the regulations on the financial, insurance and stock market are collected and reissued and other provisions are issued, establishes that the SIMEV is the set of human, technical and management resources that the Financial Superintendency of Colombia will use to allow and facilitate the supply of information to the market. Among these tools, there is the National Registry of Securities and Issuers - RNVE, which aims to have a registry of the issuers of securities and the issues they carry out. EPM, when issuing bonds, is subject to the control of this Superintendency and to the regulations that for financial information purposes are requested for their issuance, especially External Circular 038 of 2015 whose reference is: Modification of the deadlines for the transmission of the Interim Quarterly and Year-End Financial Statements under IFRS adopted in Colombia, Individual or Separate and Consolidated and their report in XBRL (extensible Business Reporting Language) and unification of the instructions contained in the Circulars External 007 and 011 of 2015.

For accounting purposes, it is regulated by the standards issued by the General Accounting Office of the Nation, as described in the accounting policies section.

For managing the health service as employee benefits, under the figure of the Adapted Health Company - EAS, it is supervised by the National Superintendency of Health.

Because of being a municipal decentralized entity, EPM is subject to the political control of the Council of Medellín, to the fiscal control of the Office of the General Comptroller of Medellín, and to the disciplinary control of the Office of the General Prosecutor.

1.1 Regulatory commissions

The Law 142 of 1994 in its articles 68 and 69, delegates in the regulation commissions the presidential function of stating general policies of administration and control of efficiencies in public home utilities.

These entities are:

- The Energy and Gas Regulatory Commission (CREG, for its Spanish initials), a technical body attached to the Ministry of Mines and Energy (MME), that regulates the rates for energy sales and the aspects related to the operation of the Wholesale Energy Market (MEM, for its Spanish initials) and to the provision of electric power, natural gas and liquid fuel services.
- Regulatory Commission of Drinking Water and Sanitation (CRA, for its Spanish initials), regulates the rates of water, sewage and solid waste management, a technical body attached to the Ministry of Housing, City and Territory.

1.2 Regulation by sector

1.2.1 Activities of the water, sewage and waste management sector

Law 142 of 1994, Public Utilities Act, defined the water, sewage and waste management services:

Water: Also called drinking water domiciliary public utility. Activity consisting of the municipal distribution of water, which is fit for human consumption, including its connection and measurement. It includes supplementary activities such as water catchment and its processing, treatment, storage, conduction and transportation.

Sewage: Activity that consists of the municipal collection of waste, mainly liquid, through piping and conduits. It includes the supplementary activities of transportation, treatment, and final disposal of such waste.

Waste management: Activity that consists of the municipal collection of waste, mainly solid waste. It includes the supplementary activities of transportation, treatment, disposal, and final disposal of such waste.

For the Water and Sewage utilities, the rate framework is established in Resolutions CRA 688 of 2014 and CRA 735 of 2015 issued by the Drinking Water and Sewage Regulation Commission (CRA, for its Spanish initials). For the Waste management public utility, in resolution CRA 720 of 2015. These rules establish quality and coverage indicators, provide incentives to meet targets and define remuneration mechanisms to collateral the company's financial sufficiency.

1.2.2 Electric sector activities

Law 143 of 1994 segmented the electric power utility into four activities: generation, transmission, distribution, and commercialization, which may be developed by independent companies. The purpose of the legal framework is to supply the demand of electricity under economic and financial feasibility criteria and to tend to an efficient, secure and reliable operation of the sector.

Generation: It consists of the production of electric power from different sources (conventional or non-conventional), developing this activity either exclusively or combined with another or other activities of the electric sector, regardless of which of them is the main activity.

Transmission: The national transmission activity is the transportation of energy in the National Transmission System (hereinafter STN, for its Spanish initials). It encompasses the set of lines, with its corresponding connection equipment that operate in voltajes greater than or equal to 220 kV. The National Transmitter is the legal entity that operates and transports electric power in the STN or has incorporated a company the purpose of which is the development of said activity.

Distribution: It consists of transporting electric power through a set of lines and substations, with the associated equipment, that operate at voltages lower than 220 KV.

Commercialization: An activity that consists of the purchase of electric energy in the wholesale market and its sale to other market participants or to the final regulated and non-regulated users, developing this activity either exclusively or combined with other activities of the electric sector, regardless of which of them is the main activity.

1.2.3 Activities of the natural gas sector

Law 142 of 1994 defined the legal framework for the provision of domiciliary public utilities, field in which natural gas is defined as a public utility.

Gas: It is the set of activities targeted to the distribution of gas fuel, through pipes or another mean, from a place of collection of large volumes or from a central gas pipeline to the facilities of a final consumer, including their connection and measurement. This Law will also be applied to the supplementary activities of commercialization from the production and transportation of gas through a main gas pipeline, or through other means, from the generation site and to that where it connects to a secondary network.

2. Legislation for Chile

2.1 Sanitation service activities

The Sanitation Sector is made up by the group of entities which functions relate to the services of production and distribution of drinking water and collection and disposal of wastewater, that is, the companies in charge of providing those services and the Superintendence of Sanitation Utilities, regulatory and overseeing entity of this sector.

2.2 Regulatory framework

In the regulation scheme in effect, where the regulatory and monitoring function of the State is separated from the producing function, the Superintendence of Sanitation Utilities is created, which is the regulating and monitoring body of the sector. This body is a decentralized entity that has its legal status and own equity, subject to the supervision of the President of the Republic through the Ministry of Public Works. It performs the regulatory and monitoring functions of the activity of companies that operate in this sector.

The regulatory model emphases two crucial aspects to introduce the economic rationality in the operation of the sector: the rates and the concessions regime, both aspects are contained in the legal framework under which the operation of the sector is regulated, being function of the Superintendence of Sanitation Utilities applying and enforcing the provisions for the respective legal bodies: Decree with Force of Law No. 70 of 1988, Rates Act and Decree with Force of Law No. 382 of 1988, Sanitation Utilities General Act.

The legal framework of the Chilean sanitation sector mainly composed of:

- Law of the Superintendence of Sanitation Utilities – Law 18.902 of 1990 (Modified by Law No. 19.549 of 1998 and Law No. 19.821 of 2002 and Law No. 20.417 of 2010): creates the Superintendence of Sanitation Utilities as a functionally decentralized service, with legal status and its own equity, subject to the supervision of the President of the Republic through the Ministry of Public Works.

  To the Superintendence of Sanitation Utilities will correspond the monitoring of the providers of sanitation utilities, of the compliance with rules related to sanitation utilities and the control of industrial liquid waste connected to the rendering of services of sanitation companies, capable of, either officially or at the request of any interested party inspecting the sanitation infrastructure works made by the providers.

- Regulations of the Sanitation Utilities General Act, Supreme Decree (D.S.) of the Ministry of Public Works (M.O. P.) No. 1199, Dec/2004 Published in the Official Diary on November 9, 2005: approves the regulations of sanitation concessions of production and distribution of drinking water and collection and disposal of wastewater and the regulations on the customer service quality to the users.
- Sanitation Utilities Rates Act: Decree with Force of Law MOP No. 70 of 1988 – Published in the Official Diary on March 30, 1988 (amended by Law No. 19,549 of 1998 and Law No. 21,075 of 2018).
- Waters Code and its modifications: the Decree with Force of Law No. 1.122 regulates the property and the right-of-use of water. The latest modifications are: Law No. 20.017 of 2005 and Law No 20.099 of 2006, Law No. 20,304 of 2008, Law 20,417 of 2010, Law No. 20,697 of 2013 and Law No. 21,064 of 2018.
- Regulation of home installations of drinking water and sewerage - S.D. MOP N ° 50 of January / 2003 (modified by D.S MOP N ° 669 of 2009).

2.3 Regulatory entities

Some of the main regulatory bodies for the sanitation sector (drinking water and sewage) in Chile are:

- Ministry of Public Works (“Ministerio de Obras Públicas – MOP”): grants the concessions and promotes the supply of water and the sanitation in rural zones through its Sanitation Programs Department. Besides to its proper functions, in respect to the sanitation sector it is charged with the administration of legislation on the subject of water resources, the assignment of water rights and the approval of the concession rights to establish, construct and exploit sanitation utilities.

- Superintendence of Sanitary Service ("Superintendencia de Servicios Sanitarios – SISS"): Chilean State entity that regulates and monitors the companies that render the drinking water supply and the collection and treatment of wastewater utilities to the urban population.
- Ministry of Health: monitors water quality in the sanitation utilities not under jurisdiction of the Superintendence (which are not public sanitation utilities) and officializes the quality standards studied under the provisions of the National Standardization Institute.
- Ministry of Economy, Development and Tourism (Ministerio de Economía, Fomento y Turismo): designs and monitors the implementation of public policies that affect the competitiveness of the country; It promotes and monitors the activities in the sectors of industry, services and commerce. Its major lines of action are related to the design and promotion of Innovation and Entrepreneurship Policies. Regarding the sanitation sector its main function is the setting of regulated prices, at the proposal from the Superintendence.
- The General Directorate of Waters (GDW): It is the State body that is in charge of managing, verifying and disseminating the country's water information, especially regarding its quantity and quality, the natural and legal persons who are authorized to use it, the existing hydraulic works and their safety; with the aim of contributing to greater market competitiveness and safeguarding legal and water certainty for the sustainable development of the country.

3. Legislation for El Salvador

A restructuring process of the electrical sector was developed in El Salvador, which materialized in a juridical and institutional framework that aims to promote the competition and necessary conditions to assure the availability of an efficient energetic supply, capable of supplying the demand under technical, social, economic, environmental and financial feasibility criteria.

In the 90's, El Salvador pushed a process of reforms in the energetic sector that consisted of the restructuring of the hydrocarbons and electricity sectors, the privatization of most government companies that provided energetic goods or services and the deregulation of the markets.

3.1 Regulatory framework

The legal framework of the Salvadorian electric sector is comprised by the General Superintendence of Electricity and Telecommunications ("Superintendencia General de Electricidad y Telecomunicaciones" -SIGET") Creation Act, issued through Legislative Decree 808 of September 12, 1996, that gave juridical life to the regulatory entity; as well as the Electricity General Act ("Ley General de Electricidad - LGE"), issued through Legislative Decree 843 of October 10, 1996, and by the Bylaws of the Electricity General Act, established through Executive Decree 70 of July 25, 1997, including its modifications.

As a result of the restructuring process of the electrical sector the Transaction Unit ("Unidad de Transacciones S.A. – UT"), that manages the Wholesale Market of Electric Energy, and the Empresa de Transmisión de El Salvador (ETESAL) were created, at the same time that the electricity distribution and thermal generation companies were privatized. Further, the hydro-electrical and geothermal generation activities were separated.

3.2 Regulatory entities

Some of the main regulatory entities at energetic level in El Salvador are:

- Ministry of Economy (MINEC): Central government institution which purpose is the promotion of the economic and social development through the increase of production, productivity, and the rational use of resources. Among its responsibilities it has to define the commercial policy of the country, the follow-up and promotion to the Central American economic integration, and to lead the Energy National Council (Consejo Nacional de Energía). It also contributes to the development of competition and competitiveness of productive activities, both for the domestic and external markets.

- General Superintendence of Electricity and Telecommunications ("Superintendencia General de Electricidad y Telecomunicaciones – SIGET"): It is a not-for-profit public service autonomous institution. Its autonomy includes administrative and financial matters, and it is the competent entity to apply the norms contained in international treaties on electricity and telecommunications in force and effect in El Salvador, as well as in the laws that rule the electricity and telecommunications sectors and its bylaws, in addition to knowing about the non-compliance therewith.
- Transactions Unit ("Unidad de Transacciones – UT"): Has among its functions the transparent and efficient managing of the wholesale electrical energy market and operating the transmission system, maintaining its security and quality, and providing market operators with satisfactory responses for the development of its activities. Likewise, it coordinates with the Regional Operator Entity ("Ente Operador Regional – EOR") the energy transactions that El Salvador carries out with other countries at the Central American and international levels. Finally, it determines responsibilities in case of failures in the systems.
- National Energy Council ("Consejo Nacional de Energía - CNE"): is the superior, governing and regulatory authority for energy policy, whose objectives are to draw up the National Energy Policy and short-, medium- and long-term energy planning; to foster the existence of regulatory frameworks to promote investment and development in the energy sector; to monitor the proper functioning of energy markets; to promote rational energy use; to develop and expand renewable energy resources; and to promote the integration of regional energy markets.

4. Legislation for Guatemala

The Political Constitution of the Republic of Guatemala of 1985 declared the electrification of the country as national urgency, based upon plans formulated by the State and the municipalities, in a process that could count on the interest of the private initiative.

4.1 Regulatory framework

With the Political Constitution as a legal handle, in 1996 the General Electricity Act was declared (Decree No. 93-96), through which the fundamental juridical norms to facilitate the acting of the different sector of the electrical system were established.

4.2 Regulatory entities

Some of the main energy regulatory entities in Guatemala are:

- Ministry of Energy and Mines: The Ministry of Energy and Mines is the most important Guatemalan government entity of the electric sector. It is responsible for enforcing the General Electricity Act and related regulations, as well as for coordinating policies between the National Commission of Electric Energy (CNEE) and the Manager of the Wholesale Market (AMM). This government office also has the authority to grant authorization permits for the operation of the distribution, transmission and generation companies.
- National Electrical Power Commission ("Comisión Nacional de Energía Eléctrica - CNEE"): The Guatemalan electric sector is regulated by the CNEE, a regulatory entity created pursuant to the General Electricity Act, as a technical body of the Ministry of Energy and Mines and subordinated to it. It consists of three members appointed by the President of the Republic from groups of three proposed by the Principals of universities, the Ministry of Energy and Mines and the Wholesale Market agents. The duration of each directorate is five years.

- Wholesale Market Administrator (“Administrador del Mercado Mayorista - AMM”): is the entity in charge of managing the Guatemalan wholesale market, a private entity created by the General Electricity Act, that coordinates operation of generating facilities, international interconnections, and the transmission lines that conform the national electricity system. Likewise, it is responsible for the system’s safety and operation conducting an economically efficient dispatch and managing the electricity resources, in such a way that it minimizes the operating costs, including failure costs, within the restrictions imposed by the transmission system and the service quality requirements. Likewise, the AMM is in charge of the scheduling of the supply and dispatch of electricity. AMM’s bylaws are subject to the CNEE’s approval. If a generation, transmission or distribution company, or an electricity agent or large user does not operate their facilities in conformity with the regulations established by the AMM, the CNEE has the capacity to sanction it with penalties and, in the case of a severe violation, it may require to be disconnected from the national electricity system.

5. Legislation for Mexico

5.1 Regulatory framework for water and sanitation

In the government environment, each of the 32 federative entities has their respective water laws, with sensibly equal purposes in spite of the diverse denominations. The modifications to the government legislation associated to the provision of water and sewage utilities are mainly derived from a series of initiatives promoted by the National Water Commission (“Comisión Nacional de Aguas - CONAGUA”) in the 90’s.

The National Water Commission (CONAGUA) is a decentralized administrative agency of the Ministry of the Environment and Natural Resources, created in 1989, with the mission of preserving national waters and their inherent public assets for their sustainable administration and guaranteeing water security with the responsibility of government orders and society in general.

Various instances at the federal, state and municipal levels, as well as user associations, companies and institutions of the private and social sector that work together with Conagua.

A summary of the evolution from then and until the beginning of this decade that the legal state regime has experienced with respect to water and sewage is:

- Reforms in 1983 to Article 115 of the constitution, with which the municipal character of the water and sewage utilities was ratified and strengthened, which forced to channel the state authorities’ role in this matter to charge them with a subsidiary and somehow regulatory role.
- Government policies established to promote the creation of decentralized bodies (creation decrees) of the Municipal Administration, with the technical capacity and with the administrative and financial autonomy necessary for the efficient provision of utilities, together with the introduction of participatory schemes for the private sector.
- Greater involvement of the state authorities in the management of national water resources, through agreements that, pursuant to the provisions of Article 116 of the constitution, can be entered into by the federation with the state governments so that the latter can undertake or exercise different tasks or attributions, of exclusive competence of the federal government. This possibility was reinforced even more with the amendments and additions to the National Water Act that entered into force and effect in 2004.

5.2 Regulatory entities

Some of the main sanitation regulatory entities in Mexico are:

- Secretariat of the Environment and Natural Resources (“Secretaría de Medio Ambiente y Recursos Naturales - SEMARNAT”): in the different environments of society and public function, it incorporates criteria and instruments that assure the optimal protection, preservation, and use of the country’s natural resources, thus forming an integral and inclusive environmental policy that allows achieving sustainable development, provided that they are not expressly entrusted to another office; likewise, in matters of ecology, environmental sanitation, water, environmental regulation of the urban development and the fishing activity, with the involvement that shall correspond to other offices and entities.

- National Water Commission (“Comisión Nacional del Agua - CONAGUA”): With the interest of the society, it manages and preserves the national water resources to achieve the sustainable use of the resource with the co-responsibility of the three orders of the government and the society in general. It is the authority with technical quality and promoter of the government orders in the integrated management of the water resource and its inherent public goods and protects the water bodies to guarantee a sustainable development and the preservation of the environment.
- Secretary of Welfare (“Secretaría del Bienestar), (Before Social Development Secretariat - SEDESOL): Defines the commitments of the management to advance in the achievement of an effective social development. Formulates and coordinates the solidary and subsidiary social policy of the federal government, targeted to the common good, and executes it in a co-responsible way with the society.

6. Legislation for Panama

The electrical sector in Panama is divided into three activity areas: generation, transmission and distribution. The country has established a regulatory structure for the electrical industry, based upon the legislation that was approved between 1996 and 1998. This framework creates an independent regulator, the Public Utilities National Authority (“Autoridad Nacional de los Servicios Públicos - ASEP”), and also creates a transparent process for setting the tariffs for energy sale to regulated clients.

6.1 Regulatory framework

The regulatory regime mainly consists of the following norms:

- Law 6 of February 3, 1997: dictates the regulatory and institutional framework for the provision of the electricity public utility. It establishes the regime to which the electrical energy distribution, generation, transmission and commercialization activities shall be subject.
- Law 57 of October 13, 2009 makes several modifications to Law 6 of 1997, among them there are: the obligation for the generating companies to participate in the energy or power purchase processes, the compulsoriness for Empresa de Transmisión Eléctrica S.A. (ETESA) for buying energy in representation of the distributing companies, and the increase in fines that the regulator may impose of up to $20 million Balboas, and at the same time establishes the right of the clients to refrain from paying for the portion they may claim and grants a 30-day term to claim before the regulator in case of not being satisfied with the answer given by the distributing company.
- Law 58 of May 30, 2011 modifies the articles related to rural electrification, among which are: the modification of the calculation of subsidy that the Rural Electrification Office (“Oficina de Electrificación Rural - OER”) must pay to distributors for a 4-year period (formerly it was paid to 20 years) and the creation of a rural electrification fund for 4 years, which shall be comprised by the contributions of market agents selling electric energy and shall not exceed 1% of their net profit before taxes.

6.2 Regulatory entities

Some of the main energy regulatory entities in Panama are:

- The Energy Secretariat (“Secretaría de Energía”): its mission is to formulate, propose and promote the national energy policy with the purpose of assuring supply safety, the rational and efficient use of the resources and energy in a sustainable way, according to the National Development Plan (“Plan de Desarrollo Nacional”). Currently, it is processing before the Electrical Transmission Company (“Empresa de Transmisión Eléctrica - ETESA”) the formation of an energetic grid with greater and more varied renewable and clean resources (wind, gas, among others).

- The National Authority for Public Utilities (“Autoridad Nacional de los Servicios Públicos - ASEP”): Established according to the law of the regulatory entity of public utilities of 1996. It is an autonomous Government entity responsible of regulating, controlling, and auditing the provision of the water and sewage, telecommunications, radio and television, electricity and natural gas utilities.

  On February 22, 2006, through Decree Law 10, the Public Utilities Regulatory Entity (“Ente Regulador de los Servicios Públicos – ERSP”) was restructured and changed its name; for that reason, since April 2006 it is known as the ASEP, with the same responsibilities and functions of the regulatory entity but with a general manager and an executive director, each designated by the President of the Republic of Panama and ratified by the National Assembly. Likewise, it has three national directors under the authority of the general administrator: one for the electricity and water sector, one for the telecommunications sector, and one for the user service sector. The national directors are responsible for issuing resolutions related to their respective industries and the appeals thereto are solved by the general administrator as final stage of the administrative process.

- The Planning Unit of the Electric Transmission Company (“Unidad de Planificación de la Empresa de Transmisión Eléctrica - ETESA”): develops the reference expansion plans and projects the global requirements of energy and the means to satisfy those requirements, including the development of alternative sources and establishing programs to preserve and optimize the use of energy. The public utilities companies are called to prepare and present their expansion plans to ETESA.

- The National Dispatching Center (“Centro Nacional de Despacho - CND”): operated by ETESA, plans, supervises and controls the integrated operation of the National Interconnected System (“Sistema Interconectado Nacional”). Receives offers from generators who participate in the energy sale market (spot), determines the spot prices of energy, manages the transmission network, and provides the settlement values between suppliers, producers, and consumers, among others.

- The Rural Electrification Office (“Oficina de Electrificación Rural - OER”): is responsible for promoting the electrification in unserved, unprofitable and non-concessional rural areas.

Note 2. Significant accounting policies

2.1 Basis for preparation of financial statements

The EPM Annual Consolidated Financial Statements were prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF, for its Spanish initials) and adopted by the Nation's General Accounting Office through Resolution 037 of 2017 and Resolution 056 of 2020 (hereinafter “IFRS”). These accounting and financial reporting standards are based on the International Financial Reporting Standards (hereinafter “IFRS”) issued by the International Accounting Standards Board (hereinafter, IASB), as well as the interpretations issued by the International Financial Reporting Standards Committee (hereinafter, IFRIC). These financial statements are harmonized with the generally accepted accounting principles in Colombia as set forth in the Annex to Decree 2420 of 2015 and its subsequent amendments.

The presentation of financial statements in conformity with IFRS adopted in Colombia requires making estimates and assumptions that affect the amounts reported and disclosed in the financial statements, without undermining the reliability of the financial information. Actual results may differ from said estimates. Estimates and assumptions are constantly revised. Revision of accounting estimates is recognized for the period in which the estimates are revised if the revision affects such period or in the revision period and future periods. The estimates made by the Management when applying the IFRS adopted in Colombia, that have a material effect on the financial statements, and those that imply significant judgments for the annual financial statements, are described in greater detail on Note 3. Significant accounting judgments, estimates, and causes of uncertainty in the preparation of financial statements.

EPM and each of its subsidiaries present separate or individual financial statements, as applicable, for compliance before the controlling entities and for internal administrative follow-up purposes and provide information to the investors.

Assets and liabilities are measured at cost or amortized cost, with the exception of certain financial assets and liabilities and the investment properties that are measured at fair value. Financial assets and liabilities measured at fair value correspond to those that: are classified in the category of fair value assets and liabilities through profit, some equity investments at fair value through equity, as well as all finance derivatives, assets and liabilities recognized that are designated as hedged items in a fair value hedging, which recorded value is adjusted with the changes in fair value attributed to the risks object of the hedging.

Consolidated financial statements are presented in Colombian pesos and their figures are stated in millions of Colombian pesos.

2.2 Consolidation Principles

The consolidated financial statements include the financial statements of EPM and of its subsidiaries as of 31 December 2020 and 2019. Using the global integration method, EPM consolidates the financial results of the companies on which control is exercised, which are detailed in Note 9. Investment in subsidiaries.

Control is obtained when any of the companies of the Group controls the relevant activities of the subsidiary, generally operating and financing activities, it is exposed, or has the right, to the variable returns of the subsidiary and has the capacity to leverage its power over the subsidiary to influence its returns.

The general presumption is that a majority of voting rights results in taking control. To support this presumption, and when the Group has less than the majority of the voting or similar rights on an investee, the Group considers all the pertinent facts and circumstances to evaluate whether it has the power over an investee, including contractual agreements with other vote holders in the investee, rights arising from other contractual agreements, and voting rights of the Group as potential voting rights. If the facts and circumstances suggest that one or more of the three control elements change, the Group must reassess whether it controls the investee.

The consolidated financial statements of the Group are presented in Colombian pesos, which is the functional and presentation currency of EPM, holding of the Group. Each subsidiary of the Group determines their own functional currency and includes the items in their financial statements using that functional currency.

The information of all companies of the Group was prepared using the same Group's accounting policies, under IFRS adopted in Colombia.

For consolidation purposes, the financial statements of the subsidiaries are prepared under the Group accounting policies and are included in the consolidated financial statements from the acquisition date to the date when the Group losses control.

Intragroup assets, liabilities, equity, revenue, costs, expenses and cash flows are eliminated in the preparation of the consolidated financial statements; i.e., those related to transactions between the Group Companies, including unrealized internal profits and losses, which are eliminated in their entirety.

The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ends when the Group loses control. Specifically, the income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of comprehensive income from the date the Group obtains control until the date on which it ceases to control the subsidiary.

When the Group losses control over a subsidiary, the assets (including goodwill), liabilities, non-controlling interests, and other components of the net equity are derecognized; any residual participation it may retain is measured at fair value, the profit or loss that arise from this measurement are recognized through profit or loss for the period.

Non-controlling interests in the consolidated net assets of subsidiaries are presented separately from the Group's equity. The profit or loss for the period and the other comprehensive income are also attributed to the non-controlling and controlling interests.

Changes in the participation share of the Group in subsidiaries that do not result in the loss of control, are recorded as equity transactions. The recorded value of the Group's non-controlling and controlling interests are adjusted to reflect the changes in their relative participation in the subsidiaries. Any difference between the amount for which the controlling interest, the non-controlling interest, and the fair value of the consideration paid or received are adjusted, and directly recognized in net equity.

Whenever the Group losses control over a subsidiary, the profit or loss is recognized and is calculated as the difference between: the sum of the fair value of the received consideration and the fair value of any retained participation, and the previous recorded value of assets (including goodwill) and liabilities of the subsidiary and any non-controlling participation. All amounts related to the subsidiary, previously recognized through other comprehensive income are recorded as if the Group had directly disposed the assets or liabilities related to it (i.e., reclassified into profit or loss or transferred to another equity category). The fair value of the retained investment in the previous subsidiary on the date when control is lost is considered as the fair value in the initial recognition for its subsequent measurement, either as an investment made in a financial instrument or an investment made in a joint venture or in an associate.

2.3 Classification of assets and liabilities into current and non-current

An asset is classified as current asset when it is mainly held for negotiation purposes or it is expected to be realized over a term not exceeding one year, after the period being reported or it is cash and cash equivalents that is not subject to restrictions for exchange or use in the cancellation of a liability over a term not to exceed one year after the period being reported. All other assets are classified as non-current assets.

A liability is classified as current liability when it is mainly held for negotiation purposes or when it is expected to be settled over a term not exceeding one year after the period being reported, or when the Group does not have an unconditional right to postpone its settlement for at least one year after the period being reported. All other liabilities are classified as non-current liabilities.

All derivative instruments for which the hedging accounting does not apply are classified as current or non-current, or are divided into current and non-current portions, based upon assessment of facts and circumstances (i.e., the underlying contractual cash flows):

- When the Group keeps a derivative, for which the hedging accounting is not applied, during a term exceeding twelve (12) months as from the presentation date, the derivative is classified as non-current (or divided into current and non-current portions) for it to correspond with the classification of the underlying item.
- Derivative instruments that are designated as hedging instruments and that are effective, are classified coherently with the classification of the underlying hedged item. The derivative instrument is divided into a current portion and another non-current only if such allocation can be made in a reliable manner.

2.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and in the statement of cash flows include the money in cash and banks and the high-liquidity investments, easily convertible in a determined amount of cash and subject to a non-significant risk of changes in their value, with maturity of three months or less from their acquisition date. Callable bank overdrafts that are an integral part of the cash management of the Group, represent a cash and cash equivalents component in the statement of cash flows.

2.5 Business Combinations

Business combinations are recorded by the acquisition method. The acquisition cost is measured as the addition of the consideration transferred measured on the acquisition date at fair value and the amount of minority interest in the acquired entity. For each business combination, the Group decides whether the non-controlling interests in the acquired entity should be measured at their fair value or for the proportional part of the identifiable net assets of the acquired entity. All costs related to the acquisition are recognized as expenses when incurred and are included in administrative expenses.

Identifiable acquired assets and assumed liabilities are recognized at fair value on the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements shall be recognized and measured in conformity with IAS 12 Income taxes adopted in Colombia and IAS 19 Employee Benefits adopted in Colombia, respectively.
- Liabilities or equity instruments related to payment arrangement based on shares of the acquired entity or payment arrangement based on the Group's shares made as replacement of the arrangements with payment based on shares of the acquired entity are measured in conformity with IFRS 2 Share-based payment at the date of acquisition.
- The assets (or group of assets for disposal) that are classified as held for sale in conformity with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in conformity with such Standard.

When EPM Group acquires a business, the financial assets acquired and liabilities assumed for the classification and appropriate designation in conformity with contractual terms, the economic circumstances, and the pertinent conditions on the acquisition date are measured. This includes the separation of implicit derivatives in contracts hosted by the acquired entity.

The Group recognizes an intangible asset acquired in a business combination, regardless of goodwill, provided that such intangible asset meets the recognition criteria, is identifiable, or arises from contractual and legal rights; it measures the value of a reacquired right recognized as an intangible asset based on the remaining contractual term of the related contract, regardless of whether the market participants would consider potential contractual renewals to determine the fair value.

If a business combination is carried by stages, any prior participation is reevaluated as of their acquisition date at fair value and any resulting profit or loss is recognized. The accounting treatment of what is recorded in the Other comprehensive income (OCI), at the moment of the new purchase, i.e., the amounts resulting from the previous interest in the acquired entity as of the acquisition date that had been previously recognized in other comprehensive income, are reclassified into the profit or loss for the period, provided that such treatment were appropriate in case such interest were sold.

If the initial recording of a business combination is not finalized at the end of the presentation period of the financial statements when the combination takes place, the Group reports the provisional amounts of the items for which recording is incomplete. During the measurement period, the acquiring entity recognized adjustments to the provisional amounts or recognizes additional assets or liabilities necessary to reflect the new information obtained on facts and circumstances that existed on the acquisition date and, had been known, would have affected the measurement of the amounts recognized on that date.

The transferred consideration is measured at fair value, on the acquisition date, of the delivered assets, the incurred in or assumed liabilities and the equity instruments issued by the Group, including any contingent consideration, to gain control of the acquired entity.

Goodwill is measured as the excess of the consideration amount transferred, the value of any non-controlling interest, and whenever applicable, the fair value of any interest previously maintained in the acquired entity, over the net value of the assets acquired, liabilities and contingent liabilities assumed on the acquisition date. The resulting profit or loss on the measurement of the participation previously maintained is recognized in the profit or loss for the period or in the other comprehensive income. When the transferred consideration is lower than the fair value of the net assets of the acquired entity, the corresponding gain is recognized in the results for the period, on the acquisition date.

Any contingent consideration from a business combination is classified as asset, liability or equity and is recognized at fair value on the acquisition date and is included as part of the consideration transferred in a business combination. Changes to fair value after the measurement period of a contingent consideration, classified as financial asset or liability, are recognized in the profit or loss for the period, or in the case of concrete liabilities designated at fair value through changes in profit and loss, the amount of change in fair value that is attributable to changes in the credit risk of the liability are recognized in the other comprehensive income; it will not be remeasured when classified as equity and its subsequent settlement is recognized within equity. If the consideration does not classify as a financial liability it is measured in conformity with the applicable IFRS adopted in Colombia: an asset or liability is remeasured on its reporting date in conformity with IFRS 9 Financial instruments or IAS 37 Provisions, contingent liabilities and contingent assets whenever appropriate.

The accounting policy established to record changes at fair value of the contingent consideration during the measurement period is as follows: all changes at fair value of the contingent consideration that classify as measurement period adjustments, are retrospectively adjusted, with the corresponding adjustments against goodwill. The measurement period adjustments are adjustments that arise from the additional information obtained during the “measurement period” (which may not exceed one year as from the acquisition date) on facts and circumstances that existed on the acquisition date.

Goodwill acquired in a business combination is assigned, on the acquisition date, to the Cash Generating Units (CGU) of the Group expected to benefit from the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units. Goodwill that arises from a business acquisition is recorded at cost on the acquisition date less the accumulated impairment losses, if any.

For impairment assessment purposes, goodwill is assigned to each CGU (or groups of CGUs) of the Group that expects benefit from the synergies of that combination.

CGUs that are assigned the goodwill are subject to annual impairment assessments, or with higher frequencies if there is indication that the unit may have suffered impairments. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is assigned first in order to reduce the carrying amount of goodwill assigned to the unit and then to the other assets of the unit, proportionately, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is directly recognized in profits or losses. The impairment loss recognized for goodwill purposes cannot be reverted in the following period.

When goodwill is part of a CGU and a portion of the operation within that unit is sold, goodwill associated to the operation sold is included in the recorded value of the transaction when determining the gain or loss for the disposal of the operation. Derecognized goodwill is determined based on the sold portion of the operation, which is the ratio between the carrying value of the sold operation and the carrying value of the CGU.

If the initial recognition of a business combination is incomplete at the end of the accounting period when the combination takes place, the Group discloses the provisional values of the items with incomplete recording. These provisional values are adjusted during the measurement period and additional assets and liabilities are recognized, to reflect the new information obtained on facts and circumstances that existed on the date of acquisition that would have affected the values recognized on that date.

Business combinations under common control are recorded using the pooling-of-interest method as a reference. Under this method, assets and liabilities involved in the transaction are reflected at the same values used in the consolidation of the financial statements of the controlling entity of the companies under common control, any difference between the paid amount and the recorded value of the assets acquired and transferred liabilities is recognized as an equity transaction; revenue, costs and expenses of the combined companies (after Elimination of Inter-Segment Transactions) are combined from the beginning of the period in which the combination occurs until the date the combination of entities under common control takes place.

2.6 Investments in associates and joint ventures

An associate is an entity on which the Group has significant influence over the financial and operation policy decisions, without getting to have their control or joint control.

A joint venture is an arrangement in which the Group has joint control, under which the Group has rights over the net assets of the arrangement, rather than rights over its assets and obligations for its liabilities.

On the acquisition date, the surplus of the acquisition cost over the share of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed of the subsidiary is recognized as goodwill. Goodwill is included in the recorded value of the investment and is neither amortized nor individually subject to value impairment testing.

Investment in associates and joint ventures is measured in the consolidated financial statements by the Equity Method, except if the investment or a portion thereof is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. Through this accounting methodology, the investment is initially recorded at cost and is later adjusted in terms of the changes experienced, after acquisition, by the portion of the net assets of the entity that corresponds to the investor. The profit or loss for the period for the Group includes its participation in the profit for the period of the investee and the other comprehensive income includes its participation in the other comprehensive income of the investee. When there are variations in the percentage of ownership in the subsidiary that do not imply a loss of control, the effect of these changes is recognized directly in equity. When ownership of the Group in the loss of an associate or joint venture exceeds ownership of the Group thereon (which includes any long-term ownership that, in substance, forms part of the net investment of the Group in the associate or joint venture), the Group ceases to recognise its ownership in future losses. Additional losses are recognized provided that the Group has contracted some legal or implied obligation or has made payments in the name of the associate or joint venture. When the associate or joint venture subsequently makes a profit, the company resumes recognition of its ownership therein only after its share in the aforementioned profit equals the share of unrecognized losses.

Investments in associates and joint ventures are accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

All dividends received from the associate or joint venture are recognized as a reduction in the value of the investment when the right of the company to receive payment is established.

The Group periodically analyses the existence of impairment indicators and if necessary, recognizes losses for impairment in the investment of the associate or joint venture. Impairment losses are recognized through profit or loss for the period and are calculated as the difference between the recoverable value of the associate or joint venture, the latter being the higher between the value in use and its fair value less the necessary costs for its sale, and its recorded value.

When significant influence over the associate or the joint control over the joint venture is lost, the Group measures and recognizes any residual investment that may keep in it its fair value. The difference between the recorded value of the associate or joint venture and the fair value of the retained residual investment, with the value resulting from its sale, is recognized in the profit or loss for the period.

The Group discontinues the use of the Equity Method from the date on which the investment ceases to be an associate or joint venture, or the date on which the investment is classified as held for sale. Additionally, the Group records all amounts previously recognized in other comprehensive income with relation to that associate or joint venture on the same basis that would have been required if said associate or joint venture had directly sold the financial assets or liabilities. Therefore, if a profit or loss previously recognized in other comprehensive income by the associate or joint venture had been reclassified into profits or losses at the moment of the sale of the related assets or liabilities, the Group would reclassify the profit or loss from equity into profits or losses (as a reclassification adjustment) upon discontinuation of the usage of the Equity Method.

2.7 Joint operations

Is a joint arrangement whereby the parties that have joint control of the arrangement have the right to the assets and obligations related to the liabilities, related to the arrangement.

In joint operations the Group recognizes its share as follows: its assets, including its share in the assets jointly held; its liabilities, including its share in the liabilities jointly incurred in; its income from the sale of its share in the product that arises from the joint operation; its share in income from the sale of the product that is made by the joint operation; and its expenses, including it share in the jointly incurred in expenses. The Group records the assets, liabilities, income, and expenses related to its ownership in a joint operation according to the guidelines applicable in particular to the assets, liabilities, income and expenses.

2.8 Functional and foreign Currency

The financial statements of the Group are presented in Colombian pesos, the functional and presentation currency of the holding.

Transactions in foreign currency are initially recorded at the exchange rates of the functional currency in force and effect on the transaction date. Subsequently, the foreign-currency denominated monetary assets and liabilities are translated using the exchange rate of the functional currency, in force and effect as at the period’s closing date, non-monetary items that are measured at their fair value are translated using the exchange rates as of the date when their fair value is determined and the non-monetary items that are measured at historic cost are translated using the exchange rates in force and effect on the date of the original transactions.

All exchange differences are recognized in profit or loss, except for amendments arising from capitalizable interest costs and those arising from loans in foreign currency to the extent that they are considered as adjustments to interest costs.

For the presentation of the consolidated financial statements of the Group, the assets and liabilities of the businesses overseas, including goodwill and any adjustment to the fair value of the assets and liabilities that arose from the acquisition, are translated into Colombian pesos using the exchange rate in force and effect as of the closing date of the period being reported. Income, costs and expenses and cash flows are translated using the average exchange rates of the period.

Foreign exchange differences that arise from the conversion of businesses overseas are recognized in other comprehensive income, as well as the exchange differences of the long-term receivables or payables that are part of the net investment made abroad. In the disposition of foreign business, the item of other comprehensive income that relates to the foreign business is recognized through profit or loss for the period.

Adjustments corresponding to goodwill and fair value over identifiable assets acquired and liabilities assumed that are generated in the acquisition of a foreign business are considered as assets and liabilities of such transaction and are translated using the Exchange rate in force and effect at the end of each period being reported. Any foreign exchange difference that may arise shall be recognized in other comprehensive income.

Additionally, regarding the partial disposition of a subsidiary (which includes a business overseas), the entity will again attribute the proportional part of the accumulated amount of the exchange differences to the non-controlling interests, and they are not recognized in profit or loss. In any other partial disposition (i.e., partial disposition of associates of joint agreements that do not involve the loss of significant influence and joint control by the Group), the entity shall reclassify into profit or loss only the proportional part of the accumulated amount for foreign exchange differences.

2.9 Revenue

Revenue basically corresponds to the result of the Group’s main activity, which is the rendering of public home utilities of electric power, natural gas, water supply and sewage, and is recognized when the service is rendered or at the time of the delivery of the goods, to the extent that the Group’s performance obligations are met. When the service has been provided and not invoiced, revenue is recognized as an estimate. Revenue is measured at the value of the consideration received or receivable, excluding taxes and other obligations. Discounts, compensations for quality of service and financial components granted are recorded as adjustments to revenue. The financing component is only recognized if the contract with customers has a duration longer than one year.

The most representative revenue from the electric power business in Colombia are the following:

Reliability charge: remuneration paid to a generating agent for the availability of generation assets with the declared characteristics and parameters for the calculation of the steady power for reliability charge (ENFICC, for its Spanish initials), which guarantees compliance with the Steady Power Obligation (OEF, for its Spanish initials) assigned in auction for the assignment of steady power obligations or the mechanism replacing it.

Long-term contracts: a contract for the sale of electric energy between traders and generators which is settled in the energy exchange market, under this modality of energy contract generators and traders freely agree on quantities and prices for the purchase and sale of electric energy for periods longer than one day. For long-term power purchase contracts, with price lower than that of the market and whose intention is not to use the energy purchased in the operation but to resell it in a market to obtain profit, it is considered that it does not comply with the Exception for own use.

Secondary market of steady power or secondary market: A bilateral market in which generators negotiate among themselves a back- up contract to ensure, for a given period, partial or total compliance with the steady power obligations acquired by one of them.

Non-regulated market energy sales: Is the electric energy sold in the market to customers whose maximum demand exceeds a value in MW (megawatts) or a monthly minimum energy consumption in MWh (megawatt-hour), defined by the regulatory body, by legalized installation, from which it does not use public networks of electric energy transport and uses it in the same property or in contiguous estates. Such electricity purchases are made at freely agreed prices between buyer and seller.

Regulated market energy sales: Is the electric energy sold to customers whose monthly consumption is less than a predetermined value and is not entitled to negotiate the price paid for it, since both concepts are regulated; usually uses power for its own consumption or as an input for its manufacturing processes and not to undertake marketing activities with it.

Automatic generation regulation (AGC): is a system for the control of the secondary regulation, used to accompany the variations of load through electricity generation, to control the frequency within a range of operation and the programmed exchanges. The AGC can be programmed in centralized, decentralized or hierarchical mode.

Steady Power (or Firm Energy): is the incremental contribution of a company's generation plants to the interconnected system, which is carried out with a 95% reliability and is calculated based on a methodology approved by the commission and the operational planning models used in the national interconnected system.

Natural gas revenue comes from the distribution and sale of natural gas to the regulated and non-regulated markets.

In the water business, revenue comes from the provision of water and sewage utilities.

Each other countries where the Group renders services, including energy, have their own regulation, which is described for each country in Legal and regulatory framework of note 1.

At the time of income recognition, the Group assesses, based on specific criteria, whether it acts as a principal or as a commission agent and thus determines whether gross or net income must be recognized for marketing activities.

2.10 Contracts with Customers

When contract results can be reliably measured, the Group recognizes revenue and expenses associated to contracts with customers, measuring the advance level in the fulfilment of the performance requirements using the resource method, as a function of the ratio represented by the costs earned by the work conducted to that date and the estimated total costs up to its completion.

The incurred cost includes the costs, including borrowing costs directly related to the contract, until the work has been completed. Administrative costs are recognized through profit or loss for the period.

Incremental costs incurred by the Group to obtain or fulfill contracts with customers are recognized as an asset in the statement of financial position within the Other assets item and are amortized on a linear basis over the life of the contract, provided that the term of the contract is greater than one year. Otherwise, the Group recognizes it directly in the profit or loss for the period.

Payments received from customers before the corresponding work has been performed, are recognized as a liability in the Statement of financial position as other liabilities.

The difference between revenue recognized in the statement of income for the period and the billing is presented as asset in the statement of financial position named Trade and other receivables, or as liability named Other liabilities.

For the initial recognition of a receivable from a contract with a customer, the difference between the measurement of the receivable and the value of the corresponding revenue is presented as an expense in the statement of comprehensive income called Impairment of receivables.

2.11 Written premiums and acquisition cost

Written premiums comprise the total premiums receivable for the period of coverage. Income from written premiums is recognized proportionally, throughout the duration of the coverage; income from these premiums is reduced by cancellations and nullifications; for cancellations, it corresponds to the amount of the premium accrued up to the time of cancellation due to expiration of the payment deadline.

Income from premiums accepted in reinsurance is incurred at the time of receiving the corresponding account statements of the reinsurers.

Unearned premiums are calculated separately for each individual policy to cover the remaining part of the written premiums.

2.12 Deferred reinsurance commission Income

In the Group, deferred commissions are recorded from undertaking its reinsurance activity, where income collected from commissions is deferred to the reinsurers by the premium cessions made each month. The reinsurer pays the transferor a commission on the premiums it receives in order to offset the costs of capturing the business and maintaining the portfolio, the value of the commission is established as a percentage of the premium and will depend on the negotiation made.

2.13 Reinsurance

The Group considers reinsurance as a contractual relationship between an insurance company and a reinsurance company (reinsurer), in which the insurance company relinquishes, totally or partially, to the reinsurer, the risks assumed with its insureds.

Premiums corresponding to the ceded reinsurance are recorded according to the conditions of the reinsurance contracts and under the same criteria of the direct insurance contracts.

All receivables and payables generated in the relationship with the reinsurer are managed independently and are not subject to compensation.

2.14 Government grants

Government grants are recognized at fair value when there is reasonable certainty of the grants being collected and that all the conditions laid down shall be met. Grants that pretend to offset costs and expenses already incurred in, without subsequent related costs, are recognized through profit or loss for the period in which they become enforceable. When the grants relate to an asset, it is recorded as deferred income and is recognized through profit or loss for the period on a systematic basis throughout the estimated lifespan of the corresponding asset. The benefit of a government loan at an interest rate below market is treated as a government grant, measured as the difference between the amounts received and the fair value of the loan based upon the market interest rate.

2.15 Taxes

The fiscal structure of each country where the Group companies are located, the regulatory frameworks and the plurality of operations that the companies undertake make each enterprise a taxable entity, i.e. a payer of taxes, rates and contributions on a national and territorial basis. These are liabilities generated from the central government, the states/departments, municipal entities and other active subjects, once the conditions foreseen in the corresponding acts and laws issued are met.

Amongst the most relevant taxes the income tax and the value-added tax are detailed:

Income Tax

- **Current:** current income tax assets and liabilities for the period are measured by the amounts that are expected to be recovered or paid to the fiscal authorities. The income tax expense is recognized through current tax according to the cleaning made between the fiscal income and the recorded profit or loss affected by the income tax rate of the current year and pursuant to the provisions of the tax rules of the country. Tax rates and rules used for computing those values are those enacted or substantially approved at the end of the period being reported, in the countries where the Group operates and generates taxable profits.

Tax income differs from profit for the period as income and expense items imposable or deductible in other years, and items that shall not be taxable or deductible in the future.

Current Income tax assets and liabilities are also offset if they relate to the same tax authority and if there is the intention to settle them for the net value or to realize the asset and settle the liability simultaneously.

– **Deferred:** deferred income tax is recognized using the balance sheet method calculated on the temporary differences between the fiscal bases of the assets and liabilities and their recorded values. Deferred tax liabilities are generally recognized for all imposable temporary differences, while deferred tax assets are recognized for all deductible temporary differences and for the future offsetting of fiscal credits and unused fiscal losses to the extent that it is probable the availability of future tax gains against which they can be realized. Deferred taxes are not discounted.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the moment of the transaction, did not affected neither the book gain nor the tax income or loss; and for deferred tax liabilities, whenever it arises from the initial recognition of goodwill.

Deferred tax liabilities related to investments in subsidiaries, associates and participation in joint ventures, are not recognized when the revision opportunity of temporary differences can be controlled, and it is probable that said differences will not be reversed in the near future. Deferred tax assets related to investments in subsidiaries, associates and participation in joint ventures, shall be recognized only if a reversal in temporary differences for the near future is probable, and that availability of future taxable profit against which those deductible differences will be imputed is also probable.

The recorded value of deferred tax assets is reviewed in each presentation date and is reduced to the extent that enough taxable profits are available for use as a whole or in part of the deferred tax asset is no longer probable. Deferred tax assets that are not recognized are reassessed on each presentation date and are recognized to the extent that it is probable that future taxable gains profits allow their recovery.

Deferred tax assets and liabilities are measured at the fiscal rates expected to be applied in the period when the asset is realized, or the liability is settled, based on tax rates and rules that were approved on the presentation date, or which approval procedure is close to completion for such date. Measurement of deferred tax assets and liabilities will reflect the tax consequences to be derived from the way in which the entity expects, at the end of the period being reported, to recover or settle the recorded value of its assets and liabilities.

Deferred tax assets and liabilities must be presented as non-current.

Deferred tax assets and liabilities are offset if there is a legally enforceable right for it and if they are related to the same tax authority.

Deferred tax is recognized through profit or loss for the period, except that related to items recognized outside profit or loss; in the latter case it will be presented in the other comprehensive income or directly in equity.

With the purpose of measuring deferred tax assets and liabilities for investment properties measured using the fair value model, the recorded value of those properties is presumed to be fully recovered through their sale, unless that presumption is challenged. The presumption is challenged when the investment property is depreciable and is kept within a business model which object is to consume, substantially, all the economic benefits that are generated by the investment property through time, and not through sale. Management reviewed the Group’s investment property portfolio and concluded that none of the Group’s investment properties is kept under a business model which objective is to consume, substantially, all economic benefits generated by investment properties over time rather than through the sale. Therefore, management have determined that the presumption of “sale” established in the modifications to IAS 12 Income tax, is applicable.

Whenever current tax or deferred tax arises from the initial recording of business combination, the tax effect is considered within the recording of the business combination.

Value-Added Tax - VAT

The companies of the Group located in Colombia, which sell tangible movable goods and some real estate; sell or transfer rights on intangibles associated with industrial property; provide services in Colombia or from abroad; import goods; operate gambling services or sell tickets to gambling games, are responsible for the common regime of this tax. The tax generated is recognized as a value to be paid to the tax administration, from which the tax paid on the purchase or acquisition of inputs is discounted; but when the company generates both income excluded from VAT and income that is exempt and taxed, it must make an apportionment of the tax paid to determine what percentage of this is to be discounted.

In Colombia the provision of energy, water, sewage and domestic natural gas utilities are excluded from this tax; therefore, the VAT paid on purchases is part of the cost. Additionally, electrical energy is an excluded good. The general rate for this tax in Colombia is 19% and exists a differential rate of 5% and some goods and services exempt (0%).

In Panama the Tax on the Transfer of Material Goods and Services (ITBMS, for its Spanish initials), is generated by the transfer of movable tangible goods and the rendering of services, the leasing of movable property located in the country and the importation of merchandise from abroad. The general rate of the tax is 7%, but there are also rates of 10% and 15%.

In Guatemala, the sale of personal property, the rendering of services, imports, leasing of personal and real estate property, dation in payment of personal and real estate property, self-consumption of goods and other operations with real estate property, such as the first sale of those, generate Value Added Tax. The general rate is 12%; but it is reduced to 5% in the sales of small taxpayers, there are exempt goods with 0% rate and in the sale of used vehicles a fixed amount is charged. The tax period is monthly, and its effect is translational to the final consumer.

The value added tax in El Salvador has a general rate of 13% and there are exempted goods (0% rate); the tax is levied on the transfer of tangible personal property and the provision of services; the import of services; the import and export of tangible personal property; and the self-consumption of inventories or the transfer of tangible property for promotional purposes. However, the transfer of fixed assets that have been used for four years or more is not subject to the tax.

In Mexico, the Value Added Tax is caused in its territory by acts or activities such as sale of goods, provision of independent services, temporary use or enjoyment of goods and import of goods and services. The general rate is 16%; however, there are acts that are taxed at 0%, exempt and not subject to the tax.

Value added tax (VAT) in Chile is levied on sales and other transfer operations of tangible personal property and real estate, except land; on the rendering of services, provided or used in the country; on the import of goods; on withdrawals of inventory, contributions in kind and leasing of personal property; and on the recurrent or habitual sale of real estate, but land is exempt, so that it must be subtracted from the taxable base for VAT purposes. The general tax rate is 19%.

2.16 Assets classified as held for sale and discontinued operations

Non-current assets and groups of assets for disposition are classified as held for sale if their recorded value will be recovered through a sale transaction rather than through continuing use. These assets or groups of assets are presented separately as current assets and liabilities in the statement of financial position at the lower between the recorded value or the fair value less selling costs and are not depreciated or amortized from the date of classification.

This condition is met if the asset or group of assets is available, in its current condition, for immediate sale, the sale transaction is highly probable and is expected to be completed within one year from the date of classification.

When the Group is committed to a plan of sale that involves the sale of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment to be sold is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or joint venture that is not classified as held for sale continues to be accounted using the equity method. The Group discontinues the use of the equity method at the time of sale when the sale results in the Group losing significant influence over the associate or joint Venture.

After the sale is made, the Group accounts for any retained interest in the associate or joint venture in accordance with IFRS 9 Financial Instruments, unless the retained interest is still an associate or joint venture, in which case the Group uses the equity method.

Income, costs and expenses from a discontinued operation are presented separately from those from continuing operations, in a single item after income tax, in the consolidated statement of comprehensive income for the current period and the comparative period of the previous year, even when the Group retains a non-controlling interest in the company that was once a subsidiary after the sale.

2.17 Property, plant and equipment

Property, plant and equipment are measured at cost, net of accrued depreciation and accrued impairment losses, if any. The cost includes the acquisition price; the costs directly related to putting the asset at the necessary place and conditions to operate in the way foreseen by the Group, borrowing costs for projects under construction that take a substantial period to complete, if the recognition requirements are met, and the present value of the expected cost of decommissioning the asset after use, if the recognition criteria for a provision are met.

Constructions in progress are measured at cost less any impairment loss recognized and includes indispensable expenditure directly related to the construction of the asset, such as professional fees, work supervision, civil works and, in the case of those assets qualified, the borrowing costs are capitalized. Said constructions in progress are classified in the proper categories of property, plant and equipment at the time of their completion and when they are ready to use. The depreciation of these assets starts when they are ready to use in accordance with the same basis as in the case of other elements of property, plant and equipment.

The Group capitalizes as greater value of the assets, additions or improvements made thereof, provided that any of the following conditions is met: a) They increase their lifespan, b) They increase their productive capacity and operating efficiency thereof and c) They reduce costs to the Group. All other repair and maintenance costs are recognized through the statement of comprehensive income as incurred.

Inventory of spare parts for specific projects, which are expected to have no turnover in one year and meet the criteria to be capitalized, known as replacement assets, are presented in the other property, plant and equipment. They depreciate considering the permanence time in the storage and the technical lifespan of the asset once its use begins.

Depreciation begins when the asset is available for use and is calculated in a straight-line basis throughout the estimated lifespan of the asset as follows:

Plants, pipelines and tunnels				
Civil works	50	to	100	years
Equipment	10	to	100	years
Networks, lines and cables				
Electric transmission network	30	to	40	years
Electric distribution network	30	to	40	years
Aqueduct network	40	to	80	years
Wastewater network	30	to	80	years
Gas network	60	to	80	years
Buildings	50	to	100	years
Communication and computer equipment	5	to	40	years
Machinery and equipment	7	to	40	years
Furniture, fixtures and office equipment	10	to	15	years
Land(1)	10	to	20	years

(1) Corresponds to the affiliate Emvarias that depreciates the land on which it performs the final disposal activity due to the detriment it suffers with the disposal of solid waste, environmental degradation and period of recovery that goes beyond 20 years.

Lifespans are determined considering, among others, the manufacturer's technical specifications, the knowledge of the technicians that operate and maintain the assets, the geographic location and the conditions to which it is exposed.

The Group calculates the depreciation by components, which implies depreciating individually the parts of the asset that should have different lifespans. The depreciation method used is the straight-line; the residual value calculated for the assets is not part of the depreciable amount.

A component of property, plant and equipment and any significant part initially recognized, is derecognized once disposed of or when it is not expected to obtain future economic benefits from its use or disposition. Profit or loss at the moment of derecognizing the asset, calculated as the difference between the net value of the disposition and the recorded value of the asset, is included in the statement of comprehensive income.

Assets temporarily classified as idle or out-of-service continue to depreciate and are tested for impairment within the CGU to which they are assigned.

Depreciation methods, useful lives and residual values, are reviewed at each reporting date and adjusted if appropriate.

2.18 Leases

The Group initially applied IFRS 16 Leases from January 1, 2019 (see Note 2.32 Changes in accounting policies). According to that standard, the determination of whether an arrangement constitutes or contains a lease is based upon the essence of the arrangement at its initial date, if compliance with the agreement depends upon the use of a specific asset and if it transfers the right-of-use of said asset for a timespan in exchange for a consideration.

At the initial date of the lease contract, the Group acting as lessee recognizes an asset for right-of-use and a lease liability, except for leases with a duration of less than 12 months or those which value at new of the underlying asset is less than 15 (fifteen) Current Monthly Minimum Legal Wage (SMMLV).

The Group acting as lessor classifies the lease as operating or finance. A lease is classified as a finance lease when the risks and rewards incidental to ownership of the leased asset are substantially transferred to the lessee; otherwise, it is classified as an operating lease.

Until December 31, 2018, in accordance with IAS 17, the Group acting as lessee classified the leases as operating or financial. A lease is classified as a financial lease when the risks and benefits inherent to the ownership of the leased asset are substantially transferred to the lessee, otherwise it is classified as an operating lease.

EPM Grupo as a lessee

Right-of-use assets are recognized and presented as assets in the statement of financial position at the beginning of the lease, at cost. The corresponding liability is included in the statement of financial position as a lease liability.

Right-of-use assets are amortized over the lifespan of the asset using the straight-line method, if ownership of the underlying asset is transferred at the end of the contract or if a purchase option is exercised. If ownership of the underlying asset is not transferred at the end of the lease term or if no purchase option on the asset is exercised, the asset is depreciated only up to the end of its lifespan or the lease term, whichever comes first.

Lease payments are divided between financial expenses and debt amortization. Finance charges are recognized through profit or loss for the period unless directly attributable to qualifying assets, in which case they are capitalized according to the Group's policy for borrowing costs. Variable lease payments, which depend on an index or rate, are included in the valuation of the lease liability. Leases with a duration of less than 12 months or those whose value at new of the underlying asset is less than 15 (fifteen) SMMLV are recognized as operating leases in the profit or loss for the period over the term of the lease.

EPM Group as a Lessor

Assets leased under finance leases are not presented as property, plant and equipment since the risks associated with the property have been transferred to the lessee, instead a receivable is recognized for an amount equal to the net investment in the lease.

When a lease contract includes land and building components together, the Group assesses the classification of each component separately as a finance or operating lease. If the lease payments cannot be allocated reliably between these two components, the entire lease is classified as a finance lease, unless it is clear that both components are operating leases, in which case the entire lease is classified as operating lease.

Income from variable leases, dependent on an index or rate, are included in the valuation of the net investment at lease.

Initial direct costs such as commissions, fees, legal, and internal costs that are incremental and directly attributable to negotiating and arranging the lease are included in the measurement of the net investment in the lease at inception and are reflected in the calculation of the implicit interest rate.

2.19 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial time to be prepared for their destined use or sale, are capitalized as part of the cost of the respective asset until the asset is ready for their intended use. Income from the temporary investment in specific loans pending to be consumed in qualified assets is deducted from the borrowing costs that qualify for their capitalization. All other borrowing costs are recorded as expenses in the period when incurred. Borrowing costs consists of interest and other costs incurred in by the Group regarding to the loan of funds. To the extent that the funds derive from generic loans and are used to obtain a qualified asset, the value of the costs susceptible of capitalization is determined by applying a capitalization rate (weighted average cost of loans applicable to general loans outstanding during the period) to expenditure made in that asset.

Capitalization of borrowing costs begins on the date when the following conditions are met:

- Expenditure made in relation to the asset.
- Borrowing costs are incurred, and
- Necessary activities to prepare the asset for the intended use or for sale are performed.

Capitalization of borrowing costs is suspended during periods in which the development of activities of a qualifying asset for periods of more than one year is interrupted. However, the capitalization of borrowing costs over a period is not interrupted if relevant technical or administrative actions are being undertaken. Neither is capitalization of borrowing costs suspended when a temporary delay is required as part of the process of preparing an asset qualified for its use or sale.

Capitalization of borrowing costs is terminated when all activities necessary to prepare the asset for its use or sale have been substantially completed. When the asset has components that can be used separately while construction continues, the capitalization of borrowing costs on such components is stopped.

2.20 Investment property

Investment property, are lands or buildings or part of a building or both, held to obtain rentals or capital revaluations (including the investment property under construction for said purposes). Investment properties are initially measured at cost, including transaction costs. The recorded value includes the replacement or substitution cost of one part of an existing investment property at the moment when the cost is incurred in, if all criteria for recognition are met and they exclude the daily maintenance costs of the investment property.

After initial recognition, investment properties are measured at fair value reflected by market conditions on the presentation date. All profit or loss arising from changes in the fair values of the investment properties are included in the statement of comprehensive income in profit or loss when they arise.

Investment properties are derecognized, either at the moment of disposition, or when they are retired from use on a permanent basis, and no future economic benefit is expected. The difference between the net value of disposition and the recorded value of the asset is recognized in the statement of comprehensive income in profit or loss in the period when it was derecognized.

Transfers to or from investment property are conducted only when there is a change in their use. In the case of a transfer from an investment property to property, plant and equipment, the cost considered for its subsequent posting is the fair value on the date of use change. If a property, plant and equipment become an investment property, it shall be recorded at its fair value, the difference between the fair value and the recorded value shall be recorded as revaluation surplus applying the IAS 16 Property, plant and equipment.

2.21 Intangible Assets

Intangible assets acquired separately are measured initially at their cost. The cost of the intangible assets acquired in business combinations is their fair value at the acquisition date. After their initial recognition, intangible assets are recorded at cost less any accumulated amortization and any accumulated loss for impairment. Intangible assets generated internally are capitalized provided that they meet the criteria for their recognition as asset and the generation of the asset must be classified as: research phase and development phase; if it is not possible to distinguish the research phase from the development phase, expenditure must be reflected in the statement of comprehensive income in the period in which they incurred.

Lifespans of intangible assets are determined as finite or indefinite. Intangibles assets with finite lifespans are amortized throughout their economic lifespan in a straight-line and assessed to determine if they presented any impairment, whenever there are indications that the intangible asset may have suffered such impairment. The amortization period and the amortization method for an intangible asset with a finite lifespan are reviewed at least at the end of each year. Changes in the expected lifespan or in the expected pattern of consumption of the future economic benefits of the asset are recorded if the amortization period or method changes, as applicable, and are treated as changes in accounting estimates. The amortization expense of intangible assets with finite lifespans is recognized through profit or loss in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangibles assets with indefinite lifespans are not amortized, but they are subject to annual tests to determine whether they suffer any impairment, either individually or at the cash-generating unit level (CGU). Assessment of the indefinite lifespan is revised on an annual basis to determine whether such indefinite lifespan continues to be valid. If that is not the case, the change of lifespan from indefinite to finite is made prospectively.

Lifespans of intangible assets are:

Concessions and similar rights	As contract effective term
Easements	Indefinite
Capitalized development expenses	Indefinite
Software and IT applications	Indefinite/ finite 3 to 5 years
Licenses	Indefinite/ finite 3 to 5 years
Rights	As contract effective term
Other intangible assets	Indefinite/ finite 7 to 15 years

An intangible asset is derecognized upon disposition, or whenever future economic benefits are not expected from their use or disposition. Arising profits or losses are measured as the difference between the value obtained in the disposition and the recorded value of the asset, and it is recognized through profit or loss in the statement of comprehensive income.

Research and development costs

Research costs are recorded as expenses as incurred. Development outlays in an individual project are recognized as intangible assets whenever the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it is available for use or sale.
- Its intention of completing the asset and its capacity to use or sell the asset.
- How the asset will generate future economic benefits, considering, among others, the existence of a market for production that generates an intangible asset for the asset itself, or the profit of the asset for the entity.
- The availability of technical and financial resources to complete the asset and to use and sell it.
- The capacity of reliably measuring the expenditure during development.

In the statement of financial position, the development expenditure asset is recognized from the moment the element meets the aforementioned conditions for its recognition, and its cost less accrued amortization and the value impairment accrued losses are recorded.

When the development of an intangible asset related to an electricity generation project begins, costs are accumulated as constructions in progress.

Amortization of the asset starts when the development has been completed and the asset is available for use. It is depreciated throughout the period of the expected future economic benefit. During the development period the asset is subject to annual tests to determine whether it has experienced impairment of its value.

Research costs and development costs that do not qualify to capitalization are recorded as expenses through profit or loss in the statement of comprehensive income.

Goodwill

Goodwill represents the difference between the cost of a business combination and the fair value at the moment of acquisition of the assets acquired, liabilities assumed, and contingent liabilities of the acquired party.

Goodwill is not amortized, it is measured at cost less any value impairment accrued loss and is subject to annual impairment testing, or more frequently when impairment indicators exist. Impairment losses are recognized in profit or loss in the statement of comprehensive income.

For the Cash Generating Units (CGU), which have been assigned goodwill, impairment is assessed annually, which implies the calculation of the value at use of the CGUs to which it is assigned. The value at use requires determining the future cash flows that must arise from the CGUs and an appropriate discount rate to calculate the current value. When the actual future cash flows are less than expected, an impairment loss may arise.

2.22 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and simultaneously to a financial liability or equity instrument in another entity.

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party according to the contractual conditions of the instrument.

2.22.1 Financial Assets

The Group recognizes its financial assets at fair value at the outset. Transaction costs directly attributable to the financial asset are added to or deducted from its fair value if subsequently measured at amortized cost or fair value through other comprehensive income or are recognized immediately in the statement of comprehensive income if the assets are measured at fair value through profit or loss.

For subsequent measurement, financial assets are classified at amortized cost or fair value (through other comprehensive income or through profit and loss) depending on the Group's business model for managing the financial assets and the characteristics of the instrument's contractual cash flows.

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

  Financial assets at fair value through profit or loss are assets whose contractual cash flows are highly liquid. The Group classifies a financial asset in this category if it is acquired mainly for the purpose of being sold in the short term.

  This includes investments made to optimize surplus liquidity, i.e. all those resources that are not immediately allocated to the development of the activities that constitute the company's corporate purpose. The investment of surplus liquidity is made under the criteria of transparency, security, liquidity and profitability, under the guidelines of adequate control and under market conditions without speculative purposes (EPM General Management Decree 2015-DECGGL-2059 of February 6, 2015). Profit or losses arising from changes in fair value are included in the statement of comprehensive income under the heading of financial income or expense, in the period in which the aforementioned changes in fair value occur.

Dividend income is recognized when the Group's right to receive payment is established.

At the same time, the Group can irrevocably allocate a financial asset as measured at fair value through profit or loss.

- **Financial assets at fair value through other comprehensive income**

  Debt instruments are classified as assets measured at fair value through other comprehensive income if they are held under a business model whose objective is achieved by obtaining the contractual cash flows and selling the instruments and the instrument also provides, on specific dates, cash flows that correspond solely to payments of principal and interest on the outstanding principal value.

  Changes in the fair value of the investment are recorded in other comprehensive income, except for impairment losses or recoveries, interest income and foreign exchange gains and losses which are recognized in profit or loss for the period.

  The Group has made an irrevocable decision to present subsequent changes in the fair value of certain investments in equity instruments that are not held for trading in other comprehensive income. Dividends from such investments are recognized in profit or loss when the right to receive payment is established.

  On disposition of equity investments at fair value through other comprehensive income, the accumulated value of gains or losses is transferred directly to retained earnings and is not reclassified to profit or loss for the period.

- **Financial assets at amortized cost**

  A financial asset is subsequently measured at amortized cost using the effective interest rate[2] if the asset is held within a business model whose objective is to maintain it in order to obtain the contractual cash flows and contractual terms of the asset that provide, on specific dates, cash flows that are solely payments of principal and interest on the outstanding principal value.

Impairment of financial instruments

At each reporting date, the Group recognizes a correction in value for expected credit losses on financial assets measured at amortized cost or at fair value through changes in Other comprehensive income, including receivables from leases, contract assets or loan commitments and financial guarantee contracts to which the impairment requirements are applied over the lifespan of the asset.

Expected credit loss is estimated considering the probability that an impairment loss by uncollectability may or may not occur and is recognized as profit or loss in profit or loss in the Statement of comprehensive income, reducing the value of the financial asset. The Group assesses the credit risk of accounts receivable on a monthly basis at the time of presenting the reports in order to determine the value correction for expected credit loss on financial assets.

The Group assesses on a collective basis the expected losses for financial assets that are not individually relevant. When the collective assessment of expected losses is performed, receivables are gathered by

[2] The effective interest rate method is a method of calculating the amortized cost of a financial asset and allocating income over the relevant period. The effective interest rate is the rate that exactly discounts future cash flows from a financial asset (including all fees, commissions and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums and discounts) over the expected life of the instrument, or if appropriate, a shorter period, to its carrying amount at initial recognition.

similar credit risk characteristics, allowing identification of repayment capacity of the debtor, in accordance with the contractual terms of receivables.

The Group determines that a customer's credit risk increases significantly when there is any default event in the financial agreements by the counterpart, or when information, be it internal or obtained from external sources indicates that debtor's payment unlikely, without considering held securities.

Default in agreements is generally measured according to the service contracts and rules for each subsidiary own country, however, there are agreements or individual contracts that indicate default immediately when a payment or obligation is not met.

The Group determines that a financial asset is impaired when there is a breach of financial covenants by the counterparty, or when information, be it internal or obtained from external sources, indicates payment by the debtor is unlikely, without considering held guarantees.

Credit risk is affected when there are changes in financial assets, the Group's policy to reassess the recognition of credit losses is: whenever the counterparty defaults in a financial agreement; or the information developed internally or obtained from external sources indicates that it is unlikely that the debtor will pay its creditors, in full, without considering held guarantees. The Group derecognizes the financial asset when there is information indicating that the counterparty is in severe financial difficulties and there are no realistic prospects of recovery, for example, when the counterparty has been put into liquidation or has initiated bankruptcy proceedings or, in the case of receivables, when the amounts exceed two years past due, whichever occurs first.

Impaired financial assets may still be subject to collection execution activities under the recovery procedures of the Group, considering judicial collection when appropriate. Recoveries performed are recognized through profit for the period.

Derecognition of Financial Assets

A financial asset or part of it, is derecognized from the statement of financial position whenever it is sold, transferred, expires or the Group losses control on the contractual rights or on the cash flows of the instrument.

The Group derecognizes a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, when the counterparty has been put into liquidation or has initiated bankruptcy proceedings or, in the case of receivables, when the amounts exceed two years past due, whichever is earlier.

If the Group does not transfer nor substantially retains all risks and advantages inherent to that property and continues to retain control of the transferred asset, the Group will recognize its share in the asset and the obligation associated for the amounts that it would have to pay. If the Group substantially retains all risks and advantages inherent to the ownership of a transferred financial asset, the Group will continue to recognize the financial asset and will also recognize a loan guaranteed as a collateral for the received income.

In the total derecognition of a financial asset measured at fair value through changes in profit or loss, the difference between the recorded value of the assets and the sum of the consideration received and to be received, is recognized through profit or loss in the Statement of comprehensive income. In case of financial assets measured at fair value with change in Other comprehensive income, the difference between the recorded value of the asset and the sum of the consideration received and to be received is recognized through profit or loss in the Statement of comprehensive income and the profit or loss that would have been recognized in the Other comprehensive income will be reclassified to accumulated income.

Refinancing of loans

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in derecognition of that financial asset in accordance with IFRS 9 adopted in Colombia, the Group recalculates the gross recorded value of the financial asset and recognizes a profit or loss due to modification in the profit or loss for the period. The gross recorded value of the financial asset is recalculated as the present value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial asset (or effective interest rate adjusted for credit quality for financial assets with credit deterioration purchased or originated) or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the recorded value of the modified financial asset and is depreciated over the remaining term of the latter.

2.22.2 Financial liabilities

The Group recognizes financial liabilities at their fair value at the outset. Transaction costs directly attributable to the acquisition or obtainment of the financial liability are deducted from its fair value if they are subsequently measured at amortized cost or are recognized through profit or loss if the liabilities are measured at fair value. Subsequently, financial liabilities are measured as follows:

- **Financial liabilities at fair value through profit or loss**, include liabilities held for trading, financial liabilities designated at fair value at the outset through profit or loss, and derivatives. Profit or loss on liabilities held for trading are recognized through profit or loss. At the outset, the Group allocated financial liabilities as at fair value through profit and loss.
- **Financial liabilities at amortized cost**, are measured using the effective interest rate. Profits and losses are recognized through profit and loss for the period.

Compound instruments

Financial instruments that contain both a liability and an equity component (compound financial instruments) are separately recognized and accounted for. Therefore, for the outset measurement the liability component is determined by the fair value of the future cash flows and the residual value is assigned to the equity component.

For subsequent measurement, the liability component is measured at amortized cost including the effect of depreciation costs, interests and dividends. The equity component retains the measurement of the initial recognition.

Financial guarantee contracts

The financial guarantee contracts issued by the Group are those contracts that require the making of a specific payment to reimburse the holder for the loss incurred when a specified debtor defaults their payment obligation, according to the conditions of a debt instrument. Financial guarantee contracts are initially recognized as a liability at fair value, adjusted by the transaction costs that are directly ascribable to the issuance of the guarantee. Subsequently, the liability is measured at: (i) the amount of the adjustment in value for the expected losses and (ii) the value initially recognized less, the recognized accumulated income.

Derecognition of financial liabilities

A financial liability or part of it is derecognized from the statement of financial position when the contractual obligation has been settled or has expired.

Whenever an existing financial liability is replaced by another coming from the same lender under substantially different conditions, or if the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective recorded values is recognized through profit and loss.

In the event changes are not substantial the Group recalculates the gross recorded value of the financial liability and recognizes a profit or loss from changes in the profit or loss. The gross recorded value of the financial liability is recalculated as the current value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial liability or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the recorded value of the modified financial liability and is amortized over its remaining term.

2.22.3 Equity Instruments

An equity instrument consists of any contract showing a residual interest on an entity's assets, after deducting all its liabilities. Equity instruments issued by the Group's companies are recognized through income received, net of direct issuance costs.

Repurchase of the Group's companies own equity instruments is recognized and directly deducted in equity, which indicates that no profit or loss is recognized from the purchase, sale, issuance, or cancellation of the Group's companies own equity instruments.

2.22.4 Derivative Financial Instruments

A financial derivative is an instrument which value varies in response to changes in a variable such as an interest rate, exchange rate, the price of a financial instrument, credit rating or index. This instrument does not require an initial investment or is inferior than other financial instruments with a similar response to changes in market conditions and is generally settled at a future date.

The Group uses derivative financial instruments, like Forward contracts, Future contracts, financial barters (Swap contracts) and Option contracts to hedge several financial risks, mainly the interest rate, exchange rate and commodities price risks. Such derivative financial instruments are initially recognized at their fair values on the date when the derivative contract is entered into, and subsequently they are measured again at their fair value. Derivatives are recorded in the statement of financial position as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative.

Commodity contracts that meet the definition of a derivative, but that are entered into in conformity with the expected purchase requirements of the Group, are recognized in the Statement of comprehensive income as cost of sales.

Any gain or loss that arises from the changes in derivatives' fair value is directly recognized in the Statement of comprehensive income in the section Statement of income, except for those that are under hedge accounting.

Generally, the derivatives embedded in host contracts are treated as separate derivatives whenever they meet the definition of a derivative and when their risks and characteristics are not closely related to those main contracts and the contracts are not measured at fair value with change in profit. However, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are never split. Instead, the hybrid financial instrument as a whole is assessed for financial asset classification.

Hedge Accounting

At the beginning of a hedging relationship, the Group designates and formally documents the hedging relationship to which they want to apply hedging accounting, and the objective of the risk management and the strategy to carry out the hedging. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group shall assess the effectiveness of the changes in fair value of the hedging instrument when offsetting the exposure to changes in the fair value of the hedged item or in the cash flows, attributable to the risk hedged. Such hedges are expected to be highly efficient in achieving the offsetting of changes in the fair value or in the cash flows, and for this end they are permanently assessed throughout the information periods for which they were designated.

For hedging accounting purposes, hedges are classified and recorded as follows, once the strict criteria for their recording are complied with:

– **Fair value hedging,** when they hedge the exposure to fair value changes of assets or liabilities recognized or of non-recognized firm commitments.

A change in the fair value of a derivative that is a hedging instrument is recognized in profit or loss in the statement of comprehensive income as finance cost or income. A change in the fair value of the item hedged attributable to the risk hedged is recorded as part of the recorded value of the hedged item and is also recognized in profit or loss in the statement of comprehensive income as finance cost or income.

For the fair value hedging related to items recorded at amortized cost, the adjustments to the recorded value are amortized in profit or loss in the statement of comprehensive income throughout the remaining term until their maturity. Amortization of the effective interest rate may begin as soon as there is an adjustment to the recorded value of the hedged item, but it must start at the latest when the hedged item is no longer adjusted for their fair value changes ascribable to the risk being hedged. Amortization of recorded value adjustments is based upon the effective interest rate recalculated on the amortization starting date. If the hedged item is derecognized, the non-amortized fair value is immediately recognized through profit or loss.

When a non-recognized firm commitment is designated as a hedged item, the subsequent accrued change in the fair value of the firm commitment attributable to the hedged risk shall be recognized as an asset or liability with their corresponding profit or loss recognized in the statement of comprehensive income.

- **Cash flow hedging,** when they hedge the attributed cash flow variations exposure, either to a particular risk associated to a recognized asset or liability or to a highly probable foreseen transaction, or to the exchange rate risk in a non-recognized firm commitment.

  The purpose of cash flow hedge accounting is to recognize in other comprehensive income the fair value of variations of the hedging instrument in order to apply them to the statement of comprehensive income when and at the rate that the hedged item affects them.

  The effective portion of the profit or loss for the measurement of the hedging instrument is immediately recognized in Other comprehensive income, whereas the ineffective portion is immediately recognized in profit or loss in the Statement of comprehensive income period as finance expense.

  Values recognized in the Other comprehensive income are reclassified into the profit or loss for the period when the hedged transaction affects profit or loss, as well as when the hedged financial income or financial expense is recognized, or when the foreseen transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the Other comprehensive income are reclassified at the initial recorded value of the no-financial asset or liability. If the foreseen transaction or the firm commitment is no longer expected, the accrued profit or loss previously recognized in Other comprehensive income is reclassified into the profit or loss for the period.

  If the hedging instrument expires or is sold, it is resolved, or is exercised without a replacement or successive renovation of a hedging instrument for another hedging instrument, or if its designation as hedging is revoked, any accumulated profit or loss previously recognized in other comprehensive income remains in the other comprehensive income until the foreseen operation or the firm commitment affects profit or loss.

- **Hedging of a net investment abroad,** when the instrument hedges the exposure to the variations in the translation of foreign businesses into the presentation currency of the Group associated to the exchange rate risk.

  The objective of the foreign-currency net investment hedging is to hedge the foreign exchange rate risks that a Principal or Intermediate Parent Company having businesses abroad may have on the impact on the translation of financial statements from functional currency to presentation currency. The hedging of net investment in foreign currency is a hedging to the exposure in foreign currency, not a hedging of the fair value due to changes in the investment value.

Profit or loss of the hedging instrument related to the effective portion of the hedging are recognized through other comprehensive income, whereas any other profit or loss related to the ineffective portion is recognized through the statement of comprehensive income. For the disposition of the business abroad, the accrued value of the profits or losses recorded in the Other comprehensive income are reclassified through profit or loss for the period.

2.22.5 Off-setting of financial instruments

Financial assets and liabilities are subject to off-set in order to inform the net value in the Statement of financial position, only if (i) at the current time, there is a legally enforceable entitlement of off-set of recognized values; and (ii) there is the intention of settling them at their net value, or of simultaneously realizing the assets and cancelling the liabilities.

2.23 Inventories

Goods acquired with the intention of selling them during the ordinary course of business or of consuming them in the service rendering process are classified as inventories.

Inventories are valued at cost or net realizable value, whichever is lower. The net realizable value is the estimated sale price in the normal course of business, less the estimated finalization costs and the estimated costs necessary to sale them.

Inventories include merchandise in stock that do not require transformation, such as electricity, gas and water meters and procurement goods. They include materials such as minor spare parts and accessories for the rendering of services and the goods in transit and held by third parties.

Inventories are valued using the weighted average method and their cost includes the costs directly related to the acquisition and those incurred to give them their current conditions and location.

2.24 Impairment loss of non-financial assets

As of every presentation date, the Group assesses whether they have any indication that a tangible or intangible asset may be impaired. The Group estimates the recoverable value of the asset or Cash Generating Unit (CGU), at the moment it detects an indication of impairment, or annually (as November 30 and it is reviewed if there are relevant or significant events presented for the month of December that merit analyzing and to be included in the calculation of impairment) for goodwill and intangible assets with indefinite lifespan and those that are still being developed.

The recoverable value of an asset is the greatest value between the fair value less the costs of sale, either of an asset or a Cash- Generating Unit (CGU), and its value in use is determined for an individual asset, unless the asset does not generate cash flows that are substantially independent of those of other assets or groups of assets, in which case the asset must be grouped to a CGU. When a reasonable and consistent basis for distribution is identified, common/corporate assets are also allocated to the individual CGUs or distributed to the smallest group of CGU for which a reasonable and consistent basis for distribution can be identified. When the recorded value of an asset or a CGU exceeds its recoverable value, the asset is considered impaired and its value is reduced to its recoverable amount.

When calculating the value in use, the estimated cash flows, either for an asset or a CGU, are discounted at their current value through a discount rate before taxes that reflects the market considerations of the temporary value of money and the specific risks of the asset. An adequate assessment model is used for determining the reasonable value less the costs of sale.

Losses for impairment of continuing operations are recognized in profit or loss in those expense categories corresponding to the function of the impaired asset. Losses for impairment attributable to a CGU are assigned proportionately based on the recorded value of each asset to the non-current assets of the CGU after exhausting goodwill. The CGU is the smallest identifiable group of assets, which generates cash inflows in favor of the Group, which are largely, independent of cash flows derived from other assets or groups of assets. The Group defined CGUs considering: 1) The existence of revenue and costs for each group of assets, 2) The existence of an active market for the generation of cash flows and 3) the way in which its operations are managed and monitored. In order to assess impairment losses, the assets are grouped in the following CGU:

Subsidiary	CGU
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	Generation
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
Hidroecológica del Teribe S.A. (HET)	
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	Transmission
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
Transportista Eléctrica Centroamericana S.A. (TRELEC)	
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)	Distribution
Caribemar de la Costa S.A.S. E.S.P. (AFINIA)	
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	
Crediegsa S.A. (CREDIEGSA)	
Distribuidora de Electricidad del Sur (DELSUR)	
Electrificadora de Santander S.A. E.S.P. (ESSA)	
Elektra Noreste S.A. (ENSA)	
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	
Empresa Eléctrica de Guatemala S.A. (EEGSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	
Enérgica S.A. (ENERGICA)	

Subsidiary	CGU
ENSA Servicios S.A.	
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)	
Empresas Públicas de Medellín E.S.P. (EPM)	Natural Gas
Aguas de Antofagasta S.A.	Water supply
Aguas de Malambo S.A. E.S.P.	
Aguas Regionales EPM S.A. E.S.P.	
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	
Empresas Públicas de Medellín E.S.P. (EPM)	
Empresas Públicas de Rionegro S.A. E.S.P. (EP RIO)	
Aguas de Antofagasta S.A.	Wastewater management
Aguas de Malambo S.A. E.S.P.	
Aguas Nacionales EPM S.A. E.S.P.	
Aguas Regionales EPM S.A. E.S.P.	
Aquasol Morelia S.A. de C.V.	
Corporación de Personal Administrativo S.A. de C.V.	
Desarrollos Hidráulicos de Tampico S.A. de C.V.	
Ecoagua de Torreón S.A. de C.V.	
Ecosistema de Ciudad Lerdo S.A. de C.V.	
Ecosistemas de Celaya S.A. de C.V.	
Ecosistemas de Colima S.A. de C.V.	
Ecosistemas de Tuxtla S.A. de C.V.	
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	
Empresas Públicas de Medellín E.S.P. (EPM)	
Empresas Varias de Medellín S.A. E.S.P.	

Subsidiary	CGU
Proyectos de Ingeniería Corporativa S.A. de C.V.	
Tecnología Intercontinental S.A. de C.V. TICSA	
Gestión de Empresas Eléctricas S.A. (GESA)	Others
Innova Tecnología y Negocios S.A. de C.V.	
Maxseguros EPM Ltd.	
Promobiliaria S.A.	

Impairment for goodwill is determined by assessing the recoverable value of each CGU (or group of CGUs) to which the goodwill relates. Impairment related to goodwill cannot be reverted in future periods.

For assets in general, excluding the goodwill, on each presentation date an assessment is conducted about whether there is any indication that the impairment losses previously recognized no longer exist or have decreased. If such indication exists, the Group makes an estimate of the asset or CGU recoverable value. An impairment loss previously recognized can only be reverted if there was a change in the assumptions used for determining the recoverable value of an asset since the last time impairment was recognized. Reversal is limited in such a way that the recorded value of the asset neither exceeds its recoverable amount, nor exceeds the recorded value that would have been determined, net of depreciation, if no impairment loss had been recognized for the asset in the previous years. Such reversal is recognized through profit or loss in the Statement of comprehensive income.

2.25 Provisions

Provisions are recorded when the Group has a current, legal or implicit obligation, as a result of a past event. It is probable that the Group has to give off resources that incorporate economic benefit to settle the obligation, and a reliable estimate can be made for the value of the obligation. In cases in which the Group expects the provision to be reimbursed as a whole or in part, the reimbursement is recognized as a separate asset, but only in the cases when such reimbursement is practically certain, and the asset value can be reliably measured. In the Group, each provision is only used for dealing with disbursement for which it was initially recognized.

Provisions are measured with the best estimate from management of expenditure necessary to settle the present obligation, at the end of the period being reported, considering the risks and the corresponding uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, its recorded value corresponds to the present value of said cash flow, using for the discount a rate calculated with reference to market yields for the bonds issued by the National Government. In Colombia, the yield of TES Bonds (public debt securities issued by the General Treasury of the Nation) at the end of the reporting period must be used.

Expense corresponding to any provision is presented in profit or loss in the Statement of comprehensive income net of all reimbursement. The increase in provision due to the time elapsed is recognized as finance expense.

Provisions for decommissioning

The Group recognizes as part of the cost of a fixed asset in particular, to the extent that there is a legal or implicit obligation of decommissioning or restoring, the estimation of the future costs in which the Group expects to incur in to perform the decommissioning or restoring and its balancing entry is recognized as a provision for decommissioning and restoring costs. The decommissioning cost is depreciated over the estimated useful life of the fixed asset.

Decommissioning or restoring costs are recognized at the present value of the expected costs of cancelling out the obligation using estimated cash flows. Cash flows are discounted at a pre-tax rate, which should be determined by reference; for subsidiaries in Colombia, for risk-free rates, the yield of TES bonds (public debt securities issued by the National Treasury) is used; for subsidiaries in Panama, market yields on bonds issued by the National Government are used and in El Salvador, yields on NOTASV25 (security title issued by the Republic of El Salvador maturing on January 2025).

Future estimated decommissioning or restoration costs are annually revised. Changes in the future estimated costs, on the estimated dates for expenditure, or on the discount rate applied are added or deducted from the asset cost, without exceeding the recorded value of the asset. Any surplus is immediately recognized through profit or loss. The change in the provision value associated to the time elapsed is recognized as financial expense in profit or loss in the Statement of comprehensive income.

Onerous Contracts

The Group recognizes as provisions the current obligations that are derived from an onerous contract, as provisions and its offsetting is in the Statement of comprehensive income in profit or loss. An onerous contract is the one in which the unavoidable costs of complying with the obligations it implies, exceed the economic benefits that are expected to receive therefrom.

Contingent Liabilities

The possible obligations that arise from past events and the existence of which shall be only confirmed by the occurrence or non- occurrence of one or more uncertain future events that are not entirely under the Group's control or the current obligations, that arise from past events, but that it is not probable, but possible, that an outflow of resources including economic benefits shall be required to settle the obligation or the amount of the obligation cannot be measured with enough reliability, are not recognized in the Statement of financial position, they are rather disclosed as contingent liabilities. Contingent liabilities generated in a business combination are recognized at fair value on the acquisition date.

Contingent Assets

Assets of a possible nature, that arise from past successes, the existence of which has to be confirmed only by the occurrence, or the non-occurrence, of one or more uncertain events in the future, that are not entirely under the Group control, are not recognized in the Statement of financial position, they are instead disclosed as contingent assets when their occurrence is probable. Whenever the contingent fact is true the asset and the income associated are recognized in the profit or loss for the period. Contingent assets acquired in a business combination are initially measured at their fair values, on the acquisition date. At the end of subsequent periods being reported, those contingent liabilities are measured at the greatest amount it would have been recognized and the amount initially recognized less the accrued depreciation recognized.

2.26 Employee Benefits

2.26.1 Post-Employment Benefits

Defined Contribution Plans

The contributions to the defined contribution plans are recognized as expenses in profit or loss in the Statement of comprehensive income at the moment when the employee has rendered the service that grants them the right to make the contributions.

Defined benefit plans

Post-employment benefit plans are those in which the Group has the legal or implicit obligation to respond for the payments of the benefits that were left to their charge.

For the defined benefit plans, the difference between the fair value of the plan assets and the present value of the plan obligation, is recognized as asset or liability in the statement of financial position. The cost of giving benefits under the defined benefit plans is determined separately for each plan, through the actuarial assessment method of the projected credit unit, using actuarial assumptions on the date of the period being reported. Plan assets are measured at fair value, which is based upon the market price information and, in the case of quoted securities, it constitutes the published purchase price.

The actuarial profits or losses, the yield of plan assets, excluding the values included in the net interest on the net defined benefits on the liabilities (assets), and the changes in the asset ceiling effect are recognized in other comprehensive income. The actuarial profits or losses include the effects of changes in the actuarial assumptions as well as experience adjustments.

The net interest on liabilities (assets) for net defined benefits includes the interest income for the plan assets, interest cost for the obligation for defined benefits and interests for the asset ceiling effect and is recognized in profit or loss.

The current service cost, the past service cost, any settlement or reduction of the plan are immediately recognized through profit or loss in the statement of comprehensive income when they arise.

2.26.2 Short-term benefits

The Group classifies as short-term employee benefits those obligations with the employees that it expects to settle in the twelve months period following the closing of the accounting period when the obligation was generated, or the service was rendered. Some of these benefits are generated from the current labor legislation, from collective bargaining agreements, or from non-formalized practices that generate implicit obligations.

The Group recognizes the short-term benefits at the moment the employee has rendered their services, as the following:

A liability for an amount that shall be repaid to the employee, deducting the amounts already paid before, and its balancing entry as expense for the period, unless another chapter obliges or allows including the payments in the cost of an asset or inventory, for instance, if the payment corresponds to employees the services of whom are directly related to the construction of a work, it will be capitalized to that asset.

Amounts already paid before corresponding, for instance, to advanced payments of salaries, advanced allowances, among others, if they exceed the corresponding liability, the Group will have to recognize the difference as an asset in the prepaid expenses account, to the extent that the advanced payment gives place to a reduction in the payments to be made in the future or to a cash reimbursement.

According to the foregoing, the accounting recognition of short-term benefits is made upon occurrence of the transactions, regardless of when they are paid to the employee or to the third parties to which the Group has entrusted the provision of certain services.

2.26.3 Long-term benefits

The Group classifies as long-term employee benefits those obligations that it expects to settle after the twelve months following the closing of the accounting year or the period where employees provide the related services, i.e. from the thirteenth month forward; they are different from the short-term benefits, post-employment benefits, and contract termination benefits.

The Group measures long-term benefits in the same way as post-employment defined benefit plans. Although their measurement is not subject to the same uncertainty level, the same following methodology will be applied for its measurement:

- The Group should measure the surplus or deficit in a long-term employee benefit plan, using the technique applied for post- employment benefits both for estimating the obligation as well as for the plan assets.
- The Group should determine the value of net long-term employee benefits (assets or liabilities) finding the deficit or surplus of the obligation and comparing the asset ceiling.

Benefits employees receive year after year throughout their working life should not be considered “long term” if at the accounting year closing each year the Group has fully delivered them.

2.26.4 Termination Benefits

The Group recognizes as termination benefits, the considerations granted to the employees, payable as result of the decision of the company to terminate the labor contract to an employee before the normal retirement date or the decision of an employee to accept the voluntary resignation in exchange for such benefits.

2.27 Reinsurance activity reserves

Assets and liabilities under reinsurance contracts represent for the Group the best estimate of future collections and payments to be made for the risks assumed and ceded in reinsurance obligations; these are measured and recognized through technical reserves:

2.27.1 Unearned premium reserve (UPR)

Set aside for the fulfillment of future obligations derived from the assumed and ceded obligations from the current policies. They correspond to the portion of the premium that, at the date of calculation, has not yet been recognized as income or expense by the reinsurer. Its purpose is to adjust the result so that the profit is assigned to the period in which the premium was earned, regardless of when it was issued.

This reserve is calculated policy by policy, as the result of the total premium assumed between the number of days of the policy's validity, multiplied by the number of days corresponding to the time not running the risk at the date of calculation. The portion of the reserve corresponding to the reinsurer is also calculated, considering the ceded premium.

2.27.2 Certain loss reserve

This reserve is a provision of money that the Group must pay by claims already notified and pending of payment. Its purpose is to establish adequate reserves to guarantee the payment of incidents that have not been paid during the accounting period. This reserve is constituted per claim, on the date on which the insurer is aware of the occurrence of the loss and corresponds to the best technical estimate of the cost thereof. The amount of the constituted reserve is readjusted to the extent that more information is available and whether there are reports of internal or external settlers. The reserve includes the settlement expenses incurred to meet the claim, such as expenses due to attorney's fees for claims in judicial processes.

2.27.3 Incurred but not reported (IBNR) reserves

Represents an estimate of the amount of resources that the Group must allocate to meet future claim payments that have already occurred as of the date of calculation of this reserve but have not yet been notified or for which not enough information is available.

The following methodologies are used to calculate this reserve, the Bonesetter-Ferguson method and the Chain-ladder method. The Bornhuetter-Ferguson method is a standard actuarial method used to estimate final claims costs. The technique combines; (a) an initial benchmark or market estimate of final losses; and (b) an estimate of final losses based on actual claims experience to date. The former is based on a measure of exposure, such as premiums or number of policies. The latter is based on claims paid or incurred to date. The two estimates are combined using a formula that gives more weight to the estimate based on experience over time. The chain ladder method is a standard actuarial method that can be applied to premiums, claims paid, reserves for claims outstanding or claims incurred, or number of claims. The method involves analysis of historical claims development factors (the proportion of amounts accumulated in a development period to the previous development period). Based on this analysis, a development pattern is selected and then used to estimate future claims/premium development.

2.28 Liability adequacy test

Technical provisions recorded by the Group are regularly subject to proof of reasonableness to determine its sufficiency. If the result of the test shows that the provisions are insufficient, they are adjusted with a charge to profit or loss.

2.29 Service concession arrangements

The Group recognizes the service concession arrangements pursuant to the interpretation requirements of the IFRIC 12 Service Concession Arrangements.

This interpretation is applicable to those concessions where:

- The grantor controls or regulates which services the operator with the infrastructure should provide, to whom and at what price.
- The grantor controls, through ownership, the right-of-use, or otherwise, any significant residual ownership in the infrastructure at the end of the term of the arrangement.

The Group does not recognize these infrastructures as property, plant and equipment, it recognizes the consideration received in the contracts that meet the above conditions at its fair value, as an intangible asset to the extent that the Group receives an entitlement to make charges to users of the service, provided that these entitlements are conditioned to the service use level, or as a financial asset, to the extent that there is an unconditional contractual entitlement to receive cash or other financial asset, either directly from the assignor or from a third party. In cases where the Group receives payment for the construction services, partly through a financial asset and partly through an intangible asset, each component of the consideration is recorded separately.

Financial assets of service concession arrangements are recognized in the statement of financial position and subsequently are measured at amortized cost, using the effective interest rate. Assessment of impairment of these financial assets is made according to the value impairment policy of the financial assets.

Intangible assets of service concession arrangements are recognized in the Separate statement of financial position as intangible assets denominated “intangible assets for service concession agreements” and are amortized on a linear basis within the term of duration thereof.

Revenue and costs related to the operating services are recognized according to the accounting policy of revenue and the services related to construction or improvement services according to the accounting policy of construction contracts. Contractual obligations assumed by the Group for maintenance of the infrastructure during its operation, or for its return to the assignor at the end of the concession arrangement in the conditions specified therein, to the extent that it does not assume an income-generating activity, is recognized following the provisions accounting policy.

2.30 Fair Value

Fair value is the price that would be received when selling an asset or that would be paid when transferring a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value, the Group considers the characteristics of the asset or liability in the same way market participants will consider them when setting the value of the asset or liability on the measurement date. Fair value for measurement and disclosure purposes in financial statements is determined on that basis, except for transactions of stock-based payments, lease transactions, and measurements that have certain similarities with fair value but that are not fair value, such as the net realizable value or the value at use. The fair value of all financial assets and liabilities is determined at the financial statements' presentation dates, for recognition and disclosure in the notes to the financial statements.

Fair value is determined:

- Based on prices quoted in assets or liabilities markets identical to those the Group can access on the measurement date (level 1).
- Based on inputs applied on valuation methodologies commonly used by market participants, which are different from observable quoted prices for assets or liabilities, directly or indirectly (level 2).
- Based on internal valuation techniques of cash flow discounts or other valuation models, using variables estimated by the Group that are non-observable for the asset or liability, in the absence of variables observed in the market (level 3).

Note 46 Measurement of fair value on a recurring and non-recurring basis provides an analysis of the fair values of financial instruments and non-financial assets and liabilities and more detail of their measurement.

2.31 Operating segments

An operating segment is a component of the Group that develops business activities from which it can obtain revenue and incur in costs and expenses, on which there is financial information and the operating results of which are revised on a regular basis by the Group's highest chief operation decision maker, which is the Management Board, to decide on the resource allocation to the segments and the Management Committee to evaluate their performance.

The financial information of operating segments is prepared under the same accounting policies used in the elaboration of these consolidated financial statements.

2.32 Cash dividends and surpluses distributed to shareholders and owner of the Group

The Group recognizes a liability to make the distributions to the owner of the Group in cash when distribution is authorized, and it is no longer at the Group's discretion. The corresponding amount is recognized directly through net equity.

2.33 Presentation Changes

At the end of the 2020 period, changes were made in the presentation of some items in the statement of comprehensive income and the statement of cash flows, for comparative purposes 2019 is also adjusted, these changes do not affect decision-making, since they basically consist of In reclassifications between items of the same financial statement and that are intended to facilitate their reading by users, the reclassified items were the following:

Concept	Previous presentation	Current presentation	2020	2019
Statement of Comprehensive Income				
Commissions	Other income	Provision of services	6,206	33,730
Fees	Other income	Provision of services	1,386	2,253
Investment property leases	Other income	Leasing	20	16
Gain on derecognition of rights of use	Other income	Gain on sale of assets	152	16
Statement of Cash Flows				
Reversal of impairment loss on accounts receivable	Reversal of impairment loss of accounts receivable	Impairment of accounts receivable, net	(138,270)	(152,542)
Inventory write-downs, net	Other non-cash income and expenses, net	Inventory write-downs, net	848	36
Other financial expenses	Other non-cash income and expenses, net	Gain (loss) on valuation of financial instruments and hedge accounting	38,323	64,302
Administration and issuance of securities	Other non-cash income and expenses, net	Gain (loss) from valuation of financial instruments and hedge accounting	666	674
Compensation for damage to assets	Other non-cash income and expenses, net	Result from indemnification of activities associated with investment cash flows	(192)	(78,295)
Provision for insurance and reinsurance	Other non-cash income and expenses, net	Provisions for tax, insurance and reinsurance obligations and financial restatement	4,214	2,455
Other financial income	Other non-cash income and expenses, net	Interest income and yields	(9,571)	(3,756)
Yield from monetary restatement	Other non-cash income and expenses, net	Interest income and yields	(10)	(12)
Commissions	Other non-cash income and expenses, net	Interest and commission expense	10,059	7,534
Loss on derecognition of rights of use	Other non-cash income and expenses, net	Gain or loss on retirement of property, plant and equipment, right-of-use assets, intangible assets and investment property	(10)	13
Loss on retirement of property, plant and equipment	Other non-cash income and expenses, net	Gain or loss on retirement of property, plant and equipment, right-of-use assets, intangible assets and investment properties	14,908	99,445
Non-cash recoveries	Other non-cash income and expenses, net	Unrealized recoveries	(111,208)	(310,004)
Discontinued operations	Other non-cash income and expenses, net	Income (loss) from discontinued operations, net of income taxes	-	(48,245)
Loss on deferred regulatory accounts	Other non-cash income and expenses, net	Result from deferred regulatory accounts	(22,110)	98,009

Amounts stated in millions of Colombian pesos

Note 3. Significant accounting judgments, estimates, and causes of uncertainty in the preparation of financial statements

The following are the significant judgments and assumptions, including those that involve accounting estimates that the Group management used in the application of the accounting policies under IFRS adopted in Colombia, and that have significant effect on the values recognized in the consolidated financial statements.

Estimates are based upon historic experience and as a function of the best information available on the facts analyzed by the cut-off date. These estimates are used for determining the value of the assets and liabilities in the separated financial statements, when it is not possible to obtain such value from other sources. The Group assesses its estimates on a regular basis. Actual results may differ from those estimates.

The significant estimates and judgments made by the Group are described below:

– **Assessment of impairment indicators for assets, goodwill and asset valuation for determining impairment.**

The condition of the assets is revised on each report presentation date, in order to determine whether there are indications that any of them has suffered an impairment loss. If there is impairment loss, the recoverable amount of the asset is affected, if the estimated recoverable amount is lower, its value is reduced to its recoverable value and impairment loss is immediately recognized in profit or loss for the period.

Assessment of impairment indicators is based on external and internal factors, and in turn on quantitative and qualitative factors. Assessment is based on financial results, on the legal, social and environmental settings, and on market conditions; significant changes in the scope or in the way in which the asset or CGU is used or expected to be used and evidence of obsolescence or physical deterioration of and asset or CGU, among others.

Determining whether goodwill has suffered impairment implies the calculation of value at use for the CGUs to which it has been assigned. The calculation of the value at use requires that the entity determines future cash flows that should arise from CGUs and a discount rate appropriate to calculate the current value. When the actual future cash flows are lower than expected, an impairment loss may arise. (See note 8 Impairment of assets).

– **Assumptions used in the actuarial estimate of post-employment obligations with employees.**

The assumptions used in the actuarial studies include: demographic assumptions and financial assumptions, the former refer to the characteristics of the current and past employments, and relate to the mortality rate, employee turnover rates, the latter relate to the discount rate, the increases in future salaries, and the changes in future benefits. (See note 26 Employee benefits).

– **Lifespan and residual values of property, plant and equipment and intangibles.**

In the assumptions used for determining the lifespans, technical aspects such as the following are considered: periodical maintenances and inspections made to the assets, failure statistics, environmental conditions and operating environment, protection systems, replacement processes, obsolescence factors, recommendations of manufacturers, climate and geographical conditions, and experience of the technicians that know the assets. Characteristics as market values, reference magazines, and historic sales data are considered for determining the residual value. (See note 5 Property, plant and equipment, net; note 7 Goodwill and other intangible assets).

– **Assumptions used for calculating the fair value of financial instruments including credit risk.**

The Group discloses the fair value corresponding to each class of financial instrument in such a way it allows comparing it with the recorded values. Macro-economic projections calculated within every company of the Group are used. Investment portfolio is valued at market price. In its absence, a similar one is looked for in the market and if not, assumptions are used.

- Derivatives are estimated at fair value. (See note 25 Derivatives and hedging).
- Receivables are estimated at the market rate in force and effect for similar credits. Receivables from employees are valued as to mass debtors, except for housing loans (See note 13 Trade and other receivables).
- For equity investments, the methodology is cash flow; it is estimated at the market price for those offered in the stock market. (See note 14 Other financial assets).

– **Likelihood of occurrence and value of contingent or uncertain-value liabilities.**

The assumptions used for uncertain or contingent liabilities include the classification of the legal process by the “expert judgment” of the area professionals, the type of contingent liability, the possible legislative changes, and the existence of high-court rulings that applies to the concrete case, the existence of similar cases within the Group, the study and analysis of the substance of the issue, the guarantees existing at the time of the events. The Group shall disclose and not recognise in the financial statements those obligations classified as possible; obligations classified as remote are not disclosed nor recognized. (See note 28 Provisions, contingent assets and liabilities).

– **Future expenditure for asset decommissioning and retirement obligations.**

In the assumptions used for determining future expenditure for asset decommissioning and retirement obligations, aspects such as the following were considered: estimate of future outlays in which the Group must incur for the execution of those activities associated to asset decommissioning on which legal or implicit obligations have been identified, the initial date of decommissioning or restoration, the estimated date of finalization and the discount rates. (See note 28 Provisions, contingent assets and liabilities).

– **Determination of existence of finance or operating leases based on risk transfer and benefits of the leased assets.**

The significant assumptions considered to determine the existence of a lease include the assessment of the conditions if the right to control the use of the asset is transmitted for a period of time in exchange for a consideration, i.e., assessment of the existence of an identified asset; the right to obtain substantially all economic benefits from the use of the asset over the period of use; the right to direct how and for what purpose the asset is used throughout the period of use; the right to operate the asset over the period's use without any changes in the operating instructions. (See note 15 Leases).

– **Recoverability of deferred tax assets.**

Deferred tax asset has been generated by the temporary differences that generate future fiscal consequences in the financial position of the Group. These differences are essentially represented in fiscal assets that exceed the assets under IFRS adopted in Colombia, and in fiscal liabilities, lower than the liabilities under IFRS adopted in Colombia, such as it is the case of the pension liability components, the amortized cost of bonds, finance lease, and other sundry provisions and contingency provisions.

The Group’s deferred tax asset is recovered in the liquid income taxed on the current income tax generated in each company of the Group. (See note 41 Income tax).

– **Determination of whether a pool of assets qualifies as a discontinued operation.**

Significant assumptions for a pool of assets to be classified as a discontinued operation include being a component of an entity that has been disposed, or classified as held for sale, and represents a line of business or a geographical area that is significant and can be considered separate from the rest and is part of a single coordinated plan for its sale.

The Group classifies a non-current asset (or a disposition pool) as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

To apply the above classification, the asset (or disposition pool) must be available, in its current condition, for immediate sale, subject only to the usual and customary terms for the sale of such assets (or disposition pool), and its sale must be highly probable. (See note 42 Discontinued operations).

– **Determination of Control, Significant Influence or Joint Control over an Investee.**

Significant influence on VE Servicios de Eficiencia Energética S.A.S.

As of December 31, 2019, the Group, through its subsidiary EPM Latam S.A., holds 2.1% of the equity instruments of VE Servicios de Eficiencia Energética S.A.S, However, due to contractual agreements and representation on the Board of Directors of the entity with 2 of 5 members, the Group exercises significant influence over the financial and operating policy decisions of VE Servicios de Eficiencia Energética S.A.S. and, therefore, is included in the Group's consolidated financial statements as an investment in an associate measured by the equity method. (See note 11 Investments in associates).

– **Assessment of portfolio impairment**

For calculating expected credit loss, each obligation is assigned an individual probability of non-payment that is calculated from a probability model involving sociodemographic, product and behavior variables.

The model will be applied based on the Scorecard developed considering the information of each company of the Group. The models are defined according to the information available and the characteristics of the population groups for each one. Even though the methodology applies to all accounts with balance, some exclusions must be considered, such as: derecognized accounts; self- consumptions; contributions; public lighting and in general charges from third parties. For its calculation, it is previously defined the moment from which it is considered that an obligation was defaulted and will not be recovered.

To calculate the credit loss of trade and other receivables (except accounts receivable among economically related parties), the following formula is used:

PE = Exposed balance * PD * LGD

Where, the PD component (probability of default) is derived from the result of a statistical model that provides the probability that each account will default on the following twelve months. This individual probability is located within a range found in order to attenuate fluctuations in the value of the general provision from one month to the next and stabilize its behavior, resulting in a standard PD by rank.

The loss given the default (LGD) is defined as the economic deterioration that the entity would incur in the event of any of the situations of default. It is a percentage obtained from a table taken from the current regulations of the Superintendencia Financiera de Colombia (Superintendence of Finance of Colombia), Chapter II of External Circular 100 of 1995. (See note 13 Trade and other receivables)

– **Revenue estimates**

The Group recognizes revenue from the sale of goods and the rendering of services to the extent that the performance requirements for the Group are met, regardless of the date on which the corresponding invoice is issued, to carry out this estimate information from contracts or agreements with customers is taken and so the value to be recognized in revenue is stablished.

If the moment at which revenue should be recognized is uncertain, the Group determines to recognize revenue at the moment in which the performance obligation is satisfied, for those performance obligations satisfied over time it is common to use a method of the measured resource as executed costs compared to estimated costs.

For other concepts different from the supply of public home utilities, the Group estimates and recognizes the value of revenue from sales of goods or rendering of services based on the terms or conditions of interest rate, period, etc., of each contract that causes the sale.

In the month after recording the estimated revenue, its value is adjusted by the difference between the value of the actual revenue already known against the estimated revenue. (See note 32 Revenue).

– **Operating Segments**

The determination of the operating segments is done using information that is regularly provided to the highest decision-making authority in the Group and the segmentation of said information is identified. Once these segments have been identified, the capacity to generate income and incur costs and expenses of the identified groups is analyzed. Likewise, it is verified whether the maximum decision-making authority reviews the returns and allocates resources based on this segmentation. Finally, it is examined whether disaggregated financial information is available to support this segmentation. In addition to the above factors, the Group's approach and management are analyzed, in order to consider current possible segments that may arise in the future, according to its strategy. (See note 48 Operating segments).

Note 4. Significant transactions and other relevant aspects during the period

Significant transactions and other relevant aspects that occurred during the period, different from those of the normal business of the Group, are related with:

4.1 Expenses and others related to the contingency of the Ituango Hydroelectric Project:

- Construction and repair work to mitigate risks continues.

- The sale continues, through the auction figure, of the useless equipment derived from the contingency.

- The protocol for attention to events and crises (PADEC) continues to prevent the spread of the coronavirus (COVID-19). With about 6,000 workers in the Project facilities, there are 109 confirmed cases of COVID-19 in recent months. This data continues to demonstrate the strong adherence of employees to biosafety protocols and the effectiveness of the strategies implemented such as proximity handles, which allows timely decision-making.

- On August 10, 2020, Empresas Públicas de Medellín E.S.P. (hereinafter, EPM) requested the Office of the Attorney General of the Nation to summon the (i) Generación Ituango Consortium and also the companies that currently comprise it (Integral S.A. and Integral Ingenieria de Supervisión S.A.S.); (ii) Consorcio CCC Ituango, as well as the companies that comprise it (constituted by Construções e Comércio Camargo Corrêa S.A., Conconcreto S.A. and Coninsa - Ramón H. S.A.); (iii) Ingetec-SEDIC Consortium, and the companies that compose it (Ingetec S.A. and Sedic S.A.); (iv) Seguros Generales Suramericana SA, and (v) Chubb Seguros to a hearing for a preliminary ruling in law, in order to settle the differences that have arisen between the aforementioned, due to the events arising on April 28, 2018 in the Ituango´s hydroelectric project. Likewise, EPM filed an arbitration claim against Mapfre Seguros Generales de Colombia S.A. under the all-risk construction policy No. 2901211000362. Faced with the failure of the conciliation hearings, the claims were filed on January 12, 2021 before the Administrative Litigation Jurisdiction and the Medellín Chamber of Commerce, respectively.

- On December 23, 2020, the following bilateral modification acts (AMB) were signed until December 31, 2021 for the following contracts of the Ituango Hydroelectric Project, as follows: AMB N ° 39 Construction of the Dam, Power Plant and associated Works of the project: Consorcio CCC Ituango. (Made up of firms Camargo Corrêa Infra S.A., Constructora Conconcreto S.A. and Coninsa - Ramón H. S.A.); AMB N°12 Advice during the construction of the project, with the Generación Ituango Consortium (Made up of firms Integral Ingeniería de Supervisión S.A.S. and Integral Ingeniería de Consulta S.A.) y AMB N°6 Audit Service during the construction of the civil works and the assembly of the electromechanical equipment of the Project, contractor: Ingetec-Sedic Consortium.

Regarding the contingency, the EPM Group has recognized the next items in its consolidated financial statements as of 31 December 2020:

- Cost and progress of construction of the Ituango hydroelectric project for $11,140,307 (See note 5).

- Receivables from the insurance company Mapfre for $378,639 for impairment of civil works and total loss of machinery and equipment covered by the all-risk and construction policy and, $8,000 for non-contractual civil liability (see note 13).

- Provision for $ 45,985 for the care of those affected by Puerto Valdivia, for compensation for emergent damage, loss of earnings, and non-pecuniary damage, due to the rising waters of the Cauca River as a result of the plugging of the project on April 28, 2018. During 2020, $ 35,043 has been recognized as a provision and payments for $ 24,931 have been made (see note 28.1.6).

- Provision for $ 5,616 for the care of people who had to evacuate as a result of said event. During 2020, $ 7,323 has been recognized as a provision and payments have been made for $ 5,963 (see note 28.1.6).

- Provision for $ 88,547 for environmental and social contingency, established by the specific action plan for the recovery of the parts affected by the events of the plugging of the diversion tunnel of the Cauca river that the project had on April 28, 2018 and by the closure of gates that decreased the flow of the river downstream of the project. During 2020 $ 57,989 has been recognized as a provision and payments for $ 24,295 have been made (see note 28.1.1).

- Provision for $ 174,318 for non-compliance from July 2021 to November 2022, to the Intercolombia transporter for the months after the connection infrastructure of the Ituango project came into operation. During 2020 $ 65,687 has been recognized as a provision and no payments have been made for this concept (see note 28.1.5).

- Additionally, other expenses of $4,278 were recognized in the Statement of Comprehensive Income for the attention of the community affected by the contingency (see note 37).

4.2 Effect of the difference in exchange:

As of December 31, 2020, an accumulated expense was recognized for the net exchange difference of $ 374,260, originated by the accumulated devaluation of the Colombian peso against the US dollar of 4.74% and a closing rate of $ 3,432.50. The devaluation observed in the period January - December 2020, presented two relevant moments; the first between March and May 2020 has been generated by the high volatility in financial markets due to the economic crisis as a consequence of the COVID-19 pandemic and the uncertainty generated by the reactivation of the economy, and the price war of the oil in the first quarter of the year, leading the exchange rate to reach historical maximum levels above $ 4,100 and with a devaluation above 24%, leading at that time to an effect on exchange difference of the order of $ 1.3 trillion. The second moment comes from June where the intervention of central banks worldwide with injection of liquidity and interest rate cuts, the OPEC agreements with cuts in oil production and better prospects for vaccination plan against COVID 19 at a global level, generated a decrease in the volatility of the exchange rate and a favorable evolution in its price, until reaching December 31 the closing rate of $ 3,432.50.

Once some stabilization of the financial markets occurred and the approval of external and internal regulations had been obtained, EPM executed hedging operations on the exchange exposure of its financial debt for an amount of US $ 1,454 million at an average exchange rate of $ 3,672. These operations neutralize the exchange risk, at the rates agreed in each transaction, from the moment of its execution until the expiration of the same (Nov-2021, Jul-2029 and Feb-2031).

In the consolidated statement of financial position, some items such as goodwill, other intangible assets, credits and loans, creditors and other accounts payable, among others, have recorded impacts due to the above effect.

4.3 COVID-19:

The sector of public services companies and therefore the companies of the EPM Group, are faced with the health emergency due to COVID-19, government measures for the management of the pandemic, the impacts of the trade war for the oil and macroeconomic changes as a result of the volatility of international financial markets, which manifests itself in a recession in the global economy and the consequent high volatility of the exchange rate. As a consequence, a risk is generated for the operation of the businesses, which has been affected by the decrease in demand and lower prices due to the displacement in the application of rate increases and normally automatic indexations of rates, due to the measures taken by the government and some decisions of the Group.

Government measures in the operation countries:

- In Colombia

The Ministry of Health and Social Protection, through Resolution 385 of March 12, 2020, declared the health emergency until May 30, 2020, with the aim of preventing and controlling the spread of COVID-19 and mitigating its effects. Which was extended until August 31, 2020 by Resolution 844 of 2020, a date that will be taken as a reference for the extension of the terms of some of the provisions provided in the resolutions issued.

The National Government decreed the State of Economic, Social and Ecological Emergency throughout the territory of the Republic, through Decree 417 of March 17, 2020, as a consequence of COVID-19, announcing some measures to mitigate the adverse effects it generates in the social and economic sector.

On the occasion of the declaration of the State of Economic, Social and Ecological Emergency, the National Government has adopted additional measures necessary to avert the crisis and prevent the extension of its negative economic effects and the Government will have the necessary budgetary operations to carry them out.

These measures have also been aimed at the home public services sector in order to guarantee continuous provision to users and provide them with support and economic relief during the period of confinement, minimizing in turn the impact on the financial stability of the sector; within these measures we have:

- Legislative Decree 441 of March 20, 2020 of the Ministry of Housing, City and Territory (MVCT), by which the measures adopted in the sector of drinking water and basic sanitation are established to face the economic, social and ecological emergency, and to guarantee the supply of drinking water and thus allow all citizens to adopt hygiene and health measures required to slow the spread of the COVID-19 virus, including (i) reinstatement and / or immediate reconnection of the aqueduct service to the residential subscribers suspended and / or cut off, (ii) access to drinking water in health emergencies, (iii) use of the resources of the General Participation System for drinking water and basic sanitation (iv) suspension of the tariff increases of the domiciliary public services of aqueduct and sewerage.

- Legislative Decree 517 of April 04, 2020 of the Ministry of Mines and Energy (MME), through which provisions were issued on the matter of public services of electricity and fuel gas, such as: Guarantee the continuous and effective provision of public services; grant deadlines for the payment of the consumption of said services; finance the payment without any interest or financial cost being transferred to the end user for the deferral of the collection; generate incentives for timely payment; creation of the voluntary contribution, among others.

- Decree 528 of April 7, 2020 of the MVCT, which establishes measures to guarantee access to water to the population, without the economic restrictions that prevent the timely payment of the billing, justifying the non-provision of the service, for which, provisions are created that the entities that provide water Public aqueduct, sewerage and cleaning services can offer users the possibility of deferring the payment of bills caused during the economic, social and ecological emergency, under the same conditions that are designed to give liquidity to the public service providers for these purposes. Among the measures for companies that provide public water supply, sewerage and / or cleaning services, there are: (i) deferred payment of the fixed charge and unsubsidized consumption of water supply, sewerage and cleaning services, (ii) payment financing without transferring any interest or financial cost to the end user for the deferral of the collection, (iii) within the framework of commercial management they may design options or incentives in favor of their subscribers and / or users who pay the invoices on time to their charge during this period, in order to contribute to the recovery of the portfolio and guarantee its financial sustainability.

▪ In Chile

The constitutional state of emergency of catastrophe was decreed, due to public calamity for 90 days as of March 18, 2020, extended for another 90 days as of June 16, 2020, considering the following measures, among others:

- Reconnection of users to suspended or cut public services.

- Rate freeze.

- Offer of refinancing plans and interest forgiveness, so that they can opt for the vital element permanently.

- Total quarantine in cities with a high percentage of infections.
- Employment protection measures and suspension benefits (unemployment insurance).
- Adequacy of work at home and presence in the offices once a week of some workers.

Issuance of Decree No. 420 of 2020 of the Ministry of Finance, published on April 1, 2020, which establishes a series of tax measures, in order to lessen the negative effects that the COVID- disease has generated and will continue to generate. 19 to families, workers and micro, small and medium-sized companies in the country that have been affected in the normal operation of their businesses and their levels of sales, liquidity and working capital.

▪ In El Salvador

Issuance of Legislative Decrees N ° 601 and N° 618 and, Agreement of the Ministry of Economy N° 565, considering the following measures:

- Defer the payment of the invoices issued from 03/20/2020 to 06/20/2020 for the supply of electricity for the months of March, April and May 2020, to be paid in a period of up to 24 months in installments leveled from the expiration of the postponed term, for residential users with consumption below 250Kwh per month and general users with consumption below 1000 Kwh per month, in addition to the normal charge of the bills of the respective month.

- The invoices to defer their payment will not have surcharges for any concept of delay, interest or other penalty.

- Suspend the power cut off to all customers for the duration of the emergency, that is until 06/20/2020 (tentatively depending on the state of emergency).

- The regulatory body restricted the work to be carried out in the electrical networks to only the minimum necessary to maintain the service, granting mobility letters for the necessary employees and established guidelines for the reporting of operation and maintenance activities during the emergency.

- It was agreed with the entire electricity sector of the country that the energy distribution companies would only pay the generators proportionally based on the collection, that is, according to the collected part of the billing, for the months of April, May and June 2020.

- As of June 16, 2020, a process of gradual opening of the economy was established, separating it into 5 phases, with a time horizon of each of 15 days, however, due to the conditions of the contagion of COVID- 19 in the country, which is at its highest level, the first phase is maintained and the following are subject according to the assessment made by the health authorities on the situation of the health emergency.

▪ In Guatemala

- Issuance of Decree No. 15-2020, which establishes that people with consumption of less than 200 KWH must be given payments of up to 12 installments without interest. If the client exceeds the consumption range of 201 KWH, payments can be made at an interest rate of 8% per year.

- Issuance of Government Agreement No. 074- Regulation of Decree No. 15-2020 that defines who applies said Decree.

▪ In Mexico

With the issuance of the Agreement on March 24, 2020, issued by the Ministry of Health, the Government established preventive measures for mitigation and control of health risks that the disease caused by the SARS-CoV2 virus (COVID-19) implies. and the Central Bank, through monetary and fiscal interventions to stabilize economic conditions, have made the following decisions, among others:

- Travel bans, quarantines, social distancing, and non-essential service closures.
- Suspension of some credit and loan maturity terms by financial entities and persons subject to the supervision of the National Banking and Securities Commission.

▪ In Panama

On March 13, 2020, the Cabinet Council declared a state of emergency.

Through Law 152 of May 4, 2020, special social measures are adopted for the temporary suspension of the payment of public services and other measures in response to the State of National Emergency. This Law was regulated by Executive Decree No. 291 issued by the Ministry of Economy and Finance - MEF on May 13, 2020.

With Resolution N ° AN 16095-ELEC of May 21, 2020, issued by the National Public Services Authority, the transitory measures that must be implemented and applied by participants of the wholesale electricity market in Panama due to the emergency are approved. national decreed for reasons of COVID-19.

Going Concern:

The EPM Group is committed to guaranteeing the continuity and provision of the service, as well as to mitigating the impacts that the crisis generates on its finances, for which it has been implementing measures that are summarized as: Review the non-mandatory investment plan and prioritize costs and expenses, without putting the operation at risk and postponing expenditures that do not generate income in the short term. Together with the above, a strategy was implemented to ensure the liquidity of the Group's companies, which involved the disbursement of loans for $ 2,453,720 and the placement of bonds in the international capital market by EPM for USD750 million equivalent to $ 2,727,496 and of the subsidiary Aguas de Antofagasta SA for CLP94,734 million equivalent to $ 445,209 (see note 22. Credits and loans), ensuring a strong cash position. Likewise, a Crisis Committee was created, working at home was adopted and teleworking has been strengthened in all the processes in which it is possible, and biosafety protocols were implemented, in order to ensure the health of employees. , contractors and suppliers of the Group.

Financial impacts:

The effects of the economic situation in general have resulted in a decrease in collection levels, with the consequent increase in the deterioration of accounts receivable from customers and the costs of financing them, in addition, demanding greater working capital. Likewise, lower income and higher expenses have been generated in the operation for the attention of COVID-19, among which stand out, lower consumption or demand of public services, costs of mandatory reconnections to clients who did not have the service and those related to the implementation of established biosafety protocols and unbilled default interest.

As of December 31, 2020, the most significant effects on the Group's consolidated interim financial statements are detailed below:

▪ Lower value in the collection of accounts receivable for $ 627,420 (see note 13).

- Higher expense for portfolio impairment of $ 120,882 (see note 13).
- Lower income from ordinary activities for $ 1,395,811 due to lower consumption or demand for public services, variation in invoiced rates, discounts for timely payment and decreases in other services rendered (see note 32).
- Lower costs for the provision of services, net of $ 814,212 related to lower consumption or demand for public services, saving measures, reconnections, general costs and orders and contracts (see note 35).
- Increase in administrative expenses and other ordinary expenses for $ 17,338 related to general expenses, personal services, social measures such as contributions and donations (see notes 36 and 37).
- Lower financial income of $ 11,532 related to the refinancing of accounts receivable and unbilled interest on arrears (see note 38.1).
- Higher financial expenses, net of $ 18,032 corresponding to refinancing of credits and loans, cost of financing commercial debtors and other financial expenses. (see note 38.2).

4.4 Judicial process against the Municipality of Bello:

After approximately nine (9) years of the processing of a judicial process, advanced by EPM against the Municipality of Bello, based on a lawsuit filed against the administrative act that determined the participation and liquidation of the capital gain generated by the change of land use In the area where some of the properties owned by the Company are located, the Fourth Section of the Council of State in a decision of second instance against which no appeal proceeds, declared the nullity of the act and ordered the return in favor of EPM of the sum of $ 89,527, which must be indexed from December 29, 2009, the date on which the payment of the tax was made and until the execution of the sentence (December 10, 2020), onwards, they will pay interest.

4.5 Intervention of the wastewater treatment plants of the subsidiary Desarrollos Hidráulicos de Tampico, S.A. de C.V. - DHTAM by the Municipal Commission for Drinking Water and Sewerage of the Conurbation Zone of the Pánuco River Mouth - COMAPA:

On September 29, 2020, the Tierra Negra and Morelos wastewater treatment plants and the osmosis and microfiltration treatment plant - PTOI, were affected by the receipt of a notification of the start of the administrative cancellation procedure by COMAPA, which aims to verify the legality or illegality of various legal acts related to the bidding, failure and subscription of the Service Provision Contract (CPS) between COMAPA and DHTAM, on the other hand, the same Agency notified DHTAM of the decree of a precautionary measure and using public force carried out the dispossession of the plant facilities, the object of said precautionary measure consisted, as explained by COMAPA, in the precautionary assurance of goods, rights and possessions and the temporary consignment of the same to the Agency in order to ensure the proper continuity of operations and the effective provision of services related to trade sewage treatment.

The intervention by the authorities of the State of Tamaulipas, Mexico, is argued in irregularities in the tender of the contract dating from 1995 against the public officials who carried out the process. Derived from said act, the subsidiary Desarrollos Hidráulicos de Tampico, S.A. de C.V. has been unable to carry out its operation. Consequently, the company's management has implemented the case study and filed the corresponding legal actions, as well as:

Protection judgment 652/2020

In the initial brief of the claim, in essence, the requested office was claimed by means of which COMAPA initiated the alleged Administrative Procedure for Annulment and the precautionary assurance document by means of which COMAPA issued a precautionary attachment measure against of the PTARS; claiming the illegality of said trades by violating minimum guarantees regulated in articles 14 and 16 of the Constitution; as well as, the due foundation regarding the authority's competence and the principle of legality; the foregoing taking into consideration that the aforementioned cancellation procedure has no basis in the applicable legislation. This writing was admitted by agreement of October 26, 2020.

In the third and last extension of the claim with respect to the initial brief, the official letter without number was essentially claimed, by means of which the COMAPA board of directors issued the supposed resolution that puts an end to the administrative procedure. Through the official letter without a number, COMAPA in essence decided to declare the nullity of all the acts supposedly “revised” in the annulment procedure and that all of DHTAM's assets now pass to the patrimony of COMAPA and the State of Tamaulipas.

The Company in front of this writing seeks to declare the nullity of the letter without number, since it constitutes an act of confiscation committed to the detriment of DHTAM and therefore, that it does not have any legal effect, it is worth mentioning that the new date for holding the constitutional hearing, which has been deferred, among other issues, due to the lack of rendering of the prior report from the authorities and due to the suspension of deadlines derived from the SARS-CoV2 health contingency (Covid-19).

The content of the resolution of said amparo by means of which the granting of said suspension measures was resolved, suggests that both the Tenth Judge and the First Collegiate Court in Civil and Administrative Matters of the Nineteenth Circuit (“Tamaulipas Collegiate Court”) agree that the acts committed by COMAPA are not substantiated, therefore, they are outside the margin of the law.

In this sense, the Company's management considers that the probability that the resolution of the amparo lawsuit is favorable and, consequently, all of the acts claimed in it will be annulled, exceeds 80% according to the opinion of the Company's outside attorneys. Having said the foregoing, it is estimated that the time for the final favorable ruling in favor of DHTAM in the 652/2020 amparo trial is in the short term.

4.6 Legal proceedings of the subsidiary Ecoagua de Torreón S.A. de C.V. against the Municipal Water and Sanitation System of the City of Torreón Coahuila:

On January 8, 2020, Commercial Judge 3 of Torreón issued a ruling declaring the validity of the Arbitration Award in compliance with the protection obtained by the subsidiary Ecoagua de Torreón S.A. de C.V. Said award is declaratory and released ECOAGUA from the payment of the conventional penalty agreed in the Contract in favor of the Municipal Water and Sanitation System of the City of Torreón Coahuila -SIMAS, in relation to the following litigation:

On April 10, 2015, the subsidiary Ecoagua de Torreón S.A. de C.V. demanded from SIMAS the payment of the amount of MXN $ 160,911,393.32 (one hundred sixty million nine hundred eleven thousand three hundred ninety-three Mexican pesos 32/100 MN) for the wastewater treatment services carried out from January 1, 2010 to January 21 of October 2014 and the payment of the amount of the agreed consideration equivalent to the three rates (T1, T2 and T3xQ) from the date of the agreement of October 21, 2014 to the date of taking possession of the plant by SIMAS in April of 2015, and the payment of the T1 Rate for the term of the Contract, this is the termination of the same, in the same way the payment of default interest at a rate of 10% per year and 6% per year, as the case may be. damages and expenses and costs originated in the matter, among other benefits.

Next, it is established how the Company's Administration estimates to make effective the recovery of the ordinary commercial lawsuit file 311/2015 by the following resolutions of the Fourth Collegiate Court of the Supreme Court of Justice:

- Condemned SIMAS to pay the amount of MXN $ 160 million plus default interest at a rate of 10% per annum as of February 1, 2015.
- It ordered SIMAS to pay the T1 plus interest of 6% per year, which must be quantified in the corresponding execution incident.
- Condemned SIMAS to pay the T2 and T3XQ, generated from October 22, 2014 to April 27, 2015, plus default interest for these concepts.
- It absolved SIMAS from the payment of damages.

The collection of the liquid, expired and payable amounts will be carried out through the execution of the existing guarantee with BANOBRAS derived from an irrevocable, contingent and revolving credit line. The execution of the contingent credit line has been started with BANOBRAS, in case the institution does not recognize the enforceable right of ECOAGUA or for any reason is not willing to pay the amounts sentenced by the court, ECOAGUA must sue BANOBRAS to that he is legally obliged to comply with the contract.

Note 5. Property, plant and equipment, net

The breakdown of the recorded value for property, plant and equipment is as follows:

Property, plant and equipment	2020	2019
Cost	49,281,352	43,603,770
Accrued depreciation and impairment	(11,629,656)	(7,998,115)
Total	**37,651,696**	**35,605,655**

Amounts stated in millions of Colombian pesos

The following is the breakdown of the recorded value for temporarily idle property, plant and equipment:

Property, plant and equipment temporarily out of service	2020	2019
Networks, lines and cables	7,948	2,377
Plants, pipelines and tunnels	9,448	9,196
Land and buildings	15,617	15,231
Machinery and equipment	355	314
Communication and computer equipment	5	5
Other property, plant and equipment	825	541
Total property, plant and equipment temporarily out of service	**34,199**	**27,663**

Amounts stated in millions of Colombian pesos

The Group has property, plant and equipment withdrawn from use and that have not been classified as non-current assets held for sale, they correspond mainly to lands of the Porce IV Anorí Project for $ 9,207 because the project was not carried out and the company Riopiedras $ 1,760 land has not yet made decisions about these, which went from the Generation business to the water supply business as a business strategy to recover the mini-plant; and the Holy Spirit project sites that have not yet started. The book value of these assets is made up as follows: for 2020 the cost amounts to $ 34,199 (2019: $ 27,663).

The following is the movement of cost, depreciation and impairment of property, plant and equipment:

2020	Networks, lines and cables	Plants, pipelines and tunnels	Construction in progress[1]	Land and buildings	Machinery and equipment	Communication and computer equipment	Furniture and fixtures and office equipment	Other property, plant and equipment[2]	Total
Initial balance of cost	11,944,051	11,548,606	12,177,233	6,151,651	785,430	457,299	138,155	401,345	43,603,770
Business combination[3]	1,157,877	938,774	3,010	79,000	207,676	-	3,925	569	2,390,830
Additions[4]	48,910	87,921	3,283,330	12,330	19,873	31,740	2,010	62,732	3,548,846
Advances made to third parties (amortized)	2,063	-	11,887	-	-	-	-	-	13,951
Transfers (-/+)	939,139	362,780	(1,485,105)	31,226	70,512	13,390	8,301	(10,215)	(69,972)
Disposals (-)	(631)	(3,171)	(1)	(227)	(2,780)	(4,630)	(521)	(1,125)	(13,085)
Withdrawals (-)	(24,608)	(115,806)	(291,568)	(2,956)	(3,729)	(14,009)	(704)	(827)	(454,207)
Assets classified as held for sale - See note X	-	-	-	-	-	-	-	-	-
Effect of foreign currency translation	127,005	58,079	31,145	16,559	23,073	5,593	1,763	3,865	267,082
Effect of loss of control of subsidiary	-	-	-	-	-	-	-	-	-
Other changes	(7,080)	98,325	6,148	(37,668)	2,012	(97)	5	(67,508)	(5,863)
Cost final balance	**14,186,726**	**12,975,508**	**13,736,079**	**6,249,915**	**1,102,066**	**489,287**	**152,934**	**388,836**	**49,281,352**
Accrued depreciation and impairment									
Initial balance of accumulated depreciation and impairment losses	(3,632,741)	(2,773,850)	-	(797,216)	(315,173)	(270,668)	(67,215)	(141,253)	(7,998,115)
Depreciation for the period	(448,594)	(316,293)	-	(80,070)	(54,753)	(49,916)	(14,314)	(14,887)	(978,827)
Impairment for the period -See note 8	(20,947)	(117,235)	(1,676)	(25,615)	(21,227)	(175)	(58)	(181)	(187,114)
Business combination[3]	(1,157,966)	(938,774)	(3,010)	(79,000)	(207,676)	-	(3,925)	(569)	(2,390,920)
Impairment reversals (-)	-	-	-	-	-	-	-	-	-
Dispositions (-)	227	1,193	-	9	2,686	4,348	506	1,013	9,982
Withdrawals (-)	16,925	11,050	-	207	2,460	13,614	680	528	45,466
Transfers (-/+)	(3)	4	-	173	(88)	(5)	-	88	168
Assets classified as held for sale -See Note X	-	-	-	-	-	-	-	-	-
Effect of foreign currency translation	(46,615)	(28,909)	-	(996)	(5,792)	(4,021)	(841)	(2,376)	(89,551)
Effect of loss of control of subsidiary	-	-	-	-	-	-	-	-	-
Other changes	37	(39,527)	-	3,336	(3,621)	(246)	(113)	(610)	(40,745)
Final balance of accumulated depreciation and impairment losses	**(5,289,677)**	**(4,202,341)**	**(4,685)**	**(979,172)**	**(603,184)**	**(307,069)**	**(85,280)**	**(158,247)**	**(11,629,656)**
Total net ending balance property, plant and equipment	**8,897,048**	**8,773,167**	**13,731,394**	**5,270,743**	**498,883**	**182,217**	**67,655**	**230,589**	**37,651,696**
Advances to third parties									
Initial balance	1,437	-	34,922	-	-	-	-	498	36,857
Movement (+)	(28)	-	(32,528)	-	-	-	-	-	(32,556)
Movement (-)	2,091	-	44,416	-	-	-	-	-	46,507
Difference in Foreign exchange translation adjustment	(114)	-	999	-	-	-	-	-	885
Final balance	**3,386**	**-**	**47,809**	**-**	**-**	**-**	**-**	**498**	**51,692**

Amounts stated in millions of Colombian pesos

2019	Networks, lines and cables	Plants, pipelines and tunnels	Construction in progress[1]	Land and buildings	Machinery and equipment	Communication and computer equipment	Furniture and fixtures and office equipment	Other property, plant and equipment[2]	Total
Initial balance of cost	11.001.434	11.719.710	11.398.786	6.226.917	803.664	436.703	131.663	401.657	42.120.535
Business combination[3]	-	-	-	-	-	-	-	-	-
Additions[4]	41.666	42.666	3.440.154	14.722	20.567	45.121	2.160	46.972	3.654.027
Advances made to third parties (amortized)	502	-	(17.417)	-	-	-	-	(1.804)	(18.720)
Transfers (-/+)	835.602	408.160	(1.636.803)	208.666	40.044	9.580	2.983	(14.853)	(146.621)
Disposals (-)	(9.961)	(4.276)	(6.450)	(1.281)	(1.030)	(5.859)	(133)	(3.091)	(32.079)
Withdrawals (-)	(11.350)	(112.133)	(909.800)	(4.453)	(9.213)	(21.999)	(281)	(21.109)	(1.090.338)
Restatement due to policy change[5]	346	-	2.229	(204.286)	51	46	18	68	(201.527)
Effect of foreign currency translation	36.702	41.534	5.143	3.606	(795)	94	60	(1.155)	85.188
Effect of loss of control of subsidiary	-	(613.662)	(34.205)	(45.762)	(327)	(34)	-	-	(693.990)
Other changes	49.110	66.607	(64.404)	(46.480)	(67.532)	(6.354)	1.685	(5.337)	(72.704)
Cost final balance	**11.944.051**	**11.548.606**	**12.177.233**	**6.151.651**	**785.430**	**457.299**	**138.155**	**401.345**	**43.603.770**
Accrued depreciation and impairment									
Initial balance of accumulated depreciation and impairment losses	(3.216.290)	(2.859.219)	(1.039)	(824.201)	(295.444)	(252.556)	(53.790)	(129.397)	(7.631.935)
Depreciation for the period	(401.843)	(291.275)	-	(78.785)	(45.831)	(46.222)	(13.360)	(16.630)	(893.945)
Impairment for the period -See note 8	-	(1.386)	-	(784)	(39)	(5)	(9)	(20)	(2.243)
Business combination[3]	-	-	-	-	-	-	-	-	-
Impairment reversals (-)	-	-	-	-	-	-	-	-	-
Dispositions (-)	3.807	2.711	-	255	712	5.191	57	2.297	15.029
Withdrawals (-)	7.848	55.216	-	1.232	6.175	18.806	262	1.999	91.538
Transfers (-/+)	1	(0)	-	(11)	10	163	116	-	279
Restatement due to policy change[5]	(34)	-	-	77.001	(15)	(7)	(13)	(28)	76.904
Effect of foreign currency translation	(14.616)	(22.836)	(48)	(1.290)	1.230	64	117	393	(36.986)
Effect of loss of control of subsidiary	-	359.575	1.086	25.399	167	29	-	17	386.274
Other changes	(11.615)	(16.635)	-	3.970	17.863	3.871	(596)	115	(3.029)
Final balance of accumulated depreciation and impairment losses	**(3.632.741)**	**(2.773.850)**	**-**	**(797.216)**	**(315.173)**	**(270.668)**	**(67.215)**	**(141.253)**	**(7.998.115)**
Total net ending balance property, plant and equipment	**8.311.311**	**8.774.756**	**12.177.233**	**5.354.434**	**470.257**	**186.631**	**70.940**	**260.092**	**35.605.655**
Advances to third parties									
Initial balance	859	-	52.458	-	-	-	-	2.302	55.619
Movement (+)	477	-	38.809	-	-	-	-	7.014	46.301
Movement (-)	25	-	(56.227)	-	-	-	-	(8.819)	(65.020)
Difference in Foreign exchange translation adjustment	76	-	(119)	-	-	-	-	-	(43)
Final balance	**1.437**	**-**	**34.922**	**-**	**-**	**-**	**-**	**498**	**36.857**

Amounts stated in millions of Colombian pesos

(1) Includes capitalization of borrowing costs for $367,802 (2019: $381,123), the weighted average rate, used to determine the amount of borrowing costs in pesos was 7.62% en pesos (2019: 8.28%) and 4,195% in USA dollars (2019: 5.19%). Additionally, it includes right-of-use assets associated with constructions in progress amounting to $2,261.

The following are the main projects under construction:

Project	2020	2019
Ituango Hydroelectric Central(1.1)	11,140,307	9,961,227
Other projects	1,288,802	958,595
Construction, expansion and maintenance of substations, networks, lines and cables DECA and subsidiaries	564,723	497,566
Replacement and Expansion Substations, networks, lines and loss control ESSA	349,313	339,088
Substations, lines, network growth and technology replacement ENSA	179,481	229,828
Expansion of STN, STR, networks, lines and loss control CENS	90,261	93,083
Substations, networks, lines and loss control CHEC	34,707	34,960
Construction of water treatment plants and WWTP, water supply and sewerage networks Aguas Regionales	29,689	21,640
Distribution networks, quality compensation FISDL-SIGET and others Delsur	20,469	17,491
Expansion and replacement of substations, networks, lines and cables EDEQ	8,363	9,234
EMVARIAS Projects -Vaso Altair (phase 3), leachate treatment plant and others	19,448	6,987
Hidrosur Projects	4,430	3,678
Aguas de Malambo - Water and sewage networks projects	990	2,995
Aguas de Oriente Projects	409	858
Water treatment plants Ticsa Group	2	2
Total	**13,731,394**	**12,177,233**

Amounts stated in millions of Colombian pesos

(1.1) As of 31 December 2020, the Ituango hydroelectric project presented a physical progress of 80,62% (31 December 2019: 76.7%), the physical progress presented as of the date of the period on which the separated financial statements are reported, corresponds to the version of the contingency, stabilization and commissioning schedule of the project approved in April 2020.

It is estimated that the commissioning of the first two power generation units will be able to enter in 2022. However, this start-up date is very dynamic, due to the changes that occur in the technical variables, the evolution and efficiency of the measures implemented to address the contingency and the effects that the COVID-19 pandemic may cause. in the project.

As a result of the contingency that occurred on April 28, 2018, caused by a geological event that occluded the Cauca River auxiliary diversion gallery (ADG), which generated an unscheduled damming, it was necessary to execute additional activities not contemplated in the schedule. Due to the above, a new schedule was made which includes recovery activities and longer terms. This schedule is susceptible to changes and/or modifications, since the actual state of the underground works is not yet known, and it has not yet been possible to inspect it directly.

As a consequence of the above, EPM has prioritized its decisions to protect firstly the communities and the environment and secondly the project infrastructure. Therefore, on May 7, 2018, the decision was made to evacuate the dammed water through the powerhouse of the future power generation plant so that it would be channeled back into the Cauca River, and thus return to its traditional flow and the water level of the dam would drop. On January 16 and February 5, 2019, the water intake gates #2 and #1, respectively, were closed, thus suspending the flow of water through the powerhouse, which allowed the inspection of the main cavern where the powerhouse is located, the transformer areas and beacon 1. With this, the cleaning and water pumping activities began in order to determine the severity of the works, the condition of the powerhouse and the work that must be done for its recovery. Consequently, at the date of the financial statements, although it is true that a large part of the project's works have been explored, some directly and others indirectly, for example through drilling and geophysical tests, as with the southern area of the cave complex, it is not yet possible to have a precise estimate of the total and exact value of the damages associated with the civil works; However, as of December 31, 2020 equipment and civil works have been written off for a value of $1,273,777; additionally, the project has been tested for impairment, considering the provisions of IAS 36 and no impairment has been evidenced.

The Company continues in the process of quantifying the damages, the replacement of equipment and the repairs of the project as it progresses in its diagnosis, design and contracting, which is permanently informed within the adjustment process. Regarding the compensation of the damages occurred, the Mapfre insurer has made the following disbursements for material damage in civil works and equipment as follows: on December 4, 2019 $ 525,438 (USD 150 million) and on September 15, 2020 $ 369,700 (USD 100 million).

On May 29, 2019, the closure of one of the two gates of the Auxiliary Deviation Gallery (GAD) was completed, in a new milestone in the project's risk mitigation work. With the closure of the first gate, on the left, the work of nearly three months was completed. After closure of the left GAD gate, the next work will focus on the closure of the right gate to complete the full closure. Subsequently, a 22-meter plug will be built downstream of the tailgate chamber in the axis of the dam.

In July 2019, dam construction was completed, which translates into risk reduction for downstream populations. During September, the dam wall was built on reinforced earth between units 2 and 3 and the material filling in 3A, in units 1 and 2 of the powerhouse cavern; also, heavy equipment was brought into the powerhouse to clean and remove materials from the assembly room to the south sector of the powerhouse, the rehabilitation of the access tunnel to the powerhouse was completed and the road between the north portal of the road tunnel and the road leading to Puerto Valdivia, up to km 13+610, began to be levelled.

On November 8, 2019, urban planning work was completed and the road over the top of the project's dam was handed over to the community of the municipality of Ituango, so that its inhabitants can have continuous mobility to and from their town.

On December 18, 2019, the second gate of the Auxiliary Deviation Gallery (GAD) was closed. The pre-positioning of the GAD, with its two gates duly closed, reduces risks for communities downstream of the works and means the continuation of the project's recovery process.

On January 12, 2020, the concrete pouring began in the cavity that originated from the contingency between pressure wells 1 and 2, advancing to elevation 272 and drilling for the micropiles began, deepening below the sill of the right diversion tunnel, in addition to the installation of pipe for grouting these micropiles.

In February 2020, the sale process began, through the auction figure, of the scrap of the 19 power transformers of the project, which were under water during the flooding of the powerhouse, which produced their total deterioration.

On February 19, 2020, EPM recommended to the Unified Command Post, National PMU No. 146, to start works in the powerhouse to avoid deterioration of the works and risk to the communities, in addition, a report was presented on the progress that have been achieved in the Ituango hydroelectric project, since July of last year to date.

In March 2020, the ANLA reiterated to EPM the provisions of Resolution 0820 of 2018, indicating that EPM could continue with the engineering works and works that must be executed, to guarantee the integrality of the project and prevent and mitigate the risks associated with the contingency presented. With this, it will be possible to carry out the works that allow to dissipate in an optimal way, through the turbines that will be housed in the power house, the energy of the water contained in the reservoir.

Additionally, the protocol for attention to events and crises (PADEC) was activated to prevent the spread of the coronavirus (COVID-19). Consequently, 1,170 workers from the Ituango hydroelectric project went to rest to comply with the mandatory quarantine in their places of origin.

In April 2020, a new version of the schedule was made (April 2020), which includes the additional work requirements that result as the different work fronts are inspected, to guarantee the stability of the project. In this version, all the information provided by the equipment manufacturers was included, as well as the plans of the main works contractor, CCCI.

EPM announced that as of June 30, 2020, 601 positive cases for coronavirus COVID 19 had been presented, of which 243 people recovered. It is expected that, by the end of next July, around 450 people will remain in the project facilities, to guarantee the minimum operational required in works and facilities, in order to maintain stable conditions of the works.

During the period, the works on the following work fronts were inactive, due to the withdrawal of personnel from the main works Contractor, to comply with protocols as a result of the pandemic generated by COVID-19: slope of the upper part of the plaza de gates (Romerito), upper part of the 500 kV substation, the upper south gallery and concrete in the plaza 435, substitute road on the left bank between km 0 + 900 to km 1 + 190, construction of filters and ditches on the shoulder downstream of the dam.

As of July 4, 2020, activities are suspended on all work fronts in response to the protocols for the management of the pandemic generated by COVID-19. On July 15, the withdrawal of all personnel ended, in order to comply with the COVID 19 protocol of all activities that seek to overcome the risks to downstream populations. Subsequently, 3,500 officials from all the companies involved in the development of the project joined the project with the use of technology for greater control of the virus. Now, workers organize themselves using smart cells (bubbles) or narrow circles of behavior to take care of each other and establish safe and responsible contacts for the protection of the group. Additionally, each worker must use a smart handle, with Bluetooth wireless technology, with which those who were in close contact will be identified in a timely manner, in the event that if a member of a cell manifests symptoms associated with the coronavirus, they will be identified for control and tracing. The re-entry of the workers was carried out in a controlled manner during the last days of July and the first days of August by groups of approximately 400 people, who were integrated in accordance with compliance with the biosafety protocol established for both entry, permanence and departure from the facilities.

On August 12, 2020, the Ituango hydroelectric project reported zero positive cases for COVID-19, a total of 903 people were recovered and one deceased.

In August 2020, the CCCI Consortium restarted its activities, reported that it has 2,342 collaborators on site, activities have resumed in the power house, beacon 1, suction tunnels 1 and 2, the removal of transformers from the cavern , the lower conduit, the slope of the upper part of the gate square (Romerito), the 500 kV Substation, the gate shafts, the intermediate discharge, the pre-plug 2 of the right diversion tunnel and the GAD by-pass.

As of September 2020, the emptying of section 1 to the complete section of the regrowth in plug 12, intermediate discharge, was completed. The removal of the metal platform installed above the assembly room, to carry out the treatments. The removal of the full of 3A material and the wall on reinforced earth on units 3 and 4 was completed. The removal of the transformers by the company LITO S.A.S was completed; Dynamic load test is performed on the 25-ton overhead crane.

As of October 2020, the removal of the metal platform from the powerhouse assembly room, the concrete pouring of sections 2-3 into the cavity under the suction tube of unit 1, and the removal of the wall were completed. in ramada land and in the fill on units 5 and 6 of the powerhouse

As of November 2020, the Assembly of the provisional 25 t overhead crane was completed by EPM personnel, the cutting and removal of the armor from the suction tunnel of unit 1, the Construction of the aeration gallery to beacon 2, the demolition of the walls of the generator enclosure of unit No.3, the treatments in cavity 2 of beacon 1, towards the discharge tunnel 2, the demolition of the portico of beacon 1 and the downstream gable treatments, the lifting with scanner in the lower pipes 1 to 4 and pressure wells 1 and 2 in charge of personnel of the company ARG.

On December 23, 2020, the following bilateral modification acts (AMB) were signed until December 31, 2021 for the following contracts of the Ituango Hydroelectric Project, as follows: AMB No. 39 Construction of the Dam, Power Plant and associated Works of the Project: CCC Ituango Consortium. (Formed by the firms Camargo Corrêa Infra S.A., Constructora Conconcreto S.A. and Coninsa - Ramón H. S.A.); AMB N° 12 Advice during the construction of the project, with the Generación Ituango Consortium (Made up of the firms Integral Ingeniería de Supervisión SAS and Integral Ingeniería de Consulta SA) and AMB N ° 6 Audit Service during the construction of the civil works and the assembly of the equipment electromechanical of the Project, contractor: Ingetec-Sedic Consortium.

As of December 2020, the first ferrules for the assembly of the suction tube of unit No.1 were entered into the power house, which are part of the replacement equipment affected during the 2018 contingency, and during the period the treatments in the gables of units 1 and 2 of the power house, treatments in the gables of beacon 1, the concrete for the extension of the floor cladding of gallery 285, the emptying of the wall upstream of unit 1, up to the elevation 217,45 and concrete lining of the upper conduction tunnel No.4.

The protocol for attention to events and crises (PADEC) continues to prevent the spread of the coronavirus (COVID-19). With about 6,000 workers in the Project facilities, there are 109 confirmed cases of COVID-19 in recent months. This data continues to demonstrate the strong adherence of employees to biosafety protocols and the effectiveness of the strategies implemented such as proximity handles, which allows timely decision-making.

(2) Includes equipment and vehicles from the automotive fleet, medical and scientific equipment, properties, plant and equipment in assembly, properties, plant and equipment in transit and replacement assets, transportation, traction and lifting equipment, dining room, kitchen, pantry and hotel equipment.

(3) Intangible assets acquired through business combinations as of December 31, 2020 are detailed in note 10. Business combinations.

(4) It includes purchases, capitalizable disbursements that meet the recognition criteria, goods received from third parties and the costs for dismantling and removing elements of property, plant and equipment. At the end of December 2020 and December 2019, no government subsidies were received.

(5) Corresponds to property, plant and equipment that as of January 1, 2019 under IFRS 16, was recognized as rights of use.

Additions to property, plant and equipment of $3,548,846 (2019: $3,654,027) are taken as effective items, plus the movement of advances of $13,952 (2019: -$18,720), less the capitalized interest of -$380,316 (2019: $421,543), and environmental and decommissioning provisions of -16,830 (2019: $47,100).

At the closing of the period, all assets associated with the Cash Generating Units (CGU), which have intangible assets with an indefinite useful life, were tested for impairment, resulting in impairment of certain components this implied its recognition in the financial statements (See note 8. Impairment of assets).

As of December 31, 2020, there are restrictions on the realization of property, plant and equipment, associated with some equipment of the vehicle fleet for a net book value of $2 (2019 $2). These restrictions are given for theft and have been affected as a collateral for the fulfillment of obligations.

The most significant commitments for the acquisition of property, plant and equipment of the Group at the cut-off date amount to $2,997,193 (2019: 2,487,972).

The following is the historical cost of the fully depreciated property, plant and equipment that continue in operation as at 31 December 2020 and 2019:

Group	2020	2019
Networks, lines and cables	9,964	10,738
Plants, ducts and tunnels	15,525	17,103
Buildings	1,437	1,655
Machinery and equipment	17,048	13,662
Communication and computer equipment	57,835	57,438
Other property, plant and equipment	13,992	8,991
Total	**115,802**	**109,587**

Amounts stated in millions of Colombian pesos

Note 6. Investment property

The fair value of investment property is based on an appraisal made by experts with recognized professional capacity and recent experience in the category of real estate investments subject to assessment; this value has been determined by Valores Ingeniería Inmobiliaria S.A.S y TecniTasa Colombia this activity takes place at least once a year. To determine the fair value of investment property, the comparative or market method is used, which consists of deducting the price by comparing transactions, supply and demand and valuations of similar or comparable properties, previous time adjustments, conformation and location; the residual method, which applies only to buildings and is based on the determination of the updated cost of the construction less the depreciation for age and state of conservation; and the rent method, which is used to determine the possible value of a good according to its capacity to generate income, taking into account the probable monthly rental fee that tenants would be willing to pay in the lease market. See Note 46. Fair value measurement on a recurring and non-recurring basis:

Investment property	2020	2019
Initial balance	140,354	91,382
Net income or loss due to fair value adjustment[1]	(18,124)	51,517
Dispositions (-)	(507)	-
Effect of conversion of foreign exchange	704	115
Transfers[2] (-/+)	42,692	(2,660)
Final balance	**165,119**	**140,354**

Amounts stated in millions of Colombian pesos

(1) See detail in Note 33. Other Income and Note 37. Other Expenses
(2) Includes transfers to property, plant and equipment from investment properties.

As of December 31, 2020, Lease income from investment property for the period amounted $500 (2019: $694), and the Direct expenses of the period related to investment property was $77 (2019: $74).

As of December 31, 2020 there are restrictions on the property located in the Mamatoco sector of the municipality of Santa Marta, a direct reparation process is currently being carried out against said municipality, due to the omission of the municipal administration generated a process of massive invasion of the property, which makes its recovery difficult through police protection processes; fair value is $ 1,392 (2019: $ 1,392).

Note 7. Goodwill and other intangible assets

The breakdown of the recorded value for intangible assets is as follows:

Intangibles	2020	2019
Cost		
Goodwill	3,329,793	3,102,023
Concessions and franchises	2,884,529	2,395,253
Rights	25,072	23,049
Licenses	161,888	140,714
Software	473,141	409,232
Easements	215,490	199,999
Disbursements Development Phases	43,992	34,070
Intangibles related to customers	477,552	420,771
Other intangibles	20,257	16,692
Impairment of value		
Goodwill	**(206,572)**	**(206,572)**
Accrued amortization and impairment		
Concessions and franchises	(1,074,436)	(859,119)
Rights	(3,289)	(2,477)
Licenses	(89,358)	(76,791)
Software	(254,196)	(205,462)
Easements	(9,108)	(4,976)
Intangibles related to customers	(160,880)	(117,227)
Other intangibles	(25,796)	(23,116)
Total	**5,808,079**	**5,246,063**

Amounts stated in millions of Colombian pesos

The movement of cost, amortization and impairment of intangible assets is detailed below:

2020	Goodwill	Concessions and similar rights	Capitalized development expenditures	Software and computer software	Licenses	Rights	Other intangible assets (1)	Total
Initial balance cost	3,102,023	2,395,253	34,070	409,232	140,714	23,049	637,463	6,741,803
Business combinations(2)	-	-	-	33	-	-	3,869	3,903
Additions(3)	-	222,884	11,192	30,442	11,714	-	1,983	278,216
Transfers (-/+)	-	21,052	(1,270)	27,746	8,386	(1)	12,495	68,408
Disposals (-)	(0)	(25)	-	(6)	(194)	(91)	-	(316)
Retirements (-)	-	(1)	-	(1,866)	(715)	-	(1,593)	(4,174)
Effect of foreign currency translation	227,770	247,082	-	7,558	1,901	1,610	58,660	544,582
Other changes	-	(1,515)	-	-	81	-	726	(708)
Final balance cost	**3,329,793**	**2,884,729**	**43,992**	**473,141**	**161,887**	**24,567**	**713,603**	**7,631,713**
Initial balance accumulated amortization and impairment	(206,572)	(859,119)	-	(205,463)	(76,791)	(2,477)	(145,319)	(1,495,740)
Depreciation for the period(4)	-	(129,227)	-	(47,908)	(12,311)	(469)	(33,336)	(223,251)
Capitalized depreciation	-	(1,786)	-	-	-	2	1,786	2
Impairment for the period (Note 8)	-	(8,830)	-	-	(1)	(308)	(55)	(9,194)
Business combinations(2)	-	-	-	(33)	-	-	(3,869)	(3,903)
Provisions (-)	-	6	-	6	194	89	(651)	(355)
Retirements (-)	-	0	-	1,813	691	-	1,593	4,098
Effect of foreign currency translation	-	(75,003)	-	(2,565)	(1,072)	5	(16,825)	(95,460)
Other changes	-	(478)	-	(45)	(69)	(131)	893	170
Final balance accumulated amortization and impairment	**(206,572)**	**(1,074,436)**	**-**	**(254,196)**	**(89,358)**	**(3,289)**	**(195,783)**	**(1,823,634)**
Final balance of intangible assets, net	**3,123,221**	**1,810,293**	**43,992**	**218,945**	**72,529**	**21,278**	**517,820**	**5,808,079**

Advances to third parties								
Initial balance		200						200
Movement (+)		-						-
Movement (-)		-						-
Final balance		**200**						**200**

Amounts stated in millions of Colombian pesos

2019	Goodwill	Concessions and similar rights	Capitalized development expenditures	Software and computer software	Licenses	Rights	Other intangible assets (1)	Total
Initial balance cost	3,325,834	2,274,306	40,076	329,598	142,853	12,203	707,313	6,832,183
Additions(3)	-	263,482	9,991	19,159	11,094	12,106	838	316,670
Advances to third parties	-	(602)	-	-	-	-	-	(602)
Transfers (-/+)	-	84,259	-	47,958	7,436	-	3,360	143,013
Disposals (-)	-	(44,092)	-	-	(360)	(90)	-	(44,542)
Retirements (-)		-	-	(1,469)	(2,067)	-	-	(3,536)
Effect of loss of control in subsidiary	(13,538)	-	(16,835)	-	(5,038)	-	(32,622)	(68,033)
Other changes	(80,248)	(5,639)	97	13,470	(13,303)	-	(204)	(85,827)
Effect of foreign currency translation	(130,025)	(176,461)	741	516	99	(1,170)	(41,222)	(347,522)
Final balance cost	**3,102,023**	**2,395,253**	**34,070**	**409,232**	**140,714**	**23,049**	**637,463**	**6,741,804**
Initial balance accumulated amortization and impairment	(293,567)	(807,989)	(6,674)	(151,016)	(80,243)	(2,056)	(142,412)	(1,483,957)
Depreciation for the period(4)	-	(101,900)	1	(41,835)	(14,558)	(382)	(32,543)	(191,217)
Capitalized depreciation		(1,770)					1,769	(1)
Disposals (-)	-	(3)	-	1	359	90	-	447
Transfers (-/+)	-	-	-	-	4	-	-	4
Retirements (-)	-	-	-	1,332	1,547	-	-	2,879
Effect of loss of control in subsidiary	12,519	-	7,001	-	1,996	-	16,830	38,346
Effect of foreign currency translation	(4,419)	52,924	(328)	(483)	255	(5)	10,767	58,711
Other changes	78,895	(381)	-	(13,462)	13,849	(124)	270	79,047
Final balance accumulated amortization and impairment	**(206,572)**	**(859,119)**	**-**	**(205,463)**	**(76,791)**	**(2,477)**	**(145,319)**	**(1,495,741)**
Final balance of intangible assets, net	**2,895,451**	**1,536,134**	**34,070**	**203,769**	**63,923**	**20,572**	**492,144**	**5,246,063**
Advances to third parties								
Initial balance		856						856
Advances movement +		200						200
Advances movement -		(803)						(803)
Business combination								-
Effect of foreign currency translation		(53)						(53)
Final balance		**200**						**200**

Amounts stated in millions of Colombian pesos

(1) Includes easements, intangible assets related to customers and other intangibles corresponding to premiums at gas service stations.

(2) Intangible assets acquired through business combinations as of December 31, 2020 are detailed in note 10. Business combinations.

(3) Includes purchases, capitalizable expenditure that meets the recognition criteria and concessions. In 2020, purchases associated with capitalized development expenditure were earmarked for IT projects: Digital transformation, Sentinel project, Treasury project.

(4) See note 35 Costs of services rendered and note 36 Administrative expenses.

At the end of the periods, impairment testing was performed on assets for those intangibles with an indefinite lifespan. The breakdown of recognized impairment in the statement of comprehensive income is in Note 8. Impairment of assets.

Depreciation of intangibles is recognized as costs and expenses through profit or loss in the Statement of comprehensive income, in the item Costs of services rendered and administrative expenses.

The historical cost recorded at the cut-off date and the remaining amortization period for significant assets is:

Significant intangible assets	Lifetime	Remaining amortization period	2020	2019
Goodwill	Indefinite		3,123,221	2,895,451
Chile Concession	Defined	13	1,242,627	922,785
Ituango Generation Central Project	Indefinite		177,666	177,666
Espiritu Santo	Indefinite		82,980	82,980
Corridor 53 line easements	Indefinite		63,040	63,040
Distribution Network Bello Circuit	Defined	8	59,657	54,558
Loca and Hato Secondary Network	Defined	4	42,685	41,957
Elektra Noreste S.A. - Commercial Management System and ERP SAP and Other Software	Defined	9	61,086	59,375
Deca- Smart Metering System and Customer Service System	Defined	4	23,794	20,632
Distribución Eléctrica Delsur - Business Management System SAP	Defined	4	12,264	12,818

Amounts stated in millions of Colombian pesos

The following intangible assets have an indefinite lifespan: goodwill and easements, the latter are agreed in perpetuity. By definition, an easement is the real, perpetual or temporary right over another's property, under which it can be used, or exercise certain disposition rights, or prevent the owner from exercising some of their property rights (Art.2970 Civil Code). In EPM, easements are not treated individually, since they are constituted for public utility projects, where the general interest prevails over the individual, considering that the objective is to improve the quality of life of the community; the aforementioned projects do not have a definite temporality, that is why they are constituted in perpetuity supported in their use. However, there are some easements with a definite useful life, because they are tied to the lifespan of the main asset required by the easement.

Intangible assets with indefinite useful lives	2020	2019
Goodwill		
Aguas de Antofagasta	1,662,625	1,464,940
Empresa Eléctrica de Guatemala S.A.	994,110	966,326
Ituango Generation Central Project	177,667	177,667
Elektra Noreste S.A.	121,749	119,447
Espíritu Santo	82,981	82,981
Empresas Varias de Medellín S.A. E.S.P.	78,642	78,642
Empresa de Energía del Quindío S.A. E.S.P.	5,135	5,135
Surtigás Necoclí	303	303
Central Hidroeléctrica de Caldas S.A. E.S.P.	10	10
Subtotal goodwill	**3,123,221**	**2,895,451**
Other intangible assets		
Easements	205,060	195,023
Subtotal other intangible assets	**205,060**	**195,023**
Total intangible assets with indefinite useful life	**3,328,281**	**3,090,474**

Amounts stated in millions of Colombian pesos

The variation with respect to 2019 is mainly due to the increase in exchange rates that generates a higher value of commercial loans from international subsidiaries.

Note 8. Impairment of assets

8.1 Impairment of investments in associates and joint ventures

At the date of presentation of the financial statements no impairment losses were recognized in the Statement of comprehensive income, related to investments in subsidiaries, associates and joint Ventures.

8.2 Impairment of cash generating units (CGU)

The recorded value of goodwill and intangible assets with indefinite lifespans associated with each CGU are broken down below:

Cash Generating Unit	Book value		Impairment losses (reversal)	
	2020	2019	2020	2019
Energy Generation Segment				
Goodwill	260,647	260,647	-	-
Easements	794	892	55	-
Rights	-	-	308	-
Licenses	-	-	1	-
Land	-	-	4,328	104
Buildings	-	-	21,287	680
Plants, ducts and tunnels	-	-	65,434	1,386
Networks, lines and cables	-	-	1,053	-
Machinery and equipment	-	-	14,425	39
Furniture, fixtures and office equipment	-	-	16	9
Communication and computer equipment	-	-	175	5
Transportation, traction and lifting equipment	-	-	163	9
Replacement assets	-	-	18	11
Rights of use Transportation, traction and lifting equipment	-	-	-	11
Energy Generation	**261,441**	**261,539**	**107,263**	**2,254**
Energy Transmission Segment				
Easements	128,590	127,094	-	-
Energy Transmission	**128,590**	**127,094**	**-**	**-**
Energy Distribution Segment				
Goodwill	1,121,004	1,090,919	-	-
Easements	65,922	56,182	-	-
Construction in progress	-	-	1,676	-
Plants, pipelines and tunnels	-	-	51,802	-
Networks, lines and cables	-	-	19,893	-
Machinery and equipment	-	-	6,802	-
Furniture, fixtures and office equipment	-	-	42	-
Rights of use Buildings	-	-	3,959	
Distribution Energy	**1,186,926**	**1,147,101**	**84,174**	**-**
Gas segment				
Goodwill	303	303	-	-
Easements	3,692	3,692	-	-
Gas	**3,995**	**3,995**	**-**	**-**
Water Supply Segment				
Goodwill	1,512,989	1,333,095	-	-
Easements	5,055	4,951	-	-
Water Provision	**1,518,044**	**1,338,046**	**-**	**-**
Wastewater Management Segment				
Goodwill	149,636	131,845	-	-
Easements	1,426	1,362	-	-
Concessions and franchises			8,830	-
Wastewater Management	**151,062**	**133,207**	**8,830**	**-**
Solid Waste Management Segment				
Goodwill	78,642	78,642	-	-
Solid Waste Management	**78,642**	**78,642**	**-**	**-**
Total	**3,328,700**	**3,089,624**	**200,267**	**2,254**

Amounts stated in millions of Colombian pesos

Goodwill is allocated mainly to the segments or CGUs listed below:

Cash Generating Unit	2020	2019	Generated as a result of
Power Generation EPM	260,647	260,647	Liquidation of the subsidiary EPM Ituango S.A. E.S.P. and Espíritu Santo whose assets were transferred to EPM.
Energy Distribution EDEQ	5,135	5,135	Business combination in the acquisition made by EPM Inversiones.
Energy Distribution CHEC	10	10	Business combination in the acquisition carried out by EPM Inversiones
Energy Distribution EEGSA	994,111	966,327	Business combination in the acquisition of Grupo Deca II made by EPM Inversiones
Energy Distribution ENSA	121,749	119,447	Business combination in the acquisition of the PDG Group by EPM
Gas EPM	303	303	Business combination with Surtidora de Gas del Caribe S.A. E.S.P. carried out by EPM
Water Supply Adasa	1,631,651	1,433,966	Business combination in the acquisition of Aguas de Antofagasta by Inversiones Hanover.
Wastewater Management Adasa	30,974	30,974	Business combination in the acquisition of Aguas de Antofagasta carried out by Inversiones Hanover
Solid Waste Management Emvarias	78,642	78,642	Business combination in the acquisition carried out by EPM
Total	**3,123,222**	**2,895,451**	

Amounts stated in millions of Colombian pesos

The intangible Easements is mainly assigned to the segments or CGUs detailed below:

Cash Generating Unit	2020	2019
Power Generation EPM	444	444
CHEC Power Generation	98	177
Hydro-ecológica del Teribe Power Generation	252	271
Power Transmission EPM	128,555	127,059
Energy Transmission ESSA	35	35
Energy Distribution EPM	29,473	29,433
Energy Distribution EDEQ	256	256
Energy Distribution CHEC	7,437	7,022
Energy Distribution CENS	9,263	5,337
Energy Distribution ESSA	12,168	7,178
Energy Distribution EEGSA	659	593
Energy Distribution ENSA	6,666	6,364
Natural Gas EPM	3,692	3,692
Water Supply Adasa	270	238
Water Supply EPM	4,785	4,713
Wastewater Management EPM	656	593
Wastewater Management Aguas Nacionales	597	597
Wastewater Management Aguas de Malambo	172	172
Total	**205,478**	**194,174**

Amounts stated in millions of Colombian pesos

Impairment of assets and intangibles - CGU Generation CHEC

CHEC calculated the impairment of its assets on the basis of IAS 36, seeking to ensure that the value of the assets recognized as cut- off at 31 December 2020 reflects their recoverable value through use or sale.

Value in use: estimates of the future cash flows the company expects to obtain on the assets were made; considering the expectations on possible changes in value, in addition it was based on the most recent financial projections, the cash flow was calculated at 20 years with continuity value given the useful life of the assets. The discount rate used for the valuation reflects the capital structure of the company, which considers the return that the owner would require from this type of investment.

Based on this, the value of the assets' impairment as of 31 December 2020 amounts to $48,550 and results from:

Value in use:	$204,807	Colombian pesos
CGU Recorded Value:	$253,357	Colombian pesos
Value of Impairment:	$248,550	Colombian pesos

The key assumptions used by the group in determining the value in use / fair value less costs to sell are as follows:

Concept	Key assumption
Net Income from Commercial Operations - INOC (Revenues less costs)	Decrease in Net Operating Income from Commercial Operations - INOC as a result of lower energy prices. Significant reduction in energy prices due to the decrease in demand growth due to the long-term Covid impact and the entry of abundant non-conventional renewable energy generation capacity, mainly solar and small hydroelectric plants.
Costs and expenses	There is an increase in costs and general expenses as a result, mainly due to the value of insurance.

Impairment of assets and intangibles - UGE Wastewater Management of Lerdo City

In Lerdo City, the impairment of its assets was calculated based on IAS 36, seeking to ensure that the value of the assets that are accounted for as of December 31, 2020 reflects their recoverable value through their use or sale.

Use value: For which the estimation of future cash flows that the company expects to obtain on the assets was made; Considering the expectations about possible variations in the value, it was also based on the most recent financial projections, the cash flow was calculated until 2029, the year in which the operating contract ends. The discount rate used for the valuation considers the return that the owner would demand from this type of investment.

Based on this, and in the analysis of the fixed assets susceptible of allocation of impairment, the value of the assets' impairment as of 31 December 2020 amounts to $50,836,895 Mexican pesos and results from:

Value in use:	$118,179,164	Mexican pesos
CGU Recorded Value:	$240,026,751	Mexican pesos
Comparison value:	$ 121,847,586	Mexican pesos
Value of Impairment [1]:	$50,836,895	Mexican pesos
Impairment cost conversion rate	173.6	COP / MXP

[1] It corresponds to the maximum impairment that was possible to assign to the assets of the CGU according to IAS 36.

The key assumptions used by the Group in the determination of the value in use/fair value less selling costs are as follows:

Concept	Key assumption
Revenues	Revenues come from the operation of the Lerdo Wastewater Treatment Plant, treating ultrafiltration and reverse osmosis water sent to the Gómez Palacios and Guadalupe Victoria Combined Cycle Thermoelectric Power Plants at the demand of the Federal Electricity Commission (CFE), projected until the expiration of the contract and based on historical consumption. Water delivered to the CFE 64 LPS out of an installed capacity of 200 LPS. There was a reduction of approximately 60% of the Guadalupe Victoria Thermoelectric Power Plant's tariff.
Costs and expenses	The costs and expenses were estimated in compliance with the maintenance of the plant, main inputs such as electricity, chemicals and personnel. Expenses are contemplated.
	additional expenses for legal fees related to lawsuits filed by the company are contemplated.
Investment	No additional investments other than infrastructure maintenance are estimated.

Impairment of assets and intangibles - CGU Generation HET

In HET, the impairment of its assets was calculated based on IAS 36, seeking to ensure that the value of the assets that are accounted for as of December 31, 2020 reflects their recoverable value through their use or sale.

Use value: For which he estimated the future cash flows that the company expects to obtain on the assets; Considering the expectations about possible variations in the value, it was also based on the most recent financial projections, the cash flow was calculated until the year 2063, the final year of the concession and without continuity value. The discount rate used for the valuation reflects the capital structure of the company, which considers the return that the owner would demand from this type of investment.

Based on this, the value of the assets' impairment as of 31 December 2020 amounts to $15,314,743, and results from:

Value in use:	$125,260,709	American dollars
CGU Recorded Value:	$140,575,452	American dollars
Value of Impairment:	$15,314,743	American dollars
Impairment cost conversion rate	3,833.78	COP / USD

The key assumptions used by the Group in the determination of the value in use/fair value less selling costs are as follows:

Concept	Key assumption
Revenues	There is a significant reduction in marginal energy costs with respect to the previous projection, due to the decrease in demand growth due to the long-term Covid impact and the entry of abundant non-conventional renewable generation capacity, mainly solar and small hydroelectric plants. In 2030, the entry into operation of the Changuinola II hydro and its mini-hydro plant is reflected.
Costs and expenses	Costs and expenses are estimated according to the plant's requirements.
Investment	It considers the replacement and acquisition of equipment for the generation plant and the replacement of vehicles.

Impairment of assets and intangibles - CGU Distribution CaribeMar (Afinia)

Value in use: It is based on the most recent financial projections, estimating the cash flows that are expected to be obtained in the market operation with the assets available for a period of 20 years plus continuity value. The company uses this period of time for financial projections, taking into account that it includes the stabilization of the company's flows in the sector in which it operates. It is understood that cash flow stabilized in the year in which there were no atypical growth in income, costs and expenses, and that no significant business investments were being made. In general, public services businesses are intensive in capital investments and their payback period tends to 20 years, therefore the financial evaluation of investments in the public services sector should consider a longer period of 5 years, as established in IAS 36, where the real income of the project and therefore the recovery of the investment can be observed.

The discount rate used for the valuation reflects the capital structure of the company and the return that the owner would demand from this type of investment, taking into account: the risk-free rate, the corresponding economic sector, the market, the country where the investment is located, the risk of the asset not considered in the flow and the debt.

Based on this, the value of the assets' impairment as of 31 December 2020 amounts to $84,174 and results from:

Value in use:	$-1,239,203	Colombian pesos
CGU Recorded Value:	$-202,045	Colombian pesos
Comparison value:	$ -1,037,158	Colombian pesos
Value of Impairment (1):	$84,174	Colombian pesos

(1) It corresponds to the maximum impairment that was possible to assign to the assets of the CGU according to IAS 36.

The key assumptions used by the company in the determination of the value in use/fair value less selling costs are as follows:

Concept	Key assumption
Revenues	Tariff projections were made based on the current regulatory framework applicable to the CaribeMar market. For customers with historical series, a trend growth applicable to the area was estimated. Regarding demand, the growth of the main variables took into account the application of the loss plan, customer normalization campaigns and the collection evolution plan.
OPEX	The projection of costs and expenses took into account the current conditions of the CaribeMar market and the efforts required to develop the different commercial and operational strategies approved by management, the evolution of investment and population growth. These costs evolve in real terms, as indicated above, and in nominal terms due to inflation.
CAPEX	The CAPEX projection took into account the current conditions of the CaribeMar market and its infrastructure, as well as what is required to meet regulatory obligations, signed management obligations, strategies defined by management and population growth. These investments grow in real terms, as indicated above, and in nominal terms due to inflation.

The value in use and the recorded value of the CGU at the end of 2020 that have intangible assets with indefinite lifespans is detailed below:

Cash Generating Unit	Functional currency	Value in use	Carrying value
Water Supply EPM	Colombian Pesos	3,860,233	2,761,331
Wastewater Management EPM	Colombian Pesos	1,874,895	1,239,062
Power Generation EPM	Colombian Pesos	23,716,701	16,773,466
Energy Transmission EPM	Colombian Pesos	1,135,573	790,875
Energy Distribution EPM	Colombian Pesos	6,316,929	4,393,121
Natural Gas EPM	Colombian Pesos	1,593,116	826,863
Energy Distribution CENS	Colombian Pesos	1,354,796	972,994
Power Generation CHEC	Colombian Pesos	204,807	204,579
Energy Distribution CHEC	Colombian Pesos	652,286	573,415
Energy Distribution EDEQ	Colombian Pesos	370,663	211,248
Energy Transmission ESSA	Colombian Pesos	206,117	66,871
Energy Distribution ESSA	Colombian Pesos	1,876,266	1,492,223
Energy Distribution EEGSA	Quetzales	5,527	4,537
Energy Distribution ENSA	U.S. Dollars	752	491
Wastewater Management National Waters	Colombian Pesos	3,162,950	1,657,177
Solid Waste Management Emvarias	Colombian Pesos	379,261	199,174
Energy Distribution Afinia	Colombian Pesos	-	872,869
Water Supply Adasa	Chilean Pesos	720,059	665,092
Wastewater Management Adasa	Chilean Pesos	71,215	63,244
Wastewater Management Aguas de Malambo	Colombian Pesos	23,334	16,395
Hidroecológica del Teribe Power Generation	U.S. Dollars	125	125

Amounts stated in millions of Colombian pesos

Note 9. Investment in subsidiaries

The breakdown of the subsidiaries of the Group at the date of the reporting period is the following:

Name of subsidiary		Location (country)	Main Activity	*Percentage of participation and voting rights*		*Percentage of participation of non-controlling interest*		Date of establishment
				2020	2019	2020	2019	
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)		Colombia	Provides public utilities of electric energy, purchase, sale and distribution of electric energy.	92.85%	92.85%	7.15%	7.15%	22/12/1988
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)		Colombia	Provides public energy services, operating electric energy generating plants, transmission and sub-transmission lines and distribution networks, as well as marketing, import, distribution and sale of electric energy.	80.10%	80.10%	19.90%	19.90%	09/09/1950
Electrificadora de Santander S.A. E.S.P. (ESSA)		Colombia	Provides public utilities of electric energy, buying, selling, marketing and distribution of electric energy.	74.05%	74.05%	25.95%	25.95%	16/09/1950
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)		Colombia	Provides public utilities of electric energy, purchase, export, import, distribution and sale of electric energy, construction and operation of generating plants, substations, transmission lines and distribution networks.	91.52%	91.52%	8.48%	8.48%	16/10/1952
Caribemar de la Costa S.A.S. E.S.P. (AFINIA)	(1)	Colombia	Provides public services of distribution and commercialization of electric energy, as well as the performance of all related activities, works, services and products.	100.00%	-	-	-	01/10/2020
Elektra Noreste S.A. (ENSA)		Panamá	Acquires energy, transports, distributes to customers, transforms voltage, installs, operates and maintains public lighting, authorized to generate energy up to a limit of 15% of the maximum demand in the concession area.	51.16%	51.16%	48.84%	48.84%	19/01/1998
Hidroecológica del Teribe S.A. (HET)		Panamá	Finances the construction of the Bonyic hydroelectric project required to meet the growing energy demand of the Isthmus of Panama.	99.68%	99.68%	0.32%	0.32%	11/11/1994

Name of subsidiary		Location (country)	Main Activity	*Percentage of participation and voting rights*		*Percentage of participation of non-controlling interest*		Date of establishment
				2020	2019	2020	2019	
Empresa Eléctrica de Guatemala S.A. (EEGSA)		Guatemala	Provides electric power distribution services.	80.90%	80.90%	19.10%	19.10%	05/10/1939
Gestión de Empresas Eléctricas S.A. (GESA)		Guatemala	Provides advisory and consulting services to electric power distribution, generation and transportation companies.	100.00%	100.00%	-	-	17/12/2004
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)		Guatemala	Provides outsourcing services in the area of materials management.	99.94%	99.94%	0.06%	0.06%	23/03/2000
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)		Guatemala	Provides electric energy commercialization services.	80.52%	80.52%	19.48%	19.48%	05/11/1998
Transportista Eléctrica Centroamericana S.A. (TRELEC)		Guatemala	Provides electric power transmission services.	80.90%	80.90%	19.10%	19.10%	06/10/1999
Enérgica S.A. (ENERGICA)		Guatemala	Provides construction and maintenance services for projects and goods of the electric sector.	78.19%	78.19%	21.81%	21.81%	31/08/1999
Crediegsa S.A. (CREDIEGSA)		Guatemala	Provides personnel hiring services and other administrative services.	80.90%	80.90%	19.10%	19.10%	01/12/1992
Distribuidora de Electricidad del Sur (DELSUR)		El Salvador	Transformation, distribution and commercialization of electricity that supplies energy to the central-south zone of El Salvador in Central America.	86.41%	86.41%	13.59%	13.59%	16/11/1995
Innova Tecnología y Negocios S.A. de C.V.		El Salvador	Provision of specialized services in electrical engineering and sale of household appliances to Delsur's electricity users.	86.41%	86.41%	13.59%	13.59%	19/10/2010
Aguas Nacionales EPM S.A. E.S.P.	(2)	Colombia	Provides domiciliary public utilities of water, sewage and sanitation, waste treatment and utilization, complementary activities and engineering services related to these utilities.	99.99%	99.99%	0.01%	0.01%	29/11/2002

Name of subsidiary		Location (country)	Main Activity	*Percentage of participation and voting rights*		*Percentage of participation of non-controlling interest*		Date of establishment
				2020	2019	2020	2019	
Aguas Regionales EPM S.A. E.S.P.	(3)	Colombia	To guarantee the rendering of domiciliary public utilities of water, sewage and sanitation and to compensate for the backlog of infrastructure of these services in the partner municipalities.	74.57%	69.76%	25.43%	30.24%	18/01/2006
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.		Colombia	Provides domiciliary public utilities of water and sewage, as well as other complementary activities related to each of these public utilities.	56.02%	56.02%	43.98%	43.98%	22/11/1999
Aguas de Malambo S.A. E.S.P.		Colombia	Dedicated to guarantee the provision of domiciliary public utilities of water, sewage and sanitation in the jurisdiction of the Municipality of Malambo, Department of Atlántico.	98.52%	98.52%	1.48%	1.48%	20/11/2010
Ecosistemas de Colima S.A. de C.V.		México	Dedicated to elaborate the executive project for the wastewater treatment plant, its construction, equipment and operation, conservation and maintenance, stabilization of sludge in the municipalities of the State of Colima.	100.00%	100.00%	-	-	14/02/2006
Ecosistemas de Tuxtla S.A. de C.V.		México	Dedicated to the construction, equipment, start-up, operation and maintenance of a wastewater treatment system with the modality of total private recoverable investment. To develop drinking water projects and water treatment plants.	100.00%	100.00%	-	-	17/11/2006
Ecosistema de Ciudad Lerdo S.A. de C.V.		México	Subsidiary dedicated to the construction, equipping, start-up, operation and maintenance for 20 years of a wastewater treatment system in Ciudad Lerdo Durango, under the total private recoverable investment modality.	100.00%	100.00%	-	-	24/04/2007
Aquasol Morelia S.A. de C.V.		México	Subsidiary engaged in the construction of a wastewater treatment plant, as well as the equipping and start-up of said plant located in the town of Atapaneo in the municipality of Morelia Michoacán.	100.00%	100.00%	-	-	13/11/2003
Ecosistemas de Celaya S.A. de C.V.		México	Dedicated to the preparation of the executive project for the wastewater treatment plant, as well as the treatment, transportation and final disposal of solid waste and sludge at the plant in the city of Celaya, state of Guanajuato.	100.00%	100.00%	-	-	05/12/2008

Name of subsidiary		Location (country)	Main Activity	*Percentage of participation and voting rights*		*Percentage of participation of non-controlling interest*		Date of establishment
				2020	2019	2020	2019	
Desarrollos Hidráulicos de Tampico S.A. de C.V.		México	Dedicated to the construction, equipment, expansion, improvement, conservation, maintenance and operation of water supply systems and sewage services, collection, drainage and wastewater treatment works.	100.00%	100.00%	-	-	25/08/1995
Ecoagua de Torreón S.A. de C.V.		México	Dedicated to providing wastewater treatment operation services from any source, whether municipal or domestic, as well as the activity related to wastewater treatment.	100.00%	100.00%	-	-	25/10/1999
Proyectos de Ingeniería Corporativa S.A. de C.V.		México	Rendering of design, general engineering or construction services, professional and technical services to operate, administer, direct and in general carry out all activities necessary for the development of activities of any commercial, industrial or service company, as an individual or legal entity.	100.00%	100.00%	-	-	01/08/2008
Corporación de Personal Administrativo S.A. de C.V.		México	Rendering of professional services tending to operate, administer, direct and in general carry out all the activities that are necessary for the development of activities of any commercial, industrial or service company as an individual or legal entity, as well as the administration, selection, hiring and exchange of personnel that perform functions within the facilities of the requesting companies.	100.00%	100.00%	-	-	01/08/2008

Name of subsidiary		Location (country)	Main Activity	*Percentage of participation and voting rights*		*Percentage of participation of non-controlling interest*		Date of establishment
				2020	2019	2020	2019	
Aguas de Antofagasta S.A.		Chile	Construction and operation of public utilities for the production and distribution of drinking water and the collection and disposal of sewage through the operation of the sanitary concessions of Empresa de Servicios Sanitarios de Antofagasta S.A. (currently Econssa Chile S.A.). (currently Econssa Chile S.A.), and the performance of other services related to such activities, all in the manner and under the conditions established in decrees with Force of Law numbers 382 and 70, both of 1998, of the Ministry of Public Works, and other pertinent regulations. For this purpose, on December 29, 2003, Aguas de Antofagasta S.A. entered into an agreement with Empresa de Servicios Sanitarios de Antofagasta S.A. (currently Empresa Concesionaria de Antofagasta S.A.). (currently Empresa Concesionaria de Servicios Sanitarios S.A. - Econssa S.A.) the "Contract for the transfer of the right to operate sanitary concessions", for a total term of 30 years from the date of its execution.	100.00%	100.00%	-	-	28/11/2003
Empresas Varias de Medellín S.A. E.S.P.		Colombia	Subsidiary dedicated to the provision of public sanitation services within the framework of the integral management of solid waste.	99.93%	99.93%	0.07%	0.07%	11/01/1964
EPM Inversiones S.A.		Colombia	Dedicated to the investment of capital in national or foreign companies organized as public utilities.	99.99%	99.99%	0.01%	0.01%	25/08/2003
Maxseguros EPM Ltd.		Bermuda	Negotiation, contracting and management of reinsurance for the policies that cover the equity.	100.00%	100.00%	-	-	23/04/2008
Panamá Distribution Group S.A. - PDG		Panamá	Equity investment in companies.	100.00%	100.00%	-	-	30/10/1998
Distribución Eléctrica Centroamericana DOS S.A. - DECA II		Guatemala	It makes equity investments in companies engaged in the distribution and commercialization of electric power and the provision of telecommunications services.	100.00%	100.00%	-	-	12/03/1999
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)		Guatemala	Subsidiary engaged in real estate investments.	80.90%	80.90%	19.10%	19.10%	15/06/2006

Name of subsidiary		Location (country)	Main Activity	*Percentage of participation and voting rights*		*Percentage of participation of non-controlling interest*		Date of establishment
				2020	2019	2020	2019	
Promobiliaria S.A.		Panamá	Purchase, sell, build, modify, manage, lease and in general enter into any contract for the disposition, improvement, use and usufruct of real estate not necessary for the operation of property owned by the companies that make up the EPM Group.	100.00%	100.00%	-	-	08/09/2015
EPM Latam S.A.		Panamá	Make capital investments in companies.	100.00%	100.00%	-	-	17/05/2007
EPM Capital México S.A. de C.V.		México	Develops infrastructure projects related to energy, lighting, gas, telecommunications, sanitation, water treatment plants, sewerage, wastewater treatment, buildings, as well as their operation, studies and services.	100.00%	100.00%	-	-	04/05/2012
EPM Chile S.A.		Chile	Develops projects related to energy, lighting, gas, telecommunications, sanitation, drinking water treatment plants, sewage and wastewater treatment, as well as providing such services and participating in all types of public and private bids and auctions.	100.00%	100.00%	-	-	22/02/2013
Inversiones y Proyectos Hidrosur SpA	(4)	Chile	Participate in all types of tenders, bids, auctions, whether public and/or private, in the purchase of shares in domestic or foreign companies. Enter into strategic alliances, joint ventures and enter into business collaboration agreements to participate in bids, obtain concessions and/or authorizations. To provide all types of consulting and services directly or indirectly related to the activities carried out and in which the company is involved.	100.00%	100.00%	-	-	16/12/2014
Tecnología Intercontinental S.A. de C.V. TICSA		México	Dedicated to the study, development, promotion and execution of industrial projects, design, manufacture, assembly and assembly of machinery, development of technology, including commercialization, commercial representation and trade in general.	100.00%	100.00%	-	-	28/07/1980

Name of subsidiary		Location (country)	Main Activity	*Percentage of participation and voting rights*		*Percentage of participation of non-controlling interest*		Date of establishment
				2020	2019	2020	2019	
EV Alianza Energética S.A.	(5)	Panamá	Provision of energy efficiency services and all related services, such as environmental services, marketing and financing of efficiency projects, as well as the provision of energy and technological solutions, production, transformation, purchase, sale and supply of energy, gas and related products such as biogas; consulting services, studies, reports and projects related to the above operations and services, as well as those related to the environment and energy saving.	-	51.00%	-	49.00%	22/01/2016
Empresas Públicas de Rionegro S.A.S. E.S.P. - EP RIO	(6)	Colombia	Rendering of domiciliary public utilities, including water and sewage services, as well as complementary and related activities; specifically the administration, operation, maintenance and investments of the water and sewage systems of the Municipality of Rionegro, the execution of programs and projects on the environment and renewable and non-renewable natural resources; promoting their sustainable development. In addition, the company will provide maintenance services for the public lighting network in the municipality of Rionegro.	-	100.00%	-	-	09/12/1996
ENSA Servicios S.A.		Panamá	Render technical, commercial and any other complementary services to the rendering of electricity services, without limiting other analogous, related and/or compatible services that constitute an added value to the described activities.	51.16%	51.16%	48.84%	48.84%	29/11/2017
FID 20431 SOMOS EPM (antes Patrimonio Autónomo Financiación Social)	(7)	Colombia	To manage the resources and payments of the social financing program created to facilitate users the purchase of household appliances, gas appliances and products related to information technology.	100.00%	100.00%	-	-	14/04/2008
FID 20432 SOMOS CHEC	(7)	Colombia	Manage the resources and payments of the social financing program created to facilitate the purchase of household appliances, gas appliances and IT-related products for users.	80.10%	-	-	-	10/11/2020

Name of subsidiary		Location (country)	Main Activity	*Percentage of participation and voting rights*		*Percentage of participation of non-controlling interest*		Date of establishment
				2020	2019	2020	2019	
FID 20433 SOMOS EDEQ	(7)	Colombia	Manage the resources and payments of the social financing program created to facilitate the purchase of home appliances, gas appliances and IT-related products.	92.85%	-	-	-	10/11/2020
FID 20434 SOMOS ESSA	(7)	Colombia	Manage the resources and payments of the social financing program created to facilitate the purchase of home appliances, gas appliances and products related to information technology.	74.05%	-	-	-	10/11/2020

(1) Subsidiary acquired by Grupo EPM through a share purchase and sale transaction completed on October 1, 2020 (see note 10. Business combinations).

(2) On November 23, 2020, EPM capitalized Aguas Nacionales EPM S.A. E.S.P. for $ 113,397.

(3) In December 2020, EPM capitalized Aguas Regionales EPM S.A. E.S.P. for $ 13,587, said capitalization was made in two rounds with payments made on December 28, 2020 for $ 10,087 and on January 6, 2021 for $ 3,500, in accordance with the terms of the share subscription regulations.

(4) On December 16, 2020, EPM Chile S.A. capitalized Inversiones y Proyectos Hidrosur SpA. for USD $ 15,500,000.

(5) On December 3, 2020, through public deed No. 5255 of the Fifth Notary of the Circuit of Panama, the liquidation of the subsidiary EV Alianza Energética SA was formalized, which was registered in the Public Registry of Panama on 29 December 2020. with the N ° 319156/2020.

(6) On 30 December 2019, in accordance with public deed No. 4641 of the Second Notary Office of Rionegro - Antioquia, registered at the Cámara de Comercio de Oriente Antioqueño Chamber of Commerce on 31 December 2019, the approval of the merger by absorption by which EPM absorbs Empresas Públicas de Rionegro S.A.S. E.S.P. - EP RIO was protocolized. Based on the merger commitment, it was established that, for accounting purposes, the final operation is perfected based on the figures shown in the accounts of the two companies, as of the last day of the month in which the respective deed is executed, i.e. 31 December 2019. Consequently, the operations of Empresas Públicas de Rionegro S.A.S. E.S.P. - EP RIO. (absorbed company) are carried out by EPM (absorbing company) from 1 January 2020

(7) Autonomous patrimony (structured entity) managed under a commercial trust contract N ° FID 4-2-2043 We are Grupo EPM Loyalty and Relationship Program, signed with the Fiduciaria de Occidente S.A. on November 10, 2020.

The financial information of the Group's subsidiaries that have significant non-controlling interests as of the date of the reporting period is as follows:

December 31, 2020	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Profit for the period continuing operations	Other comprehensive income	Total comprehensive income	Cash flows
Elektra Noreste S.A. (ENSA)	734,507	2,054,912	1,233,157	868,808	2,065,381	74,526	23,961	98,487	167,217
Empresa Eléctrica de Guatemala S.A. (EEGSA)	641,214	1,669,023	392,165	893,334	2,239,651	147,559	30,549	178,108	17,434
Electrificadora de Santander S.A. E.S.P. (ESSA)	334,859	1,689,133	516,361	826,830	1,268,295	138,137	(3,613)	134,524	135,679
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	286,548	1,024,373	243,313	720,700	856,035	67,938	(11,193)	56,745	133,248
Distribuidora Eléctrica del Sur S.A. de C.V. (DELSUR)	168,047	383,982	257,570	158,237	919,556	37,491	(10,386)	27,105	24,372
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	273,766	926,944	341,473	379,975	831,760	77,062	(1,447)	75,615	51,239
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	99,584	1,226	21,656	7,026	302,022	11,572	3,955	15,527	7,170
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	98,934	226,510	78,958	80,686	258,644	27,739	221	27,960	44,323
Transportista Eléctrica Centroamericana S.A. (TRELEC)	93,135	1,013,495	567,834	3,135	153,268	76,455	11,313	87,768	595
Aguas Regionales EPM S.A. E.S.P.	55,267	175,462	38,346	66,890	60,355	9,294	-	9,294	31,136
Other participations(1)	517,828	4,124,039	352,603	516,599	691,509	392,715	28,962	421,677	278,030

Amounts stated in millions of Colombian pesos

2019	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Profit for the period continuing operations	Other comprehensive income	Total comprehensive income	Cash flows
Elektra Noreste S.A. (ENSA)	659,340	1,960,812	1,138,014	889,124	2,417,021	107,816	6,352	114,168	69,466
Empresa Eléctrica de Guatemala S.A. (EEGSA)	549,658	1,611,453	395,863	835,322	2,060,200	100,390	32,968	133,358	18,644
Electrificadora de Santander S.A. E.S.P. (ESSA)	321,713	1,558,855	335,156	850,594	1,195,556	148,540	24,105	172,645	133,587
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	229,499	964,992	231,573	672,756	777,880	65,033	(4,330)	60,703	47,534
Distribuidora Eléctrica del Sur S.A. de C.V. (DELSUR)	172,535	385,611	236,994	178,658	1,040,346	44,112	(4,424)	39,688	23,028
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	244,733	944,416	261,482	383,707	766,819	123,470	(1,045)	122,425	19,874
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	95,011	1,262	25,132	1,122	329,092	12,695	539	13,234	3,479
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	77,132	211,633	43,155	71,474	245,074	35,822	(525)	35,297	19,782
Transportista Eléctrica Centroamericana S.A. (TRELEC)	114,663	897,312	580,416	(24,302)	108,379	45,789	2,633	48,422	3,362
Aguas Regionales EPM S.A. E.S.P.	25,534	143,830	34,000	32,754	56,210	9,932	-	9,932	10,469
Other participations(1)	499,893	3,957,809	387,610	486,967	722,615	517,524	7,972	525,496	230,789

Amounts stated in millions of Colombian pesos

(1) Corresponds to investments in subsidiaries where the non-controlling interest is not significant in terms of equity participation and/or the amount of financial figures of each entity, and includes the following subsidiaries: Hidroecológica del Teribe S.A., Enérgica S.A., Credieegsa S.A., Aguas Nacionales EPM S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Aguas de Malambo S.A. E.S.P., Empresas Varias de Medellín S.A. E.S.P., EPM Inversiones S.A., Inmobiliaria y Desarrolladora Empresarial de América S.A., Innova Tecnología y Negocios S.A. de C.V. and Almacenaje y Manejo de Materiales Eléctricos S.A.

Profit or loss for the period, the dividends paid, and the assets allocated to non-controlling interests at the date of the reporting period are as follows:

Non-controlling interests	December 31, 2020			
	Equity	Profit or loss for the period	Other comprehensive income	Dividends paid
Elektra Noreste S.A. (ENSA)	335,392	36,396	(44)	-
Electrificadora de Santander S.A. E.S.P. (ESSA)	176,689	35,851	(938)	38,543
Empresa Electrica de Guatemala S.A. (EEGSA)	195,704	28,181	(775)	13,814
Central Hidroelectrica de Caldas S.A. E.S.P. (CHEC)	95,369	15,335	(288)	27,921
Transportista Electrica Centroamericana S.A. (TRELEC)	102,300	14,601	-	1,315
Centrales Electricas del Norte de Santander S.A. E.S.P. (E.S.P.)	29,421	5,762	(949)	-
Distribuidora de Electricidad del Sur S.A. de C.V. (DELSUR)	18,488	5,002	(179)	9,073
Aguas Regionales EPM S.A. E.S.P.	31,918	2,364	-	-
Comercializadora Electrica de Guatemala S.A. (COMEGSA)	13,775	2,210	-	2,628
Empresa de Energia del Quindio S.A. E.S.P. (EDEQ)	11,847	1,982	16	2,593
Other non-controlled interests (1)	23,242	8,695	1	8,369

Amounts stated in millions of Colombian pesos

Non-controlling interests	2019			
	Equity	Profit or loss for the period	Other comprehensive income	Dividends paid
Elektra Noreste S.A. (ENSA)	289,364	52,704	(431)	10
Electrificadora de Santander S.A. E.S.P. (ESSA)	180,326	38,551	6,256	35,048
Empresa Electrica de Guatemala S.A. (EEGSA)	177,597	19,172	(1,435)	16,008
Central Hidroelectrica de Caldas S.A. E.S.P. (CHEC)	108,243	24,569	(208)	28,450
Transportista Electrica Centroamericana S.A. (TRELEC)	87,060	8,745	-	8,137
Centrales Electricas del Norte de Santander S.A. E.S.P.	24,609	5,515	(367)	-
Distribuidora de Electricidad del Sur S.A. de C.V. (DELSUR)	19,319	5,973	(164)	7,853
Aguas Regionales S.A. E.S.P.	31,029	3,003	-	-
Comercializadora Electrica de Guatemala S.A. (COMEGSA)	13,372	2,424	-	777
Empresa de Energia del Quindio S.A. E.S.P. (EDEQ)	12,442	2,560	(38)	2,188
Other non-controlled interests (1)	21,039	7,547	(4)	4,691

Amounts stated in millions of Colombian pesos

(1) Corresponds to investments in subsidiaries where the non-controlling interest is not significant and includes the following companies: Inmobiliaria y Desarrolladora Empresarial de América S.A., Enérgica S.A., Aguas de Malambo S.A. E.S.P., Empresa de Aguas del Oriente Antioqueño S.A. E.S.P., Hidroecológica del Teribe S.A., Crediegsa S.A., Aguas Nacionales EPM S.A. E.S.P., Empresas Varias de Medellín S.A. E.S.P. and Almacenaje y Manejo de Materiales Eléctricos S.A.

9.1 Significant restrictions

As of 31 December 2020, and 2019, the Group does not have any significant restriction to access or use the assets, settle Group liabilities, nor do the non-controlling interests have protective rights that could restrict the Group's ability to access or use the assets and settle liabilities of the subsidiaries or restrict dividends and other capital distributions. Except for what is indicated in Note 4.5 in relation to the subsidiary Desarrollos Hidráulicos de Tampico, S.A. de C.V.

9.2 Consolidated structured entities

As of December 31, 2020, and 2019, the Group has the following consolidated structured entities:

Entity structured	2020			
	Interest in the entity	Total assets	Total liabilities	Net income for the period
FID 20431 SOMOS EPM (formerly Patrimonio Autónomo Financiación Social)	100%	191,467	13,239	19,776
FID 20432 WE ARE CHEC	80.10%	20,861	809	1,416
FID 20433 WE ARE EDEQ	92.85%	1,762	42	18
FID 20434 WE ARE ESSA	74.05%	567	25	(25)

Amounts stated in millions of Colombian pesos

Entity structured	2019			
	Interest in the entity	Total assets	Total liabilities	Net income for the period
FID 20431 SOMOS EPM (formerly Patrimonio Autónomo Financiación Social)	100%	167,272	17,998	21,376

Amounts stated in millions of Colombian pesos

The Group has no obligation to provide financial support to the above structured entities.

9.3 Loss of Control of Subsidiaries

On 27 November 2019, the EPM Group, through its subsidiary EPM Chile S.A., disposed of its investments in:

- Parque Eólico Los Cururos SpA. which carries out electricity generation activities through all types of fuels and renewable energies such as wind, photovoltaic and biomass, transmission, purchase, sale and marketing of electricity and,

- EPM Transmisión Chile S.A., which carries out activities of operation, development of electrical systems for the transport, transmission and transformation of electrical energy, either within the country or abroad, and the acquisition of these. It also markets the transmission capacity of lines and the transformation capacity of substations and associated equipment so that generating plants, both domestic and foreign, can transmit the electricity they produce to their consumption centers.

The effect of the transaction on the profit or loss for the period is as follows:

Value of consideration transferred	495,402
Value of the net assets of the subsidiary	(474,313)
Cost of sale	(4,813)
Reclassification of component of other comprehensive income from conversion of financial statements	8,222
Realization of capitalized interest	27,148
Loss on valuation of previously held equity interests	(3,401)
Profit on disposal of subsidiaries (ver nota 42)	**48,245**

Amounts stated in millions of Colombian pesos

The net effect at the date of the transaction in the consolidated statement of cash flows represents a decrease corresponding to cash and cash equivalents held in subsidiaries of $6,915.

Note 10. Business Combinations

The detail of the business combination carried out by Grupo EPM as of the reporting periods is as follows:

Year	Entity	Activity	Date of transaction	Acquired interest
2020	Caribemar de la Costa S.A.S. E.S.P. (AFINIA)	To provide public electric power distribution and commercialization services, as well as the performance of all related activities, works, services and products.	1/10/2020	100%

As a result of the execution of a Share Acquisition Agreement with Electrificadora del Caribe S.A. E.S.P., Once the conditions established therein were verified, the EPM Group obtained, on October 1, 2020, the date from which it began operations, control of CaribeMar de la Costa S.A.S. E.S.P. ("CaribeMar" or the "Company" under the Afinia brand) through the acquisition of 100% of its shares and therefore of the voting rights through Empresas Públicas de Medellín E.S.P (85%) and EPM Latam S.A. (15%).

The identifiable assets and liabilities acquired on the date of acquisition of CaribeMar include inputs, production processes and an organized work team. The EPM Group has determined that, together, the inputs and processes acquired contribute significantly to the ability to generate income from ordinary activities. The EPM Group has concluded that the acquired group is a business.

CaribeMar is a simplified joint stock company, a mixed public services company, incorporated on April 20, 2020, domiciled in the municipality of Cartagena, Department of Bolívar, Republic of Colombia, and with commercial registration No. 09-442118-12 of the Cartagena Chamber of Commerce. Its main corporate purpose is the provision of public electricity distribution and marketing services, as well as the performance of all related activities, works, services and products.

The Group acquired control of said company mainly due to the following factors:

- Growth opportunity that allows reaching the Atlantic Coast market and providing its service to more than 1.5 million clients located in the departments of Bolívar, Córdoba, Sucre, Cesar and 11 municipalities of Magdalena.

- CaribeMar represents approximately 12% of the national electricity market share, which allows the Group to increase its market share in the electricity distribution and commercialization business in Colombia, going from 23% to approximately 35% (maximum regulatory limit permitted).
- Add to the quality of life of the inhabitants of the Atlantic Coast in the area served by CaribeMar, by providing an electric power service with continuity, quality and coverage.
- Possibility of extending its quality services to a population of approximately 19 million people, of which approximately 6 million are in the region served by CaribeMar.
- Take advantage of economies of scale given the size of the CaribeMar market.
- Possibility of expanding the portfolio of services in other businesses of interest to the EPM Group.

The detail of the fair value of the net assets received as of October 1, 2020, and the result from business combination is as follows:

Concept	Fair value
Deferred tax assets	498,587
Equity investments	32,355
Other current assets	188,131
Accounts receivable(1)	1,443,741
Inventories	48,040
Cash and cash equivalents	681,407
Identifiable assets	**2,892,261**
Liabilities assumed and consideration transferred	**1,300,258**
Result from business combination(2)	**1,592,003**
Acquisition costs(3)	**7,443**

Amounts stated in millions of Colombian pesos

At the control date, CaribeMar's property, plant and equipment, and intangibles were impaired to adjust their value to their recoverable amount. The value in use was considered, technically justified, which reflects the reality of the market and the contractual conditions.

1 The fair and gross value of the contractual amounts receivable and their composition at the control date is as follows:

Concept	Fair value	Contractual amounts receivable
Trade and other receivables	1,443,741	2,779,225
Identifiable assets	**1,443,741**	**2,779,225**

Amounts stated in millions of Colombian pesos

At the control date, there were $ 1,335,484 corresponding to the contractual cash flows that are not expected to be collected.

2 The result of the business combination is generated by an acquisition price associated with the mandatory commitments assumed by the EPM Group in the acquisition contract. These commitments do not meet the criteria for their accounting recognition on the control date and date of the Consolidated Statement of Financial Position (See Commitments section of this note). The result of

the business combination is presented in the Consolidated Statement of Comprehensive Income in the effect line for participation in equity investments.

As a result of the aforementioned strategic considerations and the fact that EPM accumulates years of knowledge, experience and operational capabilities, the result was a business projection with an improved operational and financial expectation compared to that of the asset. Given the difficulties of the market and the contractual conditions defined by the seller, which include, among others, the execution of an investment plan and the signing of a management plan with the Superintendency of Residential Public Services to improve the indicators, a company was acquired with net assets and working capital that represent resources destined for the operation of the company, necessary to cover the deficits in the provision of the service with the quality and continuity required, that managed by a suitable operator and incorporated in a financial valuation part of the cash flows of this asset, which, adjusted to the real potential for generating value in that market and the associated risk, reflect the amount of the consideration transferred.

According to the tax regulations in Colombia, the result of the business combination is not considered taxable in income tax. From the date of the transaction to the closing of the accounting period, the result of the business combination has not recorded changes in value.

[3] Acquisition costs of $ 7,443 were recognized, which correspond mainly to technical, financial and legal advice recorded as expenses and included in the line of commissions, fees and services in the result of the period.

The income from ordinary activities and the result of CaribeMar included in the consolidated financial statements are:

Concept	2020
From acquisition date to reporting period	
Income from ordinary activities	753,802
Loss	(74,944)
From the beginning of the annual reporting period through the reporting period(1)	
Revenue from ordinary activities	753,802
Loss	(74,944)

Amounts stated in millions of Colombian pesos

[1] Revenue from ordinary activities and loss from the beginning of the period and from the acquisition date to the reporting period are the same because the company started operations on October 1, 2020.

As of December 31, 2020, in accounting for the business combination the following amounts are provisional:

- Equity investments that represent CaribeMar's participation in the company Centro de Servicios Compartidos S.A.S. and whose fair value will be determined once the activities related to the physical inspection and valuation of property, plant and equipment, and intangible assets are completed.

Commitments

The acquisition of CaribeMar constitutes significant obligations for the EPM Group. As part of these obligations, the EPM Group expressly and irrevocably undertakes to execute, together with CaribeMar, a Minimum Investment Plan in infrastructure [1] and in losses [2], that contemplate a five-year global amount between 2021 and 2025 summarized as follows:

Investment plan	Amount[3]
In infrastructure	2,009,957
In losses	988,737
Other investments	166,549
Total	**3,165,243**

Amounts stated in millions of Colombian pesos

1 Infrastructure investment plan: investment plan in electrical assets, which includes assets for use from the loss plan and special construction units.

2 Loss investment plan: set of non-use assets oriented to the management or execution of the loss plan, as described in Resolution 015 of 2018 of the Colombian Energy and Gas Regulatory Commission (CREG).

3 Amounts denominated in millions of constant pesos at the beginning of 2020.

In the event that CaribeMar is obliged to make investments (including associated costs) in infrastructure in the distribution network under any court ruling or transactions that resolve assumed litigious liabilities, these amounts will be considered for the purposes of complying with the investment plan of Grupo EPM.

It is estimated that the regulatory investment plan, with the tariff charges, will be approved to be implemented in April 2021, so the committed amounts could vary.

The Share Acquisition Agreement limits the EPM Group to dispose of its participation for a period of three years, when such disposal implies loss of control of CaribeMar, either through the transfer of the shares, a merger, a spin-off or in the event of the early liquidation of the company.

Note 11. Investments in associates

The breakdown of Investment in associates of the Group as at the date of the reporting period is:

Name of associate	Location (country)	Main activity	Percentage of participation and voting rights		Date of establishment
			2020	2019	
Hidroeléctrica Ituango S.A. E.S.P.	Colombia	Promotion, design, construction, operation, maintenance and commercialization of energy at national and international level of the Pescadero	46.45%	46.45%	8/06/1998
Hidroeléctrica del Rio Aures S.A. E.S.P.	Colombia	Generation and commercialization of electric energy through a hydroelectric power plant, located in the jurisdiction of the municipalities of Abejorral and	32.99%	32.99%	14/05/1997
UNE EPM Telecomunicaciones S.A.	Colombia	Provision of telecommunication services, information and communication technologies, information services and complementary activities.	50.00%	50.00%	23/06/2006
Inversiones Telco S.A.S.	Colombia	Invest in companies whose corporate purpose is based on the provision of business process outsourcing (BPO) services for companies, especially but not	50.00%	50.00%	5/11/2013
VE Servicios de Eficiencia Energética S.A.S. (1)	Colombia	To carry out all activities, works and services related to the installation, operation and energy production of each of the energy efficiency projects developed by EV Alianza Energética S.A., such as the provision of energy and technological solutions, production, transformation, purchase, sale and supply	2.1%	2.1%	21/02/2017

(1) At 31 December 2020, the Group continues to have significant influence on the financial policy and operating decisions of this company (see note 3).

The value of investments in associates at the date of the reporting period is as follows:

Associate	2020 Value of investment				2019 Value of investment		
	Cost	Equity method	Dividends	Total	Cost	Equity method	Total
Inversiones Telco S.A.S.	2,342,488	(780,910)	(12,547)	1,549,031	2,342,488	(682,523)	1,659,965
Inversiones Telco S.A.S.	55,224	27,093	(14,508)	67,809	55,224	17,238	72,462
Hidroeléctrica Ituango S.A. E.S.P.	34,313	(10,841)	-	23,472	34,313	(11,134)	23,179
Hidroeléctrica del Río Aures S.A. E.S.P.	2,478	159	-	2,637	2,478	294	2,772
VE Servicios de Eficiencia Energética S.A.S.	88	(4)	-	84	83	1	84
Total investments in associates	**2,434,591**	**(764,503)**	**(27,055)**	**1,643,033**	**2,434,586**	**(676,124)**	**1,758,462**

Amounts stated in millions of Colombian pesos

The breakdown of the equity method recognized in profit or loss for the period and in other comprehensive income for the period is as follows:

Associate	2020			2019		
	Period share method		Total	Period share method		Total
	Result for the period	Otro resultado integral		Result for the period	Otro resultado integral	
UNE EPM Telecomunicaciones S.A.	(101,941)	-	(101,941)	7,186	(300)	6,886
Inversiones Telco S.A.S.	9,783	-	9,783	4,782	-	4,782
Hidroeléctrica Ituango S.A. E.S.P.	293	-	293	-	-	-
Hidroeléctrica del Río Aures S.A. E.S.P.	(135)	-	(135)	(179)	-	(179)
VE Servicios de Eficiencia Energética S.A.S.	-	-	-	4	2	6
Total	**(92,000)**	**-**	**(92,000)**	**11,793**	**(298)**	**11,495**

Amounts stated in millions of Colombian pesos

The financial information of the Group's significant associates at the date of the reporting period is as follows. All associates are accounted for using the equity method in the consolidated financial statements:

2020	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Result for the period Continuing operations	Other comprehensive income	Total comprehensive income	Dividends received
UNE EPM Telecomunicaciones S.A.	1,875,321	7,455,526	2,024,214	5,759,047	4,843,434	(212,543)	104	(212,439)	12,547
Inversiones Telco S.A.S.	163,965	125,474	88,519	55,996	428,756	9,420	-	9,420	-
Hidroeléctrica Ituango S.A. E.S.P.	18,338	109,916	874	76,874	694	254	-	254	-
VE Servicios de Eficiencia Energética S.A.S.	2,861	7,424	6,280	-	1,763	195		195	-
Hidroeléctrica del Río Aures S.A. E.S.P.	1,272	13,684	6,742	-	-	(409)	-	(409)	-

Amounts stated in millions of Colombian pesos

2019	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Ordinary income	Result for the period Continuing operations	Other comprehensive income	Total comprehensive income	Dividends received
UNE EPM Telecomunicaciones S.A.	1,776,297	6,163,823	1,874,908	4,287,090	4,927,143	519	(147)	372	38,483
Inversiones Telco S.A.S.	163,965	125,474	88,519	55,996	428,756	9,420	-	9,420	3,103
Hidroeléctrica Ituango S.A. E.S.P.	5,209	111,606	924	65,987	-	-	-	-	-
VE Servicios de Eficiencia Energética S.A.S.	2,861	7,424	6,280	-	1,763	195	-	195	-
Hidroeléctrica del Río Aures S.A. E.S.P.	2,308	12,967	6,652	-	-	(276)	168	(108)	-

Amounts stated in millions of Colombian pesos

The financial information of these companies, the basis for applying the equity method, is prepared under IFRS and adjusted to the Group's accounting policies.

Significant restrictions

As at 31 December 2020 and 2019, the Group has no significant restrictions on investments in associates relating to the transfer of funds to the Group in the form of cash dividends, or repayment of loans or advances made by the Group, except in the case of UNE EPM Telecomunicaciones S.A. in which at least fifty percent (50%) of the net profit for the period must be distributed as a dividend after appropriation and/or legal, statutory and occasional reserves, provided that the level of consolidated financial debt does not exceed twice the EBITDA for the same period.

Note 12. Investment in joint ventures

The breakdown of joint ventures of the Group at the reporting date is as follows:

Name of joint venture	Main activity	Actividad principal	Percentage of ownership and voting rights		Date of creation
			2020	2019	
Parques del Río S.A.S. [1]	Colombia	Construction, operation and maintenance of the Parques del Río Medellín project, as well as acting as the project's urban manager.	33%	33%	26/11/2015
Centro de Servicios Compartidos SAS [2]	Colombia	General technology services, technology infrastructure services, specialized business technology services and other specialized services.	50%	-	05/08/2020

(1) Joint venture constituted on November 26, 2015, with the participation of the Municipality of Medellín, Intervial Colombia S.A.S., Empresa de Transporte Masivo del Valle de Aburrá Ltda. (Metro) and EPM. The strategic support of EPM's participation in this company is based on the following aspects:

- Apply EPM expertise to large-scale infrastructure developments.

- EPM is entitled to participate by the territorial ordinance plan.

(2) Joint business established on August 5, 2020, in which CaribeSol de la Costa S.A.S. E.S.P. and Caribemar de la Costa S.A.S. E.S.P., whose objective is the provision of technological services to both companies.

The value of investments in joint Ventures at the reporting date was:

Joint venture	2020			2019		
	Investment value			Investment value		
	Cost	Equity method	Total	Cost	Equity method	Total
Parques del Río S.A.S.	99	(46)	53	99	(17)	82
Centro de Servicios Compartidos SAS	32,355	59	32,414	-	-	-
Total	**32,454**	**12**	**32,467**	**99**	**(17)**	**82**

Amounts stated in millions of Colombian pesos

The financial information of the Group's significant joint ventures at the date of the reporting period is as follows. All joint ventures are accounted for using the equity method in the consolidated financial statements:

2020	Current assets	Current liabilities	Result for the period Continuing operations	Total comprehensive income	Dividends received
Parques del Río S.A.S.	161	1	(29)	-	-
Centro de Servicios Compartidos SAS	47,351	7,344	117	-	-

Amounts stated in millions of Colombian pesos

2019	Current assets	Current liabilities	Result for the period Continuing operations	Total comprehensive income	Dividends received
Parques del Río S.A.S.	254	6	-	-	-

Amounts stated in millions of Colombian pesos

As of December 31, 2019, Parques del Rio S.A.S. entity is in a pre-operational stage and has no operating income.

The financial information of the companies, which is the basis for applying the equity method, is prepared under IFRS and adjusted to the Group's accounting policies.

Significant restrictions

At 31 December 2020 and 2019, the Group has no significant restrictions on investments in joint ventures relating to the transfer of funds to the Group in the form of cash dividends, or repayment of loans or advances made by the Group.

Note 13. Trade and other receivables

The breakdown of trade and other receivables of the Group as of the dates of the periods being reported is as follows:

Trade and other receivables	2020	2019
Non-current		
Trade and other receivables Non-current	801,952	405,894
Impairment utilities	(401,236)	(129,544)
Employee loans(1)	122,345	118,360
Dividends and participations receivable	17	-
Impairment of loans to employees	(10)	(2)
Utility management contracts	536,651	546,117
Severance payments	110,865	-
Other services	125	1,021
Other receivables	131,254	90,812
Impairment of other loans	(25,207)	(18,973)
Total non-current	**1,276,757**	**1,013,685**
Current		
Utility accounts receivable	4,912,954	3,380,165
Impairment utilities	(1,731,674)	(401,684)
Employee loans(1)	46,157	46,976
Dividends and participations receivable	10,269	-
Impairment of loans to employees	(58)	(291)
Other contracts with customers	598	2,001
Contracts for the management of public services	76,174	77,021
Severance payments(2)	317,648	466,037
Other services	228,455	244,316
Other receivables	567,275	454,070
Impairment of other loans	(248,070)	(195,949)
Total current	**4,179,728**	**4,072,661**
Total	**5,456,485**	**5,086,346**

Amounts stated in millions of Colombian pesos

(1) The increase in the portfolio of public service debtors is mainly explained as a consequence of the measures taken to mitigate the economic and social effects generated by the COVID-19 pandemic. These measures were aimed at granting deadlines for the payment of services, avoiding the suspension and cut of supply and gave the opportunity to defer the debt. Finally, a lower collection was evidenced, distributed as follows: $ 546,260 non-payment financing, $ 31,196 frozen financing installments, $ 30,311 preload for life program, $ 18,032 discount for timely payment and other relief plans $ 1,621.

(2) Receivables from Mapfre insurance company for $378,639 in respect of civil works and total loss of machinery and equipment covered by the all-risk and construction policy and $8,000 in respect of non-contractual civil liability for the Ituango´s proyect. $ 110,865 is recorded in the non-current portion and $ 275,774 in the current portion.

(3) The increase is mainly explained by the dividends decreed by Inversiones Telco.

Long-term accounts receivable are measured at amortized cost under the effective interest rate method and short-term accounts receivable are presented in their nominal amount, except for accounts receivable in EPM Matrix of: Biomax for $ 20,643 associated with the firm supply contract for liquid fuel (ACPM) for the Termoeléctrica La Sierra and Termodorada plants, which are measured at fair value.

Impairment of portfolio

The Group measures the value correction for expected losses during the lifespan of the asset using the simplified approach, which consists in taking the present value of credit loss arising from all possible default events at any time during the lifetime of the operation.

This alternative is taken given that the volume of customers is very high and the measurement and control of the risk by stages can lead to errors and to an underassessment of impairment.

The expected loss model corresponds to a forecasting tool that projects the probability of portfolio default (in the next twelve months. Each obligation is assigned an individual probability of default calculated from a probability model that involves sociodemographic, product and behavioral variables.

At the cut-off date, the ageing analysis of receivables at the end of the reporting period that are impaired is:

	2020		2019	
	Gross recorded book value	Value expected credit losses during the life time	Gross recorded book value	Value expected credit losses during the life time
Public utilities debtors				
Not Past Due	3,138,585	(319,713)	2,801,324	(128,856)
Less than 30 days	655,728	(152,435)	482,585	(22,265)
30-60 days	309,655	(218,347)	85,575	(10,631)
61-90 days	273,336	(220,920)	38,994	(7,417)
91-120 days	254,570	(233,428)	12,447	(5,765)
121-180 days	282,619	(241,995)	25,134	(12,015)
181-360 days	300,173	(275,905)	67,612	(51,225)
Greater than 360 days	500,240	(470,166)	272,388	(293,053)
Total public utility debtors	**5,714,907**	**(2,132,910)**	**3,786,059**	**(531,228)**
Other debtors				
Not Past Due	1,177,998	(20,816)	1,141,173	(96,378)
Less than 30 days	71,718	(5,288)	90,926	(6,782)
30-60 days	10,770	(2,324)	13,088	(1,983)
61-90 days	8,202	(1,882)	6,756	(1,564)
91-120 days	6,142	(2,103)	85,116	(64,395)
121-180 days	8,659	(4,009)	6,886	(3,020)
181-360 days	90,760	(17,732)	72,256	(14,302)
Greater than 360 days	773,582	(219,191)	630,529	(26,792)
Total other debtors	**2,147,833**	**(273,345)**	**2,046,730**	**(215,215)**
Total debtors	**7,862,739**	**(2,406,255)**	**5,832,789**	**(746,443)**

Amounts stated in millions of Colombian pesos

The variation in the expected credit losses of Grupo EPM amounts to $ 1,665,853, explained by the following reasons: a) Due to the inclusion of the impairment of the portfolio corresponding to the new subsidiary Caribe Mar de la Costa S.A.S E.S.P. which was $ 1,464,233. b) The increase in the impairment of the subsidiary ESSA, as a consequence of the adjustment in the model used to calculate the impairment of the portfolio. As of December 31, 2020, it is estimated that due to the health emergency caused by COVID-19, the deterioration of the accounts receivable of the EPM group has increased by $ 120,882.

The reconciliation of the expected credit losses of the portfolio is as follows:

Asset life expected credit losses	2020	2019
Value correction at the beginning of the period	(746,443)	(675,021)
Changes in impairment of accounts receivable held at the beginning of the period	(492,335)	-
Financial assets that have been derecognized during the period	5,488	20,281
New financial assets originated or purchased	(264,129)	(408,944)
Cancellations	372,121	362,458
Changes in risk models/parameters	88,872	43,992
Business combinations(1)	(1,335,484)	-
Differences in exchange rates and other movements	(34,345)	(89,209)
Final balance	**(2,406,255)**	**(746,443)**

Amounts stated in millions of Colombian pesos

Portfolio reconciliation is as follows:

Portfolio balance	2020	2019
Initial balance of financial assets	5,832,789	4,889,239
New financial assets originated or purchased	26,163,115	33,184,954
Write-offs of financial assets	(26,941,894)	(31,991,406)
Financial assets that have been derecognized	(9,216)	(20,281)
Changes due to modifications that did not result in derecognition	-	32,187
Business combinations(1)	2,779,225	-
Valuation at amortized cost	(18,697)	-
Other changes	57,417	(261,904)
Final balance	**7,862,739**	**5,832,789**

Amounts stated in millions of Colombian pesos

(1) Corresponds to the entry of the new subsidiary Caribe Mar de la Costa S.A.S E.S.P.

The Group derecognizes, against the impairment of recognized value in a corrective account the values of impaired financial assets when:

- Recorded receivable do not present any certain rights, assets or obligations for the entity.

- Rights or obligations lack documents and suitable support to advance the relevant procedures for their collection or payment.

- It is not possible to collect the right or obligation, due to coercive or judicial jurisdiction.

- It is not possible to legally charge any natural or legal entity for the value of the portfolio.

- When the cost-benefit relationship has been evaluated and established, it is more expensive to advance the collection process than the value of the obligation.

Bodies responsible for derecognizing

Within the framework of group governance, approval bodies have been defined for the derecognition of assets from the financial statements, in order to maintain control over the assets to be written-off.

Note 14. Other financial assets

The breakdown of other financial assets at the closing of the period is as follows:

Other financial assets	2020	2019
Non-current		
Derivatives designated as hedging instruments under hedge accounting		
Swap contracts	46,279	34,422
Total derivatives designated as hedging instruments under hedge accounting	**46,279**	**34,422**
Financial assets measured at fair value through profit or loss for the period		
Fixed-income securities(1)	177,513	2,406
Variable income securities	79,928	59,005
Pledged investments	25,765	47,830
Trust rights	449,679	431,973
Total financial assets measured at fair value through profit or loss for the period	**732,885**	**541,214**
Financial assets designated at fair value with changes through other comprehensive income		
Equity instruments (2})	2,559,131	1,963,081
Total financial assets designated at fair value with changes through other comprehensive income	**2,559,131**	**1,963,081**
Financial assets measured at amortized cost		
Fixed income securities	1,640	1,619
Total financial assets measured at amortized cost	**1,640**	**1,619**
Financial leases	101,344	1,231
Total other non-current financial assets	**3,441,279**	**2,541,567**
Current		
Derivatives designated as hedging instruments under hedge accounting		
Swap contracts	16,105	11,727
Total derivatives designated as hedging instruments under hedge accounting	**16,105**	**11,727**
Financial assets measured at fair value through profit or loss for the period		
Derivatives not under hedge accounting(3)	128,204	-
Fixed-income securities(1)	2,068,299	811,865
Pledged investments	9,383	5,970
Total financial assets measured at fair value through profit or loss for the period	**2,205,886**	**817,835**
Financial assets measured at amortized cost		
Fixed income securities	185,605	34,261
Pledged investments	126	126
Total financial assets measured at amortized cost	**185,731**	**34,387**
Finance leases	4,142	4,049
Total other current assets	**2,411,864**	**867,998**
Total other assets	**5,853,143**	**3,409,565**

Amounts stated in millions of Colombian pesos

(1) Increase explained in temporary investments in dollars whose market value at the end of December amounted to USD573 million equivalent to $ 1,967,739, the sources of these resources were mainly debt operations.

(2) Increase in the valuation of the shares of Interconexión Eléctrica S.A. E.S.P which is explained by the behavior of the market.

(3) Corresponds to the climatic derivative contracted to cover the existing risk of dry seasons that imply a decrease in hydraulic generation and a rise in energy prices on the stock market. This financial instrument aims to provide protection to EPM parent company when events materialize that may prevent the fulfillment of contractual commitments that imply buying energy on the stock market at

market prices that may be unfavorable. With the climate derivative, part of this impact is transferred to the market, which would reduce the effect on the Group's financial results.

Financial assets at fair value through profit or loss are assets whose contractual cash flows are highly liquid. The Group classifies a financial asset in this category if it is acquired mainly for the purpose of being sold in the short term.

Investments made to optimize liquidity surpluses are included, that is, all those resources that are not immediately used for the development of the activities that constitute the company's corporate purpose. The investment of excess liquidity is made under the criteria of transparency, security, liquidity and profitability, under the guidelines of adequate control and under market conditions without speculative intent.

Conventional purchases and sales of financial assets are accounted for by applying the trade date.

14.1 Other financial assets measured at fair value with changes in other comprehensive income

Equity investments designated at fair value through other comprehensive income:

The breakdown of equity investments designated at fair value through other comprehensive income is:

Equity investment	2020	2019
Interconexión Eléctrica S.A. E.S.P.(1)	2,511,518	1,915,398
Promioriente S.A. E.S.P.	39,541	39,566
Reforestadora Industrial de Antioquia S.A.	4,947	4,947
Electrificadora del Caribe S.A. E.S.P.	1,385	1,385
Gensa S.A. E.S.P.	594	594
Others(2)	1,146	1,191
Total	2,559,131	1,963,081
Accumulated losses during the period(3)	-	(47,620)
Dividends recognized during the period related to investments that remain recognized at the end of the period(4)	72,984	57,262
Dividends recognized during the period	72,984	9,642

Amounts stated in millions of Colombian pesos

(1) As of 31 December 2020, the market price of Interconexión Eléctrica S.A. E.S.P. closed at $25,700 Colombian pesos (2019: $19,600 Colombian pesos) per share.

(2) Includes investments in: Gestión Energética S.A., Unidad de Transacciones S.A. de C.V., Terminal de Transporte de Bucaramanga S.A., Sin Escombros S.A.S., Duke Energy Guatemala y Cia. S.A., Organización Terpel S.A., Concentra Inteligencia en Energía S.A.S, Banco Davivienda S.A., Emgesa S.A. E.S.P., Hotel Turismo Juana Naranjo, Compañía de Alumbrado Eléctrico de San Salvador S.A., Fosfonorte S.A., Central de Abastos de Cúcuta, Acerías Paz del Río S.A., Cenfer S.A.

(3) Corresponds to loss generated in July 2019 on the sale of 14,881,134 ISA shares, arising from the difference between the sale price and the valuation of the share on the day of the transaction, ($15,700 pesos/share - $18,900 pesos/share = $-3,200 Colombian pesos/share)

[4] Dividends have been received in 2020 for $ 72,965 (2019: $ 56,132).

Equity investments indicated in the table above are not held for trading purposes but are rather held for strategic medium- and long- term purposes. The Group Management believes that the classification for these strategic investments provides more reliable financial information, reflecting changes in their fair value immediately in the results of the period.

14.2 Reclassifications of financial assets

The Group has not made changes to the business model for the management and administration of financial assets, therefore no financial assets have been reclassified.

Note 15. Leases

15.1. Finance lease as a lessor

The most significant finance lease agreements are: the facilities for the offices of the Grupo Tecnología Intercontinental, S.A.P. de C.V. TICSA company. The lease period of the office is 7 years, with an option to renew the lease after that date. The lease payments are modified each year based on inflation. For certain leases, the Company has restrictions on entering into sublease agreements.

At the cut-off date, future minimum payments and net investment in finance leases are distributed as follows:

Finance lease	2020	2019	
	Gross Investment	Gross Investment	Net Investment
Year one	2,124	2,031	-
Year two	466	1,231	-
More than five years	-	2,018	2,018
Total leases	**2,590**	**5,280**	**2,018**
Present value of minimum lease payments to be received	2,590	5,280	2,018

Amounts stated in millions of Colombian pesos

The Group, as the lessor, does not have any contracts that take the legal form of a lease and which do not in essence constitute a lease.

15.2. Asset-originating lease for right-of-use as a lessee

At the cut-off date, the recorded value of assets for right-of-use is as follows (excluding assets with right-of-use associated with construction in progress, which are included in note 5 Property, plant and equipment):

2020	Right to use land	Right to use buildings	Right to use networks, lines and cables	Right to use machinery and equipment	Right of use of furniture, fixtures and office equipment	Right to use communication and computing equipment	Right to use transport, traction and elevation equipment	TOTAL
Initial balance of cost	**12,172**	**504,267**	**103,507**	**22,944**	**1,063**	**10,251**	**87,407**	**741,611**
Additions	629	27,605	800	5,009	-	935	101	**35,079**
Business combinations(1)	-	6,314	-	-	-	-	3,637	**9,951**
Dispositions	-	-	-	-	-	(219)	-	**(219)**
Other changes	(927)	(7,365)	-	-	-	(2)	-	**(8,294)**
Withdrawals (-)	(6)	(1,480)	-	(893)	-	-	-	**(2,379)**
Transfers	-	399	-	-	-	-	-	**399**
Effect of foreign currency translation	9	680	1,272	-	15	105	(7)	**2,074**
Final balance of cost	**11,877**	**530,420**	**105,579**	**27,060**	**1,078**	**11,070**	**91,138**	**778,222**
Accumulated amortization and impairment								
Accumulated amortization and impairment beginning balance	**(604)**	**(93,705)**	**(5,737)**	**(6,544)**	**(212)**	**(2,824)**	**(22,573)**	**(132,199)**
Business combination(1)	-	(6,268)	-	-	-	-	(3,637)	**(9,905)**
Disposals	-	-	-	-	-	219	-	**219**
Other changes	114	121	-	(1)	1	1	(23)	**213**
Dispositions (-)	4	2,046	-	-	-	-	-	**2,050**
Effect of foreign currency translation	3	44	58	-	4	15	1	**125**
Amortization for the period	(702)	(23,237)	(6,369)	(6,235)	(161)	(1,348)	(25,492)	**(63,544)**
Impairment for the period	-	(3,959)	-	-	-	-	-	**(3,959)**
Ending balance accumulated amortization and impairment	**(1,185)**	**(124,958)**	**(12,048)**	**(12,780)**	**(368)**	**(3,937)**	**(51,724)**	**(207,000)**
Total ending balance net right-of-use assets	**10,692**	**405,462**	**93,531**	**14,280**	**710**	**7,133**	**39,414**	**571,222**

Amounts stated in millions of Colombian pesos

[1] Corresponds to the business combination with Caribemar de la Costa S.A.S. E.S.P. (Afinia).

2019	Right to use land	Right to use buildings	Right to use networks, lines and cables	Right to use machinery and equipment	Right of use of furniture, fixtures and office equipment	Right to use communication and computing equipment	Right to use transport, traction and elevation equipment	TOTAL
Initial balance of cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Additions	1,778	8,637	38	70	644	380	1,172	12,719
Re-statement due to change in policy	17,785	500,616	105,132	20,811	432	7,472	86,274	738,522
Withdrawals (-)	-	(1,064)	(805)	-	(16)	-	(57)	(1,942)
Dispositions	-	-	-	-	-	(4)	-	(4)
Transfers	-	17	-	-	-	-	-	17
Effect of loss of control in subsidiary	(6,802)	-	-	-	-	-	-	(6,802)
Effect of foreign currency translation	307	323	223	-	3	23	25	904
Other changes	(896)	(4,262)	(1,081)	2,063	-	2,380	(7)	(1,803)
Final balance of cost	**12,172**	**504,267**	**103,507**	**22,944**	**1,063**	**10,251**	**87,407**	**741,611**
Accumulated amortization and impairment								
Initial balance of accumulated amortization and impairment losses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Amortization for the period	(605)	(19,422)	(5,755)	(5,380)	(111)	(1,090)	(22,574)	(54,937)
Deterioration for the period	-	-	-	-	-	-	(11)	(11)
Restatement due to change in policy	-	(77,013)	-	-	-	-	-	(77,013)
Withdrawals (-)	-	170	15	-	17	-	21	223
Effect of foreign currency translation	1	(311)	5	-	(1)	-	(1)	(307)
Other changes	-	2,871	(2)	(1,164)	(117)	(1,734)	(8)	(154)
Ending balance of accumulated amortization and impairment losses	**(604)**	**(93,705)**	**(5,737)**	**(6,544)**	**(212)**	**(2,824)**	**(22,573)**	**(132,199)**
Total ending balance of net right-of-use assets	**11,568**	**410,562**	**97,770**	**16,400**	**851**	**7,427**	**64,834**	**609,412**

Amounts stated in millions of Colombian pesos

The most significant finance lease agreement is:

Contrato arrendamiento Edificio Empresas Públicas de Medellín (Empresas Públicas de Medellín Building lease contract) CT- 085 of 12 February 2002, held between EPM (THE COMPANIES) and the MUNICIPALITY OF MEDELLIN (MUNICIPALITY), the MUNICIPALITY agrees to lease to THE COMPANIES, and the latter agree to receive on the same basis, the use and enjoyment of the real estate owned by them called "Edificio Empresas Públicas de Medellín", with all its constructions and improvements.

The term of the contract is 50 years from 21 December 2001, date on which the MUNICIPALITY OF MEDELLIN became the owner of the property.

Contract lease payments are adjusted each year by a percentage equal to the national Consumer Price Index certified by DANE for the immediately preceding year.

Lease liabilities are included in Other financial liabilities in the statement of financial position.

Interest on lease liability amounts to $222,721.

Total cash outflows from leases during the period are $180,082.

At the cut-off date, future minimum payments and the present value of the minimum lease liability payments are distributed as follows:

Finance Lease	2020		2019	
	Minimum payments	Present value of minimum payments	Minimum payments	Present value of minimum payments
One year	86,402	86,196	77,713	72,654
More than one year and up to five years	293,513	237,695	305,746	243,814
More than five years	1,246,138	363,777	1,257,692	366,291
Total leases	**1,626,053**	**687,668**	**1,641,151**	**682,760**
Less - value of unearned interest	(938,385)	-	(958,391)	-
Present value of minimum lease payments	**687,668**	**687,668**	**682,760**	**682,760**

Amounts stated in millions of Colombian pesos

15.3 Operating lease as lessee

The most significant operating lease agreements are for the electrical infrastructure for the installation of networks by telecommunications operators. The contingent payments of these leases are determined based on the updating of the producer price index (PPI) and consumer price index (CPI) variables as well as the updating of the lease payments. Leases agreements provide for an option to be renewed by mutual agreement between the parties and do not provide for a purchase option.

The value of operating lease income is:

Operating lease	2020	2019
Year one	81,836	85,401
Year two	17,081	93,893
Year three	15,560	16,447
Year four	12,637	5,696
Year five	12,943	4,873
More than five years	28,889	30,340
Total leases	**168,946**	**236,650**

Amounts stated in millions of Colombian pesos

The Group, as a lessor, does not have contracts that take the legal form of a lease and that in essence do not constitute one.

15.4 Leases that do not generate assets by right-of-use as a lessee

Under IFRS 16, the most significant operating lease agreements are in EPM for spaces for the installation and operation of antennas in weather stations, shift management system, user printing infrastructure, among others, with no restrictions. The contingent payments of these leases are determined based on the consumer price index (CPI) as well as the updating of the lease payments and these contracts can be renewed.

At the cut-off date, future commitments for short-time lease are $17,602 (2019: $8,233).

Lease payments recognized as expense for the period are $23,454 (2019: $25,893).

The Group, as the lessee, does not have contracts that take the legal form of a lease and that in essence do not constitute one.

Note 16. Warranties

The Group has granted the following financial assets as collateral:

- Letters of credit, performance bonds and other securities for $245,952 (2019: 233,327) granted by the subsidiary ENSA to guarantee: fulfillment of the obligations for the concession contract with the National Authority of Public Utilities of Panama (Autoridad Nacional de los Servicios Públicos de Panamá); for electricity purchase contracts to generating and transmission companies.
- Deposits to Fixed Term Certificate (CDT) which recorded value is $ 133 (2019: $ 133). The conditions for the use of the collateral are to cover contingencies for lawsuits against the Municipality of Bucaramanga by the subsidiary ESSA S.A. This collateral is constituted and granted to Seguros del Estado.
- Premium withheld for $33,341 (2019: $19,454) to the subsidiary Maxseguros by the ceding insurance company, complying with Colombian regulations.
- The Group has received as a collateral from the subsidiary Maxseguros the premium withheld to reinsurance companies for $12,440 (2019: $8,253).

The Group has not withheld collaterals as of 31 December 2020 and 2019, authorizing it to sell or pledge them without a default by the owner of the collateral.

Note 17. Other assets

The breakdown of other assets at the end of the periods being reported is as follows:

Description	2020	2019
Non-current		
Employee benefits (1)	53,361	53,387
Deferred loss on leaseback transaction	20,933	21,608
Advances to suppliers (2)	9,085	18,962
Advance payments made (3)	8,240	11,491
Goods received as dation in payment	1,485	1,466
Total other non-current assets	**93,104**	**106,914**
Current		
Advances to suppliers (2)	364,285	64,581
Reinsurance activities (4)	250,671	209,229
Payments made in respect of prepayments (3)	103,766	94,298
Sales tax	62,211	64,759
Other tax credit balances	2,184	2,928
Advance payment of industry and commerce tax	1,297	1,951
Industry and commerce tax withheld	426	438
Advance payment of special contribution	282	282
Other advances or balances in favor for taxes and	172	126
Sales tax advance	3	-
Total other current assets	**785,297**	**438,592**
Total other assets	**878,401**	**545,506**

Amounts stated in millions of Colombian pesos

(1) Corresponds to Loans to employees at below-market rates for $53,361 (2019: $53,387)

(2) The non-current portion corresponds to resources given for management for $9,088 (2019: $18,996) and Other advance payments for -$3 (2019: -$34).

The current portion includes Other advance payments for $336,893 (2019: $59,157); resources given for management for $26,935 (2019: $4,537); advance payments on covenants and agreements and advance payments for travel expenses for $458 (2019: $887).

(3) The non-current portion includes insurance for $1,384 (2019: $3,284) mainly corresponding to the all-risk policies of the Ituango Hydroelectric Project, effective until March 2021, which are being amortized; premium on legal stability contracts for $6,465 (2019: $7,357); maintenance for $318 (2019: $763); leases for $73 (2019: $87).

The current portion includes insurance for $81,995 (2019: $74,906), comprised primarily of the all-risk policies for the Ituango Hydroelectric Project; printed matter, publications, fees, goods and services paid in advance for $15,283 (2019: $14,264); leases and maintenance for $6,488 (2019: $5,128).

(4) Corresponds to the technical reserves to be covered by reinsurers, which detail is as follows:

Description	2020	2019
Reserves for losses receivable	112,047	91,231
Unreported reserves for recoverable losses	61,592	62,918
Deferred premium - reinsurance portion	43,691	35,626
Retained earnings	33,341	19,454
Total	**250,671**	**209,229**

Amounts stated in millions of Colombian pesos

Note 18. Inventories

Inventories at the end of the period were represented as follows:

Inventories	2020	2019
Service materials (1)	409,904	334,283
Goods in stock (2)	59,980	54,374
Goods in transit	7,454	2,587
Total inventories at the lower of cost or net realizable value	477,338	391,244

Amounts stated in millions of Colombian pesos

(1) Includes materials for the rendering of services held by third parties, which are those delivered to contractors that perform activities related to the rendering of services

(2) Includes goods in stock that do not require transformation, such as electricity, gas and water meters, and supply goods, as well as those held by third parties.

Inventories were recognized for $240,190 (2019: $254,822) as the cost for the rendering of service or cost of goods sold. The inventory decline recognized as an expense during the period amounted to $1,193 (2019: $36). The Group has not generated losses in value when comparing the net realizable value with the average cost of inventories. Write-down reversals amounted to $ 657.

As at 31 December 2020, the Group did not have any inventories committed to liability collateral.

Note 19. Cash and cash equivalents

The composition of cash and cash equivalents at the end of the period is as follows:

Cash and cash equivalents	2020	2019
Cash on hand and at banks	2,931,676	884,703
Other cash equivalents (1)	1,166,288	825,863
Total cash and cash equivalents presented in the statement of financial position	**4,097,964**	**1,710,566**
Total cash and cash equivalents presented in the statement of cash flows	**4,097,964**	**1,710,566**
Restricted cash(2)	**541,788**	**196,072**

Amounts stated in millions of Colombian pesos

(1) Includes restricted funds $541,788 (2019: $196,072) and cash equivalents $624,501 (2019: $629,791).

(2) Of this $110,920 (2019: $46,415) corresponds to non-current restricted cash.

Cash investments mature within three months from their date of acquisition and bear market interest rates for this type of investment.

the Group has restrictions on cash and cash equivalents as detailed below: As of 31 December 2020, the fair value of restricted cash equivalents is $541,788 (2019: $196,072).

Fund or EPM agreement	Destination	2020	2019
Sintraemdes Housing Fund	Contribute to the acquisition of housing and the improvement of the same, of the employees who are beneficiaries of the conventional agreement subscribed between EPM and the unions.	28,506	19,199
Sinpro Housing Fund	Contribute to the acquisition of housing and the improvement of the same, of the employees who are beneficiaries of the conventional agreement subscribed between EPM and the unions.	27,943	21,318
Premium Rent Corpb. 6972005469	To attend possible contingencies subsequent to the acquisition of EPRIO by EPM.	8,797	-
Ituango escrow account	Deposit the resources (approximately $6,000,000,000,000) that EPM must contribute, in order to back up the issuance of a bank guarantee for the Ituango Project.	6,666	-
Ministry of Mines and Energy - Fondo Especial Cuota Fomento (Special Development Quota Fund)	Co-financing agreement for the construction, distribution infrastructure and connection to lower income users in the municipalities of Amagá, Santafé de Antioquia, Sopetrán, San Jerónimo and Ciudad Bolívar. Compressed Natural Gas and connection to users in Don Matías, Entrerríos, San Pedro, Santa Rosa and Yarumal. Agreement No. 106: construction of connection infrastructure for users in Valle de Aburrá, La Ceja, La Unión and El Retiro. Agreement 179: includes the municipality of Sonsón.	5,771	5,635

Fund or EPM agreement	Destination	2020	2019
Agreement signed between the Metropolitan Area of the Aburra Valley and Empresas Públicas de Medellín E.S.P., Execution Act N°4 of the framework agreement No. CT 2015-000783 of 2015.	Support the construction of the south interceptor of the Aburra River - Medellín.	2,654	10,760
Contract No. CT-2019-001105	Contract for the supply of energy and electric power for the non-regulated market and backup of contracts of the energy distributor and marketer S.A. E.S.P, DICEL S.A. E.S.P.	2,478	2,000
Sinpro Education Fund	Promote the welfare of servers to meet the needs of payment of tuition, textbooks and equipment required to advance their own studies and those of the family group.	2,389	2,392
Fund Adapted Health Entity and Fosyga Fund	Mechanism of control and follow-up of the collection of contributions of the Contributive Regime of the General System of Social Security in Health.	2,283	152
Sintraemdes Education Fund	Promote the welfare of employees to meet the needs for payment of tuition, textbooks and supplies required for their own and their family group's studies.	2,172	2,274
We are points agreement	Provision of services for the operation of the key capabilities associated with the Points element of the Large Scale Loyalty Program for the EPM Group.	1,775	1,727
Sintraemdes Calamity Fund	Promote the welfare of its employees to meet their urgent and unforeseen needs or those of their primary family group.	1,587	1,674
Sinpro Calamity Fund	Promote the welfare of its employees to meet their urgent and unforeseen needs or those of their primary family group.	1,397	1,448
Interadministrative Contract Number Pc-2017-001532 De 2017,	Construction and supervision of water and sewage network connections in the neighborhoods of Pepe Sierra I, Barrios de Jesús, el Progreso and la Cañada del Niño.	611	1,438
Agreement 5 Indigenous Schools 2019-20	Co-finance the development of indigenous educational centers within the framework of the villages program, to improve the quality of life of the indigenous communities in the department of Antioquia.	413	995
Motorcycle Repair Fund	Promote the welfare of official workers who work in the regional market and use their own motorcycles to carry out their work.	396	426
IDB Credit 2120	Disbursement for the construction of the Bello wastewater treatment plant (PTAR).	351	334
Interadministrative Agreement CT -2017-001388 (460007009)	Agreement for the construction of 7 indigenous schools in 5 municipalities.	292	253
Villages Program	Take advantage of the wood that completes its maturation cycle in the forests planted by EPM around its reservoirs, to build social housing in the municipalities of Antioquia outside the Aburrá Valley and deliver them to low-income families, preferably in a situation of forced or voluntary displacement.	217	731
Municipality of Medellín - Aguas	Integral management of water for human consumption of the inhabitants of the municipality of Medellín.	205	509
Agreements with municipalities for public lighting and sanitation fees.	Agreement to manage the resources of the territorial entities for the payment to the municipalities with agreements for the collection of public lighting and sanitation fees; these resources are exempt from 4x1000.	202	51

Fund or EPM agreement	Destination	2020	2019
Deposits Law 820	Guarantee required by the lessor from the tenant for the payment of public utilities. According to Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	75	68
Administration of resources for the construction of infrastructure in wood for Emvarias at the La Pradera sanitary landfill.	Administration of resources for the construction of infrastructure in wood for Emvarias at the La Pradera sanitary landfill.	64	114
Municipality of Medellín - Land	Acquisition of land identified and characterized within the protection zones of hydrographic basins supplying water systems in the municipality of Medellín.	63	61
Espíritu Santo	EPM - Liquidation Espíritu Santo	63	62
Judicial or administrative proceedings	Accounting for seizure due to judicial or administrative processes	45	-
IDEA Agreement 4600003283	Join efforts for the construction of gas home connections in the different sub-regions of the Department of Antioquia under the "Gas without Borders" program.	1	1
Contribution from the Municipalities of Pueblorrico and Ciudad Bolivar.	Agreement for the construction of 7 Rural Indigenous schools.	1	1
Municipality of Medellín - Moravia	Construction, repair and replacement of aqueduct and sewerage networks and paving in the municipality of Medellín of the roads affected by these works in the Moravia neighborhood.	-	3
International energy transactions	Guarantee corresponding to the "compensation" that must be made between the invoice of stock exchange transactions and the anticipated payments, seeking that the real payment to XM is carried out.	-	5,274
Department of Antioquia, Agreement for construction of El Aro road - Municipality of Ituango.	Manage the resources provided by the Government of Antioquia to co-finance the construction of the El Aro Road - Puerto Valdivia Road Connection - Dam Site - Municipality of Ituango.	-	2,721
Cuenca Verde	To administer the resources allocated for the fulfillment of the objectives of the Corporación Cuenca Verde.	-	2,167
Municipality of Guatapé and Cornare	Join efforts to improve the technical, economic and social conditions for the execution of phase 1 of the project to improve the environmental and landscape infrastructure of the Malecón San Juan del Puerto, for the development of sustainable tourism in the Municipality of Guatapé.	-	448
Guatapé Autonomous Corporation	Join efforts to improve the technical, economic and social conditions for the execution of phase 1 of the project to improve the environmental and landscape infrastructure of the Malecón San Juan del Puerto, for the development of sustainable tourism in the Municipality of Guatapé.	-	311
Bogota Bolivar Gallery	Adapt carrera 51 (Bolívar) between calles 44 (San Juan) and 57 (La Paz) and convert this road segment into what will be called La Galería Bolívar.	-	15
IDEA agreement 4600003912	Inter-administrative agreement to join efforts for the design and construction of electric power generation and distribution systems in rural areas in the Department of Antioquia.	-	2
Ministry of Mines and Energy	Contributions from the Ministry of Mines and Energy in accordance with the provisions of FAER contract GGC 430 of 2015 for rural electrification works in the Municipality of Ituango.	-	1
Total restricted resources EPM		**97,417**	**84,565**

Amounts stated in millions of Colombian pesos

CENS Fund or agreement	Destination	2020	2019
BBVA -Minminas 756 and Others	Execution of rural electrification works with several municipalities of Convención.	32,815	15,258
Custody account BBVA XM Bank Guarantees	Performance guarantee and TIES to cover energy purchase projects.	2,063	1,470
Revolving Housing Fund	Housing loans for CENS S.A. employees.	1,502	1,132
Government-Davivienda Agreement and Others	Join technical, administrative and financial efforts for several agreements.	547	579
AOM Contract	Administration, operation, maintenance and replacement of the rural electrification assets built with the resources of the project "rural electrification program in the Catatumbo area and Ocaña province, stage 1, Norte de Santander".	65	65
Total restricted resources CENS		**36,992**	**18,504**

Amounts stated in millions of Colombian pesos

Aguas Nacionales Fund or agreement	Destination	2020	2019
ITAU savings account 153148929	Ministry project	12,553	18,973
Current account Bancolombia 536423 and Others	Atrato Water	626	417
FL ITAU 859085270 y FL ITAU 859085263	Project Interventory	550	-
Total restricted resources Aguas Nacionales		**13,729**	**19,390**

Amounts stated in millions of Colombian pesos

Fund or agreement Empresas varias	Destination	2020	2019
Order FID 919301039524 - Pradera y Others	Resources destined for Pradera's payments	16,622	14,196
FL ITAU 859060217 Renting hours	Delegated administration agreement with the Municipality of Medellín, for the maintenance of green areas of the institutions of the Municipality and its 5 districts.	404	-
FL BBVA 423 Pruning-Felling Agreement	Agreement with INDER for the washing of bridges and roofs of the stadium.	32	32
Agreement 18-897796-47 EDU	Delegated administration agreement with the Municipality of Medellín for the cutting of green areas and pruning and felling of trees.	24	23
FL Occidente INDER	Delegated administration agreement with the Municipality of Medellín for green area mowing services.	3	3
Order 919301039523 - Pradera	Resources destined for Pradera payments		2
Total restricted resources Empresas varias		**17,085**	**14,257**

Amounts stated in millions of Colombian pesos

Fund or agreement Grupo Ticsa Mexico	Destination	2020	2019
Banco del Bajío/Multiva Trust Fund	Ecosistemas de Tuxtla S.A. de C.V.	3,983	4,847
Trust Banco Nacional de Obras y S	Aquasol Morelia S.A. de C.V.	3,844	3,493
Banco del Bajío Trust 15892649	Ecosistemas de Colima S.A. de C.V.	3,181	4,954
Trust Banco Nacional de Obras y S	Ecosistemas de Celaya S.A. de C.V.	779	365
Banco del Bajío Trust 15892649	Ecosistemas de Celaya S.A. de C.V.	738	930
Banco del Bajío Trust 15892649	Aquasol Morelia S.A. de C.V.	770	1,646
Total restricted funds Grupo Ticsa Mexico		**13,295**	**16,235**

Amounts stated in millions of Colombian pesos

Fund or agreement ESSA	Destination	2020	2019
BBVA guarantees 0408	XM Bank Account	2,454	3,221
Agreement Line 115 Puerto Wilches	Rural electrification agreement for the Puerto Wilches - Barrancabermeja line.	874	856
Government - ESSA Phase V Agreement	Government rural electrification agreement	449	448
San Gil Public Lighting Agreement	San Gil public lighting agreement	448	333
Public Hearings Resources Agreement	Agreement signed with the Mayor's Office of Bucaramanga	1	1
FAER Agreement GGC 411 and Others	Rural electrification agreement signed with the Ministry of Mines and Energy	-	3,239
Total restricted resources ESSA		**4,226**	**8,098**

Amounts stated in millions of Colombian pesos

Fund or agreement Aguas Regionales	Destination	2020	2019
Execution Act No.1 Framework Agreement CT_2019_001417	Preparation of a feasibility study for new water catchment sources for drinking water supply in the central area of the Urabá region.	5,115	5,000
Sintraesmdes housing fund agreement	Housing loans to employees who meet the requirements.	67	88
Total restricted resources Aguas Regionales		**5,182**	**5,088**

Amounts stated in millions of Colombian pesos

Fund or EDEQ agreement	Destination	2020	2019
FL Davivienda Housing Fund 136270148986	Resources destined to improve the quality of life of workers through the granting of loans for the purchase and improvement of housing.	2,473	2,582
FL Fiducredicorp Fondo de Vivienda 919301005560" "FL Fiducredicorp Fondo de Vivienda 919301005560	Resources destined to provide workers and their families with access to higher education, health, welfare and recreation.	256	240
FL Fiduciaria Occidente 1101031000001	Resources destined for events caused by serious and unforeseen situations affecting the worker or his family.	12	4
FL Davivienda Collective Portfolio 608136200000618	Resources destined to facilitate loans to workers to acquire and replace motorcycles for the performance of their work.	7	16
Total restricted resources EDEQ		**2,748**	**2,842**

Amounts stated in millions of Colombian pesos

CHEC fund or agreement	Destination	2020	2019
XM Custodial Management Account	Fund created to attend the guarantees for the operations of energy transactions in the stock exchange managed and controlled by the market administrator XM.	889	352
Special fund CONFA	Special fund created to attend social and cultural extension programs for CHEC's employees; through a delegated administration contract with the company CONFA.	185	200
Special housing fund	Fund created to provide housing loans to CHEC employees, according to the procedure and conditions established in the Collective Labor Agreement in force - CCTV, signed between the company's union Sintraelecol and CHEC.	54	501
Special land fund	Fund created for the administration of forest conservation lands in the company's hydrographic basins; through a delegated administration contract.	44	65
Fund for design, execution and verification of ap	Design, execution and verification of learning solutions through the application of pedagogical methodologies, signed with contractor ADYLOG SAS (Administration and Logistics SAS).	40	-
Special funds Social Financing Plan - PFS	Fund created to attend the micro-credits made to users of the company's market, charged through the energy bill; these credits have more favorable rates and conditions than those offered by the market. This program was created by the company's Board of Directors.	10	10
Special fund for publicity	Fund created to cover advertising campaigns through contracts with advertising agencies, CJ Martins, Rowell digital agency and Macann.	7	-
Building maintenance fund	Fund created to provide maintenance services for CHEC buildings, through a delegated administration contract.	-	150
Environmental management administration fund	Fund to execute environmental management plans for the area of influence of CHEC generation plants.	-	100

CHEC fund or agreement	Destination	2020	2019
Generation plant maintenance fund	Fund created to attend the civil maintenance of the minor generation plants CHEC, through a delegated administration contract.	-	16
Special fund apprenticeship agreement	Fund created to attend the programs of the annual training agenda for CHEC employees; through a delegated administration contract.	-	7
Total restricted resources CHEC		**1,229**	**1,399**

Amounts stated in millions of Colombian pesos

HIDROE fund or agreement	Destination	2020	2019
Etesa Contract	Non-Regulated Market Contract Guarantee Deposit - MNR or Large Clients	474	337
ETESA Contract	CDT for Energy Contract with regulatory entities (ETESA)	299	297
Administration Contracts (Indemnification of employees)	Employee Severance Fund Deposits	34	22
Services Contract	Guarantee deposit Services Contract	10	10
Total restricted resources HIDROE		**817**	**665**

Amounts stated in millions of Colombian pesos

Fund or agreement EPM CHILE S.A.	Destination	2020	2019
AES GENER S.A. - Guarantee of USD 5,000,000	AES GENER S.A. - Guarantee of USD 5,000,000 - Possible Contingencies	-	16,293
Total restricted resources EPM CHILE S.A.		**-**	**16,293**

Amounts stated in millions of Colombian pesos

Fund or agreement EMPRIO	Destination	2020	2019
Guarantee for works in the Historic Center	Guarantee deposit on purchase EPRIO Municipality of Rionegro	-	8,736
Total restricted resources EMPRIO		**-**	**8,736**

Amounts stated in millions of Colombian pesos

Fund or agreement CARIBEMAR	Destination	2020	2019
Prone	Electricity network standardization program	299,242	-
CONPES 150040000135 and Others	Expansion of infrastructure	46,804	-
FAER GGC 562 and Others	Energizing interconnected rural areas	3,022	-
Total restricted resources CARIBEMAR		**349,068**	**-**

Amounts stated in millions of Colombian pesos

	2020	2019
Total restricted resources EPM Group	**541,788**	**196,072**

Amounts stated in millions of Colombian pesos

Note 20. Equity

20.1 Issued capital

The Group does not have its Capital divided in Shares.

Capital	2020	2019
Beginning balance	67	67
Increase (Decrease in capital)	-	-
Total	**67**	**67**

Amounts stated in millions of Colombian pesos

20.2 Reserves

Of the items that conform equity, the reserves at the cut-off date were constituted by:

Reserves	2020	2019
Legal reserves (1)		
Initial balance	1,501,063	1,656,754
Establishment	78,559	101,167
Release	(125,120)	(256,714)
Other movement	179	(144)
Final balance statutory reserves	**1,454,681**	**1,501,063**
Statutory reserves		
Initial balance	33,996	25,408
Establishment	662	9,967
Release	(2,774)	(4,598)
Other movement	988	3,219
Final balance statutory reserves	**32,872**	**33,996**
Occasional reserves		
Initial balance	577,529	598,394
Establishment	-	4,071
Release	-	(21,717)
Other movement	(1,077)	(3,219)
Final balance Occasional reserves	**576,452**	**577,529**
Other reserves		
Initial balance	225,274	280,102
Establishment	8,252	6,165
Release	3	(61,034)
Other movement	1,453	41
Final balance other reserves	**234,982**	**225,274**
Total reserves	**2,298,987**	**2,337,862**

Amounts stated in millions of Colombian pesos

The nature and purpose of the Group's equity reserve are described:

- **Legal Reserves:** In compliance with Colombian tax provisions contained in Article 130 (70% reserve for excess tax depreciation over accounting depreciation) of the Tax Code and Decree 2336 of 1995 (for profits incorporated into results in the application of the equity method applied under local regulations), EPM Group companies operating in Colombia have constituted legal reserves.

For subsidiaries in El Salvador, the legal reserve is established in accordance with the current Commercial Code. Companies must establish a legal reserve of 7% of net profits annually, with a minimum limit of one fifth of their capital stock. In addition, in accordance with the Income Tax Law, when the legal reserve is decreased for any circumstance, such as capitalization, application to prior years' losses or distribution, it will constitute taxable income for the company for the amount that was deducted for income tax purposes in tax years prior to the decrease, and will be liquidated separately from ordinary income, at the rate of 25%. For such

purposes, the company will keep a record of the constitution of the legal reserve and of the amount deducted for the determination of the net or taxable income in each year or period of taxation.

For Guatemalan subsidiaries, according to the Code of Commerce, all corporations must annually appropriate at least 5% of their net profits to constitute the legal reserve, which cannot be distributed until liquidation of the company. However, this reserve may be capitalized when it is equal to or greater than 15% of the paid-in capital at the close of the immediately preceding fiscal year, without limitation to continuing to reserve the 5% mentioned.

For subsidiaries in other countries where the EPM Group operates, no legal reserves have been established by law.

(1) The Board of Directors of EPM at its meetings on 26 March 2020 and 26 March 2019, approved:

– Release reserves of $95,521 (2019: $256,216) gathered in prior periods by authorization of the Board of Directors

- **Occasional Reserves**: in compliance with article 211 of the Tax Statute, and the companies of the EPM Group operating in Colombia have constituted the required reserves in order to enjoy the special tax treatment and obtain a rationalization in the payment of income and complementary taxes.
- **Other reserves**: includes statutory reserves for repurchase of shares and share certificates, equity funds and others, which at 31 December record the net balance corresponding to the releases made by the subsidiaries in those reserves that have already met the requirements for release

20.3. Retained earnings

The movements of retained earnings during the period was:

Accumulated results	2020	2019
Initial balance	17,503,406	15,650,483
Movement in reserves	40,418	222,651
Surplus or dividends declared	(1,488,302)	(1,289,652)
Transfer of other comprehensive income	27	(8,993)
Equity method for changes in shareholders' equity	-	(162)
Purchases and sales to non-controlling interests	433	(40,216)
Income tax related to transactions with owners	(2,246)	1,955
Other changes during the period	4,187	(17,842)
Total accumulated income before net income (loss) for the period	**16,057,923**	**14,518,224**
Net profit or loss for the period controlling interest	**3,584,538**	**2,985,182**
Total accumulated income (loss)	**19,642,461**	**17,503,406**

Amounts stated in millions of Colombian pesos

Surplus paid during the year were $1,488,319 (2019: $1,289,652), where $811,810 (2019: $703,447) were ordinary and $676,509 (2019: $586,205) were extraordinary.

20.4. Non-controlling interests

The movement of the non-controlling interests at the cut-off date is:

Non-controlling interests	2020	2019
Initial Balance	964,572	953,707
Surplus or dividends decreed	(103,440)	(139,590)
Repurchase of shares	(10)	(40)
Equity in income for the period	156,380	170,794
Share in other comprehensive income	(2,878)	1,033
Purchases and sales to non-controlling interests	(1,461)	(31,561)
Income tax related to transactions with owners	(2,142)	1,866
Effect of disposal of subsidiary	(156)	-
Other movement during the period	23,452	8,363
Total accumulated income (loss)	**1,034,317**	**964,572**

Amounts stated in millions of Colombian pesos

Note 21. Accumulated other comprehensive income

The breakdown of each component of the other comprehensive income for the consolidated statement of financial position and the corresponding tax effect is as follows:

Accumulated other comprehensive income	2020			2019		
	Gross	Tax effect	Net	Gross	Tax effect	Net
Reclassifications of property, plant and equipment to investment property	13,439	(1,184)	12,255	13,438	(1,204)	12,234
Re-measurements of defined benefit plans	(163,586)	53,081	(110,505)	(115,483)	38,338	(77,145)
Equity investments measured at fair value through shareholders' equity	3,392,529	(3,925)	3,388,604	2,796,497	(2,092)	2,794,405
Participation in other comprehensive income of associates and joint ventures	(3,868)	-	(3,868)	(3,914)	-	(3,914)
Cash flow hedges	(19,037)	(18,862)	(37,899)	8,421	(30,005)	(21,584)
Translation of financial statements of foreign operations	831,289	-	831,289	600,765	-	600,765
Total	**4,050,766**	**29,110**	**4,079,876**	**3,299,724**	**5,037**	**3,304,761**

Amounts stated in millions of Colombian pesos

A reconciliation of the opening and closing balances at the cut-off date is presented below for each component of comprehensive income:

21.1 Component reclassification of property, plant and equipment to investment property

The component of reclassification of property, plant and equipment to investment property of other comprehensive income corresponds to transfers from property, plant and equipment to investment property, which are measured at fair value. changes in fair value do not reclassify to profit or loss for the period.

Reclassification of property, plant and equipment to investment properties	2020	2019
Beginning balance	12,234	11,796
Other changes	21	438
Total	**12,255**	**12,234**

Amounts stated in millions of Colombian pesos

21.2. Component remeasurements of defined benefit plans

The component of remeasurements of defined benefit plans represents the accrued value of actuarial profits or losses, the return on plan assets and changes in the effect of the asset ceiling, excluding the values included in the net interest on the liability (asset) of net defined benefits. The net value of the remeasurements is transferred to retained earnings and does not reclassify to profit or loss for the period.

Component of new measurements for defined benefit plans	2020	2019
Initial balance	(77,145)	(28,381)
Profit or loss for the period from remeasurement of defined benefit	(48,103)	(67,674)
Associated income tax (or equivalent)	14,804	19,038
Accumulated results transferred to accumulated results for the period	(8)	507
Associated income tax (or equivalent)	-	29
Purchases and sales to non-controlling interests	-	(108)
Other changes	(52)	(556)
Total	**(110,504)**	**(77,145)**

Amounts stated in millions of Colombian pesos

21.3. Component equity investments measured at fair value through equity

The component of other comprehensive income from equity investments measured at fair value through equity represents the accumulated value of the profits or losses from the assessment at fair value less the values transferred to retained profit when these investments have been sold. Changes in fair value do not reclassify to the result of the period.

Equity investments measured at fair value through shareholders' equity	2020	2019
Initial Balance	2,794,405	2,168,304
Net earnings due to changes in the fair value of equity investments	596,103	458,002
Associated income tax (or equivalent)	(1,837)	129,733
Accumulated gains (losses) transferred to retained earnings / accumulated losses for the period	(19)	8,477
Purchases and sales to non-controlling interests	-	(1,090)
Other changes	(47)	30,979
Total	**3,388,605**	**2,794,405**

Amounts stated in millions of Colombian pesos

21.4. Participation in other comprehensive income of associates and joint ventures

The component of other comprehensive income from participation in other comprehensive income of associates and joint ventures represents the accumulated value of applying the equity method to profits and losses of other comprehensive income of associates and joint ventures. The accrued value of the profits or losses will be reclassified to the profit or loss for the period or to the accrued profit or loss, depending on the items that originated the equity method, when these investments have been sold.

Share in other comprehensive income of associates and joint ventures	2020	2019
Initial balance	(3,914)	(3,640)
New measurements of defined benefit plans	(824)	(241)
Results from translation of foreign operations	323	(89)
Hedging transactions	548	-
Associated income tax (or equivalent)	-	33
Equity method for changes in shareholders' equity		23
Total	**(3,867)**	**(3,914)**

Amounts stated in millions of Colombian pesos

21.5. Component: cash flow hedges

The component of other comprehensive income from cash flow hedges represents the accumulated value of the effective portion of the gains or losses that arise from changes in the fair value of hedged items in a cash flow hedge. The accumulated value of the profits or losses will reclassify to profit or loss for the period only when the hedged transaction affects the profit or loss for the period or the highly probable transaction is not expected to occur, or is included, as part of its recorded value, in a heading non-financial item.

Cash flow hedges	2020	2019
Initial Balance	(21,584)	(70,503)
Profit or loss from changes in fair value of hedging instruments	(402,758)	(54,327)
Associated income taxes (or equivalent)	123,004	35,234
Accumulated gains (losses) from changes in fair value of hedging instruments reclassified to income for the period	375,300	83,179
Associated income taxes (or equivalent)	(111,862)	(15,970)
Purchases and sales to non-controlling interests	-	803
Total	**(37,900)**	**(21,584)**

Amounts stated in millions of Colombian pesos

21.6. Component: Profit or loss for translation of foreign operations

The translation differences component represents the cumulative value of the exchange differences arising from the translation into the Group's presentation currency of profit and loss and net assets of foreign operations, as well as profit or loss on hedging instruments that are designated as a hedge of a net investment in a foreign operation. The accumulated translation differences are reclassified to the results of the period, partially or totally, when the foreign operation is disposed of.

Result from translation of foreign operations	2020	2019
Initial balance	600,765	817,051
Net foreign exchange differences from translation of foreign operations	230,485	(213,480)
Purchases and sales to non-controlling interests	31	(2,806)
Other changes	6	-
Total	**831,287**	**600,765**

Amounts stated in millions of Colombian pesos

Note 22. Borrowings and loans

The following is the breakdown of the recorded value of loans and borrowings measured at amortized cost:

Loans and receivables	2020	2019
Non-current		
Commercial bank loans	4,043,713	3,774,443
Other bonds and securities issued	-	9,151,073
Multilateral bank loans	2,765,208	3,326,049
Development bank loans	884,315	822,669
Bonds and securities issued	12,994,248	597,305
Total non-current	**20,687,484**	**17,671,539**
Current		
Commercial bank loans	1,963,067	1,542,949
Multilateral bank loans	196,978	268,895
Other bonds and securities issued	-	497,125
Bonds and securities issued	697,440	462,901
Development bank loans	705,333	212,596
Other loans	337,500	-
Total current	**3,900,318**	**2,984,466**
Total loans and credits	**24,587,802**	**20,656,005**

Amounts stated in millions of Colombian pesos

The total increase in credits and loans is explained by new loans acquired with Commercial Banking and short-term credits as part of the strategy implemented to ensure the liquidity of the Group's companies and thus mitigate the impacts of the Covid-19 pandemic; additional issues were made in the following group companies:

- EPM: placement of bonds in the international capital market; Global Bonds 2020 and Global Bonds 1287- 2020 reopening for USD750 million equivalent to $ 2,727,496.
- Aguas de Antofagasta: The subsidiary carries out two issues of series “A” and “C” bond lines for CLP94,734 million equivalent to $ 445,209.

The breakdown of loans and borrowings is as follows:

Company	Entity or Loan	Original Currency	Initial Date	Years	Nominal Interest Rate	December 31, 2020				December 31, 2019			
						IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
AGUAS DE ANTOFAGASTA	Banco BICE-BCI	CLP	1/01/2018	-	-	0.00%	22	-	22	0.00%	14	-	14
AGUAS DE ANTOFAGASTA	Banco del Estado	CLP	14/01/2015	10.00	UF + 2.9%	1.51%	117,230	1,636	118,866	1.51%	121,157	1,691	122,848
AGUAS DE ANTOFAGASTA	Banco del Estado	CLP	18/10/2018	5.00	TAB + 0.65%	1.42%	446,877	(114,847)	332,031	1.42%	393,744	12,661	406,404
AGUAS DE ANTOFAGASTA	Scotiabank	CLP	18/10/2018	5.00	TAB + 0.65%	1.50%	872,111	(223,993)	648,118	1.50%	768,418	24,868	793,286
AGUAS DE ANTOFAGASTA	Bonos	CLP	18/12/2020	5.00	UF + 0.995%	0.20%	150,052	(53)	149,999	0.00%	-	-	-
AGUAS DE ANTOFAGASTA	Bonos	CLP	18/12/2020	13.00	UF + 1.4396%	2.01%	307,617	89	307,705	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	1/06/2018	7.00	IBR + 3%	4.27%	9,911	149	10,060	7.54%	11,476	74	11,551
AGUAS REGIONALES	Banco Bogotá	COP	28/10/2015	10.00	DTF T.A. + 2.6%	4.71%	425	2	427	7.21%	510	7	517
AGUAS REGIONALES	Helm Bank S.A.	COP	16/03/2012	12.00	DTF T.A. + -1%	0.47%	2,679	20	2,699	2.61%	3,504	61	3,565
AGUAS REGIONALES	Banco Bilbao Vizcaya Argentaria	COP	20/05/2014	10.00	DTF T.A. + -0.7%	0.98%	438	2	440	3.24%	563	8	571
AGUAS REGIONALES	Banco Bilbao Vizcaya Argentaria	COP	19/12/2014	10.00	DTF T.A. + -0.7%	1.15%	689	1	689	3.50%	861	6	866
AGUAS REGIONALES	Banco Davivienda S.A.	COP	19/02/2018	10.00	IPC + 4.8%	5.86%	18,750	437	19,187	8.80%	20,000	205	20,205
AGUAS REGIONALES	Banco Popular	COP	21/01/2020	10.00	IBR 3M + 2.9%	4.44%	6,000	118	6,118	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	18/03/2020	10.00	IBR 3M + 2.9%	4.41%	2,500	35	2,535	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	22/04/2020	10.00	IBR 3M + 2.9%	4.42%	1,900	39	1,939	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	22/05/2020	10.00	IBR 3M + 2.9%	4.69%	1,150	5	1,155	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	5/06/2020	1.00	IBR 6M + 2.19%	3.91%	5,897	15	5,912	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	19/06/2020	10.00	IBR 3M + 2.9%	4.69%	1,350	1	1,351	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	21/07/2020	10.00	IBR 3M + 2.9%	4.69%	2,100	18	2,118	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	19/08/2020	10.00	IBR 3M + 2.9%	4.68%	2,050	10	2,060	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	23/09/2020	10.00	IBR 3M + 2.9%	4.68%	2,800	2	2,802	0.00%	-	-	-
AGUAS REGIONALES	Banco Popular	COP	26/10/2020	10.00	IBR 3M + 2.9%	4.67%	13,650	115	13,765	0.00%	-	-	-
AGUAS REGIONALES	Financiera de Desarrollo Territorial S.A	COP	21/12/2020	3.00	0%	0.00%	2,512	-	2,512	0.00%	-	-	-
CENS	Banco de Bogotá	COP	15/05/2014	7.00	IBR + 1.88%	4.80%	1,000	1	1,001	6.35%	3,000	18	3,018
CENS	Banco de Bogotá	COP	18/12/2015	7.00	IBR + 1.88%	3.80%	4,000	(0)	4,000	5.78%	6,000	47	6,047
CENS	Banco de Bogotá	COP	16/02/2018	10.00	IBR + 2.98%	5.04%	111,989	1,226	113,215	7.30%	129,218	3,402	132,620
CENS	Banco Popular	COP	15/05/2017	10.00	IBR + 3.35%	5.27%	30,258	64	30,322	7.64%	34,913	375	35,288
CENS	Banco Popular	COP	26/05/2017	10.00	IBR + 3.35%	5.27%	6,939	6	6,944	7.63%	8,006	71	8,078
CENS	Banco Popular	COP	23/06/2017	10.00	IBR + 3.35%	5.29%	5,285	(21)	5,265	7.62%	6,098	21	6,120
CENS	Banco Popular	COP	29/06/2017	10.00	IBR + 3.35%	5.28%	8,257	(36)	8,221	7.60%	9,527	27	9,554
CENS	Banco Popular	COP	18/07/2017	10.00	IBR + 3.35%	5.27%	13,082	268	13,350	7.58%	14,951	547	15,498
CENS	Banco Popular	COP	27/07/2017	10.00	IBR + 3.35%	5.36%	5,688	95	5,782	7.66%	6,500	210	6,710
CENS	Banco Popular	COP	23/08/2017	10.00	IBR + 3.35%	5.48%	5,250	46	5,296	7.76%	6,000	143	6,143
CENS	Banco Popular	COP	15/09/2017	12.00	IBR + 3.35%	5.45%	5,637	33	5,669	7.67%	6,442	142	6,584
CENS	Banco Popular	COP	19/09/2017	10.00	IBR + -1.8%	2.79%	5,331	146	5,477	2.99%	5,923	119	6,042
CENS	Banco Popular	COP	19/09/2017	10.00	IBR + 3.075%	4.90%	10,365	126	10,492	7.11%	11,846	346	12,192
CENS	Banco Popular	COP	17/11/2017	12.00	IBR + 3.35%	5.24%	8,452	22	8,474	7.61%	9,659	110	9,769
CENS	Banco Popular	COP	17/11/2017	10.00	IBR + -1.8%	2.50%	3,669	86	3,756	2.78%	4,077	49	4,126
CENS	Banco Popular	COP	17/11/2017	10.00	IBR + 3.075%	4.75%	7,135	61	7,196	7.11%	8,154	147	8,301
CENS	Banco Popular	COP	18/12/2017	10.00	IBR + 3.35%	5.22%	17,500	(22)	17,478	7.56%	20,000	129	20,129
CENS	Banco Popular	COP	18/01/2018	9.00	IBR + 3.35%	5.24%	34,688	736	35,423	7.56%	37,000	1,392	38,392
CENS	Banco Davivienda S.A.	COP	29/11/2018	10.00	IPC + 4.3%	6.07%	6,000	(6)	5,994	8.28%	6,000	49	6,049
CENS	Banco Davivienda S.A.	COP	19/12/2018	10.00	IPC + 4.3%	6.07%	15,000	(83)	14,917	8.37%	15,000	4	15,004
CENS	Banco Davivienda S.A.	COP	2/01/2019	10.00	IPC + 4.3%	5.97%	20,000	568	20,568	8.35%	20,000	739	20,739
CENS	Banco Davivienda S.A.	COP	18/01/2019	10.00	IPC + 4.3%	5.99%	14,000	352	14,352	8.33%	14,000	476	14,476
CENS	Banco de Bogotá	COP	1/02/2019	1.00	IBR + 1.9%	0.00%	-	-	-	5.86%	7,000	175	7,175
CENS	Banco Davivienda S.A.	COP	14/06/2019	12.00	IBR + 1.15%	5.20%	20,000	167	20,167	5.34%	20,000	35	20,035
CENS	Banco Davivienda S.A.	COP	27/06/2019	12.00	IBR + 1.15%	5.18%	5,713	43	5,756	5.34%	5,713	(1)	5,712

Company	Entity or Loan	Original Currency	Initial Date	Years	Nominal Interest Rate	December 31, 2020				December 31, 2019			
						IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
CENS	Banco Davivienda S.A.	COP	28/06/2019	12.00	IBR + 3.47%	5.41%	4,287	(31)	4,256	7.81%	4,287	3	4,290
CENS	Banco de Occidente	COP	16/12/2019	7.00	IBR S.V. + 2.75%	4.70%	35,000	(152)	34,848	0.00%	35,000	98	35,098
CENS	Banco de Occidente	COP	16/01/2020	7.00	IBR S.V. + 2.75%	4.71%	20,000	311	20,311	0.00%	-	-	-
CENS	Scotiabank	COP	28/01/2020	1.00	IBR S.V. + 1.2%	3.25%	5,000	69	5,069	0.00%	-	-	-
CENS	Scotiabank	COP	27/03/2020	1.00	IBR S.V. + 1.2%	3.03%	12,500	96	12,596	0.00%	-	-	-
CENS	Banco Bilbao Vizcaya Argentaria	COP	28/07/2020	7.00	IBR S.V. + 2.9%	4.70%	5,000	100	5,100	0.00%	-	-	-
CENS	Banco Bilbao Vizcaya Argentaria	COP	28/09/2020	7.00	IBR S.V. + 2.9%	4.66%	12,500	147	12,647	0.00%	-	-	-
CENS	Banco Davivienda S.A.	COP	30/11/2020	3.00	IBR + 2.1%	3.87%	15,000	48	15,048	0.00%	-	-	-
CENS	Financiera de Desarrollo Territorial S.A.	COP	24/12/2020	3.00	0%	0.00%	15,696	(0)	15,696	0.00%	-	-	-
CHEC	Banco Bilbao Vizcaya Argentaria	COP	22/08/2014	10.00	IPC + 3.5%	4.99%	31,406	212	31,618	7.20%	39,781	529	40,310
CHEC	Banco Corpbanca	COP	22/08/2014	10.00	IPC + 3.5%	2.14%	23,906	163	24,069	7.20%	30,281	405	30,687
CHEC	Bancolombia	COP	9/02/2018	8.00	IBR + 2.29%	4.29%	42,656	225	42,881	6.70%	50,781	743	51,524
CHEC	Banco Davivienda S.A.	COP	27/12/2018	12.00	IBR + 0.388%	4.99%	43,000	32	43,032	4.59%	43,000	159	43,159
CHEC	Banco Davivienda S.A.	COP	27/12/2018	12.00	IBR + 0.388%	2.20%	4,475	(8)	4,466	4.59%	4,475	1	4,476
CHEC	Banco Popular	COP	24/04/2019	1.00	IBR + 1.65%	0.00%	-	-	-	5.97%	70,000	79	70,079
CHEC	Banco Davivienda S.A.	COP	20/11/2019	12.00	IBR + 0.388%	2.18%	1,814	(5)	1,809	4.59%	1,814	2	1,816
CHEC	Bancolombia	COP	13/03/2020	1.00	IBR + 0.86%	2.63%	53,000	68	53,068	0.00%	-	-	-
CHEC	Banco Popular	COP	20/04/2020	1.00	IBR + 2.15%	3.89%	-	304	304	0.00%	-	-	-
CHEC	Bancolombia	COP	12/05/2020	1.00	IBR + 0.86%	2.62%	87,000	304	87,304	0.00%	-	-	-
CHEC	Banco Bilbao Vizcaya Argentaria	COP	29/12/2020	10.00	IBR + 3.432%	5.30%	30,000	8	30,008	0.00%	-	-	-
CHEC	Financiera de Desarrollo Territorial S.A.	COP	30/12/2020	3.00	0%	0.00%	3,644	(0)	3,644	0.00%	-	-	-
DEL SUR	Banco Davivienda	USD	26/08/2013	10.00	LIBOR 3M + 3.7%	4.07%	40,761	145	40,906	1.02%	47,109	231	47,339
DEL SUR	Banco Davivienda	USD	7/10/2015	10.00	LIBOR 3M + 4.2%	4.59%	36,041	298	36,340	1.02%	39,326	475	39,801
DEL SUR	Bonos	USD	16/08/2010	10.00	LIBOR 6M + 3%	0.00%	-	-	-	1.52%	68,820	413	69,233
DEL SUR	Banco Davivienda	USD	26/08/2020	1.00	LIBOR 3M + 4%	4.50%	72,083	138	72,221	0.00%	-	-	-
DEL SUR	Bancolombia	USD	4/09/2020	2.00	5.25%	5.49%	8,741	16	8,757	0.00%	-	-	-
EDEQ	Banco AV Villas	COP	23/06/2016	7.00	IBR + 3.1%	4.87%	1,499	2	1,501	7.02%	2,099	17	2,116
EDEQ	Banco AV Villas	COP	15/09/2017	7.00	IBR + 3.1%	5.22%	4,500	(17)	4,483	7.47%	5,700	13	5,713
EDEQ	Banco AV Villas	COP	22/02/2019	3.75	DTF T.A. + 2.3%	4.55%	2,943	6	2,950	6.88%	4,415	35	4,450
EDEQ	Banco de Occidente	COP	29/11/2019	7.00	IBR + 2.75%	4.71%	10,000	(1)	9,999	7.16%	10,000	61	10,061
EDEQ	Banco AV Villas	COP	5/11/2019	6.50	IBR + 2.3%	4.21%	10,083	23	10,106	6.59%	11,000	108	11,108
EDEQ	Banco de Bogotá	COP	29/05/2020	7.00	IBR + 2.18%	3.95%	10,000	19	10,019	0.00%	-	-	-
EDEQ	Banco de Bogotá	COP	19/08/2020	7.00	IBR + 2.18%	3.94%	10,000	39	10,039	0.00%	-	-	-
EDEQ	Banco AV Villas	COP	28/08/2020	0.90	IBR + 2%	3.80%	20,000	66	20,066	0.00%	-	-	-
ENSA	Bonos	USD	10/07/2006	15.00	7.6%	8.16%	343,250	11,426	354,676	8.16%	327,714	9,676	337,390
ENSA	Bonos	USD	13/12/2012	15.00	4.73%	3.46%	274,600	(2,049)	272,551	3.46%	262,171	(2,256)	259,915
ENSA	Scotiabank	USD	3/10/2018	5.00	4.25%	4.25%	343,250	916	344,166	4.25%	327,714	804	328,518
ENSA	Bladex	USD	2/12/2019	0.08	0.4%	0.00%	-	-	-	2.11%	32,771	15	32,787
ENSA	Banco Davivienda	USD	11/12/2019	0.25	0.3%	0.00%	-	-	-	2.19%	32,771	40	32,811
ENSA	Banco Davivienda	USD	12/12/2019	0.25	0.3%	0.00%	-	-	-	2.19%	16,386	19	16,405
EP RIO	Banco de Bogotá	COP	15/06/2016	10.00	DTF T.A. + 5%	0.00%	-	-	-	10.26%	2,031	(8)	2,023
EP RIO	Banco de Bogotá	COP	19/10/2015	10.00	DTF T.A. + 5%	0.00%	-	-	-	10.11%	2,188	(2)	2,185
EP RIO	Banco de Bogotá	COP	28/02/2016	10.00	DTF T.A. + 5%	0.00%	-	-	-	10.08%	3,292	(10)	3,282
EP RIO	Banco de Bogotá	COP	27/07/2016	10.00	DTF T.A. + 5%	0.00%	-	-	-	10.18%	771	(5)	766
EPM	1261 BONOS IPC III TRAMO	COP	21/04/2009	15.00	IPC + 6.24%	7.66%	198,400	3,729	202,129	10.24%	198,400	4,321	202,721
EPM	1264 BONOS IPC IV TRAM 2	COP	14/12/2010	12.00	IPC + 4.2%	5.56%	119,900	715	120,615	8.18%	119,900	513	120,413
EPM	1265 BONOS IPC IV TRAM 3	COP	14/12/2010	20.00	IPC + 4.94%	6.47%	267,400	1,291	268,691	8.99%	267,400	634	268,034
EPM	1268 BONOS IPC V TRAMO II	COP	4/12/2013	10.00	IPC + 4.52%	6.26%	96,210	(31)	96,179	8.80%	96,210	(206)	96,004
EPM	1269 BONOS IPC V TRAM III	COP	4/12/2013	20.00	IPC + 5.03%	6.72%	229,190	(1,399)	227,791	9.24%	229,190	(1,560)	227,630
EPM	1270 BONOS IPC VI TRAMO I	COP	29/07/2014	6.00	IPC + 3.57%	0.00%	-	-	-	7.98%	125,000	1,289	126,289
EPM	1271 BONOS IPC VI TRAMO II	COP	29/07/2014	12.00	IPC + 4.17%	5.88%	125,000	277	125,277	8.39%	125,000	409	125,409

Company	Entity or Loan	Original Currency	Initial Date	Years	Nominal Interest Rate	December 31, 2020				December 31, 2019			
						IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
EPM	1272 BONOS IPC VI TRAM III	COP	29/07/2014	20.00	IPC + 4.5%	6.17%	250,000	(205)	249,795	8.68%	250,000	219	250,219
EPM	1274 BONOS IPC V TRAM IV	COP	20/03/2015	10.00	IPC + 3.65%	6.11%	130,000	458	130,458	8.64%	130,000	369	130,369
EPM	1275 BONOS IPC VII TRAMO I	COP	20/03/2015	5.00	IPC + 2.72%	0.00%	-	-	-	6.81%	120,000	217	120,217
EPM	1276 BONOS IPC VII TRAMO II	COP	20/03/2015	12.00	IPC + 3.92%	5.43%	120,000	425	120,425	7.94%	120,000	132	120,132
EPM	1277 BONOS IPC VII TRAM III	COP	20/03/2015	20.00	IPC + 4.43%	5.94%	260,000	1,500	261,500	8.43%	260,000	886	260,886
EPM	1665 BID-1664-1	COP	9/12/2005	20.00	7.8%	8.68%	237,308	2,415	239,723	9.14%	284,769	3,938	288,707
EPM	1220 BID 2120	USD	25/03/2009	25.00	LIBOR + 0%	0.00%	-	-	-	2.83%	353,055	(5,661)	347,394
EPM	2021 BID 2120-1	COP	25/03/2009	25.00	6.272%	8.32%	190,295	(1,454)	188,841	7.49%	190,295	(2,750)	187,545
EPM	2179 Bank of Tokyo-MITSUB	USD	29/09/2008	15.00	LIBOR + 0.95%	1.18%	171,584	3,225	174,809	1.24%	218,441	9,037	227,478
EPM	1266 GLOBAL 2021 COP	COP	31/01/2011	10.00	8.375%	14.04%	130,822	9,484	140,306	14.03%	130,822	2,998	133,820
EPM	1273 GLOBAL 2024 COP	COP	3/09/2014	10.00	7.625%	7.73%	965,745	18,867	984,612	7.74%	965,745	17,919	983,664
EPM	5765 Banco Agrario	COP	20/05/2014	16.00	IPC + 4.7%	4.55%	110,200	(1,944)	108,256	8.94%	116,000	(862)	115,138
EPM	1013 AFD	USD	10/08/2012	14.00	4.311%	4.40%	677,165	11,580	688,745	4.47%	738,875	12,333	751,208
EPM	2022 BID 2120-2	COP	25/03/2009	25.00	7.5%	8.96%	338,019	(68)	337,951	8.23%	363,057	(679)	362,379
EPM	2016 BNDES	USD	26/04/2016	23.50	4.887%	5.36%	166,345	(4,892)	161,454	5.42%	158,247	(4,503)	153,744
EPM	1278 Global 2027 COP	COP	31/10/2017	10.00	8.375%	8.45%	4,165,519	51,489	4,217,008	8.45%	3,530,000	28,768	3,558,768
EPM	2023 BID 2120-3	COP	25/03/2009	25.00	6.265%	7.47%	168,285	873	169,158	6.71%	180,750	825	181,576
EPM	1015 CAF	USD	3/10/2016	18.00	LIBOR + 3.1%	3.58%	686,500	(2,407)	684,093	5.26%	655,428	3,432	658,860
EPM	1230 IDB INVEST tramo 12 años	USD	29/12/2017	12.00	Libor 6M + 2.75%	4.01%	1,287,188	(54,183)	1,233,005	5.66%	1,228,928	(44,316)	1,184,612
EPM	1231 IDB INVEST tramo 8 años	USD	29/12/2017	8.00	Libor 6M + 2.125%	3.70%	257,438	(9,670)	247,767	5.26%	245,786	(8,528)	237,258
EPM	1018 Bancolombia	COP	22/11/2018	3.00	IBR S.V. + 3.5%	3.90%	450,000	4,962	454,962	7.12%	450,000	9,404	459,404
EPM	1017 HSBC	USD	26/11/2018	3.00	Libor 6M + 2.75%	2.60%	858,125	1,536	859,661	0.00%	-	(3,472)	(3,472)
EPM	1023 1023 Bonos USD	USD	11/07/2019	10.00	4.25%	4.39%	3,432,500	43,268	3,475,768	4.39%	3,277,140	39,066	3,316,206
EPM	Banco Popular	COP	5/05/2020	1.00	IBR 6M + 2.1%	3.81%	120,000	710	120,710	0.00%	-	-	-
EPM	Banco Interamericano de Desarrollo	COP	17/06/2020	14.00	5%	5.88%	365,302	5,630	370,933	0.00%	-	-	-
EPM	Bonos USD 2030	USD	15/07/2020	11.00	4.375%	4.60%	1,973,688	12,516	1,986,204	0.00%	-	-	-
ESSA	Banco de Bogotá	COP	26/02/2013	7.00	IBR + 1.88%	0.00%	-	-	-	5.89%	5,600	35	5,635
ESSA	Banco de Bogotá	COP	11/04/2013	7.00	IBR + 1.88%	0.00%	-	-	-	5.89%	3,650	50	3,700
ESSA	Banco de Bogotá	COP	20/05/2013	7.00	IBR + 1.88%	0.00%	-	-	-	5.76%	700	6	706
ESSA	Banco de Bogotá	COP	10/04/2014	7.00	IBR + 1.88%	4.05%	2,700	19	2,719	5.92%	5,400	80	5,480
ESSA	Banco de Bogotá	COP	16/04/2014	7.00	IBR + 1.88%	4.09%	1,500	9	1,509	5.97%	3,000	41	3,041
ESSA	Banco de Bogotá	COP	30/04/2015	7.00	IBR + 1.88%	3.96%	4,550	15	4,565	6.15%	6,500	66	6,566
ESSA	Banco de Bogotá	COP	27/01/2016	7.00	IBR + 1.88%	3.98%	7,500	18	7,518	6.23%	9,750	92	9,842
ESSA	Banco de Bogotá	COP	16/02/2016	7.00	IBR + 1.88%	4.01%	6,500	(0)	6,500	6.27%	8,450	49	8,499
ESSA	Banco de Bogotá	COP	28/03/2016	7.00	IBR + 1.88%	3.88%	3,500	(10)	3,490	6.16%	4,550	1	4,551
ESSA	Banco de Bogotá	COP	14/04/2016	7.00	IBR + 1.88%	3.99%	4,675	15	4,690	6.27%	5,950	65	6,015
ESSA	Banco de Bogotá	COP	1/07/2016	12.00	IBR + 3.15%	5.11%	16,000	99	16,099	7.57%	17,500	265	17,765
ESSA	Banco de Bogotá	COP	19/08/2016	12.00	IBR + 3.15%	5.10%	6,400	(0)	6,400	7.53%	7,000	47	7,047
ESSA	Banco de Bogotá	COP	13/10/2016	12.00	IBR + 3.15%	5.13%	7,425	28	7,453	7.57%	8,100	101	8,201
ESSA	Banco de Bogotá	COP	11/11/2016	12.00	IBR + 3.15%	5.19%	28,875	(71)	28,804	7.66%	31,500	129	31,629
ESSA	Banco de Bogotá	COP	5/12/2016	12.00	IBR + 3.15%	5.18%	6,600	(34)	6,566	7.59%	7,200	9	7,209
ESSA	Banco de Bogotá	COP	14/12/2016	12.00	IBR + 3.15%	5.14%	12,375	(76)	12,299	7.57%	13,500	4	13,504
ESSA	Banco de Bogotá	COP	11/01/2017	12.00	IBR + 3.15%	5.11%	12,744	56	12,800	7.57%	13,869	181	14,051
ESSA	Banco de Bogotá	COP	16/01/2017	12.00	IBR + 3.15%	5.10%	8,494	34	8,528	7.56%	9,244	115	9,360
ESSA	Banco de Bogotá	COP	15/05/2017	12.00	IBR + 3.15%	5.12%	8,750	(7)	8,743	7.57%	9,500	57	9,557
ESSA	Banco Bilbao Vizcaya Argentaria	COP	14/06/2017	12.00	IBR + 3.56%	5.64%	8,500	(40)	8,460	8.08%	9,500	20	9,520
ESSA	Banco Bilbao Vizcaya Argentaria	COP	29/06/2017	12.00	IBR + 3.56%	5.47%	6,800	(7)	6,793	7.93%	7,600	31	7,631
ESSA	Banco Bilbao Vizcaya Argentaria	COP	13/07/2017	12.00	IBR + 3.56%	5.58%	8,750	57	8,807	8.06%	9,750	154	9,904
ESSA	Banco Bilbao Vizcaya Argentaria	COP	28/09/2017	12.00	IBR + 3.56%	5.59%	13,125	(72)	13,053	8.07%	14,625	(10)	14,615
ESSA	Banco Bilbao Vizcaya Argentaria	COP	12/10/2017	12.00	IBR + 3.56%	5.56%	4,500	32	4,532	8.05%	5,000	82	5,082
ESSA	Banco Bilbao Vizcaya Argentaria	COP	30/10/2017	12.00	IBR + 3.56%	5.56%	4,500	20	4,520	8.05%	5,000	62	5,062

Company	Entity or Loan	Original Currency	Initial Date	Years	Nominal Interest Rate	December 31, 2020				December 31, 2019			
						IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount
ESSA	Banco Bilbao Vizcaya Argentaria	COP	30/10/2017	12.00	IBR + 3.56%	5.56%	4,500	20	4,520	8.05%	5,000	62	5,062
ESSA	Banco Bilbao Vizcaya Argentaria	COP	29/11/2017	12.00	IBR + 3.56%	5.60%	6,300	(10)	6,290	8.08%	7,000	36	7,036
ESSA	Banco Bilbao Vizcaya Argentaria	COP	11/12/2017	12.00	IBR + 3.56%	5.60%	3,600	(11)	3,589	8.04%	4,000	16	4,016
ESSA	Banco Bilbao Vizcaya Argentaria	COP	14/12/2017	12.00	IBR + 3.56%	5.60%	12,600	(46)	12,554	8.04%	14,000	46	14,046
ESSA	Banco Bilbao Vizcaya Argentaria	COP	26/12/2017	12.00	IBR + 3.56%	5.64%	81,000	(563)	80,437	8.11%	90,000	(178)	89,822
ESSA	Banco de Bogotá	COP	26/12/2017	12.00	IBR + 3.15%	4.92%	9,250	9	9,259	7.56%	10,000	(21)	9,979
ESSA	Banco Bilbao Vizcaya Argentaria	COP	29/10/2018	12.00	IBR + 2.91%	4.86%	40,000	61	40,061	7.35%	40,000	449	40,449
ESSA	Banco Bilbao Vizcaya Argentaria	COP	28/11/2018	12.00	IBR + 2.91%	4.85%	6,000	(11)	5,989	7.34%	6,000	36	6,036
ESSA	Banco Bilbao Vizcaya Argentaria	COP	26/12/2018	12.00	IBR + 2.91%	4.85%	54,000	(308)	53,692	7.33%	54,000	70	54,070
ESSA	Banco Popular	COP	28/12/2018	12.00	IBR + 2.91%	4.79%	106,000	(646)	105,354	7.22%	106,000	68	106,068
ESSA	Banco Popular	COP	27/12/2019	12.00	IBR + 2.91%	4.77%	94,000	(573)	93,427	7.22%	94,000	72	94,072
ESSA	Banco de Occidente	COP	28/07/2020	1.00	IBR + 2.7%	4.62%	30,000	602	30,602	0.00%	-	-	-
ESSA	Banco de Occidente	COP	5/08/2020	1.00	IBR + 2.7%	4.56%	30,000	561	30,561	0.00%	-	-	-
ESSA	Banco Davivienda	COP	4/09/2020	3.00	IBR + 2.1%	3.89%	15,000	33	15,033	0.00%	-	-	-
ESSA	Banco Davivienda	COP	4/09/2020	1.00	IBR + 2.1%	3.96%	20,000	57	20,057	0.00%	-	-	-
ESSA	Banco de Bogotá	COP	30/09/2020	1.00	IBR + 2.98%	4.78%	20,000	241	20,241	0.00%	-	-	-
ESSA	Banco de Bogotá	COP	29/10/2020	1.00	IBR + 2.1%	3.85%	15,000	96	15,096	0.00%	-	-	-
ESSA	Banco de Bogotá	COP	30/10/2020	1.00	IBR + 2.98%	4.75%	15,000	117	15,117	0.00%	-	-	-
ESSA	Banco Bilbao Vizcaya Argentaria	COP	28/12/2020	1.00	0.03	3.26%	30,000	8	30,008	0.00%	-	-	-
ESSA	Banco Bilbao Vizcaya Argentaria	COP	30/12/2020	1.00	0.03	3.26%	20,000	2	20,002	0.00%	-	-	-
ESSA	Comisiones	COP	31/07/2020	1.00	LIBOR + 0%	0.00%	-	(107)	(107)	0.00%	-	-	-
GRUPO DECA	Banco Industrial	GTQ	20/12/2018	10.00	TAPP + -6.8%	5.88%	114,948	(341)	114,607	6.11%	111,100	7	111,106
GRUPO DECA	Banco América Central	GTQ	21/12/2018	10.00	TAPP + -6.81%	5.87%	67,383	(222)	67,162	6.11%	65,127	(10)	65,118
GRUPO DECA	Banco Agromercantil	GTQ	24/01/2019	10.00	TAPP + -6.87%	5.81%	140,933	808	141,741	6.05%	136,214	1,286	137,500
GRUPO DECA	Banco América Central	USD	21/12/2018	10.00	LIBOR 90 + 2.26387%	3.06%	102,975	(2,324)	100,652	4.58%	98,315	(380)	97,934
GRUPO DECA	Banco Internacional	USD	19/12/2018	10.00	TAPP + -1.25%	5.08%	17,163	(8)	17,155	5.37%	16,386	63	16,449
GRUPO DECA	Banco Agromercantil	USD	24/01/2019	10.00	LIBOR 90 + 3.05%	3.85%	20,595	(309)	20,286	5.39%	19,663	179	19,842
GRUPO DECA	Banco Industrial	USD	15/12/2017	1.00	TAPP + -1.5%	0.00%	44,041	-	44,041	0.00%	32,772	-	32,772
GRUPO DECA	Banco Industrial	GTQ	20/12/2018	10.00	TAPP + -6.8%	6.00%	147,098	-	147,098	6.11%	142,173	5	142,178
GRUPO DECA	Banco América Central	GTQ	26/12/2018	10.00	TAPP + -6.81%	5.99%	67,824	-	67,824	6.11%	65,553	(10)	65,543
GRUPO DECA	Banco Agromercantil	GTQ	25/01/2019	10.00	TAPP + -6.87%	5.93%	140,933	1,320	142,252	6.05%	136,214	1,298	137,512
GRUPO DECA	Banco América Central	USD	26/12/2018	10.00	LIBOR 90 + 2.26387%	3.17%	34,325	-	34,325	4.58%	32,772	(125)	32,647
GRUPO DECA	Banco Internacional	USD	19/12/2018	10.00	TAPP + -1.25%	5.12%	17,163	-	17,163	5.37%	16,386	63	16,449
GRUPO DECA	Mercom Bank LTD	USD	25/01/2019	10.00	LIBOR 90 + 3.05%	3.95%	20,595	115	20,710	5.37%	19,663	188	19,851
GRUPO DECA	Bancolombia Panamá	USD	25/01/2019	10.00	LIBOR 90 + 3.05%	3.96%	82,380	459	82,840	5.38%	78,652	713	79,365
GRUPO DECA	Bancolombia Panamá	USD	16/07/2019	1.00	LIBOR 30 + 2.07%	2.31%	34,325	-	34,325	4.37%	32,772	-	32,772
GRUPO DECA	Banco Industrial	GTQ	25/04/2019	5.00	TAPP + -6.25%	6.49%	274,818	(552)	274,267	6.67%	332,022	(71)	331,951
TICSA	Banco Santander	MXN	14/06/2016	7.00	TIIE + 2.15%	7.01%	22,259	240	22,499	12.47%	30,929	329	31,258
TICSA	Banco Santander	MXN	14/06/2016	10.00	TIIE + 2.15%	7.77%	44,368	266	44,634	12.57%	50,600	45	50,645
TICSA	Banco Santander	MXN	14/06/2016	14.00	TIIE + 2.15%	7.79%	17,673	226	17,899	13.33%	18,931	116	19,047
TICSA	Interacciones	MXN	1/08/2007	15.00	TIIE + 3%	7.50%	13,185	937	14,122	7.54%	17,694	1,687	19,381
TICSA	Banco del Bajío	MXN	31/07/2013	15.00	TIIE + 2.75%	8.47%	57,860	1,716	59,575	8.57%	64,417	15	64,432
TICSA	Banco Santander	MXN	25/05/2018	1.00	TIIE + 3%	7.49%	5,113	-	5,113	11.51%	4,323	-	4,323
TICSA	Bank of America	MXN	4/12/2018	1.00	TIIE + 2.25%	6.74%	7,393	-	7,393	10.76%	14,700	(117)	14,583
TICSA	Banco Davivienda	COP	17/02/2020	1.00	EA + 0%	7.50%	382	-	382	0.00%	-	-	-
TICSA	Banco Davivienda	COP	12/03/2020	1.00	EA + 0%	7.60%	493	-	493	0.00%	-	-	-
TICSA	Banco Davivienda	COP	2/04/2020	1.00	EA + 0%	8.00%	663	-	663	0.00%	-	-	-
TICSA	Banorte	MXN	14/05/2020	1.00	TIIE + 3.7%	8.25%	718	-	718	0.00%	-	-	-
TICSA	Banco Davivienda	COP	17/06/2020	1.00	EA + 0%	7.60%	749	-	749	0.00%	-	-	-
Total							**24,806,577**	**(218,775)**	**24,587,802**		**20,524,224**	**131,781**	**20,656,005**

Amounts stated in millions of Colombian pesos

Interest paid on loans as at 31 December 2020 was $1,258,089 (2019: $1,517,994).

The net exchange difference at 31 December 2020 assumed associated with debt was $24,286 (2019: $-103,866).

Information on bonds and securities issued is:

Subserie	Original Currency	Initial Date	Years	Nominal interest rate	December 31, 2020				December 31, 2019				Amount awarded						
					IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount	Amount awarded to 2019	Amount awarded to 2018	Amount awarded to 2017	Amount awarded to 2016	Amount awarded to 2015	Amount awarded to 2014	Amount awarded to 2013
A10a	COP	4/12/2013	10	IPC + 4.52%	6.26%	96,210	-31	96,179	8.80%	96,210	(206)	96,004	96,210	96,210	96,210	96,210	96,210	96,210	96,210
A10a	COP	20/03/2015	9	IPC + 3.65%	6.11%	130,000	458	130,458	8.64%	130,000	369	130,369	130,000	130,000	130,000	130,000	130,000		
A12a	COP	14/12/2010	12	IPC + 4.2%	5.56%	119,900	715	120,615	8.18%	119,900	513	120,413	119,900	119,900	119,900	119,900	119,900	119,900	119,900
A12a	COP	29/07/2014	12	IPC + 4.17%	5.88%	125,000	277	125,277	8.39%	125,000	409	125,409	125,000	125,000	125,000	125,000	125,000	125,000	-
A12a	COP	20/03/2015	12	IPC + 3.92%	5.43%	120,000	425	120,425	7.94%	120,000	132	120,132	120,000	120,000	120,000	120,000	120,000	-	-
A15a	COP	21/04/2009	15	IPC + 6.24%	7.66%	198,400	3,729	202,129	10.24%	198,400	4,321	202,721	198,400	198,400	198,400	198,400	198,400	198,400	198,400
A20a	COP	14/12/2010	20	IPC + 4.94%	6.47%	267,400	1,291	268,691	8.99%	267,400	634	268,034	267,400	267,400	267,400	267,400	267,400	267,400	267,400
A20a	COP	4/12/2013	20	IPC + 5.03%	6.72%	229,190	-1,399	227,791	9.24%	229,190	(1,560)	227,630	229,190	229,190	229,190	229,190	229,190	229,190	229,190
A20a	COP	29/07/2014	20	IPC + 4.5%	6.17%	250,000	-205	249,795	8.68%	250,000	219	250,219	250,000	250,000	250,000	250,000	250,000	250,000	-
A20a	COP	20/03/2015	20	IPC + 4.43%	5.94%	260,000	1,500	261,500	8.43%	260,000	886	260,886	260,000	260,000	260,000	260,000	260,000	-	-
A5a	COP	20/03/2015	5	IPC + 2.72%	0.00%	-	-	-	6.81%	120,000	217	120,217	120,000	120,000	120,000	120,000	120,000	-	-
A6a	COP	29/07/2014	6	IPC + 3.57%	0.00%	-	-	-	7.98%	125,000	1,289	126,289	125,000	125,000	125,000	125,000	125,000	125,000	-
International bond	COP	31/01/2011	10	8.375%	14.04%	130,822	9,484	140,306	14.03%	130,822	2,998	133,820	130,822	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
International bond	COP	3/09/2014	10	7.625%	7.73%	965,745	18,867	984,612	7.74%	965,745	17,919	983,664	965,745	965,745	965,745	965,745	965,745	965,745	-
International bond	COP	31/10/2017	10	8.375%	8.45%	4,165,519	51,489	4,217,008	8.45%	3,530,000	28,768	3,558,768	3,530,000	2,300,000	2,300,000	-	-	-	-
International bond	USD	11/07/2019	10	4.25%	4.39%	3,432,500	43,268	3,475,768	4.39%	3,277,140	39,066	3,316,206	3,277,140	-	-	-	-	-	-
International bond	USD	15/07/2020	11	4.375%	4.60%	1,973,688	12,516	1,986,204	0.00%	-	-	-	-	-	-	-	-	-	-
TOTAL BONDS AND SECURITIES ISSUED						**12,464,373**	**142,382**	**12,606,756**		**9,944,807**	**95,974**	**10,040,781**	**9,944,807**	**6,556,845**	**6,556,845**	**4,256,845**	**4,256,845**	**3,626,845**	**2,161,100**

Amounts stated in millions of Colombian pesos, the exchange rate used was the MRR at the closing of the each period.

The breakdown of international bonds issued by the Group is as follows:

ENSA:

Type of bond	Original Currency	Initial Date	Years	Nominal interest rate	December 31, 2020				December 31, 2019				Amount awarded						
					IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount	2019	2018	2017	2016	2015	2014	2013
Preferred bonds	USD	10/07/2006	15	7.6%	8.16%	343,250	11,426	354,676	8.16%	327,714	9,676	337,390	-	-	-	-	-	-	-
Corporate bonds	USD	13/12/2012	15	4.73%	3.46%	274,600	- 2,049	272,551	3.46%	262,171	- 2,256	259,915	-	-	-	-	-	-	-
TOTAL						**617,850**	**9,377**	**627,227**		**589,885**	**7,420**	**597,305**	-	-	-	-	-	-	-

Amounts stated in millions of Colombian pesos, the exchange rate used was the MRR at the closing of the each period.

DELSUR:

Type of bond	Original Currency	Initial Date	Years	Nominal interest rate	December 31, 2020				December 31, 2019				Amount awarded						
					IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount	2019	2018	2017	2016	2015	2014	2013
Investment Certificates - CIDELSUR1 (Scotialnversiones, BVES	USD	16/08/2010	10	LIBOR 6M + 3%	0.00%	-	-	-	1.52%	68,820	413	69,233	-	-	-	-	-	-	-
TOTAL						-	-	-		**68,820**	**413**	**69,233**	-	-	-	-	-	-	-

Amounts stated in millions of Colombian pesos, the exchange rate used was the MRR at the closing of the each period.

AGUAS DE ANTOFAGASTA:

Type of bond	Original Currency	Initial Date	Years	Nominal interest rate	December 31, 2020				December 31, 2019				Amount awarded						
					IRR	Nominal Value	Amortized Cost Value	Total Amount	IRR	Nominal Value	Amortized Cost Value	Total Amount	2019	2018	2017	2016	2015	2014	2013
Bonds	CLP	18/12/2020	5	UF + 0.995%	0.20%	150,052	-53	149,999	0.00%	-	-	-	-	-	-	-	-	-	-
Bonds	CLP	18/12/2020	13	UF + 1.4396%	2.01%	307,617	89	307,706	**0.00%**	-	-	-	-	-	-	-	-	-	-
TOTAL						**457,669**	**36**	**457,705**		-	-	-	-	-	-	-	-	-	-

Amounts stated in millions of Colombian pesos, the exchange rate used was the MRR at the closing of the each period.

In 2020, EPM Group had the following significant changes related to loans and borrowings:

New loans

January

- Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS): Banco de Occidente for COP 20,000 and Scotiabank for COP 10,000.
- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 6,000.

February

- Tecnología Intercontinental S.A (TICSA): Banco Davivienda for COP 1,375.

March

- EPM Matriz: BNDES disbursement for USD 0,17 million.
- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 2,500.
- Central Hidroeléctrica de Caldas (CHEC): Bancolombia for COP 53,000.
- Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS): Scotiabank for COP 25,000.
- Tecnología Intercontinental S.A (TICSA): Banco Davivienda for COP 1,500.
- Empresa de distribución de energía del noreste de Panamá S.A. (Ensa): Davivienda for USD 15 million, Citibank for USD 12 million y Banesco for USD 30 million.

April

- EPM Holding company: International syndicate of HSBC and other banks: disbursement for USD 250 million.
- Tecnología Intercontinental S.A (TICSA): Banco Davivienda for COP 1,666.
- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 1,900.

May

- EPM Holding company: local credit to Banco Popular for COP 120,000.
- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 1,150.
- Central Hidroeléctrica de Caldas (CHEC): Bancolombia for COP 87,000.
- Empresa de Energía del Quindío S.A. E.S.P. (EDEQ): Bancolombia for COP 20,000 and Banco de Bogotá for COP 10,000.
- Tecnología Intercontinental S.A (TICSA): Banorte for MXN 12 million.
- Grupo Deca: Banco Industrial S.A for GTQ 200 million.

June

- Tecnología Intercontinental S.A (TICSA): Banco Davivienda for COP 1,500.
- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 7,247.

July

- EPM Holding company: Banco BNP Paribas as the leading loan agent for USD 200 million, international bond issuance 144A/Regs for USD575 million and reopening of global bonds peso maturity 2027 for COP 635,519.

- Electrificadora de Santander (ESSA): Banco de Occidente for COP 30,000.
- Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS): Banco BBVA COP 5,000.
- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 2,100.

August

- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 2,050.
- Electrificadora de Santander (ESSA): Banco de Occidente for COP 30,000.
- Empresa de Energía del Quindío S.A. E.S.P. (EDEQ): Banco AV Villas for COP 20,000 and Banco de Bogotá for COP 10,000.
- Del Sur: Banco Davivienda for USD 21 million.

September

- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 2,800.
- Del Sur: Banco Davivienda for USD 2.9 million.
- Electrificadora de Santander (ESSA): Banco Davivienda for COP 35,000 and Banco de Bogotá for COP 20,000.
- Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS): Banco BBVA COP 12,500.

October

- Aguas Regionales EPM S.A. E.S.P.: Banco Popular for COP 13,650.
- Electrificadora de Santander (ESSA): Banco de Bogotá for COP 30,000.

November

- Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS): Banco Davivienda COP 15,000.

December

- Aguas Regionales EPM S.A. E.S.P.: Financiera de Desarrollo Territorial S.A for COP 2,512.
- Electrificadora de Santander (ESSA): Banco BBVA for COP 50,000.
- Central Hidroeléctrica de Caldas (CHEC): Banco BBVA for COP 30,000 and Financiera de Desarrollo Territorial S.A for COP 3,644.
- Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS): Financiera de Desarrollo Territorial S.A for COP 15,696.
- Aguas de Antofagasta (ADASA): Bonos for CLP 94,734 million.

Covenant Debt / EBITDA

The EPM Group has different financial commitments (covenant), established in the loan contracts signed with the French Development Agency - AFD, Inter-American Development Bank, CAF- Development Bank of Latin America, National Bank for Economic and Social Development - BNDES , HSBC, Bancolombia, IDB Invest and Guarantee of Japan Bank for International Cooperation - JBIC. These contracts include some of the following covenants: Debt / EBITDA LTM, Net Debt / EBITDA LTM, EBITDA / Financial expenses, EBITDA / Net financial expenses, and Long Term Debt / Equity. The contracts with Bancolombia and HSBC present a clause that indicates that the measurement of compliance with the stipulated covenant will only be activated in the event that the company loses the investment grade level in the international scale ratings granted by any of the rating agencies that they evaluate the company.

Covenant	Credit Type	December 31, 2020	December 31, 2019	Limit
DEBT / EBITDA LTM	JBIC - AFD	4.37	3.49	3.50
Financial Liabilities		25,150	20,988	
EBITDA last twelve months		5,760	6,011	

Contractually, one of the management schemes to avoid non-compliance with this type of commitment is the issuance of waivers by creditors.

It is worth mentioning that the fact that EPM Group exceeds the agreed Debt/EBITDA covenant does not generate a direct activation of default declaration by the banks nor of advance payment, as exercising or not such declaration is a contractual action at the banks' discretion, additional to having remedial periods agreed in the contracts to attend an eventual default.

The EPM Group must report compliance with the Long-Term Financial Debt / EBITDA indicator as follows: to the Japan Bank for International Cooperation -JBIC- quarterly and to the French Development Agency -AFD- semi-annually.

Grupo EPM obtained the waiver required for the JBIC loan with the December 2020 cutoff; Regarding the AFD loan, there is a verbal agreement to contractually modify the covenant to Net Debt / Ebitda <=4 times, therefore a process of renegotiation of the clauses of the Covenant began through an Amendment to the contract. This management is advanced to date in accordance with the requirements of current regulations and is in the approval stage at the Ministry of Finance and Public Credit.

Contract management IDB Invest

On December 29, 2017, EPM and IDB Invest signed a credit agreement, which to date presents a bank balance to equity of USD $ 450 million.

After signing, the parties agreed on the condition of signing an amendment to the credit agreement, with the aim of incorporating a series of technical, environmental and institutional commitments.

In this sense, IDB Invest granted EPM at the end of December 2020 and February 22, 2021, waivers for not having signed the amendment.

To date, the Amendment clause is in an advanced stage of negotiating its clause between EPM and IDB Invest, and then go on to its external approval process, in accordance with Colombian regulations on public debt.

Default events

During the reporting period, the EPM Group has not defaulted on any principal or interest payment of its loans.

Note 23. Trade and other payables

Trade and other payables are measured at amortized cost and consist of:

Trade and other accounts payable	2020	2019
Non-current		
Creditors	116,814	130,662
Acquisition of goods and services	71,234	83,030
Deposits received as collateral(1)	313,309	278,706
Advances payments and advances received	80,216	92,476
Resources received from administration	14,965	10,177
Construction contracts	22,561	6,342
Total trade and other non-current accounts payable	**619,099**	**601,393**
Current		
Creditors	665,731	734,205
Acquisition of goods and services (2)	2,308,554	1,685,076
Allocated subsidies	25,051	18,261
Deposits received in collateral	36,818	22,456
Advances received	10,624	15,419
Resources received for management	22,141	33,562
Other accounts payable	357	693
Construction contracts	14,629	22,472
Fees and commissions payable	2,110	2,110
Total trade and other current accounts payable	**3,086,015**	**2,534,254**
Total trade and other accounts payable	**3,705,114**	**3,135,647**

Amounts stated in millions of Colombian pesos

(1) In Guatemala, the Electricity General Act establishes that all new users must provide the distributor with a payment collateral. This collateral may be provided in monetary form or by means of a bond and will be calculated for each user category as the amount equivalent to two average monthly invoices from a typical user in the same category. EEGSA collects such collaterals from its customers and records the amounts received as "Consumer Deposits". In accordance with the provisions of the Electricity General Act, Decree No. 93-96 of 15 November 1996, article 94, as from that date until 10 March 2007, deposits received from customers bore real interest of 5% per annum. As from 11 March 2007, deposits received must be returned by adding to the capital the monthly weighted average lending rate of the banking system. It also establishes that, upon termination of the contract, the distributor must make a settlement that includes the initial amount of the collateral plus the total accrued and capitalized interest each year less any outstanding debt and costs incurred by the user.

As from 31 December 2006, EEGSA records a provision for the amount of interest arising from the payment collaterals.

Deposits received from consumers, plus accrued interest and less any outstanding debt for past services, are refundable to users when they cease to use the electric power service provided by EEGSA.

In 2019 these deposits have been classified as non-current liabilities because the company does not expect to make significant payments in the next year, according to estimates and recurrence of customer withdrawals, in addition to the premise of going concern.

As at 31 December 2019, the amount of consumer deposits was $299,169 (2019: $274,834)

(2) Increase explained by the acquisition of the subsidiary Caribemar de la Costa S.A.S. E.S.P., for $ 363,377

The term for payment to suppliers is generally 30 calendar days, with exceptions that are documented in the processes and determined by the type of obligation and contract, among others.

Default events

During the accounting period, the Group has not defaulted on the payment of principal or interest on creditors and other accounts payable.

Note 24. Other financial liabilities

The other financial liabilities consist of:

Other financial liabilities	2020	2019
Non-current		
Financial leases	639,114	645,576
Financial liabilities measured at fair value through profit or loss for the period(1)	79,411	-
Pension bonds(2)	251,866	271,341
Derivatives that are not under hedge accounting	-	-
Derivatives for cash flow hedging purposes(3) (see note 25)	349,935	-
Derivatives for hedging purposes at fair value (see note X)	-	-
Total other non-current financial liabilities	**1,320,326**	**916,917**
Current		
Financial leases	48,553	37,184
Financial liabilities measured at fair value through profit or loss for the period(1)	41,018	-
Pension bonds(2)	418,720	379,477
Derivatives that are not under hedge accounting	-	-
Derivatives for cash flow hedging purposes(3) (see note 25)	69,197	-
Derivatives for hedging purposes at fair value (see note X)	-	-
Total other current financial liabilities	**577,488**	**416,661**
Total other financial liabilities	**1,897,814**	**1,333,578**

Amounts stated in millions of Colombian pesos

(1) Corresponds to the premium payable of the climatic derivative contracted to have coverage in dry seasons.

(2) Variation was generated by the amortized cost and the payments made during the period.

(3) In EPM, the finalization of the authorization process on the part of the Ministry of Finance and Public Credit of the exchange risk coverage of the international Bond issue carried out in 2019 was presented, additionally the authorization of exchange coverage of the issuance of dollar bond issued in July 2020, and the HSBC international syndicated loan, complying with the requirements of the applicable regulations. By having these authorizations, the company had the possibility of

developing its market risk management plan and carried out hedging operations for US $1,350 billion in the 2020 term.

Conventional purchases and sales of financial liabilities are accounted for by applying the trading date.

24.1 Financial liabilities designated at fair value through profit or loss

Financial liability for premiums payable for the climate derivative, which has been contracted to cover dry seasons that imply a decrease in hydroelectric generation and a rise in energy prices on the stock market. It is measured at fair value through profit or loss, in order to achieve the asymmetry or "match" the financial asset (derivative / option, valued at fair value through profit or loss) with the financial liability (premiums payable).

Its valuation technique is the average of the expected future flows, discounted at a risk-free rate plus a spread that contemplates the possibility of default (own credit risk).

24.2 Financial liabilities designated at fair value through profit or loss, with the effects of the change in the credit risk of the liability recognized in profit or loss

Concept	2020	2019
Gain (loss) for the period from changes in fair value attributable to changes in credit risk recognized in profit or loss for the period	2,057	-
Difference between the carrying value and the value payable at settlement:	(2,626)	-
Carrying value of liability(ies)	120,429	-
Carrying value of liability(ies): Carrying value of liability(ies)	123,055	-

Amounts stated in millions of Colombian pesos

The Group has determined that presenting the effects of changes in the credit risk of a liability in other comprehensive income would create or increase an accounting asymmetry in profit or loss, this asymmetry is generated given that EPM's rating is BBB and the NewRe is AA. It should be clarified that this liability comes from a contract that is linked to an option-type derivative instrument, which represents an asset for EPM. The derivative instrument (asset) is valued at fair value (including credit risk) with changes in results since it is not designated in hedge accounting.

Default events

During the accounting period, the EPM Group has not defaulted on the payment of principal and interest on its loans.

Note 25. Derivatives and hedging

The group has cash flow hedges that consists of hedging the variation in future cash flows attributable to certain risks, such as interest rates and exchange rates that may impact results, whose fair values at the end of the reporting period amount to an obligation of $ 356,758 (2019: $ 46,148 Right). The risks that have been covered in these operations are:

Hedge Classification	Description	Hedged risk	Tranche	Hedged item	Carrying value of hedged item	Carrying value of hedging instrument	Changes in the fair value of the hedging instrument in the period	Changes in the fair value of the hedged item in the period	Ineffectiveness of the hedge recognized in profit or loss for the period	Effectiveness of the hedge recognized in the other comprehensive income	Reclassification of other comprehensive income to profit or loss for the period1
Cash flow hedging											
Swaps	Cross Currency Swap	USD/COP exchange rate and Libor/fixed interest rate of debt service	Part of the AFD, HSBC and international bond loans	Credit in Dollars	7,010,378	(354,221)	(399,283)	6,259,170	N.A	(399,283)	(356,858)
Swaps TICSA	Interest rate swaps	TIIE interest rate	Santander credit	Credit in MXN	85,032	(2,537)	(3,622)	N.A	N.A	(2,537)	N.A

Amounts stated in millions of Colombian pesos

[1] Reclassification of other comprehensive income to profit or loss for the period, for swap instruments, affected the interest item, difference in exchange, difference in interest and capital of the right. Additionally, $4,333 were capitalized as borrowing costs mainly to the Ituango Project.

The exchange risk hedging operations are part of the public debt operations regulated in Decree 1068 of 2015, therefore, they require the general approval of the operation via resolution and additional official approval of each of the confirmation letters of the financial entities that possibly have participation in the respective specific operations. This approval process, for the entities that govern the issue in the country, can only be started once the respective resources have been disbursed. During the period in which the approval process is carried out, there is a stage in which the company presents exposure to exchange risk without having the possibility of executing this type of exchange hedging operations.

During 2020, the finalization of the authorization process on the part of the Ministry of Finance and Public Credit of the exchange risk coverage of the international Bond issuance carried out in 2019 was presented, additionally the authorization of exchange coverage of the bond issuance was presented in dollars issued in July 2020, and the HSBC international syndicated loan, in compliance with the requirements of the applicable regulations. By having these authorizations, the company had the possibility of developing its market risk management plan and carried out hedging operations for US $ 1.35 billion in the 2020 term.

Conversion of dollar-denominated loans to pesos

- **EPM Holding company:** Some of the IDB loans have the possibility of currency conversion, which allows the conversion of the balance in dollars to Colombian pesos, eliminating the exchange risk of the exposed balance. EPM made the following conversion in 2020:

  On June 17, EPM applied a currency conversion to the IDB 2120 loan for USD104 million.

Hedging cash Flow

The characteristics of the main cash flow hedging instruments that are under hedge accounting are the following:

EPM

Characteristics					
Hedged Underlying	**AFD Loan**	**AFD Loan**	**AFD Loan**	**AFD Loan**	**AFD Loan**
Closing date	3-feb-17	6-feb-17	10-feb-17	24-mar-17	30-mar-17
Derivative Type	CCS	CCS	CCS	CCS	CCS
counterpart	BNP Paribas	BNP Paribas	BNP Paribas	CITI BANK	CITI BANK
Nominal (USD)	64,750,000	47,381,250	85,312,500	13,164,375	85,312,500
Spot exchange rate	2,850	2,855	2,850	2,899	2,878
Expiration date	31-jul-22	31-jul-22	31-jul-22	31-jul-22	31-jul-22

* CCS : Cross Currency Swap

Characteristics					
Hedged Underlying	HSBC Loan	HSBC Loan	HSBC Loan	HSBC Loan	Bons 2029
Closing date	3-jun-20	18-jun-20	19-jun-20	23-jun-20	8-jun-20
Derivative Type	CCS	CCS	CCS	CCS	CCS
counterpart	JP Morgan	JP MORGAN	Goldman Sachs	Goldman Sachs	BNP PARIBAS
Nominal (USD)	50,000,000	100,000,000	50,000,000	50,000,000	100,000,000
Spot exchange rate	3,587	3,756	3,738	3,709	3,597
Expiration date	26-nov-21	26-nov-21	26-nov-21	26-nov-21	18-jul-29

* CCS : Cross Currency Swap

Characteristics					
Hedged Underlying	Bons 2029	Bons 2029	Bons 2029	Bons 2029	Bons 2029
Closing date	7-jul-20	10-jul-20	15-jul-20	15-jul-20	9-nov-20
Derivative Type	CCS	CCS	CCS	CCS	CCS
counterpart	JP Morgan	JP Morgan	Scotia Bank	Goldman Sachs	Goldman Sachs.
Nominal (USD)	50,000,000	100,000,000	100,000,000	100,000,000	125,000,000
Spot exchange rate	3,627	3,617	3,606	3,608	3,657
Expiration date	18-jul-29	18-jul-29	18-jul-29	18-jul-29	18-jul-29

* CCS : Cross Currency Swap

Characteristics					
Hedged Underlying	Bons 2029	Bons 2031	Bons 2031	Bons 2031	Bons 2031
Closing date	12-nov-20	11-sep-20	16-sep-20	22-oct-20	23-oct-20
Derivative Type	CCS	CCS	CCS	CCS	CCS
counterpart	BBVA	JP Morgan	JP Morgan	Mitsui Banking Corporation,	JP Morgan
Nominal (USD)	125,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Spot exchange rate	3,642	3,709	3,708	3,774	3,774
Expiration date	18-jul-29	15-feb-31	15-feb-31	15-feb-31	15-feb-31

* CCS : Cross Currency Swap

TICSA

Characteristics	**COLIMA**	**CELAYA**	**MORELIA**
Hedged Underlying	Santander Loan	Santander Loan	Santander Loan
Tranche No	1	1	1
Closing Date	31-dic-19	31-dic-19	31-dic-19
Derivative Type	swap	swap	swap
Counterparty	Santander	Santander	Santander
Nominal (MXN)	282,750,000	95,250,000	246,300,000
Spot exchange rate	N.A	N.A	N.A
Liability (MXN)	377,000,000	127,000,000	328,400,000
EPM pays	6.1259%	6.40%	5.84%
EPM receives	TIIE+Spread Variable	TIIE+Spread Variable	TIIE+Spread Variable
Expiration date	12-feb-24	10-dic-26	10-ene-22
Initial exchange	No	No	No
Final exchange	No	No	No
Modality	Non Delivery	Non Delivery	Non Delivery

Embedded derivatives

The Group has not entered into any contracts containing embedded derivatives.

Note 26. Employee benefits

The item of employee benefits recognized at the reporting date have the following composition:

Employee benefits	2020	2019
Non-current		
Post-employment benefits	914,292	834,447
Long-term benefits	107,059	96,973
Termination benefits	91	63
Other benefits	5	9
Total non-current employee benefits	**1,021,447**	**931,492**
Current		
Short-term benefits	194,061	147,438
Post-employment benefits	90,428	100,028
Termination benefits	-	-
Total current employee benefits	**284,489**	**247,466**
Total	**1,305,936**	**1,178,958**

Amounts stated in millions of Colombian pesos

26.1. Post-employment benefits

Comprises of the defined benefit plans and the defined contribution plans detailed below:

26.1.1. Defined benefit plans

Defined benefit plans	Pensions(1)		Retroactive severances(2)		Public utilities subsidies(3)		Educational assistance plan(4)		Other defined benefit plans		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Current value of liabilities due to defined benefit												
Initial balance	1,048,517	992,082	135,816	130,101	38,847	37,916	1,286	1,289	28,693	25,617	1,253,159	1,187,006
Present service cost	3,674	2,598	4,309	4,283	192	-	-	-	3,057	2,493	11,232	9,374
Profit (orr loss) due to interests cost	66,487	67,328	7,550	7,878	2,529	2,596	71	74	19	26	76,656	77,902
New measurements	-	-	-	-	-	195	-	-		1,720	-	1,915
Actuarial profits or loss due to changes in:	-	-	-	-	-	-	-	-			-	-
assumptions for experience	3,758	28,738	496	8,314	5,063	41	(77)	103	13	-	9,253	37,196
Demographic assumptions	1,873	(130)	3	-	128	-	-	-	-	-	2,004	(130)
Financial assumptions	37,930	26,456	6,040	3,891	1,519	1,017	38	17	1,874	-	47,401	31,381
Past service cost	-	-	-	-	17	-	-	-	(0)	-	17	-
Settlement gain or (loss)	-	-	-	-	-	-	-	-	-	(8)	-	(8)
Effect in foreign exchange translation	3,597	(2,652)	-	-	31	3	-	-	1,234	146	4,862	(2,503)
Contributions made to the plan	-	28,171	-	-	-	-	-	-	2	-	2	28,171
Contributions made to the plan - by participants	-	-	-	-	-	-	-	-	-		-	-
Payments made by the plan	(89,786)	(94,314)	(20,155)	(18,650)	(3,256)	(2,922)	(164)	(197)	(2,990)	(3,506)	(116,351)	(119,589)
Business combinations	-	-	11,376	-	-	-	-	-	-	-	11,376	-
Dispositions	-	-	-	(1)	-	-	-	-	-	-	-	(1)
Other changes	544	239	-	-	-	-	-	-	1,058	2,206	1,602	2,445
Present value of liabilities as of 31 December	**1,076,594**	**1,048,516**	**145,435**	**135,816**	**45,070**	**38,846**	**1,155**	**1,286**	**32,960**	**28,694**	**1,301,213**	**1,253,159**
Fair value of plan assets												
Initial balance	318,683	314,836	-	-	-	-	-	-	-	-	318,683	314,836
Contributions made to the plan	8,416	47,422	-	-	-	-	-	-	-	-	8,416	47,422
Payments made by the plan	(57,859)	(62,361)	-	-	-	-	-	-	-	-	(57,859)	(62,361)
Interest income	19,728	22,208	-	-	-	-	-	-	-	-	19,728	22,208
Actuarial profit or loss:											-	-
Expected plan yield (excluding interest income)	5,917	(2,886)	-	-	-	-	-	-	-	-	5,917	(2,886)
Effect of foreign exchange translation	1,139	(866)	-	-	-	-	-	-	-	-	1,139	(866)
Other changes	469	331	-	-	-	-	-	-	-	-	469	331
Fair value of plan assets as of December 31	**296,493**	**318,684**	-	-	-	-	-	-	-	-	**296,493**	**318,684**
Surplus or (deficit) of the defined benefit plan	**(780,101)**	**(729,832)**	**(145,435)**	**(135,816)**	**(45,070)**	**(38,846)**	**(1,155)**	**(1,286)**	**(32,960)**	**(28,694)**	**(1,004,720)**	**(934,475)**
Net asset or (liability) of the defined benefit plan	**(780,101)**	**(729,832)**	**(145,435)**	**(135,816)**	**(45,070)**	**(38,846)**	**(1,155)**	**(1,286)**	**(32,960)**	**(28,694)**	**(1,004,720)**	**(934,475)**
Total defined benefits	**(780,101)**	**(729,832)**	**(145,435)**	**(135,816)**	**(45,070)**	**(38,846)**	**(1,155)**	**(1,286)**	**(32,960)**	**(28,694)**	**(1,004,720)**	**(934,475)**

Amounts stated in millions of Colombian pesos

[1] Includes pension plans of the EPM Group companies in accordance with the regulations of each country. Also, contributions to social security and funeral assistance.

[2] Includes retroactive severance plans, which consist of a recognition of an average monthly salary multiplied by the years of service, payable through advances and at the time of contract termination. The source of the plan is the "Sixth Law of 1945, by which some provisions are issued on labor conventions, professional associations, collective conflicts and special labor jurisdiction" and the National Decree 1160 of 1989, which partially regulates Law 71 of 1988, which issues rules on pensions and other provisions.

[3] The benefit for public utilities subsidies is a plan consisting on a total or partial discount on the monthly value to be paid of the public utility of energy, and in some cases in the service of water and telephone, in the following companies of the Group: Central Hidroeléctrica de Caldas S.A. E.S.P, Centrales Eléctricas del Norte de Santander S.A. E.S.P., Electrificadora de Santander S.A. E.S.P. and Elektra Noreste S.A. At Electrificadora de Santander S.A. E.S.P., the benefit is granted to former employees whose service at the date of retirement was at least 15 years. The benefit for public utilities is covered by the collective labour agreements in force in these companies.

[4] Corresponds to the educational assistance that by law is granted to the children of retirees who are economically dependent on it, up to the age of 25.

No risks have been identified for the EPM Group coming from the post-employment benefit plans, nor any amendments, reductions or settlements that impact the present value of the liability.

The weighted average duration, in years, of the defined benefit plan obligations at the cut-off date is as follows:

Benefit	2020		2019	
	from	to	from	to
Pension	9	12	8	12
Retroactive severances	4	6	5	7
Public utilities assistance	9	12	9	12
Education	4	4	5	8
Other defined benefit plans	1	1	2	6

The Group has no restrictions on the current realization of the defined benefit plan surplus.

The Group did not make any contributions to defined benefits during the period.

The composition of the fair value of plan assets is as follows:

Assets that support the plan	2020		2019	
	Participation %	Fair value	Participation %	Fair value
Cash and cash equivalents	**4.87%**	**14,449**	**2.47%**	**7,870**
Equity instruments				
Government sector	8.43%	24,982	6.38%	20,326
Total equity instruments	**8.43%**	**24,982**	**6.38%**	**20,326**
Debt instruments				
AAA	66.90%	198,362	72.32%	230,470
AA	2.22%	6,585	5.31%	16,910
BB and less	0.59%	1,749	0.54%	1,715
Without rating	10.92%	32,381	11.14%	35,514
investment funds(1)	2.79%	8,272	1.85%	5,880
Total debt instruments	**86.70%**	**257,062**	**91.15%**	**290,489**
Total assets that support the plan	**100%**	**296,493**	**100%**	**318,684**

Amounts stated in millions of Colombian pesos

(1) Includes from EPM a conservative profile mutual fund, with immediate availability of resources called Rental Liquida (liquid rent), managed by Fiduciaria Davivienda, with a balance of $3,671 (2019: $1,576) and an Exchange Trade Fund (ETF), which follows the behavior of Colcap, with a balance of $4,602 (2019: $4,304).

The main actuarial assumptions used to determine the obligations under the defined benefit plans are as follows:

Assumptions	Colombia				Panamá			
	2020		2019		2020		2019	
	From	To	From	To	From	To	From	To
Discount rate (%)	6.10%	2.70%	6.00%	7.20%	2.44%	2.44%	3.31%	3.31%
Yearly salary increase rate (%)	4.60%	4.60%	4.60%	5.50%	3.20%	3.20%	5.00%	5.00%
Real rate of return on plan assets	6.96%	6.96%	4.83%	4.83%	5.00%	5.00%	5.25%	5.25%
Future yearly Pension increase rate	3.50%	3.50%	3.25%	3.50%	-	-	-	-
Yearly inflation rate (%)	3.50%	3.50%	3.25%	3.50%	0.20%	0.20%	0.20%	0.20%
Mortality rate tables	Valid Rentiers 2008 Table				Republic of Panama Urban Population Mortality Table 2010-2015			

Assumptions	Guatemala				México			
	2020		2019		2020		2019	
	From	To	From	To	From	To	From	To
Discount rate (%)	4.90%	4.90%	5.80%	5.80%	6.70%	6.70%	7.60%	7.60%
Yearly salary increase rate (%)	4.50%	4.50%	4.50%	4.50%	5.58%	5.58%	5.58%	5.58%
Future yearly Pension increase rate	-	-	-	-	-	-	-	-
Yearly inflation rate (%)	4.00%	4.00%	4.00%	4.00%	3.50%	3.50%	4.00%	4.00%
Mortality rate tables	RP-2000 Table							

Assumptions	El Salvador				Chile			
	2020		2019		2020		2019	
	From	To	From	To	From	To	From	To
Discount rate (%)	2.31%	2.31%	3.49%	3.49%	0.21%	0.21%	0.66%	0.66%
Yearly salary increase rate (%)	1.71%	1.71%	1.50%	1.50%	0.63%	0.63%	0.63%	0.63%
Future yearly Pension increase rate	-	-	-	-	-	-	-	-
Yearly inflation rate (%)	0.70%	0.70%	1.00%	1.00%	2,88%	2.88%	2.43%	2.43%
Mortality rate tables	CSO-80 Table				CB H 2014 and RV M 2014 Tables			

The following table shows the effect of a variation for more than 1% and less than 1% in salary increase, discount rate and an increase in benefit over the obligation for post-employment defined benefit plans:

Assumptions	Increase in discount rate by +1%	Decrease in Discount rate by -1%	salary increase Rise By +1%	Salary Increase Decline By -1%	Benefit Increase Rise by +1%	Benefit Increase Decline by -1%
Pensions	823,860	994,285	-	-	111,359	111,359
Retroactive severances	138,996	152,404	58,633	47,152	22,119	22,119
Public utilities	40,053	49,409	-	-	27,648	27,648
Other post-employment benefits	107,833	133,364	-	-	1,235	1,235
Total post-employment benefits	**1,110,742**	**1,329,462**	**58,633**	**47,152**	**162,361**	**162,361**

Amounts stated in millions of Colombian pesos

The methods and assumptions used to prepare the sensitivity analysis for the present value of defined Benefit Obligations (DBO) were made using the same methodology that for actuarial calculation as of December 31, 2020 and 2019: Projected Unit of Credit (PUC) Method. Sensitivity does not present neither limitations nor changes in the methods or assumptions used to prepare the current period analysis.

Pension liabilities calculation according to current fiscal requirements in Colombia.

Resolution 037 of 2017 issued by the General Accountancy of the Nation established the obligation to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625 of 2016 and Decree 1833 for pension commutations; therefore, the figures presented below do not correspond to the requirements of IFRS adopted in Colombia.

Pension liabilities

The actuarial calculation of pensions was prepared with the following technical bases:

Supuestos actuariales - Obligación pensional	2020	2019
Tasa real de interés técnico	4.80%	4.80%
Tasa de incremento salarial	3.64%	3.91%
Tasa de incremento de pensiones	3.64%	3.91%
Tabla de mortalidad	Tabla rentistas válidos 2008	

The following table is the calculation of Pension Liabilities with the previous parameters:

Description	2020		2019	
	Number of People	Amount of the obligation	Number of People	Amount of the obligation
Personnel pensioned entirety by the companies of the EPM Group	1,255	322,862	1,443	351,149
Personnel pensioned with amounts shared with Colpensiones (state pension system)	1,875	269,148	1,989	298,745
Personnel benefit shared with Colpensiones	885	111,439	865	103,616
Personnel pensioned with amounts shared with other institutions	431	44,925	397	41,086
Total	**4,446**	**748,374**	**4,694**	**794,596**

Amounts stated in millions of Colombian pesos

Below are Pension Bonds related to Pension Obligations:

Description	2020		2019	
	Number of People	Amount of the reserve	Number of People	Amount of the reserve
Retirement payment type A modality 1	243	2,832	246	2,707
Retirement payment type A modality 2	4,394	199,493	4,531	195,937
Retirement payment type B	3,516	405,193	3,618	397,976
Retirement payment type T	5	280	5	277
Other - Contributions Law 549	174	5,349	178	5,175
Total	**8,332**	**613,147**	**8,578**	**602,072**

Amounts stated in millions of Colombian pesos

Following, the differences between the pension liabilities calculated under IFRS adopted in Colombia and the fiscal pension liabilities are shown:

Description	2020	2019
Pension liabilities under IFRS	910,235	737,837
Fiscal pension liabilities	1,290,086	1,133,103
Difference	**(379,850)**	**(395,266)**

Amounts stated in millions of Colombian pesos

Pension commutation liabilities

The actuarial calculation of pension commutation was prepared with the following technical basis:

Actuarial assumptions - Pension commutation	2020	2019
Real technical interest rate	4.80%	4.80%
Salary increase rate	3.64%	3.91%
Pension increase rate	3.64%	3.91%
Mortality rate table	Valid rentiers 2008 table	

The following table is the calculation of the pension commutation with the previous parameters:

Description	2020		2019	
	Number of people	Amount of the obligation	Number of people	Amount of the obligation
Personnel pensioned entirely by EPM Group companies.	86	21,911	92	25,716
Personnel pensioned with amount shared with Colpensiones	355	47,998	346	44,513
Personnel benefit shared with Colpensiones	42	4,284	37	3,167
Personnel pensioned with amounts shared with other entities	21	2,510	31	3,693
Total	**504**	**76,703**	**506**	**77,089**

Amounts stated in millions of Colombian pesos

Below are the pension bonuses related to pension commutation liabilities:

Description	2020		2019	
	Number of people	amount of the reserve	Number of people	amount of the reserve
Retirement payment type A modality 1	12	39	12	38
Retirement payment type A modality 2	255	11,309	255	10,803
Retirement payment type B	206	20,662	219	21,928
Retirement payment type T	3	22	3	84
Other - Contributions Law 549	1	41	3	115
Total	**477**	**32,073**	**492**	**32,967**

Amounts stated in millions of Colombian pesos

Differences between pension commutation liability as calculated under IFRS adopted in Colombia, and the tax pension commutation liability are shown below:

Description	2020	2019
Pension commutation liabilities under IFRS	93,034	90,694
Fiscal pension commutation liability	108,777	110,055
Difference	**(15,743)**	**(19,361)**

Amounts stated in millions of Colombian pesos

26.1.2. Defined contribution plans

The Group made contributions to defined contribution plans recognized in the results of the period as an expense of $27,640 (2019: $26,161), as a cost of $54,641 (2019: $50,289) for a total of $82,281 (2019: $76,450).

26.2. Long-term employee benefits

Long-term benefits	seniority premium[1]	
	2020	2019
Current value of liabilities due to other long-term benefits		
Initial balance	96,973	90,671
Present service cost	8,746	7,982
profit (or expenses) due to the iterests	5,915	5,843
Actuarial profit or loss due to changes in:		
assumptions by experience	3,430	2,794
Demographic assumptions	605	41
Financial assumptions	3,967	2,105
Past service cost	135	-
Effect in foreign exchange translation	47	5
Payments made by the plan	(13,744)	(12,468)
Business combinations	985	-
Present value of liabilities at 31 December	**107,059**	**96,973**

(1) Granted on the basis of the employee's years of service, is recognized and paid in accordance with the terms established in the collective labour agreements in force in each company or the labor regulations of the country.

The Group has not identified any risks generated by the long-term benefit plans, nor any modifications, reductions or settlements that impact the present value of the obligation.

The weighted average duration in years, of the obligations for long-term benefit plans at the report date, is as follows:

Benefit	2020		2019	
	From	To	From	To
Seniority premium	7	7	6.6	7.1
Other long-term benefits	6	6	6.6	6.6

The Group does not expect to make contributions to the plan for the next year period.

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

Assumptions	Colombia		Guatemala	
	2020	2019	2020	2019
Discount rate (%)	5.80%	6.40%	5.00%	5.90%
Yearly salary increase rate (%)	4.85%	4.85%	4.50%	4.50%
Yearly inflation rate (%)	3.50%	3.50%	4.00%	4.00%
Mortality rate tables	Valid rentiers 2008 table		RP-2000 table	

The following table shows the effect of a variation of plus 1% and less 1% in the Salary Increase, in the discount rate and in the increase in the benefit over the obligation for long-term benefit plans:

Assumptions	Increase in discount rate by +1%	Decrease in discount rate by -1%	Salary increase by +1%	Salary decrease by -1%	Benefit increase Rise by +1%	Benefit increase Decline by -1%
Seniority premium	96,074	108,985	109,011	95,970	-	-
Other long-term benefits	2,669	3,054	3,042	2,676	-	-
Total long-term benefits	**98,743**	**112,040**	**112,053**	**98,646**	-	-

Amounts stated in millions of Colombian pesos

The methods and assumptions used to prepare the sensitivity analysis for the present value of defined benefit obligations (DBO) were made using the same methodology that for actuarial calculation as of 31 December 2019: Projected Unit of Credit (PUC). The sensitivity does not present neither limitations nor changes in the methods or assumptions used to prepare the current period analysis.

26.3. Short-term employee benefits

The composition of the short-term benefits is as follows:

Short-term benefits	2020	2019
Payroll payable	8,814	389
Severances	55,782	48,963
Interest on severances	6,759	6,739
Vacation	37,839	30,300
Vacation bonus	51,425	39,223
Service bonus	640	549
Holidays (Christmas) bonus	254	249
Bonuses	11,231	10,760
Other bonuses, salaries and legal benefits	21,317	10,266
Total short-term benefits	**194,061**	**147,438**

Amounts stated in millions of Colombian pesos

Note 27. Taxes, contributions and rates

The detail of taxes, contributions and rates, other than income tax, is as follows:

Taxes, contributions and rates	2020	2019
Withholding tax on income and stamp duty	136,344	106,121
Value added tax (VAT)	47,739	43,872
Industry and commerce tax	44,776	38,105
Rates	29,320	16,167
Contributions	105,654	11,521
Taxes, contributions and rates abroad	4,416	2,706
Customs duty and surcharges	2,940	1,432
Royalties and monetary compensations	667	1,411
Other national taxes	917	730
Other municipal taxes	1,320	123
Valuation tax	-	97
Unified property tax	78	78
National consumption tax	6	5
Audit and auditing fee	2,782	-
Penalties	1	-
Total Taxes, contributions and rates	**376,960**	**222,368**

Amounts stated in millions of Colombian pesos

Note 28. Provisions, contingent assets and liabilities

28.1. Provisions

The reconciliation of provisions is as follows:

Description	Decommissioning and restoring (1)	Onerous contracts (2)	Lawsuits (3)	Contingent consideration on business combinations (4)	Warranties (5)	Other provisions (6)	Total
Initial balance	173,117	32,246	275,820	134,841	108,630	357,253	1,081,907
Additions	119	-	45,295	-	-	86,936	132,350
Uses (-)	(27,451)	(38,630)	(11,451)	(1,495)	-	(77,516)	(156,543)
Unused amounts, reversals (-)	(10,304)		(24,840)	(46)	-	(11,401)	(46,591)
Effect due to changes in estimates	58,781	5,945	3,957	18,196	60,100	67,029	214,008
Adjustment for changes in estimates			922				922
Capitalized decommissioning	16,830	-	-	-	-	-	16,830
Exchange rate difference	-	-	587	3,178	-	-	3,765
Financial restatement	7,484	439	7,489	704	5,588	3,169	24,873
Effect in foreign exchange translation	224	-	2,277	-	-	9,732	12,233
Final balance	**218,800**	-	**300,056**	**155,378**	**174,318**	**435,202**	**1,283,754**
Non-current	150,219	-	84,933	147,789	90,787	119,134	592,862
Current	68,581	-	215,123	7,589	83,531	316,068	690,892
Total	**218,800**	-	**300,056**	**155,378**	**174,318**	**435,202**	**1,283,754**

Amounts stated in millions of Colombian pesos

As at 31 December 2020, the significant behavior of the Group's provisions is:

(1) Increase of $ 45,684 mainly originated by (i) the increase in the provision of the environmental and social recovery plan for the Ituango Hydroelectric project by $ 33,693; (ii) initial recognition in the amount of $ 1,774 of the environmental provisions of the Belén Ínsula projects for $ 1,372 and Línea

Gamarra for $ 402 in the subsidiary CENS; increase in the valuation of the provision in the solid waste disposal activity of Emvarias for $ 2,299 and (iv) the incorporation of the provision for a value of $ 90, corresponding to dismantling costs, related to the removal of transformers containing PCBs (polychlorinated biphenyls) from the subsidiary CaribeMar de la Costa S.A.S. E.S.P. -Afinia-.

(2) Decrease of $ 32,246 originated by the completion of the provision of the fuel supply and transportation contract signed between EPM and TGI-Transportadora de Gas Internacional S.A. E.S.P.

(3) Increase of $ 27,153 where the incorporation of the litigation of CaribeMar de la Costa S.A.S. E.S.P. -Afinia- for a value of $ 2,769 where there is a movement of $ 922 corresponding to the business combination, as a result of the contribution in kind made by Electrificadora del Caribe S.A. E.S.P. on September 25, 2020, based on the Framework Agreement for Contribution in Kind entered into on the same date between Electrificadora del Caribe S.A. E.S.P. and Afinia.

(4) Increase of $ 20,537 due to the adjustment in the valuation of the contingent consideration with Espíritu Santo Energy S. de R.L., whose TRM with which the liability was valued amounted to $ 3,432.50.

(5) Increase of $ 65,688 originated by updating the provision corresponding to the obligation based on CREG Resolution 046, to recognize the transporter Interconectado Eléctrica S.A E.S.P -ISA-, the income that it expects to receive from the commissioning of the transmission line, for a value of USD 3.5 million for each month of delay in the entry into operation of the Ituango Hydroelectric project. The periods that are estimated to be recognized by the transmitter, comprise from July 2021 to November 2022.

(6) Increase for $ 77,903 mainly originated by (i) the update of the provision for those affected - indemnified from the Ituango hydroelectric project in $ 35,043, which included lines associated with the construction of community infrastructure - Puerto Valdivia community center, Marco A. Rojo Puerto Valdivia School, construction and adaptation of connectivity to the township of Puerto Valdivia, among others; (ii) increase of the TRM to 3,432.50 in the insurance and reinsurance provisions of the subsidiary Maxseguros for a value of $ 39,087; (iii) Increase in the provision of the technical health reserve in EPM, in the amount of $ 3,430 caused by the non-cancellation of medical orders issued and not used or invoiced by the entities providing the service during the pandemic period.

28.1.1 Decommissioning or restoring

The Group is obliged to incur costs for decommissioning or restoring its facilities and assets, in the following events:

– Recall of transformers containing PCBs (Polychlorinated Biphenyls). The Group has committed to the decommissioning of these assets from 2014 to 2026, covered by Resolution 222 of 15 December 2011 of the Ministry of Environment and Sustainable Development and the Stockholm Convention of 22 May 2008. Applies in Colombia, Panama and El Salvador. The provision is recognized at the present value of the expected costs to settle the obligation using estimated cash flows. The main assumptions considered in the calculation of the provision are estimated costs, CPI and fixed rate TES. As at 31 December 2020, the national subsidiaries that contribute to this item are ESSA with $986, CENS with $402, EPM with $310, EDEC with $227 and CHEC with $231 and the international subsidiaries that contribute are ENSA with $638 and DELSUR with $4,329.

– Solid waste management utility in Colombia, for the disposal of solid waste by the subsidiary EMVARIAS requires land on which cells or vessels are built for the deposit of solid waste, a landfill, being necessary to restore it through a series of activities aimed at making its closure, decommissioning and post-closure. The obligation begins from the moment the landfill is in optimal conditions for the final disposal activity and goes until the environmental regulatory body, by means of a resolution, decrees the completion of the closure, decommissioning and post-closure stage. This obligation is defined in the RAS 2000 (Technical Regulations on Drinking Water and Basic Sanitation), which establishes the basic criteria and minimum environmental requirements that solid waste management systems must meet in order to mitigate and minimize the impacts of design, construction, commissioning, operation, maintenance, decommissioning, completion, and closure activities. As at 31 December 2020, this item ended at $22,925.

- Dismantling of the Jepírachi Wind Farm located in the department of La Guajira, in the towns of Cabo de la Vela and Puerto Bolívar in Colombia, which through CREG resolution 136 of 2020, published in the Official Gazette of July 15, 2020, The restart of operations is allowed until 2023, which led to the activation of the provision for $ 9,640 million, for a final balance as of December 31, 2020 of $ 18,352.
- In EPM, provision for environmental impact in the construction of infrastructure projects: this arises as a legal obligation derived from the granting of the environmental license to compensate for the loss of biodiversity during the construction phase, as well as compensation for the subtraction of reserve areas, affectation of prohibited species and forest use; obligations that are formalized through resolutions of the ANLA (National Environmental Licensing Authority), CAR - Regional Autonomous Corporation and / or MADS - Ministry of Environment and Sustainable Development. The execution of the biotic environmental compensations of the project extends beyond the time in which the asset begins to operate technically, being necessary to implement the figure of the provision with the intention that these expenditures remain as greater value of the construction in course. The Group has committed to compensate the loss of biodiversity, subtraction and closures from 2016 to 2019 according to the resolutions: Res. 1313/2013 ANLA, Res. 519/2014 ANLA, Res LA. 0882/04/08/2014 ANLA, Res. 1166/2013 MADS, Res. 1852/2013 CAR, Res. 2135/2014 CAR, Resolution 1189/22/07/2104 MADS, Res. 1120907/17-03-2015 CORNARE, Res. 141011206/16-10-2014 CORANTIOQUIA, Res LA. EIA1-9872 21/04/2014 CVS, among others. The provision is recognized for the present value of the expected costs to settle the obligation using estimated cash flows. The main assumptions considered in the calculation of the provision are estimated costs, CPI and TES fixed rate. As of December 31, 2020, the main subsidiaries contributing to this concept are EPM with $10,866, ESSA with $4,717 and CENS with $1,713.
- Environmental compensation and compulsory investment of 1%: Law 99 of 1993, established the mandatory nature of environmental licensing for the development of any activity that could cause serious damage to renewable natural resources or the environment, or introduce considerable or noticeable modifications to the landscape and depending on the type of activity, the size and location of the project, and assigned the powers in relation to environmental licensing to the National Environmental Licensing Authority, the Regional Autonomous Corporations, or the metropolitan areas.

  Article 321 of Law 1955 of 2019 indicates that all holders of an environmental license who have investments pending as of 25 May 2019 may benefit from the percentage increase in the value of the liquidation basis of the compulsory investment of not less than 1%, according to the year of commencement of activities authorized in the environmental license and defined the requirements and procedures to update pending investments and benefit from new terms of execution subject to the approval of the ANLA.

As of 31 December 2020, the EPM Group has obligations of this type amounting to $64,468 related to the use of water taken directly from natural sources in the current projects in Hidroituango, Porce II, Porce III and La Sierra. In accordance with the law, the executed values of 1% are Porce II for $4,4907, Porce III for $10,394, La Sierra for $509 and Hidroituango for $48,658.

Additionally, as of 30 December 2020, EPM includes a provision of $186,579 for environmental contingencies, established by the specific action plan for the recovery of the parties affected by the events of the occluding of the Cauca River diversion tunnel at the Hidroituango project on 28 April 2018; by the closing of floodgates in 2019 that reduced the flow of the river downstream of the project; and by the events that may arise from the pending technical milestones to be reached, typical of the contingency, as well as from the execution of the project itself. During 2020, $ 57,989 has been recognized between estimated expense and interest and payments have been made for a value of $ 24,295. The balance of the provision as of December 31, 2020 amounts to $ 88,547.

The specific action plan for recovery should consider three framework programs:

a. Recovery of affected bogs
b. Recovery of affected fish fauna
c. Re-establishment of the aquatic habitats located in the affected area

These three programs correspond to the environmental component as a response to the identifying of the caused damage, as well as the discretionary actions. Also included are social programs, economic activities, infrastructure, and risk management, among others.

The different actions are to be developed between the municipalities of Valdivia to Nechí, however, if they are identified in the municipalities that are part of La Mojana, will also be the subject of intervention.

28.1.2 Onerous Contracts

As of December 31, 2020, the provision for the fuel supply and transportation contract signed between EPM and TGI-Transportadora de Gas Internacional S.A. is terminated. E.S.P.

28.1.3 Lawsuits

This provision covers the estimated probable losses related to labour, administrative, civil and tax lawsuits arising in the operations of the companies of the Group. The main assumptions considered for calculating the provision are: Average CPI to actual data in previous years and projected data in future years, fixed rate TES in Colombian pesos to discount, estimated value to be paid, and the estimated payment date for those lawsuits rated as probable. As of today, no future events have been foreseen that may affect the calculation of the provision.

In order to minimize the uncertainty that may arise regarding estimated dates of payment and values to be paid in a lawsuit rated as probable, the companies of the Group that operate in Colombia uses business rules based on statistic studies to obtain the average length of processes per action as well as case law to estimate the maximum amounts the law defines for the value of the extra-economic or intangible claims when they exceed their amount, as described below:

Average duration of processes per action

Administrative and tax processes

Type of legal action or procedure	Average length (in years)
Abbreviated	4
petition for compliance	4
Group Action	6
Representative actions	4
conciliation (pre-trial)	2
Partie civile proceedings	4
Contractual (Breach of contract)	13
Survey and demarcation	5
Executive	5
Singular executive	3
Expropriation	4
Comprehensive reparation incident (criminal)	2
Imposition of easement	4
Nullification of administrative acts	5
Nullification and reestablishment of rights	10
Nullification and reestablishment of labour rights	11
Ordinary	7
Ordinary of Membership	5
Accusatorial Criminal (Law 906 of 2004)	4
Division's lawsuits	4
Protection of consumer rights	6
Police Grievances	3
Right to Reclaim	7
Direct compensation	12
Oral	5

Labor processes

Type of legal action or procedure	Average length (in years)
Labor solidarity	3.5
Pension	3.5
Extra Hours	3.5
Job Reinstatement	4
Salary Scale Equalization	3.5
Unfair Dismissal Compensation	3.5
Reassessment of Social Benefits	3.5
Compensation work accident	4
Refund of Health-Pension Contributions	4

Application of case law

Typology: the values of claims for compensation of extra-patrimonial damages will be recorded according to the following typology:

– Non-material damage.
– Damage to health (physiological or biological damage), from a physical or psychophysical injury.
– Damage to relationship life.
– Damage to constitutional and conventional property.

The values of other extra-matrimonial claims not recognized by the jurisprudence will not be recorded, unless it can be inferred from the claim that, despite its name, it corresponds to one of the accepted typologies. Nor shall claims for extra-patrimonial compensation for damage to property be recorded.

Quantification: The amounts of extra-patrimonial damage claims will be recorded uniformly as follows, regardless of its typology:

Direct victim Compensation	100 Monthly Minimum Legal Wage Enforced (MMLWE)
Indirect victim compensation	50 Monthly Minimum Legal Wage Enforced (MMLWE)

- **For subsidiaries in Chile**: With regard to the probable payment date of the trials, the type of process and the previous cases are taken into consideration. In this sense, the labor process, being oral and only two hearings, has a maximum duration of six months, except in specific cases where there are problems in notifying the lawsuit. In civil processes since are lengthy processes and the instances available may take at least two years, the estimated time for the lawsuits currently being processed by the subsidiary Aguas de Antofagasta S.A., considering their state of progress, should be until 2019.

  Amounts: to determine the amount of the judgments, first the amount of the claim by the plaintiff is considered, for applying case law in that regard is unfeasible, the amounts will vary depending on the Court and the cause to ask.

  Additionally, in civil trials, the amounts of the indemnities will depend on the court that dictates it, given that Chile possesses no case-law-system. What a civil judge cannot do and less the appellate and supreme court, is to confer figures greater than plaintiffs' demands.

- **For subsidiaries in Panama**: regarding the estimated date of payment, each case is evaluated in a particular way with external legal advisors, for which the average duration of similar processes is taken into consideration.

  Amounts: estimated amounts to pay for a lawsuit is determined based on the amount of the plaintiff claim and an analysis of the specific condition that motivates the claim in order to determine the recognition of a possible loss. For this we use the appreciation of external legal advisors of each company and in certain cases with the support of insurance advisors in case of requiring an actuarial valuation.

- **For subsidiaries in El Salvador**: the estimated date of payment for administrative or judicial proceedings is assessed based on the average length for the resolution of similar processes, obtained from statistical data over the 20 years of operation of the subsidiaries.

Amounts: estimate amounts of lawsuits are determined based on the amount of the initial claim filed against the company.

The following are the recognized litigation:

Company	Third party (plaintiff)	Complaint	Amount
EPM	Oscar Elías Arboleda Lopera	It includes 173 plaintiffs who worked for EADE, and state that in the dissolution and liquidation of said company there was an employer substitution with EPM, which obligates it to all labor claims.	105,258
	Dragados Porce II Consortium	To pay the plaintiffs, among others, the sums of money resulting from the return of all the compensation illegally deducted by EPM in the hiring process No. CD002376.	28,696
	Several labor.	149 processes with an average of $117 and an amount of less than $1,074.	17,480
	Valle del Cauca Department	By way of reestablishment of rights, the Department of Valle del Cauca is ordered to return the amounts withheld in respect of Stamps for Pro-Public University Hospitals and Pro-Universities of Valle del Cauca with the respective interest.	8,092
	Municipio de Yumbo (Valle)	Industry and commerce and its complementary signs and boards and public lighting.	5,156
	Various administrative	21 processes with an average of $233 and an amount of less than $916.	4,885
	Dragados Porce II Consortium	That EPM be ordered to recognize and pay the amount of damages caused to the good name of the companies that constituted the Dragados Conconcreto Porce II Consortium.	4,276
	John Walter Jaramillo	Declare the nullity of the dismissal, with their respective salaries and their increases, social benefits until he/she is effectively reinstated.	4,266
	Oliver Antonio Aguirre Soto	Request for reinstatement, salaries and social benefits	3,283
	Several prosecutors	9 processes with an average of $290 and an amount of less than $5,156.	2,610
	Unión Temporal Energía Solar S.A. y Estructuras Arbi Ltda.	Declare that the bid submitted by the plaintiffs to bid No. ES-2043- GI summoned by EPM, was legally apt to be taken into account at the time of awarding the respective contract of bid No. ES-2043- GI.	2,050
	General Fire Control Ltda.	To declare the nullity of the Communications subscribed by EPM, whereby the fines imposed, as of 07/04/2011 at USD 153,957.00, at 03/09/2009 for non-compliance in the delivery term, for US$263,368.60, based on numeral 5.13 Conditions of the Contracting Process No. 029158, and on the occasion of the execution of Contract No. 29990329557, are updated.	2,033

Company	Third party (plaintiff)	Complaint	Amount
	Construcciones Pico y Pala Ltda.	That resolutions 95070 of 04/05/1999, issued by EPM, whereby it unilaterally liquidated contract 1/DJ-682/15 executed between EPM and Consorcio Trainco S.A. and 113701 of 03/15/2000, also issued by EPM, whereby it negatively resolved the appeal for reconsideration filed against resolution 95070 of 04/05/1999, are null and void.	1,886
	Humberto Hernando Gómez Franco	To declare EPM administratively and patrimonially liable for the injuries suffered by Mr. Humberto Hernando Gómez Franco, when he was electrocuted by high voltage cables owned by the defendant entity, on 10/23/2013, in the La Playa farm owned by Mr. Antonio Lopera, located in the La Virgen sector, in the Hoyorrico Village, jurisdiction of the Municipality of Santa Rosa de Osos.	1,864
	General Fire Control Ltda.	"That EPM be ordered to pay the material damages, consequential damages and loss of profits that were caused, with the non-recognition and payment of the claimed concepts in accordance with what is proven in the process, amount that must be updated in its value in accordance with the provisions of article 178 of the C.C.A. That EPM be ordered to pay the costs. That the judgment that puts an end to the process shall be complied with in accordance with the terms of Articles 176 and 177 of the C.C.A	1,783
	Francisco Javier Muñoz Usman	Decree the nullity of the conciliation agreement signed due to a defect in consent and consequently order the reestablishment of the employment contract, the reinstatement, the payment of all salaries and benefits foregone, as well as the payment of social security contributions from the time of dismissal until the plaintiff is effectively reinstated.	1,702
	Carlos Olimpo Cardona	That the plaintiffs be reinstated in the same position or trade or another of equal or higher category that they had been performing, and that consequently, as compensation, all salaries and legal social benefits foregone should be paid, in addition to all contributions made to the Integral Social Security System.	1,330
	Seguros del Estado S.A.	That in the event that the Policy has been enforced, EPM be ordered to reimburse the insurer the amount paid for the indemnity, duly updated. USD285,000	1,305

Company	Third party (plaintiff)	Complaint	Amount
	Accesorios y Sistemas S.A.	To declare the nullity of resolution 3077 of 11/12/200, issued by the General Manager of EPM, by means of which it was resolved to declare the realization of the risk of quality and correct operation of the vehicles object of contract 090321557.	1,268
	Carga de Saldos PPA de EP Rio	EP Rio PPA Balance Charge	1,195
	Consultel Ltda.	To declare EPM responsible for the breach of Contract No: 299901-26731, whose object is "Construction of internal and external gas networks and connection of clients to EPM's natural gas distribution system in the Aburrá Valley and its related works and activities".	1,164
	Trainco S.A.	Declare the nullity of resolutions 161052 of 05/03/2001, issued by EPM, whereby it unilaterally liquidated contract 2101870 executed between EPM and Trainco S.A. and 178702 of 07/06/2001.	1,108
	Didier De Jesús Restrepo Montoya	The plaintiffs claim payment of moral damages allegedly caused by the eviction of their homes installed on a property owned by EPM for the construction of the Porce III Hydroelectric Project, which were subject to eviction ordered by the Mayor's Office of the Municipality of Anorí.	1,081
	Omar Augusto Lugo Hoyos	Decree the nullity of the conciliation agreement signed due to a defect in consent and consequently order the reestablishment of the employment contract, the reinstatement, the payment of all salaries and benefits foregone, as well as the payment of social security contributions from the time of dismissal until the plaintiff is effectively reinstated.	1,075
	General Fire Control Ltda.	EPM is ordered to refund the amounts withheld due to the imposition of fines for not complying with the technical specifications and guaranteed characteristics, plus the default interest caused from the date of the withholding and until the date of the actual refund based on item 5.13 Deductions for noncompliance (fines), of the bidding conditions of the contracting process No. 029158, and due to the execution of contract No. 29990329557.	916
	Dragados Porce II Consortium	Record difference in exchange Account 271005 Litigation N° 14000857, 14000832 and 14000893.	796
Total EPM			**206,558**
EEGSAG	Tax Administration	Tax adjustment litigation	24,660
Total EEGSAG			**24,660**

Company	Third party (plaintiff)	Complaint	Amount
CHEC	Claudia Viviana Morales y Otros	Material and moral damages	6,334
	Leidy Marcela Jiménez Jaramillo y Otros	Loss of profits/Material and moral damages	5,258
	José Hernando Anturi Noriega y Otros	Permanent per diems - social security contributions	3,856
	Cartones y Papeles del Risaralda S.A.	Reparation and payment of material damages	2,138
	José Aldover Cardona Sánchez y Otros	Reinstatement, compensation for unfair dismissal, reinstatement of social benefits and moratorium penalties.	1,126
	Ingeniería y Desarrollo Ltda y Otros	Emerging Damage	716
	Zoe Ospina De Gómez y Otros	Pension Substitution	681
	José William Castañeda Zuluaga y Otros	Termination of Contract Without Just Cause - Reinstatement	621
	Hernando De Jesús Ocampo Jiménez	Contract reality	489
	Alba Lucía Saldarriaga Toro	Material damage	409
	María Noralba Flórez Arias	I pay 100% pension allowance	363
	Amparo Lozano Sanz y Otros	Pension reimbursement, salary readjustment and Social Benefits	141
	German Duque Quintero y Otros	Recognition 100% Allowance 14	103
	Francisco Fernando Sánchez Hincapié	Material damages/ Moral damages	36
	Angelmira Garcés Candamil	Compensation for property damage	27
	Hernán De Jesús Marín Salgado	Pension part quota	6
Total CHEC			**22,304**
CENS	Other labor proceedings, with a value of less than $250 million	Other labor proceedings (27) with an amount of less than $250 million.	2,492
	Elsa Reyes De Buitrago	Indexation of the first pension allowance, in their condition as pensioners and/or pension substitutes to all the plaintiffs and to cancel the interest at the maximum legal rate contemplated in Article 141 of Law 100 of 1993.	2,423
	William Alexis Ramírez	Cesar in the collection of public lighting from the municipality of Cúcuta, reimbursement of the balances for public lighting to the municipality, payment of contractual and extracontractual damages. Claim: $928,023,004.78 Incentive: 15% of the amount recovered by the Municipality.	1,168

Company	Third party (plaintiff)	Complaint	Amount
	Jesús Efraín Ibarra Ochoa	Declare the pension compatibility between the retirement pension recognized by CENS and the old age pension recognized by the ISS, now Colpensiones	1,121
	Carmen Alicia Rodríguez	Indexation of the first pension allowance, in their condition of pensioners and/or pension substitutes, to all the plaintiffs and to pay the interest at the maximum legal rate contemplated in Article 141 of Law 100 of 1993	949
	Hayber Humberto Bermúdez Peñaloza	Moral damages for the injured party, his son, parents and siblings	857
	José Francisco Arango Bautista	Material damages/moral damages/damage to life in relationship.	790
	Carlos Omar Rincón Carrillo	The claim is for the recognition and payment of the transportation allowance deducted by the contractor, expenses incurred for the maintenance of work tools, social benefits, vacations, and moratorium indemnities for the payment of the liquidation upon termination of the labor contract, together with the costs of the proceeding.	698
	Ermelina Pérez De Rivera	To declare that CENS has the obligation to continue paying the totality of the health contributions and to continue paying 12% of the pension allowance; as well as to reimburse the contributions not paid since the date of the compatibility of the pension, indexing them, plus moratory interest.	696
	Yesid Jaimes	Pension readjustment according to art. 1 of Law 71 of 1988 and not to those established in art. 14 of Law 100 of 1993, retroactive payment of the sums not paid, the respective indexation and interest for late payment according to art. 141 of Law 100 of 1993.	556
	Carmen Rosa Galvis Urbina	To declare CENS and engineering and services temporary union extra contractually liable for the damages caused to the plaintiff due to the death of Freddy Diaz. /Moral damages/consolidated and future material damages.	494
	Alexander Pineda Riobo	Claim for transportation allowance for workers of a contractor company and non payment of severance pay and non payment of social benefits. $374,619,803	401

Company	Third party (plaintiff)	Complaint	Amount
	Bersaline Ortiz Llánez	It requires compensation for the loss of the possibility of performing virtual activities, which, although they do not produce patrimonial yield, make existence pleasant. To determine these values of Physiological Damage, the jurisprudence of the Council of State is used, therefore, it was appraised in 100SMLMV, for each one of the members of the family (wife and daughter). As a consequence of the above, payment must be made for the pain, grief, suffering and sadness produced by the action that gave rise to the liability, appraised at 100 SMLMV.	345
	Ana Victoria Rivera Mantilla	Refund 12% of pensioners' health contributions /According to the claim, it is higher than 50 legal minimum monthly salaries for each of the plaintiffs //The provision corresponds to the following value: According to the claim, it is higher than $312,496,800.	332
	Mercedes Quintero Muñoz	Recognize and pay the differences deriving from the mathematical operation to obtain the indexation of the first pension payment, and order CENS to pay interest at the maximum legal rate.	246
	Other administrative proceedings (1) with an amount of less than $250 million.	Other administrative proceedings (1) with an amount of less than $250 million.	173
	Other civil proceedings (1) with an amount of less than $250 million.	Other civil proceedings (1) with an amount of less than $250 million.	132
Total CENS			**13,873**
Aguas de Antofagasta S.A.	Sanctioning file SISS N°s 4311-4527-4601-4635-4661-4704_2020 and SISS N°4400-2018.	150; 500; 300; 200; 420; 400 y 50 UTA	6,025
	Gobernación Marítima	40,000 and 43,000 gold pesos. 12.050/201 Y 272	3,174
	C-993-2018 Servicios Tirreno de Aguas Antofagasta	M$100.000.	524
	O-340-2020 Fuentes/Ezentis	M$50.000.	244
	O-5919-2020 Límari / Ezentis Chile S.A.	M$45.000.	220
	C-4568-2016 Constructora e lnmobiliaria CRC Ltda. con Econssa Chile S.A.	M$40.000.	195
	O-1138-2020 Balcázar/Full Glass	M$30.000.	145
	O-1392-2019 Vanegas con Ayprev SPA.	M$15.000.	73

Company	Third party (plaintiff)	Complaint	Amount
	O-142-2019 Rivera con Omar muñoz y ADASA.	M$11.000.	54
	T-61-2020 Pacuri con Consultora ambiental y servicios varios LTDA.	M$10.000.	48
	O-183-2020 Ramírez / Ayprev SPA	M$6.000.	29
	FO-0203-299 General Directorate of Water	100 UTM	25
	O-528-2020 Saavedra /Plásticos Ceanol	M$4.000.	19
	O-1351-2019 Araya con Ezentis	M$1.000.	5
Total Aguas de Antofagasta S.A.			**10,780**
ESSA	Carolina Herrera De Ortiz y Otros	Other proceedings for amounts less than $294.	2,518
	Johana Andrea Granados Olarte	Requests the payment of $30,000,000 for lost profits. They request the payment of $300,000,000 for moral and material damages.	498
	Gloria Edilse Gámez	Declare ESSA administratively liable for the death of Omar Méndez Lozano and order it to pay moral and material damages.	456
	Gerardo Vargas Barón	Claim for disability pension of common origin.	450
	Osmel Rodríguez	Claim for industrial accident	418
	Mary Consuelo Abaunza Salazar	The Electrificadora de Santander SA ESP is ordered to respond patrimonially by solidarity with the contractor Javier Sánchez Gómez to the payment of the patrimonial and extra-patrimonial damages owed due to the death of the worker Arley David Ospina Abaunza who lost his life in a work accident.	416
	Martha Cecilia Rodríguez Ardila	The plaintiffs request that ESSA be declared responsible for the totality of the damages caused to the plaintiffs, due to the events in which Mr. Hugo Feliz Duarte Rojas was killed. 1,000 grams of gold, in events occurring on January 9, 1991	386
	Diana Rocio Rivera Galeano Y Otros	Declare that the work accident in which Mr. Juan Alberto Granados Ramírez lost his life occurred due to sufficiently proven fault of the employer. Declare that Electrificadora de Santander SAS ESP is jointly and severally liable with the employer for the amount of the indemnity to which the entitled successors, such as his daughter and his surviving permanent partner, are entitled.	372

Company	Third party (plaintiff)	Complaint	Amount
	Ana Aydee Prada Ochoa	Payment of compensation for the death of Mr. Alirio Silva Pimiento in a work accident in the Municipality of San Joaquín, due to voltage discharge.	339
	Ana Mides Díaz Palacio	That the defendants Poring and ESSA be jointly and severally condemned to recognize and pay for total and ordinary compensation for the material damages corresponding to consolidated and future loss of profits, for objective and subjective moral damages and damages to the relationship and life claimed in the present lawsuit due to the labor accident in which the worker Pedro Nel Díaz Díaz lost his life.	336
	Gabriel Antonio Villegas Murcia	Declare that between Gabriel Antonio Villegas Murcia and Furel S.A. there was an individual employment contract for an indefinite term, verbally, within the time period from November 5, 2011 to July 15, 2014. Second: Declare that Mr. Gabriel Antonio Villegas Murcia suffered an accident at work on November 29, 2011, while performing his duties as a motorcycle lineman, in the execution of activities for the defendant.	312
Total ESSA			**6,501**
Aguas Nacionales	Wilber Leibin Castillo Borja y Otros	Declare the company's liability for the death of the plaintiff's wife, allegedly caused by a traffic accident in a rainwater collection grate.	2,992
	Jesús Enrique Acevedo Ruíz	Call in guarantee: Reality contract. Payment of salaries and legal and extralegal social security and social security benefits, legal and moratorium indemnities, monetary correction, extra and ultra petita condemnation and payment of procedural costs	1,471
	Alberto Guerrero Castro	Reimbursement of salaries, benefits and social security, moratorium indemnification	513
	Fray Noe Betancurt Taborda	Solidarity, reinstatement for labor stability reinforced by health, indemnity law 361 of 1997 and moratorium indemnity, payment of social benefits.	157
	Ideraldo Ortíz Galván	That the employer Consorcio Aguas de Aburrá HHA identified with NIT N. 900.511.276-3 and the other co-defendants jointly and severally, jointly or separately, be ordered to reinstate my attorney-in-fact, Mr. Ideraldo Ortíz Galván, to the position of equal or better conditions than the one he held at the time of termination of the employment relationship.	87

Company	Third party (plaintiff)	Complaint	Amount
	Natalia López Montoya	"The existence of the labor relationship, payment of salaries, social benefits, indemnity, moratorium sanction of article 65 CST be declared.	22
Total Aguas Nacionales			**5,242**
CARIBE MAR	Boris Fadul Rosa y Otros	Action for reinstatement	2,333
	José del Carmen Rincón Pérez y Otros	Indemnification for Atep	126
	Carmen Inés Yanez Ortíz	Nullity of affiliation Pension System	125
	Hermes Ballesteros Pupo	Job relocation	123
	Norma Quiroz Torres y Otros	Reliquidation of benefits	41
	Julio Cesar Vergara Contreras	Invalidity of 2006 agreement: salary increase	10
	Gloria Muñoz Escorcia	Triple disability payment Bolivar	8
	Julio Cesar Vergara Contreras	Ineffectiveness of disciplinary sanction	3
Total CARIBE MAR			**2,769**
DEL SUR	Clientes Varios	Refund of late payment interest charged in emergency Covid	953
	SIGET	Claim for tax misclassification	593
	Proyecto la Trinidad, Ltda de C.V y Otros	Claim for damaged appliances	298
	Empleados Varios	Claim for labor benefits	138
	Alcaldía Municipal de San Salvador and others	Pole installation tax claims	54
Total DELSUR			**2,036**
ELEKTRA NORESTE S.A.	Aristídes Contreras and others	Civil Process - La Toscana residents	1,012
	ASEP	Civil lawsuit against Res.12581	515
	Oswall Dall Amico and Others VS M&D y ENSA	Suit against ENSA for solidarity for the payment of acquired rights	479
Total ELEKTRA NORESTE S.A.			**2,006**
EMVARIAS	Erney Enoc Bran García y Otros	Contract reality different from that of contractors	615
	Liz Norma Bedoya Molina y Otro	Request for conventional retirement pension and salary equalization.	523
	Luz Marleny Rojo Zapata y Otros	Retirement pension, survivor's pension, penalty and pension bond.	351
	Luz Fabiola Arboleda y Otros	Compensation readjustment (pension bond and substitute pension)	58

Company	Third party (plaintiff)	Complaint	Amount
	Norma Lucía Agudelo Sánchez y Otros	Pension Substitution	54
	Jesús Antonio Murillo	Substitute indemnity or refund of balances	52
	Álvaro Antonio Sánchez Álvarez	Labor Solidarity (Coomultreevv)	26
	Manuel Alejandro Agudelo Aracely	Direct reparation for traffic accident	10
	Angela María Barrera Robledo	Ineffectiveness of affiliation	8
Total EMVARIAS			**1,697**
EDEQ	Willson Grisales Henao y Otros	Declaration of employer's fault in the work accident suffered by Mr. Wilson Grisales Henao, when he was performing electrical work at the La Montaña farm, Pekin, municipality of Quimbaya, in charge of EDEQ's contractor, Ingelel S.A.S.	1,589
Total EDEQ			**1,589**
AGURAB	HLB FAST&ABS Auditores LTDA.	That Regional de Occidente S.A. E.S.P. be declared liable for the pecuniary damage caused to the plaintiff due to the omission in the payment of the services rendered until September 2010 / That the payment of default interest be ordered.	41
Total AGURAB			**41**
Total recognized lawsuits			**300,056**

- Amounts stated in millions of Colombian pesos

28.1.4 Contingent consideration - on business combination

Corresponds to contingent considerations related to the acquisition of the subsidiaries Espiritu Santo Energy S. de R.L. and Empresas Varias de Medellín S.A. E.S.P. – EMVARIAS. The balance as of 31 December 2020 amounted to $141,590 and $13,788, respectively, for a total provision in the Group of $155,378.

The main assumptions considered in the calculation of the contingent consideration related to the acquisition of Espiritu Santo are: the estimated date of occurrence of the milestones associated with the contingent payment, the associated probability of occurrence and additionally, the discount of the payment flows was considered by applying a discount rate (LIBOR rate) in accordance with the risk of the liability. To date, no future events that could affect the calculation of the provision have been evidenced.

The main assumption used in the future events of the contingent consideration related to the acquisition of EMVARIAS are: ongoing lawsuits against EMVARIAS at the date of the transaction, definition of the year of materialization of each lawsuit, definition of the related amount to each of the disputes, estimate of future contingent outlays related to the estimated lawsuits for each year and discount rate (TES fixed rate) to discount future contingent expense flows. To date, there have been no future events that could affect the calculation of the provision.

28.1.5 Warranties

In December 2018, the Group at the head of EPM created a provision for warranties with an amount of $107,797 (approximately USD 3.5 million per month) which covers the breach incurred from July 2021 to November 2022, to the Intercolombia transporter for the months after the connection infrastructure of the Ituango project came into operation. During 2020, $ 65,687 has been recognized between estimated expense and interest and no payments have been made for this concept. The balance of the provision as of December 31, 2020 amounts to $ 174,318.

28.1.6 Other provisions

The Group's subsidiaries that contribute to other provisions are:

EPM in Colombia: includes the detail of the following provisions: a) for events focused on the quality of life of employees and their families, such as: employer policy, multiplier points, Somos program, technical reserve and provision for high cost and catastrophic illness; b) provisions regarding environmental sanctioning procedures and sanctions imposed by the competent authorities; c) provisions related to the contingency of the Hidroituango project.

The main assumptions considered for the calculation of each type of provisions are:

Employer policy: Awarded to EPM workers as an extralegal benefit. An aggregate deductible was contracted from July 1, 2019 to July 31, 2020, for $ 4,000. The main assumptions considered in the calculation for each type of provision are fixed rate TES discount rate, estimated value to be paid and estimated date of payment. To date, no future events that could affect the calculation of the provision have been evidenced. The balance of the provision as of December 31, 2020 amounts to $7,551.

Somos Program: works under the point accumulation modality. According to the behavior of the statistics the points are counted with a probability of 80% of redemption. The balance of the provision as of 31 December 2020 amounts to $101.

Technical reserve: The basis for calculating the reserve is that corresponding to all service authorizations issued and which on the cut-off date have not been redeemed, except those corresponding to authorizations with more than twelve months of issue or those which, at least four months after they have been issued, are known not to have been used. The balance of the provision as of 31 December 2020 amounts to $10,942.

High cost and catastrophic illness: The basis for calculating this provision is that corresponding to the analysis of the entire population of members and beneficiaries of the Adapted Health Entity (EAS) of EPM, who suffer from any of the authorized pathologies. The balance of the provision as of 31 December 2020 amounts to $16,072.

For the other provisions described, the main assumptions considered in the measurement are estimated life expectancy, estimated payment date, estimated payment value, discount rate calculated with reference to market yields of bonds issued by the National Government.

Environmental sanctioning procedure: Corresponds to sanctions imposed on EPM for not implementing environmental management measures for the execution of works or executing them without the respective authorization or modification of the environmental license. As of 31 December 2020, there is a balance of $5,815 for four fines imposed by the ANLA and one by Corantioquia. From the ANLA, the first for having obstructed the course of the "Quebrada Tenche" water source by filling it with stone material; the second for building or modifying a tunnel without prior authorization and disposing of excess material on the road to San Andrés de Cuerquia; The third related to the adaptation of the slopes on which the geomembrane was installed and the waterproofing of the soil surrounding the solid waste disposal cell in the "BOLIVIA" landfill; and the fourth for having initiated activities related to the construction of the Auxiliary Deviation System (SAD) and its associated infrastructure within the Ituango Project without having previously processed and obtained the modification of the environmental license. For its part, Corantioquia declared EPM environmental liable for carrying out intervention in natural forests in March 2014 in Village (Vereda) las Palmas in the municipality of Envigado without having applied The balance as of 31 December 2020 is $5,815 and payments of $ 5,249 have been made to the National Environmental Fund - FONAM-.

Sanctions:

As of December 31, 2020, the Group has a balance of $ 3,902 for penalties imposed by the Superintendency of Residential Public Services - SSPD-, for exceeding the limits of the Quarterly Grouped Discontinuity Index (ITAD), with respect to the historical average and above the band of indifference. This indicator measures the amount of energy not served. The national companies that contribute to the balance of this provision are: EPM with $ 1,216, EDEQ with $ 1,141, CENS with $ 1,106, and ESSA with $ 439. The CHEC subsidiary made the payment of said sanction to the SSPD, in December 2020, for a value of $ 1,105.

Ituango contingency:

- In EPM, provision for $111,980 for the Contingency of the Hidroituango Project that caused the rising of the waters of the Cauca River as a consequence of the occluding of the waters that the project had on 12 May 2018. This provision covers the attention of the affected people of Puerto Valdivia, for the compensation of emergent damage, lost profits and moral damage and repair to community infrastructure. Likewise, in 2019, the recognition of the effects of economic activities was added to said provision. During 2020, $ 35,043 has been recognized between estimated expense and interest and payments have been made in the amount of $ 24,931. As of 31 December 2020, the balance of the provision amounts to $45,985.
- In EPM, provision for $ 62,345 for the care of evacuees, the maintenance of shelters and the payment of economic support, a situation generated by the declaration of the red alert for the evacuation of the populations located downstream of the dam and that It was caused by the clogging of the Auxiliary Deviation Gallery - GAD on April 28, 2018, which consequently caused the contingency of the Ituango Hydroelectric Project. During 2020, $ 7,323 has been recognized between estimated expense and interest and payments have been made in the amount of $ 5,963. As of December 31, 2020, the balance of the provision amounts to $ 5,616.

Aguas Nacionales in Medellín - Colombia: includes provision for disputes brought by the HHA consortium of a contractual, non-judicial nature. The HHA Consortium is responsible for the construction of the Wastewater Treatment Plant in Bello and the points under discussion relate to time, design engineering and financial issues. The main assumptions considered in the calculation for each type of provision are the same as those applied to lawsuits provision. The balance of the provision as of 31 December 2020 amounts to $8,906.

CENS - Norte de Santander - Colombia: includes provision for expected losses on construction contracts. The balance of the provision as of 31 December 2020 amounts to $23.

ADASA in Chile: includes the provision related to the return of the working capital existing at the end of the concession term of the Sanitary Concession Transfer Agreement, signed between the Company and Econssa Chile S.A. The balance of the provision as of 31 December 2020 amounts to $33,484.

ENSA in Panama: includes the provision related to compensation to customers for non-compliance with service quality standards, which are regulated by the National Public Services Authority of Panama (ASEP). The balance of the provision at 31 December 2020 amounts to $40,155.

TICSA in Mexico: includes provisions related to: contractual obligations, electricity expenses and other expenses related to plant construction projects. The balance of the provision as of 31 December 2020 amounts to $8,122.

DELSUR in El Salvador: includes provision related to customer claims for improper collections, voltage variations, damage to electrical appliances, among others. The balance of the provision as of 31 December 2020 amounts to $1,535.

28.1.7 Estimated payments

The estimate of the dates on which the Group may have to disburse payments related to contingent liabilities included in the consolidated statement of financial position at the cut-off date, is the following:

Estimated payments	Decommissioning or environmental restoration	Lawsuits	Business combination	Warranties	Other provisions	Total
To One year	70,666	211,473	7,589	83,531	144,324	517,583
To Two-year	60,934	16,229	4	90,787	45,980	213,934
To Three years	26,151	5,487	143	-	16,269	48,050
To four or more years	67,657	46,888	147,642	-	128,761	390,948
Total	**225,408**	**280,077**	**155,378**	**174,318**	**335,334**	**1,170,515**

Amounts stated in millions of Colombian pesos

28.2. Insurance technical reserves

The technical reserves associated with insurance contract obligations are as follows:

Insurance technical reserves	December 2020	December 2019
Loss reserves payable	118,748	93,613
Reserve for unreported incurred losses	71,782	68,729
Unearned premium reserve	50,647	39,748
Total	**241,177**	**202,090**

Amounts stated in millions of Colombian pesos

Movement in insurance technical reserves was as follows:

December 2020	Initial balance	Adjustments in technical reserves	Final balance
Loss reserves payable	93,613	25,135	118,748
Reserve for unreported incurred losses	68,729	3,053	71,782
Unearned premium reserve	39,748	10,899	50,647
Total	**202,090**	**39,087**	**241,177**

Amounts stated in millions of Colombian pesos

December 2019	Initial balance	Adjustments in technical reserves	Final balance
Loss reserves payable	129,491	(35,878)	93,613
Reserve for unreported incurred losses	49,804	18,925	68,729
Unearned premium reserve	39,912	(164)	39,748
Total	**219,207**	**(17,117)**	**202,090**

Amounts stated in millions of Colombian pesos

28.3. Contingent assets, liabilities and others (controversies)

The composition of contingent assets, liabilities and others, which are not recognized in the financial statements, are as follows:

Type of contingency	Contingent liabilities	Contingent assets
Litigation	1,614,826	56,569
Warranties	245,952	133
Other	437,009	-
Total	**2,297,787**	**56,702**

Amounts stated in millions of Colombian pesos

The Group has disputes or proceedings currently pending before courts, administrative bodies and arbitrators.

The main pending lawsuits and judicial and extrajudicial disputes to which the Group is party as of the court date as well as controversies, are indicated below.

28.3.1 Contingent liabilities

Company	Third party (plaintiff)	Complaint	Amount
EPM	ISAGEN S.A. E.S.P.	Condemn EPM to indemnify ISAGEN for the damages it suffered as a consequence of the fire and the consequent unavailability of the Guatapé Power Plant.	330,964
	Misc. Administrative	319 Litigations under $10,112 with an average of $927.	295,792

Company	Third party (plaintiff)	Complaint	Amount
	Galadier Diaz Rivera	It is declared to the Consorcio Hidroeléctrica Hidroituango S.A. E.S.P, Nation - Ministry of Environment and Sustainable Development, Nation - Special Administrative Unit "National Authority of Environmental Licenses - ANLA", Nation - Ministry of Mines and Energy, Nation - Mining and Energy Planning Unit, CorpoUrabá, Corantioquia, Ingetec S.A.S, SEDIC S.A., Construciones e Comercio Camargo Correa S.A., Constructora Conconcreto S.A., Coninsa Ramón H. S.A., Department of Antioquia - EPM and Mayor of Antioquia, Construciones e Comercio Camargo Correa S.A., Constructora Conconcreto S.A., Coninsa Ramón H. S.A - Department of Antioquia - EPM and the Mayor's Office of Medellín, jointly and severally and administratively liable for the totality of the pecuniary and non-pecuniary damages caused to the plaintiffs, due to the overflowing of the Cauca River that originated in the Ituango Hydroelectric Project. The defendant entities to the payment of S $87,780,300 for each of the plaintiffs for moral damages.	172,884
	Elis María Ramos	It is declared to the Consorcio Hidroeléctrica Hidroituango S.A. E.S.P, Nation - Ministry of Environment and Sustainable Development, Nation - Special Administrative Unit "National Authority of Environmental Licenses - ANLA", Nation - Ministry of Mines and Energy, Nation - Mining and Energy Planning Unit, CorpoUrabá, Corantioquia, Ingetec S.A.S, Sedic S.A., Construciones e Comercio Camargo Correa S.A., Constructora Conconcreto S.A., Coninsa Ramón H. S.A. - Department of Antioquia - EPM and Mayor of Antioquia, Construciones e Comercio Camargo Correa S.A., Constructora Conconcreto S.A., Coninsa Ramón H. S.A - Department of Antioquia - EPM and the Mayor's Office of Medellín, jointly and severally and administratively liable for the totality of the pecuniary and non-pecuniary damages caused to the plaintiffs, due to the overflowing of the Cauca River that originated in the Ituango Hydroelectric Project. The defendant entities to the payment of $87,780,300 for each of the plaintiffs for moral damages.	154,686

Company	Third party (plaintiff)	Complaint	Amount
	Elsa María Sajayo Carvajal	It is declared to the Consorcio Hidroeléctrica Hidroituango S.A. E.S.P, Nation - Ministry of Environment and Sustainable Development, Nation - Special Administrative Unit "National Authority of Environmental Licenses - ANLA", Nation - Ministry of Mines and Energy, Nation - Mining and Energy Planning Unit, CorpoUrabá, Corantioquia, Ingetec S.A.S, Sedic S.A., Construcoes e Comercio Camargo Correa S.A., Constructora Conconcreto S.A., Coninsa Ramón H. S.A. - Department of Antioquia - EPM and Alcaldora de Antioquia, Construcoes e Comercio Camargo Correa S.A., Constructora Conconcreto S.A., Coninsa Ramón H. S.A - Department of Antioquia - EPM and the Mayor's Office of Medellín, jointly and severally and administratively liable for the totality of the pecuniary and non-pecuniary damages caused to the plaintiffs, due to the overflowing of the Cauca River that originated in the Ituango Hydroelectric Project. The defendant entities to the payment of $87,780,300 for each of the plaintiffs for moral damages.	109,190
	Barrio Villa Esperanza	Immaterial damage in the amount of 100 SMLMV for each of the members of the group, that is, for one thousand two hundred and ninety-six (1296) persons, which in total is equivalent to One hundred and thirteen thousand seven hundred and sixty-three million one hundred and thirty-nine thousand two hundred pesos ($113,763,139,200). Material damage by way of consequential damage for the destruction of each one of the houses, calculated in an individual value per house of five million pesos ($5,000,000), which in total amounts to 377, for a total of one thousand eight hundred eighty-five million pesos ($1,885,000,000).	106,452
	Aura De Jesús Salazar Mazo	They request 100 SMLMV for damage to the mining activity; and for moral damages, which they appraise at an equivalent of 200 SMLMV for each of the persons in the group, approximately 113..	40,817
	Aura De Jesús Salazar Mazo	Collective right approximately 113 people each claiming $1,133,400 for Consolidated Loss of Profit and $78,753,854 for Future Loss of Profit, for destroying, interrupting and cutting the ancestral bridle paths that lead from the Alto Chiri trail in the municipality of Briceño to the Valle de Toledo township.	32,024
	Obras Civiles E Inmobiliarias S.A - Oceisa	Declare that EPM's failure to comply with the main obligation to deliver studies and designs prevented OCEISA from executing the contract and that it is not contractually liable for those portions of the work that could not be executed by third parties due to events beyond the control of the parties that prevented the normal execution of the contract.	18,801

Company	Third party (plaintiff)	Complaint	Amount
	Luis Fernando Anchico Indaburo	Declare EPM administratively liable as the cause of the antijuridical damage for having destroyed the fishery resource of the Montecristo marsh complex, which is due to the construction of the IHP (Ituango Hydroelectric Project) and request the recognition and payment of a minimum wage for each family nucleus from February 2019 until the judgment is rendered, this is called by the plaintiffs as consolidated loss of profits.	16,051
	Luis Fernando Anchico Indaburo	To declare EPM administratively liable, as the cause of the antijuridical damage by having destroyed the fishery resource of the Montecristo marsh complex, which is due to the construction of the IHP (Ituango Hydroelectric Project); that a minimum wage be recognized and paid for each family nucleus from February 2019 until the judgment is rendered and the recognition of a future loss of earnings that goes from the time of the judgment until the probable period of life of each one of the plaintiffs.	16,045
	Misc. Labor	162 Litigation under $1,290 with an average of $94.	15,190
	Temporary Union Nueva Esperanza	Declare that EPM breached and unbalanced the contract CT-2013-000641 whose purpose was the execution of the construction and electromechanical assembly works of the transmission lines at 230KV Guavio - Nueva Esperanza and associated reconfigurations paraíso - Nueva Esperanza - Circo and paraíso - Nueva Esperanza - San Mateo.	12,947
	Maikol Arenales Chaves	Declare the defendants administratively liable as the cause of the antijuridical damage caused by the destruction of the fishery resource of the Ciénagas de Montecristo complex, which is due to the construction of the IHP.	11,980
	Maikol Arenales Chaves	Declare the defendants administratively liable as the cause of the antijuridical damage caused by the destruction of the fishery resource of the Ciénagas de Montecristo complex, which is due to the construction of the IHP.	11,980
	Javier Maure Rojas	Declare EPM administratively liable as the cause of the antijuridical damage for having destroyed the fishery resource of the Montecristo marsh complex, which is due to the construction of the IHP (Ituango Hydroelectric Project) and request the recognition and payment of a minimum wage for each family nucleus from February 2019 until the judgment is rendered, this is called by the plaintiffs as consolidated loss of profits.	10,113

Company	Third party (plaintiff)	Complaint	Amount
	Moraine Olave De Larios	Relatives of former Integral worker who died in Ituango, claim for full compensation for moral damages caused. Solidarity.	5,763
	Rosa Disney Quintero Flórez	The families of some deceased former workers of the contractor Consorcio Redes de Iguaná, formed by the companies Sanear S.A. and Paecia S.A.S., were sued. Also, Seguros del Estado S.A., Sociedad Estudios Técnico S.A.S. and Seguros Generales Suramericana S.A. were sued.	1,290
	Ciudadela Comercial Unicentro Medellín PH	Declare the nullity of the administrative act issued by EPM with file number 20190130037817 of 2019-02-27. Order the reestablishment of the plaintiff's rights by ceasing the collection of the electric energy tax contemplated by Law 142 of 1994, Law 143 of 1994 and Law 223 of 1995; and, make the refund of what was paid for said concept from January 1, 2017 and until the date of judicial notification that puts an end to the process.	320
Total EPM			**1,363,289**
Aguas Nacionales	CICE Consortium	Recognition of cost overruns related to damages, clogging, lower yields and overconsumption of TBM tools. Recognition for longer stay on site due to the presence of unforeseeable physical conditions and several cost overrun claims.	62,185
	Darly Bibiany Cabezas y Otros	Other Litigation under $295.	1,551
	Seguros Comerciales Bolívar S.A.	Monetary recognition for damages caused to one of the Insurer's clients due to a downpour in March 2006 that caused flooding.	643
	Compañía Colombiana de Consultores S.A.S.	It requests a declaration that Aguas Nacionales S.A. ESP was in breach of contract No. 2014-90000-00147 and consequently that it be liquidated in court, that it be declared liable for the damages suffered by the plaintiff Colombiana de Consultores S.A.S., and that it be ordered to pay.	608
	Rosalba Valoyes Palomeque	That based on Article 90 of the Constitution, the municipality of Quibdó, Aguas Nacionales Epm S.A. ESP, Ingecor S.A.S. be declared administratively and jointly and severally liable for all damages caused by the injuries to Mrs. Rosalba Valoy Palomeque.	590
Total Aguas Nacionales			**65,577**
CHEC	Honorio Herrera López and Others	Property, moral and material damages in the execution of a contract, imposition of an electric power easement and due to an electric accident.	26,843

Company	Third party (plaintiff)	Complaint	Amount
	Salamina Municipality	Energy foregone from generation and commercialization	6,275
	William Agudelo Valencia y Otros	Conventional retirement	3,943
	Mauricio Vélez Giraldo y Otros	Material damages	3,207
	Reinel Rivera Toro y Otros	Direct compensation for material and moral damages	2,371
	José Gustavo Morales Guarín	Compensation for injured party	1,573
	Positiva Compañía De Seguros S.A.	Return of mathematical capital reserve	1,218
	Sypelc Electrical Technology Supplies and Projects	Restitution of cost overruns and discounts not authorized in contract	699
	Jhon Jairo Lozada Garcés y Otros	Pension Reliquidation	564
	César Norbey Duque Cárdenas	Contract reality	357
	Mario Romero Londoño	Employer's fault in work accident	201
	Jairo Antonio Amariles Marulanda	Public Excuses and Indemnity Payment	144
Total CHEC			**47,395**
ESSA	Agustín Rangel Bermúdez and Others	Proceedings for amounts less than $500,000,000.	10,340
	Omaira Alvarado Bautista and Others	Proceedings for amounts less than $983,000,000.	9,408
	Tomón Ltda	It is requested to declare the existence of a Strategic Alliance contract between ESSA and the Temporary Union San Gil Iluminado.	9,295
	APH Servicios Eléctricos S.A. Tomón Ltda., Kesman Overseas Limited, Inversiones El Prado, Kesman Overseas Limited.	It is requested to declare the existence of a Strategic Alliance contract between ESSA and the Temporary Union San Gil Iluminado.	5,987
	Carlos Gerardo Hernández Flórez	To declare the Department of Santander, the Municipality of Betulia and Electrificadora de Santander S.A. ESP as administratively liable jointly and severally or individually as the case may be for the material and moral damages caused to Mr. Carlos Gerardo Hernández Flórez for failure or lack of service of the administration for the events that occurred on January 7, 2015 that caused the fire in the municipality of Betulia Santander and affected his property called Finca Vistahermosa.	5,539

Company	Third party (plaintiff)	Complaint	Amount
	Gerrsson Enmanuel Duarte Pabón	"Declare ESSA liable for the damages caused to Gerson Duarte and his family (4 persons), for the damages derived from the inadequate location of energy networks that caused the electrocution of the plaintiff on July 30, 2011, when he was working in the property located at 10th Street and 14th Street no. 10-37, San Antonio neighborhood of Piedecuesta. That ESSA be condemned for the material and moral damages derived from the described fact, which in the plaintiff's opinion are equivalent to the sum of $2,128,885,110.	2,861
	Promotora Agrotropical Colombiana SAS	Declare the non-compliance of the commercial offer No. ON-013-2008 dated October 3, 2008. To order ESSA to pay $886,313,271.31 in damages.	1,213
	Gabriel Méndez Jaimes	ESSA be declared administratively liable for the damages caused to the Claimant.	1,045
	Blanca Sepúlveda Oviedo	Moral damages. Loss of profits. Damage to health.	1,022
Total ESSA			**46,710**
Emvarias	Jac Vainillal and Others	Direct Repair of Sanitary Landfill Compensation for Community Action Boards; Oml 191 Collector Car Injures Crew Member; Personal Injury in Traffic Accident; Injuries from Falling Tree.	14,386
Emvarias	Martin Emilio Carvajal Henao	Class Action Due to Closure of Pradera Bellavista Road and Mismanagement of Pradera Landfill (Service Failure).	13,002
Emvarias	La Cejita Community Action Board	Declarations	9,599
Emvarias	Alex Estíbel Arango Aguiar and Others	Reality Contract and Direct Reparation	5,496
Emvarias	Jesús Gregorio Valencia Valencia and Ot	Other litigation for amounts less than $994	2,290
Emvarias	William Alberto Giraldo Ocampo	Declaring the Existence of a Reality Contract	1,663
Total Emvarias			**46,436**
CENS	Luvier Sánchez Sánchez and Others	Other litigation under $991.	9,785

Company	Third party (plaintiff)	Complaint	Amount
	Mariana Bautista Ortiz	That Nación CENS S.A. E.S.P. be declared civilly, administratively, patrimonially and extracontractually liable for the damages caused to the plaintiffs due to the death of Mr. Ramón Alipio Álvárez Páez(q.e.p.d.)which occurred on April 26, 2016, in the village of Miraflores, Puerto León sector of the township of Banco de Arena, Municipality of Zulia, Department of N. de S, as a consequence of an electric shock produced by a high voltage cable. Moral and material damages are requested for the plaintiffs.	2,534
	María Riquilda Poveda Murillo	Declare that the Nation, the MinMinas, the SSPD, EPM, CENS and the municipality of Cúcuta must pay for the damages caused by the injuries suffered by the minor Alirio Ignacio Poveda Murillo.	2,381
	Orlando Emiro Contreras Velasco	"Declare that the plaintiffs have the right throughout their pension life to have their pension readjusted in accordance with the parameters indicated in article 1 of Law 71 of 1988 and not those established in article 14 of Law 100 of 1993, order CENS to pay the plaintiffs retroactively the sums not paid and that are liquidated by applying the higher increase; likewise, each unpaid amount must be duly indexed. Order the recognition and payment of interest for late payment as provided for in Article 141 of Law 100 of 1993.	2,155
	Paht Constructions S.A.S.	To order the liquidation of Contract CT-2015-000070, executed between the parties, where CENS S.A E.S.P, must readjust the contractual equity in favor of Paht Construcciones S.A.S., with the application of the theory of unforeseeability, as well as the amounts for the concept of complement of the payment of act No. 6 for works executed, recognized and not paid.	1,773
	Geomara Carreño	For moral damages the sum of 1300 smlmv. Damage to life in relation. Material damages. Loss of profits.	1,515
	Nubia Boada Dueñas	The lawsuit requests the continuity in the payment of 12% of the pension allowance, the reinstatement of the contributions deducted from the time of the compatibility of the pension duly indexed and the payment of moratorium interest of article 141 of law 100 of 1990, plus the costs of the process.	1,491

Company	Third party (plaintiff)	Complaint	Amount
	Eleida Carrascal Velásquez	To obtain the recognition and payment by CENS and the Department of Norte de Santander, in favor of the plaintiff, the value of the material damages (consequential damages, loss of profits and moral or immaterial damages) caused to her due to the total destruction of the business establishment called Ferretería y Materiales Diego Alejandro, in events that occurred on February 5, 2015, which caused detriment to her patrimony and patrimonial income, not only for the loss of income, but also with the cost generated by the recovery of the house where she lived.	1,180
Total CENS			**22,814**
EDEQ	Danielly Arcila de Gil y Otros	Declare the defendants administratively, extracontractually, jointly and severally and patrimonially liable for the injuries suffered by Mrs. Danielly Arcila de Gil, which are a consequence of the fall suffered by an iron coupling that is part of the cover of the junction box, which is made of concrete and belongs to the Municipality of Armenia, Empresas Públicas de Armenia E.S.P.; and Emprea de Energía del Quindío S.A. E.S.P.	2,857
EDEQ	Fabián Alexander Bedoya Machado y Otros	Other Litigation under $568.	2,718
EDEQ	María Amparo Fernández Gil	To be ordered jointly and severally to pay all damages, due to the death of Mr. Otálvaro Sánchez.	2,289
EDEQ	Diana Rocío Vargas Álzate y otros	Claim for direct reparation for the death of the minor Joan Manuel Vargas Peláez, which occurred on November 16, 2013 at the Finca La Molienda Quindiana. (Baraya- Montenegro Quindío).	1,037
EDEQ	John Jairo López Pérez y otros	"EDEQ is sued for the damages allegedly suffered by the plaintiffs with the death by electrocution of Jhon Esteban López Henao, which occurred on November 4, 2016 in the Lotería del Quindío building.	878
EDEQ	Sandra Milena Sánchez	That the co-defendants be declared administratively liable for the acts and omissions that caused the death of Mr. Otálvaro Sánchez, and that as a consequence of said declaration, the co-defendants be ordered to pay the costs of the co-defendants.	629
Total EDEQ			**10,408**
Aguas de Antofagasta	LASERMED / Aguas de Antofagasta S.A. professional society.	M$300.000.- C-3934-2020	1,465
Aguas de Antofagasta	Maritime Government	30,000 pesos gold. 12.050/73	1,146
Aguas de Antofagasta	Diaz with ADASA	M$200.000.- C-234-2020	972

Company	Third party (plaintiff)	Complaint	Amount
	Soto with ADASA	M$200.000.- C-234-2020	965
	Robledo with MYC Engineering Company	M$170.000.- O-30-2020	822
	Municipality of Sierra Gorda with ADASA	M$120.000.- C-2883	579
	Inmobiliaria Bicentenario Ltda / Aguas de Antofagasta S.A.	M$30.000.- C-4468-2020	146
	Castle with ADASA	M$30.000.- C-4468-2020	146
	Flores Brewe, Patricia con Aguas Antofagasta S.A.	M$641.- C-3899-2016	3
Total Aguas de Antofagasta			**6,244**
Aguas Regionales	María Inés Osorio Montoya	That the Municipality of Apartadó and/or Aguas Regionales EPM S.A ESP, jointly and severally or independently are administratively liable for the omission in the fulfillment of their constitutional and legal duties for the death of young Cesar Augusto Jiménez Osorio (q.e.p.d) determined by the injuries suffered in the events that occurred on June 01, 2016 in the city of Apartadó.	3,425
	Elsa Rubiela Henao Pérez	the municipality of Apartadó and Aguas Regionales EPM be ordered to pay the material and immaterial damages caused by the failure in the service derived from the paving of 104th, 106th and 107th streets in the Laureles neighborhood.	540
	Rosmery Velásquez Herrera	"That Agua Regionales EPM S.A E.S.P. be ordered to return the property to the owners / That the defendant company be ordered to pay the civil fruits that the owners could have received with medium intelligence and activity, from August 2012 until the date of the judgment / That if the voluntary surrender of the property is not made within the term set by your office, the competent police officer be commissioned to enforce said order / That the defendant be ordered to pay the costs of the process.	133
	Ilda Patricia Franco Molina	According to cadastral value	1
Total Aguas Regionales			**4,099**
ELEKTRA NORESTE S.A.	Chugani Investments	Civil proceeding filed by Inversiones Chugani, S.A.,	688
	Harry Acedo	Ordinary lawsuit of greater amount	343
	Rodrigo Bethancourt y Otros	Labor lawsuit	284
	ENSA	Appeal for Reconsideration Resolution No. 262-12 of October 15, 2012.	257

Company	Third party (plaintiff)	Complaint	Amount
	Ruyer Amores	Consumer Protection Proceeding	17
	Manuel Macis	Labor Law	10
Total Elektra Noreste S.A.			**1,599**
Aguas de Malambo	Nelson Mercado Luna	Payment of invoice No. 0095 for alleged works carried out to attend to the emergency at Cra 22 and Calle 22 in the Municipality of Malambo.	218
	Fabian Bacca Jiménez	Recognition by Aguas de Malambo of an employment relationship acquired in 2015 and 2016 where he rendered his services as a worker on assignment for the company Temporal S.A.S. and, consequently, recognition of the payment of vacations, bonuses, severance pay, bonus for signing the agreement and compensation for dismissal without just cause.	20
	Emer Enrique Conrado Anguila y Otros.	That the Nation, Municipality of Malambo, Department of Atlántico, National Infrastructure Institute (ANI), concessionaire company, Autopista del Sol SAS, Aguas de Malambo S.A. ESP. be declared administratively liable for the damages and material damages to health, to other goods and/or rights conventionally and constitutionally protected and in general of any other type that are proven to have been caused as a result of the failure in the provision of the service.	17
Total Aguas de Malambo			**255**
Total contingent liabilities			**1,614,826**

- Amounts stated in millions of Colombian pesos -

Regarding the uncertainty of the estimated payment date and the estimated value payable, the same business rules indicated in note 28.1.3 Lawsuits apply to contingent liabilities.

warranties

Company	Third party (plaintiff)	Complaint	Amount
ELEKTRA NORESTE S.A.	Generating Companies	Performance bond to provide credit security and compliance with the obligations under the power purchase agreements.	171,019
	National Public Utilities Authority	Performance bond to guarantee compliance with the obligations under the Concession Contract.	51,488
	Empresa de Transmisión Eléctrica, S.A.	Bank guarantee to guarantee payment of one month's billing of the Transmission System.	12,530
	Empresa de Transmisión Eléctrica, S.A.	Letter of credit as guarantee for the payment of energy purchase costs in the occasional market.	9,306
	Regulatory Operator of El Salvador	Letter of credit as guarantee for the payment of energy purchase costs in the occasional market.	1,609
Total ELEKTRA NORESTE S.A.			**245,952**

Total Contingent liabilities Warranties	245,952

- Amounts stated in millions of Colombian pesos -

Others-Controversies

Company	Third party (plaintiff)	Complaint	Amount
AGUNAL	HHA Consortium (Controversy)	There is a dispute of a contractual, not legal nature arising from the construction of the Aguas Claras plant, related to timing, engineering, design and financial issues.	437,009
Total AGUNAL			**437,009**
Total Contingent liabilities Others			**437,009**

- Amounts stated in millions of Colombian pesos -

28.3.2 Contingent assets

Company	Third party (plaintiff)	Complaint	Amount
EPM			
	The Nation Ministry of Health and Social Protection	Minsalud has the legal and constitutional obligation to recognize and cancel the value of the services rendered to the affiliates in relation to medicines and/or procedures, interventions or elements not included in the Mandatory Health Plan (POS).	8,369
	Misc. Administrative	112 Proceedings with an average amount of less than $889 with an average of $64.	7,189
	Constructora Monserrate de Colombia SAS	to decree by judicial means the expropriation in favor of Empresas Públicas de Medellín E.S.P. for the Project "Expansion of the Primary Distribution Capacity in the Western Sector of Medellín - Western Chain - Calazans Tank", property called Lot 7, located in the sector Altos de Calazans, Municipality of Medellín, owned by Sociedad Constructora Monserrate de Colombia SAS.	7,124
	Interconexion Electrica S.A. E.S.P. ISA	Declare that Interconexión Eléctrica S.A. E.S.P., ISA is civilly liable for not recognizing to EPM, the value that corresponds to it, of the remuneration that ISA received between the years 1995 to 1999, for the line modules that correspond to assets of use of the STN in the Playas and Guatapé substations represented by it, in which there is shared property, value that to date has not been made, generating an unjust enrichment by increasing the patrimony of the defendant at the expense and to the detriment of the plaintiff's patrimony.	3,744

Company	Third party (plaintiff)	Complaint	Amount
	Poblado Club Campestre Ejecutivo S.A.	To declare Poblado Club Campestre Ejecutivo S.A., Optima S.A. Vivienda y Construcción and the Municipality of Envigado responsible for the damage to the collector owned by EPM, which collects and transports the wastewater from the sanitary basin of the La Honda stream in the Municipality of Envigado, and to indemnify EPM for the value of all the proven pecuniary damages resulting from the damage to the collector that collects and transports the wastewater from said sanitary basin.	3,567
	Fiduciaria Bogotá S.A. - FIDUBOGOTÁ S.A.	Impose in favor of Empresas Públicas de Medellín E.S.P. an energy conduction easement over the lot of land or property named La Boca del Pantano, with real estate registration number 50 C-1497258 located in a rural area of the Municipality of Madrid (Cundinamarca) for the 500 Kv transmission lines, and for one (1) tower point (with its grounding) of the Nueva Esperanza Transmission Project.	960
	Municipality of Envigado	To declare the nullity of the administrative act contained in Resolutions 2656 of August 13, 2007 and 4176 of October 26 corresponding to the sanction imposed for the alleged violation of Municipal Decree 259 of August 14, 2002; to declare the inapplicability of Decree 259 of August 14, 2002 of the Municipality of Envigado (Antioquia), "Whereby urban development sanctions are established", for being contrary to the Political Constitution, the Law and the Regime of Domiciliary Public Services. Order by way of reestablishment of rights, that EPM be reimbursed $655'460,000 for the penalty imposed in the administrative acts whose nullity is requested.	889
	CORANTIOQUIA - Regional Autonomous Corporation of Central Antioquia	To declare the nullity of Article Five of Resolution No. 130 TH - 1302 - 9864 issued by the Territorial Director Tahamies of "Corantioquia" for the fee for the use of surface water for the period 2011, of the source Río Grande, in a flow of 19.5 mts3/sec; to reimburse Empresas Públicas de Medellín E.S.P., the higher amount paid for the fee for the use of surface water Dec. 155 - 4742, Hydrological Unit: Magdalena River, between January 1, 2011 and December 31, made through invoice TH - 1927 of April 30, 2012. That Corantioquia be CONDEMNED to recognize and pay to EPM the legal interest, current and late payment interest legally caused; to pay the costs and agencies in law that may be applicable in accordance with the provisions of Article 188 of Law 1437 of 2011 and other concordant norms.	804

Company	Third party (plaintiff)	Complaint	Amount
	Municipality of Caloto	Declare the nullity of: -Resolution No. 035 of 2012, (Declares not proven the exceptions proposed by EPM against the payment order and orders to go ahead with the execution) and, -Resolution No. 039 of 2012, (Resolves Appeal for Reposition). //2) That by way of reinstatement, the Municipality of Caloto reimburse EPM for any amount paid by EPM for ICA, by virtue of what has been raised in this lawsuit, and that said amount be returned with commercial interest //3) That the Municipality be ordered to pay the costs.	767
	Other Prosecutors	Proceeding for amounts less than $766	67
Total EPM			**33,480**
CENS	Tax and Customs Directorate DIAN	Declare the nullity of the official review liquidation >No 072412015000018 of September 14, 2015 and Resolution No 007521 of October 4, 2016./Refund of the higher value paid for income tax.	10,517
CENS	Tax and Customs Directorate DIAN	Declare the nullity of the following administrative acts: Sanction Resolution No. 900.001 of September 14, 2015, and Resolution No. 007390 of September 29, 2016, issued by the DIAN. By way of reestablishment of rights, ORDER the defendant to make the refund of the liquid amount of money paid by CENS S.A E.S.P. for the higher income and complementary tax and the penalty for inaccuracy established in Resolution No. 007390 dated September 29, 2016, with current and moratorium interest in accordance with the provisions of art. 863 of the Tax Statute.	4,208
CENS	Carmen Pastora Santander De Monsalve and Others	Other processes imposed in favor of CENS S.A E.S.P., less than $242 million.	2,276
CENS	Consortium CDE Ltda.	Obtain cancellation of the resources owed in favor of CENS.	987
CENS	Minuto de Dios Corporation	Impose in favor of CENS S.A E.S.P. a public easement for the conduction of electric energy, on a property called "Part of Abstract No 4 El Rodeo" with real estate registration number 260-131753 of the Public Instruments Office of Cúcuta and property number 010307560001000. To authorize CENS: 1. To construct the electrical infrastructure. 2. To allow transit through the area. 3. Remove crops and other obstacles. 4. Construct transitory roads and/or use existing roads. 5. 5. Prohibit the planting of trees that may hinder the exercise of the easement. 6. The registration of the easement sentence. -To fix the value of the compensation. To order the defendant to pay the costs.	386
Total CENS			**18,374**

Company	Third party (plaintiff)	Complaint	Amount
Aguas Regionales	Municipality of Chigorodó	"That the defendant be ordered to pay costs and legal expenses. To pay the default interest calculated at the maximum rate certified by the financial superintendence for consumer loans, caused as of the date of full payment of the obligation.	1,031
	Municipality of Chigorodó	Payment in favor of Aguas de Urabá S.A. E.S.P. and against the Municipality of Chigorodó, legally represented by Doctor Daniel Segundo Álvarez Sosa, in his capacity as mayor, or whoever is acting in his stead at the time of notification of the claim.	789
	Several prosecutors	Several prosecutors	581
	Corpourabá - Corporation for the Sustainable Development of Urabá	To declare the nullity of the retributive rate corresponding to the municipality of Apartadó between January and December 2014, since it does not correspond to the reality of the loads discharged by the sewage users of the company Aguas de Urabá S.A. E.S.P. in the urban area of the Municipality of Apartadó (Antioquia).	414
Total Aguas Regionales			**2,815**
Aguas de Malambo	Municipality of Malambo	A payment order is issued against the Municipality of Malambo - Atlántico and in favor of Aguas de Malambo S.A. ESP. for the following sums of money: For the amount of \$1.446.217.806,90, for the concept of capital represented in the promissory note and for the interest in arrears of the previous capital.	1,829
Total Aguas de Malambo			**1,829**
Aguas Nacionales	Superintendency of Residential Public Utilities	Official liquidation of the Special Contribution corresponding to the year 2019. Reimbursement of the amount of money corresponding to the higher amount paid for the Special Contribution for the year 2019 for the Sewage Service, which is equivalent to \$14,019,585, amount that shall be indexed at the time of issuance of the judgment. Additionally, the amount paid as an advance payment, which is equivalent to \$23'082.000, should be recognized.	38
	Superintendency of Residential Public Utilities	Declare the nullity of the administrative acts issued by the defendant entity containing Official liquidation Special Contribution year 2018 No. Radicado 20185340037336 of 2018/09/06 and Resolution No. SSPD 20185000132915 of November 27, 2018, whereby the appeal filed by Aguas Nacionales is resolved.	3
Total Aguas Nacionales			**41**
Emvarias	Marta Nelly Quintero R.	Mortgage Executive	27
Total Emvarias			**27**

Company	Third party (plaintiff)	Complaint	Amount
CHEC	Cesar Augusto Ocampo Arenas	Old Age Pension	2
Total CHEC			**2**
EDEQ	New EPS S.A.	A claim is filed before the Superintendence of Health for the recognition and payment of the disability due to general illness of Nelson Forero, a former employee of the company.	1
Total EDEQ			**1**
Total contingent assets - Litigation			**56,569**

- Amounts stated in millions of Colombian pesos -

Warranties

The Group has provided the following warranties:

Company	Third party (plaintiff)	Complaint	Amount
ESSA	State Insurance	Constituted and granted with the purpose of covering litigious process against the Municipality of Bucaramanga.	133
Total ESSA			**133**
Total Contingent assets Warranties			**133**

Amounts stated in millions of Colombian pesos

Estimated payments and collections

The estimated dates on which the Group expects to make payments related to the contingent liabilities or receive collections related to the contingent assets included in this note to the consolidated statement of financial position at the cut-off date are as follows:

Estimated payment and collections	Contingent liabilities	Contingent assets
To One year	217,946	21,006
To Two years	72,021	5,612
To three years	48,518	4,074
To four years and beyond	2,181,022	33,281
Total	**2,519,507**	**63,973**

Amounts stated in millions of Colombian pesos

Note 29. Other liabilities

The composition of other liabilities is as follows:

Other liabilities	2020	2019
Non-current		
Collection in favour of third parties[1]	10	10
Payments received in advance	3,965	4,130
Government grants[2]	866,921	25,745
Assets received from customers or third parties	28,682	30,955
Other deferred loans	21,019	21,089
Transfer of financial assets and guarantees	33,820	34,511
Total other liabilities non-current	**954,417**	**116,440**
Current		
Collections in favour of third parties[1]	222,711	197,144
Payments received in advance	94,422	123,711
Government grants[2]	780	708
Assets received from customers or third parties	53	248
Transfer of financial assets and guarantees	12,440	8,253
Total other liabilities current	**330,406**	**330,064**
Total other liabilities	**1,284,823**	**446,504**

Amounts stated in millions of Colombian pesos

(1) Related to the collection in favour of third parties through agreements on public lighting, portfolio collection, solid waste management, taxes, among others.

(2) Increase explained by the acquisition of the subsidiary Caribemar de la Costa S.A.S. E.S.P.

29.1 Deferred Reinsurance Commissions

The breakdown of Deferred reinsurance commissions, which is included in the Payment received in advance, is as follows:

Deferred income from reinsurance commissions	2020	2019
Initial balance	5,111	6,612
Additions	12,303	-
Amortization	(11,829)	(1,501)
Saldo final	**5,585**	**5,111**

Amounts stated in millions of Colombian pesos

Corresponds to reinsurance commissions of the subsidiary Maxseguros, it is included in the caption of other income received in advance (see note 29.3)

29.2 Government Grants

Movement of Government grants to the cutoff date is as follows:

Grants	2020	2019
Initial balance	26,453	26,540
Awarded during the period	460	154
Recognized in profit or loss for the period	(30,782)	(1,023)
Business combination [1]	870,894	-
Effect of foreign exchange translation	967	255
Other changes	(291)	527
Final balance	**867,701**	**26,453**
Non-current	866,921	25,745
Current	780	708
Recorded value at 31 December	**867,701**	**26,453**

Amounts stated in millions of Colombian pesos

[1] Corresponds to the subsidies from Caribemar de la Costa SAS ESP, received from the Government for compensatory payments for variations in energy collection and loss indicators, in accordance with the share purchase agreement signed by Electrificadora del Caribe SA E.S.P. and Empresas Públicas de Medellín on March 30, 2020.

The Group has received grants from the Inter-American Development Bank (IADB) for the micro and small business financing program; from Financiera del Desarrollo (FINDETER) as a favorable rate loan for the construction of water and sewerage infrastructure; and from the Fund for the Reconstruction of the Coffee Belt (FOREC) for the reconstruction of energy networks following the earthquake in that region of the country; by the Financial Fund for Development Projects (FONADE) for the promotion of telecommunications in rural schools, and by the Rural Electrification Office (Panama) and the National Investment Fund for Electricity and Telephony (El Salvador) for the construction of rural electrical infrastructure.

The Group has not breached any of the conditions relating to grants.

29.3 Payment received in advance

The breakdown of payment received in advance as of the cut-off date was:

Payments received in advance	2020	2019
Non-current		
Leases	209	298
Sales	196	162
Sale of energy services	3,560	3,670
Total Non-current payment received in advance	**3,965**	**4,130**
Current		
Leases	297	326
Fees	895	-
Sales [1]	39,980	70,130
Sale of energy service	14,856	19,480
Sale of water service	7,435	7,435
Sale of sewer service	34	34
Sale of cleaning services	677	677
Sale of fuel gas service	2,483	10,277
Other payment received in advance [2]	27,765	15,352
Total current payment received in advance	**94,422**	**123,711**
Total payment received in advance	**98,387**	**127,841**

Amounts stated in millions of Colombian pesos

(1) The decrease is explained in EPM, by lower values received in long-term energy contracts.

(2) Includes $5,585 (2019 $5,111) for deferred reinsurance commissions of the subsidiary Maxseguros.

Note 30. Changes in liabilities due to financing activities

The reconciliation of liabilities due to financing activities is as follows:

Reconciliation of liabilities due to financing activities 2020	Initial balance	Cash flows	changes other than cash		Other changes [1]	Total
			Foreing exchange	Changes in fair value		
Loans and borrowings (see note 22)	20,656,005	3,499,751	24,286	-	407,759	24,587,802
Lease liabilities (see note 24)	682,761	(46,527)	-	-	51,433	687,667
Pension bonds (see note 24)	650,817	(7,711)	-	-	27,481	670,586
Hedging instruments	(46,148)	19,586	-	395,896	(12,586)	356,747
Dividends or surpluses paid	44,890	(1,592,575)	-	-	1,593,359	45,675
Capital subsidies	26,453	460	-	-	840,788	867,701
Other financing cash flows	-	(3,267)	-	-	3,267	-
Total liabilities from financing activities	**22,014,778**	**1,869,717**	**24,286**	**395,896**	**2,911,501**	**27,216,178**

Reconciliation of liabilities due to financing activities 2019	Initial balance	Cash flows	changes other than cash		Other changes [1]	Total
			Foreing exchange	Changes in fair value		
Loans and borrowings (see note 22)	20,834,800	(140,692)	103,866	-	(141,969)	20,656,005
Lease liabilities (see note 24)	195,483	(40,883)	-	-	528,160	682,761
Pension bonds (see note 24)	643,188	(26,091)	-	-	33,720	650,817
Hedging instruments	(192,465)	156,514	-	51,155	(61,352)	(46,148)
Dividends or surpluses paid	42,207	(1,392,814)	-	-	1,395,497	44,890
Capital subsidies	26,540	154	-	-	(241)	26,453
Other financing cash flows	-	(16,708)	-	-	16,708	-
Total liabilities from financing activities	**21,549,754**	**(1,460,519)**	**103,866**	**51,155**	**1,753,815**	**22,014,778**

(1) Includes interest paid during the year of $1,310,176 (2019: $1,612,421), which by policy is classified as operating activities in the statement of cash flows; interest accrued $1,436,498 (2019: $1,444,332); translation effect $278,538 (2019 $-82,614); origination of dividends and surplus $1,593,359 (2019 $1,395,497); business combination $ 877,041 (2019 $ -) and Other $36,239 (2019 $609,021).

Note 31. Deferred regulatory accounts

The balance of deferred regulatory accounts at the date of presentation of the consolidated financial statements corresponds to the local regulatory framework applicable to the subsidiary Elektra Noreste S.A. - ENSA, established by the National Public Services Authority of Panama (ASEP). This entity is responsible for regulating and establishing the rates that the Company invoices to its customers. The Company maintains its accounting records in accordance with the uniform system of accounts established by ASEP for electric companies.

The regulated system under which the Company operates allows any excess or deficiency between the estimated cost of energy considered in the tariff and the actual cost incurred by the Company to be included as a compensatory adjustment, to be recovered from (or returned to) customers, at the next tariff review. Any excess in the cost of energy charged to customers is accrued as a credit to a deferred regulatory account in the Group's consolidated statement of financial position and carries a reduction in the next tariff review to be applied to customers. Similarly, any shortfall in the cost of energy charged to customers is accumulated as a debit balance in the deferred regulatory account in the Group's consolidated statement of financial position and leads to an increase in the next tariff review to be recovered from customers.

Deferred regulatory accounts with a debit balance represent probable future revenues associated with certain costs that are expected to be recovered from customers through the tariff process. Deferred regulatory accounts with a credit balance represent probable future revenue reductions associated with amounts expected to be credited to customers through the tariff process.

The movement of Deferred regulatory accounts is as follows:

Regulatory accounts	Asset (Liability)	
	2020	2019
Initial balance	(25,610)	111,868
Profit or loss form the period	30,534	(139,997)
Foreign exchange rate/discount rate effect	(4,157)	2,519
Final balance	**767**	**(25,610)**

Amounts stated in millions of Colombian pesos

Balances associated with Regulatory deferral accounts in accordance with regulation must be recovered or returned in the following two semesters.

The movement of deferred tax associated with the regulatory accounts is as follows:

Deferred tax related to regulatory accounts	Asset (Liability)	
	2020	2019
Initial balance	7,683	(33,560)
Profit or loss form the period	(8,423)	41,988
Effect of changes in foreign exchange	510	(745)
Saldo final	**(230)**	**7,683**

Amounts stated in millions of Colombian pesos

Cash flows generated by the regulatory accounts amounted to $26,377 (2019: $-137,478), which, by Group policy, are classified as operating activities in the statement of cash flows.

Note 32. Revenue

For presentation purposes, the Group breaks down its revenues from the services it provides according to the lines of business in which it participates and the way in which management analyses them. The detail of revenue is as follows:

Revenue	2020	2019
Sales of goods	27,928	24,222
Rendering of services		
Electricity generation service (1)	5,014,157	4,043,982
Electricity trasnmission service	349,980	299,243
Electricity distribution service (2)	12,675,962	11,985,016
Inter-segments electricity elimination	(2,096,552)	(1,755,233)
Fuel gas service	898,095	860,675
Sanitation service	710,049	696,033
Sewage service (3)	1,312,884	1,188,428
Solid waste treatment service	241,385	240,848
Insurance and reinsurance services	32,073	15,148
Financing services	34,310	
IT Services	562	389
Construction contracts	55,876	61,317
professional fees	1,386	2,253
commissions	6,206	33,730
Billing and collection services	33,358	
Financing component	85,417	
Other services	235,523	215,623
Refunds	(388,729)	(238,796)
Total rendering of services	**19,201,942**	**17,648,656**
Leases	96,741	111,841
Total revenue	**19,326,611**	**17,784,719**

Amounts stated in millions of Colombian pesos

(1) The increase in the generation service is mainly originated in EPM Parent Company due to higher energy sales in long-term contracts for new contracts signed based on the expected power generation of the Ituango project and higher sales to the EPM distributor and the CHEC subsidiary grow 32% for $ 43,147, for long-term energy sales and on the stock market.

(2) The increase for the distribution service is due to the incorporation as of October 1 of the income of the subsidiary CaribeMar de la Costa S.A.S. E.S.P. and a greater demand for the sale of energy at a higher price in the national subsidiaries. In contrast, international subsidiaries had lower demand and a lower average price, although they were favored by the growth of the exchange rate.

(3) In aqueduct, revenues increased mainly due to ADASA since in 2019 there was a great impact due to red tide and highland winter.

As of December 31, 2020, the impacts of the coronavirus pandemic (COVID -19) that have been estimated in relation to revenue from ordinary activities are: lower consumption or demand of public services for ($ 1,020,346), lower invoiced rates for ($ 324,456), discount for timely payment in national subsidiaries according to Resolution No. 517 of 2020 for ($ 18,931) and lower value in other income from ordinary activities , mainly for construction contracts of the TICSA subsidiary, for ($ 32,078).

The Group recognizes all its revenue from the satisfaction of performance obligations and most of its contracts with customers are for less than one year.

The Group recognized the following values in the period, for the contracts in force at the cut-off date:

Other contracts with customers

2020	Contract asset balance at beginning of period	Contract asset balance at the end of the period	Liability balance at the beginning of the period	Liability balance at the end of the period
Contract of uniform conditions for regulated services(1)	580,974	502,035	16,719	9,400
Non-regulated market -NRM or Large Customers(2)	126,680	127,875	10,098	8,365
Other contracts with customers	-	-	4,191	4,006
Total	**707,654**	**629,910**	**31,008**	**21,771**

Amounts stated in millions of Colombian pesos

2019	Contract asset balance at beginning of period	Contract asset balance at the end of the period	Liability balance at the beginning of the period	Liability balance at the end of the period
Contract of uniform conditions for regulated services(1)	554,948	707,810	17,285	20,459
Non-regulated market -NRM or Large Customers(2)	136,800	126,680	34,642	10,098
Other contracts with customers	-	4	5,857	6,216
Total	**691,748**	**834,494**	**57,784**	**36,773**

Amounts stated in millions of Colombian pesos

(1) The purpose of this contract is to define the uniform conditions by which Grupo EPM companies, provides home public services, provides public residential utilities in exchange for a price in money, which will be fixed according to the current rates, and according to the use given to the service by the users, subscribers or owners of properties, hereinafter the USER, who by benefiting from the utilities provided by the companies, accepts and abides by all the provisions defined herein.

(2) Resolution 131 of 23 December 1998 of the Energy and Gas Regulation Commission (CREG) establishes the conditions for the supply of energy and power to large consumers and indicates in Article 2 the power or energy limits for a user to contract for the supply of energy in the competitive market; The aforementioned resolution allows the conclusion of contracts with large consumers to establish by common agreement the prices for the supply of energy and power; the object of the contract is to supply energy and power to the consumer, as an unregulated user, to meet its own demand.

Another important contract is the XM representation contract, which is not disclosed since there are no balances in assets and liabilities.
The contract liabilities primarily relate to the advance consideration received from customers for rendering of services, for which revenue is recognized over time. The amount of $57,784 included in contract liabilities at 31 December 2018 has been recognized as revenue in 2019 (2018: $51,184). The balance at the end of the period of $36,773 is expected to be recognized as revenue over the next twelve months.
The Group recognized revenue from ordinary activities for asset construction agreements within the scope of IAS 11 - Construction contracts at the cut-off date of $61,317 (2018: $125,697).
In contracts with customers, no income was recognized during the period from performance obligations satisfied in previous periods.
For these contracts it is not possible to identify the outstanding value of unmet performance obligations considering that they are contracts without a termination date.

Note 33. Other Income

The breakdown of other income is as follows:

Other income	2020	2019
Recoveries(1)	253,265	340,202
Severance payments(2)	102,256	109,993
Other ordinary income(3)	61,202	61,732
Government grants(4)	30,782	1,023
Surplus	9,605	1,228
Leverages	7,149	7,313
Valuation of investment properties(5)	6,876	51,808
Reversal of inventory impairment(6)	657	-
Photocopies	2	4
Total	**471,794**	**573,303**

Amounts stated in millions of Colombian pesos

(1) Mainly includes recoveries from EPM Matrix for $ 239,740: $ 89,527 for the return judgment in favor of EPM of the judicial process, advanced by the company against the Municipality of Bello, based on the lawsuit filed against the administrative act that determined the participation and liquidation of the capital gain generated by the change in land use in the area where some properties owned by the company are located; $ 73,832 for the commissioning of the assets of the Jepírachi Wind Farm permitted by CREG resolution 136 of 2020; $ 14,630 for compensation for consequential damage due to the incident that occurred in 2017 at the Playas Hydroelectric Power Plant; $ 8,597 recovery of provisions for administrative litigation and $ 8,011 recovery of provision for high-cost illnesses and of CaribeMar de la Costa S.A.S E.S.P. for $ 84,174 of the business combination. he values of the effective recoveries amounts to $ 142,058 and the non-effective ones $ 201,975.

(2) Corresponds in EPM Parent to the compensation received from loss of earnings for the low hydrology policy $ 65,848 (USD 17.6 million); $ 9,241 for loss of earnings due to the incident that occurred in 2017 at the Playas Hydroelectric Power Plant; $ 8,000 for non-contractual civil liability of the Ituango project and $ 4,107 received for lost profits from the Jepírachi Wind Farm. The value of the effective indemnities amounts to $ 102,064 and the non-effective ones $ 192.

(3) Mainly includes in EPM Matrix $ 42,206 of the indexation since December 29, 2009, the date on which the payment of the tax was made and until the execution of the sentence (December 10, 2020) of the processing of the judicial process, advanced by EPM against the Municipality of Bello.

(4) The increase is explained by $ 29,574 that CaribeMar de la Costa S.A.S. received. E.S.P. for Compensatory Payments for variations in energy collection and loss indicators, in accordance with the share purchase agreement signed by Electrificadora del Caribe S.A. E.S.P. and Public Companies of Medellín on March 30, 2020.

(5) The decrease is explained by the 2019 appraisal of some properties that grew due to urban developments in the sectors around these.

(6) This value is considered as non-cash income.

Note 34. Income for sale of assets

The detail of the profit on the sale of assets is as follows:

Profit on sale of assets	2020	2019
Profit from sale of property, plant and equipment(1)	233	1,576
Profit on disposal of rights of use	152	16
Profit on sale of intangible assets	14	-
Profit on sale of investment properties	108	-
Total	**507**	**1,592**

Amounts stated in millions of Colombian pesos

(1) The decrease is present in ESSA given that in 2019 a property was sold to Promioriente S.A. E.S.P. and in EPM Matrix because vehicle sales could not be made due to the coronavirus pandemic (COVID-19).

The gain from the sale of assets for $ 507 is ineffective and is disclosed as part of the caption result from disposal of property, plant and equipment, rights of use, intangibles and investment properties in the statement of cash flows.

Note 35. Costs of services rendered

The breakdown of costs of services rendered is as follows:

Costs for services rendered	2020	2019
Block and/or long-term purchases(1)	3,421,373	2,485,111
Exchange and/or short-term purchases	3,419,027	3,523,410
Use of lines, networks and pipelines(2)	1,573,973	1,291,976
Personal services(3)	920,281	818,587
Depreciation(9)	894,929	814,417
Orders and contracts for other services	658,533	667,938
Cost of distribution and/or commercialization of natural gas(4)	540,410	349,249
Maintenance and repair orders and contracts	392,858	384,846
Licenses, contributions and royalties(5)	283,757	156,973
Impairment of property, plant and equipment(6) (9)	187,114	2,243
Depreciation and amortization(9)	181,738	155,773
Materials and other operating costs	156,077	181,681
Consumption of direct inputs	151,564	109,537
General	123,241	110,080
Insurance	113,389	121,725
Fees	91,764	91,206
Taxes and fees	88,619	86,191
Commercial and financial management of the service	76,427	31,023
Other(8)	46,614	34,477
Amortization of rights of use(9)	41,878	36,505
Public utilities	30,272	26,462
Connection cost(7)	24,536	8,879
Marketed goods	20,498	18,202
Leases	17,905	19,795
Impairment of intangible assets(9)	9,194	-
Costs associated with transactions in the wholesale market	13,541	10,886
Depletion(9)	10,190	9,426
Liquefied natural gas	7,478	4,980
Insurance and reinsurance	6,259	5,990
Impairment of right-of-use assets(9)	3,959	11
Inventory write-down(8) (9) (9)	1,193	36
Cost of water service rendering losses	37	192
Total cost of services rendered	**13,508,628**	**11,557,807**

Amounts stated in millions of Colombian pesos

(1) Increase explained by higher energy purchases in long-term contracts due to new contracts based on the expected energy generation of the Ituango project.

(2) The increase is mainly due to the incorporation as of October 1 of the costs of the subsidiary CaribeMar de la Costa S.A.S. E.S.P.

(3) Increase for connections, salary increase and for social benefits, fees and services.

(4) The growth is explained by the increase in demand, and by the higher price impacted by the exchange rate.

(5) Increase given mainly in national companies by the additional contribution for the Business Fund - Superintendency of Domiciliary Public Services, which was created in article 314 of Law 1955 of 2019, as of January 1, 2020 and until December 31 from 2022.

(6) Includes the impairment values of the CaribeMar Distribution CGU, CHEC Generation CGU, HET Generation CGU and Ciudad Lerdo Wastewater Management CGU (see Note 8. Impairment of assets).

(7) Includes in EPM the impacts of the coronavirus pandemic (COVID-19) for $ 2,247 that were allocated for the reconnection of public services.

Additionally, as of December 31, 2020, other impacts of the pandemic that have been estimated in relation to the costs of providing services are: lower costs associated with consumption or demand of services for $ -835,869, higher costs for reconnections for $ 578 and biosecurity measures associated with general costs, personal services, orders and contracts for $ 18,832.

(8) Includes $ 848 (December 2019 for $ 36) corresponding to reduction of inventory value, net.

(9) Corresponds to non-effective costs.

Note 36. Administrative expenses

The breakdown of administrative expenses is as follows:

Administrative expenses	2020	2019
Personnel expenses		
Wages and salaries	489,976	450,255
Social security expenses	113,202	120,928
Pension expenses	47,338	49,961
Other post-employment benefit plans other than pensions	5,144	5,334
Other long-term benefits	9,717	7,464
Termination benefits	2,907	(732)
Interest rate benefits to employees	8,609	12,599
Total personnel expenses	**676,893**	**645,809**
General expenses		
Taxes, contributions and fees	191,573	187,662
Commissions, fees and services	136,350	135,020
Provision for contingencies(1) (4) (4) (5)	86,926	69,591
Maintenance	75,783	63,726
Depreciation of property, plant and equipment(5)	73,708	70,102
Intangible assets	61,011	43,396
Provision for warranties(2) (4) (5)	60,100	15,757
Environmental expenses(4) (5)	56,161	61,450
General insurance(3)	46,340	19,864
Other miscellaneous provisions(4) (5)	44,022	38,397
Amortization of intangible assets(5)	41,513	35,444
Other general expenses(5)	32,055	33,447
Surveillance and security	23,835	19,045
Amortization of rights of use(5)	21,667	18,432
Advertising and publicity	15,443	20,294
Christmas lighting	12,719	12,945
Cleaning, cafeteria, restaurant and laundry services	11,897	11,482
Public utilities	11,606	6,570
Licenses and safe-conducts	10,998	8,725
Promotion and dissemination	9,973	11,331
Communication and transportation	9,464	9,315
Legal expenses	9,361	5,568
Studies and projects	9,024	19,921
Provisions for onerous contracts(4) (5)	5,945	802
Printing, publications, subscriptions and memberships	5,798	3,970
Leases	5,549	6,098
Apprenticeship contracts	4,722	5,156
Materials and supplies	4,420	4,690
Provision for insurance and reinsurance(5) (6)	4,214	2,455
Information processing	3,513	2,612
EAS technical reserve(4) (5)	3,431	331
Photocopies	2,820	2,735
Fuel and lubricants	2,115	2,549
Administration contracts	2,048	2,101
Total general expenses	**1,096,104**	**950,983**
Total	**1,772,997**	**1,596,792**

Amounts stated in millions of Colombian pesos

(1) Increase explained in EPM due to the updating of provisions, mainly in the provision for the care of those affected by the Ituango project, which represented an expense of $ 33,509.

(2) Corresponds to the update of the provision in the parent EPM of the guarantee for non-compliance from April 2021 to November 2022, to the Intercolombia transporter for the months after the connection infrastructure of the Ituango project enters into operation.

(3) Explained increase in the premiums of the all risk policy due to high claims and in the directors and administrators policy.

(4) It is disclosed under provisions, post-employment and long-term defined benefit plans in the statement of cash flows.

(5) Corresponds to non-effective expenses and Other general expenses includes non-effective expenses for the loss from construction contracts $ 8 (2019: $ 6), which are disclosed in the caption of provisions, post-employment defined benefit plans and long term in the statement of cash flows.

(6) Tax, insurance and reinsurance obligations and financial update of the statement of cash flows are disclosed under the heading of provisions.

Additionally, as of December 31, 2020, the impacts of the coronavirus pandemic (COVID -19) that have been estimated in relation to administration expenses represent an increase of $ 10,755 due to biosecurity measures and other expenses associated with the management of the COVID-19 and that had an effect on general expenses and personal services.

Note 37. Other Expenses

The breakdown of other expenses is as follows:

Other expenses	2020	2019
Loss on changes in fair value of investment properties(1)	25,126	291
Other ordinary expenses(2)	24,030	37,101
Contributions in non-corporate entities	15,870	14,947
Loss on retirement of property, plant and equipment(3) (5)	14,908	99,445
Effective interest financing services	5,220	-
Arbitration awards and out-of-court settlements	3,300	3,294
Judgments	1,428	484
Assumed taxes	862	1,667
Donations	710	171
Loss on sale of property, plant and equipment(4) (5)	409	53
Loss on retirement of inventories(4) (5)	312	-
Loss on retirement of intangible assets(4) (5)	22	-
Loss on derecognition of rights of use(4) (5)	(10)	14
Total	**92,187**	**157,467**

Amounts stated in millions of Colombian pesos

(1) It is mainly explained in EPM by the 2020 appraisal, where in some properties their fair value was lower than the previous year.

(2) Includes $ 3,148 in the parent EPM as a contribution to provide the Intensive Care Unit of the University IPS of the University of Antioquia; and in the subsidiaries contributions and donations to hospitals and vulnerable population for $ 3,435, as social measures to face the coronavirus (COVID19).

Additionally, it includes in EPM parent, expenses for $ 4,278 for the attention of the community affected by the contingency of the Ituango Hydroelectric Project.

(3) Decrease explained by EPM due to the fact that in December 2019 it included the retirement of the assets of the Jepírachi Wind Farm.

(4) They are disclosed in the income item for disposition of property, plant and equipment, rights of use, intangibles and investment properties of the statement of cash flows.

(5) Corresponds to ineffective expenses.

Note 38. Financial income and expenses

38.1 Financial income

The breakdown of finance income is as follows:

Financial income	2020	2019
Interest revenue:		
Bank deposits(3)	35,043	40,022
Interest income from financial assets at amortized cost(3)	2,042	46
Interest on accounts receivable and late payment(1) (3)	26,274	207,976
Restricted funds(3)	2,309	-
Funds received in administration(3)	2,314	-
Yield from monetary restatement(3)	10	11
Gain from valuation of financial instruments at fair value(2)	41,793	86,702
Gain from valuation of financial instruments at amortized cost(2)	427	111
Gain on valuation of non-hedging derivative financial instruments(2)	237	-
Gain on trust rights(2)	37,254	32,212
Other financial income(3)	9,570	3,757
Total financial income	**157,273**	**370,837**

Amounts stated in millions of Colombian pesos

(1) Decrease due to the suspension of the collection of delinquent interest to users for the implementation of relief measures for the coronavirus pandemic (COVID -19) for $ 11,532.

(2) Decrease in the valuation of financial instruments that is explained by the behavior of the market that has presented significant devaluations and is thus reflected in the temporary investments of the portfolio. They are included in the caption of results for valuation of financial instruments and hedge accounting of the statement of cash flows.

(3) It is disclosed under the heading of interest income and income in the statement of cash flows.

38.2 Financial expenses

The breakdown of finance expenses is as follows:

Interest expense	2020	2019
Interest on lease obligations(3)	59,222	58,618
Other interest expense(3)	33,195	34,126
Total interest	**92,417**	**92,744**
Short-term domestic public short-term borrowings(3)	-	1,005
Long-term domestic public long-term loans(1) (3)	-	230,612
Long-term external long-term public credit operations(1) (3)	8,108	615,810
Short-term domestic financing operations(3)	59,953	56,775
Long-term domestic financing operations(1) (3)	249,521	72,336
Short-term external financing operations(3)	19,517	-
Long-term external financing transactions(1) (3)	634,940	59,646
Financial instruments for hedging purposes(3)	42,865	-
Total interest expense on other financial liabilities not measured at fair value through profit or loss(3)	1,643	2,885
Other financial costs:		
Fees and commissions other than amounts included in determining the effective interest rate(3)	10,059	7,534
Interest on financial liabilities and valuation losses on investments and other assets(2)	148,609	150,935
Total financial expenses	**1,267,632**	**1,290,282**

Amounts stated in millions of Colombian pesos

(1) Decrease in EPM Parent company due to the partial prepayment of the Bancolombia loan, renegotiation of interest rates and payments due to maturity of some local bond issues, additional in 2019 included several treasury loans.

(2) Includes in EPM a loss from valuation of financial instruments and other investments for $ 83,297 and the financial update of provisions for $ 20,988, mainly the valuation of provisions of the Ituango project: $ 5,588 provision of guarantee, $ 2,759 provision corresponding to the environmental and social recovery plan, $ 2,167 forced investment of 1% and $ 1,807 provision for the care of those affected, thus reflecting higher financial expenses.

For presentation purposes in the statement of cash flows: $ 44,027 (2019 $ 31,910) are disclosed in the caption of results for valuation of financial instruments and hedge accounting and $ 28,649 (2019 $ 2,455) are disclosed in the caption of provisions for tax obligations, insurance and reinsurance and financial update.

As of December 31, 2020, the impacts of the coronavirus pandemic (COVID -19) that have been estimated are higher financial expenses, net of $ 18,032, corresponding to refinancing of credits and loans, cost of financing commercial debtors and other financial expenses.

(3) It is disclosed in the item of expenses for interests and commissions of the statement of cash flows.

Note 39. Net foreign exchange difference

The effect of transactions in foreign currency is the following:

Exchange difference, net	2020	2019
Exchange difference income		
Own position		
For goods and services and others	33,042	34,219
For liquidity	73,496	15,038
Receivables	117,072	292,688
Other adjustments due to exchange differences	1,873	50,198
Financial		
Gross profit	358,393	23,748
Total foreign exchange difference income	**583,876**	**415,891**
Foreign exchange difference expense		
Own position		
For goods and services and others	(5,975)	(13,503)
For liquidity	(224,400)	(25,250)
Receivable accounts	(1,595)	(254,053)
Other adjustments due to exchange difference	(33,739)	(51,354)
Financial		
Gross expense	(382,679)	(127,614)
Debt coverage	(309,748)	-
Total foreign exchange difference expense	**(958,136)**	**(471,774)**
Exchange difference, net	**(374,260)**	**(55,883)**

Amounts stated in millions of Colombian pesos

The accumulated net expense of $ 374,260 corresponds mainly in EPM Parent Company to the restatement of the debt in dollars, associated with the accumulated devaluation of the Colombian peso of 4.74% and a rate of closing $ 3,432.50.

The rates used for the conversion of foreign currency in the consolidated financial statements are:

Currency	Currency code	Direct exchange rate conversion to USD as of December 31		Exchange rate as of December 31		Average exchange rate as of December 31	
		2020	2019	2020	2019	2020	2019
United States Dollar	USD	-	-	3,432.50	3,277.14	3,466.13	3,378.05
Quetzal	GTQ	7.79	7.70	440.41	425.67	444.31	439.36
Mexican Peso	MXP	19.93	18.89	172.27	173.52	173.69	176.86
Chilean Peso	CLP	710.50	769.88	4.83	4.26	4.75	4.39

Note 40. Gain on equity investment

Gain on equity investment is as follows:

Equity in equity investments	2020	2019
Result from business combinations. See note 10.	1,592,003	-
Dividends and participations (1)	72,984	57,262
Profit/(loss) on sale of equity investments, net (2)	(192)	(47,535)
Total effect of equity in equity investments	1,664,795	9,727

Amounts stated in millions of Colombian pesos

(1) Includes dividends of investments classified in Financial Instruments (See note 14. Other financial assets).

(2) in 2019 corresponds to a loss of $47,620 generated in EPM Parent for the sale of 14,881,134 ISA shares, originated by the difference between the sale price and the valuation of the share on the day of the transaction, ($15,700 pesos/share - $18,900 pesos/share = $-3,200 pesos/share and the sale of all gasoriente shares generating a profit of $ 86.

Note 41. Income tax

41.1 Tax Provisions

Tax Provisions applicable and in effect, establish the following:

- The nominal income tax rate is 32% for EPM and its subsidiaries in Colombia.
- For Guatemalan subsidiaries, the tax is determined by the Regime on Profits from Profitable Activities consisting of applying the rate of 25% on profits; or by the Simplified Optional Regime on Income from Profitable Activities, consisting of applying the tax rate on monthly taxed income. From 2014 onwards, the tax rate is 5% on the first Q 30,000 and 7% on the surplus; likewise, the tax legislation contemplates a Regime on Capital Income which establishes a rate of 10% and a tax of 5% on the distribution of dividends and profits to both resident and non-resident shareholders.
- For subsidiaries in El Salvador, 30% for companies with taxable income over US$150,000 and 25% for those that do not exceed that ceiling; for subsidiaries in Mexico, a tax rate of 30%; and for subsidiaries in Chile, the nominal rate is 27% for 2018 and subsequent periods. Panama subsidiaries have a general rate of 25% and for companies in which the State has a shareholding greater than 40%, a rate of 30%.
- Public utilities domiciled in Colombia are excluded from determining income tax by the presumptive income system calculated from fiscal liquid assets of the immediately preceding year.
- The Congress of the Republic of Colombia approved through Law 2010 of 2019 reiterating the income tax rate, which had been modified by Law 1943 of 2018 that was declared unconstitutional by the Constitutional Court.
- The Holding company of the EPM Group uses the tax benefit called "Special deduction for investment in real productive fixed assets", equivalent to a 40% deduction on investments made during the taxable period. This benefit is in force for the EPM Generation segment on the occasion of the legal stability contract signed with the National Government in 2008.

41.2 Effective rate Reconciliation

Reconciliation between the applicable tax rate and the effective rate and the composition of income tax expense for the periods 2020 and 2019 is as follows:

Income tax and supplementary taxes	2020	%	2019	%
Income before taxes	4,217,836		4,015,939	
Nominal income tax rate		32%		33%
Income tax nominal rate	1,349,707		1,325,260	
Elimination in consolidated results	(363,671)	-9%	(138,403)	-3%
Tax effect of tax rates for foreign subsidiaries	(55,790)	-1%	(196,484)	-5%
Effect of permanent tax differences:	**(265,183)**	**-6%**	**(97,491)**	**-2%**
Dividend income	113,576	3%	249,911	6%
Tax-only income	120,446	3%	196,078	5%
Refund of special deduction	37,307	1%	118,768	3%
Non-deductible provisions	52,290	1%	48,242	1%
Impairment of investments in subsidiaries	281,300	7%	-	
Gain on bargain purchase	(433,025)	-10%	-	
Untaxed dividends	(142,479)	-3%	(151,361)	-4%
Compensation for consequential damages	(127,247)	-3%	(174,205)	-4%
Exempt income	(16,644)	0%	(141,713)	-4%
Special deduction of real productive fixed assets	(184,580)	-4%	(196,923)	-5%
Net result of other permanent differences	26,296	1%	33,345	1%
Adjustment of tax rate difference (current/different tax)	7,576	0%	(79,633)	-2%
Tax deductions	67,710	2%	46,173	1%
Occasional earnings	2,738	0%	3,120	0%
Adjustment of prior years' income	(101,064)	-2%	(39,630)	-1%
Income tax at effective rate	**499,028**	**12%**	**810,199**	**20%**
Detail of current and deferred expenses				
Current tax	736,268	17%	1,043,701	26%
Deferred income tax	(237,239)	-6%	(233,502)	-6%
Income tax	**499,028**	**12%**	**810,199**	**20%**

Amounts stated in millions of Colombian pesos

41.3 Income tax recognized through profit or loss

The most significant components of income tax expense at the cut-off date are:

Income tax	2020	2019
Current income tax		
Current income tax expense	837,332	1,083,331
Adjustments recognized in the current period related to current income tax of prior periods	(101,064)	(39,630)
Total current income tax	**736,268**	**1,043,701**
Deferred income tax		
Net deferred tax expense related to the origination and reversal of temporary differences	(232,119)	(232,202)
Net deferred tax expense (income) related to changes in tax rates or laws	(5,120)	(1,364)
Other deferred taxes	-	63
Total deferred taxes	**(237,239)**	**(233,502)**
Income taxes	**499,028**	**810,199**

Amounts stated in millions of Colombian pesos

The rates used for the determination of deferred tax are:

32% for 2020, which varied from the previous year's 33% for long-term items that revert during 2020. 31% for 2021, which varied from the previous year's 32% for long-term items that revert during 2021.

30% for 2022 and subsequent periods, which varied from the previous year's figure of 31% for long-term items that reverse during 2022 and subsequent periods.

For property, plant and equipment, the current rate was used considering the year in which the difference is expected to be reversed, taking as a reference the remaining useful life of each asset.

For assets which profit is expected to be realized from occasional earnings a rate of 10% is used.

27% for temporary differences generated in subsidiaries in Chile, 30% and 25% for subsidiaries in Panama and Mexico and 25% for other subsidiaries in Central America.

The current income tax expense is impacted for 2020 mainly by the lower profits obtained in the period, in the same way the decrease is justified by the lower nominal income rate applied in Colombia in the reporting period. Higher tax discounts also explain the lower income tax.

Regarding the amounts not recognized as a refund by the National Tax and Customs Administration for the 2011 taxable period, EPM, in exercise of the control of nullity and restoration of rights, filed a claim before the Administrative Court of Antioquia against the tax authority, which amounts to approximately $258,000 million.

The rates used to determine deferred tax for subsidiaries in Colombia are:

Year	2020	2021	2022	2023
Income	32%	31%	30%	30%
Total tariff	**32%**	**31%**	**30%**	**30%**

EPM's electricity generation segment has an income and supplementary tax rate of 33%, stabilized for 20 years under the legal stability agreement EJ-04 of March 31, 2008, as amended by OTRO SI EJ-01 of June 4, 2010. This rate is only used in cases where, by law, the rental rate in Colombia is increased above 33%.

41.4 Temporary differences with no effect in deferred tax

Deductible temporary differences and unused tax losses and credits, for which the Group has not recognized deferred tax assets, are as follows:

Concept	2020	2019
More than one year and up to five years	34,443	672
More than five years	3,330	3,367
No time limit	5,342	5,341
Unused tax losses	**43,114**	**9,380**
No time limit	202,465	161,653
Unused tax credits	**202,465**	**161,653**
More than one year and up to five years	64	71
More than five years	2,698	2,697
Surplus of presumptive income over ordinary net income	**2,761**	**2,768**
Total	**248,340**	**173,801**

Amounts stated in millions of Colombian pesos

The unused deductible temporary differences and losses, tax credits and surplus of presumptive income over ordinary liquid income, correspond to unused tax losses by Aguas de Malambo S.A. E.S.P. of $7,298 million (2019 $5,521), EPM Inversiones S.A. of $1,373 (2019 $0), Hidroecológica del Teribe S.A. of $34,443 (2019 $672) EV Alianza Energética S.A. for $37 (2019 $47), unused tax credits by Empresas Públicas de Medellín E.S.P. of $202,331 million (2019 $161,519), Aguas de Malambo S.A. E.S.P. of $134 million (2019 $59) and unused presumptive income over ordinary liquid income by EPM Inversiones S.A. of $2,698 million (2019 $2,222), EV Alianza Energética S.A. of $7 (2019 $7), Aguas de Malambo S.A. E.S.P. of $64 million (2019 $0).

The value of current income tax assets or liabilities is the following:

	2020	2019
Current income tax assets or liabilities		
Total non-current income tax liabilities		
Income tax (1)	(33,701)	(33,701)
Total income tax liabilities	**(33,701)**	**(33,701)**
Total current income tax liabilities		
Income tax	(197,380)	(363,584)
Total income tax assets	**416,267**	**169,185**
Income tax credit balances	416,267	169,185
Total income tax assets (or liabilities)	**185,186**	**(228,100)**

Amounts stated in millions of Colombian pesos

(1) Corresponds to the tax liabilities for works of EPM and EDEQ, which represents the possibility for companies to partially pay income and complementary taxes by financing and executing public works of social importance in the areas most affected by the conflict - ZOMAC - instead of transferring the resources to the tax authority DIAN. This possibility arose with Law 1819 of 2016, It was added mainly through laws 1955 and 2010 of 2019 and was regulated with Decrees 1915 of 2017 and 1147 of 2020.

This liability is backed by a commercial trust contract which is being executed as the works under this program are built.

41.5 Income tax recognized in other comprehensive income

The detail of the tax effect corresponding to each component of "other comprehensive income" in the consolidated statement of comprehensive income is as follows:

Accumulated other comprehensive income	2020			2019		
	Brut	Tax effect	Net	Brut	Tax effect	Net
Reclassifications of property, plant and equipment to investment property	13,439	(1,184)	12,255	13,438	(1,204)	12,234
New measurements of defined benefit plans	(163,586)	53,081	(110,505)	(115,483)	38,338	(77,145)
Equity investments measured at fair value through shareholders' equity	3,392,529	(3,925)	3,388,604	2,796,497	(2,092)	2,794,405
Share in other comprehensive income of associates and joint ventures	(3,868)	-	(3,868)	(3,914)	-	(3,914)
Cash flow hedges	(19,037)	(18,862)	(37,899)	8,421	(30,005)	(21,584)
Translation of financial statements of foreign operations	831,289	-	831,289	600,765	-	600,765
Total	4,050,766	29,110	4,079,876	3,299,724	5,037	3,304,761

Amounts stated in millions of Colombian pesos

41.6 Deferred tax

The breakdown of deferred tax is as follows:

Deferred tax	2020	2019
Deferred tax assets	726,806	220,026
Deferred tax liability	(1,978,080)	(2,243,327)
Total net deferred tax	**(1,251,274)**	**(2,023,301)**

Amounts stated in millions of Colombian pesos

41.6.1 Deferred tax assets

Deferred tax assets	Initial balance	Changes included in ORI	Net changes included in income	Business combination	Effect of translation adjustments	Other	Equity valuation	Effect of foreign currency translation	Ending balance
Assets	1,203,322	(1,805)	257,309	496,291	(124)	(178)	(5)	28,455	1,983,264
Property, plant and equipment	566,065	12	51,912	361,195	7	-	(5)	(178)	979,008
Intangible assets	5,744	-	2,982	-	-	-	-	(62)	8,664
Investments and derivative instruments	13,560	(1,834)	75,085	-	-	3	-	(77)	86,736
Accounts receivable	194,140	-	75,665	7,734	-	-	-	115	277,654
Cash and cash equivalents	-	-	1,231	-	-	-	-	-	1,231
Inventories	6,171	-	1,992	-	(131)	-	-	-	8,031
Other assets	345,932	17	(33,029)	127,361	-	(181)	-	28,658	468,758
Rights of use - Deferred tax assets	71,711	-	81,470	-	-	-	-	-	153,181
Liabilities	(983,297)	30,881	(283,637)	2,297	-	(8,648)	-	(14,054)	(1,256,458)
Receivables and loans	217,626	-	(68,427)	-	-	-	-	6,118	155,318
Accounts payable	32,564	-	(5,089)	-	-	-	-	(15)	27,459
Employee benefits	258,995	15,191	(23,495)	2,297	-	1	-	(1)	252,987
Derivatives	3	15,855	111,862	-	-	-	-	27	127,746
Provisions	193,843	5	50,006	-	-	8	-	2,522	246,384
Other liabilities	49,088	-	1,282	-	-	-	-	250	50,619
Effect of elimination against assets	(1,735,416)	(169)	(349,776)	-	-	(8,656)	-	(22,955)	(2,116,972)
Total deferred tax assets	220,026	29,076	(26,328)	498,587	(124)	(8,826)	(5)	14,401	726,806

Amounts stated in millions of Colombian pesos

41.6.2 Deferred income liability

Deferred tax liabilities	Initial balance	Changes included in ORI	Net changes included in income	Effect of translation adjustments	Other	Effect of foreign currency translation	Ending balance
Assets	**3,554,392**	**8,031**	**337,643**	**-**	**(2,794)**	**9,066**	**3,906,339**
Property, plant and equipment	3,358,824	(249)	42,832	-	(46)	3,877	3,405,239
Intangible assets	76,541	3,090	187,240	-	-	4,644	271,515
Investment property	12,286	-	2,723	-	-	-	15,009
Investments and derivative instruments	(59,806)	5,112	(6,877)	-	(2,751)	(2)	(64,323)
Receivables	96,597	1	39,852	-	-	(463)	135,986
Cash and cash equivalents	-	-	-	-	-	-	-
Inventories	1,011	77	11,640	-	-	80	12,808
Other assets	19,253	-	(14,134)	-	3	930	6,052
Rights of use	49,685	-	74,368	-	-	-	124,053
Liabilities	**(1,311,065)**	**(4,121)**	**(601,211)**	**(34)**	**(8,656)**	**(3,170)**	**(1,928,259)**
Receivables and loans	66,412	-	(15,400)	(34)	-	107	51,084
Payables	47,417	-	(38,587)	-	-	(12)	8,817
Employee benefits	166,335	(658)	(42,425)	-	-	(221)	123,031
Derivatives	326	(398)	3	-	-	(4)	(73)
Provisions	6,476	-	19,831	-	-	(36)	26,272
Other liabilities	137,385	(2,896)	(174,859)	-	-	19,952	(20,418)
Effect of elimination against liability	(1,735,416)	(169)	(349,774)	-	(8,656)	(22,957)	(2,116,972)
Total deferred tax liabilities	**2,243,327**	**3,909**	**(263,567)**	**(34)**	**(11,450)**	**5,896**	**1,978,080**

Amounts stated in millions of Colombian pesos

Significant variations in deferred tax and liability, another significant item is the unrealized exchange difference resulting from the application of the exchange rate at the end of the reporting period for accounting purposes, which when compared to the exchange rate established by the tax standard, generates a higher deductible temporary difference than the one reported in the calculation of the deferred tax from the previous year, i.e. the exchange difference of the debt causes the accounting base of the financial liability to be higher than its tax base.

The deferred tax asset recognized for the business combination corresponds to the subsidiary Afinia, Much of this originated in the deterioration of property, plant and equipment and portfolio, which constitutes temporary differences that in the future may be used against the taxable income of the company, by taking the deductions for tax depreciation of property, plant and equipment and the provision of the tax portfolio in the terms of article 145 of the Tax Statute and Decree 187 of 1975. On the other hand, what is related to the deferred tax asset in the business combination for other assets corresponds to the deferred tax associated with tax losses, which according to article 145 of Law 2010 of 2019 are not subject to compensation terms , that is, they can be taken indefinitely, which allows the calculation and recognition of the deferred tax asset associated with this tax benefit.

41.6.3 Temporary differences

The most significant concepts on which Temporary Differences were presented are the following:

The most significant concepts on which Temporary Differences were presented are the following:

In assets, the greatest impact arises from temporary differences in property, plant and equipment by virtue of asset purchase and sale transactions between EPM Group companies, which imply the recognition of unrealized accounting profits in the Group, on which individual companies must pay taxes, and from the valuation at amortized cost of long-term receivables. In trade receivables, this corresponds to the portfolio deterioration due to the difference in the depreciation of the portfolio provision under the tax standard and the portfolio impairment under the accounting standard with the expected loss method; additionally, there are temporary differences due to the effect of the valuation at amortized cost of short-term loans to economic associates.

Regarding liabilities, the items that impact the calculation of deferred taxes are, for the most part, the settlement of the provision corresponding to installments of pension bonds, the actuarial calculation of pensions and the pension commutation of EADE, the amortization of the actuarial calculation of Emvarias' pensions, and the loans and borrowings from the valuation at amortized cost of bonds, securities issued, and short-term loans and borrowings. Differently, the temporary differences in the liabilities for long-term employee benefits such as retirement pensions, installments of pension bonds and actuarial calculation of retroactive severance payments and interest on severance payments and the unrealized exchange difference of payables

No deferred tax was generated on items that have no future tax consequences, such as tax liabilities and finance income generated on the plan assets of, EPM, CHEC and Emvarias as they are exempt income in accordance with Article 235-2, paragraph 7 of the Tax Code.

In addition, in the Aguas Claras wastewater treatment plant operating contract, the valuation of the account receivable recorded by Aguas Nacionales compared to the valuation made by EPM for the finance lease under accounting standards is asymmetrical as they use different financial assumptions and accounting bases..

Temporary differences on which no deferred tax was generated were, among others, for the investments in subsidiaries, associates and joint ventures, in accordance with paragraph 39 of IAS 12; also, in the items without future tax consequences, such as tax liabilities and plan assets, of EPM, CHEC and Emvarias because they correspond to items except of income tax.

The approval of dividends in the EPM Group after the date of presentation and before the financial statements were authorized for publication, does not generate income tax consequences as is the policy of national subsidiaries to distribute only non-taxed profits and reserves. Tax effects that in the income tax could be generated by dividends declared by foreign subsidiaries are eliminated with the entry into force of article 77 of Law 2010 of 2019, since these distributions are considered income exempt from capital in application of the Colombian Holding Companies (CHC) regime.

Finally, the devaluation effect that the Colombian currency has experienced during the last taxable period, close to 4.84%, generates a substantial increase in the accounting value of liabilities and payables in foreign currency, while its continuous stable tax base and its effects are only evident at the time of settlement or partial payment of the obligations, based on the difference in exchange effectively made, as provided by articles 269 and 288 of the Tax Code. The above implies a decrease in net deferred tax.

New regulations for subsidiaries in Colombia

Financing Law Colombia

During 2019, Law 1943 of 2018 "By which financing rules are issued for the reestablishment of the balancing of the national budget and other provisions", was the subject of lawsuits filed with the

Constitutional Court, seeking a declaration of unconstitutionality due to procedural defects in its formation.

Thus, through Ruling C - 481 of 16 October 2019, the Constitutional Court accepted the claims of one of the lawsuits and declared that the articles contained in the financing law are unconstitutional, stating: "THIRD. TO PROVIDE that (i) the declaration of unconstitutionality provided for in the second resolution shall take effect as from the first (1st) of January of two thousand and twenty (2020), so that Congress, within its own power to configure it, may issue the regime that ratifies, repeals, modifies or subrogates the contents of Law 1943 of 2018; (ii) the effects of the present ruling shall only be produced towards the future and, consequently, in no case shall they affect the consolidated legal situations". Thus, the rules contained in Law 1943 of 2018, remain in force during the taxable period 2019, since the ruling of the Constitutional Court was made with deferred effect, that is, maintaining the validity of the law until 31 December 2019.

According to the above, the Congress of the Republic had a limited term to issue a regime to ratify, repeal, modify or subrogate the contents of the law that was declared unconstitutional.

Economic Growth Act 2019 Colombia

During the last quarter of 2019, the National Government submitted to Congress a bill on economic growth, in order to comply with the Constitutional Court's ruling.

Under this scenario and after exhausting the stages required by the Colombian legal system for the creation of the law, on 27 December 2019, Law 2010 of 2019 was passed "By means of which regulations are adopted for the promotion of economic growth, employment, investment, the strengthening of public finances and the progressiveness, equity and efficiency of the tax system, in accordance with the objectives that Law 1943 of 2018 promoted on this matter, and other provisions are issued".

Thus, among the main modifications, we can highlight:

General rate of income and supplementary taxes

The income and supplementary tax rate will have the following modification:

2020:	Thirty-two percent (32%)
2021:	Thirty-one percent (31%)
2022 onwards:	Thirty percent (30%)

Presumptive Income

Will experience a progressive elimination as follows:

2019: 1.5%

2020: 0.5%

2021 onwards: 0%

Exemption in the determination of presumptive income for home utilities is maintained.

Sales tax (VAT)

The general rate of 19% is conserved.

The 5% rate is maintained for electric vehicles and their components, parts and accessories, as well as for the components and spare parts of the natural gas vehicle plan.

The VAT rule of Article 192 of Law 1819 of 2016 remains, according to which, the VAT rate of contracts in which a public entity is a contracting party will be the one corresponding to the date of the resolution or awarding act, or subscription of the respective contract, the rate is increased once they are added.

Other elements

- Tax deductions on income tax is kept as on VAT paid in the acquisition, import, construction and forming of real productive fixed assets, including the required services to put the good in use conditions, and those assets acquired through leasing.
- The possibility of taking 50% of the industry and commerce tax paid as a tax discount is retained. It is estimated in accordance with the growth law that from the year 2022 this discount will be 100%.
- The tax on dividends received by national companies continues in effect to the general rate of 7.5% by way of withholding tax on income, that will be transferable and imputable to the resident natural person or investor resident abroad.
- The sale of electricity generated from wind energy, biomass or agricultural waste, solar, geothermal or sea energy by electricity generating companies, as defined in Law 1715 of 2014 and Decree 2755 of 2003, will continue to be exempt of income tax for a period of 15 years as from 2017, as defined by Law 1715 of 2014 and Decree 2755 of 2003.
- The Colombian Holding Companies (CHC) framework is ratified as an instrument to promote foreign investment in the country.
- The requirements to access the tax benefits through the figure of Mega Investments are updated with the possibility of accessing a tax stability regime.
- The amendments made by Law 1943 of 2018 to the sub-capitalization rule in Article 118-1 of the Tax Code remain in force, limiting the deductibility of interest paid when there is over-indebtedness, specifying that such limitations only apply to debts incurred between economic associates.

During 2020, due to the situations derived from the declaration by the National Government of the economic, social and ecological emergency, added to the declaration and extension of the sanitary emergency decreed by the Ministry of Health and Social Protection; Various norms with tax scope were issued that generate effects on the recognition of economic facts by the company and on the determination of its tax burden.

One aspect in favor was the decrease in the value added tax from 19% to 5% effective until December 31, 2021, for air passenger transport, a situation that occurred through the issuance of Decree 575 of April 15 of 2020. This decrease favors the execution of costs and expenses of the entity in the use of air transport by officials. The validity of this measure was extended until December 31, 2022 by Law 2068 of 2020.

Through Decree 789 of June 4, 2020, the exclusion of the value added tax was determined for all hotel and tourism services in the country until December 31, 2020, this situation also generates benefits in the execution of costs and expenses in cases in which officials make use of the hosting service. This standard will be in force until December 31, 2021 in accordance with Law 2068 of 2020.

Through Legislative Decree 799 of 2020, the temporary suspension was ordered, until December 31, 2020, in the payment of the surcharge or special contribution in the electricity sector referred to in paragraph 2. of article 211 of the Tax Statute -ET- for tourism service providers with active and current registration in the National Tourism Registry and who carry out as their main economic activity one of those described by the standard. This decision, although it constitutes a relief in the costs of the hotel sector, can generate an imbalance in the reconciliation of subsidies and contributions for home utility companies, to the extent that they are contributions that are no longer collected. The validity of this rule was extended until December 31, 2021 according to Law 2068 of 2020.

On the other hand, a circumstance that favors the growth and massification in the use of non-conventional sources of renewable energy, a business of high importance for the company, is the incorporation as exempt goods in article 477 of the Tax Statute by Law 2069 2020, of components for electricity generation through solar panels.

Through Law 2069 of 2020, donations made in favor of iNNpulsa Colombia by taxpayers are incorporated as a tax deduction and discount, in articles 158-1 and 256 of the Tax Statute.

Finally, Law 2070 of 2020 adds a subsection to article 392 of the Tax Statute in order to establish a withholding rate at source of 4% for cultural and creative activities.

Note 42. Discontinued operations

On 16 September 2019, the EPM Group announced the signing of a share purchase agreement with AES Gener S.A. and its subsidiary Norgener Renovables SpA to dispose of 100% of the shares it holds in Parque Eólico Los Cururos SpA. and EPM Transmisión Chile S.A., as part of the sale plan promoted by the Group to meet the liquidity requirements arising from the contingency in the Ituango Hydroelectric Project.

As of 30 September 2019, the operations of Parque Eólico Los Cururos SpA. and EPM Transmisión Chile S.A. were classified as discontinued operations and are presented in the generation and transmission segments, respectively.

The detail, by function, of the income for the period from discontinued operations net of tax in the consolidated statement of comprehensive income and the net cash flows in the consolidated statement of cash flows, corresponding to the subsidiaries Parque Eólico Los Cururos SpA. and EPM Transmisión Chile S.A., is as follows:

Discontinued operations	2020	2019
Income(1)	-	70,196
Cost of services rendered	-	(16,837)
Expenses	-	(4,877)
Other income	-	168
Other expenses	-	(22)
Income from discontinued operations before income taxes	**-**	**48,628**
Income tax associated with income from discontinued operations	-	(383)
Income from discontinued operations	**-**	**48,245**

Amounts stated in millions of Colombian pesos

(1) Includes $ 27,148 for realization of capitalized interests and 8,222 for reclassification of other comprehensive income in translation of financial statements.

Cash flows related to discontinued operations are:

Assets held for sale	2020	2019
Operating activities	-	15,206
Investing activities	-	475,471
Financing activities	-	(9,471)
Net cash flows	**-**	**481,206**

Amounts stated in millions of Colombian pesos

The disposition of the investments was made on 27 November 2019.

Note 43. Information to be disclosed on related parties

EPM, the Holding company of the EPM Group, is a decentralized industrial and commercial company of municipal order, whose sole owner is the Municipality of Medellín. Its capital is not divided into shares.

Related parties of the Group are subsidiaries, associates and joint ventures, including subsidiaries of associates and joint ventures, key management personnel, as well as entities over which key management personnel may exercise control or joint control and post- employment benefit plans for the benefit of employees.

Balances and transactions between EPM Group companies have been eliminated in the consolidation process and are not disclosed in this note. The total value of the transactions performed by the Group with its related parties during the corresponding period is shown below:

Transactions and balances with related parties	Income(1)	Costs/ Expenses(2)	Amounts receivable(3)	Amounts payable(4)	Guarantees and collateral received(5)
Associates:					
2020	77,116	40,773	2,264	7,898	-
2019	70,363	32,728	6,815	4,693	-
Key management personnel of the company or its controlling company:					
2020	5	20,416	1,237	3,310	1,532
2019	5	27,090	790	2,738	1,082
Other related parties:					
2020	108,275	112,870	24,972	11,311	-
2019	58,499	80,039	18,956	4,552	-

Amounts stated in millions of Colombian pesos

(1) Income from transactions with associates corresponds to the sale of services related to information and communication technologies, information services and the complementary activities related to them. Income generated with other related parties corresponds mainly to the sale of electricity, the rendering of public utilities and financial services. Detail of the income obtained by the Group from its related parties is as follows:

	Revenues	2020	2019
Associates	Sale of goods and services	51,416	49,351
	Other	25,700	21,012
Key management personnel of the company or its controlling company	Sale of goods and services	5	5
	Other	-	-
Other related parties	Sale of goods and services	87,372	50,976
	Interest	1,525	-
	Fees	10,186	3,764
	Other	9,191	3,759
Total income from related parties		**185,396**	**128,868**

Amounts stated in millions of Colombian pesos

(2) Corresponds to costs and expenses arising from transactions involving the purchase of electricity, the acquisition of goods and services, including services related to communications and complementary activities, with associates and other related parties. The detail of costs and expenses incurred by the Group with its related parties is as follows:

	Costs and Expenses	2020	2019
Associates	Purchase of goods and services	38,338	30,664
	Fees	2,393	2,047
	Others	42	17
Key management personnel of the company or its controlling company	Purchase of goods and services	13,997	4,224
	Fees	1,715	54
	Other	4,704	22,812
Other related parties	Purchase of goods and services	51,191	51,175
	Interest	4	1
	Fees	14,209	8,268
	Other	47,465	20,595
Total costs and expenses incurred with related parties		**174,058**	**139,856**

Amounts stated in millions of Colombian pesos

(3) The Group keeps receivables from its related parties arising from the sale of electricity, the rendering of public utilities, the sale of services associated with information and communications technologies and information services, among others. The EPM Group classifies its receivables using criteria that enable it to prioritize the management of their recovery through the agencies responsible for them or collection entities. The collection applies according to the billing cycle with respect to public home utilities.

(4) Payment policy, generally, is 30 days from the date of the invoice.

(5) Collaterals and endorsements received correspond to mortgage collateral on housing loans granted to key management personnel.

Transactions between the Group and its related parties are carried out under conditions equivalent to those that exist in transactions between independent parties, in terms of their purpose and conditions.

Transactions and balances with government-related entities

Surpluses paid during the year were $1,488,319 (2019: $1,289,652), $811,810 (2019: $703,447) ordinary and $676,509 (2019: $586,205) extraordinary.

Compensation to the Board of Directors and key Personnel of the Group:

Compensation to the members of the Board of Directors and key management personnel of the Group is as follows:

Concept	2020	2019
Wages and other short-term employee benefits	32,949	27,274
Pensions and other post-employment benefits	532	564
Other long-term employee benefits	906	1,156
Remuneration to key management personnel	**34,387**	**28,994**

Amounts stated in millions of Colombian pesos

Amounts disclosed are those recognized as Costs or Expenses during the period report for compensation to key management personnel.

Note 44. Capital management

Capital of the Group includes indebtedness through the Capital Market, Commercial Banks, Development Banks, Development Agencies and Multilateral Banks, at national and international levels.

The Group manages its capital in order to plan, manage and assess the attainment of financial resources in the national and international financial markets, for strategic investments, and investment projects, through several options that optimize costs, guarantee the stability of adequate financial indicators and adequate credit rating, and minimize financial risk. For this, the following capital management policies and processes have been defined:

Financing Management: financing management comprises the performance of all long-term credit operations, in order to guarantee the timely availability of the resources required for the normal operation of the Group and to materialize the investment and growth decisions, striving to optimizing financing costs.

The Group has not made any changes to its capital management objectives, policies and processes during the period ended the cut-off date, nor has it been subject to external capital requirements.

In order to face the changes in the economic conditions, the Group implements proactive management mechanisms for its financing, enabling as far as it is feasible, different financing alternatives, so that at the time performance of any long-term credit operation is required, there will be access to the source that each time has availability of competitive market conditions at the necessary time.

Below are presented the values that the Group manages as capital:

Capital management	2020	2019
Bonds and loans		
Commercial bank loans	6,006,780	5,317,391
Multilateral bank loans	2,962,186	3,594,944
Development bank loans	1,589,648	1,035,265
Bonds and securities issued	13,691,688	1,060,207
Other bonds and securities issued	-	9,648,198
Other loans	337,500	-
Total debt	**24,587,802**	**20,656,005**
Total capital	**24,587,802**	**20,656,005**

Amounts stated in millions of Colombian pesos

Note 45. Financial risk management objectives and policies

The Group is exposed to financial risk, defined as the possibility of occurrence of an event that affects negatively the financial results, among which are price risk, liquidity risk, credit risk and operating risk.

Price risk refers to the changes or volatility of market variables that can generate economic losses. Market variables refer to exchange rates, interest rates, securities, commodities, among others; and their changes may impact, for example, the financial statements, cash flow, financial indicators, contracts, project viability and investments.

Credit risk refers to the possible default of payment obligations by third parties derived from contracts or financial transactions performed.

Liquidity risk is the scarcity of funds and the inability to obtain the resources at the time they are required to cover the contractual obligation and execute investment strategies. The scarcity of funds leads to the need to sell assets or to contract financing operations in unfavorable market conditions.

Finally, operating risk, from a financial standpoint, is defined as deficiencies or failures in the processes, technology, infrastructure, human resources or occurrence of unforeseen external events.

The objective of the Integral Risk Management Department is to lead the definition and implementation of strategies for integral risk management, in order to achieve adequate protection and assurance of the assets, resources and interests of the EPM Group.

The Group's policy is to manage risks that affect its activity and environment, adopting the best practices and international standards of Integrated Risk Management (IRM), as a way of facilitating compliance with the purpose, strategy, objectives and business goals, both statutory and legal. It has an information system that facilitates integral risk management, guarantees the confidentiality, availability and reliability of the information and allows analysis and monitoring of risks and improvement plans. It has implemented an integral risk management system and deploys a methodology for the identification, analysis, assessment, control and monitoring of risks, among which are those associated with money laundering and financing of terrorism, which allows reducing vulnerability, and propose and implement effective mechanisms for the proper development of business, processes, projects and contracts. As valuation criteria there are tables for the evaluation of the consequences of the materialization of risks and probability tables, which are applicable to the different management levels defined in the methodological guide for integral risk management.

The monitoring and review activity to the integral risk management is aligned with the follow-up process to the management established in the Group, in order to propose and implement improvement actions. The monitoring and review scheme established assesses, among others, the following aspects.

– The implementation strategy for integrated risk management.
– Changes in the internal and external context that imply adjusting the treatment of identified risks or that generate new risks.
– The variation of risks in terms of frequency, probability and consequence.
– The assessment criteria for the probability and consequence of the risks.
– The implementation and effectiveness of the treatment plans.

The Group manages financial risks associated with the different levels of management by identifying the risks within the market, liquidity and credit groupings that are classified as financial risks, quantifying their impact and implementing strategies to mitigate them.

45.1. Price risk

Price risk is the risk that the fair value of the future cash flows of a financial instrument may fluctuate because of changes in market prices. The Group has identified that the financial instruments affected by price risk include:

- Cash and cash equivalents (fixed income securities and trust duties)
- Investments at fair value through profit and loss.
- Investments measured at fair value through equity.
- Sensitivity analyses correspond to the financial situation as at 31 December 2020 and apply to the following concepts:
- Cash and cash equivalents (fixed income securities and trust duties)
- Investments at fair value through profit and loss.

The methodology used for measuring market risk is Value at Risk (VaR), consisting of the quantification of the maximum loss that the portfolio could present in a month with a 95% confidence level. For the quantification of VaR the methodology defined by the Superintendence of Finance in the Basic Financial Accounting Circular Letter (CE100 of 1995) is used.

	Daily COP VaR*	VaR % COP
VaR Total Portfolio	50.978	1,58%

45.2. Interest rate risk

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates. The Group has identified that financial instruments affected by interest rate risk include:

- Cash and cash equivalents.
- Investments at fair value through profit and loss.
- Financial liabilities measured at amortized cost-Loans and borrowings.
- Financial liabilities measured at fair value with changes in other comprehensive income-Derivative instruments

Concentration of Interest Rate Risk materializes when there are large individual exposures and significant exposures to counterparties whose probability of default is determined by factors such as the economic sector, currency and credit ratings. Interest rate risk management seeks to preserve capital and maintain or increase profitability. The EPM Group has defined policies on risk in interest rates through the identification of risks, the determination of the position of rates and the simulation of possible hedging strategies. This assist decision making, oriented to maintaining the position to hedge it, and later the results of the executed strategies are assessed.

Analysis of sensitivity to interest rates

The following table indicates the sensitivity to a possible reasonable change in the interest rates of financial instruments exposed to this risk, without considering the effect of hedge accounting. Keeping all other variables constant, the pre-tax income or loss and the equity of the EPM Group would be affected by changes in variable interest rates as follows:

	Increase/decrease in pesos	Value at exposure	Financial effect	
			In profit before taxes	In equity
2020				
Financial assets measured at fair value through profit or loss				
Investments at fair value through profit or loss	100	2,109,882	(5,473)	(4,378)
	(100)		5,473	4,378
Financial liabilities measured at amortized cost				
Loans and receivables	100	7,946,304	(79,464)	(63,571)
	(100)	7,946,304	79,464	63,571
Financial liabilities measured at fair value with changes in other comprehensive income				
Derivative instruments	*100*	*213,715*	*(46,666)*	*(37,333)*
	(100)	*213,715*	*46,666*	*37,333*
2019				
Financial assets measured at fair value through profit or loss				
Investments at fair value through profit or loss	100	1,459,726	(3,882)	(3,105)
	(100)	1,459,726	3,882	3,105
Financial liabilities measured at amortized cost				
Loans and receivables	100	7,456,598	(74,866)	(59,893)
	(100)	7,456,598	74,866	59,893
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	*100*	*93,812*	*(6,451)*	*(5,160)*
	(100)	*93,812*	*6,451*	*5,160*

Amounts stated in millions of Colombian pesos

The Group considers that the sensitivity analysis is representative in respect to the exposure of the interest rate risk.

45.3. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has identified that financial instruments affected by foreign exchange risk include:

- Cash and cash equivalents.

- Investments at fair value through profit and loss.
- Financial liabilities measured at amortized cost-Loans and borrowings.
- Financial liabilities measured at fair value with changes in other comprehensive income-Derivative instruments

Exposure to foreign exchange rate risk relates, firstly, to financing activities in a currency other than the functional currency and to contracted hedging operations.

The Group manages its foreign exchange rate risk by means of hedging operations on a medium-term horizon. It is the Group's policy not to close speculative hedging transactions, so the terms of the hedging derivative instruments replicate the terms of the underlying in order to maximize the effectiveness of the hedge.

The Group covers its exposure to exchange rate fluctuations by using different hedging instruments, among which are Swaps, Forwards and Options at several terms.

Analysis of sensitivity to foreign exchange rates

The following table indicates the sensitivity to a possible reasonable change in foreign exchange rates for $100 pesos in the currency against the U.S. dollar without considering the effect of hedge accounting. The impact is caused by the change in monetary and non- monetary assets. Holding all other variables constant, pre-tax profit or loss and equity would be affected by changes in foreign exchange rates as follows:

	Increase/decrease in pesos	Value at exposure	Financial effect	
			In profit before taxes	In equity
2020				
Financial assets measured at fair value through profit or loss	100	2,132,948	151,441	121,153
	(100)		(151,441)	(121,153)
Financial liabilities measured at amortized cost				
Loans and receivables	100	14,019,211	(408,426)	(326,741)
	(100)	14,019,211	408,426	326,741
Financial liabilities measured at fair value with changes in other comprehensive income				
Derivative instruments	*100*	*4,827,351*	*140,637*	*112,509*
	(100)	*4,827,351*	*(140,637)*	*(112,509)*
2019				
Financial assets measured at fair value through profit or loss	100	562,524	16,657	13,325
	(100)	562,524	(16,657)	(13,325)
Financial liabilities measured at amortized cost				
Loans and receivables	100	10,851,375	(331,123)	(264,899)
	(100)	10,851,375	331,123	264,899
Financial liabilities measured at fair value through other comprehensive income				
Derivative instruments	*100*	*277,078*	*8,455*	*6,764*
	(100)	*277,078*	*(8,455)*	*(6,764)*

Amounts stated in millions of Colombian pesos

The Group considers that the sensitivity analysis is representative in respect to the exposure of the foreign Exchange Risk.

45.4. Credit Risk

Credit Risk is the risk that one of the counterparts does not comply with the obligations derived from a financial instrument or purchase contract and that this will translate in a financial loss. The Group has identified that the financial instruments affected by credit risk include:

- Cash and cash equivalents
- Other financial assets:
- Trade and other receivables

Credit risk management by type of financial instrument is detailed below and is considered representative of credit risk exposure:

Cash and cash equivalents and investments at fair value through profit or loss

For credit risk management in the EPM Group quotas are assigned per issuer, per counterparty and intermediary, taking into account the financial, risk and fundamental analysis of the entities, emphasizing shareholder support. The methodology considers the characteristics of the investment portfolio and applicable regulations. Credit risk concentration is limited since it follows the provisions of the business rules manual for treasury operations. The description of the factors that define risk concentration is as follows:

- Quotas are updated quarterly based on the latest available financial statements of the entities analyzed.
- When the value of the consolidated portfolio of temporary investments exceeds the equivalent of 10,000 minimum wages (SMMLV), no more than 20% of this value must be concentrated in the same issuer, counterparty or intermediary, with the exception of securities issued by governments that comply with current regulations.
- Securities market intermediaries, other than supervised banking establishments, may act as counterparties for transactions but cannot be considered as eligible issuers
- Brokerage firms acting as counterparties to treasury operations must have at least the second risk rating in strength or quality of portfolio management.
- Stockbrokerage companies backed by banks, i.e. banked counterparties, must have a minimum net worth of 30,000 minimum wages (SMLMV).

Finally, efforts to avoid the concentration of risk are aimed at establishing, analyzing, monitoring and controlling quotas, for which purpose the current quotas and their occupation status are controlled. Justifications related to the need to temporarily exceed the quotas are submitted for approval.

Receivables measured at amortized cost and other receivables: The EPM Group is exposed to the risk that users or customers who use public utilities may fall into arrears or default on the payment for these services. Receivables from utility customers are classified into two major groups: those arising from arrears and the other group relates to financing or payment agreements with customers as a portfolio recovery strategy or for linking new customers.

EPM Group companies evaluate at the end of each period the behavior and value of receivables to determine if there is objective evidence of portfolio impairment and thus identify its possible impact on future cash flows. The criteria used to determine objective evidence of impairment are:

- Defaults in payments by the customers.
- It is known or there is evidence of the customer entering processes of corporate restructuring or in insolvency or liquidation.
- The rise of social turmoil, be it of public order or natural disasters, which according to experience are directly correlated with default of accounts.

In order to avoid excessive concentration of risk, EPM Group companies have developed and implemented various strategies to mitigate the risk of default in the portfolio, including:

- **Persuasive collection** by making phone calls and sending letters to customers with the support of specialized collection agencies.
- Segmentation of customers to identify those of greater risk, due to their value, in order to carry out personalized collection activities with them.
- Possibility of making payment agreements or partial payments that lead to the recovery of the exposed capital.
- Offsetting of receivables against payables for EPM with customer-suppliers.
- When the above strategies do not generate satisfactory results, coercive collection actions are taken by suspending and disconnecting the service.
- If the above strategies do not produce satisfactory results, the portfolio is collected through legal proceedings.

The Group considers that the value that best represents its exposure to credit risk at the end of the period, without considering any collateral taken or other credit enhancements is:

Concept	2020	2019
Cash and cash equivalents	4,097,964	629,791
Investments in debt instruments	2,360,888	927,077
Accounts receivable	2,132,910	531,228
Other accounts receivable	279,386	215,142
Maximum exposure to credit risk	**8,871,148**	**2,303,238**

Amounts stated in millions of Colombian pesos

* Corresponds to the value of the portfolio provision.

Impairment of receivables

Expected credit losses are estimated considering the probability that an uncollectible loss may or may not occur and are recognized as profit or loss in the statement of comprehensive income against a lower value of the financial asset. The Group evaluates the credit risk of receivables on a monthly basis at the time of reporting in order to determine the value adjustment for expected credit losses on financial assets.

Breach of contract is measured in accordance with service contracts and the subsidiary's own rules in each country.

45.5. Liquidity Risk

Refers to the possibility of insufficient resources for the timely payment of operations and commitments of the entity, and thus the Group would be forced to obtain liquidity in the market or to liquidate investments in an onerous manner. It is also understood as the possibility of not finding buyers for offered bonds.

The Group has identified that the financial instruments affected by liquidity risk include:

- Non-derivative financial assets.
- Variable-rate debt financial instruments
- Fixed-rate debt financial instruments

To control liquidity risk, time comparisons of figures, benchmarks and liquidity levels are made over different time horizons. From this analysis, investment strategies that do not affect the liquidity of the Group are developed, considering the cash budget and market risk analyses to assess the diversification of the sources of funds, the capacity to sell assets and the creation of contingency plans.

Generally, the main aspects considered in the analysis are:

a. Liquidity of the securities: the characteristics of the issuer, the amount of the issue and the trading volume are analyzed.

b. Market liquidity: the general behavior of the market is analyzed and rate forecasts are made to infer its future behavior.

c. Portfolio liquidity: cash flows are coordinated in order to determine investment strategies according to future liquidity requirements, and diversification is sought to avoid concentration of securities by issuer, rate, and/or terms.

The following table shows the remaining contractual maturity analysis for non-derivative financial assets and liabilities:

	Average effective interest rate	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	More than 4 years	Total contractual obligation
2020							
Non-derivative financial assets	2.90%	2,137,000	166,627	-	11,000		2,314,627
Debt financial instruments with variable interest rates	4.32%	1,823,191	1,345,794	2,363,507	910,858	4,227,936	10,671,287
Fixed interest rate debt financial instruments	6.22%	738,795	216,709	750,255	1,174,508	11,255,003	14,135,269
2019							
Non-derivative financial assets	4.82%	1,045,747	15,949	21,796		9,340	1,092,832
Floating interest rate debt financial instruments	5.80%	820,505	385,391	2,494,672	1,006,647	5,156,011	9,863,226
Fixed interest rate debt financial instruments	6.59%	259,253	635,861	177,325	695,334	8,893,208	10,660,982

Amounts stated in millions of Colombian pesos

Values included in the above tables for non-derivative financial assets and liabilities may change as a result of fluctuations in the variable interest rate relative to the estimated interest rate at the end of the reporting period. The Group believes that cash flows may not occur earlier than indicated above.

The following table shows the analysis of contractual maturity of remaining derivative financial liabilities:

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	More than 4 years	Total contractual obligation
2020						
Swap Contracts	157,138	61,100	90,966	91,581	766,656	1,167,440
Total	157,138	61,100	90,966	91,581	766,656	**1,167,440**
2019						
Swap Contracts	(13,699)	(14,592)	(17,561)			(45,853)
Total	(13,698)	(14,592)	(17,561)	-	-	**(45,851)**

Amounts stated in millions of Colombian pesos

The main method for measuring and monitoring liquidity is cash flow forecasting which is carried out in the companies of the Group and consolidated in the cash budget. As a result, its cash position is monitored daily and projections are made on an ongoing basis in order to:

- Monitor liquidity needs related to operating and investing activities associated with the acquisition and disposal of long-term assets.
- Pay, pre-pay, refinance and/or obtain new loans, according to cash flow generation capacity in the Group.

These projections consider the Group's debt financing plans, compliance with ratios, compliance with organizational objectives and applicable regulations.

Finally, in addition to managing investments and forecasting cash flow as part of the strategy of prudent liquidity risk management, in order to control the current and working capital ratios, the EPM Group seeks to guarantee adequate liquidity through the availability of long-term financing with credit alternatives.

45.6. Insurance risk

The EPM Group has incorporated a reinsurance captive company, domiciled in Bermuda, registered with REACOEX Colombia and rated A- by AM Best, and it is through this company that the reinsurance risk is transferred from the insurance company in Colombia (currently Sura) to the reinsurance market, for the policies of Material Damage + Loss of Profit, Sabotage and Terrorism, Directors and Managers, Infidelity and Financial Risks ("Crime"), Errors and Omissions, Civil Liability and Coverage for cyber risks.

As mentioned, this risk management is done through Maxseguros EPM Ltd., which consolidates the risks assumed and assigns them through reinsurance operations.

With reference to selection, cession and reinsurance management policies, these are performed on the basis of a strategy established jointly by EPM's Comprehensive Risk Management Department and Maxseguros EPM Ltd., which may change from year to year according to fluctuations in the reinsurance market and the conditions of the insured risks; however, solid backing is sought and a minimum rating of A- or equivalent is required.

The reinsurance companies with which operations were carried out in 2020 were the following:

Reinsurer	Risk Score
Liberty Mutual USA	S&P A
Chubb Seguros (Federal Insurance)	S&P AA
AIG (National Union Fire 78%)	AM Best A
Swiss Re International SE	AM Best A+
Hannover Re	S&P AA-

The main claims assumed by the Group are:

Type of claim	Value of the claim settled	Value of reserve	EPM Group value	Value of reinsurance company
PTAR Aguas Claras - Aguas Nacionales	2,208	2,208	2,208	2,208
Jepirachi - EPM	1,002	1,002	1,002	1,002
SE San Diego - EPM	993	993	993	993
Subestación Malena- ESSA	969	969	969	969
SE Ancón Sur - EPM	768	768	768	768
Distrito Térmico - EPM	532	532	532	532
SE Cabañas - EPM	118	118	118	118
Castilla - EPM	66	66	66	66
Santuario - CHEC	19	19	19	19
San Cancio - CHEC	11	11	11	11
Marsella I - CHEC	9	9	9	9
SE Marquetalia - CHEC	5	5	5	5
Total	**6,700**	**6,700**	**6,700**	**6,700**

Amounts stated in millions of Colombian pesos

The value of the insured assets is as follows:

Type of asset	2020	2019
Small and wind power plants (<20MW)	1,702,308	1,422,758
Large hydroelectric plants (>20MW)	10,058,666	9,986,526
La Sierra thermal plant	1,099,258	1,056,070
Water Assets	964,164	916,734
Transmission and Distribution Assets	2,001,145	1,826,292
Corporate Assets	1,355,042	1,346,307
Gas Assets	4,864	4,644
Total	**17,185,447**	**16,559,331**

Amounts stated in millions of Colombian pesos

Note 46. Measurement of fair value on a recurring and non-recurring basis

The methodology established in IFRS 13 -Fair value measurement specifies a hierarchy in the assessment techniques based on whether the variables used in the determination of the fair value are observable or not.

The Group determines the fair value on a recurring and non-recurring basis, as well as for disclosure purposes:

- Based on prices quoted in assets or liabilities markets identical to those the Group can access on the measurement date (level 1).
- Based on inputs applied on valuation methodologies commonly used by market participants, which are different from observable quoted prices for assets or liabilities, directly or indirectly (level 2).
- Based on internal valuation techniques of cash flow discounts or other valuation models, using variables estimated by the Group that are non-observable for the asset or liability, in absence of variables observed in the market (level 3).

During 2020 and 2019 no transfers have been made in the Group between the fair value hierarchy levels, either for transfers in or out of the levels.

Assessment techniques and variables used in the Group for measurement of fair value for recognition and disclosure:

Cash and cash equivalents: include fixed income instruments and trust duties. The latter reflects the balance of the Collective Investment Funds (CIF) held by the EPM Group. These funds are used as a savings and investment mechanism and are managed by trust companies. Through these funds, resources are invested in a portfolio of assets which are restated to fair value. The EPM Group uses the market approach as a valuation technique for this item. These items are classified in level 1 of the fair value hierarchy.

Fair value investments through profit or loss and through equity: corresponds to investments made to optimize surplus liquidity, i.e. all those resources that are not immediately allocated to the development of the activities that constitute the corporate purpose of the companies. Additionally, includes the resources given to a financial institution as collateral for the sale of the Los Cururos Wind Farm and EPM Transmisión Chile. The EPM Group uses the market approach as a valuation technique, these items are classified in level 1 of the fair value hierarchy.

Equity investments: corresponds to the resources placed in participative securities of national or foreign entities, represented in shares or parts of societal interest. The methodologies used are: the market price for those listed on the stock exchange (level 1) and the discount of cash flows for the remaining ones (level 3).

Trust rights: corresponds to the rights arising from the conclusion of commercial trust contracts. The EPM Group uses the market approach as a valuation technique, these items are classified in level 1.

Derivative instruments: The Group uses derivative financial instruments such as forward contracts, futures contracts, swaps and options to hedge various financial risks, primarily interest rate, foreign exchange and commodity price risks. Such derivative financial instruments are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. The Group uses as a valuation technique for swaps the discounted cash flow, in an income approach. The variables used are: Interest rate swap curve for dollar-denominated rates, to discount dollar flows; and external interest rate swap curve for Colombian peso-denominated rates, to discount flows in Colombian pesos. These items are classified in level 2 of the fair value hierarchy. Additionally, for the put option of the climate derivative, the Monte Carlo method is used as a valuation technique, which simulates the non-financial variable(Rainfall measured in two meteorological stations located in the basins of two of the most important rivers in EPM's area of influence: Río Abajo and Riogrande I) in a series of situations or possible scenarios for a certain event, including the limits and the present value of the flows defined in the contract. This item is classified in Level 3 of the fair value hierarchy because variables not obtained from observable data in the market are used.

Receivables: comprised by the receivable from the business combination for the acquisition of the subsidiary Empresas Públicas de Rionegro. For its valuation, the discount of payment flows is considered, applying the weekly collection rates for 360-day CDT published by Banco de la República; and for the receivable associated with the contract for the steady supply of liquid fuel (ACPM) for the Termoeléctrica La Sierra and Termodorada plants, which is updated according to the value of the fuel unit stated in the contract. Both items are classified in level 3 of the fair value hierarchy.

Investment property: are properties (land or buildings, considered in their entirety or in part, or both) held (by the Group in its own name or under a finance lease) to earn income, capital gains or both, rather than:

- Their use in the production or supply of goods or services, or for administrative purposes; or
- Their sale in the ordinary course of business.

The Group uses two valuation techniques for these items. Within the market approach, the comparative or market method is used, which consists of deducting the price by comparison of transactions, supply and demand and valuation results of similar or comparable properties, after adjustments of time, conformation and location. Within the cost approach, the residual method is used, which is applied only to buildings and is based on the determination of the updated cost of construction, less depreciation for age and condition. Both items are classified in level 3 of the fair value hierarchy.

Contingent considerations: originated by the business combinations in the acquisitions of the subsidiaries Espíritu Santo Energy S. de R.L. and Empresas Varias de Medellín S.A E.S.P. - EMVARIAS, the discount of payment flows is considered by applying the following discount rates: Libor rate and TES rate, respectively. These items are classified in level 3 of the fair value hierarchy.

Other accounts payable: corresponds to the premium payable of a weather derivative whose valuation technique is the average of expected future flows, discounted at a risk-free rate plus a spread that contemplates the possibility of default (own credit risk). This item is classified in Level 3 of the fair value hierarchy because variables not obtained from observable data in the market are used, such as own credit risk.

The following table shows for each of the fair value hierarchy levels, the Group's assets and liabilities measured at fair value on a recurring basis at the cut-off date:

2020	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	624,500	-	-	624,500
Total negotiable or designated at fair value	**624,500**	**-**	**-**	**624,500**
Fixed income securities	2,245,812	-	-	2,245,812
Equity securities investments at fair value	79,928	-	-	79,928
Investments pledged or pledged in guarantee	35,148	-	-	35,148
Total other investments at fair value (See note 14)	**2,360,888**	**-**	**-**	**2,360,888**
Variable income securities other equity investments	2,551,207	-	7,924	2,559,131
Total other equity investments (See note 14)	**2,551,207**	**-**	**7,924**	**2,559,131**
Trust in administration	449,679	-	-	449,679
Total trust rights (See note 14)	**449,679**	**-**	**-**	**449,679**
Options	-	-	128,204	128,204
Derivative swaps	-	62,385	-	62,385
Total derivatives (See note 14)	**-**	**62,385**	**128,204**	**190,589**
Other accounts receivable	-	-	23,237	23,237
Total debtors (See note 13)	**-**	**-**	**23,237**	**23,237**
Investment properties Urban and rural land	-	-	129,172	129,172
Investment property Buildings and houses	-	-	35,947	35,947
Total investment properties (See note 6)	**-**	**-**	**165,119**	**165,119**
Liabilities				
Provision - business combination	-	-	155,378	155,378
Total contingent consideration (See note 28)	**-**	**-**	**155,378**	**155,378**
Other accounts payable	-	-	120,429	120,429
Total accounts payable (See note 23)	**-**	**-**	**120,429**	**120,429**
Swaps derivative liabilities	-	419,132	-	419,132
Total derivative liabilities (See note 24)	**-**	**419,132**	**-**	**419,132**
Total fair value on a recurring basis	**5,986,274**	**(356,747)**	**48,677**	**5,678,204**

Amounts stated in millions of Colombian pesos

2019	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	629,791	-	-	629,791
Total marketable or designated at fair value	**629,791**	**-**	**-**	**629,791**
Fixed income securities	814,271	-	-	814,271
Variable income securities investments at fair value	59,005	-	-	59,005
Investments pledged or pledged in guarantee	53,800	-	-	53,800
Total other investments at fair value (See note 14)	**927,077**	**-**	**-**	**927,077**
Variable income securities other equity investments	1,955,134	-	7,947	1,963,081
Total other equity investments (See note 14)	**1,955,134**	**-**	**7,947**	**1,963,081**
Trust in administration	431,973	-	-	431,973
Total fiduciary rights (See note 14)	**431,973**	**-**	**-**	**431,973**
Futures contracts	-	-	-	-
Derivative swaps	-	46,148	-	46,148
Total derivatives (See note 14)	**-**	**46,148**	**-**	**46,148**
Other accounts receivable	-	-	51,638	51,638
Total receivables (See note 13)	**-**	**-**	**51,638**	**51,638**
Investment properties Urban and rural land	-	-	123,377	123,377
Investment property Buildings and houses	-	-	16,977	16,977
Total investment properties (See note 6)	**-**	**-**	**140,354**	**140,354**
Liabilities				
Provision - business combination	-	-	134,841	134,841
Total contingent consideration (See Note 28)	**-**	**-**	**134,841**	**134,841**
Total fair value on a recurring basis	**3,943,975**	**46,148**	**65,098**	**4,055,222**

Amounts stated in millions of Colombian pesos

No transfers between levels were made during 2020.

The following tables present a reconciliation of the Group's assets and liabilities measured at fair value on a recurring basis using unobservable inputs (classified in level 3 of the fair value hierarchy) at 31 December 2020 and 2019:

Changes in level 3 of the fair value hierarchy 2020	Initial balance	Changes recognized in income	Changes recognized in other comprehensive income	Acquisitions	Sales and transfers	Final balance
Assets						
Variable income securities Other equity investments	7,947	-	(23)	-	-	7,924
Total other equity investments (See note 14)	**7,947**	**-**	**(23)**	**-**	**-**	**7,924**
Options	-	(14,028)	-	142,232	-	128,204
Total derivatives	**-**	**(14,028)**	**-**	**142,232**	**-**	**128,204**
Other accounts receivable	51,638	(28,401)	-	-	-	23,237
Total receivables	**51,638**	**(28,401)**	**-**	**-**	**-**	**23,237**
Investment properties Urban and rural land	107,398	-	(7,123)	-	28,897	129,172
Investment properties Buildings and houses	32,956	-	(10,297)	-	13,288	35,947
Total investment properties (See Note 6)	**140,354**	**-**	**(17,420)**	**-**	**42,185**	**165,119**
Liabilities						
Provision - business combination	134,841	20,537	-	-	-	155,378
Total contingent consideration (See Note 28)	**134,841**	**20,537**	**-**	**-**	**-**	**155,378**
Other accounts payable	-	(21,803)	-	142,232	-	120,429
Total accounts payable	**-**	**(21,803)**	**-**	**142,232**	**-**	**120,429**

Amounts stated in millions of Colombian pesos

Changes in level 3 of the fair value hierarchy 2019	Initial balance	Changes recognized in income	Changes recognized in other comprehensive income	Acquisitions	Sales and transfers	Final balance
Assets						
Variable income securities Other equity investments	54,515	-	(11,090)	-	(35,478)	7,947
Total other equity investments (See note 14)	**54,515**	**-**	**(11,090)**	**-**	**(35,478)**	**7,947**
Other accounts receivable	48,180	3,458	-	-	-	51,638
Total receivables	**48,180**	**3,458**	**-**	**-**	**-**	**51,638**
Investment properties Urban and rural land	70,301	39,667	88	-	(2,658)	107,398
Investment properties Buildings and houses	21,080	11,849	27	-	-	32,956
Total investment properties (See Note 6)	**91,381**	**51,516**	**115**	**-**	**(2,658)**	**140,354**
Liabilities						
Provision - business combination	169,392	(34,551)	-	-	-	134,841
Total contingent consideration (See Note 28)	**169,392**	**(34,551)**	**-**	**-**	**-**	**134,841**

Amounts stated in millions of Colombian pesos

The recorded value and estimated fair value of the Group's assets and liabilities that are not recognized at fair value in the consolidated statement of financial position, but require disclosure at fair value, at 31 December 2020 and 2019 are as follows:

2020	Book value	Level 2	Total
Assets			
Utility Services	3,581,997	3,488,421	3,488,421
Employees	168,434	170,538	170,538
Construction contracts	598	482	482
Other accounts receivable	1,699,415	1,499,545	1,499,545
Total Assets	**5,450,444**	**5,158,986**	**5,158,986**
Liabilities			
Development bank loans	1,589,648	1,583,496	1,583,496
Multilateral bank loans	2,962,186	2,962,186	2,962,186
Commercial bank loans	6,006,780	6,539,779	6,539,779
Bonds and securities issued	13,691,688	14,392,309	14,392,309
Other liabilities	337,500	354,071	354,071
Total liabilities	**24,587,802**	**25,831,841**	**25,831,841**
Total	**(19,137,358)**	**(20,672,855)**	**(20,672,855)**

Amounts stated in millions of Colombian pesos

2019	Book value	Level 2	Total
Assets			
Utility Services	3,254,831	3,294,299	3,294,299
Employees	165,042	167,529	167,529
Construction contracts	2,001	2,001	2,001
Other accounts receivable	1,660,250	1,652,240	1,652,240
Total Assets	**5,082,124**	**5,116,069**	**5,116,069**
Liabilities			
Development bank loans	1,035,266	1,035,266	1,035,266
Other bonds and securities issued	9,648,198	9,648,198	9,648,198
Multilateral bank loans	3,594,944	3,594,944	3,594,944
Commercial bank loans	5,317,391	5,317,391	5,317,391
Bonds and securities issued	1,060,207	1,060,207	1,060,207
Total liabilities	**20,656,005**	**20,656,005**	**20,656,005**
Total	**(15,573,881)**	**(15,539,936)**	**(15,539,936)**

Amounts stated in millions of Colombian pesos

As of 31 December 2020 and 2019, there were no items in levels 1 and 3.

Note 47. Service concession arrangements

At the cut-off date, the Group, as operator, managed various concessions containing provisions for the construction, operation and maintenance of facilities, as well as the provision of public utilities such as water supply, wastewater collection and treatment, in accordance with applicable regulations.

The remaining period of the concessions where the Group acts as an operator is detailed below:

Company/agreement	Activity	Country	Concession period	Initial remaining period
Empresas Públicas de Medellín - Municipality of Itagüí.	Construction of water and sewage networks for the provision of service to the assigned neighborhoods. Construction of collector parallel to the La Justa stream and sewage system on 36th Street at the height of Ditaires Park. Construction of the collector parallel to the coverage of La Muñoz creek.	Colombia	30 years (extendable)	27 years old
Empresas Públicas de Medellín - Municipality of Girardota.	Transfer of hydraulic structures to provide sewage services in the municipality and provide sanitation to the Medellín River.	Colombia	20 years (extendable)	12 years old
Empresas Públicas de Medellín - Municipality of Copacabana	Provision of water and sewage services.	Colombia	20 years (extendable)	10 years
Empresas Públicas de Medellín - Municipality of Caldas.	Execution of works for the supply of drinking water, sewerage and provision of such services.	Colombia	30 years (extendable)	8 years
Empresas Públicas de Medellín - Municipality of Barbosa.	The Municipality undertakes to make available and facilitate the use of the networks and other infrastructure for the provision of water and sewage services.	Colombia	30 years (extendable)	7 years
Empresas Públicas de Medellín - Municipality of Envigado.	The Municipality undertakes to make available and facilitate the use of the networks and other infrastructure for the provision of water and sewage services.	Colombia	10 years (extendable)	7 years
Empresas Públicas de Medellín - Municipality of Sabaneta.	Provision of water and sewage services and construction of works for the provision of water and sewage services.	Colombia	10 years (extendable)	4 years
Empresas Públicas de Medellín - Municipality of La Estrella.	The Municipality undertakes to make available and facilitate the use of the networks and other infrastructure for the provision of aqueduct services.	Colombia	10 years (extendable)	4 years
Empresas Públicas de Medellín - Municipality of Bello.	Execution of works and provision of drinking water supply and sewerage services.	Colombia	10 years (extendable)	3 years
Aguas Regionales - Municipality of San Jerónimo".	Execution of works and provision of water supply and sewerage services.	Colombia	30 years	17 years
Aguas Regionales - Municipality of Santa Fe	The Municipality undertakes to make available the movable and immovable assets that make up the system for the provision of water supply and sewerage services.	Colombia	30 years	17 years
Aguas Regionales - Municipality of Sopetrán	The Municipality undertakes to make available the movable and immovable assets that make up the system for the provision of water and sewage services.	Colombia	30 years	17 years
Regional Waters - Municipality of Olaya	The Municipality undertakes to make available the movable and immovable assets that make up the system for the provision of water and sewage services.	Colombia	30 years	17 years

Company/agreement	Activity	Country	Concession period	Initial remaining period
Aguas Regionales - Municipality of Apartadó	The Municipality undertakes to make available the movable and immovable assets that make up the system for the provision of water and sewage services.	Colombia	30 years	17 years
Aguas Regionales - Municipality of Carepa	The Municipality undertakes to make available the movable and immovable assets that make up the system for the provision of water and sewage services.	Colombia	30 years	17 years
Aguas Regionales - Municipio de Chigorodó	The Municipality undertakes to make available the movable and immovable assets that make up the system for the provision of water and sewage services.	Colombia	30 years	17 years
Aguas Regionales - Municipio de Mutatá	The Municipality undertakes to make available the movable and immovable assets that make up the system for the provision of water and sewage services.	Colombia	30 years	17 years
Aguas Regionales - Municipio de Turbo	The Municipality undertakes to make available the movable and immovable assets that make up the system for the provision of water and sewage services.	Colombia	30 years	17 years
Aguas de Oriente - Municipio El Retiro	To operate and maintain the networks and other infrastructure received during the concept of an adequate provision of the service.	Colombia	No explicit duration period	
Adasa - Econssa Chile S.A.	Exploitation of public services of production and distribution of drinking water, collection and disposal of sewage and other services related to such activities.	Región de Antofagasta	30 years	13 years
Colima wastewater treatment plant.	Wastewater Treatment	México	34 years	22 years
Plantas de tratamiento de aguas residuales de Morelos y Tierra Negra, Tamaulipas.	Wastewater Treatment	México	24 years	21 years
Wastewater treatment plants in Morelos and Tierra Negra, Tamaulipas.	Wastewater Treatment	México	24 years	21 years
Atapaneo and Itzícuaros wastewater treatment plants, in Morelia.	Wastewater Treatment	México	27/14 years	16/9 years
Tuxtla and Paso el Limón wastewater treatment plants, in Tuxtla Gutiérrez.	Wastewater Treatment	México	18 years	13 years
Celaya wastewater treatment plant, Guanajuato.	Wastewater Treatment	México	18 years	10 years 5 months
Wastewater treatment plant in Torreón, Coahuila.	Wastewater Treatment	México	20 years	2 years 7 months

Service concession arrangements for the provision of water and sewage utilities In Colombia:

The concession arrangements between the Group companies in Colombia and the municipalities establish the conditions under which the water and sewerage networks are managed, operated, and maintained to provide drinking water and wastewater treatment utilities to their inhabitants, under the terms, conditions, and rates established by the Commission for the Regulation of Drinking Water and Basic Sanitation – CRA -.

The agreements indicate the following rights and obligations for the companies of the Group as an operator in the service concession arrangement:

- The right to receive from the municipality the totality of the water and sewage networks and to have exclusivity as system operator.
- Obligation to make exclusive use of the water and sewage networks for the purposes for which they are intended, maintain and return them under the use conditions in which they were received.
- Some concession arrangements have the option to be renewed automatically for equal periods unless one of the parties expresses the intention not to continue.
- The concession arrangements do not establish the obligation of construction of property, plant and equipment elements.

Upon termination of the concession, the companies of the Group must return the water and sewage networks without any consideration to the municipalities. No changes have occurred in the terms of the concession arrangements during the period.

Obligations of Aguas del Oriente: Provide the aqueduct and sewerage services in the municipality of El Retiro in compliance with Law 142 of 1994 and the Resolutions issued by the Commission for the Regulation of Drinking Water and Basic Sanitation.

Obligations of the Municipality: Deliver the aqueduct and sewerage distribution networks to Aguas del Oriente as a bailment.

Obligations of the agreement: The expansion of the networks will be done in accordance with the regulations on the matter and will be in charge of the parties, who may do it directly or through the municipality in projects of greater coverage. The recoveries of said investments will be made by the parties under the schemes that for the purpose agree with the beneficiaries of the projects and in accordance with the provisions on this aspect contemplated by the Law. With resources from the tariffs, Aguas del Oriente will carry out the maintenance and replacement of networks and will do them under technical and economic criteria.

In Chile:

On December 29, 2003, Aguas de Antofagasta S.A., subscribed with Empresa de Servicios Sanitarios de Antofagasta S.A. (current Empresa Concesionaria de Servicios Sanitarios S.A. - Econssa S.A.) the “Contract for the Transfer of the Right to Exploit Sanitary Concessions”, for a total term of 30 years from the date of its subscription.

As part of the contract that granted the concession to the Company, the latter received real estate, furniture, installations, water use rights and easements, which are used in the operation of the sanitary concessions. The Company is prohibited from assigning, encumbering, leasing or constituting any right in favor of third parties over the assets received through the concession, which must be returned to the Company at the end of the contract in the condition in which they were at the beginning of the arrangement ensuring its correct operation at all times. Subsequent investments made by the Company, in that part that cannot be recovered via tariffs because its estimated use exceeds the remaining term of the Sanitary Concession, will be recovered in that portion at the end of the concession, where ECONSSA Chile S.A. will reimburse these investments, since the investment reimbursement clauses are applicable, as indicated and established in the respective transfer contract signed.

As part of its obligations, the Company must present annually specific information on the assets of use maintained under a loan agreement, as well as new investments made within the framework established in the transfer contract signed between both Companies, including a cadaster of each and every one of the facilities and networks of the sanitation utilities for the production and distribution of drinking water and for the collection and disposal of sewage

In Mexico:

For Ticsa, as of December 31, 2020 and 2019, the Company manages as an operator various concession that contain provisions for the treatment of wastewater, during the concession period.

Note 48. Operating segments

48.1 Information by segments

For management purposes, the Group is organized into segments based on its products and services, and has the following eight operating segments on which information is presented:

- Electricity Generation Segment, which activity consists in the generation of electric power and commercialization of large electric power blocks, from the acquisition or development of a portfolio of power proposals for the market.
- Electricity Distribution Segment, which activity consists in transporting electric power through a set of lines and substations, with their associated equipment, which operate at voltages below 220 kv, the commercialization of energy to the end user of the regulated market and the development of related and complementary activities. it includes the Regional Transmission System (STR), the Local Distribution System (SDL), the public lighting utility and the provision of associated services.
- Electricity Transmission Segment, which activity consists in the transportation of energy in the National Transmission System (STN), consisting of the set of lines, with their corresponding connection equipment, operating at voltages equal to or greater than 220 KV. The National Transmitter (TN) is the legal entity that operates and transports electricity in the STN or has established a company whose purpose is the undertaking of such activity.
- Segment of Natural gas distribution and commercialization, which activity consists of the gas conduction from the city gate to the final user, through medium-pressure and low-pressure pipes. It includes the sale of natural gas by different systems, among them distribution by network, vehicular natural gas, compressed natural gas and service stations.
- Water Segment, which activity consists of conceptualizing, structuring, developing and operating systems to provide water. It includes performing commercial management of the portfolio of services related to water supply for different uses, in addition to the use of the productive chain, specifically in the production of energy, and the supply of raw water.
- Sewage Segment, includes the activities of conceptualizing, structuring, developing and operating wastewater and solid waste management systems, in addition to the use of the production chain, specifically in the production of energy and gas.
- Waste Management Segment, includes performing commercial management related to these services and the use of biosolids and other byproducts of wastewater treatment and solid waste management.
- Others Segment, which corresponds to the other activities not included in the segments mentioned above. Comprises: Entidad Adaptada de Salud (EAS) and Medical and Dental Services Unit, billing and collection services for third parties, income received from investment properties (leases), social financing, EATIC Laboratory tests, provision of the specialized transport service and services associated with information and communication technologies, information services and related activities.

The Group has not added operating segments to conform these eight reportable segments; however, it performs the activity of energy sale, which consists in the purchase of electricity in the wholesale market and its sale to other market agents or to regulated or non- regulated end users. Therefore, the Group includes its financial information in the corresponding segments of this activity.

Management supervises the results of operating segments separately in order decide on the allocation of resources and assess their performance. Each segment performance is assessed on the basis of the profit or loss from operations before taxes and discontinued operations and is measured uniformly through profit or loss from operations of the Consolidated Financial Statements.

Transfer prices between operating segments are agreed as between independent parties in a manner similar to that agreed with third parties.

2020	Generation	Transmission	Distribution	Natural Gas	Water supply	Wastewater management	Solid waste management	Other segments	Total segments	Intersegment eliminations	Consolidated
Revenues from external customers	3,420,762	245,548	12,551,721	926,653	1,321,895	930,067	247,864	154,402	19,798,912	-	**19,798,912**
Inter-segment revenues	1,596,162	108,711	490,680	252,990	32,524	20,584	1,514	92,494	2,595,659	(2,595,659)	**-**
Total net income	**5,016,924**	**354,259**	**13,042,401**	**1,179,643**	**1,354,419**	**950,651**	**249,378**	**246,896**	**22,394,571**	**(2,595,659)**	**19,798,912**
Costs and expenses excluding depreciation, amortization, provisions and impairment of PP&E and intangibles	(3,015,989)	(84,830)	(10,416,048)	(1,047,372)	(688,451)	(396,126)	(181,471)	(249,882)	(16,080,169)	2,526,436	**(13,553,733)**
Depreciation, amortization, depreciation, provisions and impairment of PP&E and intangibles	(543,146)	(52,907)	(740,765)	(21,369)	(222,046)	(119,742)	(39,304)	(23,527)	(1,762,806)	34,914	**(1,727,892)**
Impairment of accounts receivable	150	388	(257,476)	18	(10,489)	(8,614)	(1,974)	(23,652)	(301,649)	6,178	**(295,471)**
Other expenses	(17,033)	(945)	(33,020)	(784)	(12,871)	(5,938)	(106)	(23,137)	(93,834)	1,647	**(92,187)**
Interest and yield income	23,011	784	84,431	2,349	17,488	57,738	3,319	32,001	221,121	(117,916)	**103,205**
Interest income (other than interest and yields)	13,302	407	13,560	4,655	2,452	8,171	4,290	7,208	54,045	23	**54,068**
Total interest income	36,313	1,191	97,991	7,004	19,940	65,909	7,609	39,209	275,166	(117,893)	**157,273**
Interest expense	(230,332)	(42,443)	(344,291)	(44,263)	(115,168)	(136,886)	(4,035)	(317,507)	(1,234,925)	125,960	**(1,108,965)**
Interest expense (other than interest)	(73,313)	(483)	(24,668)	(3,023)	(42,073)	(8,055)	(4,966)	(3,447)	(160,028)	1,361	**(158,667)**
Total interest expense	(303,645)	(42,926)	(368,959)	(47,286)	(157,241)	(144,941)	(9,001)	(320,954)	(1,394,953)	127,321	**(1,267,632)**
Net foreign exchange difference	(288,061)	(36,629)	(63,162)	(10,088)	(8,783)	(25,058)	2	57,278	(374,501)	241	**(374,260)**
Equity method in income of associates and joint ventures	-	-	-	-	-	-	-	(91,970)	(91,970)	-	**(91,970)**
Effect of equity in equity investments	-	-	2,657	-	-	4	-	1,662,149	1,664,810	(15)	**1,664,795**
Profit or loss for the period before income tax	**885,513**	**137,601**	**1,263,619**	**59,766**	**274,478**	**316,145**	**25,133**	**1,272,410**	**4,234,665**	**(16,830)**	**4,217,835**
Income tax	(50,589)	(28,657)	(376,030)	(18,419)	(9,571)	(21,849)	(4,525)	(186)	(509,826)	10,798	**(499,028)**
Net movement in regulatory accounts related to income for the period	-	-	22,111	-	-	-	-	-	22,111	-	**22,111**
Net profit or loss for the period	834,924	108,944	909,700	41,347	264,907	294,296	20,608	1,272,224	3,746,950	(6,032)	3,740,918
Total assets without investments in associates and joint ventures and debit balances of deferred regulatory accounts	22,588,907	2,098,540	19,844,621	1,398,421	7,356,873	5,726,492	360,276	14,390,309	73,764,439	(11,661,919)	**62,102,520**
Investments in associates and joint ventures accounted for under the equity method of accounting	-	-	-	-	-	-	-	1,675,500	1,675,500	-	**1,675,500**
Deferred assets related to regulatory account balances	-	-	767	-	-	-	-	-	767	-	**767**
Total assets and liabilities related to deferred	**22,588,907**	**2,098,540**	**19,845,388**	**1,398,421**	**7,356,873**	**5,726,492**	**360,276**	**16,065,809**	**75,440,706**	**(11,661,919)**	**63,778,787**
Total liabilities	13,299,839	1,200,295	11,525,504	924,461	3,866,868	2,391,988	300,677	5,197,020	38,706,652	(2,055,288)	**36,651,364**
Deferred liabilities related to regulatory account balances	-	-	230	-	-	-	-	-	230	-	**230**
Total liabilities and credit balances of deferred regulatory accounts	13,299,839	1,200,295	11,525,734	924,461	3,866,868	2,391,988	300,677	5,197,020	38,706,882	(2,055,288)	**36,651,594**
Additions to non-current assets	1,578,138	122,021	1,092,752	14,468	604,313	299,871	22,883	92,615	3,827,061	-	**3,827,061**

Amounts stated in millions of Colombian pesos

2019	Generation	Transmission	Distribution	Natural Gas	Water supply	Wastewater management	Solid waste management	Other segments	Total segments	Intersegment eliminations	Consolidated
Revenues from external customers	2,782,352	227,603	11,939,830	865,312	1,185,344	889,999	248,073	221,101	18,359,614	-	**18,359,614**
Inter-segment revenues	1,265,114	75,513	502,395	30,701	41,113	53,849	991	69,396	2,039,072	(2,039,072)	-
Total net revenues	**4,047,466**	**303,116**	**12,442,225**	**896,013**	**1,226,457**	**943,848**	**249,064**	**290,497**	**20,398,686**	**(2,039,072)**	**18,359,614**
Costs and expenses excluding depreciation, amortization, provisions and impairment of PP&E and intangibles	(1,887,185)	(78,370)	(9,502,222)	(781,950)	(609,685)	(417,656)	(169,490)	(240,860)	(13,687,418)	1,863,996	**(11,823,422)**
Depreciation, amortization, depreciation, provisions and impairment of PP&E and intangibles	(325,986)	(46,798)	(615,629)	(20,133)	(186,240)	(99,008)	(36,616)	(28,454)	(1,358,864)	27,687	**(1,331,177)**
Impairment of accounts receivable	(3,742)	532	(48,562)	2,092	(6,760)	(9,282)	528	(11,994)	(77,188)	(613)	**(77,801)**
Other expenses	(172,133)	(634)	(28,517)	(1,329)	(9,177)	(4,697)	(2,341)	(790)	(219,618)	62,151	**(157,467)**
Interest and yield income	52,503	1,339	155,218	42,704	41,736	93,690	6,420	69,662	463,272	(183,050)	**280,222**
Interest income (other than interest and yields)	29,605	2,769	23,264	9,322	5,494	6,963	2,880	13,918	94,215	(3,600)	**90,615**
Total interest income	82,108	4,108	178,482	52,026	47,230	100,653	9,300	83,580	557,487	(186,650)	**370,837**
Interest expense	(328,013)	(51,113)	(347,771)	(50,387)	(89,027)	(155,555)	(5,783)	(314,983)	(1,342,632)	210,819	**(1,131,813)**
Interest expense (other than interest)	(28,388)	(2,188)	(36,124)	(3,223)	(40,685)	(7,575)	(5,626)	(18,652)	(142,461)	(16,008)	**(158,469)**
Total interest expense	(356,401)	(53,301)	(383,895)	(53,610)	(129,712)	(163,130)	(11,409)	(333,635)	(1,485,093)	194,811	**(1,290,282)**
Net foreign exchange difference	(34,376)	4,668	(10,546)	(3,889)	(909)	457	2	(11,265)	(55,858)	(25)	**(55,883)**
Equity method in income of associates and joint ventures	-	-	-	-	-	-	-	15,620	15,620	(3,827)	**11,793**
Effect of equity in equity investments	-	-	1,829	-	-	-	-	9,235	11,064	(1,337)	**9,727**
Income for the period before taxes	**1,349,751**	**133,321**	**2,033,165**	**89,220**	**331,204**	**351,185**	**39,038**	**(228,066)**	**4,098,818**	**(82,879)**	**4,015,939**
Income tax	(312,388)	(28,606)	(661,617)	(26,605)	(23,726)	(44,399)	(10,716)	232,774	(875,283)	65,084	**(810,199)**
Discontinued operations, net of income taxes	(243)	116	-	-				20,554	20,427	27,818	**48,245**
Net movement in regulatory accounts related to profit or loss for the period	-	-	(98,009)	-	-	-	-	-	(98,009)	-	**(98,009)**
Net income for the period	1,037,120	104,831	1,273,539	62,615	307,478	306,786	28,322	25,262	3,145,953	10,023	3,155,976
Total assets without investments in associates and joint ventures and debit balances of deferred regulatory accounts	20,970,368	1,992,608	15,783,112	1,159,540	6,198,019	5,339,015	384,290	11,221,096	63,048,048	(9,914,126)	**53,133,922**
Investments in associates and joint ventures accounted for under the equity method of accounting	-	-	-	-	-	-	-	1,758,544	1,758,544	-	**1,758,544**
Deferred assets related to regulatory account balances	-	-	7,683	-	-	-	-	-	7,683	-	**7,683**
Total assets and deferred regulatory account balances due from regulatory accounts	**20,970,368**	**1,992,608**	**15,790,795**	**1,159,540**	**6,198,019**	**5,339,015**	**384,290**	**12,979,640**	**64,814,275**	**(9,914,126)**	**54,900,149**
Total liabilities	11,952,920	1,176,126	9,612,610	688,746	2,973,592	2,328,239	320,061	4,412,121	33,464,415	(2,768,836)	**30,695,579**
Deferred liabilities related to regulatory account balances	-	-	25,610	-	-	-	-	-	25,610	-	**25,610**
Total liabilities and credit balances of deferred regulatory accounts	11,952,920	1,176,126	9,638,220	688,746	2,973,592	2,328,239	320,061	4,412,121	33,490,025	(2,768,836)	**30,721,189**
Additions to non-current assets	1,664,109	167,281	1,049,709	20,276	635,256	296,410	16,225	121,432	3,970,698	-	**3,970,698**

Amounts stated in millions of Colombian pesos

48.2 Information by geographic area

Income outer customers

Country	2020	2019
Colombia (country of domicile of EPM)	13,330,791	11,548,671
Guatemala	2,591,468	2,427,919
Panama	2,117,722	2,469,950
El Salvador	922,197	1,043,549
Chile	639,210	541,341
Mexico	159,325	316,024
Ecuador	10,095	402
Bermuda	32,073	15,148
International intersegment eliminations	(3,969)	(3,390)
Total countries other than Colombia	**6,468,121**	**6,810,943**
Total consolidated revenues	**19,798,912**	**18,359,614**

Amounts stated in millions of Colombian pesos

Income information is based on customer´s location.

There is no customer in the Group who generates more than 10% of its income.

Non-current assets

Country	2020	2019
Colombia (country of domicile of EPM)	34,737,721	32,823,008
Chile	3,573,899	3,074,627
Panama	2,419,912	2,365,809
Guatemala	2,531,817	2,367,158
El Salvador	359,724	348,644
Mexico	1,621	12,627
Total countries other than Colombia	**8,886,973**	**8,168,865**
Total non-current assets	**43,624,694**	**40,991,873**

Amounts stated in millions of Colombian pesos

For these purposes, non-current assets include property, plant and equipment, intangible assets and investment property including assets from the acquisition of subsidiaries and goodwill.

Note 49. Events after the Reporting Period

Environmental sanction of the National Environmental Licensing Authority - ANLA to the Ituango Hydroelectric Project:

On January 15, 2021, ANLA issued Resolution No. 00172 that fully confirms the decision adopted in the first article of Resolution No. 2854 of December 30, 2019, which imposes an environmental penalty of $5,510 and other determinations are made, in facts or omissions that occurred in the framework of the development of the project “Construction, filling and operation of the Pescadero - Ituango hydroelectric project”. Said sanction does not represent an adjustment to the figures of the consolidated financial statements as of December 31, 2020, since it was recognized for the same amount as a provision liability.

Direct repair Ríos Vivos Movement Colombia:

Through a request for direct reparation, 632 individualized persons, who belong to the Movement Ríos Vivos seeks a prior declaration of responsibility for the alleged violation of rights environmental, cultural, social and human, as well as against the impact of the solidarity economy and living conditions of the population on the occasion of the Ituango Hydroelectric project and the contingency that was presented in the same, in addition to the assumption by all the defendant entities of measures satisfaction in favor of the affected communities, all damages are recognized and paid patrimonial and extra-patrimonial caused to each of the summons (plaintiffs). The amount of the claims amount to $ 705,854.

After the date of presentation of the condensed consolidated interim financial statements and before the date of authorization of their publication, no other relevant events were presented that would imply adjustments to the figures.