

**Colombia Telecomunicaciones S.A. E.S.P. and its Subsidiary 1**  
**As of September 30, 2020**  
**(Figures in billions of pesos or when indicated otherwise)**

**Colombia Telecomunicaciones S.A. E.S.P.** In view informs that today, November 13, 2020, it transmitted to the Financial Superintendence of Colombia the **Condensed Consolidated and Separate Intermediate Financial Statements** with the cut-off date September 30, 2020, and December 31, 2019, and for the period of three and nine months ended on September 30, 2020, and 2019.

**I. Relevant Issues as of September 30, 2020**

**1. Continuous monitoring and adaptation to the restrictions of the Economic and Health Emergency caused by the COVID-19 to minimize the impact on the Company**

In view of the declaration of a health emergency in Colombian territory by the National Government to contain the effects of Covid-19, **Colombia Telecomunicaciones S.A. E.S.P.** has adopted measures to guarantee the continuity of operations, the provision of services, and adequate attention to customers, suppliers, and collaborators. In accordance with the provisions issued by the National Government, telecommunication services are declared as essential public services. For this reason, their provision may not be suspended, nor to the installation, maintenance, and adaptation of the network. Likewise, the National Government and the control agencies have issued certain decrees and measures with specific scope for companies in the ICT sector.

The **Company** continues to carry out the activities inherent to its corporate purpose, within the framework of the provisions issued by the National Government and local authorities. Moreover, the financial situation and liquidity are evaluated recurrently by the Administration to take all the appropriate measures to minimize the negative impacts that may arise from this situation during the year 2020.

The measures adopted by the Company to mitigate the impact of Covid-19 and the summary of the effects on the Financial Statement lines are disclosed in the notes to the Financial Statements attached to this press release.

**2. Other Relevant Issues as of September 30, 2020**

**Colombia Telecomunicaciones S.A. E.S.P.** carried out a series of significant transactions during the quarter ended September 30, 2020, reported as relevant facts, and disclosed in the notes to the financial statements.

**Operational Results**

The health and economic emergency by Covid-19 has an impact on the financial and operational evolution of the period, partially mitigated by the efficiency and cost savings measures carried out to date. In a challenging environment, **the Company** presents a new quarterly record of net income +185k new accesses. The mobile business's good performance, primarily in postpaid customers, and the growth trend in fiber allows for accelerated service revenue growth.

The **Company's total number of customers** at the end of September 30, 2020, reached 18.9 million, which is made up of the following: **Mobile business customers** 15.7 million, down 2.0% year-on-year after registering negative net adds of -342k customers in Q3 2020. **Post-paid customers** grew 8.4% year-on-year after registering a cumulative net gain of +255.1k at the end of Q3 2020. This result is due to good commercial management and the launch of new plans, such as the

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<sup>1</sup> Subsidiary as of September 30, 2020: Empresa Operaciones Tecnológicas y Comerciales S. A. S - "Optecom". As of December 31, 2019, they include; Empresa de Telecomunicaciones de Bucaramanga S.A. E.S.P. - "Telebucaramanga", Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. - "Metrotel" and Empresa Operaciones Tecnológicas y Comerciales S. A. S - "Optecom."

**unlimited** data commercial offer. On **prepaid**, customers declined -5.5% year-on-year with a negative net gain of -597k, the result being affected by the Covid-19 pandemic.

The **fixed business customers** reached 3.2 million, decreasing by -0.5% year-on-year, registering negative net adds of -15k customers for Q3. Baseline customers totaled 1.5 million at the end of Q3 2020, a decrease of -2.1% with net negative additions of -22.3k; broadband has 1.2 million customers and grows 0.9% year-on-year with net additions of 8.4k; fiber reached 302K customers with net additions of 93.8K and television has 527k customers with a year-on-year variation of 0.8% and net additions of 1.1k; the IPTV product reached 162.7K customers.

## II. Consolidated Condensed Interim Financial Results

### 1. Consolidated Statement of Comprehensive Income

**Total operating revenues** for the third quarter of 2020 amounted to \$ 3,945 thousands of million with a 5.6% decrease compared to the same period of the previous year, mainly due to the lower activity of the asset optimization project. **Revenues from customers** amounted to \$ 3,851 thousands of million, which showed a slight year-on-year growth (\$ 3,849 thousands of million as of Q3 2019), with an excellent performance in customer management and the launch of new plans mainly in postpaid, the growth trend in fiber and driven by digital services which also continue on a growth path, despite the impact of Covid-19. **Revenues from terminals** decreased by 19.77%, an impact attributable to lower activity due to the effects of the pandemic.

The line of **other operating revenues** of \$ 94 thousands of million shows a 71.4% drop due to lower activity in the asset optimization project as of the third quarter of 2020 compared to the same period in 2019.

**Operating costs and expenses** of \$ 2,789 thousands of million increased by 0.4% (\$ 12 thousands of million) year-over-year, mainly due to the execution of new contracts for integral solutions for corporate clients, an increase in access charges due to an increase in minute traffic, and a slight impact on the deterioration of corporate client accounts receivable due to the Covid-19, all of which were partially offset by lower costs of mobile terminal equipment and commercial expenses and efficiencies in several areas.

**EBITDA** - an indicator that measures performance and operating income before depreciation and amortization - amounted to \$ 1,157 thousands of million in the third quarter of 2020, down 17.5% compared to the same period in 2019, when it totaled \$ 1,403 thousands of million, affected by capital gains on the sale of towers and buildings in Q3 2019; excluding this impact, EBITDA would remain practically stable, with a slight year-on-year decrease.

**Depreciation and amortization expense** decreased 4.6% (\$ 51 thousands of million) year-over-year, mainly due to the net effect of the prospective restatement of service lives, the termination of the useful life of certain asset categories and, moreover, the additions presented in Q3 2020 under the heading of assets for rights of use. **Financial expense** showed a net decrease of 22.1% (\$ 48 thousands of million) year-over-year, mainly due to the positive effect on the settlement of financial hedging instruments due to the early termination of contracts associated with the prepayment of the Senior Bond. On September 30, 2020, the Company closed with a **pre-tax result** of -\$ 53 thousands of million (+\$ 94 thousands of million as of Q3 2019) and a **net result** of -\$ 176 thousands of million, which includes an **income tax expense** of \$ 123 thousands of million (a net result of -\$ 16 thousands of million as of Q3 2019).

### 2. Condensed Consolidated Interim Statements of Financial Position

The **total consolidated assets** of **Colombia Telecomunicaciones S.A. E.S.P.** and its **subsidiary** amount to \$ 13.112 thousands of million. Current assets total \$ 2.447 thousands of million, and non-current assets total \$ 10.665 thousands of million. The main variations in short-term assets are summarized below:

- i) **Cash and cash equivalents** decreased by 10.4% (\$ 43 thousands of million) at the end of Q3 2020 compared to the end of 2019, mainly due to the payment of interest on the issue of new financial obligations and bonds.
- ii) **Financial assets** increase by 146.1% (\$ 106 thousands of million) compared to the end of 2019. This net increase corresponds mainly to the valuation and liquidation of operations with hedging instruments as part of the Company's exchange and interest rate risk management strategy.
- iii) **Debtors and other accounts receivable** increase by 9.2% (\$ 93 thousands of million) compared to the end of 2019, mainly due to the portfolio generated with corporate clients and the sale of terminal equipment in installments.
- iv) **Prepaid expenses** grew by 13.8% (\$ 25 thousands of million) compared to the end of 2019, mainly due to i) the renewal in 2020 and advance payment of support and maintenance contracts for customers of the corporate segment, ii) the consideration for the use of radio-electric frequencies, iii) the renewal of insurance policies and, iv) the activation of commissions paid and generated to obtain contracts with customers as defined by IFRS-15.
- v) **Inventories** decreased by 19.5% (\$ 38 thousands of million) compared to the end of 2019 due to the rationalization of mobile terminal purchases during the second and third quarters of 2020 as a result of the Covid-19 health emergency.

**Long-term assets of Colombia Telecomunicaciones S.A. E.S.P.** and its **subsidiary** decreased by 1.8%. The main variations are presented below:

- i) **Financial assets** decreased 60.3% (\$ 19 thousands of million) compared to the closing of 2019 due to the liquidation of hedging instruments associated with the Senior Bond.
- ii) **Debtors and other long term accounts receivable** grew by 17.1% (\$ 23 thousands of million), generated mainly by; the effect of the transfer from the short term of Avantel's portfolio in accordance with the business reorganization agreement signed and, on the other hand, the long term portion from the sale of real estate is included. This movement is presented net of the payment made by the subsidiary Telefónica Venezolana C.A.
- iii) **Prepaid expenses** decreased 27.7% ( \$ 47 thousands of million) as compared to the end of 2019, due to the effect of i) the amortization of the cost of equipment in customers' houses and the cost of compliance with contracts with customers and, ii) the activation of commissions paid and generated to obtain contracts with customers.
- iv) **Assets from rights of use** grew by 15.9% (\$ 99 thousands of million) compared to the end of 2019 due to new leasing agreements for property, construction, and technical installations.
- v) **Intangible assets** decrease by 12.1% (\$ 214 thousands of million) mainly due to amortization generated in Q3 2020 and to lower additions during the period.
- vi) **Taxes and public administrations** increase by 100% due to the transfer from the short term of the VAT discount on the purchase of assets presented during the period of 2019 and 2020, which will be used in the medium or long term.

Total **consolidated liabilities** amount to \$ 8,530 thousands of million and show a net increase of 28.0% (\$ 1,866 thousands of million) compared to the closing of 2019. **Current liabilities** amount to \$ 2,133 thousands of million and decrease 16.8% and **non-current** liabilities to \$ 6,397 thousands of million presenting a 56.0% increase. The main variations are summarized below:

- i) Total **financial debt** shows a net increase of 55.3% (\$ 2,236 thousands of million) with respect to the closing of 2019 and includes mainly the financial debt contracted for \$ 1,783 thousands of million for the payment of the Hybrid Bond (USD 500 million) which was recognized in Equity, the increase of \$ 381 thousands of million due to the devaluation of the peso against the dollar during 2020 (without considering the valuation and liquidation of hedges) and the recognition of new financial lease contracts for \$ 150 thousands of million and other financial operations.

ii) **Suppliers** and total **accounts payable** show a net decrease of 26.8% (\$ 517 thousands of million) as compared to the end of 2019, mainly due to credits and payments on account of third parties, mainly related to the acquisition of Capex at the end of 2019 and the execution of corporate projects.

iii) **Taxes** and **public administrations** increase by 122.4% (\$ 145 thousands of million) mainly due to the registration of VAT for the first and second bi-monthly periods of 2020 and the withholding tax returns that will be offset in the coming months with the balance in favor of income and supplementary taxes for the taxable year 2019.

**Consolidated net equity** at the end of Q3 2020 amounts to \$ 4,583 thousands of million with a net decrease of 30.7% (\$ 2,031 thousands of million) mainly generated by; i) the accounting reclassification of the Hybrid Bond to the liability for financial obligations as a result of the announcement of its redemption and recognized at fair value for the amount of \$ 1,744 thousands of million, ii) the result at the third quarter of 2020, iii) the benefit in hedge valuation of \$108 thousands of million generated by the settlement of hedges and other equity transactions at Q3 2020.

### III. Financial Results - Separate<sup>2</sup>

#### Comprehensive Income Statement Intermediate Condensed Separate

**Operating revenues** for the third quarter of 2020 were \$ 3,934 thousands of million, which includes **service revenues** of \$ 3,851 thousands of million with a 3.1% year-on-year growth (\$ 3,735 Q3 2019), mainly due to the excellent performance in customer management and the launch of new plans mainly in postpaid, the growth trend in fiber and driven by digital services which also continue on a growth path, despite the impact of Covid-19. **Other operating revenues** of \$ 83 thousands of million fell 74.0% due to lower activity in the asset optimization project in the third quarter of 2020 compared to the same period in 2019.

**Operating costs** and **expenses** of \$ 2,781 thousands of million increased 3.1% (\$ 83 thousands of million) year-over-year mainly due to the execution of new integral solutions contracts for corporate clients, an increase in access charges due to an increase in minute traffic, and a slight impact by Covid-19 on the impairment of accounts receivable. These were partially offset by lower costs of mobile terminal equipment, commercial expenses, and efficiencies in several areas.

**EBITDA** - an indicator that measures performance and operating income before depreciation and amortization - closed the third quarter of 2020 at \$ 1,154 thousands of million, down 15.0% year-on-year, impacted by higher commercial costs and capital gains from the sale of real estate and towers in Q3 2019. Excluding this impact, **EBITDA** would remain practically stable, with a slight year-on-year decrease.

**Depreciation and amortization expense** increased by 0.4% (\$ 4 thousands of million) compared to Q3 2019, mainly due to the net effect of the prospective restatement of useful lives, the termination of the useful life of certain asset classes and, on the other hand, the additions presented in Q3 2020 under the heading of assets for rights of use. On the other hand, **financial expense** decreased 16.6% (\$ 33 thousands of million) year-over-year, mainly due to the positive effect on the valuation of hedging instruments due to the early termination of hedging contracts associated with the prepayment of the Senior Bond.

On September 30, 2020, there is a **pre-tax result** of -\$ 55 thousands of million (+\$ 113 thousands of million at Q3 2019) and a **net result** of -\$ 184 thousands of million, including income tax expense of \$ 129 thousands of million.

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<sup>2</sup> By virtue of the merger by absorption process carried out on May 27, 2020, between Colombia Telecomunicaciones S. A. E.S.P. as the absorber of the companies Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Telecomunicaciones S. A. E.S.P., the Company's management prepared the statement of comprehensive income as of September 30, 2020, absorbing the results of its operations until the merger date.

#### **IV. Subsequent Facts**

Information relating to subsequent events is disclosed in the notes to the financial statements.

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The information in this release should be read in conjunction with the published **Condensed Interim Financial Statements and Notes** to the Financial Statements. The financial indicators are included in those statements.

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Colombia Telecomunicaciones S. A. E.S.P. and its Subsidiary  
Condensed Consolidated Interim Financial Statements

As of September 30, 2020, and for the nine-month period ending on September 30,  
2020 with report from the fiscal auditor

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## Legal Representative and Public Accountant Certification

To the Shareholders of  
Colombia Telecommunications S. A. E.S.P.

November 11, 2020

The undersigned Legal Representative and Public Accountant of Colombia Telecomunicaciones S. A. E.S.P. (hereinafter "the Company") certify that for the issuance of the Condensed Consolidated Statement of Financial Position at September 30, 2020, and the Condensed Consolidated Statement of Comprehensive Income, Statement of Changes in Condensed Consolidated Shareholders' Equity and the Condensed Consolidated Statement of Cash Flows for the nine-month period then ended, the Company has complied with the following that according to the regulations are made available to the shareholders and third parties, the statements contained therein have been previously verified and the figures have been faithfully taken from the books of Colombia Telecomunicaciones S. A. E.S.P. and its subsidiary. Such explicit and implicit statements are as follows:

1. All assets and liabilities included in the condensed consolidated interim financial statements of the Company and its subsidiary as of September 30, 2020, exist, and all transactions included in such condensed consolidated interim financial statements have been completed during the period then ended.
2. All economic events that occurred in the Company and its subsidiary during the nine-month period ended September 30, 2020, have been recognized in the condensed consolidated interim financial statements.
3. Assets represent the potential to produce economic benefits (rights) and liabilities represent the obligation to transfer the economic resource (obligations) obtained or payable by the Company and its subsidiary as of September 30, 2020.
4. All items have been recognized for their appropriate values, in accordance with the Accounting and Financial Reporting Standards accepted in Colombia - (NCIF).
5. All economic events affecting the Company and its subsidiaries have been properly classified, described, and disclosed in the condensed consolidated interim financial statements.

Fabián Andrés Hernández Ramírez  
Legal Representative

Juan Carlos Restrepo Díaz  
Public Accountant  
Professional Card No. 61851-T



**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARY**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2020**  
**(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)**

	Notes	As of September 30,		As of December 31,	
		(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	6	95.317	368.446.900	106.348	411.083.341
Financial Assets	7	46.029	177.924.333	18.707	72.311.618
Debtors and other receivables, net	8	284.040	1.097.949.397	260.115	1.005.467.603
Prepaid Expenses	9	52.902	204.489.947	46.466	179.613.852
Contractual Assets		8.623	33.328.506	6.558	25.345.441
Inventories	10	41.060	158.716.682	50.997	197.129.274
Taxes and Public Administration	11	105.132	406.384.663	100.362	387.944.894
Non-current assets held for sale		-	-	34.812	134.566.415
<b>Total current assets</b>		<b>633.103</b>	<b>2.447.240.428</b>	<b>624.365</b>	<b>2.413.462.438</b>
<b>Non-current assets:</b>					
Financial Assets	7	3.186	12.315.943	8.026	31.022.891
Debtors and other receivables, net	8	40.248	155.577.184	34.382	132.901.742
Prepaid Expenses	9	31.562	122.003.875	43.670	168.804.209
Contractual Assets		15	59.042	22	84.986
Right of use assets	12	185.859	718.433.994	160.374	619.920.941
Property, plant and equipment	13	1.269.464	4.907.073.250	1.316.405	5.088.524.608
Investment Properties		1.951	7.542.910	1.951	7.542.910
Intangibles	14	400.577	1.548.418.958	455.811	1.761.923.054
Goodwill		355.015	1.372.301.565	355.015	1.372.301.565
Taxes and Public Administration	11	56.935	220.080.471	-	-
Deferred Taxes	11	414.223	1.601.165.771	434.724	1.680.411.370
<b>Total Non-current assets</b>		<b>2.759.035</b>	<b>10.664.972.963</b>	<b>2.810.380</b>	<b>10.863.438.276</b>
<b>Total assets</b>		<b>3.392.138</b>	<b>13.112.213.391</b>	<b>3.434.745</b>	<b>13.276.900.714</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Financial obligations	15	80.440	310.940.296	106.080	410.047.634
Suppliers and accounts payable	16	335.192	1.295.673.802	460.862	1.781.446.479
Contractual liabilities	17	23.840	92.154.586	21.731	84.001.127
Taxes and Public Administration	11	67.983	262.785.217	30.564	118.144.838
Deferred liabilities		1.201	4.645.046	1.008	3.898.693
Provisions and pension liabilities	18	43.099	166.598.187	43.105	166.619.657
<b>Total current liabilities</b>		<b>551.755</b>	<b>2.132.797.134</b>	<b>663.350</b>	<b>2.564.158.428</b>
<b>Non-current liabilities:</b>					
Financial obligations	15	1.544.792	5.971.348.457	940.642	3.636.024.497
Suppliers and accounts payable	16	30.163	116.595.220	38.215	147.718.687
Contractual liabilities	17	10.699	41.356.386	12.273	47.439.744
Deferred liabilities		1.937	7.486.301	3.122	12.068.444
Provisions and pension liabilities	18	67.278	260.062.436	66.279	256.198.214
<b>Total Non-current liabilities</b>		<b>1.654.869</b>	<b>6.396.848.800</b>	<b>1.060.531</b>	<b>4.099.449.586</b>
<b>Total Liabilities</b>		<b>2.206.624</b>	<b>8.529.645.934</b>	<b>1.723.881</b>	<b>6.663.608.014</b>
<b>Total equity, attributable to controlling</b>	19	<b>1.185.514</b>	<b>4.582.567.457</b>	<b>1.710.864</b>	<b>6.613.291.997</b>
Equity attributable to non-controlling interests		-	-	-	703
<b>Total liabilities and shareholders' equity</b>		<b>3.392.138</b>	<b>13.112.213.391</b>	<b>3.434.745</b>	<b>13.276.900.714</b>

Notes 1 to 30 are an integral part of these condensed consolidated interim financial statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARY**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2020**  
**(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)**

Notes	Nine-month period ended		Three-month period ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	(In thousands of US\$)			
Operating income:				
Income from contracts with customers	20	996.256	995.807	341.433
Other operating income	21	24.436	85.520	8.037
		<b>1.020.692</b>	<b>1.081.327</b>	<b>349.470</b>
Operating costs and expenses	22	(721.436)	(718.455)	(241.912)
<b>Operating profit before depreciation and amortization</b>		<b>299.256</b>	<b>362.872</b>	<b>112.716</b>
Depreciation and amortization	23	(269.628)	(282.709)	(84.875)
<b>Operational result</b>		<b>29.628</b>	<b>80.163</b>	<b>27.841</b>
Interest expense, net	24	(43.457)	(55.758)	(6.615)
<b>Profit before taxes</b>		<b>(13.829)</b>	<b>24.405</b>	<b>21.226</b>
Income and supplementary taxes	11	(31.754)	(28.469)	(18.632)
<b>Net profit for the period</b>		<b>(45.583)</b>	<b>(4.064)</b>	<b>2.594</b>
<b>Net income per share for the period</b>		<b>(0,013)</b>	<b>(0,001)</b>	<b>0,001</b>
<b>Results attributable to:</b>				
Controlling interests		(45.583)	(3.634)	2.593
Non-controlling interest		-	(429)	-
<b>Net profit for the period</b>		<b>(45.583)</b>	<b>(4.063)</b>	<b>2.593</b>
<b>Other comprehensible results:</b>				
<b>Items to be reclassified to the income statement</b>				
Valuation of hedging derivatives	11	(27.933)	12.412	(33.853)
		<b>(27.933)</b>	<b>12.412</b>	<b>(33.853)</b>
<b>Items that are not reclassified to the income statement</b>				
Revaluation of real estate		(170)	46.548	(170)
Actuarial earnings		-	2.178	0
<b>Other comprehensible result</b>		<b>(28.103)</b>	<b>61.138</b>	<b>(34.023)</b>
<b>Comprehensive result for the period</b>		<b>(73.686)</b>	<b>57.074</b>	<b>(31.429)</b>
<b>Comprehensive income attributable to:</b>				
Controlling interest		(73.686)	58.796	(31.429)
Non-controlling interest		-	(1.721)	0
<b>Comprehensive result for the period</b>		<b>(73.686)</b>	<b>57.075</b>	<b>(31.429)</b>
<b>Net comprehensive income per share for the dollar period</b>		<b>(0,022)</b>	<b>0,017</b>	<b>(0,009)</b>

Notes 1 to 30 are an integral part of these condensed consolidated interim financial statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARY**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**AS OF SEPTEMBER 30, 2020, AND FOR THE NINE-MONTH PERIOD ENDING SEPTEMBER 30, 2020**  
**(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)**

	Notes	Nine-month period ended		Three-month period ended	
		September 30,		September 30,	
		2020	2019	2020	2019
		(In thousands of COP\$)			
Operating income:					
Income from contracts with customers	20	3.850.996.473	3.849.262.445	1.319.799.387	1.291.823.992
Other operating income	21	94.457.364	330.575.006	31.065.096	124.755.478
		<b>3.945.453.837</b>	<b>4.179.837.451</b>	<b>1.350.864.483</b>	<b>1.416.579.470</b>
Operating costs and expenses	22	(2.788.687.578)	(2.777.165.947)	(915.165.779)	(935.102.023)
<b>Operating profit before depreciation and amortization</b>		<b>1.156.766.259</b>	<b>1.402.671.504</b>	<b>435.698.704</b>	<b>481.477.447</b>
Depreciation and amortization	23	(1.042.237.174)	(1.092.804.384)	(328.083.307)	(361.046.508)
<b>Operational result</b>		<b>114.529.085</b>	<b>309.867.120</b>	<b>107.615.397</b>	<b>120.430.939</b>
Interest expense, net	24	(167.980.178)	(215.530.368)	(25.568.848)	(71.675.729)
<b>Profit before taxes</b>		<b>(53.451.093)</b>	<b>94.336.752</b>	<b>82.046.549</b>	<b>48.755.210</b>
Income and supplementary taxes	11	(122.744.834)	(110.044.781)	(72.022.724)	(17.012.123)
<b>Net profit for the period</b>		<b>(176.195.927)</b>	<b>(15.708.029)</b>	<b>10.023.825</b>	<b>31.743.087</b>
<b>Net income per share for the period</b>		<b>(51.67)</b>	<b>(4.61)</b>	<b>2.94</b>	<b>9.31</b>
<b>Results attributable to:</b>		<b>(45.582)</b>	<b>(4.064)</b>	<b>2.593</b>	<b>8.212</b>
Controlling interests		(176.195.927)	(14.048.346)	10.023.825	31.741.073
Non-controlling interest		-	(1.659.683)	-	2.014
<b>Net profit for the period</b>		<b>(176.195.927)</b>	<b>(15.708.029)</b>	<b>10.023.825</b>	<b>31.743.087</b>
<b>Other comprehensible results:</b>					
<b>Items to be reclassified to the income statement</b>					
Valuation of hedging derivatives	11	(107.972.326)	47.979.191	(130.856.623)	19.405.443
		<b>(107.972.326)</b>	<b>47.979.191</b>	<b>(130.856.623)</b>	<b>19.405.443</b>
<b>Items that are not reclassified to the income statement</b>					
Revaluation of real estate		(656.473)	179.929.542	(656.473)	-
Actuarial earnings		-	8.418.706	-	-
<b>Other comprehensible result</b>		<b>(108.628.799)</b>	<b>236.327.439</b>	<b>(131.513.096)</b>	<b>19.405.443</b>
<b>Comprehensive result for the period</b>		<b>(284.824.726)</b>	<b>220.619.410</b>	<b>(121.489.271)</b>	<b>51.148.530</b>
<b>Comprehensive income attributable to:</b>					
Controlling interest		(284.824.726)	227.272.691	(121.489.271)	57.496.515
Non-controlling interest		-	(6.653.281)	-	(6.347.985)
<b>Comprehensive result for the period</b>		<b>(284.824.726)</b>	<b>220.619.410</b>	<b>(121.489.271)</b>	<b>51.148.530</b>
<b>Net comprehensive income per share for the dollar</b>		<b>(83.52)</b>	<b>64.70</b>	<b>(35.62)</b>	<b>15.00</b>

Notes 1 to 30 are an integral part of these condensed consolidated interim financial statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN INTERIM  
AS OF SEPTEMBER 30, 2020, AND FOR THE NINE-MONTH PERIOD ENDING SEPTEMBER 30, 2020  
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)**

	Subscribed and paid-in capital	Premium on share placement	Reserves	Other equity instruments	Revaluation surplus and hedging derivatives	Results of post- employment benefit obligations	Accumulated results	Total	Non-controlling interests	Total Equity
(In thousands of US\$)										
<b>Balances as of December 31, 2018</b>	<b>882</b>	<b>2.541.057</b>	<b>9.341</b>	<b>326.752</b>	<b>116.841</b>	<b>(3.240)</b>	<b>(1.298.636)</b>	<b>1.692.998</b>	<b>2.045</b>	<b>1.695.043</b>
Coupon for perpetual assets (Note 19)	-	-	-	-	-	-	(36.429)	(36.429)	-	(36.429)
Net profit for the period	-	-	-	-	-	-	(3.634)	(3.634)	(429)	(4.063)
Transactions with non-controlling interests and others	-	-	-	-	-	-	(3.982)	(3.982)	-	(3.982)
Transfers (Note 19)	-	-	-	-	(7.429)	-	7.429	-	-	-
Other comprehensive income for the period	-	-	-	-	62.430	-	-	62.430	(1.292)	61.138
<b>Balances as of September 30, 2019</b>	<b>882</b>	<b>2.541.057</b>	<b>9.341</b>	<b>326.752</b>	<b>171.842</b>	<b>(3.240)</b>	<b>(1.335.252)</b>	<b>1.711.383</b>	<b>324</b>	<b>1.711.707</b>
<b>Balances as of December 31, 2019</b>	<b>882</b>	<b>2.541.057</b>	<b>9.341</b>	<b>326.752</b>	<b>136.902</b>	<b>(3.204)</b>	<b>(1.300.866)</b>	<b>1.710.864</b>	<b>-</b>	<b>1.710.864</b>
Issuance of shares (Note 1.2)	-	-	-	-	-	-	-	-	-	-
Coupon of Perpetual Equity Instruments (Note 19)	-	-	-	-	-	-	(14.238)	(14.238)	-	(14.238)
Net profit for the period	-	-	-	-	-	-	(45.582)	(45.582)	-	(45.582)
Payment of Perpetual Assets Instruments perpetuo (Note 19)	-	-	-	(326.752)	-	-	(110.231)	(436.983)	-	(436.983)
Constitution of occasional reserves (Note 19)	-	-	9.035	-	-	-	(9.035)	-	-	-
Transactions with non-controlling interests and others	-	-	-	-	-	-	(444)	(444)	-	(444)
Transfers (Note 19)	-	-	-	-	(25.133)	-	25.133	-	-	-
Other comprehensive income for the period	-	-	-	-	(28.103)	-	-	(28.103)	-	(28.103)
<b>Balances as of September 30, 2020</b>	<b>882</b>	<b>2.541.057</b>	<b>18.376</b>	<b>-</b>	<b>83.666</b>	<b>(3.204)</b>	<b>(1.455.263)</b>	<b>1.185.514</b>	<b>-</b>	<b>1.185.514</b>

Notes 1 to 30 are an integral part of these condensed consolidated interim financial statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN INTERIM  
AS OF SEPTEMBER 30, 2020, AND FOR THE NINE-MONTH PERIOD ENDING SEPTEMBER 30, 2020  
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)**

	Subscribed and paid-in capital	Premium on share placement	Reserves	Other equity instruments	Revaluation surplus and hedging derivatives	Results of post- employment benefit obligations	Accumulated results	Total	Non-controlling interests	Total Equity
(In thousands of COP\$)										
<b>Balances as of December 31, 2018</b>	<b>3.410.059</b>	<b>9.822.380.645</b>	<b>36.105.611</b>	<b>1.263.049.667</b>	<b>451.647.002</b>	<b>(12.522.435)</b>	<b>(5.019.837.636)</b>	<b>6.544.232.913</b>	<b>7.905.306</b>	<b>6.552.138.219</b>
Coupon for perpetual assets (Note 19)	-	-	-	-	-	-	(140.816.313)	(140.816.313)	-	(140.816.313)
Net profit for the period	-	-	-	-	-	-	(14.048.346)	(14.048.346)	(1.659.683)	(15.708.029)
Transactions with non-controlling interests and others	-	-	-	-	-	-	(15.392.422)	(15.392.422)	-	(15.392.422)
Transfers (Note 19)	-	-	-	-	(28.717.810)	-	28.717.810	-	-	-
Other comprehensive income for the period	-	-	-	-	241.321.037	-	-	241.321.037	(4.993.598)	236.327.439
<b>Balances as of September 30, 2019</b>	<b>3.410.059</b>	<b>9.822.380.645</b>	<b>36.105.611</b>	<b>1.263.049.667</b>	<b>664.250.229</b>	<b>(12.522.435)</b>	<b>(5.161.376.907)</b>	<b>6.615.296.869</b>	<b>1.252.025</b>	<b>6.616.548.894</b>
<b>Balances as of December 31, 2019</b>	<b>3.410.059</b>	<b>9.822.380.645</b>	<b>36.105.611</b>	<b>1.263.049.667</b>	<b>529.191.883</b>	<b>(12.386.002)</b>	<b>(5.028.459.866)</b>	<b>6.613.291.997</b>	<b>703</b>	<b>6.613.292.700</b>
Issuance of shares (Note 1.2)	16	-	-	-	-	-	-	16	-	16
Coupon of Perpetual Equity Instruments (Note 19)	-	-	-	-	-	-	(55.037.974)	(55.037.974)	-	(55.037.974)
Net profit for the period	-	-	-	-	-	-	(176.195.927)	(176.195.927)	-	(176.195.927)
Payment of Perpetual Assets Instruments perpetuo (Note 19)	-	-	-	(1.263.049.667)	-	-	(426.095.333)	(1.689.145.000)	-	(1.689.145.000)
Constitution of occasional reserves (Note 19)	-	-	34.925.054	-	-	-	(34.925.054)	-	-	-
Transactions with non-controlling interests and others	-	-	-	-	-	-	(1.716.856)	(1,716.856)	(703)	(1,717.559)
Transfers (Note 19)	-	-	-	-	(97.151.934)	-	97.151.934	-	-	-
Other comprehensive income for the period	-	-	-	-	(108.628.799)	-	-	(108.628.799)	-	(108.628.799)
<b>Balances as of September 30, 2020</b>	<b>3.410.075</b>	<b>9.822.380.645</b>	<b>71.030.665</b>	<b>-</b>	<b>323.411.150</b>	<b>(12.386.002)</b>	<b>(5.625.279.076)</b>	<b>4.582.567.457</b>	<b>-</b>	<b>4.582.567.457</b>

Notes 1 to 30 are an integral part of these condensed consolidated interim financial statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARY  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
AS OF SEPTEMBER 30, 2020, AND FOR THE NINE-MONTH PERIOD ENDING SEPTEMBER 30, 2020  
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)**

	Notes	Nine-month period ended September 30,			
		2020		2019	
		(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Net cash flows from operating activities</b>					
Cash received from customers		1.073.149	4.148.225.363	1.114.570	4.308.337.776
Cash paid to suppliers and other accounts payable		(749.780)	(2.898.252.765)	(870.724)	(3.365.756.621)
Net interest paid and other financial expenses		(38.612)	(149.253.325)	(53.693)	(207.547.771)
Direct taxes paid		(50.347)	(194.614.995)	(51.050)	(197.330.908)
Self-withholding on income tax		(34.397)	(132.962.469)	(20.304)	(78.482.787)
Interest paid on finance leases	15	(7.318)	(28.286.286)	(3.891)	(15.040.826)
<b>Net cash provided by operating activities</b>		<b>192.695</b>	<b>744.855.523</b>	<b>114.908</b>	<b>444.178.863</b>
<b>Net cash flows used in investing activities</b>					
Collections for the sale of movable and immovable property		39.223	151.614.858	125.770	486.158.853
Advance made for acquisition of shares		-	-	(3.874)	(14.973.984)
Payments for investments in plant and equipment and intangibles		(249.853)	(965.800.333)	(147.241)	(569.155.613)
<b>Net cash used in investing activities</b>		<b>(210.630)</b>	<b>(814.185.475)</b>	<b>(25.345)</b>	<b>(97.970.744)</b>
<b>Net cash flows used in financing activities</b>					
New financial debt		822.331	3.178.695.620	85.028	328.672.804
Senior bond issuance		469.265	1.813.930.000	-	-
Receipts from exchange rate hedges		162.059	626.435.756	31.071	120.102.220
Local bond issuance		-	-	129.350	500.000.000
Lease payments	15	(44.474)	(171.911.885)	(33.569)	(129.759.668)
Payment of financial debt		(136.910)	(529.220.993)	(200.760)	(776.032.676)
Payment of coupon on perpetual assets instruments		(21.967)	(84.911.387)	(36.429)	(140.816.313)
Payment of perpetual debt instruments		(516.862)	(1.997.915.000)	-	-
Senior bond payment		(726.537)	(2.808.408.600)	-	-
<b>Net cash provided by financing activities</b>		<b>6.905</b>	<b>26.693.511</b>	<b>(25.309)</b>	<b>(97.833.633)</b>
Net (decrease) increase in cash and cash equivalents		(11.030)	(42.636.441)	64.255	248.374.486
Cash and cash equivalents as of January 1		106.348	411.083.341	32.000	123.696.866
<b>Cash and cash equivalents at 30 September</b>	6	<b>95.318</b>	<b>368.446.900</b>	<b>96.255</b>	<b>372.071.352</b>
<b>Cash and cash equivalents as of January 1</b>					
		<b>106.347</b>	<b>411.083.341</b>	<b>32.000</b>	<b>123.696.866</b>
Cash, accessible Cash and Banks		93.181	360.188.831	24.652	95.291.295
Temporary investments		13.166	50.894.510	7.349	28.405.571
<b>Cash and cash equivalents at 30 September</b>		<b>95.318</b>	<b>368.446.900</b>	<b>96.255</b>	<b>372.071.352</b>
Cash, accessible Cash and Banks		61.312	236.999.042	61.067	236.052.854
Temporary investments		34.006	131.447.858	35.188	136.018.498

Notes 1 to 30 are an integral part of these condensed consolidated interim financial statements.

**COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARY  
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2020, AND FOR THE NINE-MONTH PERIOD ENDING SEPTEMBER 30, 2020  
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)**

**1. GENERAL INFORMATION**

**1.1. Economic Entity**

Colombia Telecomunicaciones S. A. E.S.P. (hereinafter "the Company") was incorporated as a commercial joint-stock company in Colombia through Public Deed No. 1331 dated June 16, 2003, with a duration until December 31, 2092, and its main domicile is in Bogotá, D.C., located at Transversal 60 No.114 A - 55. The company whose capital is mainly owned by private individuals is subject to the legal regime provided in Law 1341 of 2009 and other applicable rules, thus being classified as a public service company (P.S.C.).

The Company's main corporate purpose is the organization, operation, provision, supply and exploitation of telecommunications activities, networks and services, such as local, extended local and long distance national and international basic switched public telephony, mobile services, mobile cellular telephone services in any territorial order, national or international, carriers, teleservices, telematics, value added services, satellite services in its different modalities, television services in all its modalities including cable television, broadcasting services, wireless technologies, video, computer application hosting services, data center services, private and public telecommunications network operation services and total information system operations, services of provision and/or generation of contents and applications, information services and any other activity, product or service qualified as of telecommunications, and/or of the technologies of the information and the communications (TIC) such as, resources, tools, equipment, computer programs, applications, networks and means, that allow the compilation, processing, storage, transmission of information such as voice, data, text, video and images, including their complementary and supplementary activities, within the national territory and abroad and in connection with the outside, using their own property, assets and rights or exercising the use and enjoyment of property, assets and rights of third parties. Likewise, the Company may carry out the commercial activities that have been defined in its articles of association.

On September 27, 2017, the Company acquired the majority share of the companies Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Comunicaciones S. A. E.S.P., equivalent to 99.99% and 99.97%, respectively. In this manner, Telefónica S. A. acquired control of these companies through Colombia Telecomunicaciones S. A. E.S.P., and on November 9 and 8, 2017, the aforementioned control situation was registered with the Chamber of Commerce of Bucaramanga and Barranquilla, respectively. On April 9, 2018, the Company registered at the Chamber of Commerce the situation of the Company's Business Group, Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Comunicaciones S. A. E. S. P. with the controlling company Telefónica S. A.

On May 27, 2020, by means of Public Deed No. 769 granted at the Notary's Office Sixteen (16) of the Circle of Bogotá D.C., the statutory merger reform was solemnized, by virtue of which Colombia Telecomunicaciones S. A. ESP absorbed Metrotel and Telebucaramanga. The referred public deed was registered in the Commercial Registry of the Chamber of Commerce of Bogotá D.C., on May 28, 2020.

On July 28, 2020, the Company registered at the Chamber of Commerce the modification of the situation of the Company's Business Group, in the sense that this is configured only between the Company and the controlling company Telefónica S. A.

The companies Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Comunicaciones S. A. E.S.P. owned 100% of the shares of the company Operaciones Tecnológicas y Comerciales S. A. S. - "Optecom". The Company has requested Optecom Colombia S. A. S. (i) to cancel the titles of Metrotel and Telebucaramanga; (ii) to issue on behalf of Colombia Telecomunicaciones S. A. ESP the titles corresponding to the 2,330 shares that Metrotel and Telebucaramanga held; (iii), and consequently, (iii) to register Colombia Telecomunicaciones S. A. ESP as a shareholder of Optecom. The control situation before Optecom is predicated on Telefónica S. A., which registered it before the Barranquilla Chamber of Commerce on November 8, 2018.

**Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. – "Telebucaramanga"**

Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. - "Telebucaramanga" (formerly Empresas Públicas de Bucaramanga S. A. E.S.P.), was incorporated on November 21, 1972, by Agreement 51 of the Bucaramanga Council. In accordance with public deed number 1435 dated May 23, 1997, it is a mixed public service provider, structured under the scheme of a joint-stock company regulated under the terms established in Law 142 of 1994 and other rules governing these services. The term of the company is indefinite. The address registered as domicile and main office is Calle 36 No 14 -71 (Bucaramanga - Colombia).

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The corporate purpose of "Telebucaramanga" was the provision of public home telecommunications services, telematics, and other complementary, value-added activities derived and/or related to such services, to make strategic alliances, shared partnerships, to enter into administrative agreements and contracts, to market services provided by third parties, to carry out administration, marketing and exploitation activities of property and real estate, and to participate in public tenders.

**Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. - "Metrotel"**

The company Metropolitana de Telecomunicaciones S. A. E.S.P. - "Metrotel," was established in accordance with Colombian law on May 9, 1994, as a corporation, through Public Deed No. 1.586 of Notary 5 of Barranquilla. The term of the company expires on January 12, 2028. The address registered as domicile and main office is Calle 74 No. 57-35 (Barranquilla - Colombia).

Metrotel's main corporate purpose was the provision and operation of all types of telecommunications services, authorizations, and concessions, including the study, design, construction, assembly, installation, improvement, maintenance, leasing, administration, and operation of telecommunications services and networks.

**Empresa Operaciones Tecnológicas y Comerciales S. A. S - "Optecom"**

The Company Operaciones Tecnológicas y Comerciales S. A. S - "Optecom" was incorporated under Colombian law on October 22, 2013, as a simplified stock company (S. A. S.). The term of duration of the company is indefinite, the address registered as domicile and main office is Via 40 No. 73-290 Office 409 (Barranquilla - Colombia).

The main corporate purpose is to carry out one or more of the activities provided for in Law 1341 of 2009, for providers of information and communications technology networks and services and other activities that are proper and complementary to the information and communications technology sector.

**1.2. Subsidiary Integration and Merger Process**

With the advance payment of the exploitation contract with Parapat in 2017 and the transfer to the Company of the shares it had in Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. and Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. - the Subsidiaries, since the fourth quarter of 2017, Colombia Telecomunicaciones has achieved with the Subsidiaries: (i) operational integration without affecting service; (ii) integral process management, (iii) unification of the brand and offer, and (iv) significant synergies.

The activities carried out for legal integration are the following:

- a) In the Board of Directors No. 128 of June 12, 2019, the Company's Management proposed to carry out a merger by absorption through which Colombia Telecomunicaciones S. A. E.S.P. will absorb Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. and Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and the Board of Directors decide:
  - To propose to the Company's General Shareholders' Meeting for its consideration and subsequent approval, the merger by which the Company will absorb Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. and Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P., prior completion of the independent valuation and special purpose financial statement preparation processes, as well as compliance with applicable legal and corporate provisions.
  - To order the management to perform all acts required to carry out the meeting of the Shareholders' Meeting and all those acts aimed at perfecting the merger.
- b) At an extraordinary meetings held on August 28, 29 and 30, 2019, respectively, the General Shareholders' Meetings of Colombia Telecomunicaciones S. A. E.S.P., Metropolitana de Telecomunicaciones S. A. E.S.P. (Metrotel) and Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. (Telebucaramanga), approved the Merger Commitment by absorption, by virtue of which Colombia Telecomunicaciones S. A. E.S.P, as Absorbing Company, will absorb (i) Metrotel and (ii) Telebucaramanga, as Absorbed Companies, as stated in Act No. 66 of Colombia Telecomunicaciones S. A. E.S.P., Act No. 046 of Metrotel and Act No. 52 of Telebucaramanga.



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- c) On October 9, 2019, the General Assembly of Holders of the Company's Ordinary Bonds was held, at which the merger operation between Colombia Telecomunicaciones S. A. E.S.P. and the companies Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Telecomunicaciones S. A. E.S.P. was approved, in compliance with the special majorities established in articles 6.4.1.1.22 and 6.4.1.1.42 of Decree 2555 of 2010. In accordance with the approvals granted by the General Shareholders' Meetings of the Absorbing Company and the Absorbed Companies, as well as by the Meeting of Holders of Ordinary Bonds of the issue made by Colombia Telecomunicaciones S. A. E.S.P. in May 2019, the Company filed on October 9, 2019, with the Financial Superintendence of Colombia, the request for authorization to carry out the merger by absorption of Colombia Telecomunicaciones S. A. E.S.P. and the Absorbed Companies.
- d) Through Resolution No. 0468 of May 13, 2020, notified on May 15, 2020, the Financial Superintendence of Colombia authorized Colombia Telecomunicaciones S. A. E.S.P. to solemnize the statutory reform of the merger by absorption, acting as the absorbing company of Metrotel and Telebucaramanga, according to the merger commitment approved by the shareholders of the intervening companies.
- e) On May 27, 2020, as indicated in Note 1.1, the statutory merger amendment was solemnized, by virtue of which Colombia Telecomunicaciones S. A. E.S.P. absorbed Metrotel and Telebucaramanga.
- f) On September 23, 2020, the account entry of Metrotel and Telebucaramanga shareholders who acquired shares of the Company as a consequence of the merger process was perfected. This operation was recorded by the Centralized Securities Deposit (Deceval) in the Company's stockholders' book, which manages the book.
- g) In the merger commitment approved by the General Shareholders' Meetings of Colombia Telecomunicaciones S. A. E.S.P., Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. - "Metrotel" and Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. - "Telebucaramanga," the equity value of the Companies was determined and with these valuations the exchange or proportionality between a share of the Absorbing Company and a share of the Absorbed Companies was obtained.

In accordance with the above, Colombia Telecomunicaciones S. A. E.S.P. issued 16,497 common shares as consideration to the shareholders of the Absorbed Companies. Consequently, the Absorbing Company increased its capital stock by the amount of \$ 16,497, to have a subscribed and paid-in capital of \$ 3,410,075,788, divided into 3,410,075,788 common shares with a par value of one peso (\$1) each, fully subscribed and paid-in.

### **1.3. Sale of property - Administrative Headquarters**

In February 2020, as part of the strategy to optimize non-strategic assets and as part of the program to allocate resources efficiently, the property of the Administrative Headquarters located in Bogotá, D.C., was sold. As a result of this transaction, the Company signed a 25-year lease on this property.

### **1.4. Changes between the same beneficial owner in the shareholding composition of Colombia Telecomunicaciones S. A. E.S.P. and Update of Control Situation.**

Colombia Telecomunicaciones S. A. E.S.P. was informed by Telefónica S. A. that after a corporate reorganization process carried out in Spain, Telefónica S. A. (hereinafter TEF) and Telefónica Latinoamérica Holding S.L. (hereinafter TLH) entered into a purchase agreement to transfer, respectively, 269,339,586 and 1,756,837,597 shares of the Company to Latin America Cellular Holdings S.L. ("LACH"), a company also belonging to the Telefónica Group, which already held 8.082% of the Company's capital stock. The aforementioned companies have accredited their status as the same beneficial owner before the Colombian Financial Superintendence.

On May 7, 2020, the transfer of the shares subject to the aforementioned purchase and sale was perfected. As a result, Latin America Cellular Holdings S.L. became the Telefónica Group company that consolidated all the shares of Colombia Telecomunicaciones S. A. E.S.P., owned by the same beneficial owner and which continues to represent 67.5% of the Company's capital stock. This reorganization does not imply any variation in the total number of shares for which the Telefónica Group is the beneficial owner.

On the occasion of the aforementioned transfer of shares of TEF and TLH to LACH, on July 1, 2020, the update of the control situation of Colombia Telecomunicaciones S. A. E.S.P. was registered at the Bogotá Chamber of Commerce, to indicate that the company Telefónica S. A. indirectly exercises control over Colombia Telecomunicaciones S. A. E.S.P. through Latin America Cellular Holdings S.L. (today Telefónica Hispanoamérica S. A.).

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**1.5. Change in the name of the shareholder Latin America Cellular Holdings, S.L.**

Colombia Telecomunicaciones S. A. ESP was informed that by means of public deed No. 2320, granted in Madrid on July 6, 2020, before Notary Public Don. Ángel Almoguera Gómez, registered in the Madrid Mercantile Registry on July 26, 2020, the company Latin America Cellular Holdings, S.L. changed its name to Telefónica Hispanoamérica, S.L.

**1.6. Transformation of the shareholder Telefónica Hispanoamérica, S.L. from a limited company to a corporation.**

Colombia Telecomunicaciones S. A. ESP was informed that by means of public deed No. 3338 granted in Madrid on September 21, 2020, before Notary Public Don. Ángel Almoguera Gómez, registered in the Madrid Mercantile Registry on September 28, 2020, the company Telefónica Hispanoamérica, S.L. was transformed from a limited company to a corporation, and consequently, changed its corporate name to Telefónica Hispanoamérica S. A. This company is a shareholder of the Company with 2,301,779,819 shares, with a participation of 67.49937427% of the capital stock.

**1.7. Payment of the Hybrid Bond and Acquisition of New Debt**

On February 18, 2020, Colombia Telecomunicaciones S. A. E.S.P. gave notice of irrevocable redemption of the Hybrid Notes (subordinated perpetual notes) issued on March 30, 2015, in the amount of USD 500 million. The notification was made to the Bank of New York (NY) Mellon, in its capacity as Trustee. On March 27, 2020, a payment of USD 500 million was made to the Bank of NY Mellon for the early cancellation of the Hybrid Notes issue.

To serve the payment of the Hybrid Bond, the Group acquired debt with local banks for a value of \$ 900,000 million and with foreign banks for a value of USD 235 million.

**1.8. Prepayment of the Senior Bond due in 2022 and contracting of Club Deal (syndicated credit)**

El On March 18, 2020, a syndicated loan was signed in favor of Colombia Telecomunicaciones S. A. E.S.P., whose administrative agent is Banco Santander S. A., for a value of USD 320 million with a 5-year term and repayment at maturity.

On May 12, 2020, the Group sent notification of the irrevocable partial redemption of up to USD320 million of the Senior Unsecured Notes issued on September 27, 2012, maturing in 2022 and having a face value of USD 750 million; on June 12, partial payment was made for USD 320 million, and on September 28 the balance was paid for USD 430 million..

**1.9. Issuance of International Bonds**

On July 8, 2020, Colombia Telecomunicaciones S. A. E.S.P., announced the issuance of a USD 500 million 10-year bond, which was disbursed on July 17, at a rate of 4.95%, NASV (Annual Percentage Rate). The proceeds of the issue were used to (i) pay the balance of the Senior Unsecured Notes issued on September 27, 2012, for a market value of USD 430 million, and (ii) replace USD 70 million of the Group's current debt.

**2. OPERATIONS**

**2.1. Impacts of the Economic and Health Emergency Caused by Covid-19.**

The Group's companies, faced with the declaration of a sanitary emergency in Colombian territory by the National Government to contain the effects of Covid-19, have adopted the necessary measures to guarantee the continuity of their operations, the provision of services, and adequate attention to their clients, suppliers, and collaborators.

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The Group's companies continue to carry out the activities inherent to their corporate purpose, within the framework of the provisions issued by the National Government and local authorities. For its part, the Companies' Management is constantly evaluating all appropriate measures to minimize the negative impacts that could arise from this situation during the year 2020. The economic impacts that have been generated by this situation to date are disclosed in Note 29 to the financial statements.

**2.2. Regulatory Aspects and Issuance of Standards in the Framework of the Economic and Health Emergency Caused by Covid-19.**

Within the framework of the economic and health emergency, the National Government and the control agencies have issued certain decrees with specific scope for Companies in the ICT sector, which are also summarized in Note 29 to the financial statements.

**3. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES**

**3.1. Applied Professional Accounting Standards**

**3.1.1. Basis of Presentation**

The condensed consolidated interim financial statements for the nine- and three-month periods ended September 30, 2020, and September 30, 2019, and for the annual period ended December 31, 2019, have been prepared in accordance with IAS 34-Interim Financial Reporting and do not include all the information required by a complete set of financial statements under NCIF and, therefore, should be read in conjunction with the Group's latest annual consolidated financial statements as of December 31, 2019. However, the above includes selected notes, comparative information, and analytical information to better understand the changes in the Group's financial position and performance since the last financial report. .

The Group's companies prepare their financial statements based on the accounting and financial reporting principles and standards accepted in Colombia (NCIF), regulated by the Single Regulatory Decree 2420 of 2015, modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018 and 2270 of 2019. These standards are based on the International Financial Reporting Standards - IFRS and their interpretations issued by the International Accounting Standards Board (IASB) and other legal provisions applicable to the entities supervised and/or controlled by the Superintendencia Financiera de Colombia that may differ in some aspects from those established by other state control agencies. The Consolidated Condensed Interim Financial Statements were approved by Management.

These condensed consolidated interim financial statements comprise the statements of financial position as of September 30, 2020, and December 31, 2019, the statements of comprehensive income for the nine- and three-month periods ended September 30, 2020, and September 30, 2019, and the statements of cash flows and changes in equity for the nine-month periods ended September 30, 2020, and September 30, 2019.

**3.1.2. Consolidated Financial Statements**

The Group prepares its Consolidated Condensed Interim Financial Statements that include the information of the Group as a single company by means of the full integration methodology, adding up assets, liabilities, and the operations carried out in the period excluding those operations carried out between the Company and its subordinate.

The subsidiaries are consolidated as from the date on which Colombia Telecomunicaciones S. A. E.S.P. obtained control and will continue to be consolidated until the date on which such control ceases, is disposed of, or the merger takes place. Until the date of the merger with Metrotel and Telebucaramanga, each subsidiary prepared individual financial statements for the same reporting period as that of Colombia Telecomunicaciones S. A. E.S.P., applying uniform accounting policies. All balances, transactions, unrealized gains, and losses arising from transactions between Group entities are eliminated.

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**3.1.3. Investments in Subsidiaries**

Investments in subsidiary companies in which the Group has control through direct or indirect ownership of more than 50% of the capital stock are accounted for by the equity method. Under this method, investments are initially recorded at cost and are subsequently adjusted, with credit or charge to income as appropriate, to recognize the participation in the profits or losses of the subsidiaries after eliminating unrealized intercompany profits. The cash distribution of these companies' earnings is recorded as a reduction in the value of the investment.

On May 27, 2020, the statutory reform of the merger by absorption of the companies Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Telecomunicaciones S. A. E.S.P. was solemnized, so at the end of September 2020, the financial statements of these companies were incorporated.

Below are the percentages of participation of Colombia Telecomunicaciones S. A. E.S.P. at the end of each reporting period:

<b>Company</b>	<b>Country / City</b>	<b>Shareholding as of September 30, 2020</b>	<b>Shareholding as of December 31, 2019</b>
Empresa de Telecomunicaciones de Bucaramanga S.A. E.S.P.	Colombia / Bucaramanga	-	99,99%
Metropolitana de Telecomunicaciones S.A. E.S.P.	Colombia / Barranquilla	-	99,97%
Operaciones Tecnológicas y Comerciales S.A.S.	Colombia / Barranquilla	100,00%	99,98%

The main figures of the financial statements of the subsidiaries consolidated by Colombia Telecomunicaciones S. A. E.S.P. are as follows:

**Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P.**

The financial information is presented below:

	<b>As of September 30</b>		<b>As of December 31</b>	
	<b>2020</b>		<b>2019</b>	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Total assets	-	-	97.959	378.658.127
Total liabilities	-	-	69.303	267.887.647
Total equity	-	-	28.656	110.770.480
Results for the period	-	-	(1.618)	(6.256.191)

**Metropolitana de Telecomunicaciones S. A. E.S.P.**

The financial information is presented below:

	<b>As of September 30</b>		<b>As of December 31</b>	
	<b>2020</b>		<b>2019</b>	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Total assets	-	-	70.316	271.804.891
Total liabilities	-	-	69.950	270.388.772
Total equity	-	-	366	1.416.119
Results for the period	-	-	(4.927)	(19.046.097)

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**Operaciones Tecnológicas y Comerciales S. A. S.**

The financial information is presented below:

	As of September 30		As of December 31	
	2020		2019	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Total assets	3.514	13.582.513	3.498	13.522.776
Total liabilities	3.236	12.510.282	2.992	11.564.781
Total equity	277	1.072.231	507	1.957.995
Results for the period	(229)	(885.765)	64	247.255

**3.1.4. Significant Accounting Estimates and Judgments**

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies, and the reported amounts of assets and liabilities, revenues, expenses, and commitments and that could differ from these estimates.

The significant judgments made by management during the course of the 2020 period in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described and used in the last annual financial statements at December 31, 2019, with the exception of i) the activation of incremental costs for commissions generated in obtaining contracts with customers as defined by IFRS-15 and considering the provision of new separate and detailed information by product and will be amortized over the average life of the customer; and, ii) retrospective updating of useful lives of some classes of assets related to plant and equipment based on the review and awards issued by the technical areas.

**3.2. Accounting Policies**

The Group's significant accounting policies are described in the accounting policies section of the annual report as of December 31, 2019 and have been applied consistently for the period covered by these Consolidated Condensed Interim Financial Statements.

**3.2.1. Prepaid expenses**

Prepaid expenses include incremental costs for commissions generated in obtaining contracts with customers for mobile products as defined by IFRS-15; these are amortized over the period corresponding to the average life of the customer.

**4. NEW STANDARDS, MODIFICATIONS AND INTERPRETATIONS INCORPORATED TO THE ACCEPTED ACCOUNTING FRAMEWORK IN COLOMBIA**

Decree 2270 of 2019 compiled and updated the technical frameworks of the Accounting and Financial Reporting Standards accepted in Colombia, which had been incorporated by Decrees 2420 of 2015, 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, and 2270 of 2019, including a new interpretation issued by the International Accounting Standards Board (IASB), to make them applicable as of January 1, 2020. However, their application could be made earlier.

**New standards issued by the International Accounting Standards Board (IASB) that have not yet been incorporated into the accepted accounting framework in Colombia**

**IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts issued with discretionary participation components. The objective is to ensure that entities provide relevant information in a manner that faithfully represents those contracts to assess the effect that contracts within the scope of IFRS 17 have on an entity's financial position, financial performance, and cash flows.

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IFRS 17 will be applied for annual periods beginning on or after January 1, 2021. Earlier application is permitted.

The Group does not expect impacts from this standard, considering that it has not identified that it develops insurance contracts; in any case, detailed analyses are being carried out.

**Amendments to IFRS 16 Leases - Rent reductions related to Covid-19**

In response to the Covid-19 pandemic, the International Accounting Standards Board developed an amendment to IFRS 16 Leases to authorize lessees not to account for lease concessions as lease modifications if they are a direct result of Covid-19 and meet certain conditions. This is a practical response to existing conditions. Lease concessions may take various forms, including one-time rent reductions, rent waivers, or deferral of lease payments.

Under IFRS 16, rental concessions generally meet a lease modification definition unless they were provided for in the original contract. In relation to lessors, the Board agreed not to provide any exemption, and therefore it should continue to assess whether rental concessions are modifications to the lease and account for them accordingly. On May 28, the Board agreed to approve the proposed modifications, updating it with respect to the following aspects:

- Extension of the cut-off date to include rent concessions that reduce amounts originally due on or before June 30, 2021.
- Requirement for lessees applying the exemption to also disclose changes in lease payments recognized in earnings.
- Specification that the disclosure requirements in paragraph 28(f)1 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are not included in the initial application of the amendments.

These details and requirements in the application of the exemption that has been established require an analysis for each concession and to know and evaluate its possible accounting impact in the case of an entity that has received this type of concession to the leases.

For its part, the Technical Council of Public Accounting - CTCP as the only body of technical standardization of accounting standards, financial reporting, and assurance of information in Colombia, sent on June 29, 2020, to the Ministry of Commerce, Industry and Tourism and the Ministry of Finance and Public Credit, the document supporting the proposal - on the application of amendments issued in 2020, by the IASB, related to the modification of IFRS 16 - Rent reductions related to Covid-19" recommended the issuance of a Regulatory Decree amending IFRS 16 contained in Annex 1 of DUR 2420 of 2015. It also recommended that the amendment to IFRS 16 be applied as of the date of issue of the Decree, allowing its early application. As of the date of issuance of these financial statements, the decree authorizing the amendment to IFRS 16 has not been issued and therefore cannot be applied to the financial statements issued to date.

Based on previous reviews, we do not anticipate significant impacts on the financial statements from the application of this regulatory change.

**5. ACCOUNTING CHANGES DUE TO THE ADOPTION OF NEW STANDARDS**

**5.1. Accounting changes due to the adoption of new standards effective January 1, 2020**

As of January 1, 2020, the Group adopted the following standard for the preparation of financial statement:

**IFRIC 23 Uncertainty in Income Tax Treatment**

IFRIC 23 was issued in May 2017; this Interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty about income tax treatments. In this circumstance, an entity will recognize and measure its current or deferred tax asset or liability by applying the requirements of IAS 12 on the basis of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates determined by applying this Interpretation.

As of 30 September 2020, there are no uncertainties in the determination of the Group's income tax as disclosed in the condensed interim financial statements, given that the extraordinary operations that have been declared in the income tax and supplementary tax are supported by the tax standard in force.

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**6. CASH AND CASH EQUIVALENTS**

The balance of cash and cash equivalents is as follows:

	As of September 30		As of December 31	
	2020		2019	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Cash	16	60.324	1	5.044
Banks in national and foreign currency	61.296	236.938.718	92.451	357.367.050
Temporary investments (1)	33.456	129.324.745	13.166	50.894.510
Special funds	549	2.123.113	729	2.816.737
	<b>95.317</b>	<b>368.446.900</b>	<b>106.347</b>	<b>411.083.341</b>

Cash and equivalents include foreign currency balances on September 30, 2020 of USD 5,554 thousand (\$ 21,467,154) and at December 31, 2019 of USD 5,411 thousand (\$ 17,732,605). On September 30, 2020, and December 31, 2019, the restricted securities in banks are \$ 5,258,979 and \$ 6,308,246, respectively.

(1) Includes investments in collective funds whose average rates for the period ended September 30, 2020 range from 2.41% to 5.17% (2019 between 3.78% and 4.98%). Corresponds to demand investments that include the Time Deposit constituted by USD 5,000 thousand equivalent to \$ 19,327,350 (2019 - \$ 16,385,700) on September 30, 2020. The investment returns recognized during the periods ended September 30, 2020 and 2019 were \$ 7,957,646 and \$ 414,477, respectively (Note 24).

**7. FINANCIAL ASSETS**

The balance of financial assets on September 30, 2020, is as follows:

	At fair value through profit or loss	At fair value with changes in OCI	Total financial assets at fair value	At amortized cost with changes in results	Total financial assets
	(in thousands of US\$)				
<b>Current financial assets</b>					
Hedging instruments (1)	43.405	2.594	45.999	-	45.999
Deposits and bonds (2)	-	-	-	30	30
	<b>43.405</b>	<b>2.594</b>	<b>45.999</b>	<b>30</b>	<b>46.029</b>
<b>Non-current financial assets:</b>					
Hedging instruments (1)	145	-	145	-	145
Deposits and bonds (2)	-	-	-	3.025	3.025
Other holdings	-	-	-	16	16
	<b>145</b>	<b>-</b>	<b>145</b>	<b>3.041</b>	<b>3.186</b>
	<b>43.550</b>	<b>2.594</b>	<b>46.144</b>	<b>3.071</b>	<b>49.215</b>

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	At fair value through profit or loss	At fair value with changes in OCI	Total financial assets at fair value	At amortized cost with changes in results	Total financial assets
(in thousands of COP\$)					
<b>Current financial assets</b>					
Hedging instruments (1)	167.780.651	10.025.720	177.806.371	-	177.806.371
Deposits and bonds (2)	-	-	-	117.962	117.962
	<u>167.780.651</u>	<u>10.025.720</u>	<u>177.806.371</u>	<u>117.962</u>	<u>177.924.333</u>
<b>Non-current financial assets:</b>					
Hedging instruments (1)	559.430	-	559.430	-	559.430
Deposits and bonds (2)	-	-	-	11.696.513	11.696.513
Other holdings	-	-	-	60.000	60.000
	<u>559.430</u>	<u>-</u>	<u>559.430</u>	<u>11.756.513</u>	<u>12.315.943</u>
	<u>168.340.081</u>	<u>10.025.720</u>	<u>178.365.801</u>	<u>11.874.475</u>	<u>190.240.276</u>

The balance of financial assets on December 31, 2019, is as follows:

	At fair value through profit or loss	At fair value with changes in OCI	Total financial assets at fair value	At amortized cost with changes in results	Total financial assets
(in thousands of US\$)					
<b>Current financial assets</b>					
Hedging instruments (1)	11.577	6.999	18.576	-	18.576
Deposits and bonds (2)	-	-	-	131	131
	<u>11.577</u>	<u>6.999</u>	<u>18.576</u>	<u>131</u>	<u>18.707</u>
<b>Non-current financial assets:</b>					
Hedging instruments (1)	-	5.145	5.145	-	5.145
Deposits and bonds (2)	-	-	-	2.865	2.865
Other holdings	-	-	-	16	16
	<u>-</u>	<u>5.145</u>	<u>5.145</u>	<u>2.881</u>	<u>8.026</u>
	<u>11.577</u>	<u>12.144</u>	<u>23.721</u>	<u>3.012</u>	<u>26.733</u>
(in thousands of COP\$)					
<b>Current financial assets</b>					
Hedging instruments (1)	44.749.554	27.054.571	71.804.125	-	71.804.125
Deposits and bonds (2)	-	-	-	507.493	507.493
	<u>44.749.554</u>	<u>27.054.571</u>	<u>71.804.125</u>	<u>507.493</u>	<u>72.311.618</u>
<b>Non-current financial assets:</b>					
Hedging instruments (1)	-	19.886.960	19.886.960	-	19.886.960
Deposits and bonds (2)	-	-	-	11.075.931	11.075.931
Other holdings	-	-	-	60.000	60.000
	<u>-</u>	<u>19.886.960</u>	<u>19.886.960</u>	<u>11.135.931</u>	<u>31.022.891</u>
	<u>44.749.554</u>	<u>46.941.531</u>	<u>91.691.085</u>	<u>11.643.424</u>	<u>103.334.509</u>

- (1) The net variation in current assets when comparing the closing of September 30, 2020, with the closing of December 2019, is mainly due to the devaluation of the peso against the dollar by \$ 588.33 and of the non-current assets to the liquidation of the hedges associated with the senior bond.



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(2) Corresponds to deposits constituted by a court order with maturity until resolution.

**8. DEBTORS AND OTHER RECEIVABLES, NET**

The balance of debtors and other receivables is as follows:

	As of September 30		As of December 31	
	2020		2019	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current</b>				
Customers for sales and services (1)	282.769	1.093.036.790	261.768	1.011.856.252
Portfolio for equipment sold at installments (2)	40.766	157.579.764	3.390	13.102.607
Other debtors (3)	39.132	151.263.134	47.156	182.280.588
Related parties (Note 26)	19.368	74.866.140	14.002	54.124.732
Portfolio with national operators (4)	15.869	61.339.618	24.468	94.582.003
Commercial agents and distribution channels (5)	1.186	4.583.237	5.455	21.085.243
Impairment of portfolio (6)	(115.050)	(444.719.286)	(96.124)	(371.563.822)
	<b>284.040</b>	<b>1.097.949.397</b>	<b>260.115</b>	<b>1.005.467.603</b>
<b>Non-current:</b>				
Portfolio with national operators (4)	47.324	182.929.673	34.824	134.610.499
Sales and services customers	21.288	82.287.239	24.008	92.803.745
Subsidy and Contribution Portfolio (7)	9.860	38.111.870	9.860	38.111.870
Other debtors (3)	6.018	23.264.253	0	-
Related parties (8) (Note 26)	274	1.059.965	10.292	39.781.586
Impairment of portfolio	(44.516)	(172.075.816)	(44.602)	(172.405.958)
	<b>40.248</b>	<b>155.577.184</b>	<b>34.382</b>	<b>132.901.742</b>
	<b>324.288</b>	<b>1.253.526.581</b>	<b>294.497</b>	<b>1.138.369.345</b>

The main variations and movements in the caption debtors and other accounts receivable, net are presented by:

- (1) Includes residential, business, corporate, government, and wholesale customers. The main variation corresponds to an increase with corporate clients of \$ 108,391,325, mainly due to an increase in integral solution services.
- (2) Includes the portfolio for terminal equipment sales made during 2020; at the end of 2019, the portfolio was sold at that date.
- (3) Includes mainly portfolio balances from real estate sales, commercial support, roaming, and international operators. In the long term, it corresponds to the portfolio balance for the sale of the property of the Administrative Headquarters.
- (4) Avantel is undergoing a business reorganization. As a result, a payment agreement has been established with the Group up to August 2030 for \$ 48,319,174, which resulted in the reclassification of these amounts to long-term. Avantel filed this restructuring agreement with the Colombian Superintendence of Corporations.
- (5) The decrease is mainly due to a drop in commercial activity as a result of the Covid-19 effect.
- (6) The net increase is presented mainly due to: i) portfolio impairment of \$ 80,415,014 and \$ 63,214,660 as of September 30, 2020 and 2019, respectively (Note 22), given the greater impairment of corporate clients' accounts receivable and effect of Covid-19 (Note 29), ii) financial portfolio impairment of \$ 10,221,403 and iii) portfolio write-off of \$ 17,602,289).
- (7) Includes portfolio with the National Government for subsidies and contributions, which is provisioned.
- (8) Telefónica Venezolana C.A. made a payment to the Company of \$ 39,421,302.

Debtors and other accounts receivable include balances in foreign currency on September 30, 2020 for USD 244,547 thousand (\$ 945,290,008) and on December 31, 2019 for USD 87,931,402 thousand (\$ 288,162,197).

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**9. PREPAID EXPENSES**

The balance of prepaid expenses is as follows:

	As of September 30		As of December 31	
	2020	2020	2019	2019
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current:</b>				
Cost of equipment in customer's home (1)	21.388	82.672.878	26.037	100.644.364
Cost of compliance with customer contracts (2)	16.405	63.411.792	14.012	54.161.214
Support and maintenance (3)	6.199	23.963.485	3.149	12.171.158
Radio spectrum (4)	3.105	12.002.949	-	-
Insurance policies (5)	2.152	8.316.651	1.128	4.358.528
Irrevocable rights of use - capacity	1.789	6.916.285	1.789	6.916.285
Others (6)	1.131	4.372.888	351	1.362.303
Costos por obtención de contratos con clientes (7)	733	2.833.019	-	-
	<b>52.902</b>	<b>204.489.947</b>	<b>46.466</b>	<b>179.613.852</b>
<b>Non-current:</b>				
Cost of equipment in customer's home (1)	11.523	44.541.431	24.243	93.708.954
Cost of compliance with customer contracts (2)	10.218	39.495.465	12.243	47.323.089
Irrevocable rights of use - capacity	3.690	14.263.435	5.161	19.950.528
Support and maintenance (3)	3.005	11.616.239	1.411	5.453.183
Costos por obtención de contratos con clientes (7)	2.596	10.036.411	-	-
Insurance policies (5)	530	2.050.894	612	2.368.455
	<b>31.562</b>	<b>122.003.875</b>	<b>43.670</b>	<b>168.804.209</b>
	<b>84.464</b>	<b>326.493.822</b>	<b>90.136</b>	<b>348.418.061</b>

The main variations and movements in prepaid expenses are presented below:

- (1) The value taken to results for the amortization of the cost of equipment in clients' homes on September 30, 2020, and 2019 was \$ 1,508,599 and \$ 57,395,347, respectively.
- (2) The value taken to income for the amortization of the cost of compliance with customer contracts on September 30, 2020, and 2019 was \$ 45,806,330 and \$ 33,845,517, respectively (Note 22).
- (3) Includes mainly support for customer equipment and platforms and connectivity equipment. During the period from January to September 2020, new contracts were recognized corresponding to: i) support, maintenance, and licenses for projects with clients of the corporate segment for \$ 14,400,176, ii) licensing of computer applications and platform support for \$ 19,399,304, and iii) support for transmission equipment for \$1.780.244.
- (4) Corresponds to the consideration for the use of radio frequencies for fixed point-to-point links, which will be amortized on a linear basis during the year 2020.
- (5) Corresponds to the renewal of insurance policies for the period 2020 - 2021.
- (6) Includes mainly property tax for the year 2020, the second installment of the contribution to the Communications Regulation Commission - CRC for the year 2020, and operational leases of technical sites.
- (7) The Group made a change in estimate corresponding to the activation of the incremental costs for commissions generated in obtaining contracts with customers with prospective recognition as of July 1, 2020, the impact on the condensed consolidated interim statement of income is lower sales commission expenses of \$ 12,869,430. The amortization for this concept, recognized in results on September 30, 2020, was \$ 587,411 (Note 3.1.4 and Note 22).

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**10. INVENTORIES**

The balance of inventories net of provision is as follows:

	As of September 30		As of December 31	
	2020		2019	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Mobile phones and accessories (1)	22.181	85.738.512	31.838	123.068.612
Materials and equipment (2)	14.661	56.673.561	15.379	59.447.192
Equipment in transit	5.073	19.610.114	4.364	16.867.483
IT equipment	883	3.413.974	857	3.316.894
	<b>42.798</b>	<b>165.436.161</b>	<b>52.438</b>	<b>202.700.181</b>
Provision for obsolescence (3)	(1.738)	(6.719.479)	(1.441)	(5.570.907)
	<b>41.060</b>	<b>158.716.682</b>	<b>50.997</b>	<b>197.129.274</b>

The main variations and movements in the inventory item are discussed below:

- (1) Due to the health and economic emergency of Covid-19, there is a reduction in terminal inventory purchases during the second and third quarters of 2020.
- (2) Includes modems, equipment for corporate services, location equipment, and equipment to service client facilities (broadband, basic line, and television), among others.
- (3) During the nine months ended September 30, 2020, and 2019, a provision for obsolescence net of recoveries was recognized for \$ 1,061,375 and \$ 764,480, respectively (Note 22).

The consumption of terminal inventories carried at the cost of sales during the nine months ended September 30, 2020, and 2019 was \$ 497,502,543 and \$ 532,737,477, respectively (Note 22).

**11. TAXES AND PUBLIC ADMINISTRATIONS**

The balance of tax and public administration assets is presented below:

	As of September 30		As of December 31	
	2020		2019	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current:</b>				
Tax discount (1)	8.590	33.202.579	41.639	160.952.716
Balance in favor (2)	52.010	201.041.213	53.530	206.919.307
Rental Self-Retenations (3)	40.458	156.388.916	-	-
Advances, deductions and self-withholdings from ICA	4.031	15.580.641	5.149	19.902.848
Sales tax withholdings	43	171.314	44	170.023
	<b>105.132</b>	<b>406.384.663</b>	<b>100.362</b>	<b>387.944.894</b>
<b>Non-current:</b>				
Tax discount (4)	56.935	220.080.471	-	-
	<b>56.935</b>	<b>220.080.471</b>	<b>-</b>	<b>-</b>
	<b>162.067</b>	<b>626.465.134</b>	<b>100.362</b>	<b>387.944.894</b>

The main variations and movements in the tax and public administration heading are presented below:

- (1) Decrease presented by the imputation of the tax discount for ICA with the 2019 income tax return and its complementary taxes. With respect to the tax discount for VAT on the purchase of assets, these were transferred to the long term taking into account that they will be used in subsequent years.

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- (2) Corresponds to the credit balance generated by the presentation of the 2019 income and supplementary tax returns, which will be offset with the VAT and withholding tax returns presented during 2020.
- (3) The self-withholdings paid during the 2020 period calculated according to the income for the closing of each period. For the 2019 closing, the self-withholdings for income were consolidated as a credit balance.
- (4) Increase in the VAT discount on the purchase of assets presented during the 2020 period, which will be used in the long term, considering that tax regulations do not establish a limit for its use.

The balance of liabilities for taxes and public administrations is presented below:

	As of September 30		As of December 31	
	2020		2019	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
Withholdings and self-withholdings (1)	38.755	149.805.461	16.830	65.056.530
Sales tax - VAT (1)	26.770	103.480.410	9.107	35.200.934
National consumption tax	1.397	5.398.733	903	3.491.153
Municipal taxes	1.061	4.100.613	2.418	9.345.084
Import taxes (2)	-	-	1.306	5.051.137
	<b>67.983</b>	<b>262.785.217</b>	<b>30.564</b>	<b>118.144.838</b>

The main variations and movements in the tax and public administration heading are presented below:

- (1) The balance of liabilities includes the value of the withholding tax returns for the periods from February to May 2020 and the value to be paid for VAT for the first and second two months of 2020, which will be offset with the balance in favor of income tax and its complementary taxes for the taxable year 2019. The request for compensation was filed with the National Tax and Customs Directorate (Dirección de Impuestos y Aduanas Nacionales DIAN), and its approval is expected according to the terms established in the tax regulations.
- (2) As of September 30, 2020, import taxes were paid in advance; therefore, there are no values pending payment at the end of this period.

#### **Deferred Tax Assets and Liabilities**

The deferred tax asset on temporary differences and tax losses is supported by the Group's strategic plan approved by Management for the period (2020 - 2022) and projections for the period 2023 - 2029.

Deferred tax on temporary differences is valued at the tax rates expected to apply in the periods in which such differences will be reversed; deferred tax on tax losses is valued at the tax rate applicable at the time the tax losses are expected to be carried forward.

The unrecognized deferred tax asset for deductible temporary differences on September 30, 2020, amounts to \$ 678,285,235.

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The balance of deferred tax assets and liabilities is presented below:

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Deferred tax asset				
Intangibles, plant and equipment properties	33.456	129.321.482	57.361	221.729.021
Employee benefits	2.086	8.063.080	2.068	7.994.409
Other assets	1.090	4.214.017	5.801	22.423.125
<b>Deferred tax asset on deductible temporary differences (1)</b>	<b>36.632</b>	<b>141.598.579</b>	<b>65.230</b>	<b>252.146.555</b>
Deferred tax assets from tax losses (2)	421.832	1.630.577.142	422.236	1.632.140.822
<b>Total deferred tax assets</b>	<b>458.464</b>	<b>1.772.175.721</b>	<b>487.466</b>	<b>1.884.287.377</b>
Deferred tax liability:				
Revaluation of real estate	26.024	100.593.118	29.851	115.389.760
Temporary differences with effect on results (3)	18.217	70.416.832	18.261	70.588.347
Valuation of coverages with effects on other comprehensive results	-	-	4.630	17.897.900
<b>Total deferred tax liability</b>	<b>44.241</b>	<b>171.009.950</b>	<b>52.742</b>	<b>203.876.007</b>
<b>Total net deferred tax</b>	<b>414.223</b>	<b>1.601.165.771</b>	<b>434.724</b>	<b>1.680.411.370</b>

- (1) The decrease corresponds to the use of temporary differences for the concept of useful lives in Intangible assets, Property, Plant and Equipment, and retirements of fixed assets presented during the period. The variation also includes the deferred tax assets recognized in the subsidiaries (Metrotel and Telebucaramanga) transferred due to the effects of the merger by absorption.
- (2) The decrease corresponds to the use of tax credits to offset taxable income calculated at the end of the third quarter of 2020.
- (3) Corresponds to updating the temporary taxable differences for the valuation of hedges with an impact on results, generated mainly by the increase in the representative market rate at the end of September 2020 compared to the end of December 2019. Additionally, the impact of the deferred tax on the merger of Colombia Telecomunicaciones with its subsidiaries (Metrotel and Telebucaramanga) is recognized).

The balance of the deferred tax recognized in the Other Comprehensive Income is shown below:

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Valuation of Hedge Instruments (1)	(32.563)	(125.870.226)	20.226	78.184.339
Deferred tax hedge valuation (1)	4.630	17.897.900	(7.814)	(30.205.148)
<b>Hedge valuation results, net of tax</b>	<b>(27.933)</b>	<b>(107.972.326)</b>	<b>12.412</b>	<b>47.979.191</b>
Real estate revaluation	(170)	(656.473)	57.259	221.334.326
Deferred real estate tax (2)	-	-	(10.711)	(41.404.784)
<b>Surplus from revaluation of land and buildings, net of tax</b>	<b>(170)</b>	<b>(656.473)</b>	<b>46.548</b>	<b>179.929.542</b>
Actuarial Gains	-	-	2.178	8.418.706
	<b>(28.103)</b>	<b>(108.628.799)</b>	<b>61.138</b>	<b>236.327.439</b>

- (1) At the end of September 2020, the early settlement of the senior bond's hedging derivatives paid before its maturity was made, which generated the reversal of the deferred tax.
- (2) During the nine months ended September 30, 2020, no new revaluations of land and property have been generated.

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Income tax and complementary tax expense for the period is presented below:

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Current income tax	(5.380)	(20.796.513)	(2)	(7.795)
Occasional income tax	(93)	(361.344)	-	-
<b>Current income and supplementary taxes (1)</b>	<b>(5.473)</b>	<b>(21.157.857)</b>	<b>(2)</b>	<b>(7.795)</b>
Deferred tax:				
Deductible temporary differences (2)	(24.396)	(94.303.093)	(4.288)	(16.575.814)
Tax Credits (3)	(377)	(1.458.613)	(26.700)	(103.207.597)
Taxable temporary differences (4)	(1.508)	(5.825.271)	2.521	9.746.425
<b>Deferred income tax</b>	<b>(26.281)</b>	<b>(101.586.977)</b>	<b>(28.467)</b>	<b>(110.036.986)</b>
<b>Income and supplementary taxes</b>	<b>(31.754)</b>	<b>(122.744.834)</b>	<b>(28.469)</b>	<b>(110.044.781)</b>

- (1) As of September 30, 2020, current tax was generated, which will be compensated with the tax discount of the industry and commerce tax - ICA.
- (2) For the period ended September 30, 2020, a higher expense is generated due to the decrease in deferred tax assets mainly due to the concepts of useful lives in intangibles and property, plant, and equipment, as well as the retirements of fixed assets presented during the period.
- (3) For the period ended September 30, 2020, there was a lower tax loss generated by the deduction of the difference in exchange made for the payment of the hybrid and senior bonds, generating a lower current tax expense and use of tax losses compared to the same period in 2019.
- (4) A deferred tax liability was recognized for the valuation of hedges, generated mainly by fluctuations in the representative market rate during the nine-month period ended September 30, 2020.

**Tax Losses**

The balance of tax losses after the filing of income tax and supplementary returns for the taxable year 2019:

Tax	Year of origin	Adjusted Losses (1)	Compensation losses	Balance losses	Expiration date
			(in thousands of US\$)		
Income	2009	47.849	(30.519)	17.330	Unlimited
	2010	66.814	-	66.814	Unlimited
	2011	99.588	-	99.588	Unlimited
	2012	38.093	-	38.093	Unlimited
	2013	39.171	-	39.171	Unlimited
	2015	38.496	-	38.496	Unlimited
	2017	1.009.717	-	1.009.717	Year 2030
	2018	3	-	3	Year 2031
	2019	1	-	1	Year 2032
		<b>1.309.214</b>	<b>(30.519)</b>	<b>1.309.213</b>	
CREE	2015	96.768	-	96.768	
		<b>1.405.982</b>	<b>(30.519)</b>	<b>1.405.981</b>	

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<u>Tax</u>	<u>Year of origin</u>	<u>Adjusted Losses (1)</u>	<u>Compensation losses</u>	<u>Balance losses</u>	<u>Expiration date</u>
			(in thousands of COP\$)		
Income	2009	184.959.730	(117.969.755)	66.989.975	Unlimited
	2010	258.268.380	-	258.268.380	Unlimited
	2011	384.954.956	-	384.954.956	Unlimited
	2012	147.246.036	-	147.246.036	Unlimited
	2013	151.413.822	-	151.413.822	Unlimited
	2015	148.807.022	-	148.807.022	Unlimited
	2017	3.903.032.003	-	3.903.032.003	Year 2030
	2018	12.342	-	12.342	Year 2031
	2019	2.075	-	2.075	Year 2032
		<b>5.060.726.611</b>	<b>(117.969.755)</b>	<b>5.060.726.611</b>	
CREE	2015	374.052.069	-	374.052.069	
		<b>5.434.778.680</b>	<b>(117.969.755)</b>	<b>5.434.778.680</b>	

**12. ASSETS FOR RIGHTS OF USE**

The cost of the assets for rights of use and their corresponding accumulated depreciation is presented below:

<u>Concept</u>	<u>As of September 30, 2020</u>			<u>As of December 31, 2019</u>		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value in books</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value in books</u>
	(in thousands of US\$)					
Land and buildings	177.346	(60.270)	117.076	127.501	(32.470)	95.031
Technical installations	92.211	(24.448)	67.763	76.719	(13.486)	63.233
Transport equipment	3.667	(2.647)	1.020	3.687	(1.577)	2.110
	<b>273.224</b>	<b>(87.365)</b>	<b>185.859</b>	<b>207.907</b>	<b>(47.533)</b>	<b>160.374</b>

<u>Concept</u>	<u>As of September 30, 2020</u>			<u>As of December 31, 2019</u>		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value in books</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net value in books</u>
	(in thousands of COP\$)					
Land and buildings	685.526.411	(232.972.022)	452.554.389	492.853.207	(125.511.590)	367.341.617
Technical installations	356.439.086	(94.503.222)	261.935.864	296.555.853	(52.129.164)	244.426.689
Transport equipment	14.173.751	(10.230.010)	3.943.741	14.250.142	(6.097.507)	8.152.635
	<b>1.056.139.248</b>	<b>(337.705.254)</b>	<b>718.433.994</b>	<b>803.659.202</b>	<b>(183.738.261)</b>	<b>619.920.941</b>

The net increase in outflows at 30 September 2020 compared to the balance on 31 December 2019 is mainly generated by the renewal and signing of new land and building leases, which mainly include a finance lease for the Group's administrative headquarters following its sale as discussed in Note 1.3.

For the periods ended September 30, 2020 and 2019, the depreciation expense recognized in results was \$ 163,453,304 and \$ 132,480,332, respectively (Note 23).

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**13. PROPERTY, PLANT AND EQUIPMENT**

The cost of property, plant and equipment and its corresponding accumulated depreciation is presented below:

Concepto	As of September 30, 2020			As of December 31, 2019		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	(in thousands of COP\$)					
Land and buildings (1)	3.089.149.922	(1.670.365.733)	1.418.784.189	2.927.247.837	(1.606.206.278)	1.321.041.559
Switching, access and transmission	8.132.684.477	(5.103.242.676)	3.029.441.801	8.392.266.076	(5.399.820.145)	2.992.445.931
Assets under construction	185.304.762	-	185.304.762	634.097.738	-	634.097.738
Subsidized projects (2)	(9.795.472)	-	(9.795.472)	(9.156.908)	-	(9.156.908)
Furniture, information and transport equipment	525.683.005	(242.345.035)	283.337.970	392.566.523	(242.470.235)	150.096.288
	<b>11.923.026.694</b>	<b>(7.015.953.444)</b>	<b>4.907.073.250</b>	<b>12.337.021.266</b>	<b>(7.248.496.658)</b>	<b>5.088.524.608</b>

  

Concepto	As of September 30, 2020			As of December 31, 2019		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	(in thousands of US\$)					
Land and buildings (1)	799.165	(432.125)	367.041	757.281	(415.527)	341.754
Switching, access and transmission	2.103.932	(1.320.213)	783.719	2.171.086	(1.396.938)	774.148
Assets under construction	47.938	-	47.938	164.042	-	164.042
Subsidized projects (2)	(2.534)	-	(2.534)	(2.369)	-	(2.369)
Furniture, information and transport equipment	135.995	(62.695)	73.300	101.557	(62.727)	38.830
	<b>3.084.496</b>	<b>(1.815.033)</b>	<b>1.269.464</b>	<b>3.191.597</b>	<b>(1.875.192)</b>	<b>1.316.405</b>

- (1) The provision for site decommissioning on September 30, 2020 was \$ 56,397,761 and at December 31, 2019 was \$ 53,982,184 (Note 18).
- (2) The subsidized projects correspond to resources associated with the payment for spectrum allocation (15Mhz granted in 2011) and that have the objective of deploying technical sites to bring connectivity to locations and educational institutions, in sites requested by the Ministry of Information Technology and Communications.

For the nine months ended September 30, 2020 and 2019, depreciation expense recognized in income was \$ 481,149,877 and \$ 566,681,917, respectively (Note 23).

As estimated by accounting policies, as of September 30, 2020, useful lives were reviewed and restated retrospectively from January 1, 2020; as a result of the change in this accounting estimate, effects were generated on depreciation expense; this change also has an impact on future periods.

Below are the net effects of lower depreciation expense for technical installations and machinery according to their type, which is projected for a period of 3 years, and their impact at the close of September and December 2020.

Typology	Life		As of September		As of December		
	Previous	Current	2020	2020	2021	2022	2023
	(in thousands of US\$)						
Terrestrial and submarine optical fiber	15	20	523	631	79	-	-
Sub-distribution equipment and coaxial cable	10	20	1.074	1.395	1.337	1.191	1.046
Force equipment and electrogens	10	15	1.559	1.901	1.206	1.067	880
Security equipment	9	10	146	146	148	157	145
Radioelectric equipment, data, air conditioning and management	7	10	7.782	9.142	5.495	2.249	944
Monoblock batteries	4	10	1.406	1.650	434	-	-
			<b>12.490</b>	<b>14.865</b>	<b>8.699</b>	<b>4.664</b>	<b>3.015</b>





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**15. FINANCIAL OBLIGATIONS**

The balance of financial obligations is presented below:

	As of September 30		As of December 31	
	2020		2019	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current:</b>				
Financial leasing (1)	63.644	246.014.838	52.597	203.312.650
Interest payable	8.497	32.843.405	9.743	37.661.309
Hedging instruments	8.299	32.082.053	9.514	36.774.797
Financial obligations	-	-	34.226	132.298.878
	<b>80.440</b>	<b>310.940.296</b>	<b>106.080</b>	<b>410.047.634</b>
<b>Non-current:</b>				
Financial obligations	695.530	2.688.549.499	-	-
Senior Bond	497.050	1.921.332.729	635.086	2.454.906.101
Financial leasing (1)	204.293	789.686.536	176.517	682.319.662
Local bond	129.061	498.881.973	129.014	498.698.319
Hedging instruments	18.858	72.897.720	25	100.415
	<b>1.544.792</b>	<b>5.971.348.457</b>	<b>940.642</b>	<b>3.636.024.497</b>
	<b>1.625.232</b>	<b>6.282.288.753</b>	<b>1.046.722</b>	<b>4.046.072.131</b>

The Group made the notification of irrevocable redemption of the Hybrid Bonds (Subordinated Perpetual Notes) issued on March 30, 2015, for the amount of USD 500 million, which were recognized in the Statement of Changes in Equity in the line of Other Equity Instruments. To meet its payment, the Group entered into credit agreements with local and international banks. The payment of the hybrid bond was made at the end of March 2020.

On March 18, 2020, a syndicated loan was signed in favor of the Group, whose administrative agent is Banco Santander S. A., for a value of USD 320 million, with a 5-year term and repayment at maturity. These funds were disbursed on May 12, 2020, and were used to prepay on June 12, 2020, USD 320 million of the Senior Bond with maturity in 2022 and a nominal value of USD 750 million.

On July 8, 2020, Colombia Telecomunicaciones announced the issuance of the USD 500 million 10-year bond, which was disbursed on July 17, with a rate of 4.95%, NASV. The proceeds of the issue were used to (i) pay the Senior Unsecured Notes issued on September 27, 2012, which amount in the market is USD 430 million after the Company disbursed a partial payment of USD 320 million on June 12, and (ii) replace USD 70 million of the Group's current debt.

These financial obligations and bonds generated interest expense for the nine months ended September 30, 2020, and 2019 of \$ 212,131,660 and \$ 148,550,654, respectively (Note 24). The valuation of hedging instruments with changes in income is presented at net value and is disclosed in Note 25.

- (1) The increase corresponds to the signing of new contracts and renewal of land and building leases and technical facilities mainly. As of September 30, 2020, it includes the lease of the Sede Administrativa de Colombia Telecomunicaciones S. A. E.S.P. in Bogotá D.C.

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Below is the movement of the financial lease liability for the nine-month period ended September 30, 2020:

	As of December 31, 2019	Registration	Payments	Transfers	As of September 30, 2020
			(in thousands of US\$)		
<b>Short-term:</b>					
Financial leasing	52.381	7.442	(51.704)	55.170	63.289
Financial liabilities - renting	216	35	(87)	192	356
	<b>52.597</b>	<b>7.477</b>	<b>(51.791)</b>	<b>55.362</b>	<b>63.645</b>
<b>Long-term</b>					
Financial leasing	176.161	83.138	-	(55.170)	204.129
Financial liabilities - renting	355	-	-	(192)	163
	<b>176.516</b>	<b>83.138</b>	<b>-</b>	<b>(55.362)</b>	<b>204.292</b>
	<b>229.113</b>	<b>90.615</b>	<b>(51.791)</b>	<b>-</b>	<b>267.937</b>
	As of December 31, 2019	Registration	Payments	Transfers	As of September 30, 2020
			(in thousands of COP\$)		
<b>Short-term:</b>					
Financial leasing	202.476.741	28.767.139	(199.861.221)	213.258.306	244.640.965
Financial liabilities - renting	835.909	134.579	(336.950)	740.335	1.373.873
	<b>203.312.650</b>	<b>28.901.718</b>	<b>(200.198.171)</b>	<b>213.998.641</b>	<b>246.014.838</b>
<b>Long-term</b>					
Financial leasing	680.945.789	321.365.515	-	(213.258.306)	789.052.998
Financial liabilities - renting	1.373.873	-	-	(740.335)	633.538
	<b>682.319.662</b>	<b>321.365.515</b>	<b>-</b>	<b>(213.998.641)</b>	<b>789.686.536</b>
	<b>885.632.312</b>	<b>350.267.233</b>	<b>(200.198.171)</b>	<b>-</b>	<b>1.035.701.374</b>

The following are the maturities of the financial obligations recorded as of September 30, 2020:

Due	Current		Non-current					Total non-current	Total
	2020	2021	2022	2023	2024	Next years			
				(in thousands of US\$)					
Financial Obligations (1)	-	-	-	-	-	695.530	695.530	695.530	
Senior Bond (2)	-	-	-	-	-	497.050	497.050	497.050	
Financial leasing	63.644	12.261	27.090	26.008	25.370	113.563	204.292	267.936	
Local bond (3)	-	-	-	-	89.721	39.340	129.061	129.061	
Interest	8.497	-	-	-	-	-	-	8.497	
Hedging instruments	8.300	18.859	-	-	-	-	18.859	27.159	
	<b>80.441</b>	<b>31.120</b>	<b>27.090</b>	<b>26.008</b>	<b>115.091</b>	<b>1.345.483</b>	<b>1.544.792</b>	<b>1.625.233</b>	

Due	Current		Non-current					Total non-current	Total
	2020	2021	2022	2023	2024	Next years			
				(in thousands of COP\$)					
Financial Obligations (1)	-	-	-	-	-	2.688.549.499	2.688.549.499	2.688.549.499	
Senior Bond (2)	-	-	-	-	-	1.921.332.729	1.921.332.729	1.921.332.729	
Financial leasing	246.014.838	47.395.238	104.716.760	100.532.093	98.067.657	438.974.788	789.686.536	1.035.701.374	
Local bond (3)	-	-	-	-	346.812.770	152.069.203	498.881.973	498.881.973	
Interest	32.843.405	-	-	-	-	-	-	32.843.405	
Hedging instruments	32.082.053	72.897.720	-	-	-	-	72.897.720	104.979.773	
	<b>310.940.296</b>	<b>120.292.958</b>	<b>104.716.760</b>	<b>100.532.093</b>	<b>444.880.427</b>	<b>5.200.926.219</b>	<b>5.971.348.457</b>	<b>6.282.288.753</b>	

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- (1) On September 30, 2020, the face value of financial obligations amounted to \$ 2,697,444 million, and transaction costs amounted to \$ 8,894 million. On December 31, 2019, the obligations had a face value of \$ 3,342 million (with no transaction costs).
- (2) Senior bond: As of September 30, 2020, the nominal value is USD 500 million equivalent to \$ 1,932,735 million and transaction costs amounted to \$ 11,402 million.

The characteristics of the issue are summarized below:

Format	Issuing currency	Premiums and discounts	Total amount of issue	Total amount issued	Max. redemption term	Date of issue	Expiry date	Rate/Payment	Use of resources
R144/RegS	USD\$000	Zero	500.000	500.000	10 años	17-jul-20	17-jul-30	4,95% Semiannual	Replacement of SR Bond

On September 30, 2020 and December 31, 2019, interest payable on the bonds amounted to \$ 19,665,580 and \$ 34,495,312, respectively. The decrease in interest caused corresponds to the partial prepayment of the senior bond that was made on June 12, 2020, in the amount of \$ 320 million. Interest expense is presented in Note 24.

- (3) Local bond: On September 30, 2020, and December 31, 2019, the local bond had a face value of \$ 500,000 million and associated transaction costs of \$ 1,118 million and \$ 1,302 million, respectively.

The characteristics of the emission are summarized below:

Format	Issuing currency	Premiums and discounts	Total amount of issue	Total amount issued	Max. redemption term	Date of issue	Expiry date	Rate/Payment	Use of resources
(in thousands of US\$)									
C10	COP\$000	Zero	152.410.000	152.410.000	10 años	29-may-19	29-may-29	IPC + 3,39% Quarter	Prepayment of local debt
A5	COP\$000	Zero	347.590.000	347.590.000	5 años	29-may-19	29-may-24	6,65% Quarter	
			<b>500.000.000</b>	<b>500.000.000</b>					

On September 30, 2020 and December 31, 2019, interest payable on the bond amounted to \$ 2,772,553 and \$ 3,028,981, respectively.

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Below is the breakdown and composition of the main financing operations in force in each period:

	As of September 30			As of December 31		
	2020		2019			
	Value (1)	Fee	Value (1)	Fee		
<b>Short-term:</b>						
<b>Financials in local currency</b>	<b>USD</b>	<b>Base</b>	<b>Spread</b>	<b>USD</b>	<b>Base</b>	<b>Spread</b>
Credits	-			33.361	IBR 3M	1,28%
	-			<b>33.361</b>		
<b>Financials in foreign currency</b>						
Credits	-			865	LIBOR6M	0,21%
	-			<b>865</b>		
<b>Other short-term obligations</b>						
Financial leasing	63.644			52.597		
Interest payable	8.496			9.743		
Derivative instruments	8.300			9.514		
	<b>80.440</b>			<b>71.854</b>		
	<b>80.440</b>			<b>106.080</b>		
<b>Long-term:</b>						
<b>Financials in local currency</b>						
Credits	232.525	IBR3M	2.5% - 2.63%	-		
	<b>232.525</b>			-		
<b>Financials in foreign currency</b>						
Credits	463.005	Libor6M	1.6% - 1.95%	-		
	<b>463.005</b>			-		
<b>Other long-term obligations</b>						
Senior bond (2)	497.050	FIJA 4,95%		-		
Financial leasing	204.293			176.517		
Local bond	129.061	FIJA 6,65% - IPC+3,39%		129.014	FIJA 6,65% - IPC+3,39%	
Derivative instruments	18.858			25		
Senior bond (3)	-			635.086	FIJA 5,375%	
	<b>849.262</b>			<b>940.642</b>		
	<b>1.544.792</b>			<b>940.642</b>		
	<b>1.625.232</b>			<b>1.046.722</b>		

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	As of September 30			As of December 31		
	2020			2019		
	Value (1)	Fee		Value (1)	Fee	
<b>Short-term:</b>						
<b>Financials in local currency</b>	<b>COP</b>	<b>Base</b>	<b>Spread</b>	<b>COP</b>	<b>Base</b>	<b>Spread</b>
Credits	-			128.956.962	IBR 3M	1,28%
	-			<b>128.956.962</b>		
<b>Financials in foreign currency</b>						
Credits	-			3.341.916	LIBOR6M	0,21%
	-			<b>3.341.916</b>		
<b>Other short-term obligations</b>						
Financial leasing	246.014.838			203.312.650		
Interest payable	32.843.405			37.661.309		
Derivative instruments	32.082.053			36.774.797		
	<b>310.940.296</b>			<b>277.748.756</b>		
	<b>310.940.296</b>			<b>410.047.634</b>		
<b>Long-term:</b>						
<b>Financials in local currency</b>						
Credits	898.816.787	IBR3M	2.5% - 2.63%	-		
	<b>898.816.787</b>			-		
<b>Financials in foreign currency</b>						
Credits	1.789.732.712	Libor6M	1.6% - 1.95%	-		
	<b>1.789.732.712</b>			-		
<b>Other long-term obligations</b>						
Senior bond (2)	1.921.332.729	FIJA 4,95%		-		
Financial leasing	789.686.535			682.319.662		
Local bond	498.881.973	FIJA 6,65% - IPC+3,39%		498.698.319	FIJA 6,65% - IPC+3,39%	
Derivative instruments	72.897.721			100.415		
Senior bond (3)	-			2.454.906.101	FIJA 5,375%	
	<b>3.282.798.958</b>			<b>3.636.024.497</b>		
	<b>5.971.348.457</b>			<b>3.636.024.497</b>		
	<b>6.282.288.753</b>			<b>4.046.072.131</b>		

- (1) Net issuance cost figures.
- (2) Issuance on July 17, 2020, for USD 500 million.
- (3) Bond payment on June 12, 2020, for USD 320 million and September 28, 2020, for USD 330 million.

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**16. SUPPLIERS AND ACCOUNTS PAYABLE**

The balance of providers and accounts payable is as follows:

	As of September 30		As of December 31	
	2020		2019	
	(In thousands of US\$)	(In thousands of COP\$)	(In thousands of US\$)	(In thousands of COP\$)
<b>Current:</b>				
Creditors and suppliers (1)	240.509	929.678.490	244.605	945.514.132
Related parties (Note 26)	52.315	202.222.933	38.749	149.783.763
Immobilized providers	32.349	125.043.254	166.619	644.059.766
Work remuneration payable	7.279	28.136.140	9.502	36.728.228
Para-fiscal contributions	2.740	10.592.985	1.387	5.360.590
	<b>335.192</b>	<b>1.295.673.802</b>	<b>460.862</b>	<b>1.781.446.479</b>
<b>Non Current:</b>				
Creditors and Suppliers - Spectrum Licenses (2)	19.529	75.488.383	28.781	111.251.160
Government Grants (3)	8.432	32.592.497	8.264	31.945.769
Related Parties (Note 26)	2.202	8.514.340	1.170	4.521.758
	<b>30.163</b>	<b>116.595.220</b>	<b>38.215</b>	<b>147.718.687</b>
	<b>365.355</b>	<b>1.412.269.022</b>	<b>499.077</b>	<b>1.929.165.166</b>

The net variation in the suppliers and accounts payable heading is mainly due to payments and credits on account during 2020, primarily from suppliers of fixed assets due to the acquisition of Capex and corporate projects recognized at the end of 2019.

- (1) Includes mainly the commitments acquired with suppliers of terminals, equipment maintenance, content, interconnection, advertising, insurance, technical service, public services, storage and security, legal and tax consultancy, IT services, third party activities for clients, invoicing, collection, and collection services.
- (2) Includes the balances of obligations to be made for the 15 MHz extension in 2011 for cellular telephony and spectrum renewal for the provision of cellular telephony service.
- (3) Corresponds to the balance of the agreement - Biannual Plan III, which is in the process of being returned. The resources of the agreement are managed through a Trust Fund and are presented in the financial statement as rights in trust.

Suppliers and accounts payable include balances in foreign currency on September 30, 2020 and December 31, 2019 of USD 113,342 thousand (\$ 438,122,748) and USD 162,054 thousand (\$ 531,073,646), respectively.

**17. CONTRACTUAL LIABILITY**

The balance of the contractual liability is as follows:

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>Current:</b>				
Revenue received in advance of services (1)	21.656	83.708.795	19.577	75.675.331
Irrevocable Rights of Use (2)	2.090	8.077.995	2.040	7.885.658
Benefits to deliver to the customer on standard offer	94	367.796	114	440.138
	<b>23.840</b>	<b>92.154.586</b>	<b>21.731</b>	<b>84.001.127</b>
<b>Non Current:</b>				
Irrevocable Rights of Use (2)	10.699	41.356.386	12.273	47.439.744
	<b>10.699</b>	<b>41.356.386</b>	<b>12.273</b>	<b>47.439.744</b>
	<b>34.539</b>	<b>133.510.972</b>	<b>34.004</b>	<b>131.440.871</b>

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- (1) Corresponds mainly to services invoiced in advance to customers, and its recording is based on the application of IFRS 15 - Revenue from ordinary activities from contracts with customers.
- (2) Corresponds to income received in advance for irrevocable rights of use of capacity provided to third parties.

**18. PENSION PROVISIONS AND LIABILITIES**

The balance of pension provisions and liabilities is as follows:

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>Current:</b>				
For Taxes and Remuneration (1)	25.532	98.692.472	25.431	98.302.465
For employee benefits (2)	10.395	40.179.948	8.211	31.739.747
Pension liabilities (3)	4.796	18.538.941	4.796	18.538.941
For voluntary retirement (4)	2.072	8.011.105	2.949	11.400.475
For third-party and labor claims (Note 27)	304	1.175.721	1.718	6.638.029
	<b>43.099</b>	<b>166.598.187</b>	<b>43.105</b>	<b>166.619.657</b>
<b>No corriente:</b>				
Pension liabilities (2)	49.945	193.061.280	50.579	195.513.261
For decommissioning (5)	14.590	56.397.761	13.965	53.982.184
For third-party and labor claims (Note 27)	2.743	10.603.395	1.612	6.229.936
For responsibilities with subsidiaries	-	-	123	472.833
	<b>67.278</b>	<b>260.062.436</b>	<b>66.279</b>	<b>256.198.214</b>
	<b>110.377</b>	<b>426.660.623</b>	<b>109.384</b>	<b>422.817.871</b>

- (1) Includes the provision of the industry and commerce tax (ICA), considerations to the Ministry of Information Technology and Communications of Colombia - MinTIC, and the uncollected VAT.
- (2) Includes employee incentive for compliance and performance.
- (3) The Group recognizes post-employment benefits corresponding to retirement pensions, including pension and health allowance. The actuarial calculation includes retired personnel totally in charge of the Group, with a pension shared with the ISS and expected to be shared with the ISS, as well as life substitutes totally in charge of the Group, life substitutes shared with the ISS, and temporary substitutes totally in charge of the Group. During the period ended September 30, 2020, there were no significant variations in the actuarial calculation variables. Based on the current economic and health emergency conditions, the Group's Management will be attentive to changes in the environment that could have a material effect on the actuarial calculation and, therefore, on the Company's results.
- (4) Provision for voluntary retirement that corresponds to a formal plan that identifies functions, the approximate number of employees, disbursements to be carried out, and on estimated dates during 2020.
- (5) Corresponds to the estimate of costs associated with the dismantling or removing the property, plant, and equipment element when so contractually agreed. There is no expected resource outflow schedule since there is no schedule for the delivery of technical sites.

**19. EQUITY, NET**

The authorized, subscribed and paid-in capital is presented below:

**Social Capital**

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Authorized capital	376.376	1.454.870.740	376.376	1.454.870.740
Subscribed and paid-in capital	882	3.410.076	882	3.410.059
Nominal value (in pesos)	-	1	-	1



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The equity participation is presented below:

Shareholders	As of September 30, 2020		As of December 31, 2019	
	Number of Shares	Participation	Number of Shares	Participation
Telefónica Hispanoamerica S.A.	2.301.779.819	67,49937427%	1.756.837.596	51,51926832%
La Nación-Ministerio de Hacienda y Crédito Público	1.108.269.271	32,49984282%	1.108.269.271	32,50000004%
Radio Televisión Nacional de Colombia-RTVC	10.000	0,00029325%	10.000	0,00029325%
Shirley Puentes Mercado (1)	9.950	0,00029178%	-	-
Adriana Cepeda Rodríguez (1)	2.488	0,00007296%	-	-
Patricia Cepeda Rodríguez (1)	1.493	0,00004378%	-	-
Darío Cárdenas Navas (1)	885	0,00002595%	-	-
Eduardo Cárdenas Caballero (1)	826	0,00002422%	-	-
Jhon Jairo Gutiérrez Torres (1)	498	0,00001460%	-	-
Kira Torrente Albor (1)	349	0,00001023%	-	-
Canal Regional de Televisión Ltda.- TEVEANDINA	200	0,00000586%	200	0,00000587%
Área Metropolitana de Bucaramanga (1)	2	0,00000006%	-	-
Instituto de Vivienda de Interés Social y Reforma Urbana del Municipio de Bucaramanga - INVISBU (1)	2	0,00000006%	-	-
Caja de Previsión Social Municipal (1)	2	0,00000006%	-	-
Cooperativa de Empleados de las Empresas Públicas de Bucaramanga Ltda. (1)	2	0,00000006%	-	-
Central de Inversiones S.A.- CISA	1	0,00000003%	1	0,00000003%
Latín América Celular Holdings S.L.	-	-	275.602.636	8,08204821%
Telefónica S.A.	-	-	269.339.586	7,89838425%
Terra Networks Colombia S.A.S. - Liquidada	-	-	1	0,00000003%
	<b>3.410.075.788</b>	<b>100,0000000%</b>	<b>3.410.059.291</b>	<b>100,0000000%</b>

- (1) Colombia Telecomunicaciones S. A. E.S.P. issued 16,497 common shares as consideration and in the merger process to the shareholders of the absorbed companies (Metrotel and Telebucaramanga). Consequently, the Company increased its capital stock by \$ 16,497 pesos, reaching a subscribed and paid-in capital of \$ 3,410,075,788 (Note 1.2).

#### Reserves

- a) For tax purposes: The Company, in accordance with tax regulations, when it requests depreciation allowances in its income tax return that exceed the value of the allowances recorded in the accounts, constitutes a non-distributable reserve equivalent to 70% of the highest value requested as a deduction.

When the depreciation requested for tax purposes is less than that recorded in the accounts, the Company may release from this reserve an amount equivalent to 70% of the difference between the requested value and the value recorded in the accounts; the profits released from the reserve may be distributed as non-income. On September 30, 2020 and December 31, 2019, reserves amounted to \$ 26,298,376.

With the issuance of Law 1819 of 2016 (Tax Reform), the rule that established this reserve was repealed, so that, from the year 2017, it will not be mandatory to constitute such reserve.

- b) Legal reserve: The reserve constituted by the Company on September 30, 2020, and December 31, 2019, is \$ 6,045,751.
- c) Reserve for future expansions: A reserve established by the Company for future expansions, which is not distributable. The balance of this reserve on September 30, 2020, and December 31, 2019, is \$ 3,730,162.
- d) Reserve for the repurchase of shares: d) Reserve for the repurchase of shares: A reserve established by the Company for repurchasing shares, which is not distributable and whose balance on September 30, 2020, and December 31, 2019, is \$ 31,322.
- e) Occasional reserve: The stockholders' meeting by means of minutes No. 068 of March 16, 2020, constituted a reserve for \$ 34,925,054 corresponding to the profits obtained during 2019 of Colombia Telecomunicaciones S. A. E.S.P., which will be used according to the destination defined by the meeting.

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**Other Perpetual Equity Instruments**

On March 27, 2020, the Company paid the perpetual subordinated equity instrument issued on March 30, 2015, in the aggregate principal amount of USD 500 million and impacting equity of \$ 1,689,145,000. The characteristics of the issue are presented below:

<b>Format</b>	<b>Currency of issue</b>	<b>Premiums and discounts</b>	<b>Total amount of issue</b>	<b>Total amount issued</b>	<b>Minimum redemption period</b>	<b>Date of issue</b>	<b>Rate /Payment</b>	<b>Resource Use</b>
R 144A/ Reg S	USD	Zero	500 million	500 million	Perpetual NC 5	30-March 2015	8.5% / Half-yearly	Local debt prepayment

Yields payable semiannually in arrears.

The Statement of Changes in Condensed Consolidated Shareholders' Equity under the caption Accumulated Results for the periods ended September 30, 2020, and 2019 includes coupon payments of \$ 55,037,974 and \$ 140,816,313, respectively.

**Other Integral Result**

The Group recognized the net result in Other Comprehensive Income for the periods ended September 30, 2020, and 2019 \$(108,628,799) and \$ 236,327,439, respectively.

**Revaluation surplus net of taxes**

For the periods ended September 30, 2020, and 2019, the write-offs and the value of the depreciation realized on revalued assets, net of deferred taxes, were transferred to retained earnings for \$ 97,151,934 and \$ 28,717,180, respectively.

**20. OPERATING INCOME**

Revenues from customer contracts are presented below:

	<b>Nine-month period ended September 30,</b>			
	<b>2020</b>		<b>2019</b>	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>Mobile services</b>				
Data services (1)	290.010	1.121.023.242	271.623	1.049.951.066
Voice services (1)	109.975	425.104.833	129.391	500.156.200
Value-added services (2)	37.549	145.146.545	37.358	144.405.973
	<b>437.534</b>	<b>1.691.274.620</b>	<b>438.372</b>	<b>1.694.513.239</b>
<b>Fixed services</b>				
Data services (3)	133.850	517.393.633	127.127	491.406.998
Capacity and technological solutions	76.853	297.072.371	69.350	268.071.045
Fixed voice services (3)	65.246	252.204.725	84.328	325.967.264
Revenues TV (3)	50.871	196.642.513	48.403	187.098.622
	<b>326.820</b>	<b>1.263.313.242</b>	<b>329.208</b>	<b>1.272.543.929</b>
Sale of terminal equipment	82.942	320.609.769	103.377	399.598.808
Digital services	77.714	300.400.838	58.646	226.696.235
Interconnection	56.732	219.294.305	50.377	194.729.733
Other data (O.M.V.)	9.141	35.332.954	12.333	47.674.527
Sale of equipment for fixed services (4)	3.582	13.844.381	164	632.361
Roaming revenue	1.764	6.820.600	3.282	12.686.143
Lease investment properties	27	105.764	48	187.470
	<b>996.256</b>	<b>3.850.996.473</b>	<b>995.807</b>	<b>3.849.262.445</b>

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On September 30, 2020, and 2019 and for the nine months ended on that date, include income with related parties of \$ 39,091,564 and \$ 34,567,246, respectively (Note 26).

- 1) Data services show an increase mainly due to the preference of the commercial offer of unlimited voice services.
- 2) Includes application downloads, text messages, reconnection fees, preferred subscription, and space in communication channels for advertisers.
- 3) The traditional services of television and data present improvements in commercial activity. Additionally, changes are generated in the composition of the offer due to the preference of data and television services over voice services.
- 4) During the nine months ended September 30, 2020, there was an increase mainly due to the sale of WiFi repeaters to customers.

The impact on the operating income item as a result of the economic and health emergency caused by Covid-19 is presented in Note 29.

**21. OTHER OPERATING INCOME**

The Group's other operating income is presented below:

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Work carried out for fixed assets (1)	12.423	48.022.609	12.409	47.966.591
Other operating income (2)	12.013	46.434.755	25.484	98.509.279
Sale of movable and immovable property (3)	-	-	47.627	184.099.136
	<b>24.436</b>	<b>94.457.364</b>	<b>85.520</b>	<b>330.575.006</b>

On September 30, 2020 and 2019 and for the nine-month period include income with related parties of \$ 17,797,598 and \$ 15,021,356 respectively (Note 26).

- 1) Corresponds to work performed by Group personnel, which, due to its characteristics, is directly related to the development and implementation of fixed assets.
- 2) Includes mainly: support from suppliers, professional services, and fees with group companies, lease of physical space, compensation for breach of contract, and government subsidies. Variation is generated mainly by collecting indemnities for breach of contract in the period of 2019, amounting to \$ 35,378,669.
- 3) Corresponds to the profit generated on the sale of real estate in 2019.

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**22. OPERATING COSTS AND EXPENSES**

Operating costs and expenses are presented below:

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Cost of equipment (Note 10)	128.704	497.502.543	137.820	532.737.477
Labor costs	86.236	333.343.182	81.694	315.787.533
Networking and roaming	56.194	217.216.962	52.131	201.512.346
Other operating costs and expenses (1)	52.068	201.265.584	59.039	228.212.976
Equipment maintenance	50.445	194.991.773	56.413	218.064.639
Tributes and considerations	46.396	179.342.490	47.280	182.760.448
Commission on sales (2)	44.726	172.888.472	50.521	195.289.309
Renting and third party activities to customers (3)	42.598	164.661.870	18.819	72.743.763
Rental of media and other network infrastructure	42.316	163.573.094	47.186	182.394.210
Content providers	39.244	151.697.999	39.188	151.480.746
Energy	31.850	123.116.411	32.711	126.442.717
IT services	30.299	117.120.233	31.990	123.656.543
Advertising expenses	22.145	85.601.360	23.586	91.169.079
Portfolio impairment (Note 8)	20.804	80.415.014	16.354	63.214.660
Services - customer service	12.696	49.075.646	12.784	49.417.522
Cost of compliance with contracts (Note 9)	11.850	45.806.330	8.756	33.845.517
Other and non-recurring costs and expenses (4)	2.590	10.007.240	1.985	7.671.982
Provision for inventories (Note 10)	275	1.061.375	198	764.480
	<b>721.436</b>	<b>2.788.687.578</b>	<b>718.455</b>	<b>2.777.165.947</b>

The net variation presented between the periods ended September 30, 2020, and 2019 corresponds mainly to i) an increase due to the execution of new integral solution contracts with corporate clients; ii) an increase in mobile access charges due to an increase in minute traffic; iii) greater impairment of domestic interconnection accounts receivable and corporate clients; iv) greater cost of service equipment in the client's home due to the amortization of deferred cost associated with new subscribers (Note 9), and v) a decrease in the cost of sales of mobile smartphone equipment due to a decline in sales caused by the health emergency.

During the nine months ended September 30, 2020, and 2019, expenses with related parties of \$ 209,961,079 and \$ 198,079,712 are included, respectively (Note 26).

- (1) Includes mainly operating costs and expenses for banking services, document printing and distribution charges, logistics services, leasing, legal, tax and labor advice, transportation, security, insurance, and travel expenses.
- (2) The main decrease corresponds to the activation of commissions for obtaining contracts and includes amortization in 2020 of \$ 587,411 (Note 9).
- (3) The increase is mainly due to the execution of projects with corporate clients.
- (4) Includes legal contingencies and cable replacement costs.

The impact on operating costs and expenses resulting from the economic and sanitary emergency caused by Covid-19 is shown in (Note 29).

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**23. DEPRECIATIONS AND AMORTIZATIONS**

Depreciations and amortizations are presented below:

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Depreciation of property, plant and equipment (Note 13)	124.474	481.149.877	146.601	566.681.917
Amortization of intangible assets (Note 14)	102.868	397.633.993	101.836	393.642.135
Depreciation of assets for rights of use (Note 12)	42.286	163.453.304	34.272	132.480.332
	<b>269.628</b>	<b>1.042.237.174</b>	<b>282.709</b>	<b>1.092.804.384</b>

In September 2020, the Company retrospectively reviewed and updated the useful lives of property, plant, and equipment corresponding to technical facilities, generating a lower depreciation expense (Note 13). Amortization of intangible assets and depreciation of assets for rights of use is increased by recognizing new net additions of fully amortized and depreciated assets.

**24. FINANCIAL EXPENSES, NET**

Financial income (expense), net is presented below:

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>Income:</b>				
Interest hedging transactions, net (1)	25.590	98.917.314	-	-
Interest in arrears	3.288	12.708.568	5.919	22.878.445
Return on temporary and bank investments (Note 6)	2.059	7.957.646	107	414.477
	<b>30.937</b>	<b>119.583.528</b>	<b>6.026</b>	<b>23.292.922</b>
<b>Expenditure:</b>				
Interest on loans, debentures and bonds (1) (Note 15)	(54.879)	(212.131.660)	(38.430)	(148.550.654)
Financial expenses for leasing	(7.456)	(28.820.178)	(3.895)	(15.056.667)
Other financial expenses (3)	(6.374)	(24.636.671)	(1.850)	(7.150.612)
Financial Update of Liabilities (4)	(3.388)	(13.097.093)	(3.301)	(12.761.205)
Levy on financial transactions	(278)	(1.072.210)	(706)	(2.729.548)
Interest hedging transactions, net (1)	-	-	(12.671)	(48.977.482)
	<b>(72.375)</b>	<b>(279.757.812)</b>	<b>(60.853)</b>	<b>(235.226.168)</b>
(Loss) gain per difference in exchange, net	(2.019)	(7.805.894)	(931)	(3.597.122)
	<b>(74.394)</b>	<b>(287.563.706)</b>	<b>(61.784)</b>	<b>(238.823.290)</b>
	<b>(43.457)</b>	<b>(167.980.178)</b>	<b>(55.758)</b>	<b>(215.530.368)</b>

The main variations and movements in net financial expenses are shown below:

- 1) For the period ended September 30, 2020, the valuation of interest rate hedges generates income from the early termination of the Interest Rate Swap (IRS) and Cross Current Interest Rate Swap (CCIRS) contracts associated with the prepayment of the Senior Bond whose maturity date was in 2022. For the same period in 2019, the result of the financial expense corresponds to the costs of hedges.
- 2) Includes: i) Interest associated with the restructuring of the debt in 2020; ii) interest on the local bond, iii) interest on the hybrid bond from its recognition as a financial obligation until the date of payment for \$ 19,112,870.
- 3) The variation is mainly due to the higher value paid to investors in the early repurchase of the Senior Bond, whose maturity date was 2022.

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- 4) Corresponds to the financial restatement of liabilities for spectrum licenses, obligations to make, dismantling of assets, and financial restatement of pension liabilities.

**25. FINANCIAL RISK MANAGEMENT**

**25.1. Risk Management Policy**

It arises mainly from the obligations and rights that the Group has in currencies other than the Colombian peso.

**Exchange Rate Risk**

It arises mainly from the obligations and rights that the Group has in currencies other than the Colombian peso.

**Interest Rate Risk**

It arises mainly from variations in interest rates that affect: i) the financial costs of variable-rate debt and/or negotiations of short-term debt at fixed interest rates, and ii) long-term liabilities at fixed interest rates.

**Liquidity Risks**

The Group is exposed to liquidity risk, mainly due to imbalances between fund requirements and fund sources.

**Credit Risks**

Credit risk arises from cash and cash equivalents (deposits in banks and financial institutions), as well as credit exposure to wholesale and retail customers, which includes outstanding balances of accounts receivable and committed transactions. With respect to banks and financial institutions, only institutions with independent risk ratings of at least 'A' are accepted. Independent ratings of wholesale clients are used to the extent available. If there are no independent risk ratings, the portfolio rating assesses the credit quality of the client, taking into consideration its financial position, past experience, and other factors. Individual credit limits are established according to the limits set by the board of directors based on internal or external ratings. The use of credit limits is monitored regularly. Sales to retail customers are primarily made on a cash basis. Credit limits were not exceeded during the reporting year, and management does not expect the Group to incur any loss from the performance of its counterparts.

**Price Risk**

The Group is exposed to the price risk of the goods and services it acquires for the development of its operations, for which it conducts purchasing negotiations with small and large suppliers (including global suppliers) to ensure a continuous supply of such goods and services. This model, through which significant savings are achieved in local and regional negotiations, makes it possible to avoid a high risk of concentration and dependence, which could lead in the medium and long term to a dependence that would be difficult to resolve due to the lack of alternative suppliers who could manage pressure levers to avoid non-compliance with product quality, delivery times, and un-agreed increases in prices or margins of maneuver that could not be resolved by having a single supplier in some of the network layers.

**Country Risk**

The drop in economic activity in Latin America (-8.1%) would be more profound than the expected worldwide decline (4.2%), according to the projections made by the International Monetary Fund (IMF). According to the entity, Colombia would have a contraction in the order of 8.2% at the end of 2020, higher than the average for the region, due to the longer duration of confinement in the country, with the fall in the economic activity being 15.7% in June. The increase in unemployment and the decrease in household income have been the most alarming consequences of the crisis. In September, the unemployment rate at the national level was 16.8%, and in urban areas, 19.8%. Although this represented a significant adjustment from August's figures (20.2% and 24.7%) as September was the month when many of the restrictions on mobility were lifted, the destruction of small businesses would lead to a worsening of informality in the country. In the same month, annual inflation broke its downward trend, rebounding to 1.97% compared to 1.88% in August. In this sense, with low inflation, the Board of Directors of the Bank of the Republic had the space to make additional cuts to the monetary policy rate and bring it to 1.75% at the end of September, completing a cut of 275 bps so far this year. The small room for maneuver and the spike in inflation would indicate the end of the cycle of cuts.

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Given the strong impact of the pandemic, the Government has announced the extension of several of the transfers to the most affected businesses and vulnerable population. Likewise, it announced its plan for reactivation, "Commitment to Colombia," which contemplates investment and job creation as the central axis and includes different infrastructure projects, energy transition, and housing subsidies, sectors with high productive linkages. The increase in government spending and the drop in revenue as a result of the sharp decline in economic activity would lead to a rise in the fiscal deficit to 8.2% of the GDP, as expected by the National Government, while the debt of the Central National Government would accelerate to 63.8% of the GDP in 2020. (Source: Medium Term Fiscal Framework, 2020). At the end of September, the extension of the IMF credit line from USD 10.8 million to USD 17.2 million was announced, and the disbursement of USD 5.3 million as budget support for this year, as this is a good source of financing. Thus, one of the main challenges that the government has to face is the fiscal adjustment necessary to reach a sustainable debt path and decrease risk perception. In this sense, the probabilities of adverse action in the rating are high, and the rating agencies Fitch Ratings and S&P Global Ratings announced that the review will take place in the next six months and that beyond the deterioration of the metrics, they will take into account the actions that will be implemented to correct them and the credibility of these.

### Risk Management

The Group actively manages risks through the use of derivative financial instruments, on exchange and interest rates. Likewise, net positions on the balance sheet are taken into account in order to take advantage of natural hedges that directly offset each other, avoiding incurring extra bid-offer spread costs in hedging operations.

At the end of September 2020, the Group had the following portfolio of financial derivatives on exchange rates and interest rates expressed in their currency of origin:

Figures in millions

Underlying	NDF		IRS Libor	IRS IBR	IRS IPC	CCIRS (margen)	Options
	USD	EUR	USD	COP	IPC	USD	USD
Senior Bond	500	-	500	-	-	500	-
Debt in USD\$/COP	465	-	-	900.000	152.410	-	-
Trading accounts	21	1	-	-	-	-	22
Future cash flows	26	-	-	-	-	-	18
	<b>1.012</b>	<b>1</b>	<b>500</b>	<b>900.000</b>	<b>152.410</b>	<b>500</b>	<b>40</b>

NDF: Non delivery forwards

IRS: Interest rate swap

CCIRS: Cross currency interest rate swap

In line with the Group's risk management policy, IBR-indexed IRS was contracted for \$ 900,000 million during the 2020 period and were designated as long-term local currency debt hedging instruments.

In addition, during June and August, USD 750 million of IRS and Cross Current Interest Rate Swap (CCIRS) contracts associated with the payment of the Senior Bond maturing in 2022 were settled in advance.

### Exchange Rate Risk

The fundamental objective of the exchange rate risk management policy is to protect the value of asset and liability records denominated in dollars and euros against changes in the Colombian peso exchange rate against these currencies.

On September 30, 2020, the Group's debt, in U.S. dollars, including the senior bond maturing in 2022, was equivalent to USD 965 million (December 31, 2019 - USD 751 million). Additionally, considering the normal flow of the Group's business, commercial accounts were hedged, corresponding to OPEX (Operating Expenses) and CAPEX (Capital Expenditure) invoices in foreign currency that were recorded in the Consolidated Condensed Interim Financial Statement. Finally, highly probable future cash flow hedges were contracted through NDF (Non-Delivery Forwards) and term options up to one year to cover a portion of the OPEX and CAPEX in foreign currency of the current year's budget.

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The following is the detail of the active and passive balances held and expressed in thousands of dollars:

	<u>As of September 30,</u> <u>2020</u>	<u>As of December 31,</u> <u>2019</u>
	(in thousands of US\$)	
<b>Assets</b>		
Debtors and other accounts receivable	237.134	66.402
Related parties	7.413	21.529
Cash and cash equivalents	5.554	5.411
<b>Total assets</b>	<b>250.101</b>	<b>93.342</b>
<b>Liabilities</b>		
Financial obligations	972.723	761.564
Suppliers and accounts payable	88.120	144.936
Related parties	25.222	17.118
<b>Total liabilities</b>	<b>1.086.065</b>	<b>923.618</b>
<b>Liability position, net</b>	<b>(835.964)</b>	<b>(830.276)</b>

The following is the detail of asset and liability balances held in U.S. dollars and expressed in thousands of Colombian pesos:

	<u>As of September 30,</u> <u>2020</u>	<u>As of December 31,</u> <u>2019</u>
	(in thousands of COP\$)	
<b>Assets</b>		
Debtors and other accounts receivable	916.635.878	217.608.650
Related parties	28.654.130	70.553.547
Cash and cash equivalents	21.467.154	17.732.605
<b>Total assets</b>	<b>966.757.162</b>	<b>305.894.802</b>
<b>Liabilities</b>		
Financial obligations	3.760.031.204	2.495.751.847
Suppliers and accounts payable	340.626.347	474.975.563
Related parties	97.496.401	56.098.083
<b>Total liabilities</b>	<b>4.198.153.952</b>	<b>3.026.825.493</b>
<b>Liability position, net</b>	<b>(3.231.396.790)</b>	<b>(2.720.930.691)</b>
<b>Interest Rate Risk</b>		

After hedging, exposure to variable rate is 72.71% of total debt, within the framework of a risk management policy in line with the expansionary monetary policy stance of the Banco de la República in the medium term.

At the close of September 30, 2020, the debt at fixed and variable rates was as follows:

Fixed-rate obligations	<u>Financial Obligations</u>		
	<u>Value (1)</u>	<u>Participation</u>	<u>Index</u>
	(in thousands of USD)		
Debt in USD	362.181	27,29%	Fixed rate
	<b>362.181</b>	<b>27,29%</b>	
<b>Variable-rate obligations</b>			
Senior Bond(2)	500.000	37,67%	Libor 3M
Debt in USD	465.000	35,04%	Libor 3M y 6M
	<b>965.000</b>	<b>72,71%</b>	
	<b>1.327.181</b>	<b>100,00%</b>	



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Fixed-rate obligations	Financial Obligations		
	Value (1)	Participation	Index
	(in thousands of COP)		
Debt in USD	1.400.000.000	27,29%	Tipo fijo
	<b>1.400.000.000</b>	<b>27,29%</b>	
<b>Variable-rate obligations</b>			
Senior Bonus(2)	1.932.735.000	37,67%	Libor 3M
Debt in USD	1.797.443.550	35,04%	Libor 3M y 6M
	<b>3.730.178.550</b>	<b>72,71%</b>	
	<b>5.130.178.550</b>	<b>100,00%</b>	

(1) Does not include financial leases.

(2) Interest rate exposure after hedging.

**Sensitivity of debt and derivatives to changes in interest rate:**

For the derivatives, a positive and negative movement in the valuation curve of 100 bps was sensitized; in the periods in which the rates were less than 1%, sensitivity was not considered in order to avoid negative rates; for the calculation of sensitivity in equity, only cash flow hedging operations were considered, taking into account that they are the only operations whose effect of interest rates is recorded in equity; similarly, for sensitivity in results, only fair value hedging operations were considered, taking into account that they are the only operations whose effect of valuation interest rates is recorded in results.

For debt, only the portion at a variable rate at the close of September 30, 2020, was sensitized.

The sensitivity result was as follows:

	Sensitivity			
	Impact on results		Impact on heritage	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
+ 100 pb	(797)	(3.082.703)	(33.692)	(130.236.121)
- 100 pb	798	3.082.746	44.132	170.590.377

(1) Does not include leasing

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**Derivative Financial Instruments and Risk Management Policy**

The breakdown of the Group's derivatives on 30 September 2020, as well as their fair value at that date and the expected maturity schedule by notional value and depending on the type of hedge, is as follows:

<b>Derived</b>	<b>Fair Value (1)</b>	<b>Notional Value - Maturities</b>			
		<i>(Figures in millions of USD)</i>			
		<b>2020</b>	<b>2021</b>	<b>Subsequent</b>	<b>Total</b>
Interest rate hedges					
<i>Cash flow coverage</i>	(6)	-	-	1.000	<b>1.000</b>
Exchange rate hedges					
<i>Cash flow coverage</i>	27	132	874	-	<b>1.006</b>
<i>Fair value hedges</i>	7	35	-	-	<b>35</b>
	<b>34</b>	<b>167</b>	<b>874</b>	<b>-</b>	<b>1.041</b>
Interest rate and exchange rate hedges					
<i>Cash flow coverage</i>	(10)	-	-	272	<b>272</b>
	<b>18</b>	<b>167</b>	<b>874</b>	<b>1.272</b>	<b>2.313</b>

<b>Derived</b>	<b>Fair Value (1)</b>	<b>Notional Value - Maturities</b>			
		<i>(Figures in millions of USD)</i>			
		<b>2020</b>	<b>2021</b>	<b>Subsequent</b>	<b>Total</b>
Interest rate hedges					
<i>Cash flow coverage</i>	(23.584)	-	-	3.865.470	<b>3.865.470</b>
Exchange rate hedges					
<i>Cash flow coverage</i>	105.707	509.873	3.380.152	-	<b>3.890.025</b>
<i>Fair value hedges</i>	28.075	135.445	-	-	<b>135.445</b>
	<b>133.782</b>	<b>645.318</b>	<b>3.380.152</b>	<b>-</b>	<b>4.025.470</b>
Interest rate and exchange rate hedges					
<i>Cash flow coverage</i>	(36.810)	-	-	1.052.410	<b>1.052.410</b>
	<b>73.388</b>	<b>645.318</b>	<b>3.380.152</b>	<b>4.917.880</b>	<b>8.943.350</b>

(1) Presented net of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA). Includes \$ 135,370 million for valuation of exchange rate derivatives.

**25.2. Other Risks and Uncertainties faced by the Group.**

The Group's business is conditioned both by intrinsic factors, exclusive to the Group and by certain exogenous factors that are common to any company in its sector, the most significant of which are the following:

**Legal Regulation Risk**

MINTIC is the authority that exercises the intervention of the State in the information and communications technology sector in Colombia. It adopts the policies, plans, programs, and projects of the sector, establishes the general conditions of operation and commercialization of networks and services, confers permits for the use of the radioelectric spectrum, and exercises the functions of control and surveillance in the information and communications technology sector, among other functions.

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For its part, the Communications Regulation Commission - CRC is the body in charge of promoting and regulating free competition, preventing unfair conduct and restrictive commercial practices, by means of general regulations or specific measures, and may propose differential rules of behavior according to the position of the suppliers, once the existence of a market failure has been determined.

**Risks Inherent to the Sector of Activity in which the Group Operates**

The provision of services is carried out under the authorizations, as well as under the permits for spectrum use.

**Other Risks and Uncertainties facing the Group**

**Markets Subject to Continuous Technological Evolution**

The success of the Group is directly related to its adaptability to technological evolution or critical situations that arise in the times that the market demands, anticipating, and adapting to technological changes and market demands. The technological evolution is permanent, competing in the market with new products, services, and technologies, which oblige us to maintain a permanent update on them. As an example, we have the new spectrum assignments that were granted to competing operators after the auction held at the end of the previous year. This would allow these operators to expand their coverage areas by having low bands such as the 700Mhz band and likewise increases in the capacities offered to the market by the new deployments including the bands mentioned above, and the new assignments in high bands that allow for increased traffic management for the coming years.

Technology in general evolves at great speed and therefore companies in TELCO's segment must be prepared to develop at the speed and requirements that the market demands.

*Risks Associated with Unexpected Network Disruptions*

Network affectations or interruptions are situations inherent to the operation of any element that constitutes it; these affect the normality of the service, causing dissatisfaction of the users due to the impossibility of communication, as well as a not lesser risk of possible administrative actions or requirements from the control entities that could derive in sanctions of high economic impact for the Group.

In view of the current situation, due to the effect of the pandemic and new consumption habits, user profiles have been modified. Therefore a significant growth in traffic demand was perceived, leading to capacity saturation in urban residential areas in most of the country's municipalities, as well as a greater impact in areas of medium and small municipalities or rural areas, in which, for example, mobile networks are being used as an alternative for work, education or entertainment connectivity, which, together with insufficient capacity in obsolete radio links concentrated mostly in areas where there is no possibility of migration to fiber optic services, causes a perception of service degradation. On the other hand, and after the supposed new normality in the different activities to be developed in the country under the biosecurity conditions that are demanded by the government entities to preserve an adequate control in relation to the public health issue, we continue living with longer execution times of the network deployment requirements due to the access permits, restriction for obtaining permits from government or territorial entities that do not yet carry out work in person and their virtual contacts are not fully secured, and in general new forms of work due to the Covid-19 pandemic in the supply and distribution chains of goods and services necessary for the expansion and expansion of the network.

Therefore, it is necessary to continue with the implementation of new operating models that allow us to adapt to achieve the normal deployment of networks in full compliance with biosafety protocols that guarantee the health of our employees and our customers to this new model of economic recovery.

**26. RELATED PARTIES**

- (1) As of April 2020, Telefónica S. A., after a corporate reorganization process, entered into a purchase agreement to transfer the shares held by the Company to Latin America Cellular Holdings S.L. (Note 1.4). On July 26, 2020, Latin America Cellular Holdings, S.L. changed its name to Telefónica Hispanoamérica, S.L. (Note 1.5). Finally, on September 28, 2020, the company Telefónica Hispanoamérica, S.L. was transformed from a limited company to a corporation and consequently changed its name to Telefónica Hispanoamérica S. A. (Note 1.6.).

Therefore, balances on September 30, 2020, and for the nine months ended September 30, 2020, are classified in the related party group.

**26.1. Accounts Receivable**

The balances of accounts receivable between the Group and its shareholders, economic partners, and associated companies are as follows:

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**Current**

**a) Shareholders**

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>From outside</b>				
Telefónica Hispanoamérica S.A.	1	2.032	-	-
Telefónica S.A. (1)	-	-	2390	9.237.407
	<b>1</b>	<b>2.032</b>	<b>2.390</b>	<b>9.237.407</b>

**b) Economic partners**

**Economic linked**

**Nacional**

Tiws Colombia II S.A.S.	10.575	40.876.112	5.233	20.228.121
Telxius Cable Colombia S.A.	868	3.354.846	292	1.127.060
Wayra Colombia S.A.S.	9	36.416	13	51.450
	<b>11.452</b>	<b>44.267.374</b>	<b>5.538</b>	<b>21.406.631</b>

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>From outside</b>				
Telefónica S.A. (1)	2.888	11.161.666	-	-
Telefónica Digital España S.A.	1.298	5.015.772	2.760	10.667.702
TIWS II	1.146	4.429.395	950	3.671.244
Pegaso Pcs. S.A. de C.V.	907	3.507.172	767	2.965.062
Telefónica Móviles España S.A.	428	1.654.644	394	1.524.277
Otecel S.A.	398	1.538.622	331	1.280.465
Telefónica Móviles El Salvador S.A.	188	725.417	265	1.023.150
Telefónica de Costa Rica	166	641.166	1	3.468
Telefónica del Perú S.A.	155	598.116	126	488.154
Telefónica Móviles Argentina S.A.	113	436.058	181	698.652
Telefonica Germany GMBH & CO OHG	70	282.573	111	435.466
Telefónica USA Inc.	56	215.119	42	161.381
Terra Networks Mexico S.A. de CV	39	150.309	-	-
Pegaso Recursos Humanos S.A. de C.V.	21	82.048	-	-
CELULAR DE TELEFONIA, S.A. DE C.V.	21	79.500	-	-
Telefónica Compras Electrónicas	17	64.609	37	142.680
Telefónica Brasil S.A.	3	11.946	44	168.248
Telefónica Móviles de Chile	1	2.047	51	195.983
Telefónica Móviles Uruguay S.A.	-	555	-	-
Telefonica Factoring Mexico S.A.	-	-	4	14.968
	<b>7.915</b>	<b>30.596.734</b>	<b>6.064</b>	<b>23.440.900</b>
<b>Total economic links</b>	<b>19.367</b>	<b>74.864.108</b>	<b>11.602</b>	<b>44.847.531</b>

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**c) Associated Companies**

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>Nacional</b>				
Telefónica Factoring Colombia S.A.	-	-	10	39.794
<b>Total related parties</b>	<b>19.368</b>	<b>74.866.140</b>	<b>14.002</b>	<b>54.124.732</b>

**Non-current**

**Economic partners**

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Telefónica Venezolana C.A. (a)	274	1.059.965	10.292	39.781.586
<b>Total related parts</b>	<b>274</b>	<b>1.059.965</b>	<b>10.292</b>	<b>39.781.586</b>

a) During the period ended September 30, 2020, the corresponding procedures were carried out for the cancellation of invoices by Telefónica Venezolana C.A. to Colombia Telecomunicaciones S. A. E.S.P.

The foreign currency balances of accounts receivable on September 30, 2020 and December 31, 2019 are USD 7,413 thousand ( \$ 28,654,130) and USD 21,529 thousand ( \$ 70,553,547), respectively.

**26.2. Accounts Payable**

The balances of liabilities between the Group and its shareholders and economic partners are as follows:

**Current**

**a) Shareholders**

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>From outside</b>				
Telefónica Hispanoamérica S.A.	17	64.274	90	347.494
Telefónica S.A. (1)	-	-	3.277	12.666.965
	<b>17</b>	<b>64.274</b>	<b>3.367</b>	<b>13.014.459</b>

**b) Economic partners**

**Nacional**

Tiws Colombia II S.A.S.	11.026	42.620.550	5.469	21.139.257
Telxius Cable Colombia S.A.	7.823	30.238.519	4.128	15.958.471
Telefónica Ingeniería de Seguridad	580	2.241.978	249	964.167
Telefónica Learning Services Colombia	-	-	50	193.422
	<b>19.429</b>	<b>75.101.047</b>	<b>9.896</b>	<b>38.255.317</b>

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	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>From outside</b>				
TIWS II	9.091	35.141.773	10.465	40.451.578
Telefónica S.A. (1)	6.066	23.446.874	-	-
Media Network Latin América	4.427	17.112.290	1.824	7.049.603
Telefónica Global Technology	3.801	14.691.744	5.401	20.877.265
Telefónica USA Inc.	3.036	11.737.420	2.350	9.085.333
Telefónica Móviles Argentina S.A.	953	3.682.831	993	3.838.691
Telefónica Digital España S.A.	845	3.264.693	786	3.036.649
Telefónica Compras Electrónicas	775	2.995.363	465	1.799.238
Telefónica Móviles España S.A.	725	2.801.062	379	1.464.557
Pegaso Pcs. S.A. de C.V.	505	1.953.889	404	1.561.241
Telefónica Ingeniería de Seguridad	475	1.845.170	20	72.005
Telefónica de Argentina S.A.	443	1.713.000	443	1.713.000
Otecel S.A.	377	1.457.524	363	1.403.559
Telefónica del Perú S.A.	201	776.152	186	718.811
Terra Networks Mexico S.A. de CV	184	712.606	134	519.785
Telefónica Venezolana C.A.	184	709.466	595	2.301.622
Telefónica Global Roaming	180	693.852	143	551.850
Telefónica Servicios Audiovisuales	154	593.391	58	225.919
Telefónica Brasil S.A	141	544.273	122	469.749
Telefónica Empresas Chile S.A	126	487.717	-	-
Telefónica de España S.A.U.	68	264.281	196	757.315
O2 T. UK Limited	54	209.165	56	218.324
Telefónica Móviles de Chile	33	126.477	36	138.846
Telefónica Broadcast Services S.L.U	11	43.650	11	44.368
Telefónica Móviles Uruguay S.A.	8	32.344	8	29.447
Telefónica de Costa Rica	4	14.029	2	7.766
Telefónica Móviles El Salvador S.A.	2	6.287	5	17.790
E-Plus Mobilfunk GMBH & CO	-	289	35	135.906
Telefonica Educacion Digital	-	-	5	18.015
TGestiona Logística Sociedad Anonima	-	-	1	5.755
	<b>32.869</b>	<b>127.057.612</b>	<b>25.486</b>	<b>98.513.987</b>
<b>Total economic linked</b>	<b>52.298</b>	<b>202.158.659</b>	<b>35.382</b>	<b>136.769.304</b>
<b>Total related parts</b>	<b>52.315</b>	<b>202.222.933</b>	<b>38.749</b>	<b>149.783.763</b>

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**Non-current**

	As of September 30		As of December 31	
	2020		2019	
	(in thousands of US\$)	(in thousands of	(in thousands of US\$)	(in thousands of
<b>Share-based payments</b>				
Telefónica S.A. (1)	2.202	8.514.340	1.170	4.521.758
<b>Total related parts</b>	<b>2.202</b>	<b>8.514.340</b>	<b>1.170</b>	<b>4.521.758</b>

It corresponds to the remuneration to executives with a permanence of five years, where the right is granted to receive a certain number of shares of Telefónica S. A. subject to the fulfillment of certain conditions related to the behavior of the share during the period and the permanence in the employment.

The balances in foreign currency of accounts payable on September 30, 2020 and December 31, 2019 are USD 25,222 thousand ( \$97,496,401) and USD 17,118 thousand ( \$ 56,098,083), respectively.

**26.3. Income, Costs and Expenses with Related Parties**

The Group carries out transactions with its related parties under the same market conditions and with mutual independence. The following is a summary of the Group's income, costs, and expenses during the period from 1 January to 30 September 2020 and 2019, with shareholders, economic associates, and associated companies.

**a) Shareholders**

	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(in thousands of US\$)			
<b>From outside</b>				
Telefónica S.A. (1)	-	1.585	-	5.380
Telefónica Hispanoamérica S.A.	-	-	65	36
	<b>-</b>	<b>1.585</b>	<b>65</b>	<b>5.416</b>
	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019

  

	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(in thousands of COP\$)			
<b>From outside</b>				
Telefónica S.A. (1)	-	6.127.829	-	20.796.753
Telefónica Hispanoamérica S.A.	-	-	251.988	138.593
	<b>-</b>	<b>6.127.829</b>	<b>251.988</b>	<b>20.935.346</b>

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**b) Economic Partners**

	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(in thousands of US\$)			
<b>National</b>				
Tiws Colombia II S.A.S.	4.237	3.871	5.146	2.658
Telxius Cable Colombia S.A.	498	464	8.216	11.682
Wayra Colombia S.A.S.	83	85	-	-
Telefónica Learning Services Colombia	50	-	-	31
Telefonica Ingenieria de Seguridad	-	-	714	59
	<b>4.868</b>	<b>4.420</b>	<b>14.076</b>	<b>14.430</b>

	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(in thousands of COP\$)			
<b>National</b>				
Tiws Colombia II S.A.S.	16.377.154	14.962.874	19.890.439	10.274.735
Telxius Cable Colombia S.A.	1.925.840	1.793.173	31.758.322	45.156.973
Wayra Colombia S.A.S.	322.128	327.122	-	-
Telefónica Learning Services Colombia	193.422	-	-	120.663
Telefonica Ingenieria de Seguridad	-	-	2.759.337	229.069
	<b>18.818.544</b>	<b>17.083.169</b>	<b>54.408.098</b>	<b>55.781.440</b>



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	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(in thousands of US\$)			
<b>International</b>				
TIWS II	5.220	3.910	10.485	11.014
Telefónica S.A. (1)	2.732	-	9.492	-
Telefónica Digital España S.A.	1.013	1.866	680	945
Telefónica Móviles El Salvador S.A.	248	5	1	6
Telefónica del Perú S.A.	128	79	10	255
Telefónica Móviles España S.A.	128	144	377	213
Telefónica Venezolana C.A.	63	-	7	21
Telefónica Móviles de Chile	48	299	8	20
Terra Networks Mexico S.A. de CV	36	-	275	214
Telefónica Móviles Argentina S.A.	34	72	12	20
O2 T. UK Limited	34	68	4	18
Telefónica Brasil S.A	32	126	30	27
Telefónica Compras Electrónicas	31	27	1.671	887
Otecel S.A.	14	41	27	34
Telefónica USA Inc.	10	13	686	325
Telefónica de Costa Rica	4	18	4	10
Telefónica Móviles Uruguay S.A.	3	6	2	4
Pegaso Pcs. S.A. de C.V.	3	25	30	79
Telefónica Germany GMBH & CO OHG	1	1	11	10
E-Plus Mobilfunk GMBH & CO	1	-	-	5
Telefónica Móviles Panamá S.A.	-	59	-	36
Telefónica Celular De Nicaragua S.A	-	3	-	-
Telefónica Global Technology	-	-	7.776	7.310
Media Network Latin América	-	-	5.935	7.643
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	1.115	1.115
Telxius Cable España S.L.U	-	-	383	383
Telefónica Empresas Chile S.A.	-	-	128	-
Telefónica Ingeniería de Seguridad	-	-	399	155
Telefónica de España S.A.U.	-	-	79	152
Telefónica de Contenidos SAU	-	-	201	256
Telefónica Global Roaming	-	-	163	143
Telefónica Servicios Audiovisuales	-	-	185	96
	<b>9.783</b>	<b>6.762</b>	<b>40.176</b>	<b>31.396</b>
<b>Total economic links</b>	<b>14.651</b>	<b>11.182</b>	<b>54.252</b>	<b>45.826</b>

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	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(in thousands of COP\$)			
<b>International</b>				
TIWS II	20.179.089	15.114.238	40.530.190	42.575.139
Telefónica S.A. (1)	10.562.207		36.692.668	
Telefónica Digital España S.A.	3.915.052	7.213.272	2.628.180	3.653.627
Telefónica Móviles El Salvador S.A.	959.942	20.204	3.386	23.059
Telefónica del Perú S.A.	495.060	303.840	39.508	987.160
Telefónica Móviles España S.A.	493.233	557.868	1.457.005	824.514
Telefónica Venezolana C.A.	242.641	400	27.374	80.073
Telefónica Móviles de Chile	184.198	1.153.991	31.925	77.356
Terra Networks Mexico S.A. de CV	140.815	-	1.063.041	825.382
Telefónica Móviles Argentina S.A.	132.263	279.671	47.142	79.233
O2 T. UK Limited	130.831	264.541	14.950	70.048
Telefónica Brasil S.A.	125.098	486.449	117.879	104.124
Telefónica Compras Electrónicas	119.028	105.096	6.458.436	3.429.583
Otecel S.A.	53.461	158.263	103.712	131.681
Telefónica USA Inc.	40.129	49.346	2.652.087	1.254.630
Telefónica de Costa Rica	15.977	69.727	13.858	38.842
Telefónica Móviles Uruguay S.A.	11.874	24.969	6.696	13.549
Pegaso Pcs. S.A. de C.V.	10.583	96.132	114.521	305.762
Telefonica Germany GMBH & CO OHG	3.202	4.088	42.152	40.534
E-Plus Mobilfunk GMBH & CO	2149	-	83	20.547
Telefónica Móviles Panamá S.A.	-	226.404	-	138.316
Telefónica Celular De Nicaragua S.A	-	9.826	-	-
Telefónica Global Technology	-	-	30.057.871	28.256.318
Media Network Latin América	-	-	22.941.572	29.544.312
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	4.309.854	4.309.854
Telxius Cable España S.L.U	-	-	1.480.679	1.480.679
Telefónica Empresas Chile S.A.	-	-	494.646	-
Telefónica Ingeniería de Seguridad	-	-	1.540.610	598.514
Telefónica de España S.A.U.	-	-	305.311	587.616
Telefonica de Contenidos SAU	-	-	777.758	990.094
Telefónica Global Roaming	-	-	631.785	552.201
Telefónica Servicios Audiovisuales	-	-	716.114	370.179
	<b>37.816.832</b>	<b>26.138.325</b>	<b>155.300.993</b>	<b>121.362.926</b>
<b>Total economic links</b>	<b>56.635.376</b>	<b>43.221.494</b>	<b>209.709.091</b>	<b>177.144.366</b>

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**c) Associated Companies**

	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(in thousands of US\$)			
<b>National</b>				
Telefónica Factoring Colombia S.A.	66	62	-	-
	<b>66</b>	<b>62</b>	<b>-</b>	<b>-</b>
<b>Total related parties</b>	<b>14.717</b>	<b>12.829</b>	<b>54.317</b>	<b>51.242</b>

	Nine-month period ended September 30,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(in thousands of COP\$)			
<b>National</b>				
Telefónica Factoring Colombia S.A.	253.786	239.279	-	-
	<b>253.786</b>	<b>239.279</b>	<b>-</b>	<b>-</b>
<b>Total related parties</b>	<b>56.889.162</b>	<b>49.588.602</b>	<b>209.961.079</b>	<b>198.079.712</b>

El The Group has not given or received any guarantees or pledges to its economic partners.

The following is a summary of the transactions for income, costs, and expenses that occurred during the period with related parties, according to the nature of the good or service provided between the parties, as follows:

**Income:**

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
<b>Mobile services</b>				
Value-added services	14	53.691	47	182.820
Data services	3	12.733	5	19.779
Voice services	3	10.519	6	22.588
	<b>20</b>	<b>76.943</b>	<b>58</b>	<b>225.187</b>
<b>Fixed services</b>				
Capacity and technological solutions	3.383	13.078.457	3.202	12.376.640
Fixed voice services	1.995	7.711.829	1.220	4.714.866
Data services	232	898.138	155	597.312
	<b>5.610</b>	<b>21.688.424</b>	<b>4.577</b>	<b>17.688.818</b>
Interconnection	2.853	11.027.523	2.716	10.497.578
Digital services	1.215	4.697.248	653	2.524.379
Roaming revenue	411	1.589.171	939	3.628.165
Sale of terminal equipment	3	12.255	1	3.119
	<b>4.482</b>	<b>17.326.197</b>	<b>4.309</b>	<b>16.653.241</b>
	<b>10.112</b>	<b>39.091.564</b>	<b>8.944</b>	<b>34.567.246</b>

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	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Other operating income (1)	4.605	17.797.598	3.885	15.021.356
	<b>14.717</b>	<b>56.889.162</b>	<b>12.829</b>	<b>49.588.602</b>

(1) Includes primarily consulting services, fees with related parties, assignment of space, administrative services, among others.

**Costs and expenses:**

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Rent of media	19.115	73.887.600	19.017	73.509.610
Advertising expenses	9.275	35.850.780	7.870	30.420.200
Other and non-recurring costs and expense:	8.109	31.346.163	7.504	29.005.011
Networking and roaming	7.492	28.959.271	6.145	23.752.491
Renting and third party activities to customer	4.458	17.233.173	4.274	16.520.306
Content providers	2.512	9.711.691	2.420	9.356.181
Other operating costs and expenses (2)	1.603	6.194.821	2.183	8.439.682
Commission on sales	1.465	5.662.235	36	138.593
Labor costs	150	580.324	57	219.219
Equipment maintenance	138	535.021	1.736	6.718.419
	<b>54.317</b>	<b>209.961.079</b>	<b>51.242</b>	<b>198.079.712</b>

(1) Includes mainly computer applications.

(2) Includes mainly document management, licenses, and computer applications.

**d) Information on Remuneration of Key Management Personnel**

The remuneration received by the Group's key employees according to their seniority is presented below:

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Wages, salaries and other benefits	3.472	13.421.597	3.817	14.754.588
Remuneration plan for managers (shares and annual bonus)	816	3.155.005	1.227	4.744.717
Institutional plans	1.054	4.074.697	954	3.687.547
Voluntary retirement bonus	-	-	394	1.521.968
Other	177	684.293	70	270.101
	<b>5.519</b>	<b>21.335.592</b>	<b>6.462</b>	<b>24.978.921</b>

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**27. CONTINGENCIES**

The Group qualifies contingencies according to the probability of loss, whether high probability, low probability, or remote, which determines, on this basis, the value of the claims to be provisioned, supported with the reports and evaluations of the Group's legal advisors.

As of September 30, 2020, 2,300 processes are ongoing, of which 155 correspond to probable contingencies, 623 are classified as possible, and 1,522 are classified as remote.

**27.1. Processes with high probability**

The following is the detail of the processes qualified as high probability (Note 18).

	As of September 30		As of December 31	
	2020		2019	
	Quantity	Value	Quantity	Value
	(in thousands of US\$)			
<b>Currents:</b>				
User Management Investigations (1)	24	304	28	451
Administrative, regulatory and regulatory investigations competency	-	-	3	972
Work processes	-	-	20	295
	<b>24</b>	<b>304</b>	<b>51</b>	<b>1.718</b>
<b>Non Currents:</b>				
Court Proceedings (2)	53	1.919	58	997
Work processes	78	824	40	615
	<b>131</b>	<b>2.743</b>	<b>98</b>	<b>1.612</b>
	<b>155</b>	<b>3.047</b>	<b>149</b>	<b>3.330</b>
	As of September 30		As of December 31	
	2020		2019	
	Quantity	Value	Quantity	Value
	(in thousands of COP\$)			
<b>Currents:</b>				
User Management Investigations (1)	24	1.175.721	28	1.742.448
Administrative, regulatory and regulatory investigations competency	-	-	3	3.758.855
Work processes	-	-	20	1.136.726
	<b>24</b>	<b>1.175.721</b>	<b>51</b>	<b>6.638.029</b>
<b>Non Currents:</b>				
Court Proceedings (2)	53	7.417.504	58	3.852.649
Work processes	78	3.185.891	40	2.377.287
	<b>131</b>	<b>10.603.395</b>	<b>98</b>	<b>6.229.936</b>
	<b>155</b>	<b>11.779.116</b>	<b>149</b>	<b>12.867.965</b>

- (1) Includes requests, complaints, and claims from customers through the Superintendence of Industry and Commerce.
- (2) Includes mainly requests for civil and administrative proceedings with different third parties. At the end of September 2020, it includes the estimate of a civil process against the Company for \$ 3,746,000, for which the lawyers are in the process of attending to it.

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**27.2. Possible contingencies**

The Group is a party involved in litigation and qualified as "possible," which is currently in a process before judicial, administrative, and arbitral bodies.

Considering the reports of the group's legal advisors in these proceedings, it is reasonable to appreciate that these litigations will not significantly affect the economic-financial situation or the group's solvency.

**a. Judicial Processes**

These are processes aimed at obtaining a decision by the judicial authority called upon to resolve the disputed issue. They include processes of the civil, contentious-administrative, criminal, and constitutional jurisdictions, among others. There are 115 open processes qualified as "possible" for an amount of \$ 64,742,248.

**b. Labor Processes**

Labor lawsuits seeking payment of labor rights derived from the relationships that the plaintiffs have or have had directly with the Group or with a third party, in the latter case, seeking the solidarity of Colombia Telecomunicaciones S. A. E.S.P. There are 403 open lawsuits classified as "possible" for the amount of \$31,382,165.

**c. Administrative Investigations**

Processes initiated by administrative authorities through the formulation of charges, ex officio, or by complaints from third parties, aimed at determining the responsibility of the investigated party in the infringement of rules.

Contingencies for administrative investigations are classified as follows:

- i) Taxes: Processes under discussion for taxes with different municipalities in the country, which correspond to claims, such as industry and commerce tax (ICA), public lighting tax, among others. There are 38 administrative and judicial processes underway with possible qualification, valued at \$ 42,045,171.
- ii) Petitions, Complaints, and Claims: Administrative proceedings initiated by the Superintendence of Industry and Commerce - SIC, for positive administrative silences, habeas data, or failure to comply with resolutions. Thirty-seven possible proceedings are reported for \$ 3,378,389.
- iii) Regulatory: Administrative proceedings initiated by surveillance and control authorities for alleged failures in compliance with telecommunications regulatory standards. There are 30 possible proceedings for \$ 28,797,265.

**28. FINANCIAL INDICATORS NOT DEFINED IN THE ACCOUNTING AND FINANCIAL REPORTING STANDARDS ACCEPTED IN COLOMBIA**

**Alternative performance measures**

The Group's management uses a series of measures for making decisions, in addition to those expressly defined in IFRS, as it considers that they provide additional information useful for evaluating the Group's performance, solvency, and liquidity. These measures should not be evaluated separately, nor should they be considered a substitute for the magnitudes presented under IFRS.

The following are the financial indicators calculated by the Group and which are an integral part of the financial analysis performed:

**1. EBITDA**

EBITDA is an indicator that measures performance and operating results before depreciation and amortization and is used to follow the evolution of the business and establish operational and strategic objectives in the Company. EBITDA is a commonly reported and widespread measure among analysts, investors, and other stakeholders in the telecommunications industry. However, it is not an explicit indicator defined as such in IFRS and may not be comparable to similar indicators used by other companies or sectors of the economy.

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Also, the EBITDA margin variable is used, which results from dividing EBITDA by the revenue figure.

	Nine-month period ended September 30,			
	2020		2019	
	(in thousands of US\$)	(in thousands of COP\$)	(in thousands of US\$)	(in thousands of COP\$)
Net profit for the period	(45.582)	(176.195.927)	(4.064)	(15.708.029)
More:				
Depreciation and amortization (Note 23)	269.628	1.042.237.174	282.709	1.092.804.384
Interest expense, net	43.457	167.980.178	55.758	215.530.368
Income and supplementary taxes	31.753	122.744.834	28.469	110.044.781
<b>EBITDA</b>	<b>299.256</b>	<b>1.156.766.259</b>	<b>362.872</b>	<b>1.402.671.504</b>

### EBITDA Margin

	Nine-month period ended September 30,	
	2020	2019
Margin EBITDA <sup>(a)</sup>	29,3%	33,6%

- (a) Represents EBITDA divided by operating income. The year-over-year decline in EBITDA for the nine months ended September 30, 2020, is affected by gains on the sale of towers and properties during the same period in 2019. However, excluding this impact, EBITDA would remain stable year-over-year. The margin is also affected by the impact on operating revenues from Covid-19.

## 2. Financial Indicators

### 2.1. Indebtedness rates

This indicator measures the extent to which and how short-term and long-term creditors participate in the Group's financing.

	As of September 30,	As of December 31,
	2020	2019
(a) Total debt level (1)	65,051%	50,189%
(b) Level of short-term debt (2)	25,005%	38,480%

- (1) The total debt level increases mainly due to the replacement by local financial debt of the Hybrid Bond, which was presented and classified as a perpetual equity instrument, and the impact of the devaluation of the peso against the dollar on September 30, 2020, of the debt contracted in foreign currency.
- (2) El The short-term debt level shows a net decrease mainly due to the payment of supplier balances recognized at the end of 2019.

### 2.2. Solvency rates

The solvency index indicates how many resources are held in assets compared to liabilities.

	As of September 30,	As of December 31,
	2020	2019
Solvency index (1)	1,537 Veces	1,992 Veces

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- (1) This indicator decreases mainly due to the replacement by local financial debt of the Hybrid Bond, which was presented and classified as a perpetual equity instrument and the impact of the devaluation of the peso against the dollar at September 30, 2020, of the debt contracted in foreign currency.

### 2.3. Liquidity rates

It indicates short-term availability to meet short-term commitments.

	<u>As of September 30,</u> <u>2020</u>	<u>As of December 31,</u> <u>2019</u>
a) Net working capital (1) USD	81.347	(38.985)
a) Net working capital (1) COP	314.443.294	(150.695.990)
(b) Current ratio (1)	1,147 Veces	0,941 Veces
(c) Acid test (1)	1,073 Veces	0,864 Veces

- (1) The significant improvement in these indicators on 30 September 2020 and compared to the closing date of 31 December 2019 corresponds mainly to the increase in assets to be settled in the short term and the decrease in obligations, especially to suppliers of tangible and intangible assets. In addition, there are important qualitative considerations relating to short-term liquidity, which must be taken into account and which are strategically characterized as being dependent on the Group's financial flexibility.

### 2.4. Interest Coverage

	<u>Nine-month period ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Interest coverage (1)	0,54 Veces	2,086 Veces

- (1) The net decrease in this indicator is mainly due to: a decrease in the year-on-year operating result and an increase in interest expense for the payment of financial debt.

### 2.5. Profitability indexes

	<u>Nine-month period ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
a) Wealth profitability (1)	(3,845)%	(0,238)%
b) Return on assets (2)	0,873%	2,334%
c) Rentabilidad neta (2)	(4,466)%	(0,376)%

- (1) The inter-annual variation is presented by the replacement of the Hybrid Bond by local financial debt, which was presented and classified as a perpetual equity instrument.
- (2) The year-over-year variation is presented due to the decrease in other operating revenues, mainly from the sale of towers and real estate in the same period of 2019.



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**3. Operational Information**

**3.1. Access**

	2020		2019		2018	
	sep-30	jun-31	dec-31	sep-30	dec-31	sep-30
	(Unidades 000)					
<b>End Customer Access</b>	<b>18.901</b>	<b>18.815</b>	<b>18.843</b>	<b>18.813</b>	<b>18.567</b>	<b>18.173</b>
Basic Line (1)	1.465	1.493	1.241	1.244	1.301	1.313
Internet and Data	1.171	1.183	994	986	1.002	1.006
Television	527	530	528	523	548	564
Mobile Services	15.738	15.609	16.080	16.060	15.716	15.290
<i>Prepaid</i>	<i>11.406</i>	<i>11.454</i>	<i>12.003</i>	<i>12.065</i>	<i>11.881</i>	<i>11.469</i>
<i>Postpaid</i>	<i>4.332</i>	<i>4.155</i>	<i>4.077</i>	<i>3.995</i>	<i>3.835</i>	<i>3.821</i>

(1) Includes "fixed Wireless" and voice over IP access.

**3.2. Average Revenues per User (ARPU)**

	2020		2019		2018	
	sep-30	jun-31	dec-31	sep-30	dec-31	sep-30
	(US\$)					
LB-BA-TV (1)	9	9	9	9	8	9
Total Mobile (2)	3	3	3	3	3	3
<i>Prepaid</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Postpaid</i>	<i>10</i>	<i>11</i>	<i>10</i>	<i>11</i>	<i>11</i>	<i>11</i>

	2020		2019		2018	
	sep-30	jun-31	dec-31	sep-30	dec-31	sep-30
	(COP\$)					
LB-BA-TV (1)	33.345	33.451	33.275	33.195	31.996	34.482
Total Mobile (2)	12.897	12.751	12.800	12.633	13.416	13.315
<i>Prepaid</i>	<i>3.197</i>	<i>2.967</i>	<i>3.462</i>	<i>2.917</i>	<i>3.542</i>	<i>3.245</i>
<i>Postpaid</i>	<i>38.547</i>	<i>40.853</i>	<i>40.360</i>	<i>41.932</i>	<i>43.811</i>	<i>43.584</i>

(1) Includes fixed monthly fees and excludes data and rental income.

(2) Excludes revenues from Mobile Virtual Network Operators - MVNOs.

**29. IMPACT ON THE FINANCIAL STATEMENTS OF COVID-19**

**29.1. Impact on the condensed consolidated interim financial statements as of September 30, 2020**

Within the verification of the impacts on the Financial Statements and in compliance with the Accounting and Financial Reporting Standards accepted in Colombia, the Company has analyzed the implications of the COVID-19, including not only the measurement of assets and liabilities, accounting estimates and appropriate disclosures, but also, the ability of the Company to continue as a going concern.

However, this situation could have material adverse effects on the Company's operations, financial condition, and liquidity if this contingency continues, aspects that are being evaluated periodically by management to take the necessary and timely measures to minimize the impacts during the year 2020.

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Below is a description of the main impacts observed on the Group's financial situation and operations since the declaration of the health emergency and as of September 30, 2020:

**1. Impairment of Financial Instruments - Accounts Receivable**

At the end of the third quarter of 2020, the financial instruments that are within the scope of the expected credit loss (ECP) model of IFRS 9 (including trade and other accounts receivable, debt instruments not measured at fair value with changes in results, contractual assets and lease receivables), have been evaluated considering the impacts of COVID-19 on the application of the ECP. At the end of September 2020, the impact of portfolio impairment (unrecovered portfolio) amounted to \$ 9,393 million due to the effects of COVID-19.

Since the health emergency declaration in mid-March 2020, the Company has closely monitored the collection and its behavior. It has implemented action plans to improve collection levels by granting special terms and short-term payment agreements in some segments and corporate clients and benefits applicable to portfolio policies.

In addition to the above, it can also be identified that, although there has been a decrease in collections in this period, it is also observed that there has been a displacement or temporary transfer of collections, which would be reflected in subsequent months. In some segments, customers on whom payment agreements or special terms were granted are already normalized to date.

On the other hand, the Company has developed strategies internally to favor customers and maintain collection levels for both the B2C and B2B segments, among them:

- Incentive campaigns for payment on the due date of the invoice or geo-referencing for payment in person,
- No charge for reconnection or interest on arrears, the latter in accordance with current regulations,
- Offers for normalization of balances in arrears,
- Granting of additional payment terms to those contractually agreed for clients who have requested them,
- Negotiation of payment agreements in installments and tailored to each client who has requested it,
- Renegotiation of contracts and fees.

**2. Recognition of Income, Costs, and Expenses**

Accounting estimates have been revised in terms of the recognition of income, costs, and expenses at the time they occurred. Due to the impact of COVID-19 on commercial activity and in accordance with our projections and budgets, prepaid and postpaid revenues fell at the end of the third quarter of 2020 by \$ 15.2 million and \$ 34.811 million, respectively. Revenues from fixed and data products fall \$ 52,863 million and from roaming and IT \$ 18,452 million. Related to mobile termination revenues, they decrease by \$ 83.260 million, and other non-recurring revenues, including real estate sales, fall \$ 105.021 million versus budgeted amounts.

In line with this, direct costs, including the cost of mobile terminals, fell by \$ 83,665 million, card recharges by \$ 1,764 million, and roaming costs by \$ 6,311 million. Commercial, network and IT costs, customer support, and other non-recurring expenses decreased by \$ 34,017 million net. Inventories are impaired by \$ 1,391 million due to the effect of shifting sales to customers that normally would not have occurred.

The effect valued in the condensed consolidated statement of comprehensive income is a decrease when compared to the budgeted value of \$ 207,033 million.

**3. Valuation of Accounting Estimates**

The main accounting estimates and judgments have been reviewed and evaluated for impairment of assets, expected cash flows, the net realizable value of inventories, and the measurement value of financial instruments has been adjusted so that the impacts are reflected in the figures of the Financial Statements.

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#### **4. Recoverability of Assets**

The Company has considered the associated impacts of COVID-19 in determining whether there is any indication of impairment of assets. To evaluate these indications, all possible evidence from internal and external information sources that are available to us has been identified, always with a criterion of prudence, considering the temporary nature of this pandemic, the macroeconomic environment, and the telecommunications industry.

In the validation of external sources, no significant changes were identified that would adversely affect the entity in aspects related to the legal, economic, technological, or market environment in which it operates in the present or immediate future. The fair value of land and buildings measured at revalued cost and investment properties is determined by external and independent property appraisers. As of September 30, 2020, the appraisers have not modified the assumptions of the prior year's valuations in accordance with which no significant impact on fair value is currently considered due to the impact of COVID-19. Assessors are evaluating a "material valuation uncertainty" due to the market disruption caused by the pandemic, which could result in reduced transactional evidence and market yields. Appraisers cannot attribute as much weight as usual to prior market evidence for comparison purposes, and there is a greater risk that the price obtained in an actual transaction will differ from the conclusion of the value.

The validation of internal sources assessed significant changes in the extent or manner in which the Company's assets are used or expected to be used that could adversely affect the entity. The validation did not identify any plans to discontinue or restructure the operation of the assets, including plans to sell or reconsider the useful life of an asset as finite rather than indefinite. Considering the existence of goodwill in the condensed consolidated interim financial statements, the WACC was sensitized with a step of +/- 1% using the current strategic plan and other variables used at the end of 2019.

Additionally, the long-term assets subject to the impairment test were sensitized by +/- 5%. Based on the previous year and the conditions mentioned above, the need to anticipate and/or recognize an impact of impairment on the recoverability of the assets was not identified. At the end of the 2020 accounting period, we will monitor significant variables, including the strategic plan and/or any budgetary deviation that could trigger an asset recoverability analysis update.

Concerning the deferred tax asset for tax losses, at the end of 2020, the Group will perform a recoverability analysis based on the Strategic Plan approved for the period 21-23 and financial projections, which will raise awareness of the effects of the COVID-19 pandemic on the base scenario and the significant macroeconomic variables, which could lead to an update in the tax recognized to date and the corresponding effects on the financial statements.

#### **5. Liquidity Situation**

To mitigate the impact of the current situation and maintain the Company's liquidity and strength, the following safeguards were implemented at the onset of the pandemic:

- Review of the execution of the CAPEX, taking into account the projects in progress and commercial activity. Future projects will be assessed in detail.
- To minimize impacts on collection, proactive management campaigns have been implemented, such as refinancing and renegotiating payment terms with clients in the B2B segment.
- Optimize certain items in the financial statements such as commissions to third parties for less commercial activity, freezing of staff, advertising, travel, sponsorships, rental and preventive maintenance, and public services, among others.
- Structural plan for optimizing OPEX and post-confinement CAPEX resources.
- Delay and rescheduling of orders and arrival plan for mobile terminals and home-customer equipment and, in some cases, an extension of payment terms.
- The Company has credit lines available with local and international banks if needed.

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**29.2. Regulatory Aspects and Issuance of Standards in the Framework of the Economic and Health Emergency Caused by COVID-19.**

In accordance with the provisions issued by the National Government within the health emergency framework, telecommunication services are declared as essential public services. For this reason, their provision may not be suspended, nor may the work of installation, maintenance, and adaptation of the network. In that sense, some decrees are summarized that allow the continuity of the business with certain restrictions, as well as some regulatory considerations:

**Decree 417 of 2020**

With the issuance of Decrees 520 and 540 of 2020, the following was established:

1. Extension of the deadlines for filing and paying the income tax return and its complementary taxes.
2. VAT exemption for voice and mobile internet connection and access services, for the post-paid and prepaid modality whose value does not exceed two Tax Value Units - UVT (\$ 71,000 pesos), this measure applies from April 13 to August 13, 2020.
3. Modification of the tax calendar for the presentation of territorial taxes, especially in the city of Bogotá D.C. for the Industry and Commerce Tax - ICA, its retention at the source, property tax, and vehicles.

**Decree Law 420 of 2020 and Decree 457 of 2020**

Despite the limitations on traffic, it is possible that the Group's personnel and their respective vehicles may be allowed to circulate to guarantee the functioning of the call centers and the installation, operation, and maintenance personnel that guarantee the provision of the telecommunications service.

**Decree 464 of 2020**

- All telecommunications services are declared to be essential; the National Government may take specific measures to guarantee their provision under special conditions. The continuous provision of the service must be guaranteed during the economic, social, and ecological emergency.
- Rules on mobile services:
  - a) On post-paid services in plans not exceeding 2 UVT (UVT = \$ 35,607 pesos):
    - If payment is delayed, an additional 30 days must be granted for payment.
    - During this term, plans with a data capacity of more than one gigabyte must be given a capacity of 0.5Gb per month.
    - If the user does not pay, the service will be suspended, but maintaining the option of recharging as in prepaid, allowing the sending and receiving of 200 free SMS and navigation in 20 URLs defined by MINTIC (health, emergencies, government, education).
  - b) For prepaid, once the balance is finished, the sending and receiving of 200 SMS without any restriction must be guaranteed for 30 days.

In both cases, for clients whose length of service is more than two months and assets, the implementation work must be done in 10 days.

- Rules for traffic management:
  - Traffic management may be performed to prioritize government pages (health, education, fundamental rights).
  - All obligations related to payment of fees are suspended from the date of issuance of the Decree until May 30, pending a new payment schedule to be defined by MINTIC.
  - A mandate is given for the regulator and the surveillance and control entities to relax regulatory burdens, quality indicators, and other obligations in order to focus resources and efforts on the continuity of the service provision.

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**Decree 540 of 2020**

Special procedure for construction, installation, modification, and operation licenses of equipment for the provision of telecommunications services must be attended to by the authority within ten days following their presentation. After this period without a response, the license is understood to have been granted in favor of the petitioner.

The services of connection and access to voice and mobile internet for up to 2 Tax Value Units - UVT, will be exempt from VAT, as from April 13 and until August 13, 2020. For clients with more than two months of service and active clients. The exemption must be detailed on the invoice.

**Resolution MINTIC 595 of 2020**

It establishes the payment schedule with new deadlines for the payment of periodic economic considerations.

- Self-assessment and/or payment of the economic consideration for the annual payments for spectrum use permits. Payment deadline June 16, 2020.
- Self-assessment and/or payment of the periodic consideration for the first quarter of 2020 for general qualification. Deadline for payment 30th June 2020.

**Decree 555 of 2020**

- Special rules for the provision of mobile services:
  - a) On post-paid services in plans not exceeding 2 UVT (UVT \$ 35,607 pesos):
    - In the event of late payment, an additional 30 days must be granted to pay.
    - During this term, plans with a data capacity of more than one gigabyte must be granted a capacity of 0.5Gb per month.
    - If the user does not pay, the service will be suspended, but maintaining the option of recharging as in prepaid, allowing the sending and receiving of 200 free SMS and navigation in 20 URLs defined by MINTIC (health, emergencies, government, education).
  - b) For pre-payment, once the balance is completed, the sending and receiving of 200 SMS without any restriction must be guaranteed for 30 days.
  - c) Free navigation (zero-rating) to Min Educación's portal domain for voice and data services not exceeding 2UVT. Once the state of emergency has ended, the user will have 30 calendar days to pay for the periods in arrears..
- Suspension of obligations related to the provision of the service:

A mandate is given for the regulator and the monitoring and control entities to relax regulatory burdens, quality indicators, and other obligations in order to focus resources and efforts on the continuity of service provision.

The Communications Regulation Commission - CRC, on May 29, 2020, issued Resolution 5991 of 2020, by which it extended the validity of most of the temporary measures taken on the occasion of the COVID- 19 until August 31, 2020. In this regard, it extended the validity of the CRC resolutions 5941, 5952, 5955, and 5956 of 2020 and the validity of some of the measures adopted in the CRC Resolution 5969 of 2020.

By virtue of the foregoing, they remain in force until August 31:

- The suspension of the obligations related to attention in physical offices and reception of PQR in the same ones,
- The publication and reporting of customer service indicators in physical offices and telephone lines.
- Hours of operation from 8 am to 6 pm, except for (1). Report of theft and/or loss of mobile terminal equipment; (2). Recharge activations; and (3). Failure to provide service, this service will be available 24 hours a day, seven days a week.
- Suspension of the effects of the measures associated with the blocking of mobile terminal equipment with IMEI typologies, as outlined in CRC Resolution 5941 of 2020, guarantees access to communications services during the emergency.

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- The suspension of measurement, calculation, and reporting of quality indicators of mobile services for 3G technology, as well as the respective reports, and suspended by resolution 5952. However, the CRC has already requested certain information related to the operation of the service, which it will define soon.
- Suspension of the initial report and the expanded report for events affecting the service.
- Extension of the measure prohibiting the charging of interest for late payment.

Likewise, in view of the suspension of field measurements for mobile internet quality indicators, the regulator issued Circular 129 of June 5, 2020, which establishes the format for reporting 3G mobile internet quality indicators from the user's experience.

Two indicators must be reported, measured from the technological tool that the operator has, which allows obtaining user experience data: (1). Average download speed per user [kbps]. (2). Access time to Internet servers [ms]. The report must be done from July with information from June until September 2020.

**Resolution MINTIC 595 of 2020**

It establishes the payment schedule with new deadlines for the payment of periodic economic considerations.

- Self-assessment and/or payment of the economic consideration for the annual payments for spectrum use permits. Payment deadline June 16, 2020.
- Self-assessment and/or payment of the periodic consideration for the first quarter of 2020 for general qualification. Deadline for payment 30th June 2020.

**Resolution of the Communications Regulation Commission - CRC 5491 of 2020**

- It suspends the obligation to have customer service offices in all department capitals or municipalities with the largest number of users.
- It must be ensured that the procedures for the assignment of the contract, guarantee, and support of the terminal, and the requests for porting are made by other means of attention, such as web, Facebook, hotline, APP.
- Temporarily modify the customer service hours in the call center, from eight in the morning to six in the afternoon.
- Suspends the obligation to maintain the quality indicators in the attention for physical offices.
- Suspends the quality indicators associated with physical offices as a consequence of suspending the obligation to attend to physical offices.
- Suspends equipment control measures: No format, invalid, not approved, not registered, and duplicated.
- No SMS is sent to these types of IMEI, and no deadlines apply to them to determine whether they should be blocked, and they will not be blocked between March 19th and May 31st, 2020.
- From June 1, 2020, the sending of SMS begins again, the application of the deadlines for each cause and the blocking.
- From June 1 to June 30, 2020, the IMEI detected during the suspension (from March 19 to May 31) must be included, in order to send them the SMS, apply the corresponding deadlines and blocking, according to the cause (no format, invalid, not approved, not registered and duplicated).
- The total number of IMEI detected between March 19 and May 31, 2020, can be distributed throughout the month of June 2020.
- The measurement of the NSU associated with this care is suspended.

**CRC Resolution 5951 of 2020 Submitted by CRC Resolution 5969 of 2020**

- During the period of the declaration of economic, social, and ecological emergency, no interest may be charged for late payment for telephone services, internet access, and subscription television operators.

**Resolution CRC 5952 of 2020**

- Includes the TV service in all its modalities with the exception of compliance with indicators while the emergency care continues.
- Suspends measurement, calculation, and report of PING, HTTP, and FTP indicators. They are measured again from June 1, 2020.
- Suspends measurement, calculation, and report of indicators of availability and quality of satellite TV and IPTV transmission until May 31, 2020. They will be measured again from June 1, 2020.

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- Suspends the sending of the mobile internet probe measurement format to be performed in the 2020 2Q.
- Suspends the application of the measurement methodology for PING, FTP, and HTTP indicators.
- Suspends the obligation of measuring and reporting the mobile internet indicators.
- Suspends the service affectation reports that are made two hours after the affectation and the extended report that is sent after five days. The report restarts on June 1, 2020.
- Although no network data reports are made from March 26 to May 31, 2020, MINTIC may request timely information that it deems relevant to the quality of service (QoS).
- The measurements and calculations that were available until March 26, 2020, for PING, FTP, and HTTP of the mobile service, as well as for TV availability and quality, must be reported within the deadlines established in Resolution 5050. (Quarterly mobile Internet and bi-annual TV).

**Resolution CRC 5956 of 2020**

- It suspends the obligation to make the report three days in advance, although it continues to report to MINTIC and inform the user.
- It will be possible to send the invoice by e-mail even if the user does not authorize it, as long as the user's e-mail address is available.
- Until its validity can be sent notification of responses to pair via e-mail even if the user has not authorized, provided you know the user's e-mail.
- The quality of service indicator is suspended. Each month, operators must guarantee that at least 95% of user call attempts are successfully completed.
- The obligation to publish is suspended: (i) Most frequent complaints filed (ii) % of call attempts, routed to the telephone line, successfully completed; (iii) % of users who access the automatic answering service opt for personalized attention and receive it in less than 30 seconds; (iv) % of users who selected an option from the menu, but before being answered, ended the call and (v) Publication of the NSU. However, these indicators should continue to be measured.
- It suspends the obligation to report on Form 1.2 on an occasional basis when plans are created or modified for the months of April and May, and for 1Q2020, it extends the deadline to report until June 30, 2020.
- Extends the deadline for reporting January, February, and March 2020 mobile voice traffic and mobile internet access information to May 31, 2020.
- Extends the deadline for reporting revenue formats, lines in service, and local traffic; long-distance traffic, fixed internet access, SMS; traffic and billed values for fixed-mobile calls; quality indicators for mobile voice, mobile data according to performance managers, fixed voice, end-to-end voice quality, fixed data; availability indicators for fixed and mobile networks; transportation service between municipalities; national automatic roaming, international roaming, indicators of complaints and requests. These reports must be made by June 30, 2020. Validity: June 30, 2020.

**Resolution CRC 5991 of 2020**

- It extends the validity of most of the temporary measures taken on the occasion of the COVID- 19 until August 31, 2020, namely: the CRC resolutions 5941, 5952, 5955, and 5956 of 2020, as well as the validity of some of the measures adopted in the CRC Resolution 5969 of 2020.
- By virtue of the above, they remain in force until August 31:
  - a) The suspension of the obligations related to attention in physical offices and reception of PQR in them
  - b) The publication and reporting of customer service indicators in physical offices and telephone lines.
  - c) Hours of operation from 8 am to 6 pm, except for 1. Report of theft and/or loss of mobile terminal equipment; 2. Recharge activations; and 3. Failures in the provision of service, this service will be available 24 hours a day, seven days a week.
  - d) The suspension of the effects of the measures associated with the blocking of mobile terminal equipment with IMEI typologies, as set forth in CRC Resolution 5941 of 2020, in order to guarantee access to communications services during the emergency.
  - e) The suspension of measurement, calculation, and reporting of quality indicators of mobile services for 3G technology, as well as the respective reports, suspended by Resolution 5952.
  - f) Suspension of the initial report and the extended report for events affecting the service.
  - g) Extension of the measure prohibiting the charging of interest for late payment.

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**Resolution CRC 6058 of 2020**

- Extends the suspension of the obligation to have customer service offices in all department capitals or municipalities with the highest number of users. It is necessary to guarantee (i) to receive the PQR on a web page, Facebook, and telephone line, and (ii) that the users can present the requests of the cession of the contract, bearing of the cellular number, guarantee, and support of the terminal equipment, through suitable electronic means.
- It extends the temporary modification of the customer service hours in the call center; before, it was from 5 in the morning to midnight. With this new measure, it changes to 8 in the morning to 6 in the afternoon.
- Suspends the obligation to maintain the quality indicators in the attention for physical offices.
- Although it does not extend Article 9 of Resolution 5991 on the criteria for the detection and recurrent control of mobile terminal equipment under Article 2.7.3.12 of Resolution 5050 of 2016, it extends the deadline until February 28, 2020, for the distribution of detected IMEI text messages.
- As a consequence of the suspension of obligations, the measurement of the NSU User Satisfaction Level associated with this service is suspended.
- It orders that no interest may be charged on arrears until September 30, 2020. From October 1 and until the health emergency persists, no interest may be charged to mobile services with plans whose value is less than 2 UVT during the 30-day period granted to users after the date of suspension ("first suspension").
- The measurement, calculation, and reporting of PING, HTTP, and FTP indicators is suspended until September 30, 2020. They must be re-measured as of October 1, 2020.
- Suspends the measurement, calculation, and reporting of satellite TV and IPTV transmission availability and quality indicators until September 30, 2020. They must be re-measured as of October 1, 2020.
- Suspend sending Format 2.8 "Quality Indicators for mobile data service based on external measurements for 3G access technology". The report for the last quarter of 2020 is due by January 15, 2020.
- Suspends submission of Format 2.1 to include broadcast-quality measurements until September 30, 2020, for IPTV and satellite TV. Last quarter 2020 report due January 31, 2021.
- Suspends the application of the measurement methodology for PING, FTP, and HTTP indicators until September 30, 2020. It is confirmed that there is no rotation for the measurement and reporting of the last quarter for this year.
- Suspends the obligation to report three (3) days in advance, to the user and to the MINTIC Surveillance and Control Directorate, when the operator must interrupt the service for more than 30 minutes for maintenance, tests, and circumstances to improve the quality of the service. The report must be made, but this period of notice does not apply.
- The quality indicator is suspended until November 30
- in the attention that states that each month operators must ensure that at least 95% of user call attempts are successfully completed.
- It requires publishing each quarter on each company's website the indicators of (i) most frequent complaints submitted by users (ii) percentage of call attempts routed to the telephone line, successfully completed; (iii) percentage of users who access the automatic answering service, opt for personalized attention, and receive personalized attention in less than 30 seconds; (iv) percentage of users who selected an option from the menu, but before being answered, ended the call; and (v) publication of the NSU. By October 30, the 3rd quarter of 2020 must be reported; while the health emergency lasts, the indicators are reported quarterly, with a maximum of 30 calendar days of the expired quarter.
- Freezes the obligation to report the 1.2 format of rates and subscribers of individual and bundled plans for the months of April and May, June, July, and August.

**CRC Circular 129 of June 5, 2020**

- It establishes the format for reporting 3G mobile internet quality indicators from the user's experience, in view of the suspension of field measurements for mobile internet quality indicators.
- Two indicators must be reported, measured from the technological tool that the operator has, to obtain user experience data: 1. Average download speed per user [kbps]. 2. Access time to Internet servers [ms]. The report must be done from July with information from June until September 2020.



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**Superintendence of Industry and Commerce – SIC**

**SIC Resolution 19012**

- It orders to publish the Information to the user through a web page, Facebook, and telephone line, about the measures taken by the National Government in the framework of the COVID-19 emergency.

**General Impact on the company due to the emergency generated by the COVID 19**

**For compliance with official measures**

- In fixed broadband, 204 thousand customers were given additional megabytes between 25% and 50%, worth \$ 7,647 million.
- In prepaid mobile, we delivered double top-ups in all-in-one plans from March 20 to July 9; the option of 200 SMS text messages was enabled for balance depletion, and VAT exemption was applied to packages from April 13 to August 13. All these measures had a value of \$ 5,885 million.
- As for text messages, 32.8 million SMS were sent with recommendations and prevention measures for Covid-19 and a link to Ministry of Health, worth \$ 1.254 million.
- Free mobile traffic was enabled in the *Coronapp* application for \$ 14.8 million.
- The non-collection of interest on arrears from April 1 and for six months had a cost of \$ 21,583 million.
- The application of the vital minimum of Decree 464 has been quantified at \$ 18,527 million.

**For the benefit of the Group's customers**

- In television, 413 thousand clients, from March 20 to June 30, were given benefits of \$ 16,305 million.
- In post-paid mobile, 403 thousand customers were delivered 5 GB of additional capacity in convergent plans for six months, worth \$ 70,212 million.

**30. EVENTS AFTER THE DATE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Between October 1, 2020, and the date of issuance of these Consolidated Condensed Interim Financial Statements, we are aware of the following significant financial event:

1. The Board of Directors of Colombia Telecomunicaciones S. A. ESP, in a meeting held on October 26, 2020, approved the execution of a contract to purchase and sell a portfolio of services invoiced in 2020, with maturity in 2021, for up to \$ 150 billion.
2. On October 30, 2020, Colombia Telecomunicaciones S. A. ESP was informed that, within the framework of a corporate reorganization process carried out in Spain, Telefónica S. A., acquired 31.42% of the share capital held by Telefónica Latinoamérica Holding S.L in Telefónica Hispanoamérica S. A., thus making Telefónica S. A. the sole shareholder of Telefónica Hispanoamérica S. A., with 100% of the share capital of said company.
3. Decree 1432 of November 5, 2020, incorporated the modification of IFRS 16 made by the International Accounting Standards Board in May 2020 to the Accepted Accounting Framework in Colombia. The above modification does not generate any impact on the Consolidated Statement of Income as of September 30, 2020.