

**Colombia Telecomunicaciones S.A. E.S.P.
and Subsidiaries¹**

As of March 31, 2019

(Figures in billions of pesos or when indicated otherwise)

Colombia Telecomunicaciones S.A. ESP reports that on 15 May 2020, Colombia Telecomunicaciones S.A. ESP transmitted to the Financial Superintendence of Colombia the **Consolidated and Separate Financial Statements** with cut-off March 31, 2020 and December 31, 2019 and for the period of 3 months ended March 31, 2020 and 2019.

I. Relevant Issues during Q1 / 20

1. Impacts of the Economic and Health Emergency caused by Covid-19.

Colombia Telecomunicaciones S.A. ESP is allowed to inform that, before the declaration of health emergency in Colombian territory by the National Government to contain the effects of Covid-19, measures have been taken to ensure continuity in the operation, the provision of services and the proper attention of customers. In accordance with the provisions issued by the National Government in the context of the sanitary emergency, telecommunications services are declared as essential public services, so their provision and the work of installation, maintenance and adequacy of the network cannot be suspended. Colombia Telecomunicaciones S.A. ESP and its subsidiaries continue to develop the activities of their own social object, within the framework of the provisions issued by the National Government and local authorities.

To ensure this process, our Contingency and Business Continuity Plan was activated that covers scenarios of unavailability of suppliers and technology, as well as the unavailability of people and physical infrastructure and attention to our customers that allows us to reduce the impact on the critical processes of Colombia Telecomunicaciones S.A. ESP and its subsidiaries, in addition to protect the people working in each entity. The implementation of our contingency plan has allowed us to guarantee the correct and continuous provision of services, supporting the growth of traffic in fixed and mobile networks.

On the other hand, the financial situation and liquidity of Colombia Telecomunicaciones S.A. ESP and its subsidiaries are evaluated daily by the administration, to take all appropriate measures to minimize the negative impacts that may arise from this situation during the 2020 financial year.

¹ Subsidiaries: Includes the following companies: Empresa de Telecomunicaciones de Bucaramanga S.A ESP. “Telebucaramanga”, Empresa Metropolitana de Telecomunicaciones S.A ESP and Empresa Operaciones Tégnoológico y Comerciales S.A.S – “Optecom”

The economic impacts that have so far been generated by this situation are revealed in notes to the financial statements. However, we emphasize that to date there is no certainty about the final impact of this crisis, since it will depend on its extent, the additional measures taken and the overall restoration of the economy.

2. Regulatory Aspects and Issuance of Standards within the Framework of the Economic and Health Emergency Caused by COVID-19.

In the context of the economic and health emergency, the National Government and the control agencies have issued certain decrees and measures with specific scope for companies in the ICT sector which are also summarized in note to the financial statements.

3. Other Relevant Issues during 1Q/20

Colombia Telecomunicaciones S.A. ESP conducted a series of transactions during the quarter ended March 31, 2020 which were reported as relevant facts and including: (a) conclusion of the framework agreement for the sale of the administrative headquarters property, (b) the irrevocable redemption notice of hybrid bonds issued on 30 March 2015 for five hundred million dollars.

II. Operating Results

The total customers of Colombia Telecomunicaciones S.A. ESP and its Subsidiaries at the end of March 31, 2020 reached 19.1M and are composed: Customers mobile business are 15.9M and grew year-on-year by 0.2% during the 1Q of 2020 posting a net profit of -166.4k customers. Contract customers grew by 7.0% year-on-year after showing a net profit of +63.3k in 1Q 2020. In prepaid, customers decreased by -2.0% year-on-year with a net profit of -229.7k during 1Q 2020 and the result of which shows a slight effect from the covid-19 pandemic. Our current offer is focused on fixed and mobile convergence, portability benefits, 2X1 offers on equipment purchase and sale at equipment installments, among others. Fixed business customers amount to 3.2M and decreased (-3.3%) year-on-year, during the 1Q of 2020 there is a net profit of -0.3k customers, the basic line customers are 1.5M and decreased the -5.0% year-on-year with a net profit of -0.5k during the 1Q of 2020, 1,167k broadband decrease year-on-year -1.9% with net gain of -0.4k during 1Q 2020, fiber reached 241K with net gain of 33K and television -532k with year-over-year variation of -1.4% and net gain of -0.4k, the IPTV product reached a 110.4K plant for 1Q 2020. Telesales strategies are being implemented to offset the decreases in the plant and digital sales, further improvement is made in the customer experience service and the armoring of the current plant continues and is focused on fiber deployment.

III. Consolidated Financial Results

1. Consolidated Statements of Income

The first quarter **operating revenue** of 2020 was \$1,323MM which includes service revenue of \$1,290MM with 1% year-on-year growth (\$1,277MM 1T 2019), mainly for revenue from new services and integrated solutions with corporate customers, in addition, customers of traditional services maintain benefits in offers, including free complementary services. There is also growth in digital platform and application services, cloud storage and Movistar Play. The other operating income amounts to \$33MM, with a decrease of 49.3% per year mainly for the profit in the sale of fixed assets generated during the 1Q of 2019.

Operating costs and expenses for \$981MM increase by 10.9% year-on-year mainly for the execution of new contracts for integral solutions with corporate customers, higher business expenses with telesales channels, increase in mobile-mobile access charges for increased minute traffic, increased impairment of receivables with a slight impact for this period generated by Covid-19 and higher cost of customer home service equipment.

We closed the first quarter of 2020 with an **EBITDA** of \$342MM decreasing 25.3% on an average of an annual rate, impacted by increased business efforts and a decrease in other revenue in asset profits. The **EBITDA margin** stands at 25.8% (34.1% in 1Q 2019).

Depreciation and amortization expenditure decreased by 4.7% year-on-year, mainly due to the termination of the useful life of assets associated with plant and equipment properties and intangibles. **Financial expenditure**, meanwhile, increases by 64.1% year-on-year, mainly generated by the replacement of the equity instrument – \$500 million hybrid bond for financial debt including exchange rate hedges, interest spending in the 1Q of 2020 (1Q 2019 the coupon was recognized in equity) and impact by the volatility of the representative peso market rate against the dollar.

The first quarter of 2020 closed with an **e-tax result** of -\$118MM (+\$24MM at Q1 2019) and a net result of -\$107.6MM, which includes **income tax expense** of \$10.6MM (net income of -\$9.7MM in 1Q 2019).

CapEx² totals \$300MM at the end of 1Q 2020 increased by 130.9% compared to 1Q in 2019 and represents 22.7% of total operating revenue in 1Q 2020. **Operating cash flow** (EBITDA-CapEx) decreases 87.4% year-on-year.

2. Consolidated Statements of Financial Situation

The consolidated total assets of Colombia Telecomunicaciones S.A. ESP and its

² CAPEX - Capital Expenditure - Capital Investments

subsidiaries amount to \$14,024MM. Current assets total \$2,897MM and non-current assets total \$11.127MM. The main variations of the **short-term asset** are summarized below:

- i) **Cash and cash equivalents** are decreased at the end of Q1 2020 compared to the end of 2019 by \$290MM, mainly for payment to suppliers for year-end 2019 executions, corporate project execution and Hybrid Bonus coupon payment.
- ii) **Short-term financial assets** grow by \$699MM compared to the end of 2019 and for long-term **financial assets** it grows by \$148MM. This increase in financial assets is part of Colombia's risk management strategy Telecomunicaciones S.A. ESP, in which hedging instruments are contracted that generated a profit from the devaluation of the peso against the 23.72% dollar during the first quarter of 2020.
- iii) **Debtors and other short-term receivables** grow by \$126MM compared to the end of 2019 mainly for the sale of equipment financed to customers during the 1Q of 2020.
- iv) **Inventories** decrease by \$33MM compared to the end of 2019, mainly due to the marketing of equipment and decrease in purchases due to commercial expectations.
- v) **Taxes and public administrations** grow by \$101MM mainly for vat tax discount on fixed asset purchases and rental self- withholdings during 1Q 2020.
- vi) **Non-current assets held for sale**, at the end of 2019, include the property of the administrative seat and whose sale was made in 1Q 2020 and on which a lease was signed for a part of the property.

The **long-term asset** of Colombia Telecomunicaciones S.A. ESP and its subsidiaries has an increase of 2.4% and the main variations are summarized below:

- i) **Debtors and other long-term receivables** grow by \$46MM, generated by the sale of equipment financed to customers during Q1 2020, includes the long-term portion of the sale of property and the impact of portfolio devaluation in foreign currency.
- ii) **Assets for use rights** grew by 24.5% (\$152MM) compared to the end of 2019, mainly for new leases for real estate, construction and technical facilities.
- iii) The **net deferred tax asset** decreases by \$61MM mainly due to the temporary differences in liabilities generated by the profits in the valuation of the hedge instruments contracted by Colombia Telecomunicaciones S.A. ESP.

Consolidated Total Liabilities amount to \$9,090MM, and have a net increase of \$2,427MM equivalent to 36.4% compared to the end of 2019. **Current liabilities amount** to \$2,463MM and decrease 3.9% and non-current liabilities to \$6,627MM with an increase of 61.7%. The main variations are summarized below:

- i) **Total financial debt** shows a net increase of \$2.673MM from the end of 2019 and mainly includes: (a) acquisition of financial debt by \$1.854MM for the payment of the Hybrid Bond for US\$500 million, which were recognized in the State of Wealth Change / Other Equity Instruments, (b) new leases for real estate, construction and technical facilities for \$198MM and (c) \$583MM increase by devaluation of the peso against the dollar of 23.72% from 1Q in 2020.
- ii) **Suppliers and payables** have a net decrease of 14.5% (\$280MM) compared to the end of 2019, mainly for third-party credit and account payments related to CapEx acquisition at the end of 2019 and execution of corporate projects.
- iii) **Taxes and public administrations** increase by \$62MM mainly for the withholding tax value of February and March 2020, an increase in VAT and national consumption tax for the first two months of 2020 that will be offset by the balance in favor of income of the taxable year 2019.
- iv) **The provisions and pension liabilities** decrease from \$26MM mainly for the payment of employee benefits and taxes and taxes used during the 1Q of 2020.

The consolidated net at the end of the first quarter of 2020 amounts to \$4,933MM with a net decrease of \$1,680MM mainly by: a) transfer of the Hybrid Bond to financial debt of \$1,744MM at fair value, b) result of the first quarter of 2020, and c) benefit in hedge valuation of \$173MM.

IV. Financial Results - Separated

1. Comprehensive Income Statements

The **operating** revenue for the first quarter of 2020 was \$1,290MM which includes **service revenues** of \$1.262MM with a growth of 2.1% year-on-year (\$1.236MM 1T 2019), mainly for revenue from new

services and integrated solutions with corporate customers, in addition, customers of traditional services maintain benefits in offers, including free complementary services. There is also growth in digital platform and application services, cloud storage and Movistar Play. The **other operating income** amounts to \$35MM, with a decrease of 54.9% in the year mainly on profit on the sale of fixed assets during 1Q 2019.

Operating costs and expenses for \$959MM increase 11.4% year-on-year mainly for the execution of new integral solution contracts with corporate customers, higher business expenses with telesales channels, increased mobile-mobile access charges for increased minute traffic, increased account receivables and higher cost of customer home service

equipment.

We closed the first quarter of 2020 with an **EBITDA** of \$332MM decreasing 24.4% on an average of an annual rate, impacted by increased business efforts and a decrease in other revenue in asset profits.

EBITDA margin stands at 25.7% (33.8% in 1Q 2019).

Depreciation and amortization expense decreased 4.5% year-on-year, mainly due to the end of the useful life of assets associated plant and equipment properties and intangibles. **Financial expenditure**, meanwhile, increases by 68.5% year-on-year, mainly generated by the replacement of the equity instrument – \$500 million hybrid bond for financial debt including exchange rate hedges, interest expense in the 1Q of 2020 (1Q 2019 recognized in equity) and impact by the volatility of the representative peso market rate against the dollar.

The first quarter of 2020 **closed with an e-tax result** of -\$111MM (+\$31MM at Q1 2019) and a net result of -\$105.3MM, which includes income tax expense of \$5.8MM (net income of -\$3.9MM in 1Q 2019).

El **CapEx**³ totals \$300MM at the end of 1Q 2020 increased by 132.7% compared to 1Q in 2019 and represents 23.2% of total operating revenue in 1Q 2020. Operating cash flow (EBITDA-CapEx) decreases 89.7% year-on-year.

V. Later Facts

1. Changes between the same real beneficiary in the shareholding of Colombia Telecomunicaciones S. A. E.S.P.

Colombia Telecomunicaciones S.A. ESP was informed by Telefónica S.A. that after a corporate reorganization process Telefónica S.A. and Telefónica Latin America Holding S.L. concluded a contract of sale 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 of the Telefónica Group that already held 8.082% of the Company's share capital.

As a result of this corporate reorganization, and once the process of transferring the shares is perfected, LACH will become the company of Grupo Telefónica that consolidates all the shares of Colombia Telecomunicaciones S.A. ESP, owned by the same real beneficiary and which continue to represent 67.5% of the company's share capital. In important mention

³ CAPEX - Capital Expenditure - Capital Investments

reports that the previous reorganization does not imply any variation in the total number of actions for which the Telefónica Group is its actual beneficiary.

2. Notification of Partial Redemption of the Senior Bonus

Colombia Telecomunicaciones S.A. E.S.P. on May 12, 2020 sent irrevocable partial redemption notice of up to three hundred and twenty million dollars (US\$320 million) of the Senior Unsecured Notes bond issued on September 27, 2012 for the sum of seven hundred and fifty million dollars (US\$750 million). The notification was made to the Bank of New York Mellon, in its capacity as Trustee.

Colombia Telecomunicaciones S.A. E.S.P. received disbursement on May 12, 2020 from an international syndicated credit held with Banco Santander S.A., Bank of América N.A., BNP PARIBAS securities CORP and JPMORGAN CHASE BANK, N.A. for the sum of three hundred and twenty million dollars (USD\$320 million) to meet the partial payment of the Senior Bond on the terms indicated.

.....

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

.....

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

As of March 31, 2020, and for the three-month period ending March 31, 2020.

Contents

Condensed Consolidated Interim Financial Statements	
Consolidated Condensed Interim Financial Statements.....	4
Consolidated Condensed Interim Statement of Comprehensive Income	5
Statements of Changes in Condensed Consolidated Interim Equity	6
Condensed Consolidated Interim Cash Flow Statements	8
Notes accompanying the condensed consolidated interim financial statements.....	9

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	Notes	As of March 31,		As of December 31	
		2020		2019	
		(in thousand of US\$) (a)	(in thousand of COP\$)	(in thousand of US\$) (a)	(in thousand of COP\$)
Assets					
Current assets:					
Cash and cash equivalents	6	29.811	120.870.167	101.388	411.083.341
Financial Assets	7	190.337	771.729.625	17.835	72.311.618
Debtors and other receivables, net	8	279.152	1.131.834.890	247.986	1.005.467.603
Prepaid expenses	9	47.620	193.075.934	44.299	179.613.852
Contractual assets		6.342	25.715.409	6.251	25.345.441
Inventories	10	40.529	164.327.797	48.619	197.129.274
Taxes and Public Administration	11	120.639	489.135.604	95.682	387.944.894
Non-current assets held for sale		-	-	33.189	134.566.415
Total current assets		714.430	2.896.689.426	595.249	2.413.462.438
Non-current assets:					
Financial Assets	7	44.045	178.583.929	7.651	31.022.891
Debtors and other receivables, net	8	44.035	178.541.079	32.779	132.901.742
Prepaid expenses	9	37.733	152.989.988	41.633	168.804.209
Contractual assets		15	60.637	21	84.986
Right of use assets	12	190.412	772.031.941	152.896	619.920.941
Property, plant and equipment	13	1.270.749	5.152.301.965	1.255.019	5.088.524.608
Investment properties		1.860	7.542.910	1.860	7.542.910
Intangibles	14	417.599	1.693.171.774	434.556	1.761.923.054
Goodwill		338.460	1.372.301.565	338.460	1.372.301.565
Deferred taxes	11	399.404	1.619.397.508	414.452	1.680.411.370
Total non-current assets		2.744.312	11.126.923.296	2.679.327	10.863.438.276
Total assets		3.458.742	14.023.612.722	3.274.576	13.276.900.714
Liabilities					
Current liabilities:					
Financial obligations	15	136.822	554.749.357	101.133	410.047.634
Suppliers and accounts payable	16	371.143	1.504.814.681	439.371	1.781.446.479
Contractual liabilities		21.101	85.555.736	20.718	84.001.127
Taxes and Public Administration	11	44.375	179.919.029	29.139	118.144.838
Deferred liabilities		834	3.383.051	962	3.898.693
Provisions and pension liabilities	17	33.279	134.934.825	41.094	166.619.657
Total current liabilities		607.554	2.463.356.679	632.417	2.564.158.428
Non-current liabilities:					
Financial obligations	15	1.520.276	6.164.018.721	896.779	3.636.024.497
Suppliers and accounts payable	16	35.548	144.131.967	36.433	147.718.687
Contractual liabilities		11.220	45.491.105	11.700	47.439.744
Deferred liabilities		2.880	11.675.147	2.977	12.068.444
Provisions and pension liabilities	17	64.541	261.687.433	63.187	256.198.214
Total non-current liabilities		1.634.465	6.627.004.373	1.011.076	4.099.449.586
Total liabilities		2.242.019	9.090.361.052	1.643.493	6.663.608.014
Total equity, attributable to controlling interests	18	1.216.723	4.933.252.077	1.631.083	6.613.291.997
Equity attributable to non-controlling interests		(0,1)	(407)	0,2	703
Total liabilities and shareholders' equity		3.458.742	14.023.612.722	3.274.576	13.276.900.714

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2020 and December 31, 2019, have been translated into US dollars at the exchange rate formed in the interbank market on March 31, 2020 of COP\$4.054,54 to US\$1,00.

Notes 1 to 29 are an integral part of these condensed consolidated interim financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	Notes	Three months ended March 31			
		2020		2019	
		(in thousand of US\$) (a)	(in thousand of COP\$)	(in thousand of US\$) (a)	(in thousand of COP\$)
Operating income:					
Income from contracts with customers	19	318.060	1.289.587.950	314.918	1.276.848.604
Other operating income	20	8.169	33.119.993	16.117	65.348.285
		326.229	1.322.707.943	331.035	1.342.196.889
Operating costs and expenses	21	(241.970)	(981.075.501)	(218.236)	(884.847.634)
Operating profit before depreciation and amortization		84.259	341.632.442	112.799	457.349.255
Depreciation and amortization	22	(85.867)	(348.149.955)	(90.079)	(365.228.878)
Operational result		(1.608)	(6.517.513)	22.720	92.120.377
Interest expense, net	23	(27.530)	(111.622.309)	(16.774)	(68.010.198)
Profit before taxes		(29.138)	(118.139.822)	5.946	24.110.179
Income and supplementary taxes	11	2.603	10.551.395	(8.345)	(33.837.442)
Net profit for the period		(26.535)	(107.588.427)	(2.399)	(9.727.263)
Results attributable to:					
Controlling interests		(26.535)	(107.586.888)	(2.342)	(9.496.511)
Non-controlling interests		(0,4)	(1.539)	(57)	(230.752)
Net profit for the period		(26.535)	(107.588.427)	(2.399)	(9.727.263)
Other comprehensive results:					
Items to be reclassified to the income statement					
Valuation of hedging derivatives	11	42.649	172.922.059	458	1.858.000
Other comprehensive result		42.649	172.922.059	458	1.858.000
Comprehensive result for the period		16.114	65.333.632	(1.941)	(7.869.263)
Comprehensive income attributable to:					
Controlling interests		16.114	65.335.171	(1.765)	(7.158.072)
Non-controlling interests		(0,4)	(1.539)	(176)	(711.191)
Comprehensive result for the period		16.114	65.333.632	(1.941)	(7.869.263)

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2020 and March 31, 2019, have been translated into US dollars at the exchange rate formed in the interbank market on March 31, 2020 of COP\$4.054,54 to US\$1,00.

Notes 1 to 29 are an integral part of these condensed consolidated interim financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Dollars, unless otherwise indicated)

	Subscribed and paid-in capital	Premium on share placement	Reserves	Other equity instruments	Revaluation surplus and hedging derivatives	Actuarial results of post-employment benefit obligations	Accumulated results	Total	Non-controlling interests	Total equity
						(COP\$000)				
Balances as of December 31, 2018	3.410.059	9.822.380.645	36.105.611	1.263.049.667	451.647.002	(12.522.435)	(5.019.837.636)	6.544.232.913	7.905.306	6.552.138.219
Coupon for perpetual assets (Note 18)	-	-	-	-	-	-	(67.807.475)	(67.807.475)	-	(67.807.475)
Net profit for the period	-	-	-	-	-	-	(9.496.511)	(9.496.511)	(230.752)	(9.727.263)
Transactions with non-controlling interests and others	-	-	-	-	-	-	454.978	454.978	(144.304)	310.674
Transfers (Note 18)	-	-	-	-	(12.354.305)	-	12.354.305	-	-	-
Other comprehensive income for the period	-	-	-	-	1.858.000	-	-	1.858.000	-	1.858.000
Balances as of March 31, 2019	3.410.059	9.822.380.645	36.105.611	1.263.049.667	441.150.697	(12.522.435)	(5.084.332.339)	6.469.241.905	7.530.250	6.476.772.155
Balances as of December 31, 2019	3.410.059	9.822.380.645	36.105.611	1.263.049.667	529.191.883	(12.386.002)	(5.028.459.866)	6.613.291.997	703	6.613.292.700
Coupon on Perpetual Equity Instruments (Note 18)	-	-	-	-	-	-	(55.037.974)	(55.037.974)	-	(55.037.974)
Net profit for the period	-	-	-	-	-	-	(107.586.888)	(107.586.888)	(1.539)	(107.588.427)
Payment of Perpetual Asset Instruments (Note 18)	-	-	-	(1.263.049.667)	-	-	(426.095.333)	(1.689.145.000)	-	(1.689.145.000)
Constitution of occasional reserves	-	-	34.925.054	-	-	-	(34.925.054)	-	-	-
Transactions with non-controlling interests and others	-	-	-	-	-	-	(1.192.117)	(1.192.117)	429	(1.191.688)
Transfers (Note 18)	-	-	-	-	(86.641.824)	-	86.641.824	-	-	-
Other comprehensive income for the period	-	-	-	-	172.922.059	-	-	172.922.059	-	172.922.059
Balances as of March 31, 2020	3.410.059	9.822.380.645	71.030.665	-	615.472.118	(12.386.002)	(5.566.655.408)	4.933.252.077	(407)	4.933.251.670

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2020 and March 31, 2019, have been translated into US dollars at the exchange rate formed in the interbank market on March 31, 2020 of COP\$4.054,54 to US\$1,00.

Notes 1 to 29 are an integral part of these condensed consolidated interim financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 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	Actuarial results of post-employment benefit obligations	Accumulated results	Total	Non-controlling interests	Total equity
						(US\$000)(a)				
Balances as of December 31, 2018	841	2.422.564	8.905	311.515	111.393	(3.088)	(1.238.078)	1.614.052	1.950	1.616.002
Coupon for perpetual assets (Note 18)	-	-	-	-	-	-	(16.724)	(16.724)	-	(16.724)
Net profit for the period	-	-	-	-	-	-	(2.342)	(2.342)	(57)	(2.399)
Transactions with non-controlling interests and others	-	-	-	-	-	-	112	112	(36)	76
Transfers (Note 18)	-	-	-	-	(3.047)	-	3.047	-	-	-
Other comprehensive income for the period	-	-	-	-	458	-	-	458	-	458
Balances as of March 31, 2019	841	2.422.564	8.905	311.515	108.804	(3.088)	(1.253.985)	1.595.556	1.857	1.597.413
Balances as of December 31, 2019	841	2.422.564	8.905	311.515	130.518	(3.055)	(1.240.205)	1.631.083	-	1.631.083
Coupon on Perpetual Equity Instruments (Note 18)	-	-	-	-	-	-	(13.574)	(13.574)	-	(13.574)
Net profit for the period	-	-	-	-	-	-	(26.535)	(26.535)	-	(26.535)
Payment of Perpetual Asset Instruments (Note 18)	-	-	-	(311.515)	-	-	(105.091)	(416.606)	-	(416.606)
Constitution of occasional reserves	-	-	8.614	-	-	-	(8.614)	-	-	-
Transactions with non-controlling interests and others	-	-	-	-	-	-	(294)	(294)	-	(294)
Transfers (Note 18)	-	-	-	-	(21.369)	-	21.369	-	-	-
Other comprehensive income for the period	-	-	-	-	42.649	-	-	42.649	-	42.649
Balances as of March 31, 2020	841	2.422.564	17.519	-	151.798	(3.055)	(1.372.944)	1.216.723	-	1.216.723

Notes 1 to 29 are an integral part of these condensed consolidated interim financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	Notes	Three months ended March 31			
		2020		2019	
		(in thousand of US\$) (a)	(in thousand of COP\$)	(in thousand of US\$) (a)	(in thousand of COP\$)
Net cash flows from operating activities					
Cash received from customers		340.748	1.381.576.871	376.972	1.528.449.752
Cash paid to suppliers and other accounts payable		(285.274)	(1.156.659.524)	(300.989)	(1.220.373.617)
Net interest paid and other financial expenses		(20.084)	(81.431.212)	(19.724)	(79.972.357)
Direct taxes paid		(14.367)	(58.249.592)	(22.266)	(90.277.184)
Self-withholding on income tax		(13.107)	(53.141.191)	(4.652)	(18.862.652)
Interest paid on finance leases	15	(1.684)	(6.827.063)	(888)	(3.601.296)
Net cash provided by operating activities		6.232	25.268.289	28.453	115.362.646
Net cash flows used in investing activities					
Collections for the sale of movable and immovable property		30.812	124.929.671	29.271	118.681.629
Payments for investments in plant and equipment and intangibles		(136.670)	(554.135.895)	(59.814)	(242.518.930)
Net cash used in investing activities		(105.858)	(429.206.224)	(30.543)	(123.837.301)
Net cash flows used in financing activities					
New financial debt		476.075	1.930.266.820	49.257	199.715.840
Receipts from exchange rate hedges		78.749	319.290.051	21.525	87.272.265
Payment of financial debt		(1.006)	(4.077.700)	(39.774)	(161.265.259)
Payment of Perpetual Debt Instruments		(492.760)	(1.997.915.000)	-	-
Payment of coupon on perpetual assets instruments		(20.942)	(84.911.387)	(16.724)	(67.807.475)
Lease payments	15	(12.067)	(48.928.023)	-	-
Net cash provided by financing activities		28.049	113.724.761	14.284	57.915.371
Net (decrease) increase in cash and cash equivalents		(71.577)	(290.213.174)	12.194	49.440.716
Cash and cash equivalents as of 1 January		101.388	411.083.341	30.508	123.696.866
Cash and cash equivalents at 31 March	6	29.811	120.870.167	42.702	173.137.582
Cash and cash equivalents as of 1 January		101.388	411.083.341	30.508	123.696.866
Cash, accessible Cash and Banks		88.836	360.188.831	24.662	99.993.521
Temporary investments		12.552	50.894.510	5.846	23.703.345
Cash and cash equivalents at 31 March		29.811	120.870.167	42.702	173.137.582
Cash, accessible Cash and Banks		19.754	80.095.473	30.767	124.748.028
Temporary investments		10.057	40.774.694	11.935	48.389.554

(a) Solely for the convenience of the reader, Colombian pesos amounts at March 31, 2020 and March 31, 2019, have been translated into US dollars at the exchange rate formed in the interbank market on March 31, 2020 of COP\$4.054,54 to US\$1,00.

Notes 1 to 29 are an integral part of these condensed consolidated interim financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 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 stock corporation in Colombia by means of public deed No. 1331 of June 16, 2003 with duration until December 31, 2092 and with main domicile in Bogotá D.C. located at transversal 60 No.114 A - 55.

The Company's primary corporate purpose is the organization, operation, delivery, supply and operation of telecommunications activities, networks and services, such as basic local, extended local and long distance national and international switched public telephony, mobile services, cellular mobile telephone services in any territorial order, national or international, carriers, teleservices, telematics, value added services, satellite services in their different modalities, television services in all their 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 for the delivery and/or generation of content and applications, information services and any other activity, product or service qualified as telecommunications and/or information and communication technologies (ICT), such as resources, tools, equipment, software, applications, networks and media, which enable 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 a majority shareholding in 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. As a result, 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 Bucaramanga and Barranquilla Chamber of Commerce, respectively. On April 9, 2018, the Company registered the status 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., at the Chamber of Commerce.

The companies Empresa de Telecomunicaciones de Bucaramanga S. A. E.S.P. and Metropolitana de Comunicaciones S. A. E.S.P. own 100% of the shares of the company Operaciones Tecnológicas y Comerciales S. A. S. - "Optecom". The situation of control over Optecom is predicated on Telefónica S. A., which registered it with 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 established on November 21, 1972 by Agreement 51 of the Council of Bucaramanga. 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).

The corporate purpose of "Telebucaramanga" is the delivery 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 activities of administration, marketing and operation of property and real estate and to participate in public tenders.

Empresa Metropolitana de Telecomunicaciones S. A. E.S.P. - “Metrotel”

La Empresa 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).

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Metrotel's primary corporate purpose is the delivery and operation of all types of telecommunications services, authorizations, and concessions, including the study, design, construction, assembly, installation, improvement, maintenance, lease, 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 the company is indefinite, the address registered as domicile and main office is Via 40 No. 73-290 Office 409 (Barranquilla - Colombia)

The primary 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 specific to and complementary to the information and communications technology sector.

1.2. Integration of Subsidiaries and Merger Process

With the advance payment of the operation 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 the service; (ii) integral process management, (iii) brand and offer unification and (iv) important synergies.

The next step is expected to be legal integration. To this end, the following activities have been advanced:

- (i) In the Board of Directors minutes 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 decided:

 - 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., after completing 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, as well as all those acts aimed at perfecting the merger.
- (ii) At the 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 the absorbing company, will absorb (i) Metrotel and (ii) Telebucaramanga, as absorbed companies, as stated in the minutes No. 66 of Colombia Telecomunicaciones S. A. E.S.P., minutes No. 046 of Metrotel and minutes No. 52 of Telebucaramanga.
- (iii) 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 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. According with the approvals granted by the General Shareholders Meetings of the Absorbing Company and the Absorbed Companies, as well as with 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 Superintendence of Finance 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.
- (iv) The Financial Superintendence of Colombia requested additional information and documentation in connection with the request for authorization of the merger submitted by Colombia Telecomunicaciones S. A. ESP. On April 4, 2020, the Company submitted the response to the aforementioned request, and the pronouncement of the Financial Superintendence of Colombia is currently pending.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

1.3. Issue of Ordinary Bonds

The General Assembly of Shareholders, in meetings held on March 1 and 28, 2019, authorized an issue of Ordinary Bonds for up to five hundred billion pesos (COP\$500.000.000) and delegated to the Company's Board of Directors the approval of the Issuance and Placement Regulations.

The Company's Board of Directors, in a meeting held on April 5, 2019, approved the bond issue and placement regulations and the registration of the issue in the National Registry of Securities and Issuers and the Colombian Stock Exchange.

As authorized, on May 29, 2019 the Group carried out an issue of ordinary bonds in the local capital market, achieving 100% of the total value of the issue, \$500 billion in two series: i) 5-year fixed rate and ii) 10-year CPI indexed, with a proportion of 70% and 30% respectively. With the result of the issuance, the objectives of extending the average life of the debt, achieving competitive and lower financing rates than the debt subject to replacement, diversifying financing sources, and beginning to build a long-term relationship with the local capital market were achieved.

1.4. Redemption of the Hybrid Bond and Acquisition of New Debt

On February 18, 2020, Colombia Telecomunicaciones S. A. ESP gave notice of the irrevocable redemption of the Hybrid Notes (subordinated perpetual notes) issued on March 30, 2015 of US\$500 million. The notification was made to the Bank of New York Mellon, in its capacity as Trustee. On March 30, 2020, a payment of US\$500 million was made to the Bank of NY Mellon for the early redemption of the Hybrid Notes issue. To meet the payment of the Hybrid Bonds, the Group acquired debt with the local banks.

1.5. 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.

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 health emergency in Colombian territory by the National Government to contain the effects of Covid-19, have adopted measures to guarantee the continuity of their operations, the delivery of services and adequate attention to their customers.

The Group 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' Administration perform a daily evaluation of the appropriate measures to minimize the negative impacts that could arise from this situation during the year 2020. The economic impacts generated by this situation to date are disclosed in note 28 to the financial statements.

2.2. Regulatory aspects and issuance of standards in the context 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. These are also summarized in note 28 to the financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1. Applied Professional Accounting Standards

3.1.1. Basis of Presentation

The condensed consolidated interim financial statements as of March 31, 2020 and for the three months ended March 31, 2020 have been prepared in accordance with IAS 34-Interim Financial Reporting and do not include all the information required by a full set of financial statements under IFRS and therefore should be read in conjunction with the Group's latest annual consolidated financial statements as of December 31, 2019. However, the notes mentioned above and selected comparative information are included for a better understanding of the changes in the Group's financial position and performance since the last financial report.

The Group prepare their financial statements based on the accounting and financial reporting principles and standards accepted in Colombia (NCIF), regulated by Decree 2420 of 2015, as amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018. These standards are based on International Financial Reporting Standards - IFRS and their Interpretations issued by the International Accounting Standards Board (IASB), and other legal provisions applicable to entities controlled and/or supervised by the Superintendence of Finance of Colombia that may differ in some aspects from those established by other State control agencies.

The condensed consolidated interim financial statements were approved by management.

The comparison of the condensed consolidated interim financial statements is for the three-month period ended March 31, 2020 and 2019, except for the condensed consolidated interim statement of financial position which compares March 31, 2020 with December 31, 2019.

3.1.2. Basis of Consolidation

The Group prepares its Consolidated Condensed Interim Financial Statements which 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 subordinates. There were no changes in the basis of consolidation used in the preparation of the financial statements for December 31, 2019

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

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. These are subsequently adjusted, with a credit or charge to income as appropriate to recognize the participation in the profits or losses of the subsidiaries, after eliminating unrealized intercompany profits. A cash distribution of these companies' earnings is recorded as a reduction in the investment value.

Below are the percentages of participation of Colombia Telecomunicaciones S. A. E.S.P:

<u>Company</u>	<u>Country / City</u>	<u>Share participation at March 31, 2020 and December 2019</u>
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	99,98%

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

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

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

The financial information is presented below:

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Total assets	93.517	379.168.241	93.391	378.658.127
Total liabilities	67.061	271.899.586	66.071	267.887.647
Total equity	26.456	107.268.655	27.320	110.770.480
Results for the period	(864)	(3.501.825)	(1.543)	(6.256.191)

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

La información financiera se presenta a continuación:

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Total assets	66.589	269.988.819	67.037	271.804.891
Total liabilities	67.193	272.436.016	66.688	270.388.772
Total equity	(604)	(2.447.197)	349	1.416.119
Results for the period	(953)	(3.863.316)	(4.697)	(19.046.097)

Operaciones Tecnológicas y Comerciales S. A. S.

La información financiera se presenta a continuación:

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Total assets	3.189	12.931.559	3.335	13.522.776
Total liabilities	2.723	11.038.815	2.852	11.564.781
Total equity	467	1.892.744	483	1.957.995
Results for the period	(16)	(65.251)	61	247.255

3.1.3. 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 the ultimate outcome may differ from those estimates.

The significant judgments made by management during the course of 2020 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 as of December 31, 2019.

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. They have been applied consistently for the period covered by these interim condensed consolidated financial statements.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

4. NEW STANDARDS, AMENDMENTS 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 and 2483 of 2018, including a new interpretation issued by the International Accounting Standards Board (IASB), to make them applicable as of January 1, 2020, although their application could be made earlier.

New standard issued by the International Accounting Standards Board (IASB) that has 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 form 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.

IFRS 17 shall 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, taking into account that it has not identified that it develops insurance contracts; in any case, detailed analyses are being carried out.

5. ACCOUNTING CHANGES DUE TO THE ADOPTION OF NEW STANDARDS

1.1. Accounting changes due to the adoption of new rules effective January 1, 2020

From January 1, 2020, the Group adopted the following standards for the preparation of the financial statements:

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 recognizes and measures its current or deferred tax asset or liability by applying the requirements of IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates determined by applying this Interpretation.

On March 31, 2020, there are no uncertainties in the determination of the Group's income tax disclosed in the condensed interim financial statements, as the extraordinary transactions that have been reported for income and supplementary tax purposes are supported by current tax legislation.

6. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is as follows:

	<u>As of March 31</u>		<u>As of December 31</u>	
	<u>2020</u>		<u>2019</u>	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Cash	11	45.473	1	5.044
Banks in national and foreign currency	19.739	80.031.166	88.140	357.367.050
Temporary investments (1)	10.056	40.774.694	12.552	50.894.510
Special funds	5	18.834	695	2.816.737
	<u>29.811</u>	<u>120.870.167</u>	<u>101.388</u>	<u>411.083.341</u>

The decrease in cash and cash equivalents corresponds to the payment during the first quarter of 2020 of suppliers and contractors generated by capex executions at the end of 2019 and by the execution of corporate projects. Additionally, it includes the payment of the hybrid bond yields to its investors for US\$21.250 (\$84.911.387).

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Cash and cash equivalents include foreign currency balances on March 31, 2020 of US\$6,383 thousand (\$25,880,129) and on December 31, 2019 of US\$5,411 thousand (\$17,732,605). As of March 31, 2020, and December 31, 2019 the restricted bank securities are US\$1.483 (\$6.013.441) and US\$1.546 (\$6.308.246), respectively.

- 1) Includes investments in collective funds whose rates for 2020 vary between 1.40% and 3.49%; Time Deposit constituted by US\$5.000 thousand equivalent on March 31, 2020 to \$20.272.700 and December 31, 2019 to \$16.385.700. The returns on temporary investments for the quarters ended March 31, 2020 and 2019 were US\$360 (\$1.459.388) and US\$27 (\$110.906) respectively (Note 23).

7. FINANCIAL ASSETS

The balance of financial assets on March 31, 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
			<i>(US\$000)</i>		
Current financial assets					
Hedging instruments (1)	158.212	32.002	190.214	-	190.214
Deposits and bonds (2)	-	-	-	123	123
	<u>158.212</u>	<u>32.002</u>	<u>190.214</u>	<u>123</u>	<u>190.337</u>
Non-current financial assets:					
Deposits and bonds (2)	-	-	-	2.898	2.898
Hedging instruments (1)	-	41.132	41.132	-	41.132
Other holdings	-	-	-	15	15
	<u>-</u>	<u>41.132</u>	<u>41.132</u>	<u>2.913</u>	<u>44.045</u>
	<u>158.212</u>	<u>73.134</u>	<u>231.346</u>	<u>3.036</u>	<u>234.382</u>
			<i>(COP\$000)</i>		
Current financial assets					
Hedging instruments (1)	641.477.934	129.753.791	771.231.725	-	771.231.725
Deposits and bonds (2)	-	-	-	497.900	497.900
	<u>641.477.934</u>	<u>129.753.791</u>	<u>771.231.725</u>	<u>497.900</u>	<u>771.729.625</u>
Non-current financial assets:					
Deposits and bonds (2)	-	-	-	11.748.684	11.748.684
Hedging instruments (1)	-	166.775.245	166.775.245	-	166.775.245
Other holdings	-	-	-	60.000	60.000
	<u>-</u>	<u>166.775.245</u>	<u>166.775.245</u>	<u>11.808.684</u>	<u>178.583.929</u>
	<u>641.477.934</u>	<u>296.529.036</u>	<u>938.006.970</u>	<u>12.306.584</u>	<u>950.313.554</u>

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

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 <i>(US\$000)</i>	At amortized cost with changes in results	Total financial assets
Current financial assets					
Hedging instruments (1)	11.037	6.673	17.710	-	17.710
Deposits and bonds (2)	-	-	-	125	125
	<u>11.037</u>	<u>6.673</u>	<u>17.710</u>	<u>125</u>	<u>17.835</u>
Non-current financial assets:					
Deposits and bonds (2)	-	-	-	2.732	2.732
Hedging instruments (1)	-	4.904	4.904	-	4.904
Other holdings	-	-	-	15	15
	<u>-</u>	<u>4.904</u>	<u>4.904</u>	<u>2.747</u>	<u>7.651</u>
	<u>11.037</u>	<u>11.577</u>	<u>22.614</u>	<u>2.872</u>	<u>25.486</u>
			Total financial assets at fair value <i>(COP\$000)</i>		
Current financial assets					
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>
Non-current financial assets:					
Deposits and bonds (2)	-	-	-	11.075.931	11.075.931
Hedging instruments (1)	-	19.886.960	19.886.960	-	19.886.960
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 change is part of the Group's risk management strategy, in which it has recognized exchange rate and interest rate hedging instruments contracted, which valued at the end of March 2020 generated an increase in this line of the financial statement and its counterpart a profit in the Consolidated Condensed Interim Statement of Comprehensive Income. It is mainly due to the 23,72% devaluation of the peso against the dollar during the first quarter of 2020. This benefit is primarily offset by the expense generated in the valuation of the liabilities denominated in foreign currency held by the Group at this cut. (Note 23).
- 2) Corresponds to deposits constituted by court order and maturing until their resolution.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

8. DEBTORS AND OTHER RECEIVABLES, NET

The balance of debtors and other receivables is as follows:

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Current:				
Customers for sales and services (1)	254.089	1.030.212.871	249.561	1.011.856.252
Other debtors (2)	45.473	184.373.218	44.957	182.280.588
Portfolio with national operators	25.039	101.521.486	23.327	94.582.003
Related parties (Note 25)	14.996	60.800.958	13.349	54.124.732
Commercial agents and distribution channels	3.380	13.705.959	5.200	21.085.243
Portfolio by financed teams (3)	35.592	144.310.337	3.232	13.102.607
Impairment of portfolio (4)	(99.417)	(403.089.939)	(91.640)	(371.563.822)
	279.152	1.131.834.890	247.986	1.005.467.603
Non current:				
Portfolio with national operators (5)	33.200	134.610.499	33.200	134.610.499
Sales and service customers	24.944	101.136.861	22.889	92.803.745
Related parties (Note 25)	12.135	49.200.010	9.812	39.781.586
Grants and contributions portfolio (6)	9.400	38.111.870	9.400	38.111.870
Other debtors (7)	6.797	27.557.655	-	-
Portfolio impairment	(42.441)	(172.075.816)	(42.522)	(172.405.958)
	44.035	178.541.079	32.779	132.901.742
	323.187	1.310.375.969	280.765	1.138.369.345

- (1) Corresponds to residential, business, corporate, government and wholesale customers.
- (2) Includes portfolio balances from property sales, commercial support, roaming, international operators, advances, and advances delivered.
- (3) The increase corresponds mainly to the portfolio of equipment sold at installments for US\$32.361 (\$131.207.730) during the first quarter of 2020, which is part of the commercial strategy in the sale of terminal equipment.
- (4) The increase is due to higher impairment of domestic interconnection and corporate customers' accounts receivable and the effect of COVID-19. (Note 28). The value taken to results as of March 31, 2020 and 2019 due to portfolio impairment was US\$6.315 (\$25.603.909) and US\$3.338 (\$13.535.617), respectively (Note 21).
- (5) Corresponds to the balance receivable for access charges with Empresa de Teléfonos de Bogotá (ETB), for which the administration is advancing the legal procedures that allow its recovery. This portfolio is 100% provisioned.
- (6) Includes portfolio with the National Government for concept of subsidies and contributions, which is 100% provisioned.
- (7) Corresponds to the balance of the portfolio from the sale of the property of the Administrative Headquarters.

In the development of the asset optimization strategy, Colombia Telecomunicaciones S. A. ESP. entered into a framework agreement for the sale of the property of the Administrative Headquarters located in the city of Bogotá D.C. The value of the sale was for US\$42.792 (\$173.500.000), of which at the closing of March 2020, there is a long-term balance for the amount of US\$6.797 (\$27.557.655). With the formalization of this operation, the efficient resource allocation program was consolidated, based on a value creation strategy, optimization of return on capital, and strategic positioning. The property, at the time of the transaction, was recognized in Assets under the heading of Assets Held for Sale.

Debtors and other receivables include foreign currency balances of March 31, 2020 of US\$164.603 thousand (\$667.389.448) and of December 31, 2019 of US\$87.931 thousand (\$288.162.197).

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

9. PREPAID EXPENSES

The balance of prepaid expenses is as follows:

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Current:				
Cost of equipment in customer's home	24.993	101.334.284	24.823	100.644.364
Cost of compliance with customer contracts (1)	14.130	57.291.741	13.358	54.161.214
Support and maintenance (2)	4.514	18.300.178	3.002	12.171.158
Irrevocable rights of use - capacity	1.706	6.916.285	1.706	6.916.285
Others (3)	1.175	4.766.496	63	259.186
Insurance policies	878	3.558.163	1.075	4.358.528
Leases	224	908.787	272	1.103.117
	47.620	193.075.934	44.299	179.613.852
Non Current:				
Cost of equipment in customer's home	19.839	80.439.214	23.112	93.708.954
Cost of compliance with customer contracts	10.837	43.939.330	11.672	47.323.089
Irrevocable rights of use - capacity	4.459	18.078.051	4.921	19.950.528
Support and maintenance (2)	2.013	8.160.725	1.345	5.453.183
Insurance policies	585	2.372.668	583	2.368.455
	37.733	152.989.988	41.633	168.804.209
	85.353	346.065.922	85.932	348.418.061

- 1) For the quarters ended March 31, 2020 and 2019, amortization was recognized as cost of compliance with contracts for US\$3.768 (\$15.278.039) and US\$2.322 (\$9.415.091), respectively (Note 21).
- 2) Includes mainly support for customer equipment and platforms and for connectivity equipment during the first quarter of 2020, new contracts associated with support, maintenance and licenses for projects with customers in the corporate segment were recognized for US\$1.348 (\$5.466.543) and support for transmission equipment for US\$764 (\$3.097.987).
- 3) Includes prepaid shares of Telefónica S. A. for the employee share plan launched in 2019 and property tax which will be amortized during 2020.

10. INVENTORIES

The balance of inventories net of provision is as follows:

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Mobile phones and accessories	25.788	104.556.471	30.353	123.068.612
Materials and equipment (1)	8.460	34.302.861	14.662	59.447.192
Equipment in transit	6.534	26.494.022	4.160	16.867.483
IT equipment	1.036	4.200.271	818	3.316.894
	41.818	169.553.625	49.993	202.700.181
Provision for obsolescence (2)	(1.289)	(5.225.828)	(1.374)	(5.570.907)
	40.529	164.327.797	48.619	197.129.274

- (1) Includes modems, equipment for corporate services, location equipment and equipment for customer homes (broadband, basic line and television), among others, which decrease as a result of commercial activity and installation.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

- (2) During the quarters ended March 31, 2020 and 2019 a net recovery of provision of US\$85 (\$345.079) and provision of US\$39 (\$157.193) was generated respectively (Note 21).

Consumption of inventories carried at cost of sales for the quarters ended March 31, 2020 and 2019 was US\$44.386 (\$179.963.629) and US\$41.701 (\$169.076.563), respectively (Note 21).

11. TAXES AND PUBLIC ADMINISTRATIONS

The balance of tax and general government assets is presented below:

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Tax discount (1)	59.525	241.343.301	39.697	160.952.716
Balance in favor (2)	58.641	237.764.038	51.034	206.919.307
Advances, deductions and self-withholdings from ICA	2.469	10.010.878	4.909	19.902.848
Sales tax withholdings	4	17.387	42	170.023
	120.639	489.135.604	95.682	387.944.894

- (1) Corresponds to the tax discounts of the first quarter associated to 50% of the industry and commerce tax, notices and boards effectively paid and the sales tax - VAT in the purchase of real productive fixed assets in accordance with the provisions of Article 86 of Law 2010 of December 27, 2019.

- (2) Favorable balance generated by self-withholdings and withholdings on income, which will be offset with the filing of the income tax return and its supplementary returns for the taxable year 2019 during the second quarter of the year 2020.

The balance of liabilities for taxes and general government is presented below:

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Sales tax - VAT	22.287	90.364.008	8.682	35.200.934
Withholdings and self-withholdings	19.247	78.036.480	16.045	65.056.530
National consumption tax	1.329	5.387.856	861	3.491.153
Municipal taxes	1.030	4.177.823	2.305	9.345.084
Import taxes	482	1.952.862	1.246	5.051.137
	44.375	179.919.029	29.139	118.144.838

The tax liability is increased by the VAT sales tax returns, the national consumption tax for the first two months of 2020 and the withholding tax returns of February and March 2020, which are in the process of being offset against the balance in favor of income tax for the taxable year 2019.

Deferred Tax Assets and Liabilities

The deferred tax asset on temporary differences and tax losses is supported by the Group's strategic plan (2020 - 2022) and projected results (2023 - 2029).

Deferred tax on temporary differences is measured at the tax rates expected to apply in the periods in which the differences will reverse. Deferred tax on tax losses is measured at the tax rate applicable at the time the tax losses are expected to be carried forward

The unrecognized deferred tax asset for temporary deductible differences on March 31, 2020 amounts to US\$98.147 (\$397.941.935).

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

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

	As of March 31		As of December 31	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Deferred tax asset:				
Intangibles, plant and equipment properties	53.239	215.856.929	54.688	221.729.021
Accounts Receivable	4.314	17.491.516	4.405	17.859.827
Employee Benefits	1.989	8.063.080	1.972	7.994.409
Other assets	1.077	4.365.720	1.125	4.563.298
Deferred tax asset on deductible temporary differences	60.619	245.777.245	62.190	252.146.555
Deferred tax assets from tax losses	402.546	1.632.140.822	402.545	1.632.140.822
Total deferred tax assets	463.165	1.877.918.067	464.735	1.884.287.377
Deferred tax liability:				
Revalued real estate	25.323	102.672.525	28.459	115.389.760
Valuation of hedges with effects on other comprehensive income	22.066	89.468.750	4.414	17.897.900
Temporary differences affecting results	16.372	66.379.284	17.410	70.588.347
Total deferred tax liability	63.761	258.520.559	50.283	203.876.007
Total net deferred tax	399.404	1.619.397.508	414.452	1.680.411.370

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

	Quarter ended March 31,			
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Valuation of Hedge Instruments	60.301	244.492.909	3.404	13.801.263
Deferred tax hedge valuation	(17.652)	(71.570.850)	(2.946)	(11.943.263)
Hedge valuation results, net of tax	42.649	172.922.059	458	1.858.000

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

	Quarter ended March 31,			
	2019		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Current income tax	-	(806)	(19)	(75.793)
Occasional income tax	(1)	(4.786)	-	-
Current income and supplementary taxes	(1)	(5.592)	(19)	(75.793)
Deferred tax:				
Deductible temporary differences (1)	1.559	6.323.812	(5.663)	(22.961.443)
Taxable temporary differences	1.044	4.233.175	(442)	(1.792.206)
Tax Credits (2)	-	-	(2.222)	(9.008.000)
Deferred income tax	2.603	10.556.987	(8.327)	(33.761.649)
Income and supplementary taxes	2.602	10.551.395	(8.346)	(33.837.442)

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

- 1) In the first quarter of 2020, a lower expense was recorded mainly due to the reversal of the deferred tax liability for the revaluation of land and buildings generated in the sale of real estate.
- 2) At the end of March 31, 2020, the Group did not record an expense for the use of tax credits, considering that at that date, a tax loss was generated by the deduction of the difference in exchange made for the payment of the hybrid bond. In the first quarter of 2019, an expense was recognized for tax credits generated by the tax profit.

12. RIGHT OF USE ASSETS

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

Concept	As of March 31, 2020			As of December 31, 2019		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	(US\$000)					
Land and buildings	158.356	(40.208)	118.148	121.556	(30.956)	90.600
Technical installations	86.402	(15.692)	70.710	73.142	(12.857)	60.285
Transport equipment	3.523	(1.969)	1.554	3.515	(1.504)	2.011
	248.281	(57.869)	190.412	198.213	(45.317)	152.896

Concept	As of March 31, 2020			As of December 31, 2019		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
	(COP\$000)					
Land and buildings	642.061.439	(163.023.178)	479.038.261	492.853.207	(125.511.590)	367.341.617
Technical installations	350.319.845	(63.629.147)	286.690.698	296.555.853	(52.129.164)	244.426.689
Transport equipment	14.284.855	(7.981.873)	6.302.982	14.250.142	(6.097.507)	8.152.635
	1.006.666.139	(234.634.198)	772.031.941	803.659.202	(183.738.261)	619.920.941

The increase during the quarter corresponds to new land and construction leases, mainly from Sede Administrativa de Colombia Telecomunicaciones S. A. ESP. in Bogotá D.C., and technical installations in several areas of the country.

For the quarters ended March 31, 2020 and 2019, depreciation expense was US\$12.598 (\$51.080.248) and US\$9.939 (\$40.298.410), respectively (Note 22).

13. PROPERTY, PLANT AND EQUIPMENT

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

Concept	As of March 31, 2020			As of December 31, 2019		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
Land and buildings	720.722	(397.554)	323.168	721.968	(396.150)	325.818
Switching, access and transmission	2.112.536	(1.366.186)	746.350	2.069.844	(1.331.796)	738.048
Assets under construction	160.759	-	160.759	156.392	-	156.392
Subsidized projects (1)	(2.258)	-	(2.258)	(2.258)	-	(2.258)
Furniture, information and transport equipment	105.486	(62.756)	42.730	96.821	(59.802)	37.019
	3.097.245	(1.826.496)	1.270.749	3.042.767	(1.787.748)	1.255.019

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Concept	As of March 31, 2020			As of December 31, 2019		
	Cost	Accumulated depreciation	Net value in books	Cost	Accumulated depreciation	Net value in books
Land and buildings	2.922.194.168	(1.611.895.238)	1.310.298.930	2.927.247.837	(1.606.206.278)	1.321.041.559
Switching, access and transmission	8.565.361.213	(5.539.252.697)	3.026.108.516	8.392.266.076	(5.399.820.145)	2.992.445.931
Assets under construction	651.804.458	-	651.804.458	634.097.738	-	634.097.738
Subsidized projects (1)	(9.156.908)	-	(9.156.908)	(9.156.908)	-	(9.156.908)
Furniture, information and transport equipment	427.695.371	(254.448.402)	173.246.969	392.566.523	(242.470.235)	150.096.288
	12.557.898.302	(7.405.596.337)	5.152.301.965	12.337.021.266	(7.248.496.658)	5.088.524.608

For the quarters ended March 31, 2020 and 2019, depreciation expense was US\$41.401 (\$167.862.300) and US\$47.296 (\$191.761.571), respectively (Note 22).

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 localities and educational institutions in sites requested by Ministry of Information Technology and Communications of Colombia - MinTIC.

14. INTANGIBLES

The cost and accumulated amortization of intangible assets are presented below:

Concept	As of 31 March 2020			As of 31 December 2019		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net value in books
Qualifying titles	572.794	(264.985)	307.809	572.794	(245.391)	327.403
Software for network and office equipment	195.055	(101.079)	93.976	187.232	(89.672)	97.560
Rights (1)	15.594	(4.500)	11.094	8.506	(4.299)	4.207
Client list	11.372	(6.652)	4.720	11.372	(5.986)	5.386
	794.815	(377.216)	417.599	779.904	(345.348)	434.556

Concept	As of 31 March 2020			As of 31 December 2019		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net value in books
Qualifying titles	2.322.417.046	(1.074.395.488)	1.248.021.558	2.322.417.046	(994.946.134)	1.327.470.912
Software for network and office equipment	790.858.794	(409.828.056)	381.030.738	759.141.464	(363.580.411)	395.561.053
Rights (1)	63.225.312	(18.244.005)	44.981.307	34.486.520	(17.430.483)	17.056.037
Client list	46.107.000	(26.968.829)	19.138.171	46.107.000	(24.271.948)	21.835.052
	3.222.608.152	(1.529.436.378)	1.693.171.774	3.162.152.030	(1.400.228.976)	1.761.923.054

For the quarters ended March 31, 2020 and 2019, amortization expense was US\$31.867 (\$129.207.407) and US\$32.844 (\$133.168.897), respectively (Note 22).

(1) Includes mainly Irrevocable Right of Use - IRU's of fiber optic sections and rings

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

15. FINANCIAL OBLIGATIONS

The balance of financial obligations is presented below:

	As of March 31,		As of December 31,	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Current:				
Financial obligations	69.498	281.783.682	32.630	132.298.878
Financial leasing (1)	55.940	226.809.608	50.144	203.312.650
Hedging instruments	9.505	38.537.761	9.070	36.774.797
Interest payable	1.879	7.618.306	9.289	37.661.309
	136.822	554.749.357	101.133	410.047.634
Non Current:				
Senior Bond	749.337	3.038.215.571	605.471	2.454.906.101
Financial obligations	436.716	1.770.683.439	-	-
Financial leasing (1)	211.196	856.303.223	168.285	682.319.662
Local bond	123.013	498.759.537	122.998	498.698.319
Hedging instruments	14	56.951	25	100.415
	1.520.276	6.164.018.721	896.779	3.636.024.497
	1.657.098	6.718.768.078	997.912	4.046.072.131

Colombia Telecomunicaciones S. A. ESP made the notification of irrevocable redemption of the Hybrid Notes (Subordinated Perpetual Notes) issued on March 30, 2015 for the amount of five hundred million dollars (US\$ 500.000.000) which were recognized in the Statement of Changes in Equity in the line of Other Equity Instruments. In order to attend to the payment of the Hybrid Bonds, it entered into credit agreements with local and international banks, which were recognized in liabilities under the heading of Financial Obligations for the amount of one billion eight hundred and fifty-four thousand three hundred and thirteen million twenty-five thousand two hundred and sixty pesos US\$457.342 (\$1.854.313.025), The payment of the hybrid bond was made at the end of March 2020.

The financial and bond obligations generated interest expense for the quarters ended March 31, 2020 and 2019 of US\$17.061 (\$69.177.098) and 12.080 (\$48.981.173), respectively (Note 23). The valuation of hedging instruments with changes in results is presented at net value and is disclosed in Note 24.

- (1) The increase corresponds to new land and construction leases mainly for the lease of the Sede Administrativa de Colombia Telecomunicaciones S. A. ESP in Bogotá D.C., and technical facilities.

The movement in the finance lease liability for the quarter ended March 31, 2020 is shown below:

	As of December 31, 2019	Registration	Payments (US\$000)	Transfers	As of March 31, 2020
Short-term:					
Financial leasing	49.938	1.316	(13.694)	18.232	55.792
Financial liabilities - renting	206	-	(58)	-	148
	50.144	1.316	(13.752)	18.232	55.940
Long-term					
Financial leasing	167.946	61.143	-	(18.232)	210.857
Financial liabilities - renting	339	-	-	-	339
	168.285	61.143	-	(18.232)	211.196
	218.429	62.459	(13.752)	-	267.136

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	As of December 31, 2019	Registration	Payments (COP\$000)	Transfers	As of March 31, 2020
Short-term:					
Financial leasing	202.476.741	5.331.378	(55.521.512)	73.920.666	226.207.273
Financial liabilities - renting	835.909	-	(233.574)	-	602.335
	203.312.650	5.331.378	(55.755.086)	73.920.666	226.809.608
Long-term					
Financial leasing	680.945.789	247.904.227	-	(73.920.666)	854.929.350
Financial liabilities - renting	1.373.873	-	-	-	1.373.873
	682.319.662	247.904.227	-	(73.920.666)	856.303.223
	885.632.312	253.235.605	(55.755.086)	-	1.083.112.831

The following are the maturities of the financial obligations on March 31, 2020

Due	Current		Non Current				Total non-current	Total
	2020	2021	2022	2023	2024	Next years		
	(US\$000)							
Senior Bond (1)	-	-	749.337	-	-	-	749.337	749.337
Local bond (2)	-	-	-	-	85.516	37.497	123.013	123.013
Financial obligations	69.498	-	-	-	-	436.716	436.716	506.214
Financial leasing	55.940	33.890	23.819	23.049	22.191	108.246	211.195	267.135
Hedging instruments	9.505	14	-	-	-	-	14	9.519
Interest	1.879	-	-	-	-	-	-	1.879
	136.822	33.904	773.156	23.049	107.707	582.459	1.520.275	1.657.097

Due	Current		Non Current				Total non-current	Total
	2020	2021	2022	2023	2024	Next years		
	(COP\$000)							
Senior Bond (1)	-	-	3.038.215.571	-	-	-	3.038.215.571	3.038.215.571
Local bond (2)	-	-	-	-	346.727.655	152.031.882	498.759.537	498.759.537
Financial obligations	281.783.682	-	-	-	-	1.770.683.439	1.770.683.439	2.052.467.121
Financial leasing	226.809.608	137.409.635	96.575.361	93.452.623	89.975.947	438.889.657	856.303.223	1.083.112.831
Hedging instruments	38.537.761	56.951	-	-	-	-	56.951	38.594.712
Interest	7.618.306	-	-	-	-	-	-	7.618.306
	554.749.357	137.466.586	3.134.790.932	93.452.623	436.703.602	2.361.604.978	6.164.018.721	6.718.768.078

(1) Senior bond:

As of March 31, 2020, and December 31, 2019, the nominal value of the bond outstanding was US\$ 750 million, equivalent to \$3.040.905 million and \$2.457.855 million, transaction costs of US\$0,7 (\$2.689) million and US\$0,7 (\$2.949) million; net between nominal value and transaction cost of (\$3.038.216) million and US\$(\$2.454.906) million, respectively.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

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
R144/RegS	USD\$000	Zero	750.000	750.000	10 years	27-sep-12	27-sep-22	5,375% Half-yearly	Replacement of financial liabilities

As of March 31, 2020, and December 31, 2019, interest payable on the bonds amounted to US\$448 (\$1.816.096) and US\$8.508 (\$34.495.312) respectively. The variation corresponds to the fact that the interest is paid semi-annually and coincides with the cut-off date of March 2020; as of December 2019, 3 months are caused by this concept (October to December 2019), Interest expenses are presented in Note 23.

(2) Local bond:

As of March 31, 2020, and December 31, 2019 it had a face value of US\$123 million (\$500.000) million and associated transaction costs of US\$306 thousand (\$1.240) million and US\$321 thousand (\$1.302) million: net of face value and transaction costs of US\$123 (\$498.760) million and US\$123 (\$498.698) million, respectively.

The characteristics of the issuance 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
(US\$000)									
C10	COP\$000	Zero	37.590	37.590	10 years	29-may-19	29-may-29	IPC + 3,39% Quarterly	Prepayment of local debt
A5	COP\$000	Zero	85.729	85.729	5 years	29-may-19	29-may-24	6,65% Quarterly	
			123.319	123.319					

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
(COP\$000)									
C10	COP\$000	Zero	152.410.000	152.410.000	10 years	29-may-19	29-may-29	IPC + 3,39% Quarterly	Prepayment of local debt
A5	COP\$000	Zero	347.590.000	347.590.000	5 years	29-may-19	29-may-24	6,65% Quarterly	
			500.000.000	500.000.000					

As of March 31, 2020, and December 31, 2019, interest payable on the bond amounted to US\$731 (\$2.964.320) and US\$747 (\$3.028.981), respectively.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

The breakdown and composition of the main financing operations in force in each period are as follows:

Short-term:	As of March 31, 2020				As of December 31, 2019			
	Value	Fee		Amortización	Value	Fee		Amortización
Financials in local currency	US\$	Base	Spread		COP	Base	Spread	
Credits	31.829	IBR 3M	2,99%	Quarterly	31.806	IBR 3M	1,28%	Quarterly
	31.829				31.806			
Financials in foreign currency								
Credits	20.369	LIBOR 6M	1,00%	Quarterly	824	LIBOR 6M	0,21%	Half-yearly
Credits	17.300	LIBOR 6M	0,70%	Quarterly	-			
	37.669				824			
Other short-term obligations								
Financial leasing	55.940				50.144			
Derivative instruments	9.505				9.070			
Interest payable	1.879				9.289			
	67.324				68.503			
	136.822				101.133			
Long-term:								
Financials in local currency								
Credits	221.716	IBR 3M	2.5%- 2.63%	Quarterly	-			
	221.716				-			
Financials in foreign currency								
Credits	215.000	LIBOR 6M	1,95%	Quarterly	-			
	215.000				-			
Other long-term obligations								
Senior Bond	749.337	FIXED 5,375%		Half-yearly	605.471	FIJA 5,375%		Half-yearly
Financial leasing	211.196				168.285			
Local bond	123.013	FIXED 6,65% - IPC + 3,39%		Quarterly	122.998	FIJA 6,65% - IPC + 3,39%		Quarterly
Derivative instruments	14				25			
	1.083.560				896.779			
	1.520.276				896.779			
	1.657.098				997.912			

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Short-term:	As of March 31, 2020				As of December 31, 2019			
	Value	Fee			Value	Fee		
	COP	Base	Spread	Amortización	COP	Base	Spread	Amortización
Financials in local currency								
Credits	129.053.215	IBR 3M	2,99%	Quarterly	128.956.962	IBR 3M	1,28%	Quarterly
	<u>129.053.215</u>				<u>128.956.962</u>			
Financials in foreign currency								
Credits	82.586.925	LIBOR 6M	1,00%	Quarterly	3.341.916	LIBOR 6M	0,21%	Half-yearly
Credits	70.143.542	LIBOR 6M	0,70%	Quarterly				
	<u>152.730.467</u>				<u>3.341.916</u>			
Other short-term obligations								
Financial leasing	226.809.608				203.312.650			
Derivative instruments	38.537.761				36.774.797			
Interest payable	7.618.306				37.661.309			
	<u>272.965.675</u>				<u>277.748.756</u>			
	<u>554.749.357</u>				<u>410.047.634</u>			
Long-term:								
Financials in local currency								
Credits	898.957.339	IBR 3M	2.5%- 2.63%	Quarterly	-			
	<u>898.957.339</u>				<u>-</u>			
Financials in foreign currency								
Credits	871.726.100	LIBOR 6M	1,95%	Quarterly	-			
	<u>871.726.100</u>				<u>-</u>			
Other long-term obligations								
Senior Bond	3.038.215.571	FIXED 5,375%		Half-yearly	2.454.906.101	FIJA 5,375%		Half-yearly
Financial leasing	856.303.223				682.319.662			
Local bond	498.759.537	FIXED 6,65% - IPC + 3,39%		Quarterly	498.698.319	FIJA 6,65% - IPC + 3,39%		Quarterly
Derivative instruments	56.951				100.415			
	<u>4.393.335.282</u>				<u>3.636.024.497</u>			
	<u>6.164.018.721</u>				<u>3.636.024.497</u>			
	<u>6.718.768.078</u>				<u>4.046.072.131</u>			

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

16. SUPPLIERS AND ACCOUNTS PAYABLE

The balance of suppliers and accounts payable is as follows:

	As of March 31,		As of December 31,	
	2020		2019	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
Current:				
Creditors and suppliers (1)	232.102	941.067.269	233.199	945.514.132
Suppliers of fixed assets	80.509	326.425.093	158.849	644.059.766
Related parties (Note 25)	50.135	203.273.046	36.942	149.783.763
Unpaid labour salaries	6.729	27.284.484	9.059	36.728.228
Para-fiscal contributions	1.668	6.764.789	1.322	5.360.590
	371.143	1.504.814.681	439.371	1.781.446.479
Non Current:				
Creditors and suppliers - licenses of spectrum (2)	26.132	105.952.649	27.439	111.251.160
Government grants (3)	7.924	32.129.320	7.879	31.945.769
Related parties (Note 25)	1.492	6.049.998	1.115	4.521.758
	35.548	144.131.967	36.433	147.718.687
	406.691	1.648.946.648	475.804	1.929.165.166

The variation in the heading of suppliers and accounts payable is mainly due to the credits and payments on account during the first quarter of 2020, mostly from third parties related to the acquisition of capex at the end of 2019 and the execution of corporate projects.

- (1) The balance of creditors and suppliers mainly includes commitments acquired with terminal suppliers, equipment maintenance, content, interconnection, advertising, insurance, technical service, public services, storage and security, legal and tax consultancy, invoicing, collection, and collection services, among others.
- (2) Includes the balances of obligations to be made for the 15 MHz extension in 2011 for mobile telephony, spectrum renewal for the provision of mobile telephony service, and concession rights for the operation and exploitation of satellite TV service.
- (3) This corresponds to the balance of the agreement - Biannual Plan III. 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 foreign currency balances on March 31, 2020 and December 31, 2019 of US\$115.381 thousand (\$467.816.879) and US\$162.054 thousand (\$531.073.646) respectively.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

17. PENSION PROVISIONS AND LIABILITIES

The balance of provisions and pension liabilities is as follows:

	As of March 31,		As of December 31,	
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Current:				
For Taxes and Remuneration (1)	22.005	89.221.256	24.245	98.302.465
Pension liabilities (2)	4.572	18.538.941	4.572	18.538.941
For employee benefits (3)	2.984	12.098.801	7.828	31.739.747
For voluntary retirement (4)	2.211	8.963.659	2.812	11.400.475
For third-party and labor claims (Note 26)	1.507	6.112.168	1.637	6.638.029
	33.279	134.934.825	41.094	166.619.657
Non Current:				
Pension liabilities (2)	48.076	194.929.473	48.220	195.513.261
For decommissioning (5)	13.512	54.785.519	13.313	53.982.184
For third-party and labor claims (Note 26)	2.447	9.922.573	1.537	6.229.936
For responsibilities with subsidiaries	506	2.049.868	117	472.833
	64.541	261.687.433	63.187	256.198.214
	97.820	396.622.258	104.281	422.817.871

- 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 VAT not collected, it is expected to settle most of this value in the next period to meet tax obligations and considerations
- 2) The Group recognizes post-employment benefits corresponding to retirement pensions, which include pension and health allowance. The actuarial calculation includes retired personnel totally in charge of the Group, with a pension shared with the Social Security Institute actually Colpensiones - ISS and expected to be shared with the Instituto de Seguro Social - ISS, as well as life substitutes totally in charge of the Group, life substitutes shared with the Instituto de Seguro Social - ISS and temporary substitutes totally in charge of the Group. During the quarter ended March 31, 2020, there were no significant variations in the variables used in the actuarial calculation. 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 Group's results.
- 3) Includes the incentive to employees for compliance and performance.
- 4) The Group included a provision for voluntary retirement, which corresponds to a formal plan, identifying functions, approximate number of employees, disbursements to be carried out, and estimated dates of the plan during 2020.
- 5) Corresponds to the estimate of the costs associated with the dismantling or removing the property, plant, and equipment element when this has been contractually agreed upon. There is no expected schedule for the outflow of resources since there is no schedule for the delivery of technical sites.

18. EQUITY, NET

The authorized, subscribed and paid-up capital as of March 31, 2020 and December 31, 2019 is presented below:

Share Capital

	(In thousand of US\$)	(In thousand of COP\$)
Authorized capital	358.825	1.454.870.740
Subscribed and paid-in capital	841	3.410.059
Nominal value (in pesos)	0,00025	1

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

The equity participation on March 31, 2020 and December 31, 2019 is presented below:

Shareholders	Number of Shares	Participation
Telefónica Latinoamérica Holding, S.L.	1.756.837.597	51,51926835%
La Nación-Ministerio de Hacienda y Crédito Público	1.108.269.271	32,50000004%
Latín América Celular Holdings S.L.	275.602.636	8,08204821%
Telefónica S.A.	269.339.586	7,89838425%
Radio Televisión Nacional de Colombia-RTVC	10.000	0,00029325%
Canal Regional de Televisión Ltda.- TEVEANDINA	200	0,00000587%
Central de Inversiones S.A.- CISA	1	0,00000003%
	3.410.059.291	100,00000000%

Reserves

- a) For tax purposes, the Company, in accordance with tax regulations, when it requests depreciation allowances in its income tax return that exceeds 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 claimed for tax purposes is less than that recorded in the accounts, the Company may release from this reserve an amount equal to 70% of the difference between the claimed value and the recorded value; the profits released from the reserve may be distributed as non-income income. As of March 31, 2020, and December 31, 2019, reserves amounted to US\$6.486 (\$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 as of March 31, 2020 and December 31, 2019 is US\$1.491 (\$6.045.751).
- c) For future expansions: The reserve established by the Company for future expansions, which is not distributable, as of March 31, 2020 and December 31, 2019, amounts to US\$920 (\$3.730.162).
- d) For repurchase of shares: d) For share repurchases: A reserve established by the Company for future share repurchases, which is not distributable and whose balance of March 31, 2020 and December 31, 2019 is US\$8 (\$31.322).
- e) Occasional reserve: the shareholders' meeting, through minutes No. 068 of March 16, 2020, established a reserve of US\$8.614 (\$34.925.054) corresponding to profits obtained during 2019 by Colombia Telecomunicaciones S. A. E.S.P.

Other Perpetual Equity Instruments

On March 27, 2020, the Group paid the subordinated perpetual equity instrument issued on March 30, 2015 in a total amount of US\$ 500 million and impacting on equity of \$1.689.145.000. This obligation was presented within equity in the account "Other equity instruments" in the Statement of Changes in Equity and whose characteristics are below:

Format	Issuing currency	Premiums and discounts	Total amount of the issue	Total amount issued	Minimum term of redemption	Date of issue	Fee /Payment	Use of Resources
R 144A/ Reg S	USD	Zero	500 million	500 million	Perpetual NC 5	March 30, 2015	8,5% / Half-yearly	Prepayment of local debt

Earnings payable half-yearly in arrears.

The Condensed Consolidated Statement of Changes in Shareholders' Equity under accumulated results for the quarters ended March 31, 2020 and 2019 includes interest income of US\$13.574 (\$55.037.974) and US\$16.724 (\$67.807.475), respectively.

Other Comprehensive Income

The Group recognized net income in Other Comprehensive Consolidated Income for the quarters ended March 31, 2020 and 2019 of US\$42.649 (\$172.922.059) and US\$458 (\$1.858.000) respectively.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Revaluation surplus net of tax

For the quarters ended March 31, 2020 and 2019, the write-off and depreciation value of the revalued assets, net of deferred taxes of US\$21.369 (\$86.641.824) and US\$3.047 (\$12.354.305) respectively, were transferred to retained earnings.

19. OPERATING INCOME

Revenues from customer contracts are presented below:

	Quarter ended March 31,			
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Mobile services:				
Services and data transmission - connectivity	89.010	360.895.512	80.578	326.706.692
Basic charges and air time	37.782	153.189.451	47.231	191.501.014
Sale of terminal equipment	30.709	124.510.284	31.168	126.373.118
Networking and roaming	15.516	62.908.832	13.347	54.116.980
Value-added services (1)	11.495	46.608.140	11.759	47.675.881
Carrier services (2)	3.044	12.341.197	4.410	17.879.525
	187.556	760.453.416	188.493	764.253.210
Fixed services:				
Data transmission services	55.824	226.345.673	54.443	220.740.714
Satellite Television	24.575	99.639.245	21.526	87.277.871
Local and long distance telephony	23.532	95.412.838	27.748	112.505.814
Business Solutions (3)	22.893	92.819.268	19.031	77.162.125
Networking	2.707	10.973.865	3.614	14.653.979
Equipment sales	960	3.891.072	58	234.235
Leasing investment properties	13	52.573	5	20.656
	130.504	529.134.534	126.425	512.595.394
	318.060	1.289.587.950	314.918	1.276.848.604

During the quarters ended March 31, 2020 and 2019, include income with related parties of US\$5.172 (\$20.968.282) and US\$4.053 (\$16.432.226), respectively (Note 25).

- 1) Includes application downloads, text messages, reconnection fees, preferred subscription, and space in the communication channels for advertisers.
- 2) Includes services provided to Virgin Mobile Virtual Mobile Operator.
- 3) Includes, consulting project development services, administration of applications, equipment and communication infrastructure and security management.

The impact on operating revenues of the economic and health emergency caused by Covid-19 is presented in Note 28.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

20. OTHER OPERATING INCOME

The Group's other operating income is presented below:

	Quarter ended March 31,			
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Work carried out for fixed assets (1)	4.242	17.201.088	3.478	14.100.043
Other operating income (2)	3.927	15.918.905	4.684	18.993.197
Sale of movable and immovable property (3)	-	-	7.955	32.255.045
	8.169	33.119.993	16.117	65.348.285

- 1) Corresponds to work carried out by Group personnel, which, due to its characteristics, is directly related to the development and implementation of fixed asset projects.
- 2) Corresponding mainly to the reimbursement of expenses and fees with Group companies, the lease of physical space, the collection of compensation for breach of contract, the use of the Adquira platform, and government subsidies.
- 3) As of the quarter ended March 31, 2019, the profit on the sale of tower infrastructure and real estate, land, and buildings is included in the development of the asset optimization strategy.

21. OPERATING COSTS AND EXPENSES

Operating costs and expenses are presented below:

	Quarter ended March 31,			
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Cost of equipment (Note 10)	44.386	179.963.629	41.701	169.076.563
Labor costs	26.926	109.173.158	26.485	107.384.138
Networking and roaming	18.246	73.977.290	15.741	63.823.307
Other operating costs and expenses (1)	17.575	71.262.844	17.762	72.021.827
Commission on sales	17.360	70.387.264	15.943	64.642.960
Equipment maintenance	16.912	68.571.499	17.134	69.468.868
Taxes and considerations	15.544	63.022.844	15.357	62.264.485
Rental of media and other network infrastructure	15.075	61.121.789	15.181	61.551.207
Content providers	12.756	51.717.739	11.817	47.912.809
Renting and third party activities to customers	12.725	51.593.434	5.844	23.695.741
Energy	10.140	41.111.032	10.129	41.067.573
IT services	9.985	40.483.671	9.408	38.145.328
Advertising expenses	7.555	30.632.851	6.436	26.095.814
Portfolio deterioration	6.315	25.603.909	3.338	13.535.617
Services - customer service	3.899	15.809.903	4.163	16.877.737
Cost of compliance with contracts (Note 9)	3.768	15.278.039	2.322	9.415.091
Other and non-recurring costs and expenses (2)	2.888	11.709.685	(564)	(2.288.624)
(Recovery) provision for inventories (3) (Note 10)	(85)	(345.079)	39	157.193
	241.970	981.075.501	218.236	884.847.634

The variation presented between the quarters ended March 31, 2020 and 2019 corresponds mainly to: i) the execution of new integral solutions contracts with corporate clients; ii) an increase in sales commissions basically from the corporate

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

segment and tele sales channel due to the fulfillment of goals; iii) an increase in mobile-mobile access charges due to the rise in minute traffic; iv) a greater deterioration of national interconnection accounts receivable and corporate clients, and v) a more significant cost of service equipment in the client's home due to the amortization of the deferred cost associated with new subscribers.

During the quarters ended March 31, 2020 and 2019, this includes related party expenses of US\$19.985 (\$81.032.782) and US\$13.322 (\$54.018.524), respectively (Note 25).

- (1) This 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) Includes legal contingencies, cable replacement costs for the quarter ended March 31, 2019 includes recovery of expenses for the termination of legal proceedings.
- (3) During the quarter ended March 31, recovery of prior years' provision for the marketing of 100% provisioned equipment is generated.

The impact on operating costs and expenses of the economic and health emergency caused by the Covid-19 is in Note 28.

22. DEPRECIATIONS AND AMORTIZATIONS

Depreciations and amortizations are presented below:

	Quarter ended March 31,			
	2020			2019
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Depreciation of property, plant and equipment (Note 13)	(41.401)	(167.862.300)	(47.296)	(191.761.571)
Amortization of intangible assets (Note 14)	(31.868)	(129.207.407)	(32.844)	(133.168.897)
Depreciation of assets for rights of use (Note 12)	(12.598)	(51.080.248)	(9.939)	(40.298.410)
	(85.867)	(348.149.955)	(90.079)	(365.228.878)

23. FINANCIAL EXPENSES. NET

Financial income (expense), net is presented below:

	Quarter ended March 31,			
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Income:				
Clients' interest in arrears	1.470	5.960.678	1.753	7.108.885
Income from short-term investments and bank loans (Note 6)	360	1.459.388	27	110.906
	1.830	7.420.066	1.780	7.219.791
Expenditure:				
Interest on loans, debentures and bonds (1) (Note 15)	(17.061)	(69.177.098)	(12.080)	(48.981.173)
Interest rate hedges, net	(5.184)	(21.017.216)	(3.803)	(15.419.090)
Other financial expenses (2)	(2.136)	(8.660.914)	(1.025)	(4.156.063)
Financial expenses for leasing	(1.304)	(5.287.373)	(1.037)	(4.208.374)
Financial restatement of liabilities (3)	(1.075)	(4.357.860)	(972)	(3.940.296)
Taxation of financial transactions	(328)	(1.329.425)	(116)	(468.792)
	(27.088)	(109.829.886)	(19.033)	(77.173.788)
Exchange (loss) gain, net (4)	(2.272)	(9.212.489)	479	1.943.799
	(29.360)	(119.042.375)	(18.554)	(75.229.989)
	(27.530)	(111.622.309)	(16.774)	(68.010.198)

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

The inter-annual variation corresponds mainly to: i) Interest from the Hybrid Bond during the first quarter of 2020 for US\$4.714 (\$19.112.870) (In 2019 it was recognized in equity), hedges contracted in February 2020 for transfer of the equity of the hybrid bonds to financial debt for US\$1.703 (\$6.905.145) and the difference in exchange for payment of the coupon of US\$2.481 (\$10.060.756); ii) Impact for the devaluation of the peso against the dollar in settlement of the coupon of the senior bond for US\$1.425 (\$5.776.379).

- 1) Includes interest on the senior notes for the quarters ended March 31, 2020 and 2019 of US\$9.151 (\$37.104.970) and US\$7.727 (\$31.328.591), respectively.
- 2) Includes impairment of foreign currency portfolio due to exchange rate fluctuations.
- 3) Corresponds to financial updating of liabilities for spectrum licenses, obligations to do, dismantling of assets and pension liabilities.
- 4) Includes the valuation of exchange rate hedging instruments of the Financial Asset item as mentioned in Note 7 to the financial statements, which is offset by the loss generated in the valuation of the liabilities denominated in foreign currency held by the Group at this cut due to the 23,72% devaluation of the peso against the dollar during the first quarter of 2020.

24. FINANCIAL RISK MANAGEMENT

24.1. Risk Management Policy

The Group could be exposed to various financial market risks as a result of i) the normal course of its business and ii) the financial debt contracted to finance its business. The main risks are the exchange rate, interest rate. Liquidity, and credit risks.

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 changes in interest rates that affect (i) the financial costs of floating rate debt and/or short-term fixed rate debt negotiations and (ii) long-term fixed rate liabilities.

Liquidity Risks

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

Price Risk

The Group is exposed to the price risk of the goods and services it acquires for its operations, for which it conducts purchasing negotiations with small and large suppliers (including global suppliers) to ensure a continuous supply. This model, through which essential 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 solve due to the lack of alternative suppliers who could manage pressure levers that would prevent non-compliance with product quality, delivery times, non-agreed increases in prices or margins of maneuver that could not be solved by having a single supplier in some of the layers of the network.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Country Risk

The Colombian economy is currently facing two adverse shocks – the economic consequences of COVID-19 and the fall in oil prices. Even though the evolution of the pandemic has been less than in other countries, in the event of high growth of the contagion, there are substantial concerns about the response capacity of the health system since the deficit of intensive care beds is very high in some regions of the country. On the other hand, the country has an additional vulnerability to its peers, which is dependent on oil prices; 40% of exports and 18% of the nation's income depend on oil.

Different economic analysts calculate a vast range of forecast for economic activity in 2020, between a contraction of around 2,5% and a deceleration to levels around 1%, lower than the average growth of 3,3% previously calculated. The substantial depreciation of the Colombian peso, plus speculation on food prices, will generate upward pressure on prices; however, the expected domestic demand weakness will allow inflation to remain near the midpoint of the target range.

The Central Bank (Banco de la República) has implemented different measures to increase liquidity and purchase public debt securities, both public and private (the latter for the first time in history). Additionally, it reduced its policy rate by 50 Pbs after keeping it unchanged for more than two years. Further reductions in the intervention rate are not ruled out but are conditioned by the fact that strong price pressures are not observed, as it is currently at the top of the range.

The current account deficit could widen to levels of around 6%, significantly above the current 4,3%, given the fall in oil prices. The national government has announced that it will allocate about 1,5% of GDP to the Covid-19; it was initially announced that some emergency reserve funds already finance these resources; in addition, the fiscal rule advisory committee allowed the fiscal deficit to rise to 5,7%, significantly above the 2,7% of 2019.

On March 27, 2020 S&P ratified the BBB- rating and changed the outlook from stable to negative, and on April 1, 2020 Fitch Rating downgraded Colombia's rating to 'BBB-'; and maintained the negative outlook. It is expected that there will be no reduction in the country's credit rating for the rest of the year. However, this will depend on the evolution of the recession and its macroeconomic implications.

Risk Management

The Group actively managed the risks through the use of derivative financial instruments, on the exchange rate and interest rate, as well as taking into account the net positions of the balance sheet to take advantage of natural hedges that are directly compensated, avoiding incurring over costs. Bid offer spread in hedging operations.

At the end of March 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			CIRS (margin)	Options
	USD	EUR	USD	COP	IPC	USD	USD
Senior Bond	750	-	750	-	-	750	-
Debt in US\$/COP	253	-	-	-	152.410	-	-
Commercial accounts	36	1	-	-	-	-	-
Future cash flows	110	-	-	-	-	-	64
	1.149	1	750	-	152.410	750	64

NDF: Non delivery forwards

IRS: Interest rate swap

CCIRS: Cross currency interest rate swap

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 U.S. dollars and euros against changes in the exchange rate of the Colombian peso against these currencies.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

On March 31, 2020, the Group's debt, in US dollars, including the senior bond maturing in 2022, was equivalent to US\$1.003 million (December 31, 2019 - US\$751 million). Additionally, considering the normal flow of the Group's business, hedges were made for commercial accounts, 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 following year's budget.

The following is the detail of assets and liabilities held and expressed in thousands of dollars:

	<u>As of March 31,</u> <u>2020</u>	<u>As of December 31,</u> <u>2019</u>
Assets		
Cash and cash equivalents	6.383	5.411
Debtors and other accounts receivable	146.448	66.402
Related parties	18.155	21.529
Total assets	170.986	93.342
Liabilities		
Financial obligations	1.003.281	761.564
Suppliers and accounts payable	99.747	144.936
Related parties	15.634	17.118
Total liabilities	1.118.662	923.618
Liability position, net	(947.676)	(830.276)

The following is the detail of assets and liabilities held in US dollars and expressed in thousands of Colombian pesos

	<u>As of March 31,</u> <u>2020</u>	<u>As of December 31,</u> <u>2019</u>
Assets		
Cash and cash equivalents	25.880.129	17.732.605
Debtors and other accounts receivable	593.779.274	217.608.650
Related parties	73.610.174	70.553.547
Total assets	693.269.577	305.894.802
Liabilities		
Financial obligations	4.067.842.946	2.495.751.847
Suppliers and accounts payable	404.428.201	474.975.563
Related parties	63.388.678	56.098.083
Total liabilities	4.535.659.825	3.026.825.493
Liability position, net	(3.842.390.248)	(2.720.930.691)

Interest Rate Risk

After hedging, exposure to floating rate is 93% of total debt, within the framework of a risk management policy in line with the expansionary monetary policy stance of Banco de la República in the medium term.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

At the end of 1Q 2020, fixed and floating rate debt was as follows:

	Financial Obligations		
		Participation	Index
Fixed-rate bonds			
Debt in COP	498.759.537	7,47%	Fixed rate
	498.759.537	7,47%	
Variable-rate bonds			
Senior Bond (1)	3.038.215.571	45,53%	Libor 3M
Debt in USD	1.024.456.567	15,35%	Libor 6M y 3M
IFRS 16	1.083.112.831	16,25%	IPC
Debt in COP	898.957.339	13,47%	IBR
Debt in COP (Subsidiaries)	129.053.215	1,93%	IBR
	6.173.795.523	92,53%	
	6.672.555.060	100,00%	

(1) Interest rate exposure after hedging

Sensitivity of debt and derivatives to interest rate changes

For derivatives, a positive and negative movement in the valuation curve of 100 bps was sensitized.

In the periods in which the rates were lower than 1%, sensitivity was not considered 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 the interest rate is recorded in equity. Like, for sensitivity in results, only fair value hedging operations were considered, considering that they are the only operations whose effect of the valuation interest rate is recorded in results.

The result of sensitivity was as follows:

	Impact on results		Impact on equity	
	(in thousand of US\$)	(in thousand of COP\$)	(in thousand of US\$)	(in thousand of COP\$)
+ 100 pb	(23.359)	(94.708.436)	(14.627)	(59.306.287)
- 100 pb	23.359	94.708.461	15.097	61.211.477

Derivative Financial Instruments and Risk Management Policy

The breakdown of the Group's derivatives on March 31, 2020, their fair value at that date and the expected maturity schedule by notional amount and type of hedge is as follows:

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Figures in millions of dollars	Derivatives	Fair Value (1)	Notional Value (2)			
			Maturity			
			2020	2021	Subsequent	Total
			(US\$000)			
Interest Rate Hedges						
	Cash flow hedges	42	-	-	1.500	1.500
Exchange Rate Hedges						
	Cash flow hedges	24	171	3	-	174
	Fair value hedges	158	1.040	-	-	1.040
		182	1.211	3	-	1.214
Interest rate and exchange rate hedges						
	Cash flow hedges	(1)	-	-	38	38
	Total valuation	223	1.211	3	1.538	2.752

Figures in millions of pesos	Derivatives	Fair Value (1)	Notional Value (2)			
			Maturity			
			2020	2021	Subsequent	Total
			(COP\$000)			
Interest Rate Hedges						
	Cash flow hedges	170.764	-	-	6.081.810	6.081.810
Exchange Rate Hedges						
	Cash flow hedges	95.779	693.562	11.558	-	705.120
	Fair value hedges	638.740	4.216.172	-	-	4.216.172
		734.519	4.909.734	11.558	-	4.921.292
Interest rate and exchange rate hedges						
	Cash flow hedges	(5.670)	-	-	152.410	152.410
	Total valuation	899.613	4.909.734	11.558	6.234.220	11.155.512

(1) It is presented net of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA).

(2) For interest rate hedge the positive amount is in terms of fixed payment, For exchange rate hedge a positive amount means payment in functional currency versus foreign currency.

24.2. Other Risks and Uncertainties facing the Group.

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

Legal Regulation Risk

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

For its part, the CRC is the body responsible for promoting and regulating free competition, preventing unfair conduct and restrictive business practices, through general regulations or specific measures. It may propose different rules of conduct depending on the supplier's position once the existence of market failure has been determined.

Risks Inherent to the Activity Sector in which the Group Operates

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

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Other Risks and Uncertainties facing the Group

Markets Subject to Continuous Technological Evolution

The Group's success depends, to a certain extent, on its adaptability to technological evolution, in the times that the market demands, anticipating technological changes and market demands. Technological evolution is permanent, competing in the market for new products, services, and technologies, which oblige us to keep up to date with them.

Risks Associated with Unexpected Network Disruptions

Network interruptions are situations inherent to the operation of any element that constitutes it, which create impairment in service causing user dissatisfaction due to the impossibility of communication, as well as a no lesser risk of possible investigations or requirements from the control bodies that could result in sanctions of high economic impact for the Group.

Given the current situation and new consumption habits, user usage profiles and hence traffic demand have changed, leading to capacity saturation in residential urban areas in the main cities, as well as a greater impact in rural areas due to insufficient capacity on obsolete radio links, which are mostly concentrated in services in peripheral areas. Similarly, considering the current public health situation, network deployment requirements have increased due to the impact generated by mobility restrictions and work stoppages caused by the Covid-19 pandemic on the supply and distribution chains of goods and services needed to expand the network.

25. RELATED PARTIES

25.1. Accounts Receivable

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

Current

a) Shareholders

	As of March 31,		As of December 31,	
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
International				
Telefónica S.A.	2.618	10.614.232	2.278	9.237.407
	2.618	10.614.232	2.278	9.237.407

b) Economic links

National

Tiws Colombia II S.A.S.	6.585	26.699.484	4.989	20.228.121
Telxius Cable Colombia S.A.	611	2.478.395	278	1.127.060
Wayra Colombia S.A.S.	15	58.881	13	51.450
	7.211	29.236.760	5.280	21.406.631

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	As of March 31,		As of December 31,	
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
International				
Telefónica Digital España S.A.	1.396	5.660.321	2.631	10.667.702
TIWS II	1.321	5.355.664	906	3.671.244
Pegaso Pcs. S.A. de C.V.	907	3.677.160	732	2.965.062
Telefónica Móviles España S.A.	358	1.450.420	376	1.524.277
Otecel S.A.	372	1.507.691	316	1.280.465
Telefónica Móviles El Salvador S.A.	249	1.008.897	252	1.023.150
Telefónica Móviles Argentina S.A.	182	738.977	172	698.671
Telefónica del Perú S.A.	108	436.681	120	488.135
Telefónica Germany GMBH & CO OHG	97	394.463	107	435.466
Telefónica Móviles de Chile	42	168.461	48	195.983
Telefónica Brasil S.A	28	115.159	41	168.248
Telefónica USA Inc.	44	177.430	40	161.381
Terra Networks Mexico S.A. de CV	21	86.163	-	-
Telefónica Compras Electrónicas	18	72.233	35	142.680
Telefonica Factoring Mexico S.A.	6	24.106	4	14.968
Telefónica de Costa Rica	3	12.727	1	3.468
Telefónica Móviles Uruguay S.A.	2	8.866	-	-
E-plus Mobilfunk GMBH & CO	-	1.821	-	-
	5.154	20.897.240	5.781	23.440.900
Total economic links	12.365	50.134.000	11.061	44.847.531

c) Associated Companies

National

Telefónica Factoring Colombia S.A.	13	52.726	10	39.794
------------------------------------	----	--------	----	--------

Total related parties

	14.996	60.800.958	13.349	54.124.732
--	---------------	-------------------	---------------	-------------------

Non-current

Economic Link

	As of March 31,		As of December 31,	
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Telefónica Venezolana C.A. (a)	12.135	49.200.010	9.812	39.781.586
Total related parties	12.135	49.200.010	9.812	39.781.586

- a) Telefónica Venezolana C. A. is awaiting settlement from the Venezuelan foreign exchange regulator (CENCOEX), the amounts of which were duly requested from that body and, as of March 31, 2020, it has not refused to settle the invoices, and the respective amounts requested that it owes to Colombia Telecomunicaciones S. A. E.S.P.

Foreign currency balances of accounts receivable as of March 31, 2020 and December 31, 2019 are US\$18.155 thousand (\$73.610.174) and US\$21.529 thousand (\$70.553.547), respectively.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

25.2. Accounts Payable

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

Current

a) Shareholders

	As of March 31,		As of December 31,	
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
International				
Telefónica S.A.	6.996	28.364.429	3.124	12.666.965
Telefónica Latinoamérica Holding. S.L. (antes Telefónica Internacional S.A.U. - TISA)	116	470.474	86	347.494
	7.112	28.834.903	3.210	13.014.459

b) Economic links

National

Telxius Cable Colombia S.A.	9.020	36.572.912	3.936	15.958.471
Tiws Colombia II S.A.S.	7.554	30.628.550	5.214	21.139.257
Telefónica Ingeniería de Seguridad	79	319.461	238	964.167
Telefónica Learning Services Colombia	-	-	48	193.422
	16.653	67.520.923	9.436	38.255.317

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	As of March 31,		As of December 31,	
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
International				
TIWS II	13.418	54.400.754	9.976	40.451.578
Telefónica Global Technology	3.294	13.352.730	5.149	20.877.265
Telefónica USA Inc.	2.007	8.134.564	2.241	9.085.333
Media Network Latin América	1.689	6.849.758	1.739	7.049.603
Telefónica Compras Electrónicas	975	3.954.875	444	1.799.238
Telefónica Móviles Argentina S.A.	957	3.878.192	947	3.838.691
Telefónica Venezolana C.A.	698	2.828.949	568	2.301.622
Telefónica Digital España S.A.	604	2.450.662	749	3.036.649
Pegaso Pcs. S.A. de C.V.	496	2.012.538	385	1.561.241
Telefónica de Argentina S.A.	422	1.713.000	422	1.713.000
Otecel S.A.	378	1.533.669	346	1.403.559
Telefónica de España S.A.U.	253	1.025.577	187	757.315
Telefónica Móviles España S.A.	245	992.720	361	1.464.557
Telefónica del Perú S.A.	209	845.717	177	718.811
Terra Networks Mexico S.A. de CV	153	621.321	128	519.785
Telefónica Brasil S.A	114	462.550	116	469.749
Telefónica Global Roaming	96	389.047	136	551.850
Telefónica Ingeniería de Seguridad	81	327.557	18	72.005
Telefónica Empresas Chile S.A	69	279.082	0	-
O2 T. UK Limited	56	228.773	54	218.324
Telefónica Móviles de Chile	47	189.711	34	138.846
Telefónica Servicios Audiovisuales	46	188.294	56	225.919
Telefónica Educacion Digital	27	110.514	4	18.015
Telefónica Broadcast Services S.L.U	11	42.837	11	44.368
Telefónica Móviles Uruguay S.A.	9	38.413	7	29.447
Telefónica de Costa Rica	6	25.041	2	7.766
TGestiona Logistica Sociedad Anonima	5	22.000	1	5.755
Telefónica Móviles El Salvador S.A.	5	18.370	4	17.790
E-Plus Mobilfunk GMBH & CO	-	5	34	135.906
	26.370	106.917.220	24.296	98.513.987
Total economic links	43.023	174.438.143	33.732	136.769.304
Total related parts	50.135	203.273.046	36.942	149.783.763
Non-Current				
Shareholders				
Share-based payments				
Telefónica S.A.	1.492	6.049.998	1.115	4.521.758
Total related parties	1.492	6.049.998	1.115	4.521.758

(1) Corresponds to the remuneration of executives with a five-year tenure, where the right to receive a certain number of shares of Telefónica S. A., is granted subject to the fulfillment of certain conditions related to the performance of the share during the period and the tenure.

Foreign currency balances of accounts payable on March 31, 2020 and December 31, 2019 are US\$15.634 thousand (\$63.388.678) and US\$17.118 thousand (\$56.098.083) respectively.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

25.3. 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 revenues, costs, and expenses during the period from January 1 to March 31, 2020 and 2019 with shareholders, economic partners, and associates.

a) Shareholders

	Quarter ended March 31,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(US\$000)			
International				
Telefónica S.A.	907	469	3.079	17
Telefónica Latinoamérica Holding. S.L. (antes Telefónica Internacional S.A.U. - TISA)	-	-	21	11
	907	469	3.100	28

	Quarter ended March 31,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(COP\$000)			
From outside				
Telefónica S.A.	3.678.831	1.900.061	12.482.894	66.910
Telefónica Latinoamérica Holding. S.L. (antes Telefónica Internacional)	-	-	86.699	46.198
	3.678.831	1.900.061	12.569.593	113.108

b) Economically linked

	Quarter ended March 31,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(US\$000)			
National				
Tiws Colombia II S.A.S.	1.101	1.447	2.022	-
Telxius Cable Colombia S.A.	266	81	4.005	3.512
Telefónica Learning Services Colombia	48	-	-	11
Wayra Colombia S.A.S.	28	28	-	-
Telefónica Ingeniería de Seguridad	-	-	90	-
	1.443	1.556	6.117	3.523

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	Quarter ended March 31,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(COP\$000)			
National				
Tiws Colombia II S.A.S.	4.465.237	5.867.574	8.196.559	-
Telxius Cable Colombia S.A.	1.080.181	328.504	16.238.032	14.237.974
Telefónica Learning Services Colombia	193.422	-	-	43.855
Wayra Colombia S.A.S.	111.925	112.489	-	-
Telefónica Ingeniería de Seguridad	-	-	363.657	-
	5.850.765	6.308.567	24.798.248	14.281.829
	Quarter ended March 31,			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(US\$000)			
International				
TIWS II	1.766	1.139	3.674	3.453
Telefónica Digital España S.A.	502	638	209	115
Telefónica USA Inc.	238	4	-	409
Telefónica Móviles El Salvador S.A.	62	1	1	1
Telefónica Móviles España S.A.	46	52	140	98
Telefónica Móviles de Chile	40	29	10	5
Telefónica del Perú S.A.	36	19	6	9
Telefónica Brasil S.A	26	29	7	6
O2 T. UK Limited	21	37	3	7
Terra Networks Mexico S.A. de CV	21	0	94	38
Telefónica Móviles Argentina S.A.	20	17	8	5
Otecel S.A.	9	7	12	5
Telefónica Compras Electrónicas	8	7	802	242
Telefónica de Costa Rica	4	3	2	3
Telefónica Móviles Uruguay S.A.	2	2	1	1
Pegaso Pcs. S.A. de C.V.	2	3	20	17
Telefónica Germany GMBH & CO OHG	1	7	9	-
E-Plus Mobilfunk GMBH & CO	1	-	-	6
Telefónica Venezolana C.A.	-	-	5	15
Telefónica Móviles Panamá S.A.	-	12	-	10
Telefónica Celular De Nicaragua S.A	-	2	-	-
Telefónica Global Technology	-	-	2.738	2.162
Media Network Latin América	-	-	2.234	2.446
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	354	354
Telxius Cable España S.L.U	-	-	122	122
Telefónica Empresas Chile S.A.	-	-	65	-
Telefónica Ingeniería de Seguridad	-	-	63	56
Telefónica de España S.A.U.	-	-	58	43
Telefónica de Contenidos SAU	-	-	55	74
Telefónica Global Roaming	-	-	43	40
Telefónica Servicios Audiovisuales	-	-	34	29
	2.805	2.008	10.769	9.771
Total economic links	4.248	3.564	16.886	13.294

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	Quarter ended 31 March			
	Income		Costs and expenses	
	2020	2019	2020	2019
	(COP\$000)			
International				
TIWS II	7.159.714	4.616.906	14.895.324	14.000.455
Telefónica Digital España S.A.	2.036.356	2.587.249	849.306	465.437
Telefónica USA Inc.	964.257	15.692	-	1.656.726
Telefónica Móviles El Salvador S.A.	251.678	3.404	4.063	4.943
Telefónica Móviles España S.A.	187.458	211.989	567.738	397.154
Telefónica Móviles de Chile	160.578	118.477	40.908	20.832
Telefónica del Perú S.A.	144.943	77.120	24.485	37.052
Telefónica Brasil S.A	106.815	119.425	26.912	25.341
O2 T. UK Limited	86.940	151.701	10.232	29.705
Terra Networks Mexico S.A. de CV	86.163	-	380.556	153.943
Telefónica Móviles Argentina S.A.	80.998	67.052	33.207	21.875
Otecel S.A.	36767	26526	49.067	21.424
Telefónica Compras Electrónicas	33.683	29.343	3.252.994	979.469
Telefónica de Costa Rica	14.623	12.829	8.323	12.327
Telefónica Móviles Uruguay S.A.	7.794	8.608	4.051	4.669
Pegaso Pcs. S.A. de C.V.	7.201	13.451	82.605	67.866
Telefonica Germany GMBH & CO OHG	5.026	27.246	35.595	-
E-Plus Mobilfunk GMBH & CO	2070	-	83	23.473
Telefónica Venezolana C.A.	13	-	19.397	61.698
Telefónica Móviles Panamá S.A.	-	50.606	-	41.794
Telefónica Celular De Nicaragua S.A	-	9.217	-	-
Telefónica Global Technology	-	-	11.102.924	8.767.085
Media Network Latin América	-	-	9.059.511	9.918.465
Telxius Cable América S.A. (antes TIWS AMERICA)	-	-	1.436.618	1.436.618
Telxius Cable España S.L.U	-	-	493.560	493.560
Telefónica Empresas Chile S.A.	-	-	262.083	-
Telefónica Ingeniería de Seguridad	-	-	255.552	227.692
Telefónica de España S.A.U.	-	-	233.997	175.621
Telefonica de Contenidos SAU	-	-	222.439	298.567
Telefónica Global Roaming	-	-	175.161	161.941
Telefónica Servicios Audiovisuales	-	-	138.250	117.855
	11.373.077	8.146.841	43.664.941	39.623.587
Total economic links	17.223.842	14.455.408	68.463.189	53.905.416

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Associated Companies

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

	Quarter ended March 31,			
	Income		Costs and expenses	
	2020	2019	2020	2019
National				
Telefónica Factoring Colombia S.A.	16	19	-	-
	16	19	-	-
Total related parties	5.171	4.052	19.986	13.322

	Quarter ended March 31,			
	Income		Costs and expenses	
	2020	2019	2020	2019
National				
Telefónica Factoring Colombia S.A.	65.609	76.757	-	-
	65.609	76.757	-	-
Total related parties	20.968.282	16.432.226	81.032.782	54.018.524

The following is a summary of income, cost and expense transactions that occurred during the period with related parties, depending on the nature of the good or service provided between the parties, as follows:

Income:

	Quarter ended March 31,			
	2020	2019	2020	2019
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Local Telefonica	1.857	7.529.076	1.209	4.901.791
Added value services	1.630	6.610.346	13	54.646
Interconnection and roaming	1.179	4.780.148	339	1.376.461
Data transmission service	258	1.044.053	996	4.036.720
Other IT	229	926.697	157	637.518
Equipment sales	16	66.138	-	5
Other income (1)	2	6.106	1.323	5.364.498
Basic charges and airtime	1	5.718	1	5.532
Virtual private networks	-	-	12	48.746
Service and data transmission - connectivity	-	-	2	6.309
	5.172	20.968.282	4.052	16.432.226

Includes mainly fee services, space assignment, administrative services, among others.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Costs and expenses:

	Quarter ended March 31,			
	2020	2019	2020	2019
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Media rental	8.069	32.718.073	7.037	28.531.152
Other non-recurring costs and expenses (1)	5.884	23.857.371	2.299	9.323.291
Interconnection and roaming	2.542	10.306.813	1.615	6.546.515
Other operating costs and expenses (2)	1.375	5.575.281	451	1.828.673
Renting and third-party activities to customers	1.018	4.127.933	1.029	4.173.712
Content providers	638	2.587.140	593	2.403.021
Maintenance	387	1.568.455	279	1.131.545
Work and staff costs	51	205.017	8	34.417
Sales commissions	21	86.699	11	46.198
	19.985	81.032.782	13.322	54.018.524

(1) Includes mainly computer applications, consulting and project integration, equipment rental and costs, among others.

(2) Includes mainly licenses and computer applications.

c) Information on Remuneration of Key Management Personnel

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

	Quarter ended March 31,			
	2020	2019	2020	2019
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
wages, salaries and other benefits	1.062	4.305.901	1.180	4.784.675
Institutional plans	1.005	4.074.697	866	3.510.791
Executive Compensation Plan (share and annual bonus)	778	3.155.005	1.035	4.196.197
Others	37	148.125	11	46.335
Voluntary Withdrawal bonus	0	0	226	915.925
	2.882	11.683.728	3.318	13.453.923

26. CONTINGENCIES

The Group classifies contingencies according to the probability of loss into high probability, low probability, and remote probability. This determines the value of the claims to be provided for and supported by the reports and evaluations of the Group's legal advisors.

On March 31, 2020, 2.066 processes were underway, of which 136 were classified as high probability, 733 as low probability, and 1.197 as remote.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Processes with high probability

The following is a detail of the processes classified as high probability (Note 17).

	As of March 31,		As of December 31,	
	2020		2019	
	(US\$000)			
	Quantity	Value	Quantity	Value
Currents:				
Administrative, regulatory and proficiency	3	927	3	927
Work processes	20	280	20	280
Administrative User Inquiries	23	300	28	430
	46	1.507	51	1.637
Non Currents:				
Legal proceedings	47	1.761	49	814
Work processes	37	574	40	586
Administrative, regulatory and proficiency	5	71	4	59
Fiscal processes	1	41	5	78
	90	2.447	98	1.537
	136	3.954	149	3.174

	As of 31 March		As of 31 December	
	2020		2019	
	(COP\$000)			
	Quantity	Value	Quantity	Value
Currents:				
Administrative, regulatory and proficiency	3	3.758.855	3	3.758.855
Work processes	20	1.136.726	20	1.136.726
Administrative User Inquiries	23	1.216.587	28	1.742.448
	46	6.112.168	51	6.638.029
Non Currents:				
Legal proceedings	47	7.144.619	49	3.297.655
Work processes	37	2.326.556	40	2.377.287
Administrative, regulatory and proficiency	5	286.746	4	240.270
Fiscal processes	1	164.652	5	314.724
	90	9.922.573	98	6.229.936
	136	16.034.741	149	12.867.965

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

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

The Company calculates and presents a number of complementary (non-GAAP) measures for decision-making, in addition to those defined in IFRS, being of the opinion that they provide additional useful information to evaluate the performance, solvency and liquidity of the Company. These measures should not be considered separately nor should they be considered a substitute for the measures presented in accordance with IFRS.

The OIBDA - Operating Income Before Depreciation and Amortization is a commonly reported and widespread measure among analysts, investors and other stakeholders in the telecommunications industry, although it is not an explicit indicator defined as such in IFRS and may therefore, not to be comparable with other similar indicators used by other companies. OIBDA should not be considered a substitute for operating profit.

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

27.1. EBITDA

	Quarter ended March 31,			
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Net profit for the period	(26.536)	(107.588.427)	-2.400	(9.727.263)
More:				
Depreciation and amortization (Note 22)	85.867	348.149.955	90.079	365.228.878
Interest expense, net	27.530	111.622.309	16.774	68.010.198
Income and supplementary taxes	(2.602)	(10.551.395)	8.346	33.837.442
EBITDA (a)	84.259	341.632.442	112.799	457.349.255

a) EBITDA: corresponds to earnings before depreciation and amortization, financial expenses, and income, and deferred taxes.

27.2. Margen EBITDA

	Quarter ended March 31,	
	2020	2019
Margin EBITDA (*)	25,8%	34,1%

(*) Represents EBITDA divided by operating income

27.3. Leverage ratio: Debt / EBITDA

	As of March 31,		As of December 31,	
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
Current financial obligations (Note 15)	136.822	554.749.357	101.133	410.047.634
Less:				
Hedging derivatives (Note 15)	(9.505)	(38.537.761)	(9.070)	(36.774.797)
Interest payable (Note 15)	(1.879)	(7.618.306)	(9.289)	(37.661.309)
Current financial obligations, net (a)	125.438	508.593.290	82.774	335.611.528
Long-term financial obligations (Note 15)	647.926	2.627.043.613	168.310	682.420.077
Derivative instruments on liabilities (Note 16)	(14)	(56.951)	(25)	(100.415)
Local bond (Note 15) (b)	123.319	500.000.000	123.319	500.000.000
Senior bond (Note 16) (b)	750.000	3.040.905.000	606.198	2.457.855.000
Perpetual asset instruments (Note 18) ©	-	-	315.307	1.278.425.000
Long-term financial obligations, net	1.521.231	6.167.891.662	1.213.109	4.918.599.662
Total financial debt	1.646.669	6.676.484.952	1.295.883	5.254.211.190

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Valuation of exchange rate derivatives (d)	(157.308)	(637.811.575)	(15.986)	(64.816.932)
Cash and cash equivalents (Note 6)	(29.811)	(120.870.167)	(101.388)	(411.083.341)
Total net debt	1.459.550	5.917.803.210	1.178.509	4.778.310.917
EBITDA 12 months	443.723	1.799.094.374	472.263	1.914.811.187
Leverage ratio Debt/EBITDA	3,29 Times	3,29 Times	2,5 Times	2,5 Times

- (a) The balance of short-term obligations excludes interest payable and hedge accounting.
- (b) Corresponds to the nominal value of the issue of the senior bond and local bond, the senior bond is valued at the closing exchange rate of each period, not including the value of transaction costs.
- (c) Corresponds to the nominal value of the issuance of the perpetual equity instrument, valued at the exchange rate on the date of issue, did not include the value of the transaction costs. This instrument under the issuance prospectus of the principal debt is considered as replacement debt, therefore it is included as financial debt, however, its recognition was in the Condensed Consolidated Interim Financial Statements is in equity, On March 27, 2020, the perpetual equity instrument was paid and replaced with local financial debt.
- (d) Includes only the valuation of foreign exchange hedges.

27.4. Financial Indicators

1. Debt ratios

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

	<u>As of March 31,</u> <u>2020</u>	<u>As of December 31,</u> <u>2019</u>
(a) Total debt level (1)	64,822%	50,189%
(b) Level of short-term debt (2)	27,099%	38,480%

- (1) The total debt level increases mainly due to the replacement of the Hybrid Bond classified as a perpetual equity instrument by local financial debt and the impact of the devaluation of the peso against the dollar in the first quarter of 2020 of the foreign currency debt.
- (2) The level of short-term debt decreases mainly due to a decrease in obligations with suppliers and contractors.

2. Solvency indices

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

	<u>As of March 31,</u> <u>2020</u>	<u>As of December 31,</u> <u>2019</u>
Solvency index (1)	1,543 Times	1,992 Times

- (1) This indicator decreases mainly due to the replacement of the Hybrid Bond classified as a perpetual equity instrument by local financial debt and the impact of the devaluation of the peso against the dollar in the first quarter of 2020 of the foreign currency debt.

3. Liquidity indices

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

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

	As of March 31,		As of December 31,	
	2020		2019	
	(In thousand of US\$)	(In thousand of COP\$)	(In thousand of US\$)	(In thousand of COP\$)
a) Net working capital (1)	106.876	433.332.747	(103.961)	(421.514.479)
(b) Current ratio (1)	1,176 Times	1,176 Times	0.817 Times	0.817 Times
(c) Acid test (1)	1,109 Times	1,109 Times	0.735 Times	0.735 Times

(1) The improvement in these indicators as of March 31, 2020 corresponds mainly to: i) an increase in assets to be liquidated in the short-term and a decrease in obligations mainly to suppliers and contractors.

27.5. Operational Information

1. Access

	2020	2019			
	Quarter	Quarters			
	mar-31	dic-31	sep-30	jun-30	mar-31
		(Units 000)			
End Customer Access	19.097	19.259	19.241	19.255	19.175
Basic Line (1)	1.483	1.488	1.497	1.522	1.561
Internet and Data	1.168	1.163	1.161	1.171	1.190
Television	532	528	523	533	540
Mobile Service	15.914	16.080	16.060	16.029	15.884
<i>Prepaid</i>	11.773	12.003	12.065	12.098	12.015
<i>Postpaid</i>	4.141	4.077	3.995	3.931	3.869

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

2. Average Revenues per User (ARPU)

	2020	2019			
	Quarter	Quarters			
	mar-31	dic-31	sep-30	jun-30	mar-31
		(US\$)			
LB - BA - TV (1)	8,3	8,0	8,0	8,3	7,8
Total Mobile (2)	3,1	3,2	3,1	3,0	3,1
<i>Prepaid</i>	0,7	0,9	0,7	0,7	0,7
<i>Postpaid</i>	9,8	10,0	10,3	10,2	10,3

	2020	2019			
	Quarter	Quarters			
	mar-31	dic-31	sep-30	jun-30	mar-31
		(COP\$)			
LB - BA - TV (1)	33.653	32.458	32.421	33.585	31.633
Total Mobile (2)	12.479	12.800	12.663	12.351	12.406
<i>Prepaid</i>	2.876	3.462	2.917	2.896	3.003
<i>Postpaid</i>	39.844	40.360	41.932	41.558	41.609

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

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

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

28. IMPACT ON THE FINANCIAL STATEMENTS OF COVID-19

28.1. Impact on the condensed consolidated interim financial statements of March 31, 2020

As part of the verification of the impacts on the financial statements and in compliance with the accounting and financial reporting standards accepted in Colombia, the Group has analyzed the implications of COVID-19, including not only the measurement of assets and liabilities, accounting estimates and appropriate disclosures but also the Group's ability to continue as a going concern.

However, this situation could have material adverse effects on the Group's results of operations, financial position, and liquidity if this contingency were to continue, and management is assessing these aspects daily to take all necessary and appropriate measures to minimize the impact during 2020.

Below is a description of the main impacts observed on the financial situation and operations of the Group's companies as of March 31, 2020:

1. Impairment of Financial Instruments - Accounts Receivable

The situation created by COVID-19 creates unforeseen challenges for the application of the calculation of expected credit losses under IFRS 9 - Financial Instruments. Accordingly, the Group has considered adjusting the approach to forecasting and determining when expected credit losses (ECLs) should be recognized to reflect the current environment. However, the potential impacts of customer defaults will be reflected mostly from the next quarter onwards in accordance with payment behavior. Similarly, the Group is validating the model for portfolio provisioning by customer segmentation and/or any type that best reflects these effects.

At the end of the first quarter of 2020, the financial instruments that are within the scope of the expected credit loss (ECL) model of IFRS 9 (including trade and other accounts receivable, debt instruments not measured at fair value through profit and loss, contractual assets, and lease receivables), have been evaluated considering the impacts of COVID-19 on the ECL. In addition to the outbreak, and due to the policies adopted by the National Government on the extension of the payment term for certain commercial plans contracted by customers, the credit risk (risk of default) has significantly increased for accounts receivable in the amount of \$2,8 billion since the initial recognition. The ECL is measured for that group of accounts receivable for the entire term of the instrument.

2. Recognition of Income, Costs and Expenses

Accounting estimates have been revised in terms of revenue recognition 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 terminal sales revenues fell by \$ 2,4 billion and \$ 14 billion, respectively. Net roaming revenue fell by \$ 0,7 million. In line with this, mobile handset costs fell by \$ 13,4 billion, and card reload costs decreased by \$ 0,3 million, and other costs and expenses by \$ 0,5 million. The effect valued in the Consolidated Condensed Interim Statement of Comprehensive Income is a decrease in budgeted EBITDA of \$ 5,7 billion.

In relation to revenue recognition under IFRS-15, the Group has focused on identifying the financial impacts in the following areas:

- Valuation of the potential present or future effects arising from the commercial strategy involving variable consideration in a contract with a customer (e.g.. discounts, fringe benefits, free services, price reductions, etc.), to determine, at the beginning of the contract, the amount of consideration to be received in exchange for transferring the promised goods or services.
- Modifications to contracts - Validation if it corresponds to a change in the scope or price of a contract or both and if it creates or changes the rights and obligations of the parties to the contract and, therefore, their accounting recognition.
- Valuation of the costs of obtaining or fulfilling a contract and advance payments to customers and whether these in the new environment require updating the amortization approach to reflect any significant changes in the expected time of transfer of the related goods or services.

3. Valuation of Accounting Estimates

Accounting estimates 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 financial statement figures once they are confirmed in conjunction with a qualitative assessment of all the Group's activities.

4. Recoverability of Assets

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

For the impairment test, internal and external sources were reviewed. The WACC variable was updated based on the pandemic conditions to reflect this situation. The WACC was applied to the impairment test determined for year-end testing in 2019, maintaining the other variables at this cut-off point.

In the validation of the external sources, no significant changes were identified that would have an adverse effect on the entity, in aspects related to the legal, economic, technological or market environment in which it operates, in the present or immediate future. The validation of internal sources assessed significant changes in the extent or manner in which we use or expect to use the Companies' assets that could adversely affect the entity. These changes include the fact that the asset is idle, or as a result of the pandemic, plans are in place to discontinue or restructure the operation to which the asset belongs, including plans to dispose of the asset before the anticipated date and reconsider the useful life of an asset as finite, rather than indefinite.

Considering the existence of Goodwill in the financial statements, the awareness of the WACC was carried out with a step of +/- 1% using the current strategic plan and the other variables used at the end of the 2019 fiscal year. Additionally, long-term assets subject to impairment testing were sensitized by +/- 5%. Based on the previous year and on the aforementioned conditions, it was not necessary to anticipate and/or recognize an impact of impairment on the recoverability of the assets. In 2020 we will monitor significant variables, including the strategic plan and/or budgetary deviation, that could trigger an update of asset recoverability analysis.

In addition to the analyses indicated above, to date, no significant assets have been identified that are paralyzed and/or are estimated to have an idle capacity as a result of the pandemic. In the case of the Centers of Experience and the Administrative Headquarters in Morato, which are closed, they are assets under lease and, therefore, depending on the progress of the restrictions imposed by the Government, current or future, the potential impacts on the lease contracts and, consequently, on the recorded asset for the right of use (ROU) and financial liability will be validated.

Concerning the deferred tax asset for tax losses, the Group has estimated that by the end of 3Q 2020, it will carry out a recoverability analysis based on the current and revised Strategic Plan, which will raise awareness of the effects of the COVID-19 pandemic.

5. Liquidity Situation

To mitigate the impact of the current situation and maintain the Group's liquidity and strength, the following devices have been activated:

- Review of the implementation of the Capex, considering current projects and commercial activity, Future projects will be assessed in detail.
- Optimization of certain items in the financial statements such as commissions to third parties for reduced commercial activity, staff freezing, 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 plans for mobile terminals and home-customer equipment.
- If necessary, the Group has pre-approved quotas with financial institutions.

28.2. Regulatory aspects and issuance of standards in the framework of the economic and health emergency caused by the COVID-19

In accordance with the provisions issued by the National Government within the framework of the health emergency, telecommunication services are declared as essential public services. For this reason, their provision, as well as the installation, maintenance, and adaptation of the network, cannot be suspended. In that sense, some decrees are summarized that allow the business continuity 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 the presentation and payment of the income tax return and its supplementary returns.
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

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

Despite the limitations on traffic, it is possible that the Group Companies' personnel and their respective vehicles may circulate to guarantee the functioning of the call centers, as well as the installation, operation, and maintenance personnel who 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 ensure 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 you are late with your payment, you must allow an additional 30 days to pay.
 - 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 customers who are more than two months old and active, and the implementation work must be done in 10 days.

- Rules for traffic management:

Traffic management may be carried out to prioritize government pages (health, education, fundamental rights).

- All obligations related to the payment of consideration are suspended as of the date of issuance of the Decree, until May 30, pending a new payment schedule to be defined by MINTIC.
- A mandate is given to the regulator and the monitoring and control bodies to relax regulatory burdens, quality indicators and other obligations in order to focus resources and efforts on the continuity of service provision.

Decree 540 of 2020

The services of connection and access to voice and mobile internet for up to 2 Tax Value Units - UVT, will be exempt from VAT, for the 4 months following April 2020.

MINTIC Resolution 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, Deadline for payment June 16, 2020.
- For general qualification, self-assessment, and/or payment of the periodic consideration for the first quarter of 2020. Deadline for payment June 30, 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):
 - If you are late in paying, you must allow an additional 30 days to pay.
 - 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 pre-payment, once the balance is finished, the sending and receiving of 200 SMS without any restriction must be guaranteed for 30 days.
 - c) Free navigation (zero rating) to Min Education'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 bodies to relax regulatory burdens, quality indicators and other obligations in order to focus resources and efforts on the continuity of service provision.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

COMMUNICATIONS REGULATION COMMISSION - CRC

Resolution 5491 of 2020

- It suspends the obligation to have customer service offices in all department capitals or municipalities with the highest number of users.
- It must ensure that the procedures for the transfer 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 8 in the morning to 6 in the afternoon.
- Suspends the obligation to maintain the quality indicators in the attention of 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; no deadlines apply to them to determine whether they should be blocked, and they will not be blocked between March 19 and May 31, 2020.
- From June 1, 2020, the sending of SMS, the application of the deadlines for each case, and the blocking will start again,
- From June 1 to 30, 2020, the IMEI detected during the suspension (from March 19 to May 31) must be included, 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 Superseded 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.

CRC Resolution 5952 of 2020

- Includes the TV service in all its modalities, with the exception of compliance with indicators while the emergency care lasts.
- Suspends measurement, calculation, and report of PING, HTTP, and FTP indicators. They will be measured again from June 1, 2020.
- Suspends measurement, calculation, and reporting of satellite TV and IPTV transmission availability and quality indicators until May 31, 2020, Re-measurement as of June 1, 2020.
- Suspends the sending of the mobile internet probe measurement format to be performed in 2Q of 2020.
- Suspends the application of the measurement methodology for PING, FTP, and HTTP indicators.
- Suspends the obligation to measure and report on mobile internet indicators.
- Suspends the reports of service affectation that are made 2 hours after the affectation and the extended report that is sent after five days. The report restarts on June 1, 2020.
- Although no network information reports are made from March 26 to May 31, 2020, MINTIC may request specific information that it deems relevant to QoS.
- Measurements and calculations that were available until March 26, 2020, for mobile PING, FTP, and HTTP, as well as TV availability and quality, must be reported within the timeframe established in Resolution 5050, (Quarterly mobile Internet and bi-annual TV).

CRC Resolution 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.
- The invoice can be sent by email, even if the user does not authorize it, as long as the user's email address is available.
- Until its validity, notification of responses can be sent by email even if the user has not authorized it, provided that the user's email is known.
- The quality of the 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 accessing the automatic answering service, opting for personalized attention and receiving 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.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020

(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

- Suspends the obligation to report on the 1,2 format on an occasional basis when plans are created or modified, for the months of April and May, and for 1Q2020 extends the deadline for such reporting to 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 on 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; transport service between municipalities; national automatic roaming, international roaming, complaint and request indicators. These reports are due by June 30, 2020. Validity: June 30, 2020.

COLOMBIA TELECOMUNICACIONES S. A. E.S.P. AND ITS SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2020
(Figures expressed in thousands of Colombian pesos, unless otherwise indicated)

29. EVENTS AFTER THE DATE OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Between April 1, 2020 and the date of issue of these Consolidated Condensed Interim Financial Statements, we are aware of the following significant financial events:

1. Changes between the same beneficial owner in the shareholding composition of Colombia Telecomunicaciones S. A. E.S.P.

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. (TEF) and Telefónica Latinoamérica Holding S.L. (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 share capital. The aforementioned companies have accredited their status as the same beneficial owner to the Colombian Financial Superintendence.

As a result of the aforementioned corporate reorganization, and once the process of transferring the shares has been perfected, LACH will become the Telefónica Group company that consolidates all the shares of Colombia Telecomunicaciones S. A. ESP. owned by the same beneficial owner and which continue to represent 67,5% of the Company's share capital. This reorganization does not imply any variation in the total number of shares in respect of which the Telefónica Group is the beneficial owner.

This is how the new shareholder composition of Colombia Telecomunicaciones S. A. E.S.P. would look:

Shareholders	As of April 30, 2020		As of March 31, 2020	
	Number of shares	Participación	Number of shares	Participación
Latin América Celular Holdings S.L.	2.301.779.819	67,49970081%	275.602.636	8,08204821%
The Nation-Ministry of Finance and Public Credit	1.108.269.271	32,50000004%	1.108.269.271	32,50000004%
Radio Televisión Nacional de Colombia-RTVC	10.000	0,00029325%	10.000	0,00029325%
Regional Television Channel Ltda.- TEVEANDINA	200	0,00000587%	200	0,00000587%
Central de Inversiones S.A.- CISA	1	0,00000003%	1	0,00000003%
Telefónica Latinoamérica Holding. S.L.	-	0,00000000%	1.756.837.597	51,51926835%
Telefónica S.A.	-	0,00000000%	269.339.586	7,89838425%
	3.410.059.291	100.00000000%	3.410.059.291	100.00000000%

2. Notification of partial redemption of the Senior Bond

On May 12, 2020, Colombia Telecomunicaciones S.A. E.S.P. sent notification of the irrevocable partial redemption of up to USD 320 million (US\$ 320 million) of the Senior Unsecured Notes issued on September 27, 2012 in the amount of USD 750 million (US\$ 750 million). The notification was made to the Bank of New York Mellon, in its capacity as Trustee.

On May 12, 2020, Colombia Telecomunicaciones S.A. E.S.P. received a disbursement of an international syndicated loan with Banco Santander S.A., Bank of América N.A., BNP PARIBAS securities CORP and JPMORGAN CHASE BANK. N.A. in the amount of three hundred and twenty million dollars (US\$ 320 million) to cover the partial payment of the Senior Notes on the indicated terms.