Interconexión Eléctrica S.A. E.S.P. SEPARATE STATEMENT OF FINANCIAL POSITION

As of December 31, 2020 and 2019 I Amounts expressed in millions of Colombian pesos.

	NOTE	2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	542.198	541.371
Financial assets	5	158.541	121.792
Loans receivable from related parties	8.1	6.346	181
Current taxes	18.2	68.105	41.135
Non-financial assets	6	12.676	7.798
TOTAL CURRENT ASSETS		**787.866**	712.277
NON-CURRENT ASSETS			
Restricted cash	7	8.529	11.029
Financial assets	5	18.346	17.475
Loans receivable from related parties	8.1	187.208	96.102
Non-financial assets	6	900	1.000
Investments in subsidiaries, associates, and joint ventures	9	11.435.299	11.224.367
Investments in financial instruments	9	12.524	12.524
Property, plant, and equipment - Net	10	7.186.883	6.667.921
Investment property - Net	11	7.761	7.848
Intangible assets - Net	12	156.725	157.983
Non-current taxes	18.2	1.023	1.405
TOTAL NON-CURRENT ASSETS		**19.015.198**	**18.197.654**
TOTAL ASSETS		**19.803.064**	**18.909.931**

Continue

	NOTE	2020	2019
SHAREHOLDERS' LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Financial liabilities	13	151.393	214.786
Current taxes	18.5	62.985	38.109
Accounts payable	14	111.643	110.314
Provisions	17	-	1.715
Employee benefits		14.041	11.689
Non-financial liabilities	20	3.570	3.798
TOTAL CURRENT LIABILITIES		**343.632**	**380.411**
NON-CURRENT LIABILITIES			
Financial liabilities	13	4.670.715	4.461.883
Deferred tax liability	18.4	850.437	860.525
Loans payable to related parties	8.1	329.546	321.299
Employee benefits	19	241.713	234.046
Non-financial liabilities	20	143.464	158.331
Accounts payable	14	13.377	12.490
Provisions	17	10.007	10.131
TOTAL NON-CURRENT LIABILITIES		**6.259.259**	**6.058.705**
TOTAL LIABILITIES		**6.602.891**	**6.439.116**
SHAREHOLDERS' EQUITY			
Subscribed and paid-in capital	21.1	36.916	36.916
Premium for placement of shares	21.4	1.428.128	1.428.128

Continue

	NOTE	2020	2019
Reserves	21.6	6.241.845	5.346.023
Income for the year		2.062.950	1.643.505
Accumulated income		3.236.320	3.236.320
Other comprehensive income		194.014	779.923
TOTAL SHAREHOLDERS' EQUITY		**13.200.173**	**12.470.815**
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		**19.803.064**	**18.909.931**

See notes accompanying the financial statements.

Bernardo Vargas Gibsone
CEO
(See certification attached)

John Bayron Arango Vargas
Chief Accounting Officer
P.C. No. 34420 – T
(See certification attached)

Patricia Mendoza Sierra
Statutory Auditor
P.C. No. 78856 – T
(See my report of February 26, 2021 attached)
Designated by Ernst & Young Audit S.A.S. TR-530

Interconexión Eléctrica S.A. E.S.P. SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Years ended as of December 31, 2020 and 2019 |
Amounts expressed in millions of Colombian pesos, except net income per share expressed in Colombian pesos.

	NOTE	2020	2019
Income from joint account agreement		975.322	894.155
Energy transmission services		246.402	247.481
Connection charges		2.372	2.313
Infrastructure projects		6.533	6.717
Telecommunications		418	1.618
Other revenues		8.438	7.484
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS	22	**1.239.485**	**1.159.768**
Operating costs	23.1	243.061	233.377
GROSS INCOME		**996.424**	**926.391**
Administrative expenses	23.2	98.382	95.082
Revenues from net equity method	24	1.621.538	1.287.435
Other net revenues/(expenses)	24	(5.866)	16.167
NET INCOME FROM OPERATING ACTIVITIES		2.513.714	2.134.911
Net financial revenues/(expenses)	25	(296.835)	(326.176)
INCOME BEFORE TAXES		2.216.879	1.808.735
Income tax provision	18.3	153.929	165.230
INCOME FOR THE YEAR		**2.062.950**	**1.643.505**
NET INCOME PER SHARE	26	1.862,41	1.483,74

Continue

Financial results | Separate financial statements

OTHER COMPREHENSIVE INCOME	2020	2019
Actuarial gains (losses) from defined benefit plans, net of taxes	(51.194)	(58.422)
Gains (losses) from cash hedging, net of taxes	(125.368)	(103.804)
Gains (losses) from exchange rate differences, net of taxes	(409.347)	(292.266)
OTHER COMPREHENSIVE INCOME	**(585.909)**	**(454.492)**
COMPREHENSIVE INCOME FOR THE YEAR	**1.477.041**	**1.189.013**

See notes accompanying the financial statements.

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Resultados financieros | Estados financieros separados

Interconexión Eléctrica S.A. E.S.P. SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended as of December 31, 2020 and 2019 | Amounts expressed in millions of Colombian pesos.

			RESERVES								
	SUBSCRIBED AND PAID-IN CAPITAL	PREMIUM FOR PLACEMENT OF SHARES	LEGAL	TAX REGULATION	FOR EQUITY STRENGTHENING	FOR REHABILITATION AND REPLACEMENT OF STN ASSETS	TOTAL RESERVES	INCOME FOR THE YEAR	ACCUMULATED INCOME	OTRO RESULTADO INTEGRAL	TOTAL
NOTE			21.6								
BALANCE AS OF DECEMBER 31, 2018	36.916	1.428.128	18.458	898.802	3.473.612	37.434	4.428.306	1.529.155	3.236.320	1.234.415	11.893.240
Transfers approved by the General Shareholders' Meeting	-	-	-	-	917.717	-	917.717	(917.717)	-	-	-
Ordinary dividends at COP 552 per share, settled on 1.107.677.894 outstanding shares	-	-	-	-	-	-	-	(611.438)	-	-	(611.438)
Net income as of December 31, 2019	-	-	-	-	-	-	-	1.643.505	-	(454.492)	1.189.013
BALANCE AS OF DECEMBER 31, 2019	36.916	1.428.128	18.458	898.802	4.391.329	37.434	5.346.023	1.643.505	3.236.320	779.923	12.470.815
Transfers approved by the General Shareholders' Meeting	-	-	-	-	895.822	-	895.822	(895.822)	-	-	-
Ordinary dividends at COP 675 per share, settled on 1.107.677.894 outstanding shares	-	-	-	-	-	-	-	(747.683)	-	-	(747.683)
Net income as of December 31, 2020	-	-	-	-	-	-	-	2.062.950	-	(585.909)	1.477.041
BALANCE AS OF DECEMBER 31, 2020	36.916	1.428.128	18.458	898.802	5.287.151	37.434	6.241.845	2.062.950	3.236.320	194.014	13.200.173

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Interconexión Eléctrica S.A. E.S.P. SEPARATE CASH FLOW STATEMENT

Years ended as of December 31, 2020 and 2019 | Amounts expressed in millions of Colombian pesos.

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from sales of goods and services	249.091	243.152
Collections from contracts held for intermediation or to trade	976.941	889.864
Other collections from operating activities	4.046	4.721
Payments to suppliers for the provision of goods and services	41.099	82.124
Payments on behalf of employees	80.435	82.573
Other payments for operating activities	6.190	530
Interest paid	590	1.664
Interest received	22.871	19.293
Income tax paid	171.040	105.009
NET CASH FLOWS FROM OPERATING ACTIVITIES	**953.595**	885.130
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash flows used to gain control of subsidiaries or other businesses	-	90.943
Amounts from the sale of property, plant, and equipment	238	14.302
Purchase of property, plant, and equipment	701.539	562.102
Amounts from the sale of intangible assets	250	-
Purchase of intangible assets	1.926	27.751
Cash advances and loans granted to third parties	453.973	-
Collections from the reimbursement of advances and loans granted to third parties	381.011	50.875
Dividends received	741.823	615.946

Continue

Interest received	5.219	6.100
Other cash inflows (outflows)	8.267	3.501
NET CASH FLOWS FROM (USED IN) INVESTMENT ACTIVITIES	**(20.630)**	9.928
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts from loans	599.998	455.071
Reimbursement of loans	449.637	317.486
Dividends paid	747.683	608.320
Interest paid	333.842	319.257
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(931.164)**	(789.992)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE VARIATION	**1.801**	105.066
Effects of exchange rate variation on cash and cash equivalents	(974)	2.498
NET CASH AND CASH EQUIVALENTS	**827**	107.564
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**541.371**	433.807
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**542.198**	541.371

See notes accompanying the financial statements.

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Interconexión Eléctrica S.A. E.S.P. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020 AND 2019 | Amounts expressed in millions of Colombian pesos, excluding nominal value of the share and net income per share. Foreign currency expressed in original amounts.

I. GENERAL NOTES

1. General information

ISA, parent company, with headquarters in Medellin, was incorporated as joint stock company by public deed No. 3057 issued by the 8th Notary Office of the Notarial Circuit of Bogota on September 14, 1967.

On November 22, 1996, by public deed No. 746 issued by the Sole Notary Office of Sabaneta, ISA changed its legal nature to Mixed Utility Company, incorporated as a joint stock company of commercial and national nature, linked to the Ministry of Mines and Energy, with indefinite term, and subject to the legal regime provided for by Law 142 of 1994, a situation that materialized on January 15, 1997 with the entry of private contributions.

In accordance with the considerations of the Constitutional Court in its ruling C-736 dated September 19, 2007, ISA has a special legal nature by being defined as a Mixed Utility Company, decentralized by services, which is part of the executive branch of the public power with special and legal regime of private law.

Headquarters are in Medellin, calle 12, Sur # 18-168.

ISA's purpose is:

- The provision of the Energy Transmission utility pursuant to Laws 142 and 143 of 1994 and the rules supplementing, amending, or replacing them, as well as the provision of similar and complementary services related to such activities, according to the legal and regulatory framework in force
- The development of information and telecommunication technology systems, activities, and services
- The direct or indirect participation in activities and services related to the transport of other energies
- The provision of technical and non-technical services in activities related to its purpose
- The development of infrastructure projects and their commercial operation, as well as the execution of activities related to the exercise of engineering according to Law 842 of 2003 and the regulations that supplement, modify, or replace it
- The investment in national or foreign companies whose purpose is the exploitation of any legal economic activity; the investment in movable and immovable assets, and the investment in shares, quotas or stakes, bonds, commercial papers, or fixed or variable rate instruments registered on the stock exchange market, or any other modality provided by Law, allowing the investment of resources

- The management of the group's companies is exercised through the definition of strategic, organizational, technical, and financial guidelines, among others

2. Basis of presentation

The following are the main policies and practices adopted by ISA:

2.1 Accounting principles

The company prepares its financial statements in accordance with the Colombian Standards for Financial Information (NCIF), established in Law 1314 of 2009, regulated by Decree 2420 of 2015, which was compiled and updated by Decree 2270 of 2019, with all the legal provisions in force adopted by the General Accounting Office of Colombia.

In addition, the organization, in compliance with laws, decrees and other regulations in force, applies the following exceptions established by the regulation body:

- Decree 2496 of 2015. This decree establishes the application of Article 35 of Law 222 of 1995, which dictates that investments in subsidiaries must be recognized in the separate financial statements by the equity method, in accordance with the provisions of IAS 28.
- Decree 2131 of 2016. This decree requires to disclose the calculation of pension liabilities according to parameters established in Decree 1625 of 2016 and, in the case of partial pension commutations, according to provisions of Decree 1833 of 2016, reporting the variables used and the differences with respect to the calculation made under the terms of the technical framework according to NCIF. (See Note 19.2).

The financial statements have been prepared based on the historical cost, except for derivative financial instruments and some financial assets, which were measured at fair value.

The separate financial statements as of December 31, 2020 were authorized for disclosure by the Board of Directors at meeting held on February 26, 2021.

2.2 Application of standards implemented in Colombia as of January 1, 2020

According to Decree 2270 of 2019, from January 1, 2020, the following standards came into force within the technical regulatory framework, which contains some amendments issued by the IASB in 2018, allowing their early implementation:

2.2.1 IFRIC 23 - Uncertainty over income tax treatments

This interpretation clarifies how to apply the requirements for the recognition and measurement of IAS 12 when there is uncertainty over income tax treatments. In this case, an entity will recognize and measure its deferred or current tax asset or liability by applying IAS 12 requirements based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates determined by applying this interpretation.

ISA conducted a practical analysis of IFRIC 23, determining that to recognize and measure deferred and current tax assets and liabilities when there is uncertainty about the acceptance of a tax treatment, the interpretation that is most likely to be accepted by the entities in charge of examining tax returns should be applied. ISA also concluded that an impact on the financial statements should only result from the application of this IFRIC when an item with uncertain treatment is estimated differently, by applying the interpretation with the highest tax acceptance.

The company applied this standard in advance, from 2019.

2.2.2 IAS 1 – Presentation of financial statements

The amendments align the definition of "Material" between IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting policies, changes in accounting estimates, and errors, and clarify certain aspects of the definition. The new definition establishes that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

2.2.3 IAS 19 – Employee benefits

Amendments to IAS 19 define the accounting treatment of any amendment, curtailing, or settlement of a plan that occurs during a financial year. Said amendments specify that when a plan is amended, curtailed, or settled during the reporting year, the entity is required to:

- Determine the current cost of the service for the remaining period after the plan is amended, curtailed, or settled, applying the actuarial assumptions that are used to recalculate the net liability (asset) for defined provisions, reflecting the benefits offered under the plan and the plan assets after that event.
- Determine the net interest for the remaining period after the plan is amended, curtailed, or settled by using: the net liability (asset) of the defined benefit that reflects the benefits offered under the plan and plan assets after that event, and the discount rate used to recalculate that net liability (asset) of the defined benefit.

The amendments also clarify that the entity first shall determine any past service cost, or settlement gain or loss, regardless of the effect of the asset ceiling. This amount is recognized as a profit or loss. The effect of the asset ceiling after the plan amendment, curtailment, or settlement is then determined and any changes in such effect, excluding amounts included in net interest, are recorded in other comprehensive income.

2.2.4 IFRS 3 – Business combinations

This interpretation clarifies that, to be considered a business, a set of activities and assets acquired must include, at least, an input and a substantive process where these contribute significantly to the capacity to create outputs. It restricts the definitions of a business and outputs by focusing on goods and services provided to customers and by eliminating the reference to the capacity to reduce costs. It provides guidance and graphic examples to help entities assess whether a substantive process has been acquired. It eliminates the assessment on market participants' capacity to replace any missing inputs or processes and continue the production of outputs, and adds an optional concentration test, which allows for a simplified assessment about a set of activities and assets acquired not being a business.

2.2.5 Conceptual framework

It contains definitions of concepts related to:

- Measurement: including factors considered when selecting measurement bases.
- Presentation and disclosure: including when to classify revenues or expenses in other comprehensive income.
- Non-recognition: including guidance on when assets or liabilities should be removed from the financial statements.

Additionally, it updates definitions of assets and liabilities as well as criteria to include them in the financial statements. Likewise, it clarifies the meaning of some concepts.

ISA concludes that the adoption of these standards and interpretations issued by the IASB, in force in Colombia, did not have a material impact on the financial statements.

2.3 Standards issued by the IASB not yet in force in Colombia

Standards and interpretations that have been issued by the International Accounting Standards Board (IASB), but not applicable in Colombia on the date of these financial statements, are disclosed below. The company will adopt these standards on the date they become effective, according to the decrees issued by the local authorities.

2.3.1 IFRS 17 - Insurance contracts

In May 2017, the IASB issued IFRS 17, which is a new comprehensive accounting standard for insurance contracts that includes measurement, recognition, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4, issued in 2005. IFRS 17 applies to all kinds of insurance contracts regardless of the type of issuing entity, as well as certain guarantees and financial instruments with discretionary participation features. There are few exceptions to this standard.

The main purpose of this standard is to provide an accounting model for insurance contracts that is more useful and confidential for insurers. Unlike IFRS requirements, which mainly seek to protect previous local accounting policies, IFRS 17 provides a comprehensive model for these contracts, including all relevant issues. The essence of this standard is a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (Variable Fee Approach),
- a simplified approach (the Premium Allocation Approach), mainly for short-term contracts.

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

2018-2020 Improvements

2.3.2 Amendments to IFRS 9, IAS 39, and IFRS 7 - Interest Rate Benchmark Reform

The amendments provide several exemptions that apply to all hedging relationships that are directly affected by the Interest Rate Benchmark Reform. A hedging relationship is affected if the reform results in uncertainty about the time and/or amount of cash flows based on benchmark rates of the hedged item or hedging instrument.

To date, the amendments have not been incorporated into the Colombian accounting framework by any decree. The company is assessing the potential effect of this standard on its financial statements.

2.3.3 Amendment to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classification of liabilities as current or non-current. The amendments clarify the following:

- The meaning of the right to defer settlement of a liability
- That the right to defer settlement of the liability should be granted at the end of the period
- That the classification is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

To date, the amendments have not been incorporated into the Colombian accounting framework by any decree.

2.3.4 Amendment to IFRS 3 - Business Combinations - Reference to the conceptual framework

In May 2020, the IASB issued the amendments to IFRS 3 - Business Combinations - Reference to the conceptual framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting, issued in March 2018, without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

To date, the amendments have not been incorporated into the Colombian accounting framework by any decree.

2.3.5 Amendment to IAS 16 - Property, plant and equipment - Proceeds before intended use

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds Before Intended Use, which prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes proceeds from selling such items, and the cost of producing those items, in profit or loss.

To date, the amendments have not been incorporated into the Colombian accounting framework by any decree.

2.3.6 Amendment to IAS 37 - Provisions, Contingent Liabilities, and Contingent Assets - Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs a company should include when assessing whether a contract will be onerous or loss-making.

According to the amendments, a 'directly related cost approach' shall be applied. Costs directly related to a contract to provide goods or services comprise both incremental costs and an allocation of other costs that relate directly to contract activities. General and administrative costs are not directly related to the contract and shall be excluded, unless those costs are explicitly chargeable to the counterparty under the contract.

To date, the amendments have not been incorporated into the Colombian accounting framework by any decree.

2.3.7 Amendment to IFRS 1 - First-time adoption of international financial reporting standards

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences (CTD) using amounts reported by the parent based on the date of transition to IFRS of such parent. This amendment also applies to associates or joint ventures that choose to apply paragraph D16(a) of IFRS 1.

To date, the amendments have not been incorporated into the Colombian accounting framework by any decree.

2.3.8 Amendment to IFRS 9 - Financial instruments: '10 per cent' Test for Derecognition of Financial Liabilities

The amendment to IFRS 9 clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These are only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on behalf of the other. The entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

To date, the amendments have not been incorporated into the Colombian accounting framework by any decree.

2.3.9 IAS 41 - Agriculture - Taxation of fair value measurements

As part of its 2018-2020 annual improvements to the IFRS process, the IASB issued an amendment to IAS 41 - Agriculture. The amendment to IAS 41 removed paragraph 22 requirement to exclude cash flows from taxation when measuring the fair value of assets within the scope of IAS 41.

To date, the amendments have not been incorporated into the Colombian accounting framework by any decree.

2.4 Main judgments and estimates

The preparation of the financial statements based on IFRS demands from the management the use of judgments, estimates, and assumptions to determine the asset and liability figures reported, the exposure of contingent assets and liabilities on the date of the financial statements, the revenue and expense figures reported, and the applications of accounting policies as of December 31, 2020.

Nonetheless, final results could differ from estimates included in the financial statements. The management expects that variations, if any, would have no significant effect on the financial statements.

If the information is material, *it is a matter of judgment and depends on the factors involved and the circumstances of the company*. These estimates are based on the best experience of the management, the best expectations regarding present and future events, and the best use of the information available on the date of issuance of these separate financial statements; current results could differ from these estimates but are adjusted once they are known.

The management has determined that the most significant judgments and estimates correspond to:

- **Identification of cash generating units (CGUs):** The CGU is the identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from the sale or provision of services, arising from other assets or groups of assets. The identification of CGUs involves significant judgment, mainly about how the company must add its assets.

Cash Generating Units for ISA under the energy transmission service are the following:

a. **STN connection assets:** These are the assets owned by ISA to allow the connection of different types of users—generators, large consumers, and grid operators—to the STN. The remuneration of these assets is governed by connection contracts, which are signed under a scheme of bilateral negotiation, and through which connection charges are paid by users of this service. Thus, it is considered that the CGU at the level of STN connection assets corresponds to the group of assets involved in each connection contract.

b. **Non-bidding STN energy transmission assets (existing grid):** The remuneration of the energy transmission service for STN energy transmission assets is based on a regulated scheme through which the Energy and Gas Regulation Commission

(CREG) defines a single methodology for all assets that are part of the existing grid—not built under the free competition scheme defined by the Energy Mining Planning Unit (UPME)—. By applying the aforementioned methodology, which is defined in CREG Resolution 011 of 2009, the total value of existing grid assets at market prices for each energy transmission company is determined. From such value, the regulating entity establishes an individual resolution with the corresponding annual revenues, according to the remuneration methodology indicated. In this case, values —annual revenues from the existing grid and the existing grid value— on behalf of INTERCOLOMBIA, a company that represents ISA, are covered by CREG Resolution 177 of 2013, and those that modify or supplement it.

c. **Bidding STN energy transmission assets:** The remuneration of assets built under the scheme of free competition or bidding established by the Energy Mining Planning Unit (UPME) is based on the bid submitted by the bidder awarded with the execution of the project, which comprises a profile of 25 flows of expected annual revenues corresponding to the first 25 years of operation of the project, the particularities of the project, the risk perception of the bidder, the expected rate of return, and the costs and risks inherent to the time of submission of the bid, among others.

Projects are awarded independently and separately, so the regulator issues an official resolution to recognize the corresponding revenue profile of the transmission company awarded each project. This way, it is considered that each of the bidding projects is itself a CGU. It is worth noting that once 25 years of operation have been completed for a project awarded under the bidding mechanism, the project begins being remunerated under the methodology applicable to existing STN energy transmission assets, and therefore at that time, it would become part of the CGU corresponding to the existing grid or non-bidding assets.

- **Definition of hierarchy levels of financial instruments:** (see Note 3.9).
- **Impairment of accounts receivable:** To determine the expected loss impairment, it is no longer necessary for a credit-related event to occur before credit losses are recognized. Instead, an entity shall always account for credit losses expected, as well as changes in them. The amount of such losses is updated on each reporting date to reflect changes in the credit risk since initial recognition and, therefore, more timely information can be provided on these losses.
- **Estimated recoverable amount of a non-financial asset:** The carrying value of non-financial assets, excluding deferred taxes, is reviewed on each balance sheet date to determine whether there is evidence of impairment. If there is evidence of impairment, the recoverable amount of the asset is estimated and charged to income for the period.
- **Estimated value in use of operating assets:** Future cash inflows and outflows, derived either from the continuous use of the asset or from its disposal through other methods at the end of its useful life, are estimated. Then, the proper discount is applied to these future cash flows.
- **Estimation of assets and liabilities at fair value in a business combination:** Identifiable assets acquired and liabilities assumed will be classified or designated as necessary. The company will classify or designate assets based on contractual arrangements, economic conditions, its accounting policies, and other relevant

conditions that may exist on the date of acquisition. ISA will measure assets and liabilities at fair value through profit or loss or through other comprehensive income in accordance with IFRS 13 - Fair Value Measurement (see Note 3.9).

Fair value is measured using valuation techniques, including the discounted cash flow model. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include input considerations such as liquidity risk, credit risk, and volatility. Changes in assumptions related to these factors could affect fair value.

If at the end of the period in which the combination was made, the fair values to distribute to identifiable assets, liabilities, and contingent liabilities of the acquired company or the cost of the combination can be determined only provisionally, the combination will be accounted for by using these provisional values. Once the fair values of assets and liabilities are objectively determined, they will be adjusted. The period to make these adjustments is up to twelve months after the acquisition date.

- **Useful life and residual values of property, plant, and equipment:** The calculation of useful lives and residual values of the property, plant, and equipment components involves judgments and assumptions that could be affected if circumstances change. The company's management reviews these assumptions annually and adjusts them prospectively if any change is identified.
- **Provision for legal and administrative proceedings:** When estimating the loss contingency for legal proceedings pending against ISA, legal advisors analyze, among other things, the merits of the claims, the jurisprudence of the courts involved, and the current status of proceedings. This provision is linked to the probability of occurrence, as well as the professional judgment and opinion of the legal advisors.
- **Recovery of deferred tax assets:** The use of professional judgment is required to determine whether deferred tax assets should be recognized in the statement of financial position. To recognize deferred tax assets, the management is required to evaluate the probability that the company generates taxable revenues in future periods. The estimates of future taxable income are based on financial projections and the application of tax laws. Depending on how much future cash flows and taxable income significantly differ from estimates, there could be an impact on the organization's capacity to realize the net deferred taxable assets recorded on the reporting date.

  Additionally, future changes in tax laws could limit the ability of the company to obtain tax deductions in future periods. Any difference between estimates and subsequent real disbursements is recorded in the year when it occurs.
- **Employee benefits:** The current value of defined benefit pension plans and other post-employment medical benefits and long-term benefits is based on actuarial valuations. These valuations include formulating several hypotheses that could differ from future real events, such as the calculation of the discount rate, future salary increases, future pension increases, and mortality rates. Due to the complexity of the valuation, its long-term nature, and underlying hypotheses, the calculation of the defined benefit obligation is highly sensitive to changes in these hypotheses. All of them are reviewed on each closing date.

  The mortality rate is based on the country's public mortality rates. The future salary and pension increase are based on expected future inflation rates. (See Note 19).

2.5 Foreign currency transactions and balances

The financial statements are expressed in Colombian pesos as it is the currency used in the primary economic environment of operation of the company and, therefore, it is the functional and presentation currency.

Foreign currency transactions are translated into the functional currency by using exchange rates valid on the dates of the transactions. At the end of the year, foreign currency monetary assets and liabilities are restated, and exchange gains and losses resulting from exchange rate differences, as well as gains and losses generated by the settlement of non-monetary liabilities or collection of monetary assets, are recognized in the comprehensive income statement.

Exchange gains from the restatement of monetary items are presented in the comprehensive income statement, in Financial net income/expense.

→ Rates used

Foreign currency transactions and balances are converted at the current exchange rates certified by the Central Bank of Colombia (Banco de la República) or official banks of the main countries with whom the company conducts transactions.

The exchange rates used for the preparation of the financial statements as of December 31, 2020 and 2019, expressed in Colombian pesos, were the following:

Closing rates:

CURRENCY	CODE	2020	2019
US Dollar	USD	3.432,50	3.277,14
Euro	EUR	4.200,35	3.678,92
Peruvian Nuevo Sol	PEN	947,94	987,39
Bolivian Peso	BOB	493,18	470,85
Brazilian Real	BRL	660,52	813,04
Chilean Peso	CLP	4,83	4,38

Average rates for translating foreign companies' statements of comprehensive income balances for equity method purposes:

CURRENCY	2020	2019
COP / USD	3.691,27	3.282,39
COP / BRL	715,32	831,39
COP/ CLP	4,68	4,69
BRL / USD	5,16	3,95
CLP / USD	788,53	700,10

2.6 Classification of balances as current and non-current

In the statement of financial position, balances are classified according to their maturities, i.e., current balances are those with maturities equal to or below twelve months, excluding provisions for post-employment obligations and other similar, and as non-current for maturities exceeding such period.

3. Main accounting policies

The main accounting policies and practices applied in the preparation of the separate financial statements were the following:

3.1 Investments in subsidiaries, associates, and joint ventures

The company applies the equity method when restating investments in subsidiaries, joint ventures, and associates in its separate financial statements.

Subsidiaries are entities—including structured entities—over which the parent company exerts direct or indirect control.

An investor controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and could affect those returns through its power over the same.

A joint venture is an agreement whereby the parties exerting joint control have rights to the net assets of the entity. Joint control only occurs when the decisions on relevant activities require the unanimous consent of the parties sharing control.

Accounting policies of subsidiaries, associates, and joint ventures of the Group are applied on a basis that is uniform with ISA's, in order to ensure comparability in the financial information of ISA and its companies, and a proper application of the equity method.

The equity method is an accounting method whereby the investment is initially recorded at cost and is then adjusted for changes in the net assets of subsidiaries, joint ventures, and associates, according to the stake held by the company. The result for the period and the other comprehensive income of ISA includes results of entities in which the company holds stakes.

Dividends received from companies over which ISA exerts control, joint control, or significant influence are recorded as a lower investment value.

Transactions that imply a significant loss of control or influence over an investee are accounted for by recognizing any retained interest by its fair value and the gain or loss resulting from the transaction is recognized in the income for the period, including the corresponding items of other comprehensive income.

For transactions not implying a significant loss of control or influence over the investee, the equity method remains being applied, and the portion of the gain or loss recognized in other comprehensive income related to the reduction in ownership interest is reclassified in income.

3.2 Property, plant, and equipment

Property, plant, and equipment are valued at their acquisition cost—historical cost—or construction cost, less accumulated depreciation and impairment losses, if any. In addition to the price paid to acquire each element, the cost also includes the following concepts:

- Import tariffs and non-recoverable indirect taxes imposed on the acquisition, after deducting trade discounts and rebates
- All costs directly related to placing the asset, in the conditions necessary for its operation in the manner intended by the management
- Borrowing costs attributable to the acquisition of a qualifying asset—an asset that requires a substantial period of time for being ready for use or sale, and from which it is expected to obtain future benefits—
- The initial estimate of element dismantling or withdrawing costs, as well as the rehabilitation of the place on which it is placed, when they are obligations incurred by the company, as a result of using such item during a certain period

Expenses for maintenance, preservation, and repair of these assets are recorded directly in income as a cost for the period in which they are incurred.

Additions and expansion, upgrading, or improvement costs are capitalized as higher value of the respective assets, if they extend their useful life, production capacity, and operational efficiency and improve the quality of services or bring a significant reduction of costs.

A property, plant, and equipment item is derecognized upon sale or when no future economic benefits are expected. When an asset is sold, the derecognition gain or loss is calculated as the difference between the revenues from the net sale and the carrying value of the asset. This effect is recognized in income for the period.

Security and environment assets

Certain property, plant, and equipment items may be acquired for security or environmental purposes. Although their acquisition does not increase the economic benefits provided by the existing property, plant, and equipment items, it may be necessary for the company to obtain the economic benefits derived from the rest of assets. Security assets are depreciated on a linear basis over their estimated useful lives.

Assets under construction and assembly

Assets used during the construction for management, production, supply, or non-defined purposes are recorded at cost, less any recognized impairment loss. Such construction and assembly assets are classified in the corresponding categories of property, plant, and equipment when they are ready for their intended use, and the depreciation of these assets begins on that day i.e., when they are at the location and in the conditions required for operating as intended.

Borrowing costs

Borrowing costs directly attributed to the acquisition, construction, or production of qualifying assets that require a substantial period for use are added to the cost of those assets until they are ready for said use. In general, a substantial period will be considered for ISA, and it would be appropriate to capitalize the interest costs if the construction of an asset lasts for six (6) months or more. However, if the period for the construction of a qualifying asset is shorter than expected, the company's management will financially support the generation of future profits.

Specific borrowings are those acquired with the specific purpose of obtaining a qualifying asset; therefore, costs of real borrowings that have been incurred could be directly capitalized, deducting financial yields obtained from the temporary investment of the funds, as long as the activities to prepare the asset for its use are being carried out. Determining whether loans are specific or not requires an assessment of the circumstances and evidence or internal documentation supporting this purpose.

The capitalization rate is based on generic borrowing costs, divided by the weighted average of the borrowings received by the company that have been outstanding during the accounting period, excluding borrowings considered specific.

All other borrowing costs are recognized in income for the period in which they are generated.

➜ Estimation of remaining useful lives

Every year, the company reviews the residual value, the depreciation method, and remaining lives of the assets and its components. For this purpose, the company established a methodology based on the rate of impairment of each asset associated with a rate of instant failure, which at the same time is related to its effective age. The impairment rate is calculated based on this age, and then the life expectancy and remaining life are calculated based on international survival curves. This methodology has allowed obtaining more reliable values when estimating the remaining life of the asset, which is a useful input for the asset renewal plan and basis of valuation thereof.

Lands are not depreciated as they have an indefinite useful life. The depreciation of the remaining property, plant, and equipment items is calculated by using the straight-line method on the cost, based on the estimated useful lives of the assets.

➜ Residual value

It is the estimated amount that would be obtained from the disposal of the asset after deducting costs estimated for such disposal, if such asset would have already reached its disposal age and other expected conditions at the end of its useful life.

➜ Asset components

A fixed asset component is an item that can be seen as part of other asset but due to its own characteristics, the role it plays, and the type of strategies or activities followed during its technical or service life, it may be classified as a separate asset.

Each property, plant, and equipment component shall be identified and separated from the other assets in order to depreciate them during their useful lives and make their treatment and accounting control easier. Important spare parts and permanent maintenance equipment that the company expects to use for more than one period normally comply with specifications to be classified as property, plant, and equipment. Similarly, if spare parts and assisting equipment of a fixed asset could only be used for such asset, they will be classified as part of the property, plant, and equipment.

The following are the estimated useful lives of the assets or asset components for the periods ended December 31, 2020 and 2019:

TYPE OF ASSET / ASSET COMPONENT	USEFUL LIFE
Transmission lines	63
Buildings	100
Fiber optics	25
Machinery and equipment	15
Telecommunications equipment	15
Furniture, office equipment, laboratory equipment	10
Communications equipment	10
Transportation, traction, and lifting equipment	10
Supervision and Maneuvers Center Equipment	6
Computer equipment and accessories	5
SUBSTATION COMPONENTS	
Battery bank	15
Charger	15
SAS components	15
Condensers	25
SVC Condensers	25
Compensation control - series	15
SVC control	15
Converter	15
CT (Current Transformer)	39
Switch	40
Inverter	15
Lines –Grounding grid for S/E's	63
Lightning arresters	30
Diesel station	30
Telephone station	15

TYPE OF ASSET / ASSET COMPONENT	USEFUL LIFE
Power line carrier (PLC)	15
PT (Power Transformer)	39
Reactor	32
SVC reactors	30
Fault recorder	15
Protection relays	15
RTU (Remote Terminal Unit)	15
Fire Protection System (FPS)	20
Isolator	40
Sensors (Discharge Information System)	15
Mobile sub	25
Teleprotection	15
Power transformer	40
SVC thyristors valve	18
Voltage quality (VQ)	15

The company may perform individual technical analyses on the useful lives of the assets, thus determining a useful life longer or shorter than previously established in order to reflect the time in which the future economic benefits from the asset are expected to be received.

3.3 Investment property

Investment property is land or buildings—considered in whole or in part, or both—used by the company to obtain yields, surplus value, or both, instead of using them for rendering services or administrative work. Investment property generates cash flows which, to a large extent, are independent of cash flows generated by other assets owned by the company. Land or buildings held for a non-determined future use are also classified as investment property.

Investment property is initially measured at cost, including the purchase price and any directly attributable disbursement—professional fees for legal services, taxes for property transfers, among others—. Subsequently, it is measured at cost less accumulated depreciation and impairment.

Investment property is depreciated linearly over its estimated useful life, regardless of its residual value. Useful lives in years are the following:

TYPE OF ASSET	USEFUL LIFE
Lands for investments	Not depreciated
Buildings for investments	100

Transfers are made to or from the investment property, only when there is a change in its use.

These are the transfers that could be generated:

- The company occupies an asset classified as investment property; in these cases, the asset is reclassified to property, plant, and equipment. The cost considered for its subsequent accounting is the carrying value on the date of change in use.
- Conducting an operating lease to a third party or to be used by the company. In these cases, the asset is reclassified as investment property and will be also accounted for based on its carrying value.

Investment property is derecognized at the time of sale or when no future economic benefits are expected. The gain or loss from derecognition of the investment property is calculated as the difference between the net revenues from sale, if any, and the carrying value of the asset. This effect is recognized in income for the period in which it was derecognized.

3.4 Other non-financial assets

These are prepaid expenses, telecommunication services, and other assets that are amortized by the straight-line method during the periods in which economic benefits are expected. Prepaid expenses mainly include monetary items such as insurance premiums, among others, and they could be also amortized according to the validity of the corresponding policies.

3.5 Intangible assets

An intangible asset is recognized when the conditions of being identifiable and separable are met, when the item generates future economic benefits, and when the company can control such benefits.

Intangible assets are initially recognized at their acquisition or production cost, and then valued at their cost net of their corresponding accumulated amortization and net of impairment losses experienced by the assets, if any.

An intangible asset is derecognized upon its disposal, or when no future economic benefits are expected. The gain or loss arising from the derecognition of an intangible asset, which is calculated as the difference between net revenues from the sale and the carrying amount of the asset, is recognized in income when the asset is derecognized.

Residual values, useful lives, and amortization methods are reviewed at each year-end and are applied prospectively if necessary.

→ Easements

Easements are rights obtained for the use of a strip of land for the installation of a transmission line. This involves restrictions by the owner on land use and authorizations to the line owner for construction, operation, and maintenance.

Such intangible assets imply permanent rights, which term for use is indefinite; although transmission lines to which these easements are related do have a limited life. ISA has the possibility to either replace transmission lines when their useful lives end or use the right of easements acquired for any other service related to the transmission of energy and telecommunications, according to what the purposes of creation of the easements stipulate. These assets have indefinite useful lives and are not amortized; therefore, they are tested for impairment on an annual basis.

→ Software and licenses

Software is amortized by the straight-line method over a maximum period of three years. Licenses are amortized by the straight-line method during periods in which it is expected to receive benefits, according to feasibility studies for their recovery.

Project studies and research charges are treated as expenses when incurred.

3.6 Impairment of assets

→ Non-financial assets

ISA's activities in the Colombian energy sector are essentially two: the energy transmission service in the National Transmission System (Sistema de Transmisión Nacional, STN), commonly known as the STN service use, and access service for different users to such system, known as the connection service to the STN.

For its part, the STN use service is provided through two different schemes: scheme of existing usage, which refers to assets that were in service in 1999 including assets in pre-construction stage on that date and assets built under the regulatory expansion scheme; and scheme of use for public calls for bids, which refers to assets that are or have been built under the scheme of free competition defined by CREG in 1998 for the implementation of projects that are part of the transmission expansion plan.

The value of an asset is impaired when its carrying amount exceeds its recoverable amount; therefore, at the end of each period reported, or before if there is any indication of impairment, the company estimates the recoverable amount and compares it with the carrying amounts of its assets, including intangible assets with undefined useful lives, to determine whether there is an indication that these assets have suffered any impairment loss.

The recoverable amount of an asset or a cash generating unit is the highest amount between its fair value, less disposal and value in use. Under these conditions, provided that the value in use or recoverable value is lower than the carrying value of the assets, ISA must record the impairment.

To determine the value in use of future cash flows, the company estimates revenues and expenses projections for a long-term horizon, which includes a relevant period of 30 years plus a continuity period, being aligned with CREG current regulations for use and connection activities, aiming at changing the remuneration framework for bidding assets which, as of the 26th year of operation, must be remunerated as existing.

The impairment loss is recognized as a lower cost of the asset or asset component that generated it, and as an expense for the period where it was determined.

The recovery of impairment losses on assets cannot exceed the carrying value that would have been determined, net of depreciation, if the impairment loss for the same asset had not been recognized in previous periods.

→ Financial assets

To determine the expected loss impairment, it is no longer necessary for a credit-related event to occur before credit losses are recognized. Instead, an entity shall always account for expected credit losses, as well as changes in them. The amount of such losses is updated on each reporting date to reflect changes in the credit risk since initial recognition and, therefore, more timely information can be provided on these losses.

The amount of the expected loss must maintain the analysis of the following variables, which are based on information available of each of the counterparties about the historic performance of payment of their obligations, the geographic location of the counterparty, as well as guarantees offered by said counterparty to cover any eventual non-compliance with its obligations.

Generally, the expected loss can be expressed as follows:

$$\text{Expected loss} = \underset{\%}{\text{Probability of default}} \times \underset{\$}{\text{Exposed balance}} \times \underset{\%}{\text{Loss given default}}$$

Where:

- **Exposed balance:** The exposed balance of the asset is the current balance of capital, interest, and other accounts receivable of the obligations or the portfolio analyzed.
- **Probability of default:** Probability that, in a period of twelve (12) months, debtors of a certain obligation or portfolio cause a default.
- **Loss given default (LGD):** It is the entity's downturn if any of the default situations materializes. LGD for debtors within the default category will increase gradually according to the number of days passed after being classified in said category.

To determine investment and goodwill impairment, ISA, at the end of each year, assesses whether there is an impairment of its investments in subsidiaries, associates, and joint ventures, with the purpose of not recognizing them at an amount higher than the amount expected to be obtained from their sale or use.

This way, the company analyzes the presence of impairment evidence and if there is an indication that an asset may be impaired the company conducts impairment tests estimating the recoverable amount, which is the highest amount between value in use and fair value, less sale costs.

The value in use is determined by discounting cash flows expected from and generated by operations in the long term, at the weighted cost of debt and equity capital resources, reflecting the value of the money over time and the risk associated with the business.

The fair value is determined by using the valuation technique that is most appropriate and consistent with market conditions of the company.

When the carrying value of investments exceeds its recoverable value, ISA first verifies the value impairment of the investee's assets in order to obtain impairment losses through the equity method. If this is not applicable, it reduces the carrying amount of the investment by the amount of the impairment losses and recognizes an expense in the income statement for the period.

Impairment losses recognized previously in investments will be reversed when their service potential increases due to sale or use. The reversal will be limited in such a way that its carrying value does not exceed its recoverable amount, nor is higher than the carrying value that would have been determined if no impairment loss had been recognized in previous years. Such reversal will be recognized in the income statement.

3.7 Leases

A lease is the agreement that grants the right to use an asset, capacity, or another portion of the asset for a period in exchange for receiving fees or payments commonly known as lease payments.

3.7.1 Leases when ISA is the lessee

ISA initially recognizes lease payments for underlying assets with low value and short term as a linear expense over the term of the agreement. Other lease agreements are recognized as an asset by right of use and a lease liability.

The asset by right of use is measured at cost, which comprises:

- The amount of the initial measurement of the lease liability
- Lease payments made before or as from the starting date, less lease incentives received
- Initial direct costs incurred by the lessee
- An estimate of the costs to be incurred by the lessee when dismantling and removing the asset, restoring the site where it is located, or restoring the asset to the condition required under the terms of the lease

After the commencement date, ISA measures its assets by the right of use by applying the cost model, which is amortized according to the term of the contract and expectations of use of the asset.

For its part, the lease liability is initially measured at the present value of the lease payments pending payment by that date. Lease payments are discounted using the interest rate implicit in the lease if that rate could be easily determined; otherwise, ISA uses the lessee's incremental borrowing rate, which is the rate that would have to be paid for a loan with a similar term and security, in a similar economic environment.

In subsequent periods, lease liabilities are measured:

- by increasing the carrying amount to reflect the interest on the lease liability,
- by reducing the carrying amount to reflect the lease payments made,
- by re-measuring the carrying amount to reflect new measurements or modifications made to the lease, and to reflect fixed lease payments that have been revised.

3.7.2 Leases when ISA is the lessor

The company classifies each of its agreements as either an operating lease or a financial lease, depending on the nature of the transaction rather than the form of the contract. A lease is classified as financial when all the risks and benefits inherent to owning the asset are substantially transferred, and classified as an operating lease when risks and benefits are not substantially transferred to the ownership of the asset.

ISA initially recognizes payments from operating leases as linear revenues. Also, the initial direct costs incurred when negotiating and agreeing an operating lease are added to the carrying amount of the asset leased and recognized on a linear basis over the term of the agreement. In subsequent periods, lease assets are depreciated and/or impaired based on company policies.

However, ISA recognizes, in its financial statements, financial lease payments as a receivable item for an amount equal to the net investment in the lease. The net investment in the lease is the sum of the lease payments to be received by the lessor and any unsecured residual value that corresponds to the lessor, discounted at the implicit interest rate of the lease. Initial direct costs are included in the initial measurement of the net investment in the lease and they reduce the revenue amount recognized over the term of the lease.

In subsequent measurements, the company recognizes the financial revenues over the lease term, applying a constant rate of return on the net financial investment made in the lease. It also applies lease payments related to the period to the gross investment made in the lease, in order to reduce both principal and unearned financial revenues; also, it implements the derecognition and impairment requirements of IFRS 9 to the net investment in said lease.

3.8 Financial instruments

Financial assets and liabilities are recognized when the company becomes a part of the contractual provisions of the instrument.

3.8.1 Financial assets

Classification as financial asset depends on the business model used to manage the financial assets and the characteristics of contractual cash flows of the financial asset. This classification is determined at the time of initial recognition.

➜ Financial assets at fair value with changes in income

Their particularity is that they are incurred mainly for managing liquidity with frequent instrument sales. These instruments are measured at fair value and variations in their value are registered in income when generated.

➜ Accounts receivable and others

Financial assets valued at amortized cost correspond to non-derivative financial assets, with known payments and fixed maturities, from which the management has the intent and ability to collect the contractual cash flows of the instrument.

The amortized cost is calculated by adding or deducting any premium or discount over the remaining life of the instrument and using the effective interest method. Gains and losses are recognized in the income statement if there is objective evidence of impairment or when assets are recognized by the amortization process.

Borrowings and accounts receivable are financial assets issued or acquired by ISA for cash, goods, or services delivered to a debtor. Sale accounts receivable are recognized at the original invoice value, net of accumulated impairment losses, when all risks and benefits are transferred to the third party.

➜ Financial assets at fair value with changes in other comprehensive income

They correspond to investments with variable income that are not held for trading nor correspond to a contingent consideration of an acquirer in a business combination. For these investments, ISA may choose at initial recognition and irrevocably, to disclose gains or losses from the subsequent measurement at fair value with value changes in other comprehensive income.

These instruments are measured at fair value. Gains and losses arising from the new measurement at fair value are recognized in other comprehensive income until the derecognition of the asset. In these cases, gains and losses that were previously recognized in equity are reclassified to accumulated income.

➜ Cash and cash equivalents

Cash and cash equivalents presented in the statement of financial position of the company include all cash balances and held in banks. For purposes of preparing the cash flow statement and due to their liquidity, temporary investments with original maturity of less than 90 days are considered cash equivalents. These accounts are not subject to a significant risk of changes in their value.

Bank overdrafts payable on demand and that are an integral part of ISA's cash management are included as a component of cash and cash equivalents for purposes of its cash flow statement. For the statement of financial position, the financial accounts that have the overdrafts are classified as financial obligations.

➜ Restricted cash

Restricted cash is a monetary resource that is classified independently in order to use it for specific, previously established purposes, such as: debt payment or acquisition of capital equipment, or to be used during emergencies and/or unforeseen losses.

Therefore, there are certain limitations regarding its availability, which could be legal or contractual, and it cannot be freely used to cover current financial commitments generated from the company's normal activities.

➔ Derecognition of financial assets

A financial asset or a portion thereof is derecognized when sold, transferred, or expired, or when the control over the contractual rights or over the cash flows of the instrument is lost. When substantially all the risks and benefits of the property are retained by ISA, the financial asset is still recognized in the statement of financial position for its total value.

3.8.2 Financial liabilities

All financial liabilities are initially recognized at fair value plus directly attributable transaction costs except in the case of loans, which are initially recognized at fair value of the cash received, less costs directly attributable to the transaction.

ISA establishes the classification of its financial liabilities at the initial recognition, which includes: financial liabilities at fair value with changes in income or at amortized cost.

➔ Financial liabilities at fair value with changes in income

They include liabilities held for trading and financial liabilities designated upon initial recognition at fair value with value changes in income.

➔ Financial liabilities at amortized cost

They include loans received and bonds issued, which are initially recognized at the amount of cash received, net of transaction costs. Subsequently, they are measured at amortized cost by using the effective interest rate, recognizing interest expenses based on effective profitability.

➔ Derecognition of a financial liability

The company will derecognize a financial liability if, and only if, it expires, is canceled, or the obligations originating it have been met. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognized in income.

Derivative financial instruments and hedging operations

Derivative financial instruments are initially recorded at fair value on the date of the transaction and on subsequent measurements. The recognition of gains or losses arising from variations in their fair values depends on the designation made of the derivative financial instruments.

ISA designates certain financial instruments, which include derivatives, embedded derivatives, and non-derivatives with respect to foreign currency risk, as a fair value hedge or cash flow hedge.

At the inception of the hedge, the company documents the hedge ratio and the objective and risk management strategy for undertaking the hedge; such documentation will include how the company will measure the effectiveness of the hedge instrument to offset the exposure to changes in the fair value of the hedged item or changes in cash flows attributable to the hedged risk.

→ Fair value hedge

Changes in the fair value of derivatives, designated and qualified as fair value hedge, are recognized immediately in income, along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the hedged item attributable to the hedged risk is recognized in gains or losses in the item related to the hedged item.

The company interrupts the hedge accounting when: the hedge relation is revoked, the hedge instrument expires or is sold, finalized or exercised, or when the criteria for hedge accounting are no longer met.

Any adjustment to the carrying amount of a hedged financial instrument is amortized against the income for the period.

→ Cash flow hedges

The portion of the changes in the fair value of derivates that is determined to be an effective cash flow hedge will be recognized in other comprehensive income and will be accumulated under the title of cash flow hedge reserve. The ineffective portion of gains or losses of the hedge instrument will be immediately recognized in the income for the period, in Other gains or losses.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified in the income for the period in which the hedged item is recognized, in the same line of the comprehensive income statement where the recognized hedged item is located. However, if the hedge of a planned transaction subsequently generated the recognition of a non-financial asset or a non-financial liability, losses or gains previously accumulated in equity are transferred and directly included in the initial cost or other amount of the non-financial asset or liability.

The hedge accounting will be interrupted when the company revokes the hedge relation; when the hedge instrument expires or is sold, resolved, or exercised; or when the hedge no longer meets the requirements established for hedge accounting. The gain or loss that had been recognized in other comprehensive income and accumulated in equity will remain in equity and will be recorded when the planned transaction is charged to income. When it is no longer expected that the planned transaction occurs, any gain or loss accumulated in equity is immediately recognized in gains or losses.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset are reported net in the financial statements if, and only if, there is a legally enforceable right on the closing date, requiring to receive or pay the amounts recognized at their net value, and when there is an intention to offset, on a net basis, to realize assets and settle liabilities simultaneously.

3.9 Fair value measurement

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

The fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the primary market, i.e., the market with higher volume and level of activity for the asset or liability. In the absence of a primary market, it is assumed that the transaction takes place in the most advantageous market the company has access to, that is, the market that maximizes the amount to be received when selling the asset or the market that minimizes the amount that would be paid to transfer the liability.

To determine the fair value, the company uses valuation techniques that are appropriate to the circumstances and on which there are sufficient data for measuring, maximizing the use of relevant observable input data, and minimizing the use of unobservable input data.

Taking into account the hierarchy of input data used in valuation techniques, assets and liabilities measured at fair value are classified at the following levels:

- Level I: quoting prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: valuation techniques for which the data and variables that have a significant effect on the determination of fair value recorded are observable, either directly or indirectly.
- Level III: internal valuation techniques, using variables estimated by the company, not observable for the asset or liability (there is no market information observable).

When measuring the fair value, the company considers the characteristics of the asset or liability, in particular:

- For non-financial assets, an estimation of the fair value considers the capacity of a market participant to generate economic benefits by making the highest and best use of the asset, or by selling it to other market participant that would make the highest and best use of the same.
- For liabilities and own equity instruments, the fair value entails that the liability will not be settled, and the equity instrument will not be canceled or extinguished in any other way on the measurement date. The fair value of the liability reflects the effect of the default risk, i.e. the risk that a company does not meet an obligation, which includes but is not limited to the company's own credit risk.
- In the case of financial assets and liabilities with offset positions at market risk or counterparty credit risk, the fair value is measured on a net basis that is consistent with the way market participants would price the net exposure to risk on the measurement date.

3.10 Provisions

Provisions are recognized when the company has a present obligation -legal or implicit- as the result of a past event, it is probable that a resource outflow is needed to settle such obligation, and a reliable estimate regarding the amount of the obligation can be made.

The amount recognized as provision should be the best estimate of the disbursement required to settle the present obligation at the end of the period that is reported, considering the corresponding risks and uncertainties. When a provision is measured using the cash flows estimated to settle said obligation, its carrying amount reflects the present value of that cash flow—when the effect of the value of money over time is material—.

Certain contingent conditions may exist on the date of issuance of the statement of financial position. These may result in a loss for the company and will only be resolved in the future, when one or more events occur or may occur. Such contingencies are estimated by the management and its legal advisors. The estimation of loss contingencies necessarily involves an exercise of judgment and it is a matter of opinion.

When estimating the loss contingency for legal proceedings pending against the company, legal advisors analyze, among other things, the merits of the claims, the jurisprudence of the courts involved, and the current status of proceedings. The value is determined by using the methodology established by the National Agency for Legal Defense of the State in External Circular No. 00023 of December 11, 2015. This methodology consists of three steps: determining the value of claims, adjusting the value of claims, and calculating the risk of a decision adverse for the company.

If the estimation of the contingency indicates that it is probable that a material loss will occur and the amount of the liability can be estimated, then it is recorded in the statement of financial position. In addition, if the estimation indicates that a potential loss is not probable and its amount is known, or is probable but the amount of the loss cannot be estimated, then the nature of the contingency is disclosed in a note to the statement of financial position, with an estimate of the potential range of loss. Loss contingencies estimated as remote are not disclosed.

3.11 Income tax

The income tax expense for the period comprises current and deferred income tax. Tax assets and liabilities are measured at the amount expected to be recovered or paid to tax authorities. The income tax expense is recognized in income, except when it is related to items recognized directly in equity, in which case it is recognized in equity.

3.11.1 Current tax

The current tax payable is based on tax gains recorded during the year. Tax gains differ from gains reported in the income statement due to revenue or expense items that are taxable or deductible in other years, and items that are never taxable or deductible. The current tax liability is calculated by using tax rates in force at the end of the period.

The management periodically evaluates positions taken in tax returns with respect to situations where tax laws are subject to interpretation. The company, when appropriate, creates provisions for the amounts it expects to pay to tax authorities.

3.11.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the statement of financial position and the corresponding tax bases used for determining the tax basis. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and are related to income tax imposed by the same tax authority on the same taxable company.

Deferred tax assets are recognized by all the deductible temporary differences, including tax losses, to the extent that it is likely that there is taxable income against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be recovered.

The carrying amount of deferred tax assets is reviewed on each closing date and reduced to the extent that it is no longer likely that there will be sufficient taxable income available to allow the use of all or part of the deferred tax asset. The deferred tax related to items recorded directly in equity is recognized in equity instead of in the comprehensive income statement.

3.12 Employee benefits

Employee benefits include all compensation to employees and former employees related to the provision of services to the company. These are salaries, short and long-term benefits, and termination and post-employment benefits.

3.12.1 Post-employment benefits

➔ Defined contribution plans

The defined contribution plan is a post-employment benefit by which the company pays fixed contributions to a pension fund, and by which it has no legal obligation to pay additional amounts. The obligations for payment of contributions to defined benefit pension plans are recognized as employment benefit expense in income for the periods in which employees provide the services.

➔ Defined benefit plans

In the case of defined benefit plans, the obligation and the cost of such benefits is determined by using the projected unit credit method, with independent actuarial valuations, and annual periodicity.

The liability recognized in the statement of financial position regarding defined benefit pension plans is the present value of the obligation on the date of the statement of financial position, less the fair value of the plan assets. The present value of the defined benefit obligation is determined by discounting the estimated cash outflow, using interest rates calculated from the yield curve of the Colombian Government bonds -TES B curve-, expressed in Actual Value Units (Unidades de Valor Real, UVR), which terms are close to the terms of the pension obligation until maturity.

Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions are charged or credited in other comprehensive income for the period in which they arise.

Past service costs are recognized immediately in income, unless changes in the pension plan are conditioned to the fact that the employee continues providing services for a specific period of time -the period granting the right-. In this case, the past service costs are amortized by the straight-line method during the period that grants the right.

➔ Other post- employment obligations

ISA grants its retired employees benefits such as complementary health plan, health assistance, education assistance, and calamity loan after the employment relation. The right to access these benefits depends on the conditions defined in individual and collective agreements.

The obligation and the cost of such benefit plans are determined by the projected unit credit methodology. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited in the statement of comprehensive income for the period in which they arise. Qualified independent actuaries annually value these obligations.

3.12.2 Long-term benefits

The company grants its employees benefits associated with their length of service, such as seniority premium and five-year period payments (quinquennium).

The fair value of the plan assets is deducted from the present value of the obligation by benefits defined when determining the deficit or surplus. The calculation is performed annually by certified independent actuaries, who use the projected credit unit method to make a reliable estimation of the final cost for the company. Any actuarial gain or loss is recognized in income for the corresponding period.

3.12.3 Short-term benefits

Obligations regarding employee short-term benefits are recognized as expenses as the related service is provided. Labor liabilities are adjusted at the end of each period, based on laws and labor agreements in force.

This benefit is recognized when a there is a current legal or implicit obligation to make a payment as a result of a service provided by the employee in the past, and when the obligation can be estimated reliably. The obligation is recognized by the amount expected to be paid within the next year after the cut-off.

3.13 Onerous contracts

Present obligations arising from an onerous contract are recognized as a provision when the unavoidable costs of meeting the obligations of the contract exceed the economic benefits expected to be received from it. On the date of the statement of financial position, the company has no provisions for onerous contracts.

3.14 Recognition of revenues, costs, and expenses

Revenues, costs, and expenses are recorded based on the principle of accrual.

3.14.1 Revenues

The company recognizes revenues from ordinary activities to describe the transfer of goods or services promised to customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled when exchanging for those goods or services.

Revenues are recognized only when all the following criteria are met:

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the price of the transaction.

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

Step 5: Recognize ordinary revenues when (or as) the entity satisfies a performance obligation.

The following criteria apply for the recognition of revenues:

→ Revenues from joint account agreement income

Revenues from the joint account agreement income are recognized based on the monthly settlement thereof, which is performed by ISA INTERCOLOMBIA, considering the distribution percentages contractually agreed.

→ Revenues from energy transmission and other associated services

ISA, as provider of energy transmission and other related services, is regulated by the Gas and Energy Regulatory Commission (Comisión de Regulación de Energía y Gas, CREG). Revenues from operating costs are recorded when performance obligations are met.

→ Revenues from construction contracts

When the outcome of a construction contract can be estimated reliably, revenues from ordinary activities and their associated costs are recognized based on the progress of the work at the end of the period being reported. The measurement is made based on the ratio that contract costs incurred during the work performed to that date represent with respect to the total contract costs estimated, except when this ratio does not represent the status of completion. Variations in contract works, claims, and incentive payments are included to the extent that their amount can be measured reliably and receiving them is considered probable.

When the outcome of a construction contract cannot be estimated reliably, revenues from ordinary activities are recognized only to the extent that it is probable to recover costs incurred by virtue of the contract. These costs shall be recognized as expenses for the period in which they are incurred. If there is a possibility that the total contract costs will exceed total revenues, the expected loss is recognized as an expense immediately.

Regarding contracts where billings based on work progress exceed the contract costs incurred to date, plus recognized gains, less recognized losses, the surplus is shown as amounts owed to customers for the work contract. Amounts received before the corresponding work is performed are included in the statement of financial position in liabilities, as an advance payment received. Amounts billed for work performed but pending payment by the customer are included in the statement of financial position in trade accounts receivable and other accounts receivable.

→ Revenues from dividends and interest

Revenues from dividends are recognized once shareholders' rights to receive the payment have been established –provided that the economic benefits will flow to the company and ordinary revenues can be measured reliably–. Dividends received from companies over which ISA exerts control, joint control or significant influence are recorded as a lower investment value.

Revenues from interest are recognized when it is probable that ISA will receive economic benefits associated with the transaction. Interest revenues are recorded on a time basis, by reference to the outstanding principal and the effective interest rate applicable, which is the discount rate that exactly matches the cash flows receivable or payable estimated throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability on initial recognition.

3.14.2 Operating costs and expenses

To record operating or production costs —type 7— and sales costs —type 6—, during 2020 and 2019, ISA applied costing methods and procedures established in appendix 2 of Resolution N° 20051300033635 of 2005 from the Superintendence of Household Utilities, which is still valid through Resolution 20161300013475 of May 19, 2016, an all its amendments and/or latter additions also issued by the Superintendence of Household Utilities.

The costing system is called “activity-based costing” (ABC), by which the products offered by each service or business are the result of a series of operational processes that interact sequentially, so in its structure or cost map, it is necessary to observe how operations or tasks gradually flow to include activities, the first ones to shape these processes and the last ones to provide a public service.

This system considers that the expenses incurred in each of the areas of administrative responsibility must be assigned to business units or services, according to the activities (support processes) developed by such areas.

3.15 Income per basic and diluted share

Income per basic share is calculated by dividing the income attributable to shareholders of the company, by the weighted average of common shares outstanding in the year, excluding common shares acquired by the company and held as treasury shares.

Income per diluted share is calculated by adjusting the average number of common shares outstanding to simulate the conversion of all common shares potentially dilutable. The company owns no potentially dilutable common shares.

3.16 Distribution of dividends

The distribution of dividends to shareholders is recognized as a liability in the statement of financial position of the company for the period in which the Shareholders’ Meeting approves dividends, or when the corresponding obligation is in place according to the applicable legal provisions or policies established by the Shareholders’ Meeting.

3.17 Capital stock

Common shares are classified in equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the amount received, net of taxes.

The repurchase of own equity instruments of the company is recognized and deducted directly in equity at the acquisition cost, and the difference with the nominal value is recognized as a higher or lower value of the premium for placement of shares. Rights are suspended for own shares reacquired and, therefore, they do not take part in the distribution of dividends.

ISA is listed on the Colombia Stock Exchange (Bolsa de Valores de Colombia).

3.18 Premium for placement of shares

The issuance premium corresponds to the overpricing in the placement of shares generated in capital increase operations.

3.19 Related parties

According to definitions of IAS 24 and the particularities of ISA, especially its shareholding structure, related parties are natural persons or entities related to ISA in any of these categories:

a. A person or their close relatives[1] are related to ISA if the person is a member of the key management[2] of ISA or its controlling entity (the Nation, ISA's only controlling entity).

b. An entity is related to ISA if any of the following conditions applies:

- **i.** The entity and ISA are members of the same group —which means that each of them, whether a controlling entity, subsidiary, or subsidiary of the same controlling entity, are related—.
- **ii.** An entity is an associate or a joint venture of ISA (or an associated entity or joint venture owned by a member of a group where ISA is a member).
- **iii.** The entity is individually or jointly controlled by a person identified in (a), that is, by a member of the key management of ISA or the controlling entity (the Nation, ISA's only controlling entity).

In the definition of a related party, an associate includes subsidiaries of the associate, and a joint venture includes subsidiaries of the joint venture. In this regard, subsidiary of the associate is a related party to the investor exerting significant influence on the associate.

Commercial transactions[3] between the companies of the Group and the members of

1 **Close relatives:** family members that are expected to influence, or could be influenced by that person in their dealings with the entity, including:
(a) spouse, domestic partner or person with equivalent sentimental relationship;
(b) relatives up to the third degree of consanguinity (parents, children, siblings, grandparents, grandchildren, uncles, and nieces);
(c) relatives within the second degree of consanguinity (parents, children, grandparents, grandchildren and siblings of the spouse, domestic partner or person with equivalent sentimental relationship);
(d) relatives within the first civil degree (adoptive parents or children) of the person or their spouse, domestic partner, or person with equivalent sentimental relationship.
(e) the dependents of that person or their spouse or domestic partner, or person with equivalent sentimental relationship.

2 **Key managers or directors:** persons with the authority to and in charge of directly or indirectly planning, managing, and controlling the activities of an entity, including any director or administrator (executive or not) of said entity. In the case of ISA, it is the members of the Board of Directors, the members of the Senior Management, and the directors entitled to make high-impact financial decisions. In the case of the Nation as controlling shareholder, members of the Board of Directors of ISA are considered the Nation's key directors for ISA.

3 Related-party transactions are those that imply: (i) providing services; (ii) transferring assets or resources; or (iii) generating obligations. The definition of related-Party transactions does not imply: (a) guidance, monitoring and control activities; (b) capitalizations, distribution of dividends, capital reductions, and other capital transactions that are part of the activities of any company; (c) activities ordered by the law or regulations; (d) Senior Management compensation and benefits, which are subject to special labor compensation guidelines; and (e) remuneration to ISA's Board of Directors, which is subject to the Board of Directors Remuneration Policy approved by the General Shareholders' Meeting. Notwithstanding the above, said transactions except for (a) will be disclosed in the financial statements pursuant to the applicable international accounting standards.

the Board of Directors, the Senior Management[4], and other administrators and/or their permanent relatives, spouses, or partners and legal entities where they hold stakes or hold directing positions pursuant to the law, are subject to the legal regime of inabilities or incompatibilities applicable to ISA and its companies' contracting as mixed utility company, which are prohibited to be contracted with the Company. The corporate website includes the informative list of such inabilities and incompatibilities provided by Colombian legislation.

In 2020, ISA established the procedure for the identification, assessment, approval, and disclosure of commercial transactions between ISA and its related parties pursuant to Corporate Guideline No. 77 for Related-Party Transactions, taking into account the guidelines on the matter established by the Organization for Economic Cooperation and Development (OECD), recommendations of the Code of Best Corporate Practices (Country Code) issued by the Financial Superintendence of Colombia, international accounting standards, transfer price standards, and ISA's Corporate Bylaws.

The legally valid related-party transactions are carried out under market conditions and prices, i.e., conditions equivalent to those existing for transactions with unrelated parties.

4 **ISA Senior Management:** composed of the CEO and board-level employees reporting directly to the CEO.

II. NOTES TO FINANCIAL INFORMATION

4. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2020 and 2019, as shown in the statement of cash flows, can be reconciled against the related items in the statement of financial position, as follows:

		2020	2019
Cash and banks	(1)	539.124	519.793
TOTAL CASH		**539.124**	519.793
TDs, bonds, and securities	(2)	797	21.425
Trusts		2.277	153
TOTAL CASH EQUIVALENTS		**3.074**	21.578
TOTAL CASH AND CASH EQUIVALENTS		**542.198**	**541.371**

(1) They include resources from current and savings accounts.

(2) At the end of 2020, Conexión Jaguar carbon credit refunds for COP 797 (2019: COP 0). In 2019, this balance included: a) several TDs for COP 5.028, maturing in less than three months. b) time deposits for COP 16.397.

5. Financial assets

The balance of this item as of December 31, 2020 and 2019 is composed of the following:

		2020		2019	
	NOTE	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Accounts receivable	5.1	158.541	18.346	116.284	17.475
Other financial assets		-	-	5.508	-
TOTAL		**158.541**	**18.346**	**121.792**	**17.475**

5.1 Accounts receivable

		2020		2019	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Dividends and shares receivable	(1)	105.484	-	58.683	-
Customers and related parties	(2)	39.996	-	43.087	-
Joint accounts (related parties)	(3)	13.177	8.556	14.796	7.906
Loans to employees	(4)	2.286	9.790	2.015	9.569
Other debtors		6.637	-	6.738	-
Interest receivable		48	-	26	-
TOTAL ACCOUNTS RECEIVABLE		**167.628**	**18.346**	125.345	17.475
Less - Portfolio impairment	(5)	(9.087)	-	(9.061)	-
TOTAL ACCOUNTS RECEIVABLE - NET		**158.541**	**18.346**	**116.284**	**17.475**

(1) In 2020, account receivable from ISA Capital do Brasil for COP 105.484 (BRL 159,7 million) for dividends and interest on equity capital decreed by the company's Governing Board on December 18, 2020. In 2019, the account receivable from ISA Bolivia corresponded to the capital reduction for COP 34.292 (BOB 72.829.530) decreed at the

Extraordinary General Shareholders' Meeting held on October 28, 2019, and the account receivable from ISA Capital do Brasil for COP 24.391 (BRL 30.000.000) for interest on equity capital.

(2) Includes accounts receivable from: usage and connection revenues for COP 38.869 (2019: COP 41.982), project engineering and management services provided to affiliates ISA INTERCHILE and PROYECTOS DE INFRAESTRUCTURA DEL PERÚ (PDI) for COP 864 (2019: COP 854), and telecommunications and fiber optics services for COP 263 (2018: COP 251). For more information about accounts receivable from economic related parties, see Note 8.1.

(3) Account receivable from affiliate ISA INTERCOLOMBIA for income generated in the monthly settlement of the joint account agreement.

(4) Accounts receivable from employees for housing loans, purchase of vehicles, and other general-purpose loans, granted at interest rates of 4%-6% and terms of up to five years for vehicles and up to fifteen years for housing.

(5) The movement of credit losses expected during the life of the loan that has been recognized for trade accounts receivable and others, in accordance with IFRS 9, is as follows:

	EXPECTED CREDIT LOSSES			
	CUSTOMERS	QUOTA SHARES	OTHERS	TOTAL
BALANCE AS OF DECEMBER 31, 2018 UNDER IAS 9	7.718	535	848	9.101
Balances recovered	(1.031)	(19)	-	(1.050)
Change in the provision for expected losses	916	36	58	1.010
TOTAL IMPAIRMENT UNDER IFRS 9 AS OF DECEMBER 31, 2019	7.603	552	906	9.061
Balances recovered	(153)	(5)	(109)	(267)
Change in the provision for expected losses	121	45	127	293
TOTAL IMPAIRMENT UNDER IFRS 9 AS OF DECEMBER 31, 2020	**7.571**	**592**	**924**	**9.087**

- Accounts receivable from employees did not have a material impact after applying IFRS 9.
- As the company's credit loss historic experience does not show loss patterns significantly different for the various customer segments, the impairment from expected losses based on the maturity of the instruments is described below:

2020	0 TO 30	61 TO 90	121 TO 360	MORE THAN 360	TOTAL
Expected average credit loss rate	0,1%	0,0%	9,4%	86,8%	26,6%
Value at risk	21.010	-	1.294	9.619	31.923
Credit losses expected during credit life	24	-	122	8.350	8.496

2019	0 TO 30	61 TO 90	121 TO 360	MORE THAN 360	TOTAL
Expected average credit loss rate	0,4%	0,0%	57,6%	85,0%	22,4%
Value at risk	27.910	-	66	9.807	37.783
Credit losses expected during credit life	101	-	38	8.332	8.471

- Besides expected loss impairment, ISA recognizes the impairment for other accounts receivable for COP 590 (2019: COP 590).

As of December 31, 2020 and 2019, the analysis of trade receivables, overdue and unpaid, is as follows:

	2020	2019
CURRENT	**32.502**	27.618
OVERDUE		
Overdue > 1 and <= 90 days	435	8.448
Overdue > 91 and <=180 days	3	-
Overdue > 181 and <= 360 days	22	34
Overdue > 360 days	7.034	6.987
TOTAL OVERDUE	**7.494**	15.469
TOTAL ACCOUNTS RECEIVABLE FROM CUSTOMERS	**39.996**	**43.087**

There are no relevant restrictions to the disposal of accounts receivable.

6. Non-financial assets

These assets include prepaid expenses, advance travel payments, travel or service acquisition expenses, and deposits made.

		2020		2019	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Prepaid expenses	(1)	12.100	-	7.180	-
Deposits delivered	(2)	576	900	618	1.000
TOTAL NON-FINANCIAL ASSETS		**12.676**	**900**	**7.798**	**1.000**

(1) Mainly includes insurance policies for: material damages, employee healthcare, civil liability, among others.

(2) The non-current portion corresponds to telecommunication services prepaid for 20 years to our affiliate INTERNEXA for COP 900 (2019: COP 1.000).

7. Restricted cash

	2020	2019
Restricted cash	8.529	11.029

Restricted cash includes trusts for the execution of FAER and FAZNI delegated management projects, and management trusts and payments created for projects of the Energy Mining Planning Unit (Unidad de Planeación Minero Energética, UPME), as well as resources to develop the Conexión Jaguar program.

8. Related-party balances and transactions

Related- party transactions are carried out under market conditions and prices, i.e., in conditions equivalent to those existing for arm's-length transactions.

As of the date of these financial statements, there are no granted guarantees associated with related-party balances or impairment on accounts receivable, except for the balance with Transnexa S.A. E.M.A., which is 100% impaired.

8.1 Related-party balances and transactions

Below are the company's main related-party balances and transactions during 2020 and 2019:

	2020	2019
ACCOUNTS RECEIVABLE	**136.112**	91.098
ISA CAPITAL DO BRASIL	105.484	24.391
ISA INTERCOLOMBIA	21.752	22.697
ISA REP	5.843	5.585
ISA BOLIVIA	1.998	36.156

Continue

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ		687	527
TRANSNEXA		281	269
ISA INTERCHILE		36	1.060
INTERNEXA		31	413
LOANS RECEIVABLE FROM RELATED PARTIES		**193.554**	96.283
ISA INVERSIONES CHILE	(1)	176.592	-
ISA INVERSIONES MAULE		-	96.283
ATP TOWER HOLDINGS	(2)	16.962	-
OTHER ASSETS		**900**	1.000
INTERNEXA		900	1.000
ACCOUNTS PAYABLE		**8.965**	11.272
ISA INTERCOLOMBIA		5.012	4.213
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ		2.054	1.178
INTERNEXA		1.608	5.001
ISA INTERCHILE		-	513
ISA INVERSIONES CHILE		-	260
ISA REP		131	1
SISTEMAS INTELIGENTES EN RED		98	98
XM		62	1
ISA TRANSELCA		-	7
LOANS PAYABLE TO RELATED PARTIES		**329.546**	321.299
ISA TRANSELCA	(3)	329.546	321.299
INCOME-RELATED TRANSACTIONS			
REVENUES		**1.002.069**	917.770
ISA INTERCOLOMBIA		975.322	894.155

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ISA INVERSIONES CHILE	11.374	-
ISA REP	6.327	5.617
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ	4.490	5.732
ISA INVERSIONES MAULE	-	5.874
EMPRESA PROPIETARIA DE LA RED	-	2.890
ISA INTERCHILE	2.120	985
ISA BOLIVIA	2.111	1.866
INTERNEXA	316	651
ATP TOWER HOLDINGS	9	-
COSTS AND EXPENSES	**17.774**	20.300
ISA TRANSELCA	9.014	11.403
ISA INTERCOLOMBIA	5.452	5.162
XM	2.068	1.977
INTERNEXA	1.043	1.725
ISA REP	156	-
ISA INVERSIONES CHILE	41	-
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ	-	33

(1) As of December 31, 2020, it includes a loan with a nominal balance of USD 47,7 million, fixed interest rate of 4,36%, maturing on February 12, 2021.

(2) Loan granted to ATP TOWER HOLDINGS maturing on December 29, 2021. The nominal balance is USD 4,9 million, 10% fixed interest rate.

(3) As of December 31, 2020 and 2019, ISA owed COP 329.546 (2019: COP 321.299) to ISA TRANSELCA. This balance comprises the following credits:

MATURITY DATE	2020		2019	
	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
12-oct-22	60.798	83.091	60.798	80.932
12-oct-24	72.642	98.389	72.642	95.934
12-oct-24	12.537	16.980	12.537	16.557
12-oct-25	28.500	38.441	28.500	37.498
12-oct-25	12.500	16.859	12.500	16.446
26-dic-26	31.908	41.065	31.908	40.037
31-oct-27	26.000	34.721	26.000	33.895
TOTAL	**244.885**	**329.546**	**244.885**	**321.299**

The above loans bear a DTF (Colombian benchmark 90-day time deposit rate) annual effective interest as of December 31 of the previous year. In 2020, interest for COP 9.014 (2019: COP 11.403) was recognized.

Upon approval of the Policy on Related-Party Transactions, it was concluded that Empresas Públicas de Medellín is not a related party to ISA as it is not directly or jointly controlled by the Nation, who is ISA's sole controlling entity. The balance of transaction with this company in 2019 was as follows:

	2019
Accounts receivable	26
Accounts payable	36
Related-party transactions with results in revenues	34.930

8.2 Key Management personnel

In the case of ISA, it is the members of the Board of Directors, the members of the Senior Management, and the directors entitled to make high-impact financial decisions. In the case of the Nation as controlling shareholder, members of the Board of Directors of ISA are considered the Nation's key directors for ISA.

ISA is managed by a Board of Directors composed of nine (9) main members. During Ordinary General Shareholders' Meeting held on March 29, 2020, the Board of Directors for the April 2020 - March 2021 period was elected. The Board of Directors' report contains the information in regards to the election and creation of this body.

ISA's Senior Management is composed of the CEO and board-level employees reporting directly to the CEO.

At the end of 2020, there are no transactions other than remuneration transactions between the company and members of its Board of Directors.

a. Remuneration to the Board of Directors

For attending Board meetings and committees, the members received fees established by the General Shareholders' Meeting equivalent to 141 UVT per meeting (2020 UVT value: COP 35.607).

The total remuneration to the Board of Directors for 2020 was COP 1.364 (2019: COP 1.476).

As of December 31, 2020 and 2019, there are no labor relations between the members of the Board and the company, or business relations between the company and close relatives of members of the Board of Directors. (See Note 3.19).

b. Accounts receivable from Senior Management

Accounts receivable from Senior Management in 2020 amounted to COP 1.823 (2019: COP 2.345).

c. Remuneration to Senior Management key staff

The remuneration received by the key staff of the Senior Management is the following:

	2020	2019
Remuneration	11.898	10.602
Short-term benefits	6.179	6.350
TOTAL	**18.077**	**16.952**

There are no guarantees granted in favor of Senior Management key staff.

There are no transactions other than remuneration transactions between the company and members of the Senior Management.

8.3 Balances and transactions with the Nation

At the end of 2020 and 2019, the Nation, as controlling shareholder, acting through the Ministry of Finance and Public Credit (MHCP) —representative of the Nation's shares in ISA— holds a 51,4114% interest in the company's subscribed and paid-in capital.

a. The Nation

There are no transactions other than dividends paid by ISA to the Ministry of Finance and Public Credit, representative of the Nation's shares in ISA. In 2020 and 2019, ISA paid dividends to the MHCP for COP 384.394 and COP 314.349, respectively.

b. Balances and transactions with the Nation's key management personnel

In the case of the Nation, members of the Board of Directors of ISA are considered the Nation's key directors for ISA.

There are no transactions other than remuneration between the company and the Nation's key management personnel and close relatives of the Nation's management. (See Note 8.2, paragraph a).

c. Entities related to the Nation

As of December 31, 2020, there are no significant balances with entities over which the Nation holds controlling interest.

9. Investments in subsidiaries, associates, joint ventures, and financial instruments

	MAIN ACTIVITY	PLACE AND CREATION OF OPERATIONS	SHAREHOLDING (%)		BALANCE	
			2020	2019	2020	2019
INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES						
ISA TRANSELCA	Energy Transmission business unit	Colombia	99,999%	99,999%	946.563	953.580
INTERNEXA	Telecommunications and ICT business unit	Colombia	99,420%	99,420%	79.883	72.011
ISA INTERCOLOMBIA	Energy Transmission business unit	Colombia	99,997%	99,997%	87.498	92.335
XM	Energy Transmission business unit	Colombia	99,730%	99,730%	26.565	22.783
ISA INTERVIAL COLOMBIA	Road Concessions business unit	Colombia	100,000%	100,000%	573	583
SISTEMAS INTELIGENTES EN RED	Telecommunications and ICT business unit	Colombia	15,000%	15,000%	1.494	1.253
CONSORCIO TRANSMANTARO	Energy Transmission business unit	Perú	60,000%	60,000%	1.046.320	1.012.146
ISA REP	Energy Transmission business unit	Perú	30,000%	30,000%	175.475	190.047
ISA PERÚ	Energy Transmission business unit	Perú	45,146%	45,146%	62.931	62.301
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ	Energy Transmission business unit	Perú	99,967%	99,967%	9.116	16.104
ISA CAPITAL DO BRASIL (1)	Energy Transmission business unit	Brasil	100,000%	100,000%	3.260.516	3.444.827
ISA INVESTIMENTOS E PARTICIPAÇÕES	Energy Transmission business unit	Brasil	99,899%	99,899%	725.928	750.702
ISA INVERSIONES CHILE (2)	Road Concessions business unit	Chile	100,000%	100,000%	3.588.164	2.009.199

Continue

ISA INVERSIONES MAULE (2)	Energy Transmission business unit	Chile	00,000%	100,000%	-	1.128.871
ISA INTERCHILE	Energy Transmission business unit	Chile	78,410%	78,410%	898.086	935.570
ISA BOLIVIA	Reinsurances	Bolivia	51,000%	51,000%	55.110	46.507
LINEAR SYSTEMS RE	Autonomous Equity	Bermudas	100,000%	100,000%	18.770	15.105
PA BETANIA	Patrimonio autónomo	Colombia	00,000%	100,000%	-	82
TOTAL INVESTMENTS IN SUBSIDIARIES (3)					**10.982.992**	**10.754.006**
INVESTMENTS IN JOINT VENTURES						
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - PANAMÁ	Energy Transmission business unit	Panamá	50,000%	50,000%	1.140	4.996
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ - COLOMBIA	Energy Transmission business unit	Colombia	1,172%	1,172%	3	3
TOTAL INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (4)					**1.143**	**4.999**
INVESTMENTS IN ASSOCIATES						
ATP TOWER HOLDINGS	Telecommunications and ICT business unit	EE. UU.	24,695%	24,695%	451.164	465.362
TOTAL INVESTMENTS IN ASSOCIATES					**451.164**	**465.362**
TOTAL INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES					**11.435.299**	**11.224.367**
FINANCIAL INSTRUMENTS						
ELECTRICARIBE	Energy Transmission business unit	Colombia	0,481%	0,481%	-	-
EMPRESA PROPIETARIA DE LA RED	Energy Transmission business unit	Costa Rica	11,110%	11,110%	12.524	12.524
TOTAL FINANCIAL INSTRUMENTS (5)					**12.524**	**12.524**
TOTAL INVESTMENTS					**11.447.823**	**11.236.891**

(1) The investment in ISA CAPITAL DO BRASIL is affected by the account receivable recognized by the Government of the State of São Paulo on behalf of ISA CTEEP, which is associated with the provisions of Law 4819/58 for BRL 1.779 million (COP 1.175.056) (2019: BRL 1.576 million; COP 1.281.629).

The decrease in the investment in ISA Capital in 2020, when compared with 2019, is explained by the 18,8% revaluation of the closing exchange rate with respect to the BRL, which generated a negative exchange rate effect, and by the lower impact on equity given the actuarial update of ISA CTEEP's pension liability. These variations were partially offset by the recognition of two specific events at ISA CTEEP:

- Periodic Tariff Review (RTP) of ANEEL made every five years, which corresponds to the first review after the extension of the concession agreement 059/2001, retroactive to July 2018, considering the redefinition of all elements comprising the remuneration: O&M and increase in remunerations of assets belonging to the Basic Network of the existing System (RBSE) through the regulatory WACC, which went from 6,64% to 7,71%. In addition, ANEEL recognized the cost of the RBSE's Ke as of 2020 and updated the RBSE's remuneration asset base.
- The incorporation of the construction margin in ISA CTEEP due to the enforcement of the statement issued by the Securities and Exchange Commission of Brazil (CVM) about the accounting treatment—as contractual assets—of concessions belonging to energy transmission companies in this country. In this regard, according to the progress of the works, construction costs are accounted for and the margin is added to record construction revenues.

(2) At the end of May 2020, ISA INVERSIONES MAULE LTDA. and ISA INVERSIONES CHILE LTDA. merged. The merging company was ISA INVERSIONES CHILE LTDA.

(3) Companies controlled by ISA.

(4) ISA controls these companies jointly, and it is expressly defined at the statutory level.

(5) ISA holds these investments to develop the strategic business mobilization plan in different countries. Electrificadora del Caribe S.A. E.S.P. is completely impaired. The cost of the investment is COP 12.113.

Except for the investment in Electrificadora del Caribe S.A. E.S.P, as of December 31, 2020 and 2019, there were no operational and/or economic indications that the recorded net value of the investments could not be recovered.

10. Property, plant, and equipment - Net

The net balance of property, plant, and equipment as of December 31, 2020 and 2019 comprises:

	2020	2019
PROPERTY, PLANT, AND EQUIPMENT IN OPERATION		
Grids, lines, and cables	9.218.801	9.161.041
Plants and ducts	4.866.528	4.527.652
Buildings	357.363	348.349
Lands	193.709	189.490
Machinery and equipment	49.429	51.624
Communication and computing equipment	28.029	25.657
Furniture, chattels, and office equipment	22.106	24.479
Transportation, traction, and lifting equipment	6.000	6.000
SUBTOTAL PROPERTY, PLANT, AND EQUIPMENT	**14.741.965**	14.334.292
Less accumulated depreciation	(9.543.615)	(9.506.644)
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**5.198.350**	**4.827.648**
Construction in progress	1.891.364	1.791.650
Machinery, plant, and equipment under assembly	97.169	48.153
Assets in transit	-	470
TOTAL PROPERTY, PLANT, AND EQUIPMENT - NET	**7.186.883**	**6.667.921**
TOTAL PROPERTY, PLANT, AND EQUIPMENT	**7.171.937**	**6.654.466**
TOTAL ASSETS UNDER LEASE (1)	**14.946**	**13.455**

(1) These types of assets comprise assets acquired under a lease:

	2020	2019
Plants and ducts	7.786	7.786
Computer and communication equipment	5.601	5.646
Buildings	4.867	4.867
Lands	390	390
TOTAL	**18.644**	**18.689**
Less accumulated depreciation	3.698	5.234
TOTAL ASSETS UNDER LEASE	**14.946**	**13.455**

During 2020, interest for COP 19.208 (2019: COP 17.344) was capitalized, attributable to the acquisition and construction of qualifying assets.

ISA currently has combined material damage, terrorism, and consequential loss insurance policies to insure against losses and damage to its fixed assets, except for transmission towers and lines.

There are no restrictions, pledges, or guarantee deliveries regarding obligations on property, plant, and equipment.

As of December 31, 2020 and 2019, there were no operational and/or economic evidences indicating that the net recorded value of property, plant, and equipment could not be recovered.

→ Movements of property, plant and equipment

		2018 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOG-NITIONS	2019 DE-PRECIATION EXPENSES	2019 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOG-NITIONS	2020 DE-PRECIATION EXPENSES	2020 BALANCE
Grids, lines, and cables	(1)	2.490.140	242.017	-	(63.264)	2.668.893	72.738	(3.916)	(66.518)	2.671.197
Plants and ducts	(1)	1.562.056	172.917	(939)	(94.322)	1.639.712	444.057	(1.287)	(94.239)	1.988.243
Buildings		282.645	11.473	(245)	(3.622)	290.251	9.014	-	(3.705)	295.560
Lands		185.488	4.002	-	-	189.490	4.219	-	-	193.709
Machinery and equipment		19.871	1.096	-	(2.179)	18.788	2.980	(2)	(2.244)	19.522
Communication and computing equipment		3.028	7.042	-	(1.990)	8.080	14.262	-	(4.458)	17.884
Furniture, chattels, and office equipment		11.009	798	-	(2.024)	9.783	2.070	-	(1.948)	9.905
Transportation, traction, and lifting equipment		2.972	-	-	(321)	2.651	-	-	(321)	2.330
Construction in progress	(2)	1.621.159	170.491	-	-	1.791.650	99.714	-	-	1.891.364
Machinery, plant, and equipment under assembly		32.245	16.162	(254)	-	48.153	49.016	-	-	97.169
Assets in transit	(3)	432	38	-	-	470	-	(470)	-	-
TOTAL		**6.211.045**	**626.036**	**(1.438)**	**(167.722)**	**6.667.921**	**698.070**	**(5.675)**	**(173.433)**	**7.186.883**

(1) In 2020, the following projects were activated:

- UPME 03-2014 - 230/500 kV Interconexión Noroccidental (partially), for COP 420.663
- UPME 01-2018- 500/230 kV - Ocaña Second Transformer, for COP 43.105
- Asset Optimization Program (POA), for COP 37.835
- Renovation of line bays in Jaguas and Yumbo Substations, for COP 8.064

(2) The balance of construction in progress as of December 31, 2020 mainly includes:

- UPME 03-2014 230/500 kV Northwestern Interconnection Project for COP 1.003.265 (2019: COP 1.240.271), which scope comprises design, supply, civil works, assembly and commissioning of Antioquia and Medellin substations, expansion of substations and related Transmission Lines at 500 kV - 547 km. In 2020, six substations and the following transmission lines entered into operation: Ancón Sur EPM–Medellín 230 kV, and Medellín–West 230 kV, five transmission lines are still pending. Expected date for entry into service: February 2021.

- Costa Caribe 500 kV Interconnection project for COP 428.582 (2019: COP 298.179), which scope comprises design, supply, civil works, assembly, and commissioning of Cerromatoso-Chinú-Copey 500 kV - 352 Km transmission lines and substations expansions. Expected date for entry into service: October 2021.
- UPME 09-2016 Copey - Cuestecitas 500 kV and Copey - Fundación 220 kV for COP 257.219 (2019: COP 122.908), which comprises the design, acquisition of supplies, construction, testing, commissioning, operation and maintenance of the works related to the Copey – Cuestecitas 500 kV and Copey – Fundación 220 kV Transmission Lines project. Expected date for entry into service: January 2023.

(3) The assets in transit as of 2019 correspond to the supply of the asset “OPGW cable with fittings and accessories” for the Caribbean Coast 500 kV Interconnection Project, for USD 142.701.

11. Investment property - Net

	2020	2019
INVESTMENT PROPERTY		
Buildings		9.603
Lands		1.839
SUBTOTAL INVESTMENT PROPERTY	**11.442**	11.442
Less accumulated depreciation		(3.594)
TOTAL INVESTMENT PROPERTY	**7.761**	**7.848**

Investment property corresponds to blocks II and V of ISA’s headquarters, leased to its subsidiaries XM and INTERNEXA, respectively. Revenues, costs and expenses associated with the investment property are executed by ISA INTERCOLOMBIA, through the joint account agreement.

Investment property also includes the Manizales site.

→ Movement of investment property

	2018 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOG-NITIONS	2019 DEPRECIATION EXPENSES	2019 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOG-NITIONS	2020 DEPRECIATION EXPENSES	2020 BALANCE
Buildings	6.097	-	-	(88)	6.009	-	-	(87)	5.922
Lands	1.839	-	-	-	1.839	-	-	-	1.839
TOTAL	**7.936**	**-**	**-**	**(88)**	**7.848**	**-**	**-**	**(87)**	**7.761**

As of December 31, 2020 and 2019, there are no contractual obligations for repairs, improvements, maintenance, acquisition, construction or development of investment properties that represent future obligations for the company.

12. Intangible assets - Net

	2020	2019
Easements	152.994	151.200
Software	20.247	20.247
Rights	10.731	11.635
Licenses	11.228	11.195
SUBTOTAL INTANGIBLES	**195.200**	**194.277**
Less intangible amortization	(38.475)	(36.294)
TOTAL INTANGIBLES	**156.725**	**157.983**

→ Movement of intangible assets

		2018 BALANCE	ADDITIONS AND/OR TRANSFERS	SALES AND/OR DERECOGNI-TIONS	2019 AMORTIZATION EXPENSE	2019 BALANCE	ADDITIONS AND/OR TRANS-FERS	SALES AND/OR DERECOGNI-TIONS	2020 AMORTIZATION EXPENSE	2020 BALANCE
Easements	(1)	115.883	35.317	-	-	151.200	1.795	-	-	152.995
Software		6.660	1.924	-	(3.245)	5.339	-	-	(2.668)	2.671
Licenses		53	1.817	-	(488)	1.382	33	-	(566)	849
Rights		96	-	-	(34)	62	210	(48)	(14)	210
TOTAL		**122.692**	**39.058**	**-**	**(3.767)**	**157.983**	**2.038**	**(48)**	**(3.248)**	**156.725**

(1) Regarding additions and transfers made in 2020, the additions in easements due to easements imposition on UPME 06-2013 Sabanalarga – Caracolí – Flores 220 kV Interconnection for COP 1.534.

As of December 2020 and 2019, ISA's management stated that there are no operating and/or economic indications identified, revealing that the net carrying value of intangible assets with indefinite useful lives cannot be recovered.

13. Financial liabilities

The balance of this item as of December 31, 2020 and 2019 is composed of bonds and financial liabilities, as shown below:

		2020		2019	
	NOTE	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
FINANCIAL LIABILITIES					
Outstanding bonds	13.1	18.999	3.420.221	31.431	3.117.440
Financial liabilities	13.2	132.394	1.250.494	183.355	1.344.443
TOTAL		**151.393**	**4.670.715**	**214.786**	**4.461.883**

The financing obtained by the company has no guarantees granted nor restrictions on financial covenants. During the accounting period, the company has complied with the payment of principal and interest on its loans.

13.1 Outstanding bonds

FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUANCE	DATE OF MATURITY	TERM (YEARS)	INTEREST RATE			2020		2019	
								NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Tranche 7 Series A Program	COP	1/12/2011	1/12/2023	12	IPC	+	4,47%	180.000	181.313	180.000	181.185
Tranche 7 Series B Program	COP	1/12/2011	1/12/2041	30	IPC	+	4,84%	120.000	120.905	120.000	120.777
Tranche 8 Series C9 Program	COP	22/05/2013	22/05/2022	9	IPC	+	2,84%	120.000	120.327	120.000	120.838
Tranche 8 Series C15 Program	COP	22/05/2013	22/05/2028	15	IPC	+	3,25%	100.000	100.286	100.000	100.775
Tranche 9 Series C10 Program	COP	7/05/2015	7/05/2025	10	IPC	+	3,80%	100.000	100.476	100.000	100.929
Tranche 9 Series C15 Program	COP	7/05/2015	7/05/2030	15	IPC	+	4,14%	120.000	120.564	120.000	121.136
Tranche 9 Series C20 Program	COP	7/05/2015	7/05/2035	20	IPC	+	4,34%	280.000	281.337	280.000	282.696
Tranche 10 Series C8 Program	COP	16/02/2016	16/02/2024	8	IPC	+	4,73%	115.000	115.349	115.000	115.797
Tranche 10 Series C12 Program	COP	16/02/2016	16/02/2028	12	IPC	+	5,05%	152.000	152.304	152.000	152.981
Tranche 10 Series C25 Program	COP	16/02/2016	16/02/2041	25	IPC	+	5,38%	133.000	132.990	133.000	133.631
Tranche 11 Series A7 Program	COP	18/04/2017	18/04/2024	7	Fixed Rate		6,75%	260.780	264.078	260.780	264.003
Tranche 11 Series C15 Program	COP	18/04/2017	18/04/2032	15	IPC	+	3,81%	196.300	197.537	196.300	198.820
Tranche 11 Series C25 Program	COP	18/04/2017	18/04/2042	25	IPC	+	4,00%	242.920	244.474	242.920	246.084
Tranche 12 Series A8 Program	COP	28/11/2017	28/11/2025	8	Fixed Rate		6,99%	150.080	150.884	150.080	150.836
Tranche 12 Series C14 Program	COP	28/11/2017	28/11/2031	14	IPC	+	3,75%	120.100	120.115	120.100	120.690
Tranche 12 Series C30 Program	COP	28/11/2017	28/11/2047	30	IPC	+	3,98%	229.820	229.821	229.820	230.955
Tranche 13 Series C9 Program	COP	25/07/2018	25/07/2027	9	IPC	+	3,49%	156.500	157.513	156.500	158.523
Tranche 13 Series C15 Program	COP	25/07/2018	25/07/2033	15	IPC	+	3,89%	142.063	143.048	142.063	143.991
Tranche 13 Series C25 Program	COP	25/07/2018	25/07/2043	25	IPC	+	4,07%	201.437	202.884	201.437	204.224
Tranche 14 Series A9 Program	COP	13/08/2020	13/08/2029	9	Fixed Rate		6,33%	160.000	161.054	-	-
Tranche 14 Series G20 Program	COP	13/08/2020	13/08/2040	20	Fixed Rate		3,67%	140.221	141.961	-	-
TOTAL								**3.420.221**	**3.439.220**	**3.120.000**	**3.148.871**

The following operations took place in 2020, which explain the outstanding bonds balance change:

In August 2020, ISA conducted the Fourteenth Tranche of the Securities Program (Green Bonds) in the amount of COP 299.998, of which COP 160.000 were placed in Series A9 with maturity in August 2029, and UVR 510 million (equivalent to COP 139.998) in Series G20 with maturity in August 2040. Resources from placement will be used for the development of investments that will ease the integration of two renewable non-conventional energy projects to the National Interconnected System (SIN): UPME 09-2016 Copey–Cuestecitas 500 kV, and Copey–Fundación 220 kV transmission lines projects, and UPME 05-2014 500 kV Costa Caribe Reinforcement.

Maturity of outstanding bonds:

Below is the maturity of outstanding bonds as of December 31, 2020:

MATURITIES		
Short-term		**18.999**
Long-term		**3.420.221**
2022	120.000	
2023	180.000	
2024	375.780	
2025 and after	2.744.441	
TOTAL		**3.439.220**

13.2 Financial liabilities

FINANCING SOURCE	ORIGINAL CURRENCY	STARTING DATE	DATE OF MATURITY	TERM (YEARS)	INTEREST RATE			2020		2019	
								NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Banco de Bogotá	COP	26/02/2015	26/02/2022	7	IPC	+	3,60%	66.730	67.923	111.216	114.128
BBVA	COP	23/02/2016	23/02/2023	7	IPC	+	2,99%	125.000	126.560	175.000	178.607
BBVA	COP	9/10/2017	9/10/2027	10	IPC	+	4,80%	43.750	44.160	50.000	50.996
Banco Davivienda	COP	9/10/2017	9/10/2027	10	IPC	+	4,80%	43.750	44.160	50.000	50.996
BBVA	COP	7/11/2017	7/11/2027	10	IPC	+	4,80%	78.750	79.028	90.000	91.111
Banco Davivienda	COP	7/11/2017	7/11/2027	10	IPC	+	4,80%	78.750	79.028	90.000	91.111
BBVA	COP	14/12/2017	14/12/2027	10	IPC	+	4,80%	-	-	60.000	60.194
Banco Davivienda	COP	14/12/2017	14/12/2027	10	IPC	+	4,80%	-	-	260.000	260.841
Bancolombia	COP	19/11/2019	19/11/2029	10	IBR (6M)	+	2,56%	150.000	149.936	150.000	151.151
Banco Davivienda	COP	19/11/2019	19/11/2031	12	IPC	+	4,65%	150.000	150.094	150.000	151.442
Banco Davivienda	COP	19/05/2020	19/11/2031	12	IPC	+	4,65%	150.000	150.189	-	-
Bancolombia	COP	19/05/2020	19/11/2029	10	IBR (6M)	+	2,56%	150.000	150.379	-	-
TOTAL DOMESTIC FINANCIAL LIABILITIES								**1.036.730**	**1.041.457**	1.186.216	1.200.577
Scotiabank	USD	27/12/2018	27/12/2023	5	LIBOR (6M)	+	1,20%	171.625	170.652	163.857	163.532
Scotiabank	USD	26/02/2019	27/12/2023	5	LIBOR (6M)	+	1,20%	171.625	170.779	163.857	163.689
TOTAL FOREIGN FINANCIAL LIABILITIES								**343.250**	**341.431**	327.714	327.221
TOTAL								**1.379.980**	**1.382.888**	**1.513.930**	**1.527.798**

The following operations took place in 2020, which explain the structure of financial liabilities:

- In February and August, payments were made for a total of COP 44.486,5 corresponding to the loan with Banco de Bogotá, and for a total of COP 50.000 corresponding to the loan with BBVA.
- In April and October, payments were made for COP 6.250 corresponding to the loan with BBVA, and for COP 6.250 corresponding to the loan with Banco Davivienda.
- In May and November, payments were made as follows: i) COP 11.250 corresponding to the loan with BBVA and ii) COP 11.250 corresponding to the loan with Banco Davivienda. Disbursements were received for COP 150.000 from Bancolombia and for COP 150.000 from Davivienda to cover needs of the 2020 investment plan.
- In June and December, payments were made for COP 7.500 corresponding to the loan with BBVA, and for COP 32.500 corresponding to the loan with Banco Davivienda. In December, prepayments were made for COP 52.500 to BBVA, and for COP 227.500 to Banco Davivienda.

Maturity of financial liabilities

Below is the maturity of financial liabilities as of December 31, 2020:

MATURITIES		
Short-term		**132.394**
Long-term		**1.250.494**
2022	107.243	
2023	446.107	
2024	77.857	
2025 and after	619.287	
TOTAL		**1.382.888**

14. Accounts payable

The breakdown of this item as of December 31, 2020 and 2019 is as follows:

		2020		2019	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Suppliers and contractors	(1)	95.839	-	98.629	-
Creditors	(2)	13.645	-	10.151	-
Leases	(3)	2.159	11.736	1.534	10.697
Sales paid in advance		-	1.641	-	1.793
TOTAL		**111.643**	**13.377**	**110.314**	**12.490**

(1) Accounts payable to suppliers and contractors originate mainly from the purchase of goods and services for the development of operations of the Company. These liabilities do not bear interest and are paid according to the payment policies established by the company.

(2) Creditors include balances payable for: management of the affiliate ISA INTERCOLOMBIA, insurances, and accounts payable for social security contributions.

(3) Lease liabilities include the ones associated with substation, computer and communication equipment, buildings, and lands. Below is the movement of financial lease liabilities:

	2020	2019
INITIAL BALANCE	**12.231**	3.810
Additions	3.954	9.841
Interest	994	617
Exchange difference	(163)	46
Lease payments	(3.121)	(2.083)
FINAL BALANCE	**13.895**	**12.231**

Below is the analysis of maturities of lease liabilities:

	2020	2019
Less than one year	2.159	1.534
Between one and five years	7.754	5.517
More than five years	3.982	5.180
FINAL BALANCE	**13.895**	**12.231**

15. Risk management policy

Given the nature of its activities, ISA is exposed to financial risks mainly related to investments in foreign subsidiaries, entering financial liabilities, revenues indexed to macroeconomic variables, and the acquisition of goods and services abroad.

Therefore, a risk management methodology has been implemented, which together with ongoing monitoring of financial markets, seeks to minimize potential adverse effects on the financial information. ISA identifies, evaluates, and performs a comprehensive management of the financial risks the company could be exposed to, to minimize their impact on the financial results.

At ISA, the Strategy Chief Officer is the one responsible for the implementation and management of this system, who discloses such management to the Board of Directors of the organization. Below are the financial risks to which the Company is exposed:

Market risk

The market risk corresponds to unfavorable variations with respect to what is expected from the fair value or future cash flows of a financial instrument, caused by adverse changes in variables such as exchange rates, domestic and international interest rates, price of indices (macroeconomic variables), raw materials (commodities), among others.

Sensitivity analyses listed below are made based on the balances of financial instruments with cut-off date as of December 31, 2020:

a. Interest rate risk and macroeconomic variables

This risk corresponds to unfavorable changes in the fair value or future cash flows of financial instruments with respect to expectations and is caused by the variation (volatility) of domestic and international interest rates and macroeconomic variables to which these flows are indexed, thus affecting their value. The purpose of the interest rate risk management is to find a balance in the revenues and debt structure which allows stabilizing the cost of the latter and minimizing the volatility in the income statement.

→ Financial liabilities

ISA's debt structure is mostly indexed to interest rates and macroeconomic variables, as well as a portion of the debt is maintained at a fixed rate, as described below:

TYPE OF INTEREST RATE	2020
CPI	68,3%
Fixed interest rate	14,1%
DTF	5,9%
Libor 6 months	6,8%
IBR 6 months	4,9%

As of December 31, 2020, obligations indexed to the DTF mainly correspond to loans with local economic related parties. On the other hand, fixed rate obligations such as the ones indexed to the CPI and to Libor correspond to bank loans and issuance of corporate bonds.

Below are the effects before taxes in the statement of comprehensive income, compared with a reasonable variation in interest rates (to date it has not been necessary to hedge financial liabilities indexed at interest rate):

INCREASE / DECREASE OF BASIC POINTS	EFFECT ON INCOME STATEMENT BEFORE INCOME TAX
(+) 100	(50.541)
(-) 100	50.541

ISA currently maintains a natural hedge on debt financial instruments that are indexed to the CPI, as most of ISA's revenues come from its affiliate ISA INTERCOLOMBIA, which in turn are associated to a greater extent with the behavior of the Colombian producer price index (PPI) and to a lesser extent with the behavior of the American producer price index (PPI). These variables are related, which allows minimizing the impacts of the interest rate risk linked to macroeconomic variables.

→ Financial instruments - Liquidity surplus

As of December 31, 2020, ISA does not maintain financial instruments –surplus liquidity– indexed to interest rates.

Since the financial instruments that may compose the surplus liquidity portfolio are acquired with the intention to maintain them until their maturity, these investments are not exposed to the interest rate risk (investments measured at amortized cost).

b. Exchange rate risk

ISA is exposed to exchange rate risk (US Dollar), given the translation effect of dividends received from companies abroad; revenues from projects awarded in UPME's public biddings, calculated in US dollars and paid in Colombian pesos; expenses related to service of debts incurred in US dollars; purchases of equipment; and/or execution of new projects, capitalizations to affiliates, and loans granted to related parties.

As of December 31, 2020, ISA maintained the following financial assets and liabilities (in thousands of US Dollars):

	2020
ASSETS	
Cash and cash equivalents	12,1
Economic related parties	54,5
Other financial assets	5,8
TOTAL ASSETS	**72,4**
LIABILITIES	
Financial liabilities	99,5
Accounts payable	5,6
TOTAL LIABILITIES	**105,1**
NET MONETARY POSITION	**(32,7)**

The effects on the income statement before taxes, compared to a reasonable variation in the foreign currency (US Dollar) exchange rate, keeping all other variables constant, are shown below:

DEVALUATION / REVALUATION	EFFECT ON INCOME STATEMENT BEFORE INCOME TAX
(+) 10%	(11.233)
(-) 10%	11.233

Mitigation measures

Market risk mitigation tools are the hedge operations carried out for financial risks, which aim to stabilize, over a time horizon, the financial statements and the cash flow against fluctuations in the risk factors.

Thus, once the existence of exposure to a risk market is identified with certainty, the use of natural or synthetic hedges is chosen. The closing is carried out through ISA's treasury department, following corporate guidelines that establish a hedging, non-speculation criterion.

As part of the market risk hedges –exchange rate, interest rate, price– ISA can carry out standard derivative operations –e.g., futures contracts for commodities– and non-standard derivative operations, such as forwards, swaps, and options in installments, in line with the best conditions of each market, which qualify as financial hedging instruments to be registered in the financial statements.

As of December 31, 2020, ISA does not maintain any hedge operation for foreign exchange risk.

15.1 Credit and counterparty risk

The credit and counterparty risk are defined as the contractual default, arrears or doubtful collection with respect to obligations incurred by the company' customers, as well as by counterparties of financial instruments acquired or used, which would result in financial losses.

a. Credit risk (customers):

For ISA, this risk refers to arrears or doubtful recovery of the portfolio by agents who pay usage fees for the STN (National Transmission System), customers connected to the STN, economic related parties, dark fiber customers, and other related services.

The main measures taken to manage this risk are:

- Mechanisms and instruments defined in the regulation to cover payments made by agents in the Wholesale Energy Market –guarantees, notes, and prepayments, as well as the supply limitation scheme–, which include those corresponding to usage fees for the STN service, settled and managed by XM, under the contract of mandate defined in the regulation for this effect
- Withdrawal fee clauses included in STN connection agreements
- Management of collections
- Analysis of financial statements of new customers connecting to the STN

b. Credit risk (surplus liquidity):

In bank deposits and financial investments, including the procurement of derivative instruments, credit and counterparty risk is mitigated by choosing institutions widely recognized in the market, with risk ratings performed by locally or internationally approved agencies; additionally, a counterparty quota is assessed for these transactions through an allocation model that keeps both quantitative –financial indicators– and qualitative (risk ratings) variables, which is reviewed quarterly.

Furthermore, issuer concentration policies are maintained both at individual and economic group levels, which allow decreasing the exposure to credit risk. Such policies are monitored regularly to ensure their effective implementation.

As of December 2020, ISA received the following risk rating due to its surplus liquidity:

SURPLUS LIQUIDITY BY LOCAL RISK RATING		
Rate	Balance in COP millions	Share (%)
AAA	523.101	100
TOTAL	**523.101**	**100**

SURPLUS LIQUIDITY BY (INTERNATIONAL RATING)		
Rate	Balance in COP millions	Share (%)
A+	26.027	100
TOTAL	**26.027**	**100**

15.2 Liquidity risk

The liquidity risk is defined as the incapacity to obtain enough funds for the fulfillment of obligations when overdue, without incurring in unacceptably high costs.

ISA carries out constant monitoring of the short-term cash flow, which allows identifying liquidity needs during the periods analyzed. Furthermore, liquidity indicators are used, such as the monthly and accumulated liquidity coverage ratio, which is calculated periodically. These ratios aim to verify whether the company's current and non-current cash flow revenues cover its outflows.

Likewise, ISA maintains tools to achieve additional liquidity, such as the issuing of commercial papers and credit facilities with local and foreign entities that enable the fulfillment of temporary requirements for funds when so required.

Below is a description of the future maturity profile expected for the company's financial liabilities:

AS OF DECEMBER 31, 2020	0 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial liabilities and bonds	66.777	84.616	1.798.496	2.872.219	4.822.108
Principal	47.244	82.243	1.798.496	2.872.219	4.800.202
Interest (1)	19.533	2.373	-	-	21.906
Accounts payable to related parties (2)	-	-	294.826	34.720	329.546
Accounts payable	111.643	-	-	13.377	125.020
TOTAL	**178.420**	**84.616**	**2.093.322**	**2.920.316**	**5.276.674**

(1) Pago de intereses proyectados en el tiempo.

(2) Cuentas por pagar a vinculados económicos en créditos tomados con compañías del Grupo.

16. Financial instruments

16.1 Classification of financial assets by nature and category

Fair value of financial assets

The carrying value of financial assets measured at amortized cost is the approximation to its fair value. The fair value is shown in the following table, based on the categories of financial assets, compared with their current and non-current carrying value included in the financial statements:

The detail of financial assets, classified by nature and category as of December 31, 2020 and 2019 is as follows:

FINANCIAL ASSETS	NOTE	2020		2019	
		AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE
Cash	4	-	539.124	-	519.793
TDs, bonds, and securities	4	797	-	21.425	-
Trusts	4	-	2.277	-	153
Accounts receivable	5.1	158.541	-	116.284	-
Investments over 90 days	5.2	-	-	5.508	-
Loans receivable from related parties		6.346	-	181	-
TOTAL CURRENT		**165.684**	**541.401**	143.398	519.946
Restricted cash	7	-	8.529	-	11.029
Accounts receivable	5.1	18.346	-	17.475	-
Loans receivable from related parties		187.208	-	96.102	-
Investments in financial instruments	9	-	12.524	-	12.524
TOTAL NON-CURRENT		**205.554**	**21.053**	113.577	23.553
TOTAL		**371.238**	**562.454**	**256.975**	**543.499**

16.2 Classification of financial liabilities by nature and category

Fair value of financial liabilities

The carrying value of financial liabilities measured at amortized cost is the approximation to its fair value. The fair value is presented in the following table, based on the categories of liabilities, compared with the current and non-current carrying value included in the financial statements.

The detail of financial liabilities, classified by nature and category, as of December 31, 2020 and 2019 is as follows:

FINANCIAL LIABILITIES	NOTE	2020		2019	
		AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE
Financial liabilities	13	151.393	-	214.786	-
Accounts payable	14	111.643	-	110.314	-
TOTAL CURRENT		**263.036**	**-**	325.100	-
Financial liabilities	13	4.670.715	-	4.461.883	-
Accounts payable to related parties	8.1	329.546	-	321.299	-
Accounts payable	14	13.377	-	12.490	-
TOTAL NON-CURRENT		5.013.638	-	4.795.672	-
TOTAL		**5.276.674**	**-**	**5.120.772**	**-**

a. Fair value hierarchies

The financial instruments recognized at fair value in the statement of financial position are classified hierarchically according to the criteria described in Note 3.9 Fair value measurement.

The following table shows the financial assets measured at fair value as of December 31, 2020 and 2019:

FINANCIAL INSTRUMENTS AT FAIR VALUE	2020		FAIR VALUE MEASURED AT THE END OF PERIOD		
	CURRENT	NON-CURRENT	LEVEL I	LEVEL II (1)	LEVEL III
FINANCIAL ASSETS					
Cash	539.124	-	539.124	-	-
Trusts	2.277	-	2.277	-	-
Restricted cash	-	8.529	8.529	-	-
Investments in financial instruments	-	12.524	-	12.524	-
TOTAL	**541.401**	**21.053**	**549.930**	**12.524**	**-**

FINANCIAL INSTRUMENTS AT FAIR VALUE	2019		FAIR VALUE MEASURED AT THE END OF PERIOD		
	CURRENT	NON-CURRENT	LEVEL I	LEVEL II (1)	LEVEL III
FINANCIAL ASSETS					
Cash	519.793	-	519.793	-	-
Trusts	153	-	153	-	-
Restricted cash	-	11.029	11.029	-	-
Investments in financial instruments	-	12.524	-	12.524	-
TOTAL	**519.946**	**23.553**	**530.975**	**12.524**	**-**

(1) Fair values have been classified at Level II, based on input data of valuation techniques used. (See Note 3.9 Fair value measurement).

17. Provisions

Provisions as of December 31, 2020 and 2019 are the following:

		2020		2019	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Other provisions	(1)	-	6.548	-	6.548
Disputes and claims	(2)	-	3.459	1.715	3.583
TOTAL PROVISIONS		**-**	**10.007**	**1.715**	**10.131**

(1) Compromisos requeridos para la obtención de las licencias ambientales con diversas corporaciones autónomas regionales.

(2) Pasivos estimados por procesos judiciales en contra de la compañía que se encuentran catalogados como probables. El detalle de la provisión por litigios y demandas es el siguiente:

TYPE OF PROCEEDING	2020		2019	
	#	BALANCE	#	BALANCE
Administrative	2	2.352	3	4.142
Labor	2	1.107	3	1.156
TOTAL	**4**	**3.459**	**6**	**5.298**

The provision estimate for litigations and claims complies with the methodology of valuation established in Resolution No. 353, issued in November 2016, by the National Agency for Legal Defense of the State. This methodology consists of determining the value of claims, adjusting the real value of claims, and calculating the registration value by applying what is established in the Resolution.

The movement of provisions is as follows:

	DISPUTES AND CLAIMS	OTHER PROVISIONS
FINAL BALANCE AS OF DECEMBER 31, 2019	5.298	6.548
Provisions in the period	(114)	-
Usage in the period	(1.725)	-
FINAL BALANCE AS OF DECEMBER 31, 2020	**3.459**	**6.548**

17.1 Disputes and claims

ISA is currently a procedural party, acting as defendant, plaintiff or intervening third party in administrative, civil, and labor judicial proceedings. None of the proceedings in which it has been sued or has been summoned as intervening party may undermine the stability of the company. Likewise, on its own behalf, it has instituted legal actions required for the defense of its interests.

The following information shows the probable and eventual processes against and in favor of the company:

PROBABILITY OF WINNING OR LOSING	#	BALANCE
Likely against	4	3.459
Eventual against	58	35.844
Eventual in favor	31	28.749
Likely against – Civil (1)	550	45.489

(1) In compliance with the concept issued by the General Accounting Office in 2018, the provisions related to imposed easement processes are recognized only at the time of payment.

The main legal proceedings the company is currently carrying out are:

Proceedings as defendant

TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF THE PROCEEDING	ESTIMATED VALUE	PROBABILITY
Administrative. First instance. Case number 05001233100020060325200	Empresas Públicas de Medellín E.S.P. (EPM)	Plaintiff seeks to declare Interconexión Eléctrica S.A. E.S.P., liable for unjust enrichment.	1.712	Probable
Labor. Second instance. Case number 68001310500220120032300	Jorge Eliécer Reyes Plata	Plaintiff seeks a declaration stating that between him and Interconexión Eléctrica S.A. E.S.P. there was a labor relation, ended without justifiable reason.	736	Probable
Administrative. First instance. Case number 05001233100019980397100	Gómez Cajiao y Asociados S.A.	Plaintiff seeks the absolute nullity of administrative act and auditing and consulting contract, on the grounds that such contract was awarded to an entity other than the one the plaintiff represents, and to reestablish the rights of Gómez Cajiao y Asociados Cía. Ltda. (today called Gómez Cajiao y Asociados S.A.) for having submitted the best bid in public call for bid C-002 of 96.	640	Probable
Labor. First instance. Case number. 11001310500620070101400	José Norman Pedraza Casas	Reestablishment of the constitutional right for his employer to cover old age, disability, and death risks.	371	Probable
Labor. Reversal. Case number 05001310501220140113800	Héctor Miguel Altuve Santos Javier Emilio Franco Roldán Libardo Antonio López Loaiza Luis Alberto Bastidas Uribe Néstor José Chica Castaño Orlando De Jesús Hernández Toro Óscar Grajales Sarria	Recognizing retirement pension agreed upon the collective labor agreement entered between ISA and SINTRAISA in favor of the plaintiffs.	3.618	Probable
Labor. Reversal. Case number 05001310500620140113500	Alonso de Jesús Buriticá Álvaro Fabra Celis Henry Betancur Ríos Jaime Ospitia Obregón José Aníbal Albarracín Ardila	Declaring ISA to recognize extralegal retirement pension subscribed with SINTRAISA.	3.164	Eventual

Proceedings as plaintiff

TYPE AND INSTANCE	DEFENDANT	DESCRIPTION OF THE PROCEEDING	ESTIMATED VALUE	PROBABILITY
Administrative. First instance. Case number 25000233600020180090601	Chamber of Representatives DIAN Senate	Direct remedy action to obtain compensation for damages caused to ISA for having to pay equity tax for its energy transmission activity, as a consequence of the issuance of Law 1370 of 2009 and DIAN Concept No. 98797 of 2010.	26.662	Eventual

18. Taxes

18.1 General aspects of the income tax

The current tax legislation applicable to the company establishes that:

- The nominal income tax rate is 32% (33% for 2019).
- For income tax purposes, taxpayer's net income is presumed to be no less than 0,5% (1,5% for 2019) of the net worth on the last day of the immediately preceding taxable year. It is adjusted with the items duly authorized in the tax legislation (the net asset value of contributions and shares held in domestic companies, the net asset value of assets related to companies in unproductive period and assets affected by force majeure or fortuitous events, among others).
- Law 1819 of 2016 established, as of the tax year 2017, the use of international accounting standards applicable for Colombia as the basis for the calculation of taxable income for the income tax, and the different tax treatments were made explicit.
- As of the tax year 2017, an anti-deferral regime for passive income obtained abroad by Colombian residents started being enforced. It is called Empresas Controladas del Exterior (Foreign Controlled Corporations), ECE, through which passive income obtained by corporations or other foreign corporations controlled by Colombian residents, must be immediately declared in Colombia once ECE is enforceable. In the regime of entities controlled from abroad, it is established as a presumption that when 80% or more of the affiliate's revenues are active (operating) income, it will be understood that the total income is active and, consequently, it will not be necessary to attribute any portion of passive income of the entity controlled abroad.
- As of the tax year 2019, for payers of sale taxes, the VAT paid for the acquisition, construction or formation and importation of capital assets of any industry may be deducted from the income tax. With respect to formed assets, the discount may only be considered from the moment the asset is activated and depreciation begins.
- The Financing Law of 2018, and later, the Economic Growth Law of 2019, created a regime of Colombian Holding Companies (CHC) for companies which main activities include securities holding, investment in shares or stakes abroad, and investment management. Decentralized entities, like ISA, are understood to be included in the

CHC regime. In application of this regime, CHC dividends received from abroad are considered exempt income. Also, income from sale or transfer of the stake of a CHC in entities not domiciled in Colombia are considered exempt income.

To determine the income tax, it is necessary to consider the following situations:

a. On June 27, 2008, ISA and the Nation (Ministry of Mines and Energy) signed a legal stability agreement for the energy transmission activity for a twenty-year period. This agreement basically provided for stabilization of income tax regulations, including the income tax rate, deduction of the inflationary element of financial expenses, special deduction of 40% for new investments in real productive fixed assets, tax discount by VAT paid at import of machinery for energy transmission and presumptive income as 3% of net assets, as well as the time limit of the equity tax.

This agreement ensures that in the event of adverse changes to the rules stabilized in the agreement, those rules will continue to apply during the term thereof.

b. Decision No. 578 of the Andean Community of Nations (Comunidad Andina de Naciones, CAN), seeks the elimination of double taxation for income earned in any country that is a member (Ecuador, Peru, Bolivia, and Colombia) through the exoneration mechanism.

In determining the net income in the income tax for 2020 and 2019, the value of income obtained in countries members of the Andean Community of Nations (Peru, Ecuador, and Bolivia) is included as exempt income. This value results from subtracting the corresponding costs and deductions from the revenues generated by the exempted activity.

c. Occasional gains are cleared separately from ordinary income. Occasional gains are obtained from the disposal of fixed assets held for two or more years, the income generated from the liquidation of companies, and income from inheritances, bequests, and donations.

18.2 Tax assets

Tax assets as of December are:

		2020		2019	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Other assets from taxes and contributions	(1)	68.105	1.023	41.135	1.405
TOTAL		**68.105**	**1.023**	**41.135**	**1.405**

(1) This item includes advances on deferred withholding tax that will be offset in subsequent periods, the industry and commerce positive balance resulting in some of the municipalities in which the company is a taxpayer, the amount of VAT discounted on fixed assets referred to in Articles 258-1 and 258-2 of the Tax Statute that will be discounted in subsequent periods, and the amount of other tax discounts applicable in future periods.

18.3 Reconciliation of income tax expense

The reconciliation between the income tax expense and the product of the accounting income, multiplied by the local tax rate of the company, is as follows:

	2020	2019
Net gains before income tax	2.216.879	1.808.735
Statutory income tax rate in Colombia	32%	33%
Income tax expense at local rate	709.401	596.883
INCREASE (DECREASE) IN THE TAX PROVISION RESULTING FROM:		
Application of fixed asset benefit	(70.007)	(62.057)
Non-deductible expenses	6.268	2.004
Taxable dividends, CAN dividends, and ECE income	165.007	169.396
Equity method	(518.892)	(424.854)
Exempted income	(143.965)	(154.797)

Continue

Tax in other jurisdictions	35.641	40.531
Current and deferred rates difference	(29.524)	(1.876)
INCOME TAX EXPENSE	**153.929**	165.230
INCOME TAX EFFECTIVE RATE	**6,94%**	**9,14%**

The reconciliation between the income tax expense and the product of the accounting income, clearing the impact of the equity method, multiplied by the local tax rate of the company, is as follows:

	2020	2019
Net gains before income tax	2.216.879	1.808.735
Equity method	(1.621.538)	(1.287.435)
Net gains before income tax excluding equity method	595.341	521.300
Income tax rate in Colombia	32%	33%
Income tax expense at local rate	190.509	172.029
INCREASE (DECREASE) IN THE TAX PROVISION RESULTING FROM:		
Application of fixed asset benefit	(70.007)	(62.057)
Non-deductible expenses	6.268	2.004
Taxable dividends, CAN dividends, ECE income	165.007	169.396
Exempted income	(143.965)	(154.797)
Lower tax paid in other jurisdictions	35.641	40.531
Current and deferred rates difference	(29.524)	(1.876)
INCOME TAX EXPENSE	**153.929**	165.230
INCOME TAX EFFECTIVE RATE	**25,86%**	**31,70%**

The amount of income tax in the income statement for the period corresponds to the recognition of the current tax on the income for the year in Colombia, the national tax amount withheld abroad that cannot be accredited, tax adjustments of the previous year, and the change in deferred tax, as follows:

	2020	2019
THE INCOME TAX EXPENSE CONSISTS OF:		
Current income tax expense	154.356	109.178
Expenses for taxes paid in other jurisdictions	35.642	40.531
Deferred income tax expense	(7.672)	13.936
Income tax adjustment for previous years	(28.397)	1.585
INCOME TAX EXPENSE	**153.929**	**165.230**

→ Income tax effective rate vs. nominal rate

Income tax effective rate

	2020		2019	
Income tax provision	153.929	= 6,94%	165.230	= 9,14%
Income before taxes	2.216.879		1.808.735	

Income tax effective rate deducting the impact of the equity method

The equity method found in income is no basis for determining the income tax. To determine this tax, dividends actually received in the year that are taxable under current tax regulations are considered. This makes the effective rate of the company to be distorted. The following is the calculation of the effective tax rate, excluding the impact of the equity method included in the income statement.

	2020		2019	
Income tax provision	153.929	= 25,86%	165.230	= 31,70%
Income before tax excluding the equity method	595.341		521.300	

The effective rate, excluding the impact of the equity method for 2020 was 35,85% compared with a nominal rate of 32%, while for 2019, the effective rate was 31,70% compared with a nominal rate of 33%, mainly explained by:

- The application of the deduction for investment in productive actual fixed assets reduces the payment of income tax. For 2020, this means a reduction of 12% of the effective rate compared with the nominal rate. For 2019, this item reduced the rate by 12%.
- The non-deductibility of expenses, and other differences in accounting and tax treatments, generates a rate increase of 1%. For 2019, the effect on the rate was 0,5%.
- The impact of the inclusion of dividends received during the year, combined with the application of the exempted income by executing operations in the Andean

Community of Nations (CAN) and the exempted income by applying the regime for Colombian Holding Companies (CHC), caused a tax increase by 4%, in 2020. For 2019, it represented 3% in the effective rate.

- The amount of taxes paid abroad that cannot be held as tax credit in income tax, generated an increase by 6% in the effective rate for 2020, and by 8% in 2019.
- During 2020 a recovery of income tax provision of the previous year was recognized, representing a decrease by 4% in the effective rate for this year.

18.4 Deferred tax

The company's deferred tax is related to the following:

- In property, plant, and equipment, by differences in the recognition of the deemed cost, inflation adjustments for tax purposes, recognition of finance leases, and the use of different useful lives for tax and accounting purposes.
- In liabilities, by differences for determining financial liabilities, the recognition of finance leases, non-deductible provisions, and the difference between the amortization of the actuarial calculation.

Below is the detailed balance of the company's net deferred tax:

Financial results | Separate financial statements

	2020		2019	
	BEGINNING OF THE PERIOD	END OF THE PERIOD	BEGINNING OF THE PERIOD	END OF THE PERIOD
DEFERRED TAX ASSETS				
Labor liabilities	33.226	35.755	30.923	33.226
Intangibles and other assets	5.601	5.883	6.998	5.601
Accounts payable	3.659	4.158	1.186	3.659
Estimated liabilities and provisions	3.272	6.068	2.486	3.272
TOTAL DEFERRED TAX ASSETS	**45.758**	**51.864**	41.593	45.758
DEFERRED TAX LIABILITY				
Property, plant, and equipment	(903.114)	(905.823)	(880.031)	(903.114)
Accounts receivable	(2.926)	145	(4.040)	(2.926)
Financial liabilities	(243)	3.377	(5.738)	(243)
TOTAL PASIVO POR IMPUESTOS DIFERIDOS	**(906.283)**	**(902.301)**	(889.809)	(906.283)
TOTAL DEFERRED TAX LIABILITIES	**(860.525)**	**(850.437)**	**(848.216)**	**(860.525)**

Annual variations in the deferred tax balance were recognized as shown below:

	2020	2019
DEFERRED TAX VARIATION		
Beginning of the period (net)	(860.525)	(848.216)
End of the period (net)	(850.437)	(860.525)
VARIATION FOR THE PERIOD	**(10.088)**	12.309
DETAIL OF THE DEFERRED TAX VARIATION		
Variation recognized in income	(7.672)	13.937
Variation recognized in other comprehensive income	(2.416)	(1.628)
TOTAL DEFERRED TAX VARIATIONS	**(10.088)**	**12.309**

The company has permanent investments that contain accounting and tax differences resulting from the application of the equity method for accounting purposes and their fiscal cost. No deferred taxes have been calculated on these differences, as there is no expectation of realization. The non-recognized deferred tax would be determined by applying the rate at which capital gains would be taxed depending on the country where the investment is located, to the differences between the carrying cost and the tax cost of the investment.

The company does not have any tax losses nor presumptive income surplus outstanding for future tax calculations, and therefore it has not recognized any deferred tax amount for this item.

18.5 Tax liabilities

		2020		2019	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Income tax	(1)	41.097	-	20.507	-
Other tax liabilities	(2)	21.888	-	17.602	-
TOTAL OTHER TAX LIABILITIES		**62.985**	**-**	**38.109**	**-**

(1) The current income tax provision is determined by the estimated income tax for the year, reduced by the application of tax discounts such as the discount for industry and commerce tax paid, the discount for investments in technological development and innovation, and the discount for VAT on acquisition of fixed assets referred to in Article 258-1 of the Tax Statute, among others, and the application of withholding taxes paid during the year and advances paid in tax returns for the previous year.

	2020		2019	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Current income tax	154.356	-	111.172	-
Discounts, withholdings, and advances	(113.259)	-	(90.665)	-
TOTAL CURRENT INCOME TAX PROVISION	**41.097**	**-**	**20.507**	**-**

(2) Tax liabilities comprise the following balances: withholding and self-withholding at source payable, sales tax of the last two months of the year, withholding at source from industry and commerce tax, withholding of Universidad National's stamp, withholding corresponding to Public Works Contribution and the contributions pending payment. These amounts are paid in the next year.

18.6 Total taxes 2020

ISA contributed during 2020 with COP 190.408 in total taxes, of which COP 8.198 are recognized by the regulator. The following table shows the amounts the company disclosed in its 2020 financial statements as costs/expenses for the year.

2020 TAXES	NATIONAL GOVERNMENT	DEPARTMENTAL AND MUNICIPAL GOVERNMENTS	SECTOR CONTRIBUTIONS	REGULATION, SURVEILLANCE AND CONTROL ENTITIES	TOTAL TAXES, FEES AND CONTRIBUTIONS
Income tax	153.929	-	-	-	153.929
Industry and commerce tax	-	4.301	-	-	4.301
Financial transaction tax	9.364	-	-	-	9.364
Street lighting tax	-	1.566	-	-	1.566
Real estate tax	-	3.160	-	-	3.160
Other municipal taxes (1)	-	1.714	-	-	1.714
SUBTOTAL TAXES	163.293	10.741	-	-	174.034

Continue

SSPD and CREG contributions	-	-	4.606	-	4.606
Fiscalization fee - Comptroller's Office of the Republic	-	-	-	3.570	3.570
SUBTOTAL CONTRIBUTIONS	-	-	4.606	3.570	8.176
Energy Mining Planning Unit (UPME)	-	-	-	8.198	8.198
SUBTOTAL RECOGNIZED CONTRIBUTIONS	-	-	-	8.198	8.198
TOTAL TAXES	**163.293**	**10.741**	**4.606**	**11.768**	**190.408**

(1) Other municipal taxes include tax on notices and billboards, Fire Department surtax, vehicle tax, stamps, surtax on disaster prevention, and environmental surtax.

19. Employee benefits

ISA grants its current and retired employees some benefits. These benefits include: Post-employment contributions for pensions, medical plan benefits, education assistance, and seniority benefits.

The structure of non-current employee benefits as of 31 December 2020 and 2019 is the following:

	NOTE	2020	2019
POST-EMPLOYMENT BENEFITS			
Retirement pensions	19.1	143.192	138.249
Health plans, prepaid medical assistance	19.3	83.700	83.420
Education assistance	19.4	12.147	9.991
LONG-TERM BENEFITS			
Quinquennium and seniority premium	19.5	2.674	2.386
TOTAL NON-CURRENT EMPLOYEE BENEFITS		**241.713**	**234.046**

19.1 Retirement pensions

ISA, according to collective and individual labor agreements, must pay retirement pensions to employees who meet certain requirements of age and length of service. The Social Security Institute (ISS) (today Colpensiones), and pension management companies assume the major portion of this obligation, complying with legal requirements.

The present value of the pension obligation as of December 31, 2020 and 2019 was determined based on actuarial studies in accordance with IAS 19, using the actuarial valuation method. The projected credit unit is used to determine the present value of the defined benefit obligation and, when appropriate, the cost of services and the cost of past services.

According to this method, benefits are attributed to periods in which the obligation to provide them is created by directly applying the formula of the plan benefit, based on the service at the time of the valuation. When the benefit is based on compensation or salary or salary increases, they are applied until the date on which the participant is expected to end the service. However, if the service in recent years leads to significant additional benefits with respect to previous years, benefits are linearly attributed from the date on which the service provided by the employee entitles him to such benefit, until the date on which subsequent services entitle him to additional amounts that are not significant for the benefit, according to the plan.

The primary actuarial assumptions used in the valuation are:

VARIABLES	2020	2019
Discount rate	6,6%	7,1%
Future salary increase	4,5%	4,0%
Future pension increase	3,5%	3,5%
Inflation rate	3,5%	3,5%
Minimum wage increase	4,0%	N/A
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Number of people covered by the pension plan	403	405
Number of people covered by the contribution plan	-	-

19.2 Local pension liability

The results of the calculation of the mathematical reserve for retirement pensions payable by ISA as of December 31, 2020, considering local regulations, are shown below:

GROUP	2020		2019	
	NUMBER OF PEOPLE	VALUE OF MATHE-MATICAL RESERVE	NUMBER OF PEOPLE	VALUE OF MATHE-MATICAL RESERVE
Pension liability increase	3	1.768	4	2.091
Retired employees with shared pension	319	94.203	319	92.466
Beneficiary employees in charge of the Company	4	546	7	3.217
Employees retired by the company and waiting for the ISS (Colpensiones)	2	350	2	351
Beneficiary employees shared with the ISS (Colpensiones)	70	20.060	67	20.090
Active employees with requirements met with the Company and ISS (Colpensiones)	1	1.656	1	1.666
Employees voluntarily retired, affiliated to the ISS (Colpensiones)	2	890	2	951
Employees with temporary rents, shared with the ISS (Colpensiones)	1	368	2	525
Disability pension (replacement) shared with the ISS (Colpensiones)	1	266	1	258
PENSION LIABILITY	**403**	**120.107**	**405**	**121.615**

	2020	2019
Local pension liability	120.107	121.615
NCIF pension liability	(143.192)	(138.249)
DIFFERENCE	**(23.085)**	**(16.634)**

The main actuarial assumptions used in the valuation are:

VARIABLES	2020
Technical interest real rate	4,80%
Salary increase rate	3,64%
Pension increase rate	3,64%
Inflation rate	3,64%
Mortality rate	Rentistas válidos 2008
Number of people covered by the pension plan	403

19.3 Health, prepaid medicine, and medical assistance plans

ISA will pay the following percentages on premiums for health plans corresponding to prepaid medical assistance and hospitalization policy:

- For wages and pensions up to four point three (4,3) current minimum legal monthly wages (SMLMV) in force, 90% of the premium value.
- For wages and pensions above four point three (4,3) and up to five point five (5,5) current minimum legal monthly wages (SMLMV), eighty percent (80%) of the premium value.
- For wages and pensions above five point five (5,5) current minimum legal monthly wages (SMLMV), seventy percent (70%) of the premium value.

ISA recognizes 1,70 SMLMV as medical assistance benefit. This benefit is granted to the employee and his beneficiaries.

The main actuarial assumptions used in the valuation are:

VARIABLES	2020	2019
Discount rate	6,80%	7,20%
Minimum wage increase	4,50%	4,00%
Initial increase rate for benefit cost	4,50%	5,34%
Final increase rate for benefit cost	4,50%	4,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%
Number of people covered by the medical assistance plan	1.017	1.026

19.4 Education assistance

Employees are entitled to the recognition of the education assistance, as well as children of active employees and pensioned employees, who are younger than 18 years old, and who are between 18 and 25 years old, provided they are single and are not working.

The values to recognize will be stipulated in the collective agreements in effect:

EDUCATIONAL LEVEL	AMOUNT TO BE RECOGNIZED FOR EACH PERIOD FOR BENEFICIARIES OF THE COLLECTIVE LABOR AGREEMENT
Preschool, kindergarten, primary and secondary school for each child	4,5 SMLMV (annual)
Technology, professional technician, and specialization in technology for each child	2,25 SMLMV (per semester)
Children with learning disabilities, of any age	4,5 SMLMV (annual)

The main actuarial assumptions considered for the valuation are:

VARIABLES	2020	2019
Discount rate	7,2%	7,5%
Minimum wage increase	4,5%	4,0%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%
Number of people covered by education plan	178	195

These benefits are valued annually. The reconciliation of the movements presented is shown below:

	PENSIÓN	MEDICAL ASSISTANCE PLAN	EDUCATION ASSISTANCE	TOTAL
BALANCE AS OF DECEMBER 31, 2019	138.249	83.421	9.990	231.660
Cost of services for the current period	-	667	316	983
Interest expense/revenue	9.476	5.832	737	16.045
Actuarial (gains)/losses from experience	(3.373)	(1.982)	256	(5.099)
Actuarial (gains)/losses from financial assumptions	6.926	4.298	1.401	12.625
Actuarial (gains)/losses from change in demographic assumptions	-	(3.696)	(226)	(3.922)
Benefits directly paid by the company	(8.086)	(4.840)	(327)	(13.253)
BALANCE AS OF DECEMBER 31, 2020	**143.192**	**83.700**	**12.147**	**239.039**

The quantitative analysis of sensitivity regarding a change in a key assumption would generate the following effect on the net obligation from defined benefits:

ASSUMPTIONS	PENSION	MEDICAL	EDUCATION
CHANGE IN DISCOUNT RATE			
Discount rate increase by +1%	(13.258)	(8.716)	(1.603)
Discount rate decrease by -1%	15.737	10.605	1.564
CHANGE IN BENEFIT INCREASE			
Increase in benefit increase by +1%	-	-	2.130
Decrease in benefit increase by -1%	-	-	(1.705)
CHANGE IN MEDICAL TREND			
Increase in medical trend by +1%	-	9.097	-
Decrease in medical trend by -1%	-	(7.544)	-
OBLIGATION BASE	**143.192**	**83.700**	**12.147**
DURATION OF THE PLAN	**10,7**	**12,1**	**15,9**

The analysis of sensitivity estimates the effect on the post-employment benefit obligation as a result of reasonably possible changes in key assumptions used on each reporting date.

In 2020, COP 1.188 was recorded in other comprehensive income for defined benefit plans, net of taxes.

19.5 Quinquennium and seniority premium

The following are the long-term benefits:

- Quinquennium: The benefit is provided for every five years of service in the company. It consists of paying a fixed amount when the employee reaches a five-year length of service.
- Seniority premium: The benefit consists of the annual payment of one day's salary per each year of service with the company, in the month in which each year of service is reached. The benefit begins to be paid when the employee reaches five years working for the company.

The main actuarial assumptions used in the valuation of these benefits are:

VARIABLES	2020	2019
Discount rate	5,90%	6,70%
Minimum wage increase	4,50%	4,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover rate	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%	"2003 SOA Pension Plan Turnover Study" with an adjustment factor at 50%
Number of people covered by seniority premium and quinquennium	108	111

These benefits are valued annually. The reconciliation of the movements presented is shown below:

	SENIORITY PREMIUM AND QUINQUENNIUM
BALANCE AS OF DECEMBER 31, 2019	2.386
Cost of services for the current period	280
Interest expense/revenue	146
Actuarial (gains)/losses from experience	217
Actuarial (gains)/losses from financial assumptions	160
Actuarial (gains)/losses from change in demographic assumptions	(112)
Benefits directly paid by the company	(403)
BALANCE AS OF DECEMBER 31, 2020	**2.674**

The quantitative analysis of sensitivity regarding a change in a key assumption would generate the following effect on the net obligation from long-term benefits:

ASSUMPTIONS	SENIORITY PREMIUM AND QUINQUENNIUM
CHANGE IN DISCOUNT RATE	
Discount rate increase by +1%	2.495
Discount rate decrease by -1%	2.879
CHANGE IN SALARY INCREASE	
Increase in salary increase by +1%	2.885
Decrease in salary increase by -1%	2.486
OBLIGATION BASE	**2.674**
DURATION OF THE PLAN	**7,6**

The sensitivity analysis estimates the effect on the long-term benefit obligation as a result of reasonably possible changes in key assumptions used on each reporting date.

20. Non-financial liabilities

		2020		2019	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Deferred revenues and credits	(1)	-	143.464	-	158.331
Revenues received in advance		3.071	-	3.287	-
Collections in favor of third parties		499	-	511	-
TOTAL NON-FINANCIAL LIABILITIES		**3.570**	**143.464**	**3.798**	**158.331**

(1) Deferred revenues from the National Transmission System (STN) for COP 140.639 (2019: COP 155.799), from UPME bidding assets; deferred revenues from construction services for infrastructure projects, COP 2.049 (2019: COP 1.568), and from infrastructure use rights, for COP 776 (2019: COP 964).

21. Equity

21.1 Subscribed and paid-in capital and number of shares

ISA's subscribed and paid-in capital, as of December 31, 2020 and 2019, is COP 36.916, represented in 1.125.498.016 shares, distributed as follows:

2020			
SHAREHOLDERS	NUMBER OF SHARES	COP MILLION	% STAKE (1)
STATE INVESTORS			
Ministerio de Hacienda y Crédito Público	569.472.561	18.679	51,4114
Empresas Públicas de Medellín E.S.P. (EPM)	97.724.413	3.205	8,8225
SUBTOTAL	**667.196.974**	**21.884**	**60,2339**
PRIVATE CAPITAL INVESTORS			
Fondo de Pensiones Obligatorias Porvenir Moderado	92.193.288	3.024	8,3231

Continue

2020			
SHAREHOLDERS	NUMBER OF SHARES	COP MILLION	% STAKE (1)
Fondo de Pensiones Obligatorias Protección Moderado	63.707.822	2.090	5,7515
Fondo Bursátil Ishares Colcap	32.861.575	1.078	2,9667
Fondo de Pensiones Obligatorias Colfondos Moderado	25.582.376	839	2,3096
Norges Bank-Cb New York	13.276.805	435	1,1986
Skandia Fondo de Pensiones Obligatorias Moderado	12.194.060	400	1,1009
Fondo Bursátil Horizons Colombia Select De S&P	8.834.733	290	0,7976
Fondo Pensiones Obligatorias Porvenir Mayor Riesgo	7.374.241	242	0,6657
Abu Dhabi Investment Authority J.P. Morgan	6.789.843	223	0,6130
Fondo de Pensiones Obligatorias Proteccion Mayor Riesgo	6.247.402	205	0,5640
Vanguard Emerging Markets Stock Index Fund	6.014.503	197	0,5430
Vanguard Total International Stock Index Fund	5.723.103	188	0,5167
Fondo de Pensiones Obligatorias Protección Retiro	4.843.785	159	0,4373
Ishares Core Provident Fund Board	3.533.541	116	0,3190
Employees Provident Fund Board	3.277.291	107	0,2959
Vol-Eqcol Fondo de Pensiones Protección	3.091.201	101	0,2791
Amalfi S.A.S.	2.692.834	88	0,2431
Fondo de Cesantías Porvenir	2.560.541	84	0,2312
Other shareholders	139.681.976	4.581	12,6101
SUBTOTAL	440.480.920	14.447	39,7661
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	**1.107.677.894**	**36.331**	**100,0000**
Own shares reacquired (2)	17.820.122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	**1.125.498.016**	**36.916**	

Financial results | Separate financial statements

2019			
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	% STAKE (1)
STATE INVESTORS			
Ministerio de Hacienda y Crédito Público	569.472.561	18.679	51,4114
Empresas Públicas de Medellín E.S.P. (EPM)	97.724.413	3.205	8,8225
SUBTOTAL	667.196.974	21.884	60,2339
PRIVATE CAPITAL INVESTORS			
Fondo de Pensiones Obligatorias Porvenir Moderado	96.053.920	3.151	8,6716
Fondo de Pensiones Obligatorias Protección Moderado	64.582.211	2.118	5,8304
Fondo Bursátil Ishares Colcap	26.750.652	877	2,4150
Fondo de Pensiones Obligatorias Colfondos Moderado	25.875.087	849	2,3360
Norges Bank-Cb New York	12.780.813	419	1,1538
Old Mutual Fondo de Pensiones Obligatorias - Moderado	11.634.376	382	1,0503
Fondo Bursátil Horizons Colombia Select De S&P	7.415.790	243	0,6695
Vanguard Total International Stock Index Fund	6.784.091	223	0,6125
Vanguard Emerging Markets Stock Index Fund	6.303.702	207	0,5691
Abu Dhabi Investment Authority J.P. Morgan	5.575.123	183	0,5033
Vol-Eqcol Fondo de Pensiones Protección	4.785.692	157	0,4320
Fondo Pensiones Obligatorias Porvenir Mayor Riesgo	4.397.058	144	0,3970
Ishares Core Msci Emerging Markets Etf	4.002.096	131	0,3613
Fondo de Pensiones Obligatorias Proteccion Mayor Riesgo	3.563.108	117	0,3217
Fondo de Pensiones Obligatorias Protección Retiro	3.488.118	114	0,3149
Fondo de Cesantías Porvenir	2.777.859	91	0,2508
Emerging Markets Core Equity Portfolio of Dfa Inve	2.473.088	81	0,2233

Continue

2019			
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	% STAKE (1)
The Bank of Nova Scotia	2.433.716	80	0,2197
Other shareholders	148.804.420	4.880	13,4339
SUBTOTAL	440.480.920	14.447	39,7661
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	**1.107.677.894**	**36.331**	**100,0000**
Own shares reacquired (2)	17.820.122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	**1.125.498.016**	**36.916**	

(1) Percentage of stake on outstanding shares, which are common, registered, and dematerialized.

(2) Shares belonged to Corelca and were reacquired by ISA in August 1998. To this date, all rights inherent to these shares have been suspended, and consequently, they do neither participate in the distribution of dividends nor are part of the quorum to deliberate and decide.

The Colombian Centralized Deposit of Securities (Deceval) is an entity that receives securities in deposit, for their administration and custody, thereby contributing to facilitate and speed up market agents' operations.

21.2 Authorized shares and nominal value

As of December 31, 2020 and 2019, the authorized capital stock included 1.371.951.219 common shares, with a nominal value of COP 32,800000005352. All shares issued are fully paid.

21.3 Rights and restrictions of shareholders

Shareholders holding common shares are entitled to receive dividends as declared from time to time and are also entitled to one vote per share at the company Shareholders' Meetings. ISA is listed on the Colombian Stock Exchange (BVC).

21.4 Premium for placement of shares

This item amounts to COP 1.428.128 in 2020 and 2019. (See Note 3.18).

21.5 Dividends

Dividends declared in 2020 and 2019, on income of the previous year, are detailed below:

	2020	2019
Net income of the previous period	1.643.505	1.529.155
Outstanding shares	1.107.677.894	1.107.677.894
Ordinary dividend per share (in COP)	675	552
Extraordinary dividend per share (in COP)	-	-
Total decreed dividends per share	675	552
Decreed dividends	747.683	611.438
Payment method	Ordinary and extraordinary dividends payable in two installments, July and December 2020	Ordinary and extraordinary dividends payable in two installments, July and December 2019

The detail of dividends paid in recent years is as follows:

ATTRIBUTED TO THE PERIOD	TYPE OF DIVIDEND	DATE OF PAYMENT	COP PER SHARE
2016	Ordinary	25-Jul-17	124
2016	Extraordinary	25-Jul-17	72
2016	Ordinary	12-Dec-17	124
2016	Extraordinary	12-Dec-17	72
2017	Ordinary	12-Jul-18	133
2017	Extraordinary	12-Jul-18	138
2017	Ordinary	4-Dec-18	133
2017	Extraordinary	4-Dec-18	138

ATTRIBUTED TO THE PERIOD	TYPE OF DIVIDEND	DATE OF PAYMENT	COP PER SHARE
2018	Ordinary	24-Jul-19	276
2018	Ordinary	11-Dec-19	276
2019	Ordinary	23-Jul-19	338
2019	Ordinary	15-Dec-20	338

21.6 Reserves

		2020	2019
Equity strengthening	(1)	5.287.151	4.391.329
Legal under tax provisions		898.802	898.802
Rehabilitation and repair of STN assets	(2)	37.434	37.434
Legal	(3)	18.458	18.458
TOTAL		**6.241.845**	**5.346.023**

(1) In compliance with Article 47 of the Statutes, the General Shareholders' Meeting has created this reserve, which is occasional, so that the company maintains its financial strength, maintains the level of financial indicators required by credit rating agencies to provide the investment grade, and fulfills the contractual commitments acquired with financial entities. On March 29, 2020, the General Shareholders' Meeting decided to create an occasional reserve for equity strengthening for COP 895.822, to cover investment commitments already acquired and maintaining financial strength.

(2) On March 30, 2000, the General Shareholders' Meeting approved an appropriation for COP 24.933 for the rehabilitation and replacement of the National Transmission System assets, and on March 18, 2002, an addition to this reserve was approved for COP 12.501, for a total of COP 37.434.

(3) According to the Law, the company is required to set aside 10% of its net annual profits as legal reserve until the balance of this reserve equals 50% of the subscribed capital. The mandatory legal reserve may not be distributed before the liquidation of the company but may be used to absorb or reduce net annual losses. Reserve balances are freely available to shareholders, as soon as they exceed 50% of the subscribed capital.

22. Revenues from contracts with customers

		2020	2019
Joint account	(1)	975.322	894.155
Energy transmission services	(2)	246.402	247.481
Technology transfer		8.438	7.484
Construction services for infrastructure projects		6.533	6.717
Connection to the STN		2.372	2.313
Telecommunications and ICT		418	1.618
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS		**1.239.485**	**1.159.768**

(1) Since 2014, ISA INTERCOLOMBIA, ISA's affiliate, is responsible for the representation of energy assets and therefore it receives most of the revenues from the Existing Grid, UPME, and connection to the STN. Periodically and with the settlement of the joint account agreement, ISA, as inactive partner, receives 95% of the income, as revenue from the joint account agreement.

(2) They correspond to the remuneration from services provided by the company for energy transmission (use of the STN). The increase in these revenues compared to 2019 is due to more months of remuneration for biddings not transferred to ISA INTERCOLOMBIA.

UPME	BEGINNING OF REMUNERATION	2020	2019
UPME 03-14 Ituango and Medellín 500 kV Substation and associated lines.	1/09/2018	167.008	139.674
UPME 05-14 Cerromatoso - Chinú - Copey 500 kV Line	1/10/2018	55.552	46.422
UPME-03-16 Design, construction, operation and maintenance of the San Antonio 230 kV Substation and associated lines.	1/07/2018	(3)	31.144
UPME-07-13 Montería 230 kV and associated transmission lines.	1/12/2016	-	14.507
STN revenues deferred from UPME bidding assets	N/A	15.159	15.159

Continue

UPME-08-17 Design, supply procurement, construction, operation and maintenance of the 500/230 kV 450 MVA transformer, in Sogamoso Substation.	1/12/2019	366	295
UPME 01-17 Design, supply procurement, construction, operation and maintenance of a 220 kV transformation bay at El Bosque Substation, in the department of Bolivar	1/01/2019	-	280
UPME 09-16 Nueva Cuestecitas 500 kV Substation and Copey-Nueva Cuestecitas associated transmission lines	1/12/2020	5.454	-
UPME 01-18 Ocaña 230 kV, and Ocaña 500 kV transmission bay	1/08/2020	2.866	-
TOTAL		**246.402**	**247.481**

Assets associated to previous UPME calls for bids are transferred to ISA INTERCOLOMBIA after their entry into service. Once this happens, they become part of the revenues settled via joint account agreement.

The company does not have any customers with whom it records sales representing 10% or more of its revenues for the periods ended December 31, 2020 and 2019.

23. Operating costs and expenses

23.1 Operating costs

Los costos de operación por los años terminados al 31 de diciembre se detallan a continuación:

		2020	2019
Contributions and taxes	(1)	29.370	27.400
Personnel costs	(2)	22.834	24.988
Insurances		8.954	6.268
Studies		3.781	4.272
Maintenance of intangibles		3.988	2.091
Fees		4.016	2.666

Continue

Environmental - Social		1.638	1.716
Others		1.343	1.253
TOTAL OPERATING COSTS BEFORE DEPRECIATION AND AMORTIZATION		**75.924**	70.654
Depreciations	(3)	167.017	162.160
Amortizations		120	563
TOTAL DEPRECIATION AND AMORTIZATION		**167.137**	162.723
TOTAL OPERATING COSTS		**243.061**	**233.377**

(1) Contributions and taxes consist mainly of: UPME contribution COP 8.198 (2019: COP 8.405); tax on financial transactions COP 9.364 (2019: COP 8.284); contribution to the Superintendence of Household Utilities COP 754 (2019: COP 3.106); property tax COP 1.746 (2019: COP 1.721), and industry and commerce tax COP 2.471 (2019: COP 2.528).

(2) Personnel expenses include all short-term, long-term, and post-employment benefits.

(3) The depreciation expense in December 2020 compared to December 2019 increased mainly due to the entry into operation of the UPME 03-2014 Project, carried out on 30/03/2020 and 23/12/2020.

23.2 Administrative expenses

Administrative expenses for the years ended December 31 are detailed below:

		2020	2019
Personnel expenses	(1)	46.002	45.112
Fees	(2)	12.900	13.935
Studies and projects	(3)	9.225	8.699
Contributions and taxes		7.110	4.518
Advertising, printed material, and publications		5.174	4.230
Maintenance of intangibles		2.122	3.051
Environmental - Social		1.749	2.433
Others		4.512	3.894
TOTAL ADMINISTRATIVE EXPENSES BEFORE DEPRECIATIONS, AMORTIZATIONS AND PROVISIONS		**88.794**	85.872
Depreciations		6.503	5.650
Provisions		(43)	356
Amortizations		3.128	3.204
TOTAL DEPRECIATIONS, AMORTIZATIONS AND PROVISIONS		**9.588**	9.210
TOTAL ADMINISTRATIVE EXPENSES		**98.382**	**95.082**

(1) Personnel expenses include all short-term, long-term, and post-employment benefits.

(2) It includes fees regarding legal, technical, administrative, and financial consultancy, as well as Statutory Auditor and Board of Directors' fees.

(3) The increase in this expense in 2020 is mainly due to studies for projects of the Roads Business Unit.

24. Other revenues and expenses and equity method

Other revenues and expenses and equity method for the years ended December 31, are detailed below:

		2020	2019
Revenues from sale of property, plant and equipment		-	14.048
Indemnities		2.968	2.777
Recoveries		133	847
Others		483	206
Leases		-	2
TOTAL OTHER REVENUES		**3.584**	17.880
Loss from sale / derecognition of assets	(1)	4.967	1.183
Other expenses		4.483	530
TOTAL OTHER EXPENSES		**9.450**	1.713
OTHER NET REVENUES/(EXPENSES)		**(5.866)**	16.167
REVENUES FROM EQUITY METHOD		**1.653.283**	1.324.688
EXPENSES FROM EQUITY METHOD		**31.745**	37.253
NET EQUITY METHOD REVENUES/(EXPENSES)	(2)	**1.621.538**	**1.287.435**

(1) This mainly corresponds to line components that were renovated through the Asset Optimization Program (POA) for COP 3.677.

(2) The net effect of the equity method resulted in higher income, explained by the following events:

- Periodic tariff review and Basic Network of the Existing System (RBSE) updates of ISA CTEEP (See Note 9, paragraph 1).
- The incorporation of the construction margin in ISA CTEEP and its companies, due to the enforcement of the statement issued by the Securities and Exchange Commission of Brazil (CVM) about the accounting treatment of concessions as contractual assets.

- Efficient management of AOM costs and expenses (see Note 9, paragraph 1).
- The incorporation to ISA Group of Costera Cartagena Barranquilla Concession and ORAZUL ENERGY Group in Peru.
- The entry into operation of transmission projects in Brazil, Peru, and Chile.

25. Net financial

The detail of financial revenues and expenses as of December 31, 2020 and 2019 is as follows:

		2020	2019
Return on other assets	(1)	15.730	9.546
On financial assets	(2)	12.089	6.606
Returns from monetary readjustment		6.379	4.941
Valuation of investments		307	4.521
Dividends	(3)	3.579	2.890
Commercial discounts, conditioned, and agreements		1.526	1.904
TOTAL FINANCIAL REVENUES		**39.610**	30.408
On bonds	(4)	198.759	225.739
On public credit financial liabilities	(5)	95.503	84.969
Actuarial calculation		16.192	15.970
Loans		9.014	11.403
Commissions and other bank expenses		1.651	8.870
Other interest		1.584	2.414
Miscellaneous		484	1.343
Management of issuance of securities		1.615	1.550
TOTAL FINANCIAL EXPENSES		**324.802**	352.258

Continue

Accounts payable		(1.954)	3.170
Cash		(974)	2.498
Debtors		(10.949)	1.009
Loans		18.144	(848)
Financial liabilities	(6)	(15.910)	(10.155)
TOTAL NET EXCHANGE DIFFERENCE REVENUE / (EXPENSE)		**(11.643)**	(4.326)
TOTAL NET FINANCIAL REVENUE / (EXPENSE)		**(296.835)**	**(326.176)**

(1) Interest income recognized on bank deposits and trust returns.

(2) This item mainly includes interest generated on the ISA Inversiones Chile loan in USD for COP 11.374 (2019: COP 5.874). The balance of this loan as of December 31, 2020 was COP 176.592 (USD 51,5 million).

(3) Dividends decreed by EMPRESA PROPIETARIA DE LA RED (EPR) on April 16, 2020, at the Ordinary General Shareholders' Meeting, where the distribution of income generated during 2019 was approved.

(4) Interest on bonds and financial liabilities at the rates and for the periods described in Note 13.1.

(5) Increase in interest expenses is due to the new obligations incurred in 2020, which can be seen in detail in Notes 13.1 and 13.2.

(6) Exchange rate effect of financial liabilities in US dollars, which as of December 31, 2020 amounted to USD 99,5 million (2019: USD 99,9 million).

26. Net income per share

Net income per share has been calculated based on the annual weighted average of outstanding shares on the date of the statement of financial position.

As of December 31, 2020 and 2019, the number of outstanding shares was 1.107.677.894. The determination of the net income per share is as follows:

	2020	2019
Net income for the period	2.062.950	1.643.505
Average of outstanding shares for the period	1.107.677.894	1.107.677.894
Net income per share (expressed in COP)	1.862,41	1.483,74

27. Guarantees and commitments in effect

At the end of 2020, the following guarantees are in force to comply with the obligations acquired by the company.

GUARANTEES PROVIDED TO AFFILIATES						
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	ORIGINAL CURRENCY	BALANCE ORIGINAL CURRENCY	BALANCE IN COP	END DATE
Bank	XM - UPME	Guarantee the operational start-up of the UPME 03-2014 project. Ituango.	COP	153.996	153.996	1/09/2021
Bank	XM - UPME	Guarantee the operational start-up of the UPME 05-2014 project. CeCo-Costa Caribe.	COP	77.803	77.803	15/12/2021
Bank	XM - UPME	Guarantee the operational start-up of the UPME 09-2016 project. Cuestecitas.	COP	71.132	71.132	2/03/2021

Continue

GUARANTEES PROVIDED TO AFFILIATES						
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	ORIGINAL CURRENCY	BALANCE ORIGINAL CURRENCY	BALANCE IN COP	END DATE
Bank	XM - UPME	Guarantee the operational start-up of the UPME 07-2017 project. Sabanalarga - Bolívar	COP	29.910	29.910	12/12/2021
Bank	XM - UPME	Guarantee the operational start-up of the UPME 01-2018 project. Ocaña.	COP	10.060	10.060	23/06/2021
Bank	XM - UPME	Guarantee the operational start-up of the UPME 06-2018 project. El Río.	COP	23.811	23.811	5/03/2021
Bank	XM - UPME	Guarantee the operational start-up of the UPME 04-2019 project. La Loma-Sogamoso.	COP	75.897	75.897	19/03/2021
Bank	Ministry of Energy of Chile	PLEX 7 - Guarantee the effective execution of the project and payment of fines for new works "1X750 MVA 500/220 KV New Autotransformers Bank in Nueva Cardones, Nueva Maitencillo, and Nueva Pan de Azúcar Substations."	USD	5.801.520	19.914	5/08/2021
Bank	Ministry of Energy of Chile	PLEX 7 - Guarantee the execution term of Relevant Milestone No.5, entry into operation of "1X750 MVA 500/220 KV New Autotransformers Bank in Nueva Cardones, Nueva Maitencillo, and Nueva Pan de Azúcar Substations."	USD	1.450.380	4.978	7/04/2021
Bank	Ministry of Energy of Chile	PLEX 7 - Guarantee the compliance of the operation of "1X750 MVA 500/220 KV New Autotransformers Bank in Nueva Cardones, Nueva Maitencillo, and Nueva Pan de Azúcar Substations."	USD	2.175.570	7.468	21/11/2021
Bank	San Roque Municipality	Guarantee compliance with conditions of settlement of public lighting tax.	COP	122	122	31/07/2021

Continue

GUARANTEES PROVIDED TO AFFILIATES						
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	ORIGINAL CURRENCY	BALANCE ORIGINAL CURRENCY	BALANCE IN COP	END DATE
Bank	Albania Municipality	Guarantee compliance with conditions of settlement of public lighting tax.	COP	657	657	15/12/2021
Bank	Los Palmitos Municipality	Guarantee compliance with conditions of settlement of public lighting tax.	COP	1955	1.955	15/12/2021
Bank	Palestina Municipality	Guarantee compliance with conditions of settlement of public lighting tax.	COP	121	121	31/01/2021
Bank	Kalpataru Power	Guarantee compliance with payment for import of energy transmission cables.	USD	1.703.494	5.847	28/03/2021
Bank	Sterlite Power Transmission Limited.	Guarantee compliance with payment for import of energy transmission cables.	USD	4.409.542	15.136	26/03/2021

Also, the counter guarantees granted by ISA to endorse the financing contracts of the Empresa Propietaria de la Red (EPR) and ISA Interchile are listed.

GUARANTEES PROVIDED TO AFFILIATES						
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	ORIGINAL CURRENCY	BALANCE ORIGINAL CURRENCY	BALANCE IN COP	END DATE
JOINT AND SEVERAL GUARANTEE	BCIE	EMPRESA PROPIETARIA DE LA RED- EPR. Bond indenture between EPR and BCIE of up to USD 44.500.000 to finance the SIEPAC Project.	USD	20.085.712	68.944	29/06/2027

Continue

GUARANTEES PROVIDED TO AFFILIATES						
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	ORIGINAL CURRENCY	BALANCE ORIGINAL CURRENCY	BALANCE IN COP	END DATE
PLEDGE OF SHARES	Creditors Senior Loan	INTERCHILE Guarantee compliance with payment obligations acquired by Interchile in the Construction Financing Contract.	USD	662.855.750	2.275.252	12/02/2031
	Creditors VAT loan	INTERCHILE Guarantee compliance with payment obligations acquired by Interchile in the Amendment to the Construction Financing Contract of projects PLEX 6, PLEX 7, PLEX 8 (T4).	USD	94.000.000	322.655	12/02/2031

28. COVID-19 Implications

2020 has been a year of significant challenges for organizations not only in financial terms, but also with respect to operations and protection of human resources and communities of influence. This scenario has compelled companies to think about new ways of doing business, of relating to stakeholders, and of generating value to society.

ISA has set up a permanent Crisis Committee, which has taken the following measures, among others, to protect the integrity of its employees and its stakeholders. These actions ensure the efficient and reliable provision of services: permanent monitoring of the health conditions of its own and third party employees, follow-up on the pandemic's progress in the regions where we are present, the option of working at home for employees in Latin America who do not need to be on site (people who should return to the facilities must not have a COVID-19 infection vulnerability condition), the suspension all national and international travels, the suspension from entering the headquarters of external people. These measures also include the activation of business contingency plans, which comprise alternate control centers and distributed operation, distributed and alternated work groups, training of reserve staff to operate critical positions at control centers, reinforcement in the disinfection of spaces, supply of personal protection equipment, reinforcement in team training on critical processes, and modernization of facilities to mitigate contagion.

Likewise, ISA wishes to give some confidence and peace of mind to its shareholders and investors regarding the impact that this situation could have on their investment, given the characteristics of our businesses and hedging policies of the company:

- Businesses operated by ISA are long-term and have predictable, regulated revenues and no demand risk, which means that changes in service consumption do not impact revenues.

- All our companies have natural hedge, which means that their debts are acquired in the same currency of their revenues. This reduces the volatility of their results and, therefore, their impact on the consolidated net income is low.
- Regarding share performance, it should be noted that the market situation is cyclical, so it is suggested to be calm and prudent when making investment decisions.

During 2020, in spite of the confinement situation due to the pandemic, which forced to temporary stop some projects and others had delays in their execution, COP 4,9 trillion were invested, which constitute 90% compliance on the estimated figures. The total business units' investment was distributed as follows: 77,5% (Energy Transmission), 20,8% (Road Concessions), and 0,7% (Telecommunications and ICT). Investments that were not made in 2020 pass to 2021.

In addition, we ratify that our priority is the health, well-being, and safety of our employees.

Take care of people's life, health, and safety

ISA Group implemented a series of measures to take care of the health of employees, their families, and contractors before the emergency was declared by the National Government. This implementation covered all ISA's business units and geographies, consistent with government recommendations and health authorities of each country.

Employees who, due to their duties, have to attend their workplace, are complying with biosecurity protocols and permanent monitoring of their physical and emotional health conditions.

Close, timely, and transparent communication with our employees has been critical in addressing this pandemic. ISA has created several spaces to allow a continuous communication between directors and collaborators. This has allowed ISA to be more connected as a Group, strengthening communication through virtual means.

By the end of 2020, 65% of employees will continue to work from home. ISA is a company that has tested skills. ISA has lived a digital transformation, adaptability, networking, and ethics. ISA has obtained benefits from our dynamism in processes, adaptive capacity, incorporation of technology into work and, most important, ISA team's unconditional commitment.

Between November and December, ISA conducted a pilot return program at the headquarters in Colombia, where 130 people participated. Thanks to their commitment and dedication, ISA identified opportunities to improve the logistical definitions, physical adaptations, and protocols for safe work adopted by ISA. This collective learning experience is very relevant to ISA. It allowed to immediately test the security measures taken for the safe return to ISA's offices in 2021 and take advantage of lessons learned. For our pilot program, it is remarkable that ISA has the expertise of Occupational Safety and Health teams and the Colombian epidemiological advisor, monitoring relevant epidemiological variables on a daily basis.

Solidarity actions - WE ARE ALL ONE

Our aim is to unite as individuals and as companies in the humanitarian crisis we are experiencing and in connection with our manifesto "If we are aware that we are all one, there is connection. If we are certain that our well-being is linked to everyone else's, there is connection", ISA has defined a humanitarian aid strategy, We all Are One, with three main objectives:

i. Contribute to flattening the infection curve through the massification of diagnostic tests.

ii. Protect medical personnel and the most vulnerable populations with biosecurity measures.

iii. Generate installed capacity in our country with equipment, infrastructure, and knowledge to address not only this situation, but also future ones.

ISA evaluates nearly fifty proposals and, following the selection of the initiatives, classifies them into three levels:

- *Acción País* (Country Action)
- Territories
- Our people

Through the *Todos Somos Uno* (We Are All One) initiative, ISA has contributed USD 4,5 million to the following projects in the countries where the company is present in Latin America:

Acción País

- Mechanical ventilators, Peru (100) and Chile (10)
- Development and implementation of rapid tests (Peru, Colombia, and Brazil)
- Vaccine development agreement, Instituto Butantan, Brazil
- Hospital and community surveillance strategies, Colombia
- Study of convalescent plasma, Colombia
- Production of reagents, Colombia
- Medical brigades to remote territories, Colombia

Territories

- Competitive funds, Chile
- Provision of ICU beds to the San José de Maicao hospital, La Guajira, Colombia
- Humanitarian packages in various countries
- Biosecurity kits for communities and medical staff in different countries
- Contributions to the population of Sierra Nevada de Santa Marta, Colombia
- Provision of Personal Protection Elements (PPE) to hospitals in different countries

Our people

- 1x1
- Voluntary Work

Colombia

- ISA has invested about COP 9.000 of the COP 10.000 committed.
- The 1x1 Program totaled COP 470 in contributions from employees and companies.

29. Subsequent events

On January 1, 2021, ISA PERÚ had a multiple merge with ETESELVA, ETENORTE, ORAZUL ENERGY GROUP and ORAZUL ENERGY TRANSMISION. Through this merge, the company will transfer to the merged entity the debt incurred to acquire the business.

On January 14, 2021, INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. disclosed as relevant information to the market, the response of the Ministry of Finance and Public Credit related to the disposal of the share participation of the State in the company, which stated that within the "framework of the medium-term tax planning, the Colombian government is assessing the asset management strategy to optimize the portfolio profitability of companies in which the State has stakes and to obtain more benefits. To develop this process, the government is analyzing ISA (among other companies), in which the State has a share participation of 51%. To date, no final decision has been made on the disposal of shares. Also, it is important to clarify that before the National Government undertakes a privatization process, it should comply with Law 226 of 1995, which implies the issuance of a decree containing the Disposal Program, and it should also comply with the regulations in force for any disposal process. In this regard, until the corresponding approvals and the decree whereby the Disposal Program of a public share participation are issued, the approval of the disposal has not been granted as per provisions of Law 226 of 1995; therefore, it is not appropriate to state that the Government has made any decision on the total or partial disposal of its share participation in ISA".

At the cutoff date and the elaboration of financial statements, no events or additional transactions have been or are pending, nor there is information about any data or event that modify figures or information included in the financial statements.

TABLE OF REFERENCE FOR ACRONYMS

$:	Colombian Peso
BCIE:	Banco Centroamericano de Integración Económica (Central American Bank of Economic Integration)
BOB:	Bolivian Peso
BRL:	Brazilian Real
CAN:	Comunidad Andina de Naciones (Andean Community of Nations)
CDT:	Certificado de Depósito a Término (Term Deposit Certificate)
CHC:	Colombian Holding Companies
CINIIF (IFRIC):	Comité de Interpretaciones de Normas Internacionales de Información Financiera (International Financial Reporting Interpretations Committee)
CLP:	Chilean Peso
COP:	Colombian Peso
CREG:	Energy and Gas Regulatory Commission (Commission for the Regulation of Energy and Gas)
CSM:	Centro de Supervisión y Maniobras (Supervision and Maneuvers Center)
DECEVAL:	Depósito Central de Valores (Central Securities Depository)
DTF:	Depósito a Término Fijo (Fixed-Term Deposit)
E.A.	Effective Annual Rate
E.S.P:	Depósito Central de Valores (Central Securities Depository)
ECE:	Empresas Controladas del Exterior (Companies Controlled Abroad)
EUR:	Euro
FAER:	Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Energizing Rural Zones)
FAZNI:	Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Energizing Non-Interconnected Zones)
IASB:	International Accounting Standards Board
IPC (CPI):	Índice de Precios al Consumidor (Consumer Price Index)
PPI:	Precios al Productor Colombiano (Colombian Producer Price Index)
ISS:	Instituto de Seguros Sociales (Social Security Institute)
IVA (VAT):	Impuesto al Valor Agregado (Value Added Tax)
MHCP:	Ministerio de Hacienda y Crédito Público (Ministry of Finance and Public Credit)
NCIF:	Accounting and Financial Reporting Standards accepted in Colombia
NIIF (IFRS):	Normas Internacionales de Información Financiera (International Financial Reporting Standards)
PEN:	Nuevo Sol
ROA:	Return on Assets
S.A.:	Sociedad Anónima (Limited Liability Company)
S.A.C.:	Sociedad Anónima Cerrada (Close Stock-held Company)
S.A.S:	Sistema Automatización de Subestaciones (Substation Automatization System)
SIC:	Interpretations Committee
SIEPAC:	Sistema de Interconexión Eléctrica de los Países de América Central (Electric Interconnection System for Central American Countries)
SMLMV:	Salarios Mínimos Legales Mensuales Vigentes (Legal Minimum Monthly Wage in Force)
SSPD:	Superintendence of Household Utilities
STN:	Sistema de Transmisión Nacional (National Transmission System)
SVC:	Static Varistor Compensator
UGE (CGU):	Unidades Generadoras de Efectivo (Cash Generating Units)
UPME:	Unidad de Planeación Minero Energética (Energy Mining Planning Unit)
USD:	US Dollar
UVR:	Unidad de Valor Real (Real Value Unit)
UVT:	Unidad de Valor Tributario (Tax Value Unit)

Statutory auditors' report on the separate financial statements

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Statutory Auditor's Report

To the shareholders:
Interconexión Eléctrica S.A. E.S.P.

Opinion

I have audited the attached separate financial statements of Interconexión Eléctrica S.A. E.S.P., which include the separate statement of financial position as of December 31, 2020, and the corresponding separate statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying separate financial statements, taken from the accounting records, present fairly, in all material respects, the financial position of the Company as of December 31, 2020, the results of its operations and the cash flows for the year then ended in accordance with the Accounting and Financial Information Standards accepted in Colombia adopted by Contaduría General de la Nación.

Emphasis Paragraph

As described in Note 9 of the separate financial statements, CTEEP, a subordinate of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, recorded a net balance of accounts receivable from the Sao Paulo State of approximately $1.175.056 million, related to the impacts of Law 4.819 of 1958, which granted to the employees of companies subject to the control of the Sao Paulo State benefits already granted to other public servers. CTEEP has undertaken legal actions before the respective State authorities to collect these accounts receivable. The accompanying separate financial statements do not include adjustments that could result from the outcome of this uncertainty. My opinion is not modified by this matter.

Basis for Opinion

I have carried out my audit in accordance with International Standards of Auditing accepted in Colombia. My responsibilities in complying with these standards are described in the *Auditor's Responsibilities in the Audit of the Financial Statements* section of this report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and the relevant ethical requirements for my audit of financial statements in Colombia, and have fulfilled other applicable ethical responsibilities. I consider that the audit evidence obtained is sufficient and appropriate to support my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of major importance in my audit of the accompanying separate financial statements. These matters were addressed in the context of my audit of the financial statements, at the time of substantiating the corresponding opinion, but not to provide a separate opinion on these matters. Based on the foregoing, I detail below how the key matter was addressed during my audit.

1

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

Key Audit Matter Estimation of the useful life of property, plant, and equipment	Audit response
Property plant and equipment in ISA amounts to $ 7,186,883 million; the determination of useful lives for depreciation is carried out in accordance with the internal methodologies of the Company, and due to the specialty of its property, plant and equipment, this methodology implies judgments and significant estimates by management. I consider it a key audit matter due to the magnitude of the balances, as well as the uncertainties and judgments used by management in determining the useful lives of property, plant and equipment. The description of the methodology and the main assumptions used to estimate the useful lives of property, plant and equipment is presented in Note 3.2 to the accompanying financial statements.	Our audit procedures included, among others: ➢ Understanding the process of estimating and determining the useful lives of property, plant and equipment. ➢ Evaluation of the methodology and the reasonableness of the assumptions used by Management in the estimation of useful lives of property, plant and equipment. ➢ Evaluation of the quality and integrity of the information used in the estimation. ➢ Evaluation of the assumptions used by the company, comparing them with other entities of the energy sector to evaluate consistency with the market. ➢ Analysis of quantitative and qualitative variables in determining the percentage of service life, maintenance costs, among others. ➢ Verification of the consistency of the assumptions used historically, and the actual depletion of the assets.

2

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Concession Asset Measurement CTEEP Brazil	
As disclosed in note 9, CTEEP, a subordinate of Interconexión Eléctrica S.A. E.S.P through ISA Capital do Brasil, has contractual assets recognized in relation to this matter. CTEEP estimates that even after the completion of the infrastructure construction phase of the transmission infrastructure, there is still a contractual asset corresponding to the construction revenues, since it is necessary to comply with obligations to operate and maintain the infrastructure to support the Company has an unconditional right to receive cash. As of December 31, 2020, the balance of concession assets in the consolidated amounts to R $ 16,923 million (COP $ 11,177,791 million). The recognition of contractual assets and revenues in accordance with CPC 47 - Revenue from contracts with clients (IFRS15 - Revenue from contracts with clients) requires the exercise of significant judgment at the time the client obtains control over the asset. In addition, measuring the progress of the Company and its compliance with performance obligations that are met over time also requires the use of significant estimates and judgments by management, to estimate the efforts or contributions necessary to comply with the performance obligations, such as materials and labor, expected profit margins in each identified performance obligation and expected revenue projections. Finally, as it is a long-term contract, the identification of the discount rate that represents the financial component incorporated in future flows also require the use of judgment by management. Due to the relevance of the amounts and the significant judgment involved, we consider that measuring the revenue from contracts with clients is an important matter for our audit.	Our audit procedures included, among others: ➢ the evaluation of the internal procedures related to the costs incurred for the execution of the contracts; ➢ analysis of the margins determined for the projects under construction, whether related to new concession contracts or reinforcement projects and improvements to the existing electrical transmission facilities, verifying the methodology and assumptions adopted by the Company in the determination of the total estimated cost of construction, and the present value of future receipts flows, less the implicit interest rate that represents the financial component incorporated in the future flow of receipts; ➢ with the support of experts specializing in business valuations, analysis of methodology and calculations to determine the implicit discount rate; ➢ analysis of the concession contract and its modifications to identify the performance obligations in the contract, in addition to the aspects related to the variable components applicable to the contract price; ➢ analysis of the framework of the infrastructure already built under the concept of contractual assets, including the concession assets of Law 12,783 (RBSE); ➢ analysis of the allocation of income to each of the performance obligations present in the concession contracts; ➢ analysis of possible risks of penalties for delays in construction or unavailability; ➢ analysis of the possible existence of an onerous contract: ➢ analysis of the impacts derived from the Periodic price Review, through inspection of the technical notes and public consultations issued by the regulator, recalculation of the present value of the contractual flow of the concessioned assets, based on the new annual income allowed and verification of rejections and bases of remuneration of the project;

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➢ with the support of professionals specialized in the evaluation of construction projects: (a) analysis of compliance with the physical schedule of the works in progress, as well as the verification of the existence or not of abnormal elements in the updated physical schedule of the work, with possible design changes, or supplier changes that may generate costs not captured by the Company's internal controls; (b) evaluation of the variations between the initial budget and the updated budget for the works in progress, and the justifications presented by the management for the deviations; and (c) if applicable, verification of indications of sufficiency of the costs that will be incurred, to complete the construction stages of the project;
➢ analysis of communications with regulatory entities related to electricity transmission activity and the securities market; and

the evaluation of the disclosures made by the Company and its subordinates in the individual and consolidated financial statements.

Other information

The Administration is responsible for the other information. The other information comprises the non-financial information included in the Integrated Report - ISA 2020, but does not include the financial statements or my corresponding audit report.

My opinion on the financial statements does not cover the other information and I do not express any form of conclusion about it.

In connection with my audit of the financial statements, my responsibility is to read the other information that I identify above and, in doing so, consider whether there is a material inconsistency between the other information and the financial statements or the knowledge obtained by me in the audit or if there appears to be a material misstatement of the other information for any other reason. If, based on the work that I have done on the other information that I obtained before the date of this audit report, I conclude that there is a material misstatement of this other information, I am obliged to report it. I have nothing to report on this.

Management´s Responsibilities and of Those Responsible for the Governance of the Company in Relation to the Financial Statements

Management is responsible for the preparation and correct presentation of the separate financial statements in accordance with the Accounting and Financial Information Standards accepted in Colombia (NCIF), adopted by the Contaduría General de la Nación; to design, implement and maintain the relevant internal control for the preparation and correct presentation of financial statements that are free from material misstatements, whether due to fraud or error; to select and apply the appropriate accounting policies; and to establish reasonable accounting estimates in the circumstances.

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In preparing the separate financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to this matter and using the going concern basis of accounting, unless Management intends to liquidate the Company or cease its operations, or have no other realistic alternative to doing so.

Those in charge of governance are responsible for the supervision of its financial information process.

Auditor's Responsibilities in the Audit of the Financial Statements

Mi responsibility is to obtain reasonable assurance about whether the separate financial statements taken as a whole are free from material misstatements, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit carried out in accordance with the International Standards of Auditing accepted in Colombia will always detect material misstatements when they exist. Misstatements may arise due to fraud or error and are considered material if, individually or combined, they could be reasonably expected to influence the economic decisions that users make based on the separate financial statements.

As part of an audit in accordance with the International Standards of Auditing accepted in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- Identify and evaluate the risks of material misstatement in the financial statements, whether due to fraud or error, design and execute audit procedures that respond to those risks and obtain audit evidence that is sufficient and appropriate to substantiate my opinion. The risk of not detecting material misstatements due to fraud is greater than that resulting from an error, since fraud may involve collusion, forgery, intentional omissions, false statements or override of the internal control system.
- Obtain an understanding of internal controls relevant to the audit, and to design audit procedures that are appropriate in the circumstances.
- Evaluate the adequacy of the accounting policies used, the reasonableness of the accounting estimates and the respective disclosures made by the Management.
- Conclude whether it is appropriate for Management to use the going concern basis of accounting and, based on the audit evidence obtained, if there is any material uncertainty related to events or conditions that may generate significant doubts about the Company's ability to continue as a going concern. If I conclude that a significant uncertainty exists, I should call attention to this on the auditor's report on the related disclosures included in the financial statements or, if such disclosures are inadequate, modify my opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of its report, however, subsequent events or conditions may indicate that an entity cannot continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements fairly represent the underlying transactions and events so that a reasonable presentation is achieved.

I communicated to those responsible for the governance of the Company, among other matters, the planned scope and timing of the audit, the significant findings thereof, as well as any significant deficiencies in the internal control identified during the audit.

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I also provided to those responsible for the governance of the Company a statement that I have complied with the applicable ethical requirements in relation to independence and communicated with them about all relationships and other matters that could reasonably be expected to affect my independence, and, where appropriate, the corresponding safeguards.

Among the matters that have been the subject of communications with those responsible for the governance of the Company, I determined those that have been of greatest significance in the audit of the financial statements of the current period and that are, consequently, key audit matters. I described those matters in my audit report unless legal or regulatory provisions prohibit publicly disclosing the matter or, in extremely rare circumstances, it is determined that a matter should not be disclosed in my report because it is reasonably expected that the adverse consequences of doing so would exceed the public interest benefits thereof.

Other Matters

The separate financial statements in accordance with Accounting and Financial Information Standards accepted in Colombia, adopted by the Contaduría General de la Nación, of Interconexión Eléctrica S.A. E.S.P. As of December 31, 2019, that are part of the comparative information of the accompanying separate financial statements, were audited by me, in accordance with international standards of auditing accepted in Colombia, over which I expressed an unqualified opinion on February 28, 2020.

Other Legal and Regulatory Requirements

Based on the scope of my audit, I am not aware of situations indicating that the Company has not complied with the following obligations: 1) keep the minute books, the shareholders' register and the accounting records according to the legal accounting technique; 2) carry out its operations in accordance with the by-laws and the decisions of the Shareholders' and the Board of Directors' meetings, and the rules related with the integral social security and; 3) retain correspondence and accounting vouchers.

Additionally, there is agreement between the accompanying financial statements and the accounting information included in the management report prepared by the Company´s management, which includes management´s representation on the free circulation of invoices with endorsement issued by vendors or suppliers.

In accordance with the requirements of Article 1.2.1.2 Decree 2420 2015, I issued a separate report on February 26, 2021.

The partner in charge of the audit that relates to this report is Mr. Cesar Colodete Lucas.

Patricia Mendoza Sierra
Statutory Auditor
Professional Card 78856-T
Designated by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia
February 26, 2021

Certification of financial statements and other relevant reports

Medellín, March 4, 2021

To the shareholders of Interconexión Eléctrica S.A. E.S.P.:

We, the undersigned Legal Representative and the Chief Accounting Officer for Interconexión Eléctrica S.A. E.S.P., in compliance with Accounting and Financial Reporting Standards accepted in Colombia (NCIF) enforced by the National General Accounting Office, and provisions of Article 37 of Law 222 of 1995 and Article 46 of Law 964 of 2005, certify that:

1. The company's separate financial statements as of December 31, 2020 and 2019 have been faithfully taken from the books and before making them available to you and to third parties, we have verified the following statements contained therein:

a. The events, transactions, and operations have been recognized and realized during the years ended on those dates.

b. The economic events are disclosed pursuant to the accounting and financial reporting standards accepted in Colombia (NCIF), enforced by the National General Accounting Office of Colombia.

c. The total value of assets, liabilities, equity, revenues, expenses, and costs has been disclosed by the company in the basic accounting statements up to the cut-off date.

d. Assets represent potential future economic services or benefits, while liabilities represent past events that imply an outflow of resources, during the development of their activities, at each cut-off date.

2. The financial statements and other reports relevant to the public for the periods ended December 31, 2020 and 2019 do not have inaccuracies, errors or omissions that prevent knowing the true financial condition or operations of ISA and its companies.

Bernardo Vargas Gibsone
Legal Representative

John Bayron Arango Vargas
Chief Accounting Officer
Professional I.D. Card 34420-T

SPECIAL REPORT ON TRANSACTIONS WITH AFFILIATES AND SUBSIDIARIES

(Amounts expressed in millions, both in pesos and in the original foreign currency)

In accordance with provisions of Law 222 of 1995, Article 29, a special report is submitted before the General Shareholders' Meeting on the economic relations between ISA and its affiliates and subsidiaries during 2020, which are managed and coordinated by the group's parent company, ISA.

Commercial transactions between the affiliates and the subsidiaries of ISA during 2020, comply with the provisions of Law 1607 of 2012, Law 1819 of 2016, and Decree 1625 of 2016 on transfer pricing.

The main transactions between ISA and the subsidiaries correspond to:

- Delivery of dividends
- Capitalizations
- Project management
- Provision of operation and maintenance services
- Leasing of facilities and venues for the operation
- Provision of installation services and assembly of information systems
- Money loans

It is worth mentioning that the following situations have not arisen between ISA and its companies for the period:

- Offset free services
- Loans without interest or any consideration by the borrower
- Loans involving an obligation to the borrower that does not correspond to the essence or nature of the loan agreement
- Loans with interest rates different than those normally paid or charged to third parties
- Operations which characteristics differ from those with third parties

ISA makes efforts to ensure that commercial transactions carried out with its affiliates or subsidiaries generate benefits and meet strategic objectives, respecting the rights of all shareholders and creditors of the group's companies.

Commercial transactions take place under market conditions and prices, i.e., under the terms and conditions that would apply to unrelated third parties, honoring the transparency principles of the Code of Good Corporate Governance, and in accordance with the Corporate Bylaws and applicable accounting, tax, and commercial standards.

Regarding the equity in affiliates and subsidiaries, ISA updates its investments in subsidiaries by applying the equity method, upon approval of accounting standards and practices and conversion of its financial statements into Colombian pesos, using the US dollar as primary currency for investments in foreign currency.

The financial information of ISA and its companies is consolidated by the global integration method, by which all significant balances and transactions between ISA and its subsidiaries are eliminated, and the corresponding minority interest corresponding to equity and results for the period is recognized and disclosed in the consolidated financial statements.

Balances with affiliates and subsidiaries are disclosed in the financial statements of ISA according to the regulations in force. See Note 8.1. Balances and related-party transactions.

The following decisions made during 2020, regarding capitalizations and distribution of dividends, are highlighted:

ISA TRANSELCA

At the Ordinary General Shareholders' Meeting held on March 20, 2020, the distribution of dividends was decreed for COP 170.619. ISA was allocated the amount of COP 170.617.

ISA PERÚ

At Mandatory Annual Shareholders' Meeting held on May 13, 2020, the distribution of dividends was decreed for USD 10. ISA was allocated the amount of USD 4,5.

ISA REP

At Mandatory Annual Shareholders' Meeting held on May 13, 2020, the distribution of dividends was decreed for USD 70. ISA was allocated the amount of USD 21.

CONSORCIO TRANSMANTARO

At Mandatory Annual Shareholders' Meeting held on May 13, 2020, the distribution of dividends was decreed for USD 65. ISA was allocated the amount of USD 39.

ISA BOLIVIA

At Mandatory Annual Shareholders' Meeting held on March 18, 2020, the distribution of dividends was decreed for BOB 46. ISA was allocated the amount of BOB 23,6.

ISA INTERCOLOMBIA

On March 20, 2020, the General Shareholders' Meeting approved the distribution of profits for COP 29.648. ISA was allocated the amount of COP 29.648.

ISA CAPITAL DO BRASIL

On April 16, 2020, the Governing Board of ISA CAPITAL, in an extraordinary meeting *ad referendum* at the General Shareholder's Meeting, according to Article 35 of Corporate Bylaws, approved to distribute interest on equity capital to ISA for BRL 47,7, based on the accumulated result at the end of March 2020.

On July 10, 2020, the Governing Board of ISA CAPITAL, in an extraordinary meeting *ad referendum* at the General Shareholder's Meeting, according to Article 35 of Corporate Bylaws, approved the distribution of dividends to ISA for BRL 35,8, based on the accumulated result as of May 31, 2020.

On November 10, 2020, the Governing Board of ISA CAPITAL, in an extraordinary meeting *ad referendum* at the General Shareholder's Meeting, according to Article 35 of Corporate Bylaws, approved the distribution of dividends to ISA for BRL 123,2, based on the accumulated result as of September 30, 2020.

On December 18, 2020, the Governing Board of ISA CAPITAL, in an extraordinary meeting *ad referendum* at the General Shareholder's Meeting, according to Article 35 of Corporate Bylaws, approved to distribute interest on equity capital to ISA for BRL 142 and dividends for BRL 39, based on the accumulated result as of November 30, 2020.

ISA Investimentos e Participações

On September 28, 2020, the Governing Board of ISA Investimentos, in an extraordinary meeting, according to Article 37 of Corporate Bylaws, approved the distribution of dividends to ISA for BRL 19,9, and interest on equity capital for BRL 6,7, based on the accumulated result at the end of the first semester of 2020.

On December 11, 2020, the Governing Board of ISA Investimentos, in an extraordinary meeting, according to Article 37 of Corporate Bylaws, approved the distribution of dividends to ISA for BRL 63,3, and interest on equity capital (*Juros sobre capital propio*) for BRL 15, based on the accumulated result at the end of November 2020.

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ (PDI)

On March 19, 2020 the Mandatory Annual Meeting approved the distribution of dividends for USD 3, 99,97% of which corresponds to ISA.

XM

At the Ordinary General Shareholders' Meeting held on March 25, 2020, the distribution of dividends was decreed for COP 8.003. ISA was allocated the amount of COP 7.981.

SISTEMAS INTELIGENTES DE RED

At the Ordinary General Shareholders' Meeting held on March 19, 2020, the distribution of dividends was decreed for COP 5.000. ISA was allocated the amount of COP 750.

EMPRESA PROPIETARIA DE LA RED (EPR)

At the Ordinary Shareholder's Meeting held on April 16, 2020, the distribution of profits was approved. ISA was allocated the amount of USD 0,9.

In addition, the following decisions made during 2020, regarding acquisitions and loans, are highlighted:

COSTERA CARTAGENA BARRANQUILLA CONCESSION

In October, 2020, ISA, through its subsidiary ISA INTERVIAL CHILE, acquired 100% of the shares of Costera Cartagena Barranquilla Concession. The companies were purchased for COP 531.454 million.

ORAZUL ENERGY GROUP

On August, 2020, through its subsidiary ISA Perú, ISA acquired 100% of shares of Orazul Energy Group, owner of ETENORTE and ETESELVA. The companies were purchased for USD 158,5.

ISA INVERSIONES CHILE

At the end of May 2020 ISA Inversiones Maule Ltda., and ISA INVERSIONES CHILE LTDA. merged. The merging company was ISA INVERSIONES CHILE LTDA.

In February 2020, ISA made a disbursement of a loan to ISA INVERSIONES CHILE for USD 47,7.

In October 2020, ISA INVERSIONES CHILE made capital payments to the loan it has with ISA, for USD 27,5.

The final balance of the account receivable of ISA with ISA INVERSIONES CHILE is USD 51,5.

ISA did not make capital payments to its affiliates in 2020.

In 2020, ISA constantly made decisions to serve the interest of or by influence of any of its affiliates or subsidiaries; and none of these ceased to make decisions to serve the interest of or by influence of ISA. Decisions have been made in the best interest of each of the companies that are part of the corporate group and its shareholders.

REPORT OF THE BOARD OF DIRECTORS

ARTICLE 466 OF THE COMMERCE CODE

DECEMBER 31, 2020

(Amounts expressed in millions, both in Colombian pesos and dollars).

Dear Shareholders:

According to the legal and statutory provisions, we submit for your consideration the report for 2020, which includes, in addition to the financial statements as of December 31, 2020, compared with those of 2019, the reports referred to in Article 446 of the Commerce Code and 29 of Law 222 of 1995.

I. REPORTS

1. Depreciation and amortization:

See the detail of losses and gains as of December 31, 2020 in the Management Report presented by the CEO.

Below is the description of depreciations and amortizations:

	2020
Depreciations	173.520
Amortizations	3.248
TOTAL	**176.768**

2. Dividends

To approve the profit distribution project for the 2020 period, the Board of Directors of Interconexión Eléctrica S.A. E.S.P. (ISA) has proposed to declare an ordinary dividend of COP 744 per share, equivalent to 40% of net income (consistent with our historical performance) and an extraordinary dividend of COP 559 per share, equivalent to 30% of net income. Therefore, the total dividend is COP 1.303 per share, corresponding to the 1.107.677.894 outstanding ordinary shares.

3. Economic and financial situation

See the analysis of the economic and financial situation of ISA in the Management Report presented by the CEO.

4. Remuneration to Senior Management

ISA's Senior Management is composed of the CEO and board-level employees reporting directly to the CEO.

The remuneration received by the key staff of the Senior Management is the following:

	2020
Remuneration	11.898
Short-term benefits	6.179
TOTAL	**18.077**

Payments related to fees, travel expenses, and representation expenses are directly covered by the company, represented by third parties providing goods and services.

5. Remuneration in favor of advisors or consultants

During 2020, the following payments were made to advisors or consultants, as fees:

	2020
Statutory Auditor	1.215
External and internal audits	244
Legal, financial, and administrative advisory	9.667
Technical advisory	4.444
TOTAL	**15.570**

6. Transfers of money and other assets

In 2020, no transfers of money or other goods were made free of charge or under a similar modality in favor of natural or legal persons.

7. Advertising and publicity expenses

Advertising and publicity expenses as of the year ended December 31, 2020, are detailed below:

	2020
Institutional advertising and publicity	2.800
Target advertising and publicity	83
TOTAL ADVERTISING AND PUBLICITY EXPENSES	**2.884**

8. Net monetary position

As of December 31, 2020, ISA held the following assets and liabilities in foreign currency expressed in millions of equivalent US dollars.

	2020
ASSETS	
Cash and cash equivalents	12,1
Economic related Parties	54,5
Other financial assets	5,8
TOTAL ASSETS	**72,4**
LIABILITIES	
Financial liabilities	99,5
Accounts payable	5,6
TOTAL LIABILITIES	**105,1**
NET MONETARY POSITION	**(32,7)**

9. Investments

As of December 31, 2020, ISA had investments in the following national and foreign companies:

MAIN ACTIVITY		PLACE AND CREATION OF OPERATIONS	SHAREHOLDING (%)	BALANCES
INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES				
ISA TRANSELCA	Energy Transmission Business Unit	Colombia	99,999%	946.563
INTERNEXA	Telecommunications and ICT Business Unit	Colombia	99,420%	79.883
ISA INTERCOLOMBIA	Energy Transmission Business Unit	Colombia	99,997%	87.498
XM	Energy Transmission Business Unit	Colombia	99,730%	26.565
ISA INTERVIAL COLOMBIA	Road Concessions Business Unit	Colombia	100,000%	573
SISTEMAS INTELIGENTES EN RED	Telecommunications and ICT Business Unit	Colombia	15,000%	1.494
CONSORCIO TRANSMANTARO	Energy Transmission Business Unit	Peru	60,000%	1.046.320
ISA REP	Energy Transmission Business Unit	Peru	30,000%	175.475
ISA PERÚ	Energy Transmission Business Unit	Peru	45,146%	62.931
PROYECTOS DE INFRAESTRUCTURA DEL PERÚ	Energy Transmission Business Unit	Peru	99,967%	9.116
ISA CAPITAL DO BRASIL	Energy Transmission Business Unit	Brazil	100,000%	3.260.516
ISA INVESTIMENTOS E PARTICIPAÇÕES	Energy Transmission Business Unit	Brazil	99,899%	725.928
ISA INVERSIONES CHILE	Road Concessions Business Unit	Chile	100,000%	3.588.164
ISA INTERCHILE	Energy Transmission Business Unit	Chile	78,410%	898.086
ISA BOLIVIA	Energy Transmission Business Unit	Bolivia	51,000%	55.110
LINEAR SYSTEMS RE	Reinsurances	Bermuda	100,000%	18.770
TOTAL INVESTMENTS IN SUBSIDIARIES				**10.982.992**

Continue

INVESTMENTS IN JOINTLY CONTROLLED ENTITIES				
INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ S.A.	Energy Transmission Business Unit	Panama	50,000%	1.140
INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A.S. E.S.P.	Energy Transmission Business Unit	Colombia	1,172%	3
Total investments in jointly controlled entities				**1.143**
INVESTMENTS IN ASSOCIATES				
ATP Tower Holdings LLC	Telecommunications and ICT Business Unit	U.S.A.	24,695%	451.164
TOTAL INVESTMENTS IN ASSOCIATES				**451.164**
TOTAL INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES				**11.435.299**
FINANCIAL INSTRUMENTS				
ELECTRICARIBE	Energy Transmission Business Unit	Colombia	0,481%	-
EMPRESA PROPIETARIA DE LA RED S.A. (EPR)	Energy Transmission Business Unit	Costa Rica	11,110%	12.524
TOTAL FINANCIAL INSTRUMENTS				**12.524**
TOTAL INVESTMENTS				**11.447.823**

10. STATEMENTS

In accordance with Law 1314 of 2009 and Decree 2784 of 2012 and its amendments, it is confirmed that the information and statements related to the financial statements have been duly verified and obtained from the company's accounting books, which also include all internal controls allowing a timely and clear disclosure, which contain no material deficiencies that affect the financial situation of the company.

Intellectual property and copyright certification

Medellín, March 4, 2021

The undersigned legal representative and the chief technology and information officer for Interconexión Eléctrica S.A. E.S.P., pursuant to the established in Article 1st of Law 603 of 2000, certify:

1. That the Company complies with intellectual property and copyright laws and that the software it uses is legal and has paid for the rights to use it, whether through acquisition, licenses, or assignments. Documents are kept at the Central Archive.

2. That the Company's Chief Technology and Information Office holds inventory of the software used and it takes control of its installation depending on the type of license held.

3. Pursuant to the Company's policies and institutional guidelines, employees are obliged to comply with the laws for intellectual property and copyrights.

Bernardo Vargas Gibsone
Legal Representative

Olga Lucía López Marín
Chief Technology and Information and Information Officer