



ECOPETROL S. A.

Consolidated condensed interim financial
statements
(Unaudited)

June 30, 2020





**Building a better
working world**

Report on review of interim condensed consolidated financial information

To: The Shareholders of Ecopetrol S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ecopetrol S.A. as at June 30th, 2020 which comprise the interim condensed consolidated statement of financial position as at June 30th, 2020 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and summary of the most important accounting policies and explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the accounting and financial information standards accepted in Colombia, adopted by the General Accounting of the Nation, included in international accounting standard 34 (Interim financial information), and instructions issued by the Financial Superintendence of Colombia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" adopt in Colombia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting and financial information standards accepted in Colombia, adopted by the General Accounting of the Nation, included in international accounting standard 34 (Interim financial information), and instructions issued by the Financial Superintendence of Colombia.

(Original in Spanish signed)
Víctor Hugo Rodríguez Vargas
Statutory Auditor

August 4th, 2020
Bogotá D.C., Colombia

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Ecopetrol S.A.

(Figures expressed in millions of Colombian pesos)

Consolidated condensed interim statements of financial position

	Note	June 30, 2020	December 31, 2019
		(Unaudited)	
Assets			
Current assets			
Cash and cash equivalents	6	9,247,947	7,075,758
Trade and other receivables, net	7	4,816,760	5,700,334
Inventories, net	8	5,034,963	5,658,099
Other financial assets	9	3,885,817	1,624,018
Tax assets	10	3,093,800	1,518,807
Other assets	11	1,849,174	1,778,978
		27,928,461	23,355,994
Assets held for sale		5,118	8,467
Total Current assets		27,933,579	23,364,461
Non-current assets			
Trade and other receivables, net	7	690,901	786,796
Other financial assets	9	1,998,412	3,355,274
Investments in associates and joint ventures	13	3,356,838	3,245,072
Property, plant and equipment	14	68,385,330	64,199,970
Natural and environmental resources	15	31,172,871	29,072,798
Right-of-use assets	16	349,225	456,225
Intangibles		569,072	483,098
Deferred tax assets	10	10,770,204	8,622,398
Goodwill		919,445	919,445
Other assets	11	1,003,926	942,481
Total non-current assets		119,216,224	112,083,557
Total assets		147,149,803	135,448,018
Liabilities			
Current liabilities			
Loans and borrowings	18	9,507,765	5,012,173
Trade and other payables	19	12,980,147	10,689,246
Provisions for employee benefits	20	1,866,887	1,929,087
Tax liabilities	10	565,060	2,570,779
Accrued liabilities and provisions	21	761,656	789,297
Derivative financial instruments		68,701	1,347
Other liabilities		868,421	750,370
Total current liabilities		26,618,637	21,742,299
Non-current liabilities			
Loans and borrowings	18	44,161,983	33,226,966
Trade and other payables	19	23,273	24,445
Provisions for employee benefits	20	9,982,611	9,551,977
Deferred tax liabilities	10	643,166	774,059
Tax liabilities	10	141,989	70,543
Accrued liabilities and provisions	21	9,266,861	9,128,991
Other liabilities		674,563	584,616
Total non-current liabilities		64,894,446	53,361,597
Total liabilities		91,513,083	75,103,896
Equity			
Subscribed and paid in capital	22.1	25,040,067	25,040,067
Additional paid-in capital	22.2	6,607,699	6,607,699
Reserves	22.3	9,635,136	3,784,658
Other comprehensive income	22.5	8,945,633	6,464,144
Retained earnings		1,422,288	14,515,762
Equity attributable to Company's shareholders		51,650,823	56,412,330
Non-controlling interest		3,985,897	3,931,792
Total Equity		55,636,720	60,344,122
Total liabilities and equity		147,149,803	135,448,018

The accompanying notes are an integral part of the consolidated condensed interim financial statements.

(Original in Spanish signed)
Felipe Bayón Pardo
President

(Original in Spanish signed)
Javier Leonardo Cárdenas Laiton
Accountant
T.P. 116770-T

(Original in Spanish signed)
Víctor Hugo Rodríguez Vargas
Statutory auditor
T.P. 57851-T

Ecopetrol S.A.

(Figures expressed in millions of Colombian pesos, except for the earnings per share, expressed in Colombian pesos)

Consolidated condensed interim statements of profit or loss

	Note	Three-month period ended June 30		Six-month period ended June 30	
		2020	2019	2020	2019
		(Unaudited)		(Unaudited)	
Sales revenue	22	8,441,677	18,308,610	23,513,642	34,251,230
Cost of sales	23	(7,615,340)	(11,213,276)	(18,902,163)	(21,447,435)
Gross profit		826,337	7,095,334	4,611,479	12,803,795
Administration expenses	24	(831,343)	(417,575)	(1,371,952)	(784,578)
Operation and project expenses	24	(601,864)	(698,141)	(1,120,624)	(1,108,590)
Impairment loss of non-current assets, net	17	3,662	602	(1,204,279)	2,148
Other operating (expenses) income, net	25	1,430,937	(22,618)	1,411,374	1,573
Operating income		827,729	5,957,602	2,325,998	10,914,348
Financial result, net	26				
Financial income		431,093	370,362	793,095	647,870
Financial expenses		(1,076,237)	(804,343)	(2,090,444)	(1,510,683)
Foreign exchange (loss) gain		46,381	42,958	32,991	85,842
		(598,763)	(391,023)	(1,264,358)	(776,971)
Share of profits of associates and joint ventures	12	77,153	72,203	76,545	233,197
Profit before income tax expense		306,119	5,638,782	1,138,185	10,370,574
Income tax expense	10	(4,403)	(1,871,909)	(356,321)	(3,545,265)
Net profit for the period		301,716	3,766,873	781,864	6,825,309
Net profit attributable to:					
Owners of parent		25,114	3,487,197	158,009	6,231,732
Non-controlling interest		276,602	279,676	623,855	593,577
		301,716	3,766,873	781,864	6,825,309
Basic earnings per share (pesos)		0.6	84.8	3.8	151.6

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Ecopetrol S.A.

(Figures expressed in millions of Colombian pesos)

Consolidated condensed interim statements of other comprehensive income

	Three-month period ended June 30		Six-month period ended June 30	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Net income of the period	301,716	3,766,873	781,864	6,825,309
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss (net of tax):				
Unrealized (loss) gain on hedges:				
Cash flow hedge for future exports	332,681	209,018	(268,934)	504,176
Hedge of a net investment in a foreign operation	1,549,145	(112,403)	(2,034,239)	160,451
Cash flow hedge with derivative instruments	112,437	13,350	(56,777)	35,600
Gain on equity instruments measured at Fair Value:				
Foreign currency translation	(3,339,258)	299,020	5,045,023	(452,035)
	(1,344,995)	408,985	2,685,073	248,192
Items that will not be reclassified subsequently to profit or loss (net of tax):				
Remeasurement (loss) gain on defined benefit plans	340,707	174,068	(45,472)	281,889
Other comprehensive income	(1,004,288)	583,053	2,639,601	530,081
Total comprehensive income	(702,572)	4,349,926	3,421,465	7,355,390
Comprehensive Net profit attributable to:				
Owners of parent	(747,348)	4,057,468	2,639,498	6,776,165
Non-controlling interest	44,776	292,458	781,967	579,225
Comprehensive Net profit attributable to:	(702,572)	4,349,926	3,421,465	7,355,390

The accompanying notes are an integral part of the consolidated condensed interim financial statements.

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President

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Ecopetrol S.A.

(Figures expressed in millions of Colombian pesos)

Consolidated condensed interim statements of changes in equity

	Note	Subscribed and paid-in capital	Additional paid-in capital	Reserves	Other comprehensive income	Retained earnings	Equity attributable to Company's shareholders	Non-controlling interest	Total equity
Balance as of December 31, 2019		25,040,067	6,607,699	3,784,658	6,464,144	14,515,762	56,412,330	3,931,792	60,344,122
Net income		-	-	-	-	158,009	158,009	623,855	781,864
Release of reserves	22.3	-	-	(540,826)	-	540,826	-	-	-
Dividends declared	22.4	-	-	-	-	(7,401,005)	(7,401,005)	(728,022)	(8,129,027)
Others		-	-	-	-	-	-	160	160
<u>Appropriation of reserves</u>									
Legal		-	-	1,325,148	-	(1,325,148)	-	-	-
Fiscal and mandatories		-	-	509,082	-	(509,082)	-	-	-
Occasional		-	-	4,557,074	-	(4,557,074)	-	-	-
<u>Other comprehensive income</u>									
Gain (loss) on hedging instruments:									
Cash flow hedge for future exports		-	-	-	(268,934)	-	(268,934)	-	(268,934)
Hedge of a net investment in a foreign operation		-	-	-	(2,034,239)	-	(2,034,239)	-	(2,034,239)
Cash flow hedge with derivative instruments		-	-	-	(49,908)	-	(49,908)	(6,869)	(56,777)
Foreign currency translation		-	-	-	4,880,042	-	4,880,042	164,981	5,045,023
Actuarial valuation loss		-	-	-	(45,472)	-	(45,472)	-	(45,472)
Balance as of June 30, 2020 (Unaudited)		25,040,067	6,607,699	9,635,136	8,945,633	1,422,288	51,650,823	3,985,897	55,636,720
Balance as of December 31, 2018		25,040,067	6,607,699	5,138,895	7,782,648	12,644,298	57,213,607	2,090,831	59,304,438
Net income		-	-	-	-	6,231,732	6,231,732	593,577	6,825,309
Release of reserves		-	-	(3,050,703)	-	3,050,703	-	-	-
Dividends declared		-	-	-	-	(9,251,256)	(9,251,256)	(474,410)	(9,725,666)
Others		-	-	-	-	-	-	135	135
<u>Appropriation of reserves</u>									
Legal		-	-	1,155,640	-	(1,155,640)	-	-	-
Fiscal and mandatories		-	-	509,082	-	(509,082)	-	-	-
Occasional		-	-	3,691,130	-	(3,691,130)	-	-	-
<u>Other comprehensive income</u>									
Gain (loss) on hedging instruments:									
Cash flow hedge for future exports		-	-	-	504,176	-	504,176	-	504,176
Hedge of a net investment in a foreign operation		-	-	-	160,451	-	160,451	-	160,451
Cash flow hedge with derivative instruments		-	-	-	25,863	-	25,863	9,737	35,600
Foreign currency translation		-	-	-	(427,946)	-	(427,946)	(24,089)	(452,035)
Actuarial valuation loss		-	-	-	281,889	-	281,889	-	281,889
Balance as of June 30, 2019 (Unaudited)		25,040,067	6,607,699	7,444,044	8,327,081	7,319,625	54,738,516	2,195,781	56,934,297

The accompanying notes are an integral part of the consolidated condensed interim financial statements.

(Original in Spanish signed)
Felipe Bayón Pardo
President

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Statutory auditor
T.P. 57851-T

Ecopetrol S.A.

(Figures expressed in millions of Colombian pesos)

Consolidated condensed interim statements of cash flows

	Note	Six-month period ended June 30	
		2020	2019
		(Unaudited)	
Cash flows provided by operating activities:			
Net profit for the period		781,864	6,825,309
Adjustments to reconcile net income to net cash provided by operating activities:			
Income tax	10	356,321	3,545,265
Depreciation, depletion and amortization		4,519,098	4,084,112
Foreign exchange loss (gain)	27	(32,991)	(85,842)
Finance cost of loans and borrowings	27	1,138,478	931,681
Finance cost of post-employment benefits and abandonment costs	27	433,306	378,190
Disposal of exploratory assets and dry wells	15	100,186	153,641
Loss (gain) on disposal of non-current assets		3,672	42,028
Gain on business combinations	12	(1,373,112)	-
Effect of control loss on subsidiaries		(65,570)	-
Impairment loss of short-term assets	26	7,304	36,568
Impairment loss of non-current assets	17	1,204,279	(2,148)
Gain (loss) on valuation of financial assets		(42,499)	(88,345)
Gain on derivative instruments hedging		(87,959)	-
Gain (loss) on equity method		(76,545)	(233,197)
Gain on disposal of assets held for sale		(1,439)	-
Loss (gain) on hedge ineffectiveness		8,384	1,362
Realized loss on foreign exchange cash flow hedges	23	225,381	683,860
Income tax paid		(3,983,753)	(3,778,299)
Net change in operational assets and liabilities:			
Trade and other receivables		893,520	(130,774)
Inventories		821,844	(784,989)
Trade and other payables		(3,428,039)	142,587
Tax assets and liabilities		(1,200,357)	(166,821)
Provisions for employee benefits		(7,565)	(238,006)
Provisions and contingencies		(111,621)	(179,308)
Other assets and liabilities		242,399	(299,377)
Net cash generated by operating activities		324,586	10,837,497
Cash flow from investing activities:			
Investment in property, plant and equipment	14	(1,982,520)	(1,327,965)
Investment in natural and environmental resources	15	(3,842,198)	(2,780,044)
Acquisitions of intangibles		(20,279)	(33,150)
Sales of other financial asset		(571,512)	983,612
Interests received	27	179,505	250,015
Dividends received		71,834	33,560
Proceeds from sales of assets		9,446	27,414
Net cash used in investment activities		(6,155,724)	(2,846,558)
Cash flow used in financing activities:			
Acquisition of loans and borrowings	18	11,875,213	99,703
Repayment of loans		(747,509)	(797,562)
Interest payments		(1,054,873)	(969,016)
Lease payments (loans and interest)	16	(171,260)	(143,446)
Dividends paid	19	(2,336,560)	(6,975,296)
Net cash used in financing activities		7,565,011	(8,785,617)
Exchange difference in cash and cash equivalents		438,316	7,055
Net increase in cash and cash equivalents		2,172,189	(787,623)
Cash and cash equivalents at the beginning of the year		7,075,758	6,311,744
Cash and cash equivalent at the end of the year	6	9,247,947	5,524,121
Non cash transactions			
Recognition of right-of-use assets and lease liabilities	16	36,426	566,076
Trade finance operations	18	458,717	-

The accompanying notes are an integral part of the consolidated condensed interim financial statements.

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President

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T.P. 116770-T

(Original in Spanish signed)
Víctor Hugo Rodríguez Vargas
Statutory auditor
T.P. 57851-T

Ecopetrol S.A.

Notes to consolidated condensed interim financial statements

June 30, 2020

(Figures expressed in millions of Colombian pesos, unless otherwise stated)

1. Reporting entity

Ecopetrol S.A. is a mixed economy company, with a commercial nature, formed in 1948 in Bogotá – Colombia, headquarters of the Ecopetrol Business Group. Its corporate purpose is to develop commercial or industrial activities arising from or related to the exploration, production, refining, transportation, storage, distribution, and selling of hydrocarbons, their by-products and associated products on its own or through its subsidiaries (hereafter “Ecopetrol”, the “Company” or Ecopetrol Business Group).

An 11.51% of Ecopetrol S.A.’s shares are publicly traded on the Stock Exchanges of Colombia and New York, USA. The remaining shares (88.49% of the total outstanding shares) are owned by the Colombian Ministry of Finance and Public Credit.

The address of the main office of Ecopetrol S.A. is Bogotá – Colombia, Carrera 13 No. 36 - 24.

2. Basis of presentation

2.1 Statement of compliance and authorization of financial statements

The financial information contained in this report has been prepared in accordance with “IAS 34- Interim financial reporting”. These financial statements do not include all information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company’s annual consolidated financial statements and notes, issued as at December 31, 2019 included in the “Integrated Sustainable Management Report”.

The consolidated condensed interim financial statements are unaudited and in the management opinion, include all necessary adjustments for a fair presentation of the results of each period.

Ecopetrol Business Group prepares its financial statements based on the principles and accounting standards and financial information accepted in Colombia (NCIF, as its acronym in Spanish), regulated in Decree 2420 of 2015, and amended by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017 and 2483 of 2018. These standards are based on the International Financial Reporting Standards - IFRS and its Interpretations issued by the International Accounting Standards Board (IASB) and other applicable legal provisions for supervised entities and / or controlled by the General Accounting Office of the Nation, which may differ in some respects from those established by other Government control bodies.

The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in the preparation of the consolidated financial statements as at December 31, 2019, which do not differ significantly from those used in the previous year.

These financial statements were approved by the Company's Management on July 24, 2020.

2.2 Basis of consolidation

For presentation purposes, these consolidated condensed interim financial statements were prepared by consolidating all companies set out in Exhibit 1, in which Ecopetrol exercises control, directly or indirectly.

Subsidiaries are consolidated from the date control is obtained until the date it ceases.

On June 24, 2020, the Superintendency of Companies issued the liquidation orders for the Bioenergy S.A.S. and Bioenergy Zona Franca S.A.S., in which the termination of the reorganization process and the opening of the judicial liquidation process were decreed.

Ecopetrol S.A.

Notes to consolidated condensed interim financial statements

June 30, 2020

(Figures expressed in millions of Colombian pesos, unless otherwise stated)

As of the date of issuance of the order, the companies were in a state of liquidation for all legal purposes and the functions of administrators, corporate bodies and inspection were ceased. As a consequence, the Group lost control over the Companies and they are no longer part of the consolidated figures. See Note 26.

The subsidiary Inversiones de Gases de Colombia S.A. Invercolsa S.A., is in the process of adopting the full International Financial Reporting Standards. This process could generate a change in the classification of assets and/or liabilities for the consolidated financial statements.

3. Significant accounting judgments and estimates

The preparation of the financial statements requires that the Company's Management makes estimates to quantify some of the assets, liabilities, income, expenses and commitments. These estimates have been determined based on the best available information on the facts analyzed. Changes to these estimates are recognized prospectively in the period in which the estimate is revised.

In the course of 2020, there have been no changes in the significant accounting estimates and judgments used in the preparation of the financial statements as at December 31, 2019. During 2020, the impairment analysis of long-term assets was updated (Note 17), likewise, a staged acquisition was presented for Guajira association contract (Note 12 - Business combination).

4. Accounting policies

The Group's main accounting policies are described in the accounting policies section of the annual report with a cut-off date of December 31, 2019 and they have been applied consistently for the period comprising these condensed interim condensed financial statements, except for the adoption of new standards effective as of January 1, 2020.

The interim financial statements do not include all the information and disclosures required in the annuals, and therefore should be read in conjunction with the separate financial statements December 31, 2019.

5. New standards and regulatory changes

5.1 New standards adopted by the Group, effective as of January 1, 2020

- Amendments to IFRS 3 - Definition of a business: to help companies determine if a set of activities and acquired assets are considered a business or not. The minimum requirements to determine if it is a business are clarified, the evaluation of whether market participants are capable of replacing any missing element is eliminated, an orientation is included to help companies evaluate if an acquired process is substantive, they are restricted the definitions of a business and products; and an optional fair value concentration test is introduced. New illustrative examples are provided in conjunction with these amendments.

These changes should be applied to transactions that are business combinations or asset acquisitions, for which the acquisition date is January 1, 2020 or later. Consequently, companies do not have to review transactions that occurred in prior periods.

- Amendments to IAS 1 and IAS 8 - Definition of material: The new definition establishes that, "Information is material if its omission or distortion is expected to influence the decisions that the main users of the financial statements make". The amendments clarify that the materiality will depend on the nature and / or the magnitude of the information. A company will need to assess whether the information, either individually or in combination with another, is material in the context of the financial statements.

Ecopetrol S.A.

Notes to consolidated condensed interim financial statements

June 30, 2020

(Figures expressed in millions of Colombian pesos, unless otherwise stated)

The amendments explain that the information is hidden if it is communicated in a way that has an effect similar to that of omitting or misinforming. Material information may, for example, be hidden if it is dispersed in the financial statements with respect to a material element, transaction or other event, or it is disclosed in ambiguous or unclear language. Material information can also be hidden if elements, transactions or other events are improperly added, or, conversely, if similar elements are incorrectly disaggregated.

- Amendments to IFRS 9 and IAS 39 - Interest rate benchmark reform: A number of exemptions are provided that apply to all hedging relationships directly affected by changes in benchmark interest rate indices. A hedging relationship is affected if the change in the indices creates uncertainty about the timing and / or amount of cash flows of the hedged item or the hedging instrument. These amendments have no impact on the Group's financial statements since it currently has no interest rate hedging.
- The revised conceptual framework for financial reporting: The IASB issued the revised Conceptual Framework in March 2018. It establishes a comprehensive set of concepts for financial reporting, setting standards, guidance for preparers in policy definition consistent accountants and assisting others to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts.

Changes to the conceptual framework may affect the application of IFRS in situations where a standard does not apply to a particular transaction or event. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after January 1, 2020.

5.2 New standards issued by the IASB that will enter into force in future periods

In May 2020, the IASB issued amendments to the following IFRS, which have application as of January 1, 2022:

- IFRS 3 - Business combinations: a reference from the standard to the Conceptual Framework was updated.
- IAS 16 - Property, plant and equipment: amendment that expresses the prohibition to deduct from the cost of property, plant and equipment the value of the sales of articles produced, while the company prepares the asset for its intended use.
- IAS 37 - Provisions, Liabilities and Contingent Assets: in which it details the costs that an entity must include when determining whether a contract is onerous.
- Annual improvement cycle 2018-2020 that involves adjustments to IFRS 1, IFRS 9, IAS 41 and IFRS 16.

The Group is constantly monitoring changes in local accounting regulations in order to assess the possible impacts that the new standards issued by the international organization may generate in their adoption in Colombia.

6. Cash and cash equivalents

	June 30, 2020	December 31, 2019
	(Unaudited)	
Banks and corporations	4,669,231	5,813,306
Short-term investments (1)	4,578,398	1,262,105
Cash	318	347
	9,247,947	7,075,758

- (1) During the second quarter of 2020, resources were invested in the funds in the U.S. Dollars as part of the issuance and placement of external public debt bonds carried out by Ecopetrol in April.

As of June 30, 2020, restricted resources were included for \$82,799 (December 31, 2019 for \$ 85,286), mainly destined for the exclusive payment of principal and interest on loans incurred by Oleoducto Bicentenario de

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The fair value of cash and cash equivalents approximates their carrying amount due to their short-term nature (less than three months) and their high liquidity.

7. Trade and other receivables, net

	June 30, 2020	December 31, 2019
	(Unaudited)	
Current		
Customers		
Foreign	1,922,853	2,759,993
Domestic	2,257,911	2,015,517
Related parties (Note 29)	133,175	27,449
Employee loans	96,420	95,693
Industrial services	70,320	47,691
Fuel price stabilization fund (1)	5,579	256,303
Other (2)	330,502	497,688
	4,816,760	5,700,334
Non-current		
Employee loans	466,058	508,588
Domestic customers	54,699	52,819
Related parties (Note 29)	-	93,657
Other (2)	170,144	131,732
	690,901	786,796

(1) Corresponds to the application of Resolution 180522 of March 29, 2010 and other regulations that modify and add it (Decree 1880 of 2014 and Decree 1068 of 2015), which establishes the procedure to recognize the subsidy for refiners and importers of motor gasoline current and ACPM, and the methodology for calculating the net position (value generated between the parity price and the regulated price, which can be positive or negative).

(2) Corresponds mainly to crude oil loan agreements in transportation systems.

The carrying amounts of trade and other receivables approximate their fair value.

8. Inventories, net

	June 30, 2020	December 31, 2019
	(Unaudited)	
Crude	1,576,424	1,965,022
Fuels and petrochemicals	1,516,963	1,876,247
Materials for goods production	1,941,576	1,816,830
	5,034,963	5,658,099

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9. Other financial assets

	June 30, 2020	December 31, 2019
	(Unaudited)	
Assets measured at fair value through profit or loss		
Investment portfolio – Local currency	996,295	1,630,149
Investment portfolio – Foreign currency	4,793,103	3,340,908
	5,789,398	4,971,057
Assets measured at amortized cost		
Hedging instruments	3,801	3,367
	91,030	4,868
	5,884,229	4,979,292
Current	3,885,817	1,624,018
Non-current	1,998,412	3,355,274
	5,884,229	4,979,292

Fair value:

	June 30, 2020	December 31, 2019
	(Unaudited)	
Level 1	497,421	472,547
Level 2	5,383,007	4,503,378
	5,880,428	4,975,925

There were no transfers between hierarchy levels during the periods.

For the process of establishing levels of the fair value for investments, in addition to the information used for valuation, other relevant aspects are also considered, such as the issuer rating, investment rating and issuer risk analysis performed by the Group, thus making it possible to establish the appropriate hierarchy level for investments.

10. Taxes

10.1 Current tax assets and tax liabilities

	June 30, 2020	December 31, 2019
	(Unaudited)	
Current tax assets		
Income tax (1)	1,277,343	190,605
Advances and other taxes (2)	920,072	714,197
Credit tax balance (3)	896,385	614,005
	3,093,800	1,518,807
Current tax liabilities		
Income tax	258,763	1,967,353
National tax and surtax on gasoline	100,037	145,569
Industry and commerce tax	95,689	195,776
Carbon tax	42,255	54,586
Value added tax	(3,749)	33,098
Other taxes (4)	72,065	174,397
	565,060	2,570,779
Non-current tax liabilities		
Income tax – taxes paid through projects (5)	141,989	70,543
	141,989	70,543

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- (1) Includes mainly credit tax balances, the tax discount for value added tax (VAT) incurred in the acquisition of real productive fixed assets, in accordance with the laws 1943 of 2018 and 2010 of 2019 - Tax reform and the 50% of the industry and commerce tax paid in the year
- (2) Includes the potential tax discount for value added tax (VAT) incurred in the acquisition of real productive fixed assets, in accordance with the articles 83 of Law 1943 of 2018 and 95 of Law 2010 of 2019 - Financing Law and Economic Growth Law and tax advances.
- (3) It mainly contains the balance value in favor of VAT, among others.
- (4) Mainly includes royalties, transportation tax, among others.
- (5) Mechanism of taxes paid through projects regulated by article 238 of Law 1819 of 2016 - Tax reform, which established it as a form of payment of income tax for the years 2017, 2018 and 2019. In compliance with the said article, in May 2018, 2019 and 2020, the Group companies recognized an asset and a liability for the value of the projects awarded for each tax term.

10.2 Income Tax

In accordance with Law 2010/2019 (Tax Reform) the tax provisions applicable in Colombia for the taxable year 2020 are the following:

- The general rate of income tax applicable to national companies, permanent establishments and foreign entities will be 32%.
- For the years 2019 and 2020, the applicable rate for purposes of calculating the income tax under the presumptive income system will be 1.5% and 0.5%, respectively, of the taxpayer's net worth from the immediately previous year. From 2021 the applicable rate will be 0%.
- Companies located in the free zone are taxed at a rate of 20%. If the company located in the free zone has a Legal Stability Contract (hereinafter, CEJ), the income tax rate will continue to be 15% during the term of said contract. This is the case of Refinería de Cartagena S.A.S. ("Reficar") and Esenttia Masterbatch Ltda. ("Esenttia MB").
- For the taxable year 2020, the Group has companies that settle on liquid income at the 32% rate, companies in the free zone, that pay the 15% rate (they have CEJ) and 20%, and others with foreign income with rates from other countries.
- The tax depreciation systems are adjusted to the accounting ones and it establishes a limit to the annual depreciation percentage based on the table established in the tax reform. On the other hand, the amortization of oil investments will be made based on technical production units as it is done in accounting.
- The expenses of acquisition of exploration rights, geology and geophysics, exploratory drilling, among others, will be capitalized for tax purposes until the technical feasibility and commercial viability of extracting the resource are established.
- Tax losses generated as of January 1, 2017 may be offset by the liquid income generated in the following 12 years.
- Pursuant to article 290 of Law 1819 of 2016, excesses of presumptive income over liquid income generated before 2017 in income tax and CREE that have not been compensated, are subject to offset to the application of a formula contained in said article and subject to the term established in article 189 of the Tax Statute.

In 2019, the National Government issued Law 2010, with which certain substantial aspects were modified.

The National Government issued tax regulations, related to income tax, aimed at improving the cash flow of the Companies, extending the term for the payment and presentation of the taxable year 2019 declaration.

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Statute of limitation of review for tax returns

As of 2017, the general statute of limitation of tax returns is 3 years from the date of their expiration or from the date of their filing, when they have been filed out of time. For Group Companies that are subject to compliance with transfer pricing regulations, the term of their firmness is 6 years. The Law 2010 of 2019 established that this term will be 5 years, for the declarations that are presented as of January 1, 2020.

With respect to those statements in which balances are presented in favour, the statute of limitation will be 3 years, from the date of submission of the return or compensation request.

The tax returns in which tax losses are compensated will be final 6 years from the date of their filing. Those declarations in which tax losses are settled, the term is 12 years and if the losses are offset in the last 2 years, of the 12 allowed, their term will extend up to 3 more years, from the year of their compensation.

Tax returns that present tax losses can be reviewed by the tax authorities within six (6) years following the filing and / or correction date.

Income tax returns for taxable years 2011, 2012, 2014, 2015, 2016, 2017, 2018 and 2019 and CREE for taxable years 2014, 2015, and 2016 of Group Companies are subject to acceptance and review by of the tax authorities.

Income tax expense

	Six-month period ended June 30		Six-month period ended June 30	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Current	667,988	1,911,975	1,741,312	3,556,028
Current - Previous periods	(275,756)	18,947	(277,713)	15,121
Deferred	(634,465)	(44,769)	(1,353,933)	(11,617)
Deferred - Previous periods	246,636	(14,244)	246,655	(14,267)
Income tax expense	4,403	1,871,909	356,321	3,545,265

Reconciliation of the income tax expenses

For interim periods, and in compliance with IAS 34, the income tax for the period is recognized by applying the effective tax rate projected for the year to the pre-tax accounting profit of the period of closing. The applicable rate for 2020 is 32%.

The effective tax rate as of June 30, 2020, calculated before share of profits of associates and joint ventures is 31.31%; the variation against the rate as of December 31, 2019 (24.07%) is mainly due to the decrease of projected profit at the end of each year, the reduction of 100 basis points of the nominal tax rate (from 33% in 2019 to 32% in 2020) the effect of the adjustment for exchange rate difference in the companies of the business group that are functional currency dollar, the effect of Permian adjustment in 2019 and the effect of the adjustment by rate projection.

Management of the Group's companies considers that the amounts recognized as a tax liability are sufficient and are supported by current regulations, doctrine and jurisprudence to meet any claim that may be established with respect to such years. The Group's strategy is not to make fiscal decisions with aggressive or risky positions that may put into question its tax returns.

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Deferred income tax

	June 30, 2020	December 31, 2019
	(Unaudited)	
Deferred tax asset (1)	10,770,204	8,622,398
Deferred tax liability	(643,166)	(774,059)
	10,127,038	7,848,339

- (1) The increase presented in the deferred tax asset during the first quarter of 2020, was generated mainly by the increase in the exchange rate, which impacts the deferred tax associated with loans in foreign currency. Although the current conditions due to the COVID 19 pandemic and other external factors, the financial projections of the Group Companies let to conclude that in the future enough fiscal profits will be generated that will allow their recoverability within the terms established in the current fiscal regulations.

As a consequence of the PPA made to the Ecopetrol assets of the Guajira Association Contract, a deferred tax liability of USD59 million was originated in the Group, which was recorded at the end of the quarter.

The detail of deferred taxes assets and liabilities is as follows:

	June 30, 2020	December 31, 2019
	(Unaudited)	
Deferred tax assets and liabilities		
Loss carry forwards (1)	3,398,610	2,849,089
Provisions (2)	2,367,988	2,405,499
Borrowings and other financial liabilities	2,048,169	920,634
Employee benefits (3)	1,941,628	1,875,872
Accounts payable	684,572	711,503
Investments and derivative instruments	225,745	(46,276)
Other assets	166,716	(493)
Accounts receivable	155,708	83,965
Other liabilities	120,675	48,923
Loans receivable	72,958	55,445
Inventories	39,075	80,523
Right-of-use assets	(25,901)	(33,401)
Intangibles	(26,480)	498
Deferred charges	(58,102)	(63,941)
Goodwill (4)	(288,095)	(288,095)
Property, plant and equipment (5)	(696,228)	(751,406)
Total	10,127,038	7,848,339

- (1) In 2020, deferred tax is being recognized for tax losses mainly in the companies: Ecopetrol USA Inc for \$ \$1,766,409, Ecopetrol Permian LLC \$ 18,507, Refinería de Cartagena \$1,363,500 and presumptive excess of income for Refinería de Cartagena for \$ \$250,194.

- (2) Corresponds to non-taxable accounting provisions, mainly the abandonment provision for wells.

- (3) Actuarial calculations for health, pensions, education, pension bonuses and other long-term benefits to employees.

- (4) According to the tax law in Colombia, goodwill is amortizable, while under NCIF it is not, but is subject to impairment tests, a difference that results in a deferred tax liability.

- (5) For fiscal purposes natural resources and property plant and equipment have an useful life and a depreciation and amortization calculation methodology different from those that are determined under international accounting

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standards, within this item the amount of tax is included for occasional gains of 10% on land, the main variation corresponds to the decrease of the income tax rate from 33% to 32%.

The Group offset tax assets and liabilities only if it has a legally enforceable right to offset current tax assets and liabilities; and in the case of deferred tax assets and liabilities, to the extent that they also correspond to income taxes required by the same tax jurisdiction and by the same tax authority.

Starting in 2017, companies will be able to offset the tax losses obtained in the current period, with the ordinary income generated in the 12 taxable periods following the obtaining of the aforementioned tax losses, without prejudice to the presumptive income for the year.

In accordance with the tax provisions applicable until December 31, 2016, the excesses of presumptive income and excesses of minimum base generated before 2017 in the income tax and complementary and in the income tax for equity - CREE, respectively, they may be compensated with the ordinary liquid income obtained by each Company within the following five years, using for this purpose, the formula established in number 6, of article 290 of law 1819 of 2016.

The deferred tax asset related to the tax losses generated by the companies Ecopetrol Costa Afuera, Invercolsa and Andean Chemicals Ltd for \$15,181, and excess presumptive income from ECAS, Hocol Petroleum Company ("HPL"), Andean for \$ \$65,888 are not recognized, as the Management has evaluated and reached the conclusion that under a conservative position the deferred tax asset related to these tax losses and excess presumptive income is not likely to be recoverable in the short term.

If the Group could have recognized the unrecognized deferred tax asset, the profit for the year ended June 30, 2020 would have increased by \$81,069.

The movements in deferred tax assets and liabilities on income for the period ended June 30, 2020 and the year ended December 31, 2019 are as follows:

	June 30, 2020	December 31, 2019
	(Unaudited)	
Opening balance	7,848,339	5,008,323
Deferred tax recognized in profit or loss	1,107,278	2,531,080
Effect of business combination Invercolsa	-	(98,005)
Deferred tax recognized other comprehensive income (a)	1,171,421	406,941
Closing balance	10,127,038	7,848,339

(a) The following is the composition of the income tax recorded against other comprehensive income:

June 30, 2020 (Unaudited)	Base	Deferred tax	Total
Actuarial valuation gains	(64,960)	19,488	(45,472)
Cash flow hedging for future crude oil exports	(389,117)	120,183	(268,934)
Hedge of a net investment in a foreign operation	(2,906,055)	871,816	(2,034,239)
Hedge with derivative instruments	(83,069)	26,292	(56,777)
Currency translation (1)	-	133,642	133,642
	(3,443,201)	1,171,421	(2,271,780)

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December 31, 2019	Base	Deferred tax	Total
Actuarial valuation gains	(2,571,184)	771,355	(1,799,829)
Cash flow hedging for future crude oil exports	998,083	(329,784)	668,299
Hedge of a net investment in a foreign operation	(87,524)	26,257	(61,267)
Hedge with derivative instruments	69,220	(22,769)	46,451
Currency translation (1)	-	(38,118)	(38,118)
	(1,591,405)	406,941	(1,184,464)

- (1) Corresponds to the adjustment for translation of deferred tax in subsidiaries with a functional currency different from the peso that is taxed in Colombia.

Deferred tax (assets) unrecognized liabilities

June 30, 2020, no deferred tax assets are recognized on the difference between the accounting and tax bases associated with investments in associates and joint ventures of the Group, since as documented, the Group does not have in the foreseeable future the intention to sale of any of these investments.

11. Other assets

	June 30, 2020 (Unaudited)	December 31 2019
Current		
Advanced payments to contractors and suppliers	621,098	360,781
Partners in joint operations (1)	657,037	921,983
Prepaid expenses	252,448	272,007
Trust funds (2)	280,111	144,798
Related parties (Note 29)	13,447	57,016
Other assets	25,033	22,393
	1,849,174	1,778,978
Non-current		
Abandonment and pension funds (3)	388,509	445,457
Trust funds (2)	285,185	171,008
Employee benefits	224,481	220,998
Advanced payments and deposits	54,710	56,027
Judicial deposits and judicial attachments	41,320	40,317
Other assets	9,721	8,674
	1,003,926	942,481

- (1) Corresponds to the net value of cash calls and cutbacks generated in relation to the operations carried out with partners through Exploration and Production (E&P) contracts, Technical Evaluations (TEA) contracts and agreements entered in to with the National Hydrocarbons Agency of Colombia (ANH), as well as through association contracts and other types of contracts.
- (2) It mainly includes the resources invested in a trust destined to taxes paid through social and infrastructure projects, payment mechanism for 2019 and 2020 income tax, constituted in compliance with article 238 of Law 1819 of 2016 - Tax Reform.
- (3) Corresponds to Ecopetrol's share in trusts established to support costs of abandonment of wells and dismantling of facilities as well as the payment of future retirement pensions in some association contracts.

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12. Business combination

12.1 Invercolsa

As at June 30, 2020, the procedures for determining the distribution of the entire fair value of Invercolsa's assets and liabilities have not been completed.

12.2 Joint Venture Guajira contract

On November 22, 2019, Hocol S.A., 100% subsidiary of the Ecopetrol Business Group, signed an Asset Purchase and Sale Agreement with "Chevron", in order to acquire the entire participation owned by this Company in the Guajira Association (43% of the joint venture contract) and its position as operator. Ecopetrol S.A. has owned the remaining 57% since the contract was signed. The transaction was subject to the Superintendency of Industry and Commerce (SIC) approval, which was formalized on April 2, 2020, through the Resolution 12785 of 2020. As established in the agreement, Hocol would act as operator on the first business day of the month following the date of the approval, that is, May 1, 2020, therefore this is the acquisition date for accounting recognition purposes.

Ecopetrol and Hocol measured the assets acquired and the liabilities assumed in proportion to their participation in accordance with IFRS 11 - Joint Agreements and IFRS 3 - Business Combinations.

For Ecopetrol this transaction was defined as an acquisition achieved in stages. Fair value was calculated using the income approach applying the discounted cash flow methodology. The fair value for property, plant and equipment, natural and environmental resources and deferred tax have been provisionally determined, therefore they may have adjustments related to working capital, according to the clauses of the purchase agreement and the guidelines included in IFRS 3.

Identifiable acquired assets and assumed liabilities

The following detail corresponds to the amounts recognized for acquired assets and assumed liabilities at the acquisition date:

	(Unaudited)
Assets	
Accounts receivable	19,545
Natural resources	789,202
Property, plant and equipment	1,185,559
Abandonment asset	39,088
Other assets	267,175
	2,300,569
Liabilities	
Account payable	(21,029)
Other liabilities	(156,025)
Deferred tax	(272,671)
Provisions	(68,935)
	(518,660)
Fair Value of net assets	1,781,909

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The effect on operating results as of June 30, 2020 has been as follows:

	June 30, de 2020
Fair value of net assets	1,781,909
Book value of net assets	(200,662)
Consideration (HOCOL)	(435,238)
Currency translation	(5,539)
(=) Net acquisition profit	1,140,470
Recognized in:	
Profit before tax in business combination (Note 26)	1,373,112
(-) Deferred tax expense	(232,642)
(=) Net profit from the acquisition after deferred tax	1,140,470

The clauses of the purchase agreement indicate that it has 180 days to finish the adjustments of differences arising from the movement on the assets acquired and the liabilities assumed. The aforementioned fair values do not have tax effects.

13. Investments in associates and joint ventures

13.1 Composition and movements

	June 30, 2020	December 31, 2019
	(Unaudited)	
Joint ventures		
Equion Energía Limited	1,691,283	1,527,502
Offshore International Group	735,406	709,871
Ecodiesel Colombia S.A.	43,602	46,095
	2,470,291	2,283,468
Less impairment:		
Equion Energía Limited	(334,823)	(334,823)
Offshore International Group (1)	(612,256)	(530,330)
	1,523,212	1,418,315
Associates		
Gases del Caribe S.A. E.S.P.	1,528,250	1,527,911
Gas Natural del Oriente S.A. E.S.P.	171,090	166,685
Gases de la Guajira S.A. E.S.P.	69,291	68,608
E2 Energía Eficiente S.A. E.S.P.	34,072	32,848
Extrucol S.A.	28,307	28,501
Serviport S.A.	8,263	11,070
Sociedad Portuaria Olefinas	2,616	2,204
	1,841,889	1,837,827
Less impairment: Serviport S.A.	(8,263)	(11,070)
	1,833,626	1,826,757
	3,356,838	3,245,072

(1) Movement includes \$25,870 for translation adjustment recognized in equity (See note 22.5 - Other comprehensive income) and \$56,056 for impairment loss.

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14. Property, plant and equipment

The movement of property, plant and equipment for the period ended June 30, 2020 with its corresponding depreciation and impairment, has been as follows:

	<u>Plant and equipment</u>	<u>Pipelines, networks and lines</u>	<u>Work in progress</u>	<u>Buildings</u>	<u>Lands</u>	<u>Others</u>	<u>Total</u>
Cost							
Balance as at December 31, 2019	47,950,917	36,370,647	6,229,949	8,157,945	4,054,538	2,660,232	105,424,228
Additions/capitalizations (1)	892,914	480,564	414,279	122,646	4,933	67,184	1,982,520
Reduction of abandonment cost	-	(46,866)	-	-	-	-	(46,866)
Capitalized financial interests	15,152	11,574	4,389	3,724	155	34,994	69,988
Exchange differences capitalized	532	407	154	131	5	1,229	2,458
Disposals	(359,746)	(30,258)	(371)	(6,200)	(2)	(51,504)	(448,081)
Effect of control loss in subsidiaries (2)	(298,570)	(592,885)	(775)	(266,526)	(60,341)	(144,189)	(1,363,286)
Adjustment on fair value for business combination (Note 12)	550,645	32,257	-	54,679	-	86,770	724,351
Foreign currency translation	4,233,209	1,512,949	75,524	185,054	225,304	95,594	6,327,634
Transfers	(51,503)	34,436	(97,925)	20,954	8,005	(9,249)	(95,282)
Balance as at June 30, 2020 (unaudited)	52,933,550	37,772,825	6,625,224	8,272,407	4,232,597	2,741,061	112,577,664
Accumulated depreciation and impairment losses							
Balance as at December 31, 2019	(18,976,236)	(16,635,110)	(1,114,366)	(3,456,254)	(80,682)	(961,610)	(41,224,258)
Depreciation expense	(1,104,018)	(826,937)	-	(165,407)	-	(63,438)	(2,159,800)
Impairment loss (Note 17)	(609,501)	(119,050)	121,535	(28,416)	(8,691)	(10,964)	(655,087)
Disposals	347,955	27,525	-	5,125	1	51,304	431,910
Effect of control loss in subsidiaries (2)	266,825	403,095	262	221,708	30,669	108,081	1,030,640
Foreign currency translation	(1,293,921)	(592,962)	-	(54,677)	-	(42,155)	(1,983,715)
Transfers (3)	(1,680)	(2,358)	390,988	(13,269)	(268)	(5,437)	367,976
Balance as at June 30, 2020 (unaudited)	(21,370,576)	(17,745,797)	(601,581)	(3,491,190)	(58,971)	(924,219)	(44,192,334)
Balance as at December 31, 2019	28,974,681	19,735,537	5,115,583	4,701,691	3,973,856	1,698,622	64,199,970
Balance as at June 30, 2020 (unaudited)	31,562,974	20,027,028	6,023,643	4,781,217	4,173,626	1,816,842	68,385,330

(1) Includes capitalizations related with the Asset Purchase and Sale Agreement signed by Hocol for \$ 356,438 (Note 12).

(2) See effects of control loss in subsidiaries (Note 26)

(3) For presentation purposes, Ecopetrol reclassified to Natural and environmental resources \$ 390,988, corresponding to the accumulated impairment of projects that were recorded as Property, plant and equipment. This adjustment does not have a material impact on the assets items or the statement of financial position.

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Ecopetrol Business Group performs an impairment test in December of each year or when circumstances indicate that the carrying value of its assets may be above the recoverable amount. The key assumptions for determining the recoverable value of cash generating units were disclosed in the financial statements for the year ended December 31, 2019. As of March 31, the Group carried out an update of the impairment according to the situation generated by the price crisis. (See note 17 - Impairment of non-current assets). As of June 30, 2020, the Group did not recognize additional impairment to the already analyzed and recognized in March.

15. Natural and environmental resources

The movement of natural resources and the environment for the period ended June 30, 2020, with corresponding amortization, calculated based on production units, and impairment has been as follows:

	Oil and Gas investments	Asset Retirement Obligation	Exploration and Evaluation	Total
<u>Cost</u>				
Balance as at December 31, 2019	59,822,566	5,036,884	8,362,719	73,222,169
Additions /capitalizations (1)	2,365,861	(13,415)	1,489,752	3,842,198
Disposals	(1,806)	260	-	(1,546)
Dry wells	-	-	(100,186)	(100,186)
Capitalized financial interests	59,470	-	-	59,470
Exchange differences capitalized	2,089	-	-	2,089
Adjustment at fair value for business combinations (Note 12)	560,021	-	-	560,021
Foreign currency translation	1,540,801	64,761	291,293	1,896,855
Transfers	77,136	5,448	(63,238)	19,346
Balance as at June 30, 2020 (unaudited)	64,426,138	5,093,938	9,980,340	79,500,416
<u>Accumulated amortization and impairment losses</u>				
Balance as at December 31, 2019	(41,993,097)	(2,156,274)	-	(44,149,371)
Amortization expense	(1,915,299)	(294,297)	-	(2,209,596)
Impairment loss (Note 17)	(302,235)	-	(193,421)	(495,656)
Disposals	213	(40)	-	173
Foreign currency translation	(1,085,716)	(35,301)	-	(1,121,017)
Transfers (2)	(20,297)	(2,530)	(329,251)	(352,078)
Balance as at June 30, 2020 (unaudited)	(45,316,431)	(2,488,442)	(522,672)	(48,327,545)
Balance as at December 31, 2019	17,829,469	2,880,610	8,362,719	29,072,798
Balance as at June 30, 2020 (unaudited)	19,109,707	2,605,496	9,457,668	31,172,871

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- (1) Includes capitalizations related with the Asset Purchase and Sale Agreement signed by Hocol for \$ 181,511 (Note 12).
- (2) For presentation purposes, Ecopetrol reclassified to Natural and environmental resources a \$ 390,988, corresponding to the accumulated impairment of projects that were recorded as Property, plant and equipment. This adjustment does not have a material impact on the assets items or the statement of financial position.

Ecopetrol Business Group performs an impairment test in December of each year or when circumstances indicate that the carrying value of its assets may be above the recoverable amount. The key assumptions for determining the recoverable value of cash generating units were disclosed in the financial statements for the year ended December 31, 2019. As of March 31, the Group carried out an update of the impairment according to the situation generated by the price crisis. (See note 17 - Impairment of non-current assets). As of June 30, 2020, the Group did not recognize additional impairment to the already analyzed and recognized in March.

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16. Right-of-use assets

	Right-of-use assets				Lease liabilities
	Land and buildings	Machinery and equipment	Vehicles	Right-of-use assets	
Balance as at December 31, 2019	218,513	97,264	140,448	456,225	1,290,954
Additions	6,622	7,336	22,468	36,426	36,426
Amortization expense	(23,369)	(26,647)	(40,353)	(90,369)	-
Remeasurement	581	9,112	6,536	16,229	27,876
Disposals	(11,971)	-	(497)	(12,468)	(17,416)
Effect of control loss in subsidiaries	(61,044)	(7,432)	-	(68,476)	(102,671)
Financial cost	-	-	-	-	34,777
Payments of capital and interests	-	-	-	-	(171,260)
Exchange difference	8,473	1,001	2,184	11,658	44,822
Balance as at June 30, 2020 (unaudited)	137,805	80,634	130,786	349,225	1,143,508

17. Impairment of non-current assets

The unprecedented crisis observed during the first half of 2020, caused by the simultaneous shock on supply (price war) and demand (COVID-19), have impacted the macroeconomic reference variables in the course of 2020.

Given this situation, the Group carried out an impairment analysis for the closing of this report, adjusting the assumptions used in the December 31, 2019 evaluation as follows:

- Oil price - Brent: The price was adjusted for the first year (2020) going from US \$ 55.61 / Bl to US \$ 40.00 / Bl, the medium and long-term curve was maintained as it was used for the end of 2019. The quality differentials and refining margins were adjusted at this new price. In the case of Offshore International Group the price was US \$ 42.00 / Bl associated with the quality of its crudes.
- Discount rates: were updated with the macroeconomic variables after the price war began, for the exploration and production segment were used 5.47%, refining 5.46%, Ecopetrol America 7.79% and Offshore International Group 7.21%. The volatility of the market variables used to calculate the weighted average cost of capital could generate significant variations in discount rates.
- Balance of crude oil and gas reserves: The inputs and other assumptions used to determine the balance remained constant at those of the end of 2019.

The aggregation of assets, to identify CGUs, is consistent with respect to the previous period.

Ecopetrol Business Group performs an impairment test in December of each year or when circumstances indicate that the carrying value of its assets may be above the recoverable amount. As of June 30, 2020, the Group did not recognize additional impairment to the already analyzed and recognized in March.

	Three-month period ended June 30 2020 (Unaudited)	Six-month period ended June 30 2020 (Unaudited)
Impairment loss		
Exploration and production	-	(518,173)
Refining and petrochemicals	867	(688,914)
Transport and logistics	2,795	2,808
	3,662	(1,204,279)

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Recognized in:

Property, plant and equipment (Note 14) (1)	867	(655,087)
Natural and environmental resources (Note 15) (1)	-	(495,656)
Investments in associates and joint ventures (2)	2,795	(53,249)
Other non-current assets	-	(287)
	<u>3,662</u>	<u>(1,204,279)</u>

(1) The main production fields that registered the impairment loss were Casabe, Tibú, Jazmin, Lisama and Hobo at Ecopetrol; Espinal, La Hocha, Cupia and La Punta in Hocol, and in K2 in America.

(2) An additional impairment was recognized in Offshore International Group.

The value registered for impairment corresponds to the best estimate available to the Group at the Report Date and it is possible that, given market volatilities, it could be adjusted during the year to recognize the impact of changes in the environment on future cash flow projections. It should be noted that impairment charges do not imply cash disbursements and are subject to reversal when the asset's valuation is higher than its associated book value in the face of an improvement in market conditions.

18. Loans and borrowings

18.1 Composition of loans and borrowings

	Interest rate*		June 30,	December 31,
	2020	2019	2020	2019
			(Unaudited)	
Local currency				
Bonds	7.6%	8.7%	1,566,965	1,567,598
Syndicate loans	7.8%	8.0%	950,526	1,115,874
Lease liabilities (1)	7.2%	7.2%	881,514	1,039,303
Commercial loans and others	7.9%	8.3%	<u>1,215,816</u>	<u>737,032</u>
			4,614,821	4,459,807
Foreign currency				
Bonds	6.1%	5.9%	37,133,333	25,832,740
Commercial loans (2)	3.2%	7.1%	10,346,957	6,586,538
Loans from related parties (Note 29)			1,312,643	1,108,403
Lease liabilities (1)	6.2%	6.2%	<u>261,994</u>	<u>251,651</u>
			<u>49,054,927</u>	<u>33,779,332</u>
			53,669,748	38,239,139
Current			9,507,765	5,012,173
Non-current			<u>44,161,983</u>	<u>33,226,966</u>
			53,669,748	38,239,139

*Weighted average effective interest rate for the end of each period.

(1) Corresponds to the present value of the payments to be made during the term of the operating leases of pipelines, tanks, real estate and vehicles, recognized as a result of the adoption of IFRS 16 – Leases.

(2) Includes trade finance operations in dollars with international banks (Scotiabank and Sumitomo Mitsui Banking Corporation) for the payment of imports for USD \$121,5 million and an average rate Libor plus 132 basis points. The book value in Colombian pesos of this operation as of June 2020 is \$458,717

In 2020, financial loans were acquired for \$ 11,875,213 as part of the market risk mitigation strategy (Note 28.1).

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18.2 Fair Value

Fair value of loans and borrowings corresponds to \$55,545,237 and \$43,261,792 as of June 30, 2020 and December 31, 2019, respectively.

For fair value measurement, local currency bonds were valued using Precia reference prices, while bonds in U.S. dollars, were valued using Bloomberg. Regarding the other financial obligations for which there is no market benchmark, a discount to present value technique was used. These rates incorporate market risk through some benchmarks (Libor, DTF) and the Company's credit risk (spread).

18.3 Maturity profile

The following is the maturity profile of loans and financing as of June 30, 2020:

	<u>Up to 1 year</u>	<u>1 – 5 years</u>	<u>5-10 years</u>	<u>> 10 years</u>	<u>Total</u>
Local currency					
Bonds	562,161	383,849	364,517	256,438	1,566,965
Syndicate loans	293,635	656,891	-	-	950,526
Lease liabilities	178,309	411,727	239,955	51,523	881,514
Others	1,019,898	195,918	-	-	1,215,816
	<u>2,054,003</u>	<u>1,648,385</u>	<u>604,472</u>	<u>307,961</u>	<u>4,614,821</u>
Foreign currency					
Bonds	3,896,368	15,772,835	11,731,500	5,732,630	37,133,333
Commercial loans	2,174,522	7,140,154	1,032,281	-	10,346,957
Lease liabilities	70,229	176,299	(165,198)	180,664	261,994
Loans from related parties	1,312,643	-	-	-	1,312,643
	<u>7,453,762</u>	<u>23,089,288</u>	<u>12,598,583</u>	<u>5,913,294</u>	<u>49,054,927</u>
Balance as at June 30, 2020 (unaudited)	<u><u>9,507,765</u></u>	<u><u>24,737,673</u></u>	<u><u>13,203,055</u></u>	<u><u>6,221,255</u></u>	<u><u>53,669,748</u></u>

18.4 Loans designated as hedging instrument

As of June 30, 2020, Ecopetrol S.A. designated US\$8,775 million of foreign currency debt as a hedging instrument of which, US\$7,475 millions is used to hedge the net investment in foreign operations with the US dollar as their functional currency and US\$1,300 millions is used to hedge the cash flows of future crude oil exports. See Note 28 - Risk Management.

19. Trade and other payables

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
	(Unaudited)	
Current		
Dividends payable (1)	5,958,658	157,181
Suppliers	4,712,933	8,115,015
Hedging operations	655,310	-
Partners' advances	595,759	925,761
Various creditors	303,606	383,288
Withholding tax	297,416	673,204
Agreements in transport contracts (2)	166,691	71,239
Insurance and reinsurance	150,576	136,041
Related parties (Note 29)	82,436	187,616
Deposits received from third parties	56,762	39,901
	<u><u>12,980,147</u></u>	<u><u>10,689,246</u></u>

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Non-current

Deposits received from third parties	1,844	-
Various creditors	21,429	24,445
	<u>23,273</u>	<u>24,445</u>

- (1) The General Shareholders' Meeting of Ecopetrol S.A. held on March 27, 2020, decreed dividends on the 2019 profit for \$7,401,005. During the first quarter of 2020, the following companies made payments to minority shareholders: Ocesa for \$425,827, ODC for \$48,138, ODL for \$88,922 and Invercolsa for \$21,967. In April 2020, Ecopetrol paid 100% of dividends to minority shareholders and 14% of dividends to majority shareholder (\$1,751,706). The remaining value of the dividends to be paid will be made during the second half of 2020.
- (2) Corresponds to the agreement's debt agreed in the transportation contracts for pipelines, calculated on volumetric compensation for quality and other inventory management agreements.

The carrying value of commercial accounts and other accounts payable is very close to their fair value due to their short-term nature.

20. Provisions for employees benefits

	June 30, 2020	December 31, 2019
	(Unaudited)	
Post-employment benefits		
Healthcare	7,035,215	6,908,799
Pension	2,996,102	2,853,718
Education	444,366	458,441
Bonds	366,739	352,917
Other plans	106,396	98,729
Termination benefits - Voluntary retirement plan (1)	286,274	124,186
	<u>11,235,092</u>	<u>10,796,790</u>
Social benefits and salaries	516,798	587,596
Other long-term benefits	97,608	96,678
	<u>11,849,498</u>	<u>11,481,064</u>
Current	1,866,887	1,929,087
Non-current	9,982,611	9,551,977
	<u>11,849,498</u>	<u>11,481,064</u>

- (1) In May 2020, Ecopetrol started offering a new voluntary retirement plan which was approved at the end of 2019. As of June 30, 2020, 122 people have accepted the offer with a total associated value of \$ 171,826.

The following table shows the movement in profit and loss and in other comprehensive income for the periods ended June 30, 2020:

	Six-month period ended June 30 2020	2019
	(Unaudited)	
Profit or loss		
Service cost	306,050	265,194
Interest expense, net	59,052	40,050
	<u>365,102</u>	<u>305,244</u>
Other comprehensive income		
Pension and bonds	(64,897)	402,567
Others	(63)	131
	<u>(64,960)</u>	<u>402,698</u>
Deferred tax	19,488	(120,809)
	<u>(45,472)</u>	<u>281,889</u>

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20.1 Plan assets

Plan assets are represented by the resources held by pension trusts for the payment of the pension liabilities and pension bonds; what concerns health and education are the responsibility of Ecopetrol S.A. The destination of the resources of the pension trusts, as well as their yields, cannot be changed of destination or returned to Ecopetrol S.A. until all the obligations are fulfilled. The balance of plan assets is \$12,556,574 and \$12,712,853 as of June 30, 2020 and December 31, 2019, respectively. 55,2% (2019 - 26,6%) are level 1 of fair value and 44,8% (2019 - 73,4%) are under level 2.

21. Accrued liabilities and provisions

	Abandonment and dismantling costs	Litigations	Environmental contingencies and others	Total
Balance as at December 31, 2019	8,835,420	137,429	945,439	9,918,288
Decrease in abandonment costs	(46,866)	-	-	(46,866)
Additions/capitalizations	(52,587)	(22,463)	88,763	13,713
Uses	(90,285)	(345)	(21,879)	(112,509)
Financial cost	127,255	-	-	127,255
Effect of control loss in subsidiaries	(23,874)	(20,117)	-	(43,991)
Fair value adjustment in business combinations (Note 12)	31,137	-	-	31,137
Foreign currency translation	112,794	103	16,504	129,401
Transfers	8,397	(90)	3,782	12,089
Balance as at June 30, 2020 (Unaudited)	8,901,391	94,517	1,032,609	10,028,517
Current	516,325	17,585	227,746	761,656
Non-current	8,385,066	76,932	804,863	9,266,861
	8,901,391	94,517	1,032,609	10,028,517

21.1 Abandonment and dismantling costs

The abandonment and dismantling obligation represents the Group's future obligation to restore environmental conditions to a level similar to that existing before the start of projects or activities, as described in Note 3.5 of the financial statements for the year ended December 31, 2019. As these relate to long-term obligations, the liability is determined based on expected future payments discounted to present value at a rate indexed to the Group's financial obligations, considering the timing and risks relating to this obligation.

21.2 Environmental contingencies and other

Corresponds to contingencies for environmental incidents and obligations related to environmental compensation and mandatory investment of 1% for the use of, exploitation of or effect on natural resources imposed by national, regional and local environmental authorities. Mandatory investment of 1% is based on the use of water taken directly from natural sources in accordance with the provisions of Law 99 of 1993, Article 43, Decree 1900 of 2006, Decree 2099 of 2017 and 075 and 1120 of 2018 and the Article 321 of Law 1955 of 2019 related to the projects that Ecopetrol develops in Colombian regions.

The Colombian Government through the Ministry of Environment and Sustainable Development, issued in December 2016 and in January 2017 the Decrees 2099 and 075, which modify the Single Regulatory Decree of the environment and sustainable development sector, Decree 1076 of 2015, related to the mandatory investment for the use of water taken directly from natural sources.

In 2017, the main changes established by these decrees were related to the areas and lines of investment and the basis for settlement of the obligations. Similarly, June 30, 2017 was declared the maximum date to modify investment

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plans that were underway. On June 30, 2017, Ecopetrol filed with the National Environmental Licensing Authority (ANLA) certain investment plans to meet the 1% mandatory investment based on the new decrees, relative to investment lines, maintaining the settlement base of Decree 1900.

As of December 31, 2018, the provision for the 1% mandatory investment for the use of water was estimated based on the parameters established in Decree 1076 of 2015.

As of December 31, 2019, the Group achieved a new certification of a settlement base and the acceptance of the percentage of the investment values' update of 1% in compliance with article 321 of Law 1955 of 2019 generating a lower provision of this obligation. As of the date of this report, ANLA's pronouncements regarding article 321 of Law 1955 are being received, some through official letters and others through resolutions. Ecopetrol has filed an appeal for reconsideration with the ANLA in most cases, which are under review by this authority.

21.3 Contingencies

Oleoducto Bicentenario de Colombia S.A.S.

During July 2018, the carriers that are not part of the Ecopetrol Group (Frontera Energy Colombia Corp., Vetra Exploración y Producción Colombia S.A.S. and Canacol Energy Colombia S.A.S. (hereinafter "the carriers") sent letters to Oleoducto Bicentenario de Colombia S.A.S. ("Bicentenario") alleging the early termination rights under the Ship-or-Pay Transport Agreements entered by each of them and Bicentenario in 2012 (the "Transport Agreements").

In accordance with the foregoing, the carriers have ceased to fulfill their obligations under said Transport Agreements. Bicentenario rejected the terms of the letters, noting that there was no option for early termination and reiterating to the Carriers that the Transport Agreements are current and therefore the Carriers must be fulfilled their obligations under the Transport Agreements in a timely manner.

Under Bicentenario's understanding that the Transport Agreements remain current and that the Carriers are in violation of their obligations under such agreements, Bicentenario declared the Carriers delay because of their failure to pay the tariff under the aforementioned agreements. Consequently, Bicentenario executed the standby letters of credit posted as guarantee for the Transport Agreements.

Having completed the direct settlement stages with each carrier, Bicentenario withdrew the initially filed claims and filed arbitration claims against each of them as follows: (i) on November 12, 2019, Bicentenario filed a claim against Frontera under cover of the arbitration agreement contained in the Transport Agreement; (ii) on December 10, 2019, Bicentenario filed a claim against Vetra under the arbitration agreement contained in the Transport Agreement; and (iii) on December 26, 2019, Bicentenario filed a claim against Canacol under the arbitration agreement contained in the Transport Agreement.

The three arbitration proceedings are ongoing.

Simultaneously, Bicentenario will continue to exercise its rights under the terms of the Transportation Agreements and its related agreements, to guarantee compliance and claim any compensation, indemnity or restitution arising from the alleged early termination of said agreements, together with other breaches.

In the second quarter of 2020, Oleoducto Bicentenario de Colombia S.A.S. evaluated the revenue recognition in accordance with the criteria contained in IFRS 15, determining that applied the said standard to the income recognized by certain ship or pay transport contracts, these should subsequently be decreased by COP \$128,099 millions, notwithstanding that the contractual rights and obligations exist considering that the contracts are in force and must be fulfilled and, therefore, the disputes with Frontera Energy Colombia Corp., Pacific OBC, Corp., Pacific OBC 1, Corp., Pacific OBC 4, Corp., Canacol Energy Colombia SAS and Vetra Exploración y Producción Colombia S.A.S. **Cenit Transporte y Logística de Hidrocarburos S.A.S.**

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The clauses in the agreements signed with Frontera Energy Group with respect to the Caño Limón Coveñas Pipeline, and in particular clause 13.3 establish that, in the event of the suspension of services for reasons not attributable to any of the parties, for a period over 180 continuous calendar days, either party may request the early termination of the agreement.

Based on this, on July 12, 2018, CENIT received a communication from Frontera Energy Group, whereby the latter expressed its decision to exercise the provision set forth in clause 13.3 for each of the Transport Agreements signed about the Caño Limón - Coveñas Pipeline, requesting their early termination. Concerning the foregoing, CENIT issued communication CEN-PRE-3451-2018-E dated July 17, 2018 whereby it stated that the grounds to exercise clause 13.3 of the agreements in question have not occurred; therefore, Frontera Energy Group cannot exercise its contractual right to early termination.

Included in that same communication, CENIT stated its intention to continue billing and charging the transportation services established in the agreements, considering that they are still valid, therefore Frontera must comply with the obligations assumed therein.

Through communications dated March 20 and 31, 2020, Frontera requested the termination of the transportation contracts for the Monterrey Araguaney Pipeline (VIT-026-2012, VIT-024-2012), discharge contracts at the Araguaney station (VIT-026-2012, VIT-027-2012), and agreements for the use of the Coveñas maritime terminal (VIT-028-2012, VIT-031-2012 and VIT-029-2012), a request that was rejected by CENIT, through a communication dated April 2, 2020.

CENIT evaluated the revenue recognition principle following the criteria contained in IFRS 15, determining that it is not possible to recognize the income associated with this agreement, notwithstanding the aforementioned, the contractual rights and obligations remain and therefore the controversy with the Frontera Energy Group continues. As a result, CENIT did not recognize income in 2019 for \$ 163,852 and so far in 2020 for \$ 200,003.

As of June 30, 2020, the amounts owed by Frontera about the cases described above amount to \$ 643,983.

As of June 30, 2020, the amounts owed by Canacol and Vetra are \$ 6,999 and \$ 5,739 respectively, due to the improper early termination of the Ship or Pay transportation contracts for the Caño Limón - Coveñas Pipeline.

Refinería de Cartagena S.A.S.

On March 8, 2016, Reficar filed a Request for Arbitration before the International Chamber of Commerce (the "ICC"), against Chicago Bridge & Iron Company N.V., CB&I (UK) Limited, and CBI Colombiana S.A. (jointly "CB&I") concerning a dispute related to the Engineering, Procurement, and Construction Agreements entered into by and between Reficar and CB&I for the expansion of the Refinería de Cartagena in Cartagena, Colombia. Reficar is the Claimant in the ICC arbitration and seeks no less than USD\$2 billion in damages plus lost profits.

On May 25, 2016, CB&I filed its Answer to the Request for Arbitration and Counterclaim for approximately USD\$106 millions and COP\$324,052 millions. On June 27, 2016, Reficar filed its reply to CB&I's counterclaim denying and disputing the declarations and relief requested by CB&I. On April 28, 2017, CB&I submitted its Statement of Counterclaim increasing its claims to approximately USD\$116 millions and COP\$387,558 millions. On March 16, 2018, CB&I submitted its Exhaustive Statement of Counterclaim further increasing its claims to approximately USD\$129 millions and COP\$432,303 millions (including in each case interest), and also filed its Exhaustive Statement of Defense to Reficar's claims. On this same date, Reficar filed its Exhaustive Statement of Claim seeking, among others, USD\$ 139 millions for provisionally paid invoices under the Memorandum of Agreement ("MOA") and Project Invoicing Procedure ("PIP") Agreements and the EPC Contract.

On June 28, 2019, CB&I submitted its reply to the Non-Exhaustive Statement of Defense to Counterclaim increasing its claims to approximately USD\$137 millions and COP\$503,241 millions (including in each case interest, respectively). On this same date, Reficar filed its Reply to CB&I's Non-Exhaustive Statement of Defense and its

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Exhaustive Statement of Defense to CB&I's counterclaim, updating its claim for provisionally paid invoices under the MOA and PIP Agreements and the EPC Contract to approximately USD\$137 millions.

In January 2020, McDermott International Inc., CB&I's parent company, filed for bankruptcy and announced that it would initiate a reorganization plan under Chapter 11 of the United States Bankruptcy Law. In response to this situation, Reficar has implemented actions to protect its interests and is advised by a group of experts with whom it will continue to analyze other available measures under these new circumstances. The oral hearing was scheduled to begin in April 2020, but the arbitration was stayed, as described below. After the hearing, the Tribunal will analyze the parties' arguments to render its final decision on Reficar's and CB&I's claims. Until the Tribunal renders its final decision, the outcome of this arbitration is unknown.

On January 21, 2020, Comet II B.V., the successor in interest to Chicago Bridge & Iron Company N.V., commenced a bankruptcy case under title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas. Upon the bankruptcy filing, an automatic stay of the commencement or continuation of any action or proceeding, or the enforcement of any judgment or award, against Comet II B.V. became effective, staying the arbitration against Comet II B.V. On January 23, 2020, Comet II B.V. obtained an order from the Bankruptcy Court permitting it to, in its discretion, modify the automatic stay to permit it to proceed with litigation or other contested matters. On March 14, 2020, the Bankruptcy Court entered an order confirming a plan of reorganization, and the order provides for the stay against the arbitration to end upon the earlier of the effective date of the plan and August 30, 2020.

In respect of the arbitration involving Reficar, the confirmation order provides that the proper forum for adjudication of the merits of the arbitration is the International Chamber of Commerce tribunal, the arbitration claims will not be subject to estimation in the Bankruptcy Court, and the stay will not be breached if the parties discuss logistical items with the International Chamber of Commerce tribunal. The order reserves all rights and arguments of the parties related to the arbitration schedule, hearing location, and arbitration logistics and recognizes that, without waiving any arguments, including but not limited to the Debtors' objections to alternative hearing locations and long gap(s) between hearing dates.

On June 30, 2020, McDermott International Inc. announced the completion of its reorganization plan and therefore the suspension of the arbitration against CB&I has ended, and was resumed on July 1, 2020.

Currently, the hearing is scheduled to begin in December 2020, if the emergency caused by the COVID-19 coronavirus pandemic allows it. After the hearing, the Court will analyze the arguments of the parties to render its final decision on the Reficar and CB&I claims. Until the Tribunal issues its final decision, the outcome of this arbitration will be uncertain.

22. Equity

22.1 **Subscribed and paid-in capital**

Ecopetrol's authorized capital is \$36,540,000, and is divided in 60,000,000,000 ordinary shares, of which 41,116,694,690 have been subscribed, represented by 11.51% (4,731,906,273 shares) of non-government entities and people, and 88.49% (36,384,788,417 shares) held by Government entities. The value of the reserve shares amounts to \$11,499,933 comprised by 18,883,305,310 shares. As at June 30, 2020 and December 31, 2019, subscribed and paid-in capital is \$25,040,067. There are no potentially dilutive instruments.

22.2 **Additional and paid-in capital**

It mainly corresponds to: (i) surplus with respect to its nominal value derived from the sale of shares upon capitalization in 2007, for \$4,457,997, (ii) \$31,377 the value generated by the process of placing the shares on the secondary market, arising from the calling of guarantees from debtors in arrears, according to the provisions of

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Article 397 of the Code of Commerce, (iii) surplus over nominal value arising from the sale of shares awarded in the second round, which took place in September 2011, in the amount of \$2,118,468, and (iv) additional paid-in capital receivable of \$(143).

22.3 Equity reserves

	June 30, 2020	December 31, 2019
	(Unaudited)	
Legal reserve	4,568,980	3,243,832
Fiscal and statutory reserves	509,082	509,082
Occasional reserves (1)	4,557,074	31,744
Total	9,635,136	3,784,658

- (1) Ecopetrol's General Meeting of Shareholders, held on March 27, 2020, approved the 2019 profit distribution project and recognize a reserve of 4,557,074 in order to support the Company's financial sustainability and flexibility in development of your strategy.

The movement of the equity reserves is the following:

	June 30, 2020	December 31, 2019
	(Unaudited)	
Opening balances	3,784,658	5,138,895
Release of reserves	(540,826)	(3,050,703)
Appropriation of reserves	6,391,304	5,355,852
Dividends decreed	-	(3,659,386)
Closing balance	9,635,136	3,784,658

22.4 Retained earnings and payment of dividends

The Group distributes dividends based on Ecopetrol's separate financial statements prepared under International Financial Reporting Standards accepted in Colombia (NCIF, as its acronym in Spanish).

The General Meeting of Shareholders of Ecopetrol S.A. made on March 27, 2020, decreed dividends on the profit for 2019, for a value of \$7,401,005 (\$9,251,256 in 2019).

22.5 Other comprehensive income

The following is the composition of the other comprehensive results attributable to the shareholders of the parent company, net of deferred income tax:

	June 30, 2020	December 31, 2019
	(Unaudited)	
Foreign currency translation (1)	15,361,554	10,481,512
Hedges of a net investment in a foreign operation	(3,164,822)	(1,130,583)
Loss on defined benefit obligation	(2,402,682)	(2,357,210)
Cash flow hedging - Future crude oil exports	(804,097)	(535,163)
Cash flow hedging - Derivative financial instruments	(46,219)	3,689
Others	1,899	1,899
	8,945,633	6,464,144

- (1) Includes a conversion adjustment of \$ 25,870 of the impairment of the investment in Offshore International Group. The accumulated conversion adjustment will be transferred to income for the period as a gain or loss at the time of liquidation or disposal of said investments.

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23. Ordinary activities income

	Three-month period ended June 30		Six-month period ended June 30	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
National sales				
Mid-distillates	1,541,358	3,155,080	4,726,171	6,166,309
Gasoline	946,603	2,196,047	3,240,249	4,254,273
Natural gas	557,432	534,343	1,339,952	1,065,539
Services	517,124	1,053,733	1,457,989	2,046,139
Fuel gas service	330,272	-	330,272	-
Plastic and rubber	160,166	183,636	334,937	365,239
Asphalts	78,920	131,695	215,060	230,044
L.P.G. and propane	65,786	105,990	159,937	216,326
Crude	47,877	87,815	117,457	205,358
Polyethylene	17,798	51,324	60,708	99,348
Aromatics	17,183	62,108	74,936	130,294
Fuel oil	1,201	58,793	19,219	68,184
Other income – Gas contracts (1)	925	36,070	28,572	47,491
Other	50,954	107,107	203,810	248,785
	4,333,599	7,763,741	12,309,269	15,143,329
Recognition of price differential (2)	(324,108)	911,872	(407,867)	1,354,239
	4,009,491	8,675,613	11,901,402	16,497,568
Foreign sales				
Crude	3,353,230	7,437,181	9,012,948	13,922,471
Diesel	526,367	1,142,320	1,243,219	1,876,780
Plastic and rubber	250,140	286,333	575,980	591,241
Gasoline	153,680	308,376	153,680	615,880
Fuel oil	144,174	604,733	404,241	1,076,639
Natural gas	2,216	5,904	7,742	16,454
L.P.G. and propane	1,663	3,900	6,157	8,410
Cash flow hedging – Reclassification to profit or loss (Note 28.4)	(97,638)	(345,681)	(225,381)	(683,860)
Other	98,354	189,931	433,654	329,647
	4,432,186	9,632,997	11,612,240	17,753,662
	8,441,677	18,308,610	23,513,642	34,251,230

- (1) Corresponds to the revenue on the participation in the profits of gas sales, in compliance with the agreement signed between Ecopetrol and Chevron in 2004, for the extension of the association agreement for the gas exploitation in Guajira. As of June 2020, Hocol acquires Chevron's participation in the Guajira association contract.
- (2) Corresponds to the application of Decree 180522 of March 29, 2010, and other standards that modify and add (Decree 1880 of 2014 and Decree 1068 of 2015), which establishes the procedure to recognize the subsidy for refiners and importers of ordinary motor gasoline and ACPM, and the methodology for calculating the net position (value generated between the parity price and the regulated price, which can be positive or negative).

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24. Cost of sales

	Three-month period ended June 30		Six-month period ended June 30	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Variable costs				
Depreciation, depletion and amortization	1,491,124	1,377,154	2,946,210	2,676,470
Imported products (1)	913,011	3,597,310	4,127,712	7,017,591
Purchases of crude in associations and concessions	535,495	1,162,683	1,708,271	2,082,842
Hydrocarbon purchases - ANH (2)	323,287	1,522,463	1,284,644	2,800,125
Hydrocarbons transportation services	225,840	208,473	436,187	389,887
Electric energy	221,792	179,314	544,479	379,663
Gas royalties in cash	216,385	150,021	417,255	278,554
Processing materials	201,763	260,217	421,551	503,070
Purchases of other products and gas	108,145	133,502	301,996	246,648
Services contracted in association	51,862	31,685	127,708	117,883
Others (3)	772,683	(468,742)	896,395	(922,133)
	5,061,387	8,154,080	13,212,408	15,570,600
Fixed cost				
Depreciation and amortization	744,561	674,642	1,442,247	1,346,072
Labour costs	580,728	576,032	1,181,037	1,119,846
Maintenance	413,723	657,534	1,006,407	1,217,776
Services contracted	351,957	457,099	776,300	831,738
Services contracted in associations	233,849	327,665	593,567	588,366
Taxes and contributions	146,214	50,863	321,320	182,633
Materials and operating supplies	91,816	147,956	220,215	277,010
Hydrocarbon transport services	15,622	63,660	120,563	126,070
General costs	(24,517)	103,745	28,099	187,324
	2,553,953	3,059,196	5,689,755	5,876,835
	7,615,340	11,213,276	18,902,163	21,447,435

- (1) The imported products correspond mainly to ACPM and diluent to facilitate the transport of heavy crude oil.
- (2) It corresponds to the purchases of crude oil from royalties that Ecopetrol makes to the National Agency of Hydrocarbons (ANH) derived from the national production.
- (3) Corresponds to capitalization to inventories, since the cost concepts are initially recognized at 100% of their value incurred.

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25. Administrative, operation and project expenses

	Three-month period ended June 30		Six-month period ended June 30	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Administration expenses				
Labour expenses	415,314	200,709	673,488	389,930
General expenses	375,313	183,276	614,607	333,421
Taxes	13,189	12,492	38,057	29,276
Depreciation and amortization	27,527	21,098	45,800	31,951
	831,343	417,575	1,371,952	784,578
Operation and project expenses				
Commissions, fees, freights and services	183,443	137,805	344,553	248,473
Exploration expenses	139,950	247,619	177,599	309,032
Taxes	79,181	116,178	197,011	211,823
Labour expenses	72,388	91,237	155,503	178,020
Depreciation and amortization	26,271	20,500	84,841	29,619
Fee for regulatory entities	25,038	26,107	51,318	37,001
Maintenance	24,723	17,172	48,866	23,886
Various	90,576	81,066	173,670	137,800
Corporate projects	(39,706)	(39,543)	(112,737)	(67,064)
	601,864	698,141	1,120,624	1,108,590

26. Other operating (expenses) income, net

	Three-month period ended June 30		Six-month period ended June 30	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Provisions expenses	(11,836)	(21,883)	(45,552)	(38,618)
Loss on disposal of assets	(13,088)	(8,202)	(17,810)	(43,590)
Expense of impairment of current assets	(6,636)	(16,521)	(7,304)	(36,568)
Loss on acquisition of interests in joint operations (1)	1,373,112	(269)	1,373,112	(269)
Gain on loss of control in subsidiaries (2)	65,570	-	65,570	-
Other income	23,815	24,257	43,358	120,618
	1,430,937	(22,618)	1,411,374	1,573

(1) Result in the acquisition of Guajira: Ecopetrol \$1,284,372 and Hocol \$88,740

(2) Disposal of the net assets as a result of the loss of control due to the judicial liquidation process of Bioenergy S.A.S. and Bioenergy Zona Franca S.A.S., detailed as follows:

Total assets	\$ 541,436
Total liabilities	\$(607,006)
Total net assets	\$(65,570)

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27. Financial result, net

	Three-month period ended June 30		Six-month period ended June 30	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Finance income				
Result from financial assets	243,095	240,646	507,574	381,880
Yields and interests	91,419	121,349	179,505	250,015
Results from derivative instruments	87,959	-	87,959	-
Dividends	-	-	22	22
Other financial income	8,620	8,367	18,035	15,953
	431,093	370,362	793,095	647,870
Financial expenses				
Interest (1)	(653,023)	(479,721)	(1,138,478)	(931,681)
Financial cost of other liabilities (2)	(219,597)	(189,269)	(433,306)	(378,190)
Results from financial assets	(102,080)	(122,802)	(378,557)	(180,309)
Other financial expenses	(101,537)	(12,551)	(140,103)	(20,503)
	(1,076,237)	(804,343)	(2,090,444)	(1,510,683)
Foreign exchange gain, net	46,381	42,958	32,991	85,842
	(598,763)	(391,023)	(1,264,358)	(776,971)

(1) As of June 30, interest were capitalized for \$129,458 (2019 - \$121,825) in natural resources and property, plant and equipment.

(2) It includes the financial expense for the updating of the liability for abandonment costs, and the interest, net of post-employment benefits and other long-term employee benefits.

28. Risk management

28.1 Market risks

The unprecedented crisis observed during the first quarter of 2020 caused by the simultaneous shock in supply (price war) and demand (COVID-19), resulted in the following measures taken by the Group:

- Cut \$ 2 billion in costs and expenses to increase the Group's competitiveness, including an austerity plan, priority of operational and administrative activities, and control over operating expenses, such as travel restrictions, sponsorships and participation in events.
- Initial adjustment in the investment level to a range between US \$ 2,500 and US \$ 3,000 million (with an expectation of an average Brent price between US \$ 30 and US \$ 40 per barrel).
- Use of financing lines for USD \$ 665 million, as well as an issuance and placement of external public debt bonds in the international capital market for USD \$ 2 billion.
- Recognition of an impairment after adjusting some of the assumptions used (prices and discount rates) in the evaluation carried out on December 31, 2019, limiting the impact on the main long-term assets (only some productive assets of the exploration and production segment and for the plant of Refinería de Cartagena). (See Note 17 - Impairment of non-current assets).

The Group has continued to monitor the evolution of the market, therefore, on July 17, 2020, a new organic investment plan was published for the Ecopetrol Group (GE) approved by the Board of Directors, considering (i) a detailed review of the portfolio of the Group, (ii) the progress in the interventions carried out, and (iii) the gradual recovery of economic activity, which allowed increasing investment to a new level estimated between US \$ 3,000 and US \$ 3,400 million by 2020.

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The new plan ensures the sustainability of the business in a low price environment, prioritizing cash-generating opportunities and better equilibrium prices, maintaining growth dynamics with a focus on executing the development plans for strategic assets, and on the preservation of the value of assets through investments that allow giving reliability, integrity and continuity to the current operation in refineries, transportation systems and production fields.

The plan was built with an expected Brent price of US\$38 per barrel on average for 2020. Despite the current environment of low prices, this plan maintains its resilience and competitiveness with a cash breakeven close to US\$30.

The Group will continue to monitor the evolution of the market to determine the need to implement subsequent stages of the intervention plan, taking into account that the final effects and the duration of this situation will depend on future developments, which are highly uncertain and to date are unpredictable. Likewise, it will be reviewing impairment indicators on long-term assets and investments in companies, carrying out quantitative analyzes when necessary. Likewise, it will continue to evaluate and assess possible impacts on other items such as: revenue recognition, impairment of accounts receivable, reserves, provision for abandonment, inventories, and joint agreements, among others.

28.2 Exchange rate risk

The Group mainly operates in Colombia and makes sales in the local and international markets, for this reason, it is exposed to the exchange rate risk. The impact of fluctuations in exchange rates, especially pesos/US dollars, on operations has been material.

As of June 30, 2020, the Colombian peso depreciated by 15% from a closing rate at December 31, 2019 of \$3,277.14 to \$3,756.28 pesos per U.S. dollar.

When peso depreciates, export revenues, when converted into pesos, increase, and imports and servicing of external debt become more expensive.

The balance of financial assets and liabilities denominated in foreign currency is presented in the following table:

(USD\$ Millions)	June 30, 2020	December 31, 2019
	(Unaudited)	
Cash and cash equivalents	1,136	114
Other financial assets	1,851	1,468
Trade receivables and payables, net	309	81
Loans and borrowings	(12,171)	(9,429)
Other assets and liabilities, net	86	64
Net liability position	(8,789)	(7,702)

Of the total net position, US \$ (8,897) millions correspond to net liabilities of companies with Colombian peso as functional currency, of which US \$ (8,775) correspond to loans used as cash flow hedging instruments whose valuation is recognized in other comprehensive income, the valuation for difference in exchange for the remaining net assets for US\$ (122) millions affects the result for the year. Likewise, US\$ (108) millions of the net position correspond to monetary assets and liabilities of Group companies with a functional currency different from the Colombian peso, whose valuation is recognized in profit or loss.

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28.3 Sensitivity analysis for exchange rate risk

The following is the effect that a variation of 1% and 5% in the Colombian peso exchange rate would have on the United States dollar, related to the exposure of financial assets and liabilities in foreign currency as of June 30, 2020:

Scenario/ variation in the exchange rate	Effect on income before taxes (+/-)	Effect on other comprehensive income (+/-)
1%	(540)	(329,599)
5%	(2,700)	(1,647,997)

28.4 Cash flow hedge for future exports

With the objective of presenting in the financial statements the effect of the natural hedge between exports and debt, understanding that the exchange rate risk materializes when the exports are made, on September 30, 2015, the Board of Directors designated US\$5,440 millions of Ecopetrol's debt as hedge instrument of its future export sales for the period 2015- 2023, in accordance with IFRS 9 – Financial Instruments.

In accordance with Resolution 509 of 2015 of the General Accounting Office of the Nation, this accounting policy for recognition of hedges was adopted by Ecopetrol as of January 1, 2015.

The following is the movement of this non-derivative hedging instrument:

(USD\$ Millions)	June 30, 2020	December 31, 2019
	(Unaudited)	
Opening balance	1,300	1,300
Reassignment of hedging instruments	4,627	5,551
Realized exports	(4,627)	(5,551)
Closing balance	1,300	1,300

The following is the movement in the other comprehensive income:

	June 30, 2020	December 31, 2019
	(Unaudited)	
Opening balance	535,163	1,203,461
Exchange difference	622,882	35,607
Realized exports (Note 23)	(225,381)	(1,028,516)
Ineffectiveness	(8,384)	(5,173)
Deferred tax	(120,183)	329,784
Closing balance	804,097	535,163

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The expected reclassification of exchange differences accumulated in other comprehensive income to profit or loss is as follows:

Year	Before taxes	Taxes	After taxes
2020 (Jul-Dec)	990,640	(317,005)	673,635
2021	61,753	(19,143)	42,610
2022	61,753	(18,526)	43,227
2023	49,289	(4,664)	44,625
	1,163,435	(359,338)	804,097

28.5 Hedge of a net investment in a foreign operation

The Board of Directors approved the application of hedge accounting of net investment from June 8, 2016. The measure seeks to reduce the volatility of non-operating income due to the exchange difference. The hedge of a net investment applies to a portion of the investments the Company has in foreign currency, in this case in subsidiaries with the US dollars as their functional currency, using as hedging instrument a portion of the Company's debt denominated in U.S. dollars.

Ecopetrol designated as hedged items its net investments in Oleoducto Central S.A. (Ocensa), Ecopetrol América LLC., Hocol Petroleum Ltd. (HPL) and Refinería de Cartagena S.A.S. (Reficar); and as a hedging instrument a portion of its debt denominated in US dollars in a total amount equivalent to US \$5,200 millions. During 2019 and 2020 Ecopetrol S.A. extended the hedge for USD \$2,275 millions including the investments in Ecopetrol Permian LLC and Ecopetrol Brasil as hedged object and adding a greater amount in Reficar. The total value hedged as of June 30, 2020 is USD\$7,475 millions.

The following is the movement in the other comprehensive income:

	June 30, 2020	December 31, 2019
	(Unaudited)	
Opening balance	1,130,583	1,069,316
Exchange difference	2,906,055	87,524
Deferred tax	(871,816)	(26,257)
Closing balance	3,164,822	1,130,583

28.6 Hedging with derivative financial instruments

During 2020, Ecopetrol has signed forward non-delivery operations for the sale of U.S. dollars to mitigate the volatility of the exchange rate in the cash flow required for the Company's operations. The following are the details of the forward contracts in force as of June 30, 2020:

Maturity	USD millions	Average rate agreed
	(Unaudited)	
September 2020	135	4,009.6
October 2020	140	4,035.6
November 2020	145	3,967.8
	420	4,003.8

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As of June 30, 2020 Ecopetrol S.A. recognized an active forward position and a profit from the valuation of forwards contracts of COP\$ 87,959. This balance corresponds to its fair value classified with hierarchy level 2, calculated from observable data, using the projection methodology and discount of cash flows with forward points.

28.7 Capital management

The main objective of Ecopetrol's Capital Management is to ensure a financial structure that will optimize the Company's cost of capital, maximize the returns to its shareholders and allow access to financial markets at a competitive cost to cover its financing needs.

The following is the leverage index over the periods reported:

	June 30, 2020	December 31, 2019
	(Unaudited)	
Loans and borrowings (Note 18)	53,669,748	38,239,139
Cash and cash equivalents (Note 6)	(9,247,947)	(7,075,758)
Other financial assets (Note 9)	(5,884,229)	(4,979,292)
Net financial debt	38,537,572	26,184,089
Equity (Note 22)	55,636,720	60,344,122
Leverage (1)	40.92%	30.26%

(1) Net financial debt / (Net financial debt + Equity)

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29. Related parties

The balances with associated companies and joint ventures as of June, 2020 and December 31, 2019 are as follows

	Accounts receivable	Loans receivable	Other assets	Accounts payable	Loans payable	Other liabilities
Joint ventures						
Equion Energía Limited (1)	3,716	-	13,447	56,079	1,312,643	1,254
Ecodiesel Colombia S,A,	6,313	-	-	24,804	-	1
Offshore International Group Inc (2)	-	106,914	-	-	-	-
Associates						
Gas Natural del Oriente S.A. E.S.P.	5,669	-	-	65	-	-
Extrucol S.A.	2,405	-	-	-	-	-
E2 Energía Eficiente S.A. E.S.P.	8,158	-	-	540	-	-
Serviport S,A,	-	-	-	948	-	-
Balance as of June 30, 2020 (Unaudited)	26,261	106,914	13,447	82,436	1,312,643	1,255
Current	26,261	106,914	13,447	82,436	1,312,643	1,255
Non-current	-	-	-	-	-	-
	26,261	106,914	13,447	82,436	1,312,643	1,255
	(Note 7)	(Note 7)	(Note 11)	(Note 19)	(Note 18)	

	Accounts receivable	Loans receivable	Other assets	Accounts payable	Loans payable	Other liabilities
Joint ventures						
Equion Energía Limited (1)	25,333	-	57,016	153,501	1,108,403	794
Ecodiesel Colombia S,A,	2,116	-	-	29,447	-	1
Offshore International Group Inc (2)	-	93,657	-	-	-	-
Associates						
Serviport S,A,	-	-	-	4,668	-	-
Balance as of December 31, 2019	27,449	93,657	57,016	187,616	1,108,403	795
Current	27,449	-	57,016	187,616	1,108,403	795
Non-current	-	93,657	-	-	-	-
	27,449	93,657	57,016	187,616	1,108,403	795

Loans payable:

(1) Deposits held by Equion in Ecopetrol Capital AG.

Loans receivable:

(2) Savia Perú S.A.: Loan granted by Ecopetrol S.A.

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The main transactions with related parties for the six-month period ended June 30 are detailed as follows:

	2020		2019	
	Sales and Services	Purchases of product and other	Sales and Services	Purchases of product and other
	(Unaudited)		(Unaudited)	
Joint Ventures				
Equion Energía Limited	17,512	227,793	261,925	320,650
Ecodiesel Colombia S.A.	4,065	125,376	2,421	135,806
Offshore International Group Inc	2,235	-	-	1,547
	<u>23,812</u>	<u>353,169</u>	<u>264,346</u>	<u>458,003</u>
Associates				
Gas Natural del Oriente S.A. E.S.P.	-	14,048	-	-
Extracol S.A.	-	128	-	-
E2 Energía Eficiente S.A. E.S.P.	24,219	780	-	-
	<u>48,031</u>	<u>721,294</u>	<u>528,692</u>	<u>916,006</u>

30. Segments information

The description of the business segments can be seen in Note 4.19 of the consolidated financial statements as of December 31, 2019.

The following segment information is reported based on the information used by the Board of Directors, as the top party responsible for strategic and operational decisions of these business segments. The performance of the segments is based primarily on an analysis of income, costs, expenses and results for the period generated by each segment, which are regularly monitored.

The information disclosed in each segment is presented net of transactions among the Ecopetrol Business Group.

30.1 Statement of profit or loss by segment

The following presents the consolidated statement of profit and loss by segment for the periods of three and six months ended June 30, 2020 and 2019:

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Three-month period ended June 30, 2020 (Unaudited)					
	Exploration and Production	Refining and Petrochemicals	Transportation and Logistics	Eliminations	Total
Revenue	6,022,259	4,106,276	2,962,286	(4,649,144)	8,441,677
Costs of sales	(7,138,860)	(4,276,374)	(792,264)	4,592,158	(7,615,340)
Gross profit	(1,116,601)	(170,098)	2,170,022	(56,986)	826,337
Administration expenses	(530,078)	(272,213)	(107,717)	78,665	(831,343)
Operation and projects expenses	(306,603)	(185,496)	(87,950)	(21,815)	(601,864)
Impairment of non-current assets	-	867	2,795	-	3,662
Other operating income, net	1,362,389	60,633	7,906	9	1,430,937
Operating income (loss)	(590,893)	(566,307)	1,985,056	(127)	827,729
Financial result, net					
Financial income	435,489	41,755	25,513	(71,664)	431,093
Financial expenses	(660,760)	(318,826)	(168,442)	71,791	(1,076,237)
Foreign exchange (loss) gain, net	(145,465)	209,390	(17,544)	-	46,381
	(370,736)	(67,681)	(160,473)	127	(598,763)
Share of profit of associates and joint ventures	37,586	41,922	(2,355)	-	77,153
Income before tax	(924,043)	(592,066)	1,822,228	-	306,119
Income tax	302,330	272,622	(579,355)	-	(4,403)
Net (loss) profit for the period	(621,713)	(319,444)	1,242,873	-	301,716
Net (loss) profit attributable to:					
Group owners of parent	(601,503)	(346,687)	973,304	-	25,114
Non-controlling interest	(20,210)	27,243	269,569	-	276,602
	(621,713)	(319,444)	1,242,873	-	301,716
Supplementary information:					
Depreciation, depletion and amortization	1,547,969	415,079	326,437	-	2,289,485
Impairment of non-current assets	-	(867)	(2,795)	-	(3,662)

Three-month period ended June 30, 2019 (Unaudited)					
	Exploration and Production	Refining and Petrochemicals	Transportation and Logistics	Eliminations	Total
Revenue	13,531,965	10,224,594	3,211,918	(8,659,867)	18,308,610
Costs of sales	(8,989,469)	(10,009,402)	(868,338)	8,653,933	(11,213,276)
Gross profit	4,542,496	215,192	2,343,580	(5,934)	7,095,334
Administration expenses	(214,656)	(111,612)	(91,108)	(199)	(417,575)
Operation and projects expenses	(429,059)	(186,576)	(87,939)	5,433	(698,141)
Other operating (loss) income, net	(21,786)	7,814	(8,044)	-	(22,016)
Operating income (loss)	3,876,995	(75,182)	2,156,489	(700)	5,957,602
Financial result, net					
Financial income	367,301	11,860	50,242	(59,041)	370,362
Financial expenses	(315,923)	(346,086)	(201,459)	59,125	(804,343)
Foreign exchange gain (loss), net	130,904	(57,084)	(30,862)	-	42,958
	182,282	(391,310)	(182,079)	84	(391,023)
Share of profit of associates and joint ventures	67,234	4,231	738	-	72,203
Income before tax	4,126,511	(462,261)	1,975,148	(616)	5,638,782
Income tax	(1,335,254)	131,069	(667,724)	-	(1,871,909)
Net profit (loss) for the period	2,791,257	(331,192)	1,307,424	(616)	3,766,873
Net profit (loss) attributable to:					
Group owners of parent	2,806,103	(331,048)	1,012,758	(616)	3,487,197
Non-controlling interest	(14,846)	(144)	294,666	-	279,676
	2,791,257	(331,192)	1,307,424	(616)	3,766,873
Supplementary information:					
Depreciation, depletion and amortization	1,430,443	344,744	318,177	-	2,093,364
Impairment of non-current assets	-	669	(68)	-	601

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	Six-month period ended June 30, 2020 (Unaudited)				
	Exploration and Production	Refining and Petrochemicals	Transportation and Logistics	Eliminations	Total
Revenue	16,505,738	12,394,018	6,146,779	(11,532,893)	23,513,642
Costs of sales	(16,075,133)	(12,507,567)	(1,684,163)	11,364,700	(18,902,163)
Gross profit	430,605	(113,549)	4,462,616	(168,193)	4,611,479
Administration expenses	(881,656)	(419,430)	(199,171)	128,305	(1,371,952)
Operation and projects expenses	(552,999)	(429,976)	(177,266)	39,617	(1,120,624)
Impairment of non-current assets	(518,173)	(688,914)	2,808	-	(1,204,279)
Other operating income and (expenses), net	1,331,660	62,019	17,700	(5)	1,411,374
Operating income (loss)	(190,563)	(1,589,850)	4,106,687	(276)	2,325,998
Financial result, net					
Financial income	799,806	68,305	75,669	(150,685)	793,095
Financial expenses	(1,375,332)	(604,489)	(261,584)	150,961	(2,090,444)
Foreign exchange gain (loss), net	53,591	(645,442)	624,842	-	32,991
	(521,935)	(1,181,626)	438,927	276	(1,264,358)
Share of profit of associates and joint ventures	(13,728)	92,641	(2,368)	-	76,545
Income before tax	(726,226)	(2,678,835)	4,543,246	-	1,138,185
Income tax	254,025	784,339	(1,394,685)	-	(356,321)
Net (loss) profit for the period	(472,201)	(1,894,496)	3,148,561	-	781,864
Net profit (loss) profit attributable to:					
Group owners of parent	(430,779)	(1,958,370)	2,547,158	-	158,009
Non-controlling interest	(41,422)	63,874	601,403	-	623,855
	(472,201)	(1,894,496)	3,148,561	-	781,864
Supplementary information:					
Depreciation, depletion and amortization	3,058,022	812,470	648,606	-	4,519,098
Impairment of non-current assets	(518,173)	(688,914)	2,808	-	(1,204,279)

	Six-month period ended June 30 de 2019 (Unaudited)				
	Exploration and Production	Refining and Petrochemicals	Transportation and Logistics	Eliminations	Total
Revenue	25,129,219	18,776,644	6,263,919	(15,918,552)	34,251,230
Costs of sales	(17,164,254)	(18,508,539)	(1,680,306)	15,905,664	(21,447,435)
Gross profit	7,964,965	268,105	4,583,613	(12,888)	12,803,795
Administration expenses	(395,924)	(218,668)	(171,986)	2,000	(784,578)
Operation and projects expenses	(640,183)	(343,056)	(135,200)	9,849	(1,108,590)
Other operating (expenses) and income, net	(19,514)	(21,692)	126,917	(81,990)	3,721
Operating income (loss)	6,909,344	(315,311)	4,403,344	(83,029)	10,914,348
Financial result, net					
Financial income	619,156	32,251	175,656	(179,193)	647,870
Financial expenses	(505,262)	(691,716)	(452,972)	139,267	(1,510,683)
Foreign exchange gain (loss), net	51,045	110,760	(75,963)	-	85,842
	164,939	(548,705)	(353,279)	(39,926)	(776,971)
Share of profit of associates and joint ventures	103,931	6,828	101	122,337	233,197
Income before tax	7,178,214	(857,188)	4,050,166	(618)	10,370,574
Income tax	(2,351,874)	157,488	(1,350,879)	-	(3,545,265)
Net profit (loss) for the period	4,826,340	(699,700)	2,699,287	(618)	6,825,309
Net profit (loss) attributable to:					
Group owners of parent	4,856,388	(699,463)	2,075,425	(618)	6,231,732
Non-controlling interest	(30,048)	(237)	623,862	-	593,577
	4,826,340	(699,700)	2,699,287	(618)	6,825,309
Supplementary information:					
Depreciation, depletion and amortization	2,778,690	690,690	614,732	-	4,084,112
Impairment of non-current assets	-	(1,504)	(645)	-	(2,149)

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30.2 Sales by product

	Sales by product - Segments				
	Three-month period ended June 30, 2020 (Unaudited)				
	Exploration and Production	Refining and Petrochemicals	Transportation and Logistics	Eliminations	Total
National sales					
Mid-distillates	-	1,545,635	-	(4,277)	1,541,358
Gasoline	-	1,095,609	-	(149,006)	946,603
Natural gas	874,211	(116,356)	-	(200,423)	557,432
Services	36,375	24,550	2,962,266	(2,506,067)	517,124
Fuel gas service	-	330,272	-	-	330,272
Plastic and rubber	-	160,166	-	-	160,166
Asphalts	4,885	74,035	-	-	78,920
L.P.G. and propane	48,255	19,763	-	(2,232)	65,786
Crudes	1,706,184	-	-	(1,658,307)	47,877
Polyethylene	-	17,798	-	-	17,798
Aromatics	-	17,183	-	-	17,183
Fuel oil	(119)	1,320	-	-	1,201
Other income – Gas contracts	925	-	-	-	925
Other	3,116	97,313	-	(49,475)	50,954
	2,673,832	3,267,288	2,962,266	(4,569,787)	4,333,599
Recognition of price differential	-	(324,108)	-	-	(324,108)
	2,673,832	2,943,180	2,962,266	(4,569,787)	4,009,491
Foreign sales					
Crude	3,432,575	-	-	(79,345)	3,353,230
Diesel	-	526,367	-	-	526,367
Plastic and rubber	-	250,140	-	-	250,140
Gasoline and turbo fuel	-	153,680	-	-	153,680
Fuel oil	-	144,174	-	-	144,174
Natural gas	2,216	-	-	-	2,216
L.P.G. and propane	1,663	-	-	-	1,663
Cash flow hedging – Reclassification to profit or loss	(97,638)	-	-	-	(97,638)
Other	9,611	88,735	20	(12)	98,354
	3,348,427	1,163,096	20	(79,357)	4,432,186
	6,022,259	4,106,276	2,962,286	(4,649,144)	8,441,677

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	Sales by product - Segments				
	Three-month period ended June 30 de 2019 (Unaudited)				
	Exploration and Production	Refining and Petrochemicals	Transportation and Logistics	Eliminations	Total
National sales					
Mid-distillates	-	3,132,499	-	22,581	3,155,080
Gasoline	-	2,715,994	-	(519,947)	2,196,047
Natural gas	698,151	-	-	(163,808)	534,343
Services	49,587	59,107	3,211,907	(2,266,868)	1,053,733
Plastic and rubber	-	183,636	-	-	183,636
Asphalts	5,210	126,485	-	-	131,695
L.P.G. and propane	45,589	60,401	-	-	105,990
Crude	5,589,763	-	-	(5,501,948)	87,815
Polyethylene	-	51,324	-	-	51,324
Aromatics	-	62,108	-	-	62,108
Fuel oil	52	58,741	-	-	58,793
Other income – Gas contracts	36,070	-	-	-	36,070
Other	1,046	335,964	-	(229,903)	107,107
	6,425,468	6,786,259	3,211,907	(8,659,893)	7,763,741
Recognition of price differential	-	911,872	-	-	911,872
	6,425,468	7,698,131	3,211,907	(8,659,893)	8,675,613
Foreign sales					
Crude	7,437,181	-	-	-	7,437,181
Diesel	-	1,142,320	-	-	1,142,320
Plastic and rubber	-	286,333	-	-	286,333
Gasoline	-	308,376	-	-	308,376
Fuel oil	-	604,733	-	-	604,733
Natural gas	5,904	-	-	-	5,904
L.P.G. and propane	3,900	-	-	-	3,900
Cash flow hedging – Reclassification to profit or loss	(345,681)	-	-	-	(345,681)
Other	5,193	184,701	11	26	189,931
	7,106,497	2,526,463	11	26	9,632,997
	13,531,965	10,224,594	3,211,918	(8,659,867)	18,308,610

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	Sales by product - Segments				
	Six-month period ended el June 30, 2020 (Unaudited)				
	Exploration and Production	Refining and Petrochemicals	Transportation and Logistics	Eliminations	Total
National sales					
Mid-distillates	-	4,733,244	-	(7,073)	4,726,171
Gasoline	-	3,753,736	-	(513,487)	3,240,249
Natural gas	1,720,897	-	-	(380,945)	1,339,952
Services	76,695	172,050	6,146,742	(4,937,498)	1,457,989
Fuel gas service	-	330,272	-	-	330,272
Plastic and rubber	-	334,937	-	-	334,937
Asphalts	10,498	204,562	-	-	215,060
L.P.G. and propane	108,967	53,202	-	(2,232)	159,937
Crude	5,649,371	-	-	(5,531,914)	117,457
Polyethylene	-	60,708	-	-	60,708
Aromatics	-	74,936	-	-	74,936
Fuel oil	1,784	17,435	-	-	19,219
Other income – Gas contracts	28,572	-	-	-	28,572
Other	11,044	273,153	-	(80,387)	203,810
	7,607,828	10,008,235	6,146,742	(11,453,536)	12,309,269
Recognition of price differential	-	(407,867)	-	-	(407,867)
	7,607,828	9,600,368	6,146,742	(11,453,536)	11,901,402
Foreign sales					
Crude	9,092,264	29	-	(79,345)	9,012,948
Diesel	-	1,243,219	-	-	1,243,219
Plastic and rubber	-	575,980	-	-	575,980
Gasoline	-	153,680	-	-	153,680
Fuel oil	-	404,241	-	-	404,241
Natural gas	7,742	-	-	-	7,742
L.P.G. and propane	6,157	-	-	-	6,157
Cash flow hedging – Reclassification to profit or loss	(225,381)	-	-	-	(225,381)
Other	17,128	416,501	37	(12)	433,654
	8,897,910	2,793,650	37	(79,357)	11,612,240
	16,505,738	12,394,018	6,146,779	(11,532,893)	23,513,642

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Sales by product - Segments					
Six-month period ended June 30 de 2019 (Unaudited)					
	Exploration and Production	Refining and Petrochemicals	Transportation and Logistics	Eliminations	Total
National sales					
Mid-distillates	-	6,166,309	-	-	6,166,309
Gasoline	-	5,141,466	-	(887,193)	4,254,273
Natural gas	1,380,177	-	-	(314,638)	1,065,539
Services	100,375	119,577	6,263,896	(4,437,709)	2,046,139
Fuel gas service					
Plastic and rubber	-	365,239	-	-	365,239
Asphalts	11,426	218,618	-	-	230,044
L.P.G. and propane	96,807	119,519	-	-	216,326
Crude	10,215,051	-	-	(10,009,693)	205,358
Polyethylene	-	99,348	-	-	99,348
Aromatics	-	130,294	-	-	130,294
Fuel oil	323	67,861	-	-	68,184
Other income – Gas contracts	47,491	-	-	-	47,491
Other	3,562	514,567	-	(269,344)	248,785
	11,855,212	12,942,798	6,263,896	(15,918,577)	15,143,329
Recognition of price differential	-	1,354,239	-	-	1,354,239
	11,855,212	14,297,037	6,263,896	(15,918,577)	16,497,568
Foreign sales					
Crude	13,922,471	-	-	-	13,922,471
Diesel	-	1,876,780	-	-	1,876,780
Plastic and rubber	-	591,241	-	-	591,241
Gasoline	-	615,880	-	-	615,880
Fuel oil	-	1,076,639	-	-	1,076,639
Natural gas	16,454	-	-	-	16,454
L.P.G. and propane	8,410	-	-	-	8,410
Cash flow hedging – Reclassification to profit or loss	(683,860)	-	-	-	(683,860)
Other	10,532	319,067	23	25	329,647
	13,274,007	4,479,607	23	25	17,753,662
	25,129,219	18,776,644	6,263,919	(15,918,552)	34,251,230

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31. Subsequent events (Unaudited)

- On July 17, 2020, the Board of Directors of Ecopetrol approved a new organic investment plan for the Ecopetrol Business Group with an estimated amount between US \$ 3,000 and US \$3,400 million for 2020. This level of organic investments is similar as the executed in 2019 and higher than the investment plan announced in early May.
- Through Resolution 1381 of July 6, 2020, the Ministry of Finance and Public Credit authorized OCENSA to subscribe, issue and place External Public Debt Bonds, under rule 144 A / Registry S of the United States of America Securities Law, in the international capital markets, for up to five hundred million dollars (USD \$ 500 million), to refinance the payment of the debt called Global Bond 2021. The issue was carried out on July 14, 2020 with a 7-year maturity and a coupon rate of 4%.

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Exhibit 1 - Consolidated companies, associates and joint ventures (Unaudited)

Company	Functional Currency	Ownership Interest Ecopetrol	Activity	Country/ Domicile	Geographic area of operations	Net equity	Profit (loss) for the period	Total Assets	Total Liabilities
Subsidiaries									
Refinería de Cartagena S.A.S.	U.S. Dollar	100%	Hydrocarbons refining, marketing and distribution	Colombia	Colombia	20,113,024	(1,201,393)	30,618,931	10,505,907
Cenit transporte y logística de hidrocarburos S.A.S.	Colombian peso	100%	Storage and transportation through hydrocarbon pipelines	Colombia	Colombia	14,457,402	2,587,708	16,134,818	1,677,416
Ecopetrol Global Energy S.L.U.	U.S. Dollar	100%	Investment vehicle	Spain	Spain	10,190,583	(193,300)	10,193,142	2,559
Oleoducto Central S. A. - Ocesa	U.S. Dollar	72,65%	Pipeline transportation of crude oil	Colombia	Colombia	4,658,372	1,408,215	7,068,717	2,410,345
Hocol Petroleum Limited.	U.S. Dollar	100%	Investment vehicle	Bermuda	Bermuda	3,694,093	151,140	3,694,336	243
Ecopetrol América LLC.	U.S. Dollar	100%	Hydrocarbons exploration and exploitation	United States of America	United States of America	2,791,129	(116,246)	3,270,743	479,614
Hocol S.A.	U.S. Dollar	100%	Hydrocarbons exploration and exploitation	Cayman Islands	Colombia	2,532,426	143,198	3,793,203	1,260,777
Esenttia S.A.	U.S. Dollar	100%	Commercialization polypropylene resins	Colombia	Colombia	1,967,609	112,699	2,355,872	388,263
Ecopetrol Capital AG	U.S. Dollar	100%	Collection of surpluses from, and providing funds to, companies of the Ecopetrol Business Group	Switzerland	Switzerland	1,949,671	79,796	8,084,941	6,135,270
Oleoducto Bicentenario de Colombia S.A.S.	Colombian peso	55,97%	Pipeline transportation of crude oil	Colombia	Colombia	1,502,663	95,547	3,549,006	2,046,343
Andean Chemicals Ltd.	U.S. Dollar	100%	Investment vehicle	Bermuda	Bermuda	1,360,916	2,357	1,361,576	660
Oleoducto de los Llanos Orientales S. A. - ODL	Colombian peso	65%	Pipeline transportation of crude oil	Panama	Colombia	1,032,261	235,422	1,448,891	416,630
Inversiones de Gases de Colombia S.A. Invercolsa S.A.	Colombian peso	51,88%	Holding with investments in transportation and distribution companies of natural gas and LPG in Colombia	Colombia	Colombia	769,580	116,249	1,567,358	797,778
Black Gold Re Ltd.	U.S. Dollar	100%	Reinsurer of Ecopetrol and its subsidiaries	Bermuda	Bermuda	898,696	36,411	1,050,224	151,528
Oleoducto de Colombia S. A. - ODC	Colombian peso	73%	Pipeline transportation of crude oil	Colombia	Colombia	431,053	186,457	561,399	130,346

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(Figures expressed in millions of Colombian pesos, unless otherwise stated)

Company	Functional Currency	Ownership Interest Ecopetrol	Activity	Country/ Domicile	Geographic area of operations	Net equity	Profit (loss) for the period	Total Assets	Total Liabilities
Ecopetrol USA Inc.	U.S. Dollar	100%	Hydrocarbons exploration and exploitation	United States of America	United States of America	8,432,968	(132,533)	8,432,968	-
Ecopetrol Permian LLC.	U.S. Dollar	100%	Hydrocarbons exploration and exploitation	United States of America	United States of America	3,875,430	(63,553)	3,904,281	28,851
Ecopetrol Oleo é Gas do Brasil Ltda.	Real	100%	Hydrocarbons exploration and exploitation	Brazil	Brazil	1,672,790	(42,464)	1,705,421	32,631
Esenttia Masterbatch Ltda.	Colombian peso	100%	Manufacture of polypropylene compounds and masterbatches	Colombia	Colombia	255,603	100,001	329,227	73,624
Ecopetrol del Perú S. A.	U.S. Dollar	100%	Hydrocarbons exploration and exploitation	Peru	Peru	57,476	(192)	60,130	2,654
ECP Hidrocarburos de México S.A. de C.V.	U.S. Dollar	100%	Offshore exploration	Mexico	Mexico	26,055	(17,374)	43,617	17,562
Ecopetrol Costa Afuera S.A.S.	Colombian peso	100%	Offshore exploration	Colombia	Colombia	12,399	191	32,278	19,879
Ecopetrol Energía S.A.S. E.S.P.	Colombian peso	100%	Energy supply service	Colombia	Colombia	9,425	2,020	87,639	78,214
Esenttia Resinas del Perú SAC	U.S. Dollar	100%	Commercialization polypropylene resins and masterbatches	Peru	Peru	5,903	337	34,405	28,502
Ecopetrol Germany Gmbh (1)	U.S. Dollar	100%	Hydrocarbons exploration and exploitation	Germany	Angola	2,678	63	2,678	-
Topili Servicios Administrativos S de RL De CV.	Mexican peso	100%	Specialized management services	Mexico	Mexico	34	(19)	38	4
Kalixpan Servicios Técnicos S de RL De CV.	Mexican peso	100%	Specialized services related to oil and gas industry	Mexico	Mexico	35	(18)	46	11

(1) Companies in liquidation process.

Ecopetrol S.A.

Notes to consolidated condensed interim financial statements

June 30, 2020

(Figures expressed in millions of Colombian pesos, unless otherwise stated)

Company	Functional Currency	Ownership Interest Ecopetrol	Activity	Country/Domicile	Geographic area of operations	Net equity	Profit (loss) for the period	Total Assets	Total Liabilities
Associates									
Serviport S.A. (2)	Colombian peso	49%	Services for oil-vessel loading and unloading support; supply of equipment for the same purpose; technical inspections and loading measurements	Colombia	Colombia	16,863	(3,668)	51,260	34,397
Sociedad Portuaria Olefinas y Derivados S.A. (3)	Colombian peso	50%	Construction, use, maintenance, adaptation and administration of ports and private or public docks facilities	Colombia	Colombia	3,988	119	6,981	2,993
Joint ventures									
Equion Energía Limited	U.S. Dollar	51%	Hydrocarbons exploration and exploitation	United Kingdom	Colombia	2,579,588	20,073	2,845,044	265,456
Offshore International Group Inc. (3)	U.S. Dollar	50%	Hydrocarbons exploration and exploitation	United States of America	Peru	787,917	(47,931)	1,924,247	1,136,330
Ecodiesel Colombia S.A. (3)	Colombian peso	50%	Production, commercialization and distribution of biofuels and oleochemicals	Colombia	Colombia	87,204	13,048	144,421	57,217

(2) Information available as of December 31, 2019, this investment is totally impaired.

(3) Information available as of May 31, 2020.