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BANCOLOMBIA SA
Form 6-K
August 03, 2006

CONFORMED COPY

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1933

For the month of August 2006

BANCOLOMBIA S.A.
(Translation of Registrant's name into English)

Calle 50 No. 51-66
Medellin, Colombia
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information
contained in this form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of
1934.)

Yes No
 ----- -----

(If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): 82-_____.)

This Report on Form 6-K shall be incorporated by reference into the
registrant's registration statement on Form F-3 (File No. 001-32535).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf by the
undersigned, thereunto duly authorized.

BANCOLOMBIA S.A.
(Registrant)

Date: August 02, 2006

By /s/ JAIME ALBERTO VELASQUEZ B.

Name: Jaime Alberto Velasquez B.

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Title: Vice President of Finance

(BANCOLOMBIA LOGO)

CIB
LISTED
NYSE

CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2006

AUGUST 2, 2006. Medellin, Colombia - Today, BANCOLOMBIA S.A. (NYSE: CIB) announced its financial results for the second quarter of fiscal year 2006, ended June 30, 2006.(1)

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

| (Ps millions) | QUARTER | | GROWTH 2Q 06/ 1Q 06 |
|---|-------------------|-------------------|------------------------|
| | 1Q 06 | 2Q 06 | |
| ASSETS | | | |
| Loans and financial leases, net | 18,365,410 | 21,084,601 | 14.81% |
| Investment securities, net | 8,315,148 | 7,954,602 | -4.34% |
| Other assets | 4,284,405 | 4,448,419 | 3.83% |
| TOTAL ASSETS | 30,964,963 | 33,487,622 | 8.15% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| DEPOSITS | | | |
| Non-interest bearing | 3,229,036 | 3,282,769 | 1.66% |
| Interest bearing | 15,114,402 | 17,398,496 | 15.11% |
| OTHER LIABILITIES | 9,422,199 | 9,590,872 | 1.79% |
| TOTAL LIABILITIES | 27,765,637 | 30,272,137 | 9.03% |
| Shareholders' equity | 3,199,326 | 3,215,485 | 0.51% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 30,964,963 | 33,487,622 | 8.15% |
| Interest income | 747,905 | 484,489 | -35.22% |
| Interest expense | 289,761 | 301,759 | 4.14% |
| NET INTEREST INCOME | 458,144 | 182,730 | -60.12% |
| Net provisions | (50,678) | (7,554) | -85.09% |
| Fees and income from service, net | 206,119 | 210,335 | 2.05% |
| Other operating income | 84,938 | 87,677 | 3.22% |
| Operating expense | (418,911) | (426,601) | 1.84% |
| Non-operating income, net | 2,269 | 55,515 | 2,346.67% |
| Income tax expense | (67,779) | (33,054) | -51.23% |
| NET INCOME | 214,102 | 69,048 | -67.75% |

(1) This report corresponds to the consolidated financial statements of BANCOLOMBIA and its affiliates of which it owns, directly or indirectly, 50% or more of the voting capital stock. Any reference to BANCOLOMBIA must be understood as referring to the Bank together with its affiliates, unless

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otherwise specified. The unaudited pro forma combined condensed financial statements for the second quarter of 2005 and the relevant numbers developed from such financial statements presented below are derived from (a) the unaudited consolidated financial statements of Bancolombia as of June 30, 2005 (b) the unaudited consolidated financial statements of Corporacion Financiera Nacional y Suramericana S.A. ("Corfinsura"), giving effect to the spin-off of the portion of Corfinsura's assets and liabilities that were not assumed by Bancolombia through the merger, as of June 30, 2005 and (c) the unaudited consolidated financial statements of Conavi Banco Comercial y de Ahorros S.A ("Conavi"), as of June 30, 2005, as if the merger had been completed as of those dates.

These financial statements have been prepared in accordance with generally accepted accounting principles in Colombia (COLGAAP), are stated in nominal terms and have not been audited. Even though for purposes of COLGAAP historical pro forma information is not required, these pro forma financial statements are presented for comparison purposes. BANCOLOMBIA maintains accounting records in Colombian pesos, referred to herein as "Ps."

The unaudited pro forma combined condensed financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Bancolombia would have been, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. The unaudited pro forma combined condensed financial statements do not include the realization of cost savings from operating efficiencies, revenue synergies or other restructuring costs currently expected to result from the merger. No assurance can be given that any such savings or other expected benefits of the merger will in fact take place, whether at the level of management's current expectations or at all.

ANY REFERENCE TO BANCOLOMBIA MUST BE UNDERSTOOD AS REFERRING TO THE BANK TOGETHER WITH ITS AFFILIATES, UNLESS OTHERWISE SPECIFIED.

Exchange rate: June 30, 2006 Ps 2,579.08 = US\$ 1 Average exchange rate June 2006 Ps 2,361.40 = US\$ 1

Contacts

| | | |
|---------------------|---------------------|---------------------|
| SERGIO RESTREPO | JAIME A. VELASQUEZ | MAURICIO BOTERO |
| EXECUTIVE VP | FINANCIAL VP | IR MANAGER |
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(BANCOLOMBIA LOGO)

2Q06

1. HIGHLIGHTS(2):

- Despite positive operating results for the second quarter of 2006, the Bank's overall results were negatively impacted by the volatility of the international capital markets. The Colombian sovereign bonds sell-off, resulted in a drop in prices, as the benchmark TES 2020 yield rose from 7.62%, at the end of the first quarter, to 10.50% as of June 30, 2006. This drove interest on investments to a loss of Ps

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158,401 million, compared to the Ps 135,379 million gain from the first quarter and to Ps 228,791 million gain from the second quarter of 2005.

- As a result, net income for the second quarter of 2006 amounted to Ps 69,048 million, decreasing 71.7% as compared to Ps 243,522 million pro forma for the second quarter of 2005, and 67.7% as compared to Ps 214,102 million for the first quarter of 2006.
- As of June 30, 2006, BANCOLOMBIA's net loans totaled Ps 21,085 billion, increasing 14.8% compared to Ps 18,365 billion in the previous quarter and 25.1% on a year-to-year basis. Similarly, interest on loans increased 4.7% quarterly and 8.1% yearly.
- The deposit mix improved for the quarter. Total deposits amounted to Ps 20,681 billion increasing 12.7% for the quarter and 20.2% for the year, while interest on deposits increased 5.4% for the quarter and decreased 1.1% for the year.
- Net fees and income from services totaled Ps 210,335 million for the quarter, increasing 19.6% compared to the pro forma figure for the same period in 2005, and increasing 2.1% from the quarter ended on March 31, 2006.
- The financial business grew during the first six months of 2006, while the operating expenses remained stable for the quarter and increased 5.2% in a year over year basis, below the Bank's assets growth.
- BANCOLOMBIA's ratio of past due loans to total loans at June 30, 2006 was 2.7% and the ratio of allowances to past due loans was 130.7%.

STOCK INDICATORS

| | 1Q 06 | 2Q 06 | AS OF | |
|--------------------------|-------------|-------------|-----------|-----------|
| | | | MAR-31-06 | JUN-30-06 |
| Net Income (Ps millions) | 214,102 | 69,048 | 214,102 | 283,150 |
| USD Earnings per ADS | 0.513 | 0.147 | 0.513 | 0.603 |
| ROAA | 2.78% | 0.91% | 2.78% | 1.87% |
| ROAE | 25.11% | 8.49% | 25.11% | 17.41% |
| P/BV ADS (1) | 4.55 | 3.52 | | |
| P/BV Local (2) (3) | 4.45 | 3.03 | | |
| P/E (4) | 16.74 | 37.00 | | |
| Shares Outstanding | 727,827,005 | 727,827,005 | | |

(1) Defined as ADS price divided by ADS book value.

(2) Defined as Share price on the Colombian Stock Exchange divided by share book value.

(3) Share prices on the Colombian Stock Exchange

(4) Defined as market capitalization divided by annualized quarter results

 (2) This is the fourth time BANCOLOMBIA has released consolidated quarterly financial results since the merger that took place on July 30, 2005. This

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report contains pro forma figures for the second quarter of 2005 as if the spin off of Corfinsura and the merger with Conavi and Corfinsura (after the spin-off) had taken place on that date, for the purpose of comparison. All references to numbers for periods prior to the merger contained herein were derived from such pro forma consolidated financial statements.

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(BANCOLOMBIA LOGO)

2Q06

2. CONSOLIDATED BALANCE SHEET

2.1 ASSETS

BANCOLOMBIA's total assets for the quarter amounted to Ps 33,488 billion as of June 30, 2006, increasing 8.15% as compared to Ps 30,965 billion as of March 31, 2006. This represents an increase of 17.2% over the year from Ps 28,569 billion as of June 30, 2005. The assets growth is a result of the positive dynamic of the loan portfolio.

2.1.1 LOAN PORTFOLIO

The loan portfolio presented very positive figures amounting to Ps 21,085 billion as of June 30, 2006, increasing 14.8% for the quarter and 25.1% on a year-to-year basis.

Corporate loans presented a robust growth amounting to Ps 9,552 billion for the quarter, increasing 17.5% as compared to Ps 11,224 billion in the previous quarter. This represents an increase of 21.9% as compared to Ps 9,208 billion for the same period of 2005.

The retail and small and medium-sized enterprise ("SME") loans maintained their positive growth rates. They amounted to Ps 5,806 billion as of June 30, 2006, increasing 12.3% over the quarter and 30.3% over the year. Similarly, financial leases maintain their positive trend amounting to Ps 3,099 billion, increasing 8.7% over the quarter and 27.3% over the year.

In March, the Bank implemented a new commercial strategy based on 1% per month fixed-rate ten year mortgages that resulted in a strong growth of the mortgage loans during the second quarter, amounting to Ps 1,719 billion as of June 30, 2006. This represents a 12.3% increase over the quarter, and an 18.1% increase over the year.

LOAN PORTFOLIO

| (Ps millions) | 30-JUN-05 PRO FORMA | AS OF 31-MAR-06 | 30-JUN-06 | GROWTH | |
|----------------------------|------------------------|--------------------|-----------|-------------|-------------|
| | ----- | ----- | ----- | ----- | ----- |
| | | | | 2Q 06/1Q 06 | 2Q 06/2Q 05 |
| CORPORATE | | | | | |
| Working capital loans | 7,299,250 | 8,414,643 | 9,983,764 | 18.65% | |
| Loans funded by | | | | | |
| domestic development banks | 1,174,277 | 433,435 | 394,049 | -9.09% | |
| Trade financing | 601,761 | 598,818 | 649,875 | 8.53% | |
| Overdrafts | 96,980 | 74,824 | 147,057 | 96.54% | |

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| | | | | |
|--|------------|------------|------------|--------|
| Credit cards | 36,101 | 30,233 | 49,363 | 63.28% |
| | ----- | ----- | ----- | ----- |
| TOTAL CORPORATE | 9,208,369 | 9,551,953 | 11,224,108 | 17.51% |
| | ----- | ----- | ----- | ----- |
| RETAIL AND SMES | | | | |
| Working capital loans | 1,474,432 | 1,663,145 | 1,878,090 | 12.92% |
| Personal loans | 1,426,152 | 1,613,637 | 1,807,138 | 11.99% |
| Loans funded by | | | | |
| domestic development banks | 368,252 | 406,196 | 405,651 | -0.13% |
| Credit Cards | 497,677 | 613,549 | 700,157 | 14.12% |
| Overdrafts | 138,108 | 141,874 | 176,774 | 24.60% |
| Automobile loans | 480,300 | 675,834 | 760,980 | 12.60% |
| Trade Financing | 69,530 | 57,084 | 77,305 | 35.42% |
| | ----- | ----- | ----- | ----- |
| TOTAL RETAIL AND SMES | 4,454,451 | 5,171,319 | 5,806,095 | 12.27% |
| | ----- | ----- | ----- | ----- |
| MORTGAGE | 1,455,408 | 1,530,291 | 1,719,002 | 12.33% |
| | ----- | ----- | ----- | ----- |
| FINANCIAL LEASES | 2,434,171 | 2,850,547 | 3,099,021 | 8.72% |
| | ----- | ----- | ----- | ----- |
| TOTAL LOANS AND FINANCIAL LEASES | 17,552,399 | 19,104,110 | 21,848,226 | 14.36% |
| ALLOWANCE FOR LOAN LOSSES AND FINANCIAL LEASES | (692,832) | (738,700) | (763,625) | 3.37% |
| | ----- | ----- | ----- | ----- |
| TOTAL LOANS AND FINANCIAL LEASES, NET | 16,859,567 | 18,365,410 | 21,084,601 | 14.81% |
| | ===== | ===== | ===== | ===== |

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(BANCOLOMBIA LOGO)

2Q06

2.1.2 INVESTMENT PORTFOLIO

BANCOLOMBIA's investments in debt securities amounted to Ps 7,699 billion, decreasing 5.3% over the quarter. Aside from the growth figures, important changes in the debt securities portfolio took place during the quarter. Trading debt securities decreased 26.0% over the quarter, while debt securities classified as available for sale and held to maturity increased 43.4% and 21.3%, respectively.

2.1.3 ASSET QUALITY

As of June 30, 2006, the Bank's past due loans accounted for 2.7% of total loans. Charged-off loans for the quarter amounted to Ps 57,203 billion. Loans classified as C, D and E were 2.7% of total loans. Furthermore, the ratio of allowances to past due loans at the end of the quarter was 130.7%, very similar to the ratio of allowances to loans classified as C, D and E, which was 129.6%.

LOANS AND FINANCIAL LEASES CLASSIFICATION

(Ps millions)

AS OF 30-JUN-05

AS OF 31-MAR-06

AS OF 30-JUN-

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| | | | | | |
|-----------------------|------------|-------|------------|-------|------------|
| "A" Normal | 16,255,409 | 92.6% | 17,880,922 | 93.6% | 20,437,368 |
| "B" Subnormal | 628,849 | 3.1% | 628,404 | 3.3% | 814,255 |
| "C" Deficient | 209,101 | 1.3% | 208,751 | 1.1% | 199,243 |
| "D" Doubtful recovery | 284,589 | 2.1% | 219,086 | 1.1% | 247,670 |
| "E" Unrecoverable | 174,451 | 0.9% | 166,947 | 0.9% | 149,690 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL | 17,552,399 | 100% | 19,104,110 | 100% | 21,848,226 |
| | ===== | ===== | ===== | ===== | ===== |

LOANS AND FINANCIAL LEASES CLASSIFIED
AS C, D AND E AS A PERCENTAGE OF TOTAL
LOANS AND FINANCIAL LEASES

3.8% 3.1% 2.7%

ASSET QUALITY

| (Ps millions) | 30-JUN-05 PRO FORMA | AS OF 31-MAR-06 | 30-JUN-06 | GROWTH | |
|--|------------------------|--------------------|-----------|-------------|-------|
| | | | | 2Q 06/1Q 06 | 2Q 06 |
| Total performing past due loans | 286,525 | 298,428 | 334,001 | 11.92% | 16.0% |
| Total non-performing past due loans (1) | 250,046 | 298,567 | 257,666 | -13.70% | 3.0% |
| Total past due loans | 536,571 | 596,995 | 591,667 | -0.89% | 10.0% |
| Allowance for loans and accrued interest losses | 705,553 | 748,226 | 773,157 | 3.33% | 9.0% |
| Past due loans to total loans | 3.06% | 3.12% | 2.71% | | |
| Non-performing loans to total loans | 1.42% | 1.56% | 1.18% | | |
| C, D, and E loans to total loans | 3.81% | 3.11% | 2.73% | | |
| Allowances to past due loans (2) | 131.49% | 125.33% | 130.67% | | |
| Allowances to C, D, and E loans (2) | 105.60% | 125.80% | 129.59% | | |
| Allowances to non-performing loans (2) | 282.17% | 250.61% | 300.06% | | |
| Allowances to total loans | 4.02% | 3.92% | 3.54% | | |
| Performing loans to total loans | 98.58% | 98.44% | 98.82% | | |

(1) Non-performing loans comprise consumer loans that are past due 60 days or more, commercial loans that are past due 90 days or more, small business loans that are past due 30 days or more and mortgage loans that are past due 60 days or more.

(2) Allowance means allowance for loan and accrued interest losses.

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(BANCOLOMBIA LOGO)

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2.2 LIABILITIES

The Bank's deposits presented robust growth, amounting to Ps 20,681 billion as of June 30, 2006, increasing 12.7% over the quarter and 20.2% over the year. The deposit mix improved over the year. On a year-over-year basis, interest-bearing deposits increased 18.4% while non-interest bearing deposits increased 31.2%. Specifically, Checking and Savings accounts increased 29.8% and 29.1%, respectively, while time deposits increased 7.2% over the year, as compared to the 2005 pro forma figures.

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2.3 SHAREHOLDERS' EQUITY

BANCOLOMBIA's shareholders' equity was stable for the quarter, amounting to Ps 3,215 billion as of June 30, 2006. This represents an increase of 9.0% over the year. Due to the decrease of Colombia's government bond prices (TES), unrealized losses on available-for-sale debt securities amounted to Ps 56.3 billion as of June 30, 2006.

At the end of the second quarter, the Bank's consolidated ratio of technical capital to risk-weighted assets decreased to 11.3% mainly due to the solid growth of the loan portfolio.

TECHNICAL CAPITAL RISK WEIGHTED ASSETS

| Consolidated (Ps millions) | 30-JUN-05 | | |
|---|------------|------------|------------|
| | PRO FORMA | 31-MAR-06 | 30-JUN-06 |
| | ----- | ----- | ----- |
| Basic capital (Tier I) | 1,955,867 | 2,758,088 | 2,835,435 |
| Additional capital (Tier II) | 513,214 | 392,604 | 369,393 |
| Technical capital (1) | 2,469,081 | 3,150,692 | 3,204,828 |
| Risk weighted assets included market risk | 22,203,580 | 24,891,156 | 28,282,884 |
| CAPITAL ADEQUACY (2) | 11.12% | 12.66% | 11.33% |

(1) Technical capital is the sum of basic capital and additional capital.

(2) Capital Adequacy is Technical capital divided by Risk weighted assets

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This release contains statements that may be considered forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. All forward-looking statements, whether made in this release or in future filings or press releases or orally, address matters that involve risks and uncertainties; consequently, there are or will be factors, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptances of new products or services by our targeted customers, changes in business strategy and various others factors, that could cause actual results to differ materially from those indicated in such statements. We do not intend, and do not assume any obligation, to update these forward-looking statements

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(BANCOLOMBIA LOGO)

2Q06

3. INCOME STATEMENT

BANCOLOMBIA's net income amounted to Ps 69,048 million for the quarter ended June 30, 2006, as compared to Ps 214,102 million for the previous quarter and Ps 243,522 million pro forma for the second quarter of 2005. This represents a decrease of 67.8% and 71.7%, respectively, due to the

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losses resulting from the mark to market valuation of Colombian bond prices.

3.1 NET INTEREST INCOME

Interest on loans totaled Ps 543,606 million for the second quarter of 2006, increasing 4.7% as compared to Ps 519,316 million for the previous quarter and 8.1% compared to Ps 502,733 million pro forma for the second quarter of 2005. On the other hand, interests on investment securities were negatively impacted by the decrease of Colombian bond prices for the second quarter of 2006 amounting to a total loss of Ps 158,401 million.

The most representative bond in the market is the COLOMBIA TES 20 which matures in July 2020. As illustrated below, this bond was traded at a yield of 7.62% as of March 31, 2006 and at 10.50% the end of the second quarter it.

TES JULY 24/2020

(PERFORMANCE GRAPH)

(PLOT POINTS TO COME)

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2Q06

3.2 PROVISIONS

During the second quarter of 2006, provisions for loan and interest losses amounted to Ps 67,228 million, increasing 4.7% and 53.6% as compared to the previous quarter and to pro forma results for the second quarter of 2005, respectively. Approximately Ps 8,000 million from these provisions corresponds to adjustments made by the new provisioning regulation.

3.3 FEES AND INCOME FROM SERVICES

Contributions to income from the various sources of fee generation continued to demonstrate a positive trend. Net fees and income from services amounted to Ps 210,335 million, increasing 2.1% over the quarter and 19.6% as compared to Ps 175,917 million pro forma results for the second quarter of 2005.

BANCOLOMBIA's accumulated unconsolidated credit card billing increased 16.6% during the year, resulting in a 20.7% market share of the Colombian credit card business. In addition, the Bank's number of outstanding credit cards increased 14.7%, resulting in a 15.5% market share.

ACCUMULATED CREDIT CARD BILLING

| (Millions of pesos as of June 30, 2006) | June-05 Pro Forma | June-06 | % Growth | 2006 Market Share |
|---|----------------------|---------|-------------|----------------------|
| | ----- | ----- | ----- | ----- |
| Bancolombia VISA | 399,535 | 478,560 | 19.78% | 6.55% |

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| | | | | |
|------------------------------|-----------|-----------|--------|--------|
| Bancolombia Mastercard | 657,110 | 728,557 | 10.87% | 9.97% |
| Bancolombia American Express | 239,210 | 303,287 | 26.79% | 4.15% |
| TOTAL BANCOLOMBIA | 1,295,855 | 1,510,404 | 16.56% | 20.68% |
| | ----- | ----- | ----- | |
| Colombian credit card market | 5,583,171 | 7,304,603 | 30.83% | |
| | ----- | ----- | ----- | |

Source: Credibanco, American Express and Red Multicolor

CREDIT CARD MARKET SHARE

| Outstanding credit cards as of June 30, 2006 | June-05 Pro Forma | June-06 | % | 2006 Market Share |
|--|----------------------|-----------|--------|----------------------|
| | ----- | ----- | ----- | ----- |
| Bancolombia VISA | 174,354 | 205,237 | 17.71% | 5.28% |
| Bancolombia Mastercard | 252,905 | 272,303 | 7.67% | 7.01% |
| Bancolombia American Express | 96,617 | 123,282 | 27.60% | 3.17% |
| TOTAL BANCOLOMBIA | 523,876 | 600,822 | 14.69% | 15.47% |
| | ----- | ----- | ----- | |
| Colombian credit card market | 3,056,154 | 3,884,469 | 27.10% | |
| | ----- | ----- | ----- | |

Source: Credibanco, American Express and Red Multicolor.

3.4 OTHER OPERATING INCOME

Other operating income totaled Ps 87,677 million during the second quarter of 2006, increasing 3.2% over the quarter and 72.8% over the year. This increase is mainly due to the net foreign exchange gains added to the forward contracts in foreign currency, which amounted to Ps 64,387 million during the quarter.

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(BANCOLOMBIA LOGO)

2Q06

3.5 OPERATING EXPENSES

Total operating expenses were stable for the quarter, amounting to Ps 412,462 million, which represents a 6.0% increase on a year-over-year basis.

As explain in section [1] of this document, the decrease in price of bonds had a negative impact in the operating income of the Bank. BANCOLOMBIA's operating expenses to net operating income efficiency ratio increase to 88.7% for the quarter. In a six month accumulated basis the income efficiency ratio reached 68.7%.

The Bank's efficiency measured as operating expenses over average total assets was to 5.63% for the quarter and 5.58% during the first half of 2006.

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PRINCIPAL RATIOS

| | QUARTER | | | AS OF | |
|--|-----------|--------|--------|--------|--------|
| | 2Q 05 | | | JUN-05 | JUN-06 |
| | PRO FORMA | 1Q 06 | 2Q 06 | ----- | ----- |
| PROFITABILITY | | | | | |
| Net interest margin (1) | 8.22% | 6.73% | 2.67% | 7.38% | 4.69% |
| Return on average total assets (2) | 3.41% | 2.78% | 0.91% | 2.95% | 1.87% |
| Return on average shareholders' equity (3) | 33.02% | 25.11% | 8.49% | 28.55% | 17.41% |
| EFFICIENCY | | | | | |
| Operating expenses to net operating income (4) | 54.45% | 55.91% | 88.74% | 56.73% | 68.74% |
| Operating expenses to average total assets (4) | 5.71% | 5.44% | 5.63% | 5.67% | 5.58% |
| CAPITAL ADEQUACY | | | | | |
| Shareholders' equity to total assets | 10.33% | 10.33% | 9.60% | | |
| Technical capital to risk weighted assets | 11.12% | 12.66% | 11.33% | | |

- (1) Defined as Net Interest Income divided by monthly average interest-earning assets.
- (2) Net income divided by monthly average assets.
- (3) Net income divided by monthly average shareholders' equity.
- (4) Operating income includes net interest income, total net fees and income from services, and total other operating income. Operating expenses include merger expenses and good will amortization.

3.6 NON OPERATING INCOME - EXPENSES

Non-operating income for the second quarter of 2006 increased due to non-recurrent events, amounting to Ps 55,515 million. Other income amounted Ps 121,284 million due to the recovery of differed taxes provisions from the investment portfolio and from the derivatives portfolio.

Non-operating expenses amounted to Ps 64,224 million, primarily due to the following two events:

1. There were some adjustments as a result of the merger. The corporate dissolution of 3001 S.A. (a subsidiary of Conavi S.A.) took place during the quarter with two effects: a loss of Ps 30,108 million accounted as "other expenses" and a gain accounted as "recovery of provisions for foreclosed assets and other assets" that amounted to Ps 33,632 million.
2. There was a provision of Ps 20,285 million corresponding to legal contingencies.

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CONSOLIDATED BALANCE SHEET

| (Ps millions) | JUN-05 PRO FORMA | AS OF MAR-06 | JUN-06 | GROWTH | |
|---|---------------------|-----------------|------------|-----------------|---------|
| | | | | LAST QUARTER | ANNUAL |
| ASSETS | | | | | |
| Cash and due from banks | 1,146,552 | 1,432,090 | 1,123,060 | -21.58% | -2.05% |
| Overnight funds sold | 812,086 | 257,964 | 647,403 | 150.97% | -20.28% |
| TOTAL CASH AND EQUIVALENTS | 1,958,638 | 1,690,054 | 1,770,463 | 4.76% | -9.61% |
| DEBT SECURITIES | | | | | |
| Trading | 4,080,234 | 5,393,302 | 3,990,245 | -26.01% | -2.21% |
| Available for Sale | 2,474,099 | 1,749,010 | 2,508,292 | 43.41% | 1.38% |
| Held to Maturity | 846,168 | 989,656 | 1,200,116 | 21.27% | 41.83% |
| EQUITY SECURITIES | | | | | |
| Trading | 31,678 | 56,378 | 137,378 | 143.67% | 333.67% |
| Available for Sale | 181,515 | 200,211 | 197,141 | -1.53% | 8.61% |
| Market value allowance | (64,532) | (73,409) | (78,570) | 7.03% | 21.75% |
| NET INVESTMENT SECURITIES | 7,549,162 | 8,315,148 | 7,954,602 | -4.34% | 5.37% |
| Commercial loans | | | | | |
| Consumer loans | 2,125,156 | 2,547,051 | 2,903,674 | 14.00% | 36.63% |
| Small business loans | 96,232 | 113,980 | 73,968 | -35.10% | -23.14% |
| Mortgage loans | 1,455,408 | 1,530,291 | 1,719,002 | 12.33% | 18.11% |
| Finance lease | 2,434,171 | 2,850,547 | 3,099,021 | 8.72% | 27.31% |
| Allowance for loan losses | (692,832) | (738,700) | (763,625) | 3.37% | 10.22% |
| NET TOTAL LOANS AND FINANCIAL LEASES | 16,859,567 | 18,365,410 | 21,084,601 | 14.81% | 25.06% |
| Accrued interest receivable on loans | | | | | |
| Allowance for accrued interest losses | (12,721) | (9,526) | (9,532) | 0.06% | -25.07% |
| NET TOTAL INTEREST ACCRUED | 185,877 | 190,097 | 200,471 | 5.46% | 7.85% |
| Customers' acceptances and derivatives | | | | | |
| Net accounts receivable | 309,650 | 395,484 | 396,608 | 0.28% | 28.08% |
| Net premises and equipment | 525,010 | 645,915 | 649,493 | 0.55% | 23.71% |
| Foreclosed assets, net | 54,562 | 26,663 | 25,859 | -3.02% | -52.61% |
| Prepaid expenses and deferred charges | 60,188 | 34,404 | 50,516 | 46.83% | -16.07% |
| Goodwill | 62,264 | 45,297 | 53,991 | 19.19% | -13.29% |
| Operating leases, net | 127,500 | 157,761 | 149,800 | -5.05% | 17.49% |
| Other | 391,319 | 648,030 | 725,965 | 12.03% | 85.52% |
| Reappraisal of assets | 396,574 | 346,328 | 370,546 | 6.99% | -6.56% |
| TOTAL ASSETS | 28,569,300 | 30,964,963 | 33,487,622 | 8.15% | 17.22% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| LIABILITIES | | | | | |
| DEPOSITS | | | | | |
| NON-INTEREST BEARING | | | | | |
| Checking accounts | 2,246,186 | 2,758,182 | 3,006,549 | 9.00% | 33.85% |
| Other | 256,384 | 470,854 | 276,220 | -41.34% | 7.74% |

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| | | | | | |
|---|------------|------------|------------|----------|----------|
| INTEREST BEARING | 14,696,705 | 15,114,402 | 17,398,496 | 15.11% | 18.38% |
| Checking accounts | 1,056,500 | 1,152,790 | 1,281,143 | 11.13% | 21.26% |
| Time deposits | 6,812,775 | 6,739,068 | 7,306,274 | 8.42% | 7.24% |
| Savings deposits | 6,827,430 | 7,222,544 | 8,811,079 | 21.99% | 29.05% |
| TOTAL DEPOSITS | 17,199,275 | 18,343,438 | 20,681,265 | 12.74% | 20.24% |
| Overnight funds | 1,534,014 | 1,650,203 | 1,818,644 | 10.21% | 18.55% |
| Bank acceptances outstanding | 41,949 | 40,990 | 62,563 | 52.63% | 49.14% |
| Interbank borrowings | 1,274,645 | 1,810,035 | 1,899,892 | 4.96% | 49.05% |
| Borrowings from domestic development banks | 1,809,234 | 2,407,828 | 2,439,329 | 1.31% | 34.83% |
| Accounts payable | 875,924 | 1,021,597 | 1,001,489 | -1.97% | 14.34% |
| Accrued interest payable | 188,319 | 205,177 | 218,011 | 6.26% | 15.77% |
| Other liabilities | 304,678 | 465,855 | 392,553 | -15.73% | 28.84% |
| Bonds | 1,992,489 | 1,477,542 | 1,382,430 | -6.44% | -30.62% |
| Accrued expenses | 344,474 | 292,622 | 320,850 | 9.65% | -6.86% |
| Minority interest in consolidated subsidiaries | 54,315 | 50,350 | 55,111 | 9.46% | 1.47% |
| TOTAL LIABILITIES | 25,619,316 | 27,765,637 | 30,272,137 | 9.03% | 18.16% |
| SHAREHOLDERS' EQUITY | | | | | |
| SUBSCRIBED AND PAID IN CAPITAL | 363,604 | 363,914 | 366,027 | 0.58% | 0.67% |
| RETAINED EARNINGS | 1,847,228 | 2,215,130 | 2,325,159 | 4.97% | 25.87% |
| Appropriated | 1,426,164 | 2,001,028 | 2,042,009 | 2.05% | 43.18% |
| Unappropriated | 421,064 | 214,102 | 283,150 | 32.25% | -32.75% |
| REAPPRAISAL AND OTHERS | 624,607 | 569,793 | 580,639 | 1.90% | -7.04% |
| GROSS UNREALIZED GAIN OR LOSS ON DEBT SECURITIES | 114,545 | 50,489 | (56,340) | -211.59% | -149.19% |
| TOTAL SHAREHOLDER'S EQUITY | 2,949,984 | 3,199,326 | 3,215,485 | 0.51% | 9.00% |

9

(BANCOLOMBIA LOGO)

2Q06

CONSOLIDATED INCOME STATEMENT

| (Ps Millions) | AS OF | | | QUARTER | | |
|--------------------------------------|-----------|-----------|---------------|-----------|---------|-------|
| | JUN-05 | | JUN-06/JUN-05 | 2Q 05 | | 1Q 06 |
| | PRO FORMA | JUN-06 | | PRO FORMA | | |
| INTEREST INCOME AND EXPENSES | | | | | | |
| Interest on loans | 987,243 | 1,062,922 | 7.67% | 502,733 | 519,316 | 5 |
| Interest on investment securities | 378,989 | (23,022) | -106.07% | 228,791 | 135,379 | (1 |
| Overnight funds | 15,643 | 17,635 | 12.73% | 9,593 | 9,015 | |
| Leasing | 136,089 | 174,859 | 28.49% | 69,005 | 84,195 | |
| TOTAL INTEREST INCOME | 1,517,964 | 1,232,394 | -18.81% | 810,122 | 747,905 | 4 |

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| | | | | | |
|---|----------|-----------|----------|----------|----------|
| Interest expense | | | | | |
| Checking accounts | 9,090 | 15,230 | 67.55% | 4,476 | 7,098 |
| Time deposits | 230,657 | 218,552 | -5.25% | 114,599 | 106,016 |
| Savings deposits | 118,381 | 112,121 | -5.29% | 60,438 | 55,277 |
| TOTAL INTEREST ON DEPOSITS | 358,128 | 345,903 | -3.41% | 179,513 | 168,391 |
| Interbank borrowings | 20,693 | 55,669 | 169.02% | 9,925 | 28,085 |
| Borrowings from domestic development banks | 78,523 | 83,183 | 5.93% | 36,980 | 40,857 |
| Overnight funds | 40,236 | 47,115 | 17.10% | 25,668 | 20,835 |
| Bonds | 80,739 | 59,650 | -26.12% | 35,530 | 31,593 |
| TOTAL INTEREST EXPENSE | 578,319 | 591,520 | 2.28% | 287,616 | 289,761 |
| NET INTEREST INCOME | 939,645 | 640,874 | -31.80% | 522,506 | 458,144 |
| Provision for loan and accrued interest losses, net | (77,385) | (131,433) | 69.84% | (43,757) | (64,205) |
| Recovery of charged-off loans | 31,306 | 32,074 | 2.45% | 19,424 | 16,747 |
| Provision for foreclosed assets and other assets | (28,674) | (20,132) | -29.79% | (18,089) | (12,636) |
| Recovery of provisions for foreclosed assets and other assets | 24,234 | 61,259 | 152.78% | 19,520 | 9,416 |
| TOTAL NET PROVISIONS | (50,519) | (58,232) | 15.27% | (22,902) | (50,678) |
| NET INTEREST INCOME AFTER PROVISION FOR LOANS AND ACCRUED INTEREST LOSSES | 889,126 | 582,642 | -34.47% | 499,604 | 407,466 |
| Commissions from banking services and other services | 35,477 | 69,320 | 95.39% | 17,484 | 27,963 |
| Electronic services and ATM fees | 54,028 | 42,550 | -21.24% | 29,842 | 20,725 |
| Branch network services | 22,806 | 26,151 | 14.67% | 11,798 | 12,833 |
| Collections and payments fees | 27,043 | 33,844 | 25.15% | 13,916 | 15,164 |
| Credit card merchant fees | 4,740 | 4,314 | -8.99% | 4,315 | 2,235 |
| Credit and debit card annual fees | 99,771 | 118,251 | 18.52% | 46,665 | 59,248 |
| Checking fees | 26,782 | 28,988 | 8.24% | 13,869 | 14,696 |
| Warehouse services | 27,524 | 34,012 | 23.57% | 12,775 | 17,981 |
| Fiduciary activities | 28,827 | 28,870 | 0.15% | 14,720 | 15,595 |
| Brokerage fees | 28,857 | 36,111 | 25.14% | 14,774 | 23,383 |
| Check remittance | 4,998 | 5,589 | 11.82% | 2,572 | 2,852 |
| International operations | 14,627 | 15,674 | 7.16% | 8,005 | 6,836 |
| FEES AND OTHER SERVICE INCOME | 375,480 | 443,674 | 18.16% | 190,735 | 219,511 |
| Fees and other service expenses | (27,889) | (27,220) | -2.40% | (14,818) | (13,392) |
| TOTAL FEES AND INCOME FROM SERVICES, NET | 347,591 | 416,454 | 19.81% | 175,917 | 206,119 |
| OTHER OPERATING INCOME | | | | | |
| Net foreign exchange gains | (61,475) | 143,463 | 333.37% | (42,994) | 11,269 |
| Forward contracts in foreign currency | 105,166 | (63,470) | -160.35% | 67,505 | 4,337 |
| Gains on sales of investments on equity securities | 3,123 | 43,015 | 1277.36% | 3,123 | 34,121 |
| Dividend income | 39,364 | 19,718 | -49.91% | 570 | 19,620 |
| Revenues from commercial subsidiaries | 48,989 | 21,951 | -55.19% | 20,205 | 13,245 |
| Communication, postage, rent and others | 6,423 | 7,938 | 23.59% | 2,339 | 2,346 |

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| | | | | | |
|-----------------------------------|-----------|-----------|----------|----------|----------|
| TOTAL OTHER OPERATING INCOME | 141,590 | 172,615 | 21.91% | 50,748 | 84,938 |
| | ----- | ----- | ----- | ----- | ----- |
| TOTAL INCOME | 1,378,307 | 1,171,711 | -14.99% | 726,269 | 698,523 |
| OPERATING EXPENSES | | | | | |
| Salaries and employee benefits | 302,163 | 335,647 | 11.08% | 153,441 | 163,778 |
| Bonus plan payments | 8,703 | 8,288 | -4.77% | 2,383 | 8,227 |
| Compensation | 4,685 | 1,598 | -65.89% | 2,443 | 716 |
| Administrative and other expenses | 392,851 | 398,012 | 1.31% | 198,877 | 198,526 |
| Deposit security, net | 28,805 | 29,333 | 1.83% | 15,180 | 15,682 |
| Donation expenses | 403 | 135 | -66.50% | 295 | 58 |
| Depreciation | 43,183 | 48,034 | 11.23% | 16,317 | 21,598 |
| TOTAL OPERATING EXPENSES | 780,793 | 821,047 | 5.16% | 388,936 | 408,585 |
| | ----- | ----- | ----- | ----- | ----- |
| NET OPERATING INCOME | 597,514 | 350,664 | -41.31% | 337,333 | 289,938 |
| Merger expenses | 18,422 | 12,478 | -32.26% | 13,299 | 4,664 |
| Goodwill amortization (1) | 11,324 | 11,987 | 5.85% | 5,662 | 5,662 |
| NON-OPERATING INCOME (EXPENSE) | | | | | |
| Other income | 37,991 | 141,745 | 273.10% | 24,077 | 20,461 |
| Minority interest | (3,088) | (4,306) | 39.44% | (1,267) | (2,761) |
| Other expense | (40,335) | (79,655) | 97.48% | (26,908) | (15,431) |
| TOTAL NON-OPERATING INCOME | (5,432) | 57,784 | 1163.77% | (4,098) | 2,269 |
| INCOME BEFORE INCOME TAXES | 562,336 | 383,983 | -31.72% | 314,274 | 281,881 |
| Income tax expense | (141,272) | (100,833) | -28.62% | (70,752) | (67,779) |
| | ----- | ----- | ----- | ----- | ----- |
| NET INCOME | 421,064 | 283,150 | -32.75% | 243,522 | 214,102 |
| | ===== | ===== | ===== | ===== | ===== |

(1) Includes Banco de Colombia and Comercia S.A. amortization.