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BANCOLOMBIA SA  
Form 6-K  
May 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 May 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    X        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    X  
-----                    -----

(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: May 02, 2006

By /s/ JAIME ALBERTO VELASQUEZ B.

-----  
Name: Jaime Alberto Velasquez B.  
Title: Vice President of Finance

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CIB  
LISTED  
NYSE

(BANCOLOMBIA LOGO)

CONSOLIDATED FINANCIAL RESULTS  
FOR THE QUARTER ENDED MARCH 31, 2006

MAY 2, 2006. Medellin, Colombia - Today, BANCOLOMBIA S.A. (NYSE: CIB) announced its financial results for the first quarter of fiscal year 2006, ended March 31, 2006. (1)

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

| (Ps millions)                              | QUARTER    |            | GROWTH<br>1Q 06/ 4Q 05 |
|--|------------|------------|------------------------|
|  | 4Q 05      | 1Q 06      |                        |
| ASSETS                                     |            |            |                        |
| Loans and financial leases, net            | 17,920,370 | 18,365,410 | 2.48%                  |
| Investment securities, net                 | 8,459,703  | 8,315,148  | -1.71%                 |
| Other assets                               | 4,423,444  | 4,284,405  | -3.14%                 |
| TOTAL ASSETS                               | 30,803,517 | 30,964,963 | 0.52%                  |
| LIABILITIES AND SHAREHOLDERS' EQUITY       |            |            |                        |
| DEPOSITS                                   | 18,384,982 | 18,343,438 | -0.23%                 |
| Non-interest bearing                       | 3,530,279  | 3,229,036  | -8.53%                 |
| Interest bearing                           | 14,854,703 | 15,114,402 | 1.75%                  |
| OTHER LIABILITIES                          | 9,041,245  | 9,422,199  | 4.21%                  |
| TOTAL LIABILITIES                          | 27,426,227 | 27,765,637 | 1.24%                  |
| Shareholders' equity                       | 3,377,290  | 3,199,326  | -5.27%                 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 30,803,517 | 30,964,963 | 0.52%                  |
| Interest income                            | 793,968    | 747,905    | -5.80%                 |
| Interest expense                           | 286,994    | 289,761    | 0.96%                  |
| NET INTEREST INCOME                        | 506,974    | 458,144    | -9.63%                 |
| Net provisions                             | (22,406)   | (50,678)   | 126.18%                |
| Fees and income from service, net          | 212,777    | 206,119    | -3.13%                 |
| Other operating income                     | 7,883      | 84,938     | 977.48%                |
| Operating expense                          | (375,591)  | (418,911)  | 11.53%                 |
| Non-operating income, net                  | 20,006     | 2,269      | -88.66%                |
| Income tax expense                         | (93,065)   | (67,779)   | -27.17%                |
| NET INCOME                                 | 256,578    | 214,102    | -16.55%                |

(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 otherwise specified. The unaudited pro forma combined condensed financial statements for the first 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 March 31,

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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 March 31, 2005 and (c) the unaudited consolidated financial statements of Conavi Banco Comercial y de Ahorros S.A ("Conavi"), as of March 31, 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: March 31, 2006 Ps 2,293.38 = US\$ 1 Average exchange rate March 2006 Ps 2,264.1

### CONTACTS

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1Q06

### 1. HIGHLIGHTS(2):

- Two important factors should be considered when reading the first

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quarter report. First, comparisons must be made between the same quarters of different years because of the seasonality of the financial business in Colombia. Second, the unconsolidated results for the month of March, released on April 12, 2006, include dividend income(3) from the Bank's subsidiaries, which are eliminated when consolidating the financial results. As a result, during the first quarter of 2006, consolidated net income was lower than unconsolidated net income.

- Net income amounted to Ps 214,102 million, increasing 20.6% on a pro forma basis compared to Ps 177,542 million for the first quarter of 2005, but decreasing 16.6% compared to Ps 256,578 million for the last quarter of 2005.
- As of March 31, 2006, BANCOLOMBIA's net loans totaled Ps 18,365 billion, increasing 2.5% compared to Ps 17,920 billion in the previous quarter. On a year-to-year basis, this represents an increase of 10.4% from Ps 16,631 billion pro forma at March 31, 2005. On the other hand, investment debt securities amounted to Ps 8,132 billion, decreasing 1.6% over the quarter, but increasing 11.8% over the year.
- During the first quarter of 2006, net interest income amounted to Ps 458,144 million, increasing 9.8% compared to the same period of 2005 on a pro forma basis, with interest income on loans increasing 7.2% while interest income on investments decreased 9.8%, due to an almost stable Colombian bond prices during March.
- Net fees and income from services totaled Ps 206,119 million during the quarter, increasing 20.1% compared to the pro forma figure for the same period in 2005, but decreasing 3.1% from the last quarter of 2005.
- BANCOLOMBIA's ratio of past due loans to total loans at March 31, 2006 was 3.1% and the ratio of allowances to past due loans was 125%.

### STOCK INDICATORS

|                          | AS OF       |             |         |         |
|--------------------------|-------------|-------------|---------|---------|
|                          | 4Q 05       | 1Q 06       | DEC-05  | MAR-06  |
| Net Income (Ps millions) | 256,578     | 214,102     | 946,881 | 214,102 |
| USD Earnings per ADS     | 0.617       | 0.513       | 2.278   | 0.513   |
| ROAA                     | 3.50%       | 2.78%       | 3.23%   | 2.78%   |
| ROAE                     | 31.76%      | 25.11%      | 29.30%  | 25.11%  |
| P/BV ADS (1) (4)         | 3.55        | 4.55        |         |         |
| P/BV Local (2) (5)       | 3.31        | 4.45        |         |         |
| P/E (3)                  | 11.12       | 16.74       |         |         |
| Shares Outstanding       | 727,827,005 | 727,827,005 |         |         |

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

(2) Defined as common share price divided by share book value.

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

(4) Share prices of ADS as of December 31, 2005 and March 31, 2006: US 28.83 and US 34.90 respectively.

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- (5) Common share prices on Colombian Stock Exchange as of December 31, 2005 and March 31, 2006: Ps 15,340 and Ps 19,560 respectively.

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- (2) This is the third time BANCOLOMBIA has released consolidated quarterly financial results since the merger that took place on July 30, 2005. This report contains pro forma figures for the first 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.
- (3) The dividend income in Colombia is recorded when approved in the General Shareholders' Meeting. This generally takes place during the first quarter.

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### 2. CONSOLIDATED BALANCE SHEET

#### 2.1 ASSETS

BANCOLOMBIA's total assets were stable during the quarter amounting to Ps 30,965 billion as of March 31, 2006. This represents an increase of 9.8% over the year from Ps 28,205 billion on a pro forma basis as of March 31, 2005.

##### 2.1.1 LOAN PORTFOLIO

Corporate loans were stable over the quarter, and over the year amounting to Ps 9,552 billion as of March 31, 2006. The retail and small and medium-sized enterprise ("SME") loan portfolio maintained positive growth rates. It totaled Ps 5,171 billion as of March 31, 2006, increasing 4.6% over the quarter and 24.5% over the year.

#### LOAN PORTFOLIO

| (Ps millions)                              | 31-MAR-05<br>PRO FORMA | AS OF            |                  | GRO<br>1Q 06/4Q 05 |
|--|------------------------|------------------|------------------|--------------------|
|  |                        | 31-DEC-05        | 31-MAR-06        |                    |
| <b>CORPORATE</b>                           |                        |                  |                  |                    |
| Working capital loans                      | 7,574,924              | 7,754,880        | 8,414,643        | 8.51%              |
| Loans funded by domestic development banks | 1,435,165              | 948,659          | 433,435          | -54.31%            |
| Trade Financing                            | 348,207                | 749,342          | 598,818          | -20.09%            |
| Overdrafts                                 | 77,870                 | 62,043           | 74,824           | 20.60%             |
| Credit Cards                               | 34,927                 | 43,084           | 30,233           | -29.83%            |
| <b>TOTAL CORPORATE</b>                     | <b>9,471,093</b>       | <b>9,558,008</b> | <b>9,551,953</b> | <b>-0.06%</b>      |
| <b>RETAIL AND SMES</b>                     |                        |                  |                  |                    |
| Working capital loans                      | 1,354,076              | 1,613,158        | 1,663,145        | 3.10%              |

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|   |            |            |            |        |
|---|------------|------------|------------|--------|
| Personal loans                                    | 1,345,910  | 1,517,369  | 1,613,637  | 6.34%  |
| Loans funded by domestic development banks        | 360,343    | 403,412    | 406,196    | 0.69%  |
| Credit Cards                                      | 474,990    | 623,934    | 613,549    | -1.66% |
| Overdrafts  | 130,758    | 101,957    | 141,874    | 39.15% |
| Automobile loans                                  | 426,931    | 631,972    | 675,834    | 6.94%  |
| Trade Financing                                   | 60,668     | 52,449     | 57,084     | 8.84%  |
|   | -----      | -----      | -----      | -----  |
| TOTAL RETAIL AND SMES                             | 4,153,676  | 4,944,251  | 5,171,319  | 4.59%  |
|   | -----      | -----      | -----      | -----  |
| MORTGAGE  | 1,425,722  | 1,463,437  | 1,530,291  | 4.57%  |
|   | -----      | -----      | -----      | -----  |
| FINANCIAL LEASES                                  | 2,255,227  | 2,660,556  | 2,850,547  | 7.14%  |
|   | -----      | -----      | -----      | -----  |
| TOTAL LOANS AND FINANCIAL LEASES                  | 17,305,718 | 18,626,252 | 19,104,110 | 2.57%  |
| ALLOWANCE FOR LOAN LOSSES AND<br>FINANCIAL LEASES | (674,233)  | (705,882)  | (738,700)  | 4.65%  |
|   | -----      | -----      | -----      | -----  |
| TOTAL LOANS AND FINANCIAL LEASES, NET             | 16,631,485 | 17,920,370 | 18,365,410 | 2.48%  |
|   | =====      | =====      | =====      | =====  |

Mortgage loans increased 7.3% over the year, amounting to Ps 1,530 billion as of March 31, 2006, registering a 4.6% increase over the quarter. On the other hand, financial leases increased 7.1% over the quarter and 26.4% over the year amounting to Ps 2,851 billion.

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2.1.2 INVESTMENT PORTFOLIO

BANCOLOMBIA's investments in debt securities amounted to Ps 8,132 billion, decreasing 1.6% over the quarter. The composition of the investment portfolio in terms of the classification of bonds was very stable compared to the previous quarter. On a year-to-year basis, this represents an increase of 11.8%, from Ps 7,276 billion at March 31, 2005, on a pro forma basis.

2.1.3 ASSET QUALITY

As of March 31, 2006, the Bank's past due loans accounted for 3.1% of total loans. Charged-off loans for the quarter amounted to Ps 30,953 billion. Loans classified as C, D and E were 3.1% of total loans. Furthermore, the ratio of allowances to past due loans at the end of the quarter was 125.3%, very similar to the ratio of allowances to loans classified as C, D and E, which was 125.8%.

LOANS AND FINANCIAL LEASES CLASSIFICATION

| (Ps millions) | AS OF 31-MAR-05 |       | AS OF 31-DEC-05 |       | AS OF 31-MAR-06 |
|---------------|-----------------|-------|-----------------|-------|-----------------|
| -----         | PRO FORMA       |       | -----           |       | -----           |
| "A" Normal    | 16,121,232      | 93.1% | 17,359,081      | 93.2% | 17,880,922      |
| "B" Subnormal | 567,973         | 3.3%  | 638,131         | 3.4%  | 628,404         |

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|   |            |      |            |      |            |
|---|------------|------|------------|------|------------|
| "C" Deficient   | 203,120    | 1.2% | 202,934    | 1.1% | 208,751    |
| "D" Doubtful recovery   | 235,731    | 1.4% | 252,635    | 1.4% | 219,086    |
| "E" Unrecoverable   | 177,662    | 1.0% | 173,471    | 0.9% | 166,947    |
| TOTAL   | 17,305,718 | 100% | 18,626,252 | 100% | 19,104,110 |
| LOANS AND FINANCIAL LEASES CLASSIFIED AS C,<br>D AND E AS A PERCENTAGE OF TOTAL LOANS<br>AND FINANCIAL LEASES |            |      |            |      |            |
|   |            | 3.6% |            | 3.4% | 3.1%       |

### ASSET QUALITY

| (Ps millions)                                   | 31-MAR-05<br>PRO FORMA | AS OF<br>31-DEC-05 | 31-MAR-06 | GROWTH |       |
|---|------------------------|--------------------|-----------|--------|-------|
| -----   | -----                  | -----              | -----     | -----  | ----- |
| Total performing past due loans                 | 310,172                | 224,319            | 298,428   | 33.04% | -     |
| Total non-performing past due loans (1)         | 248,286                | 227,117            | 298,567   | 31.46% | 2     |
| Total past due loans                            | 558,458                | 451,436            | 596,995   | 32.24% |       |
| Allowance for loans and accrued interest losses | 688,788                | 714,537            | 748,226   | 4.71%  |       |
| Past due loans to total loans                   | 3.23%                  | 2.42%              | 3.12%     |        |       |
| Non-performing loans to total loans             | 1.43%                  | 1.22%              | 1.56%     |        |       |
| C, D, and E loans to total loans                | 3.56%                  | 3.38%              | 3.11%     |        |       |
| Allowances to past due loans (2)                | 123.34%                | 158.28%            | 125.33%   |        |       |
| Allowances to C, D, and E loans (2)             | 111.72%                | 113.59%            | 125.80%   |        |       |
| Allowances to non-performing loans (2)          | 277.42%                | 314.61%            | 250.61%   |        |       |
| Allowances to total loans                       | 3.98%                  | 3.84%              | 3.92%     |        |       |
| Performing loans to total loans                 | 98.57%                 | 98.78%             | 98.44%    |        |       |

(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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### 2.2 LIABILITIES

Total deposits were stable over the quarter and increased 5.3% over the year, totaling Ps 18,343 billion as of March 31, 2006. The deposit mix improved over the year. Savings accounts increased 3.3%, whereas time deposits decreased 3.4% over the year, compared to pro forma 2005 figures. On a year-over-year basis, interest-bearing deposits increased 1.4% while non-interest bearing deposits increased 28.7%.

### 2.3 SHAREHOLDERS' EQUITY

BANCOLOMBIA's shareholders' equity totaled Ps 3,199 billion at the end of the first quarter of 2006. Shareholders' equity decreased 5.3% compared to

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the previous quarter, due to the distribution of profits. Nevertheless, this represents an increase of 21.3%, compared to the first quarter of 2005. Unrealized gains on investment debt securities totaled Ps 50.5 billion as of March 31, 2006.

As of March 31, 2006, the Bank's consolidated ratio of technical capital to risk-weighted assets was 12.7%.

### TECHNICAL CAPITAL RISK WEIGHTED ASSETS

| Consolidated (Ps millions)                | 31-MAR-05<br>PRO FORMA | AS OF<br>31-DEC-05 | 31-MAR-06  |
|---|------------------------|--------------------|------------|
| Basic capital (Tier I)                    | 2,189,444              | 2,169,481          | 2,758,088  |
| Additional capital (Tier II)              | 441,995                | 393,822            | 392,604    |
| Technical capital (1)                     | 2,631,439              | 2,563,303          | 3,150,692  |
| Risk weighted assets included market risk | 21,492,534             | 23,457,768         | 24,891,156 |
| CAPITAL ADEQUACY (2)                      | 12.24%                 | 10.93%             | 12.66%     |

(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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1Q06

### 3. INCOME STATEMENT

BANCOLOMBIA's net income amounted to Ps 214,102 million for the quarter ended March 31, 2006, as compared to net income of Ps 256,578 million for the previous quarter and Ps 177,542 million for the same period of 2005 pro forma.

#### 3.1 NET INTEREST INCOME

Interest on loans totaled Ps 519,316 million for the quarter, increasing 7.2% over the year, from the Ps 484,510 million on a pro forma basis during



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the same period of 2005, but decreased 2.7% compared to the previous quarter. On the other hand, interests on investment securities reached Ps 135,379 millions in the first quarter, decreasing 9.8% over the year, and 20.1% compared to the previous quarter, due partially from the result of the mark to market impact of Colombian bond prices. This negative impact is partially offset by the reduction in interest expenses which results in a yearly increase of 9.9% in net interest income, totaling Ps 458,144 million as of March 31, 2006.

The most widely used representative bond in the market was the COLOMBIA TES 20 which matures in July 2020. This bond was traded at a yield of 8.99% at the end of the fourth quarter 2005. As of March 31, 2006, its yield was 7.61% after reaching a historical minimum yield of 7.11% on March 1, 2006. Additionally, as of April 28, 2006, the average yield was again close to the one at the end of the year (8.87%).

(PERFORMANCE GRAPH)

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### 3.2 PROVISIONS

During the first quarter of 2006, provisions for loan and interest losses amounted to Ps 64,205 million, increasing 46.4% and 90.9% as compared to the previous quarter and to pro forma results for the first quarter of 2005, respectively. Total net provisions amounted to Ps 50,678 million, increasing 126.2% and 83.5%, respectively. Approximately Ps 50,000 million from these provisions corresponds to adjustments made by the new provisioning regulation. Recoveries of previously charged-off loans and foreclosed assets remained strong amounting to Ps 26,163 million.

### 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 206,119 million, decreasing 3.1% over the quarter, but increasing 20.1% as compared to Ps 171,674 million pro forma results for the first quarter of 2005.

BANCOLOMBIA's accumulated unconsolidated credit card billing increased 22.3% during the year, resulting in a 21.5% market share of the Colombian credit card business. In addition, the Bank's number of outstanding credit cards increased 13.1%, resulting in a 15.7% market share.

#### ACCUMULATED CREDIT CARD BILLING

| (Millons of pesos as of March 31, 2006) | March-05<br>Pro Forma | March-06 | %<br>Growth | 2006<br>Market<br>Share |
|---|-----------------------|----------|-------------|-------------------------|
| -----                                   | -----                 | -----    | -----       | -----                   |
| Bancolombia VISA                        | 186,157               | 240,267  | 29.07%      | 6.94%                   |
| Bancolombia Mastercard                  | 308,044               | 363,009  | 17.84%      | 10.49%                  |
| Bancolombia American Express            | 112,758               | 139,165  | 23.42%      | 4.02%                   |

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|                              |           |           |        |        |
|------------------------------|-----------|-----------|--------|--------|
| TOTAL BANCOLOMBIA            | 606,959   | 742,442   | 22.32% | 21.46% |
|                              | -----     | -----     | -----  |        |
| Colombian credit card market | 2,621,675 | 3,459,600 | 31.96% |        |
|                              | -----     | -----     | -----  |        |

Source: Credibanco, American Express and Red Multicolor

### CREDIT CARD MARKET SHARE

|   | March-05<br>Pro Forma | March-06  | %<br>Growth | 2006<br>Market<br>Share |
|---|-----------------------|-----------|-------------|-------------------------|
| Outstanding credit cards as of March 31, 2006 | -----                 | -----     | -----       | -----                   |
| Bancolombia VISA                              | 163,726               | 195,719   | 19.54%      | 5.41%                   |
| Bancolombia Mastercard                        | 248,456               | 261,335   | 5.18%       | 7.22%                   |
| Bancolombia American Express                  | 89,218                | 110,242   | 23.56%      | 3.05%                   |
| TOTAL BANCOLOMBIA                             | 501,400               | 567,296   | 13.14%      | 15.68%                  |
|   | -----                 | -----     | -----       |                         |
| Colombian credit card market                  | 2,897,413             | 3,618,893 | 24.90%      |                         |
|   | -----                 | -----     | -----       |                         |

Source: Credibanco, American Express and Red Multicolor.

### 3.4 OTHER OPERATING INCOME

Other operating income totaled Ps 84,938 million during the first quarter of 2006, increasing over the quarter due to non-recurring events. First, the Bank sold through the Colombian stock exchange a part of the stake it held in Corfinversiones (now Compania de Suramericana de Inversiones S.A.) which was received from the spin-off of Corfinsura S.A.. Since Colombian regulations do not allow banks to have equity investments in non-financial companies, the Superintendency of Finance gave BANCOLOMBIA a term of two years to sell these holdings. Second, dividend payments mainly from Proteccion S.A., Concesiones CCFC and Titularizadora Colombiana, amounted to Ps 19,620 million.

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Third, due to the sale of Abocol S.A., by our investment banking company Colcorp S.A. previously disclosed on January 2, 2006, the revenues from commercial subsidiaries are not comparable.

### 3.5 OPERATING EXPENSES

Total operating expenses increased 12.7% during the quarter to Ps 408,585 million, which represents a 4.2% increase on an accumulated year-over-year basis.

BANCOLOMBIA improved its efficiency ratios. When compared the first quarter

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of 2005 to the same period of 2006, operating expenses to net operating income went from 59.2% to 55.9% and operating expenses over average total assets went from 6.2% to 5.4%.

### PRINCIPAL RATIOS

|  | 1Q 05<br>PRO FORMA<br>----- | QUARTER<br>4Q 05<br>----- | 1Q 06<br>----- |
|--|-----------------------------|---------------------------|----------------|
| <b>PROFITABILITY</b>                           |                             |                           |                |
| Net interest margin (1)                        | 7.13%                       | 7.80%                     | 6.73%          |
| Return on average total assets (2)             | 2.71%                       | 3.50%                     | 2.78%          |
| Return on average shareholders' equity (3)     | 28.00%                      | 31.76%                    | 25.11%         |
| <b>EFFICIENCY</b>                              |                             |                           |                |
| Operating expenses to net operating income (4) | 59.24%                      | 51.62%                    | 55.91%         |
| Operating expenses to average total assets (4) | 6.15%                       | 5.12%                     | 5.44%          |
| <b>CAPITAL ADEQUACY</b>                        |                             |                           |                |
| Shareholders' equity to total assets           | 9.35%                       | 10.96%                    | 10.33%         |
| Technical capital to risk weighted assets      | 12.24%                      | 10.93%                    | 12.66%         |

- (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.

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(BANCOLOMBIA LOGO)

1Q06

### CONSOLIDATED BALANCE SHEET

|                                   | MAR-05<br>PRO FORMA<br>----- | AS OF<br>-----<br>DEC-05<br>----- | MAR-06<br>-----  | GROWTH<br>-----<br>LAST<br>QUARTER<br>----- | ANN<br>----- |
|-----------------------------------|------------------------------|-----------------------------------|------------------|---|--------------|
| (Ps millions)<br>-----            |                              |                                   |                  |   |              |
| <b>ASSETS</b>                     |                              |                                   |                  |   |              |
| Cash and due from banks           | 1,199,816                    | 1,241,435                         | 1,432,090        | 15.36%                                      | 19           |
| Overnight funds sold              | 727,442                      | 488,587                           | 257,964          | -47.20%                                     | -64          |
| <b>TOTAL CASH AND EQUIVALENTS</b> | <b>1,927,258</b>             | <b>1,730,022</b>                  | <b>1,690,054</b> | <b>-2.31%</b>                               | <b>-12</b>   |
| <b>DEBT SECURITIES</b>            |                              |                                   |                  |   |              |
|                                   | 7,275,699                    | 8,264,885                         | 8,131,968        | -1.61%                                      | 11           |

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|  |            |            |            |         |     |
|--|------------|------------|------------|---------|-----|
| Trading  | 4,383,561  | 5,400,950  | 5,393,302  | -0.14%  | 23  |
| Available for Sale                             | 2,006,927  | 1,842,556  | 1,749,010  | -5.08%  | -12 |
| Held to Maturity                               | 885,211    | 1,021,379  | 989,656    | -3.11%  | 11  |
| EQUITY SECURITIES                              | 256,596    | 268,286    | 256,589    | -4.36%  | 0   |
| Trading  | 84,824     | 50,805     | 56,378     | 10.97%  | -33 |
| Available for Sale                             | 171,772    | 217,481    | 200,211    | -7.94%  | 16  |
| Market value allowance                         | (70,348)   | (73,468)   | (73,409)   | -0.08%  | 4   |
| NET INVESTMENT SECURITIES                      | 7,461,947  | 8,459,703  | 8,315,148  | -1.71%  | 11  |
| Commercial loans                               | 11,540,694 | 11,949,501 | 12,062,241 | 0.94%   | 4   |
| Consumer loans                                 | 1,992,627  | 2,437,727  | 2,547,051  | 4.48%   | 27  |
| Small business loans                           | 91,448     | 115,031    | 113,980    | -0.91%  | 24  |
| Mortgage loans                                 | 1,425,722  | 1,463,437  | 1,530,291  | 4.57%   | 7   |
| Finance lease                                  | 2,255,227  | 2,660,556  | 2,850,547  | 7.14%   | 26  |
| Allowance for loan losses                      | (674,233)  | (705,882)  | (738,700)  | 4.65%   | 9   |
| NET TOTAL LOANS AND FINANCIAL LEASES           | 16,631,485 | 17,920,370 | 18,365,410 | 2.48%   | 10  |
| Accrued interest receivable on loans           | 189,465    | 206,921    | 199,623    | -3.53%  | 5   |
| Allowance for accrued interest losses          | (14,555)   | (8,655)    | (9,526)    | 10.06%  | -34 |
| NET TOTAL INTEREST ACCRUED                     | 174,910    | 198,266    | 190,097    | -4.12%  | 8   |
| Customers' acceptances and derivatives         | 65,529     | 133,420    | 104,372    | -21.77% | 59  |
| Net accounts receivable                        | 286,620    | 590,313    | 395,484    | -33.00% | 37  |
| Net premises and equipment                     | 499,710    | 623,729    | 645,915    | 3.56%   | 29  |
| Foreclosed assets, net                         | 72,767     | 31,360     | 26,663     | -14.98% | -63 |
| Prepaid expenses and deferred charges          | 58,975     | 26,898     | 34,404     | 27.91%  | -41 |
| Goodwill                                       | 67,945     | 50,959     | 45,297     | -11.11% | -33 |
| Operating leases, net                          | 141,144    | 143,974    | 157,761    | 9.58%   | 11  |
| Other  | 430,916    | 563,588    | 648,030    | 14.98%  | 50  |
| Reappraisal of assets                          | 385,781    | 330,915    | 346,328    | 4.66%   | -10 |
| TOTAL ASSETS                                   | 28,204,987 | 30,803,517 | 30,964,963 | 0.52%   | 9   |
| LIABILITIES AND SHAREHOLDERS' EQUITY           |            |            |            |         |     |
| LIABILITIES                                    |            |            |            |         |     |
| DEPOSITS                                       |            |            |            |         |     |
| NON-INTEREST BEARING                           | 2,509,700  | 3,530,279  | 3,229,036  | -8.53%  | 28  |
| Checking accounts                              | 2,255,106  | 3,171,182  | 2,758,182  | -13.02% | 22  |
| Other  | 254,594    | 359,097    | 470,854    | 31.12%  | 84  |
| INTEREST BEARING                               | 14,903,522 | 14,854,703 | 15,114,402 | 1.75%   | 1   |
| Checking accounts                              | 937,442    | 1,068,409  | 1,152,790  | 7.90%   | 22  |
| Time deposits                                  | 6,977,348  | 6,259,800  | 6,739,068  | 7.66%   | -3  |
| Savings deposits                               | 6,988,732  | 7,526,494  | 7,222,544  | -4.04%  | 3   |
| TOTAL DEPOSITS                                 | 17,413,222 | 18,384,982 | 18,343,438 | -0.23%  | 5   |
| Overnight funds                                | 734,866    | 1,329,913  | 1,650,203  | 24.08%  | 124 |
| Bank acceptances outstanding                   | 54,391     | 63,126     | 40,990     | -35.07% | -24 |
| Interbank borrowings                           | 1,281,945  | 1,705,468  | 1,810,035  | 6.13%   | 41  |
| Borrowings from domestic development banks     | 2,391,042  | 2,222,083  | 2,407,828  | 8.36%   | 0   |
| Accounts payable                               | 1,131,652  | 1,250,084  | 1,021,597  | -18.28% | -9  |
| Accrued interest payable                       | 184,660    | 182,292    | 205,177    | 12.55%  | 11  |
| Other liabilities                              | 284,442    | 459,968    | 465,855    | 1.28%   | 63  |
| Bonds  | 1,773,197  | 1,648,312  | 1,477,542  | -10.36% | -16 |
| Accrued expenses                               | 262,873    | 130,859    | 292,622    | 123.62% | 11  |
| Minority interest in consolidated subsidiaries | 55,148     | 49,140     | 50,350     | 2.46%   | -8  |
| TOTAL LIABILITIES                              | 25,567,438 | 27,426,227 | 27,765,637 | 1.24%   | 8   |
| SHAREHOLDERS' EQUITY                           |            |            |            |         |     |
| SUBSCRIBED AND PAID IN CAPITAL                 | 364,330    | 363,914    | 363,914    | 0.00%   | -0  |

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|   |           |           |           |         |       |
|---|-----------|-----------|-----------|---------|-------|
| RETAINED EARNINGS                                   | 1,613,055 | 2,362,711 | 2,215,130 | -6.25%  | 37    |
| Appropriated  | 1,435,513 | 1,415,830 | 2,001,028 | 41.33%  | 39    |
| Unappropriated                                      | 177,542   | 946,881   | 214,102   | -77.39% | 20    |
|   | -----     | -----     | -----     | -----   | ----- |
| REAPPRAISAL AND OTHERS                              | 617,382   | 592,083   | 569,793   | -3.76%  | -7    |
| GROSS UNREALIZED GAIN OR LOSS ON DEBT<br>SECURITIES | 42,782    | 58,582    | 50,489    | -13.81% | 18    |
|   | -----     | -----     | -----     | -----   | ----- |
| TOTAL SHAREHOLDER'S EQUITY                          | 2,637,549 | 3,377,290 | 3,199,326 | -5.27%  | 21    |
|   | =====     | =====     | =====     | =====   | ===== |

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(BANCOLOMBIA LOGO)

1Q06

CONSOLIDATED INCOME STATEMENT

| (Ps Millions)  | 1Q 05<br>PRO FORMA | QUARTER<br>4Q 05 | 1Q 06    | -----<br>1Q 06/4Q |
|--|--------------------|------------------|----------|-------------------|
| -----  | -----              | -----            | -----    | -----             |
| INTEREST INCOME AND EXPENSES   |                    |                  |          |                   |
| Interest on loans  | 484,510            | 533,504          | 519,316  | -2.6              |
| Interest on investment securities  | 150,118            | 169,396          | 135,379  | -20.0             |
| Overnight funds  | 6,050              | 8,845            | 9,015    | 1.9               |
| Leasing  | 67,084             | 82,223           | 84,195   | 2.4               |
| TOTAL INTEREST INCOME  | 707,762            | 793,968          | 747,905  | -5.8              |
|  | -----              | -----            | -----    | -----             |
| Interest expense   |                    |                  |          |                   |
| Checking accounts  | 4,614              | 6,153            | 7,098    | 15.3              |
| Time deposits  | 116,058            | 103,521          | 106,016  | 2.4               |
| Savings deposits   | 57,943             | 62,606           | 55,277   | -11.7             |
| TOTAL INTEREST ON DEPOSITS   | 178,615            | 172,280          | 168,391  | -2.2              |
|  | -----              | -----            | -----    | -----             |
| Interbank borrowings   | 10,768             | 21,103           | 28,085   | 33.0              |
| Borrowings from domestic development banks                                   | 41,543             | 38,810           | 40,857   | 5.2               |
| Overnight funds  | 14,568             | 18,673           | 20,835   | 11.5              |
| Bonds  | 45,209             | 36,128           | 31,593   | -12.5             |
| TOTAL INTEREST EXPENSE   | 290,703            | 286,994          | 289,761  | 0.9               |
|  | -----              | -----            | -----    | -----             |
| NET INTEREST INCOME  | 417,059            | 506,974          | 458,144  | -9.6              |
| Provision for loan and accrued interest losses, net                          | (33,628)           | (43,848)         | (64,205) | 46.4              |
| Recovery of charged-off loans  | 11,882             | 15,226           | 16,747   | 9.9               |
| Provision for foreclosed assets and other assets                             | (10,585)           | (19,733)         | (12,636) | -35.9             |
| Recovery of provisions for foreclosed assets and other<br>assets             | 4,714              | 25,949           | 9,416    | -63.7             |
|  | -----              | -----            | -----    | -----             |
| TOTAL NET PROVISIONS   | (27,617)           | (22,406)         | (50,678) | 126.1             |
| NET INTEREST INCOME AFTER PROVISION FOR LOANS<br>AND ACCRUED INTEREST LOSSES | 389,442            | 484,568          | 407,466  | -15.9             |
|  | -----              | -----            | -----    | -----             |
| Commissions from banking services and other services                         | 17,993             | 39,692           | 27,963   | -29.5             |

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|  |          |          |          |        |
|--|----------|----------|----------|--------|
| Electronic services and ATM fees                   | 24,186   | 22,528   | 20,725   | -8.0   |
| Branch network services                            | 11,008   | 13,341   | 12,833   | -3.8   |
| Collections and payments fees                      | 13,127   | 14,987   | 15,164   | 1.1    |
| Credit card merchant fees                          | 425      | 2,689    | 2,235    | -16.8  |
| Credit and debit card annual fees                  | 53,106   | 52,639   | 59,248   | 12.5   |
| Checking fees                                      | 12,913   | 13,960   | 14,696   | 5.2    |
| Warehouse services                                 | 14,749   | 20,449   | 17,981   | -12.0  |
| Fiduciary activities                               | 14,107   | 14,803   | 15,595   | 5.3    |
| Brokerage fees                                     | 14,083   | 15,478   | 23,383   | 51.0   |
| Check remittance                                   | 2,426    | 2,856    | 2,852    | -0.1   |
| International operations                           | 6,622    | 8,844    | 6,836    | -22.7  |
| FEES AND OTHER SERVICE INCOME                      | 184,745  | 222,266  | 219,511  | -1.2   |
|  | -----    | -----    | -----    | -----  |
| Fees and other service expenses                    | (13,071) | (9,489)  | (13,392) | 41.1   |
| TOTAL FEES AND INCOME FROM SERVICES, NET           | 171,674  | 212,777  | 206,119  | -3.1   |
|  | -----    | -----    | -----    | -----  |
| OTHER OPERATING INCOME                             |          |          |          |        |
| Net foreign exchange gains                         | (18,481) | 24,303   | 11,269   | -53.6  |
| Forward contracts in foreign currency              | 37,661   | 4,442    | 4,337    | -2.3   |
| Gains on sales of investments on equity securities | 80       | 7,698    | 34,121   | 343.2  |
| Dividend income                                    | 38,794   | 1,536    | 19,620   | 1177.3 |
| Revenues from commercial subsidiaries              | 28,784   | (31,853) | 13,245   | 141.5  |
| Communication, postage, rent and others            | 4,084    | 1,757    | 2,346    | 33.5   |
| TOTAL OTHER OPERATING INCOME                       | 90,922   | 7,883    | 84,938   | 977.4  |
|  | -----    | -----    | -----    | -----  |
| TOTAL INCOME                                       | 652,038  | 705,228  | 698,523  | -0.9   |
| OPERATING EXPENSES                                 |          |          |          |        |
| Salaries and employee benefits                     | 148,722  | 155,125  | 163,778  | 5.5    |
| Bonus plan payments                                | 6,320    | 5,572    | 8,227    | 47.6   |
| Compensation                                       | 2,242    | 1,157    | 716      | -38.1  |
| Administrative and other expenses                  | 193,974  | 165,083  | 198,526  | 20.2   |
| Deposit security, net                              | 13,625   | 13,042   | 15,682   | 20.2   |
| Donation expenses                                  | 108      | 82       | 58       | -29.2  |
| Depreciation                                       | 26,866   | 22,401   | 21,598   | -3.5   |
|  | -----    | -----    | -----    | -----  |
| TOTAL OPERATING EXPENSES                           | 391,857  | 362,462  | 408,585  | 12.7   |
| NET OPERATING INCOME                               | 260,181  | 342,766  | 289,938  | -15.4  |
| Merger expenses                                    | 5,123    | 7,467    | 4,664    | -37.5  |
| Goodwill amortization Banco de Colombia            | 5,662    | 5,662    | 5,662    | 0.0    |
| NON-OPERATING INCOME (EXPENSE)                     |          |          |          |        |
| Other income                                       | 13,914   | 59,448   | 20,461   | -65.5  |
| Minority interest                                  | (1,821)  | (1,978)  | (2,761)  | 39.5   |
| Other expense                                      | (13,427) | (37,464) | (15,431) | -58.8  |
| TOTAL NON-OPERATING INCOME                         | (1,334)  | 20,006   | 2,269    | -88.6  |
| INCOME BEFORE INCOME TAXES                         | 248,062  | 349,643  | 281,881  | -19.3  |
| Income tax expense                                 | (70,520) | (93,065) | (67,779) | -27.1  |
|  | -----    | -----    | -----    | -----  |
| NET INCOME   | 177,542  | 256,578  | 214,102  | -16.5  |
|  | =====    | =====    | =====    | =====  |