BANCOLOMBIA SA
Form 6-K
March 05, 2012

## UNITED STATES

## SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

## FORM 6-K

## REPORT OF FOREIGN PRIVATE ISSUER <br> PURSUANT TO RULE 13a-16 OR 15d-16 OF <br> THE SECURITIES EXCHANGE ACT OF 1934

For the month of March, 2012

Comission File Number 001-32535

## Bancolombia S.A.

(Translation of registrant's name into English)

Cra. 48 \# 26-85
Medellín, 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 p Form 40-F o

## Edgar Filing: BANCOLOMBIA SA - Form 6-K

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): $\qquad$

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(2):

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 o No $p$

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

## 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: March 05, 2012 By: /s/ JAIME ALBERTO VELÁSQUEZ B.
Name: Jaime Alberto Velásquez B.
Title: Executive Vice President of Corporate Development (I)

BANCOLOMBIA S.A. (NYSE: CIB; BVC: BCOLOMBIA, PFBCOLOM) REPORTS CONSOLIDATED NET INCOME OF COP 504 BILLION FOR THE FOURTH QUARTER OF 2011 (COP 640 PER SHARE - USD 1.32 PER ADR), WHICH REPRESENTS AN INCREASE OF 17\% COMPARED TO THE SAME QUARTER LAST YEAR.

Net loans grew 7\% during the quarter and $27 \%$ compared to 4 Q 10 . This growth is in line with the current environment of solid credit demand in Colombia.
Net interest income increased $\mathbf{1 . 5 \%}$ during the quarter and $18.5 \%$ compared to 4Q10. These increases are the -result of loan growth coupled with a funding strategy that allowed the Bank to maintain a moderate cost of deposits during the quarter as a measure to defend the net interest margin, which ended the period at $5.62 \%$
Loan portfolio quality continues showing a good trend. Loan deterioration during 4Q11 was COP 89 billion, and - past due loans as a percentage of total loans were $2.2 \%$. Net provision charges for past due loans and foreclosed assets totaled COP 328 billion for the quarter.
The balance sheet remains strong. Loan loss reserves represented $4.6 \%$ of total loans and $210 \%$ of past due loans at the end of 4Q11. The capital adequacy ratio ended the quarter at $12.5 \%$ (Tier 1 of $9 \%$ ).
Profitability. The annualized return on equity ("ROE") for 4 Q 11 was $23.1 \%$. ROE for the year 2011 was $20.2 \%$, which represents an increase from the $19.7 \%$ reported in 2010.

March 5, 2012. Medellín, Colombia - Today, BANCOLOMBIA S.A. ("Bancolombia" or "the Bank") announced its earnings results for the fourth quarter of 2011.

For the quarter ended December 31, 2011 ("4Q11"), Bancolombia reported consolidated net income of COP 504 billion, or COP 640 per share - USD 1.32 per ADR, which represents an increase of $19 \%$ as compared to the results for the quarter ended September 30, 2011 ("3Q11") and of $17 \%$ as compared to the results for the quarter ended on December 31, 2010 ("4Q10"). Cumulative net income for 2011 was COP 1,664 billion, $16 \%$ higher than that for the same period of the previous year.

Bancolombia ended 4Q11 with COP 85,463 billion in assets, $6 \%$ higher than those at the end of 3 Q 11 and $26 \%$ greater than at the end 4 Q 10 . At the same time, liabilities totaled COP 76,470 billion and increased $6 \%$ as compared to the figure presented in 3Q11 and $27 \%$ as compared to 4Q101.
${ }^{1}$ This report corresponds to the consolidated financial statements of BANCOLOMBIA S.A. ("BANCOLOMBIA") and its affiliates of which it owns, directly or indirectly more than $50 \%$ of the voting capital stock. These financial statements have been prepared in accordance with generally accepted accounting principles in Colombia and the regulations of Superintendencia Financiera de Colombia, collectively COL GAAP. BANCOLOMBIA maintains accounting records in Colombian pesos, referred to herein as "Ps." or "COP". Certain monetary amounts, percentages and other figures included in this report have been subject to rounding adjustments. There have been no changes to the Bank's principal accounting policies in the quarter ended December 31, 2011. The statements of income for the quarter ended December 31, 2011 are not necessarily indicative of the results for any other future interim period. For more information, please refer to the Bank's filings with the Securities and Exchange Commission, which are available on the Commission's website at www.sec.gov.

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. Certain monetary amounts, percentages and other figures included in this report have been subject to rounding adjustments. Any reference to BANCOLOMBIA means the Bank together with its affiliates, unless otherwise specified.

Representative Market Rate January 1, 2012 COP\$1942.70=US\$ 1

1

4Q11

## BANCOLOMBIA: Summary of consolidated financial quarterly results ${ }^{2}$

CONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT
(COP millions)
ASSETS
Loans and financial leases, net
Investment securities, net
Other assets
Total assets

| Quarter |  |  | Growth |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 4Q10 | 3Q11 | 4Q11 | 4Q1 | 11 | Q11 |  |
| 46,091,877 | 54,745,266 | 58,575,846 | 7.00 | \% | 27.08 | \% |
| 8,675,762 | 11,012,486 | 9,958,191 | -9.57 | \% | 14.78 | \% |
| 13,327,517 | 14,864,457 | 16,928,983 | 13.89 | \% | 27.02 | \% |
| 68,095,156 | 80,622,209 | 85,463,020 | 6.00 | \% | 25.51 | \% |

## LIABILITIES AND SHAREHOLDERS'

EQUITY
Deposits
Non-interest bearing
Interest bearing
Other liabilities
Total liabilities
Shareholders' equity
Total liabilities and shareholders' equity
Interest income
Interest expense
Net interest income
Net provisions
Fees and income from service, net
Other operating income
Total operating expense
Goodwill amortization
Non-operating income, net
Income tax expense
Net income

| $43,538,967$ | $48,472,078$ | $52,434,492$ | 8.17 | $\%$ | 20.43 | $\%$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| $7,632,216$ | $7,290,767$ | $8,814,173$ | 20.90 | $\%$ | 15.49 | $\%$ |
| $35,906,751$ | $41,181,311$ | $43,620,319$ | 5.92 | $\%$ | 21.48 | $\%$ |
| $16,609,049$ | $23,684,139$ | $24,035,169$ | 1.48 | $\%$ | 44.71 | $\%$ |
| $60,148,016$ | $72,156,217$ | $76,469,661$ | 5.98 | $\%$ | 27.14 | $\%$ |
| $7,947,140$ | $8,465,992$ | $8,993,359$ | 6.23 | $\%$ | 13.16 | $\%$ |
| $68,095,156$ | $80,622,209$ | $85,463,020$ | 6.00 | $\%$ | 25.51 | $\%$ |
|  |  |  |  |  |  |  |
| $1,253,001$ | $1,548,720$ | $1,647,149$ | 6.36 | $\%$ | 31.46 | $\%$ |
| 392,221 | 542,969 | 626,852 | 15.45 | $\%$ | 59.82 | $\%$ |
| 860,780 | $1,005,751$ | $1,020,297$ | 1.45 | $\%$ | 18.53 | $\%$ |
| $(80,792$ | $(86,665$ | $)$ | $(328,408$ | 278.94 | $\%$ | 306.49 |
| 420,031 | 409,191 | 466,994 | 14.13 | $\%$ | 11.18 | $\%$ |
| 160,344 | 116,892 | 341,557 | 192.20 | $\%$ | 113.02 | $\%$ |
| $(813,602$ | $(919,426$ | $)$ | $(903,694$ | -1.71 | $\%$ | 11.07 |
| $(12,960$ | $)$ | $(11,709$ | $)$ | $(15,026$ | $)$ | 28.33 |
| $\%$ | 15.94 | $\%$ |  |  |  |  |
| 20,011 | $(3,266$ | $)$ | 55,476 | $1798.59 \%$ | 177.23 | $\%$ |
| $(124,685$ | $(86,326$ | $)$ | $(133,354$ | $)$ | 54.48 | $\%$ |
| 6.95 | $\%$ |  |  |  |  |  |
| 429,127 | 424,442 | 503,842 | 18.71 | $\%$ | 17.41 | $\%$ |


| PRINCIPAL RATIOS | Quarter |  |  | 4Q11 |  | As of |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 4Q10 |  | 3Q11 |  |  |  | Dec-10 | Dec-11 |
| PROFITABILITY |  |  |  |  |  |  |  |  |
| Net interest margin ${ }^{(1)}$ | 5.98 | \% | 5.98 | \% | 5.62 | \% | 6.16 \% | 5.91 \% |
| Return on average total assets ${ }^{(2)}$ | 2.59 | \% | 2.20 | \% | 2.42 | \% | 2.27 \% | 2.20 \% |
| Return on average shareholders' equity ${ }^{(3)}$ | 22.07 | \% | 20.58 | \% | 23.11 | \% | 19.71\% | 20.22 \% |
| EFFICIENCY |  |  |  |  |  |  |  |  |
| Operating expenses to net operating income | 57.35 | \% | 60.79 | \% | 50.23 | \% | 56.28\% | 57.58\% |
| Operating expenses to average total assets | 4.99 | \% | 4.83 | \% | 4.41 | \% | 4.89 \% | 4.76 | CAPITAL ADEQUACY

Edgar Filing: BANCOLOMBIA SA - Form 6-K

| Shareholders' equity to total assets | 11.67 | $\%$ | 10.50 | $\%$ | 10.52 | $\%$ | $11.67 \%$ | $10.52 \%$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Technical capital to risk weighted assets | 14.67 | $\%$ | 12.97 | $\%$ | 12.46 | $\%$ | $14.67 \%$ | 12.46 |
| KEY FINANCIAL HIGHLIGHTS |  |  |  |  |  |  |  |  |
| Net income per ADS (USD) | 1.14 | 1.12 | 1.32 |  |  |  |  |  |
| Net income per share \$COP | 544.70 | 538.75 | 639.53 |  |  |  |  |  |
| P/BV ADS (4) | 2.94 | 2.50 | 2.53 |  |  |  |  |  |
| P/BV Local $^{(5)(6)}$ | 2.92 | 2.63 | 2.49 |  |  |  |  |  |
| P/E (7) | 13.56 | 12.90 | 11.19 |  |  |  |  |  |
| ADR price ${ }^{(8)}$ | 61.91 | 55.70 | 59.56 |  |  |  |  |  |
| Common share price $^{(8)}$ | 29,500 | 28,300 | 28,480 |  |  |  |  |  |
| Shares outstanding $^{(9)}$ | $787,827,003$ | $787,827,003$ | $787,827,003$ |  |  |  |  |  |
| USD exchange rate (quarter end) | $1,913.9$ | $1,929.01$ | $1,942.70$ |  |  |  |  |  |

(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) Defined as ADS price divided by ADS book value. (5) Defined as share price divided by share book value. (6) Share prices on the Colombian Stock Exchange; (7) Defined as market capitalization divided by annualized quarter results. (8) Prices at the end of the respective quarter. (9) Common and preferred.

4Q11
1.

BALANCE SHEET

## 1.1.

Assets

As of December 31, 2011, Bancolombia's assets totaled COP 85,463 billion, which represents an increase of $6 \%$ compared to 3Q11 and of $26 \%$ compared to 4 Q10.

Prepaid expenses and deferred charges increased $146 \%$ in 4 Q11 versus $4 Q 10$. This increase is explained by the recording of deferred expenses for COP 469 billion in 1Q11, related to the wealth tax that Bancolombia and its subsidiaries will pay from 2011 to 2014. The value recorded in this line will be amortized during the next four years and will be shown mainly as a reduction in the reappraisal and others account, although a portion will be reflected on the administrative expenses and others account. As of December 2011, the prepaid expenses and deferred charges account had COP 343 billion related to this wealth tax.

The property, plant and equipment account increased $2 \%$ during 4Q11 and $38 \%$ with respect to 4 Q10. These variations are mainly explained by the increase in the import of equipment for leasing operations, and also by investments and capitalized expenses related to technology.

## 1.2.

Loan Portfolio

The following table shows the composition of Bancololombia's investments and loans by type and currency:

| (COP <br> Million) | Amounts in COP |  |  | Amounts in USD converted to COP |  |  | Amounts in USD (thousands) |  |  |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| (1 USD = |  |  |  |  |  |  |  |  |  |  |  |  |
| 1942,70 | 4Q11/3Q4IQ11/4Q1 |  |  | 0 4Q11/3Q14Q11/4Q10 |  |  |  | 4Q11/3Q14Q11/4Q10 |  |  |  |  |
| COP) |  |  |  |  |  |  |  |  |
| Net |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| investment securities | 7,961,749 | -5.29\% | 18.64\% | 1,996,442 | -23.38\% | 1.60 | \% | 1,027,664 | -23.92\% | 0.10 |  | 9,958,1 |
| Gross | 44,412,947 | 5.95 \% | 23.11\% | 16,975,481 | 9.65 \% | 35.52 |  | 8,738,087 | 8.88 \% | 33.52 |  | 61,388, |

Edgar Filing: BANCOLOMBIA SA - Form 6-K

| Commercial <br> loans <br> Consumer <br> loans | $24,835,488$ | 4.26 | $\%$ | 13.88 | 130,864 | $10.02 \%$ | $42.83 \%$ | $2,015,182$ | -0.06 | $\%$ | 1.04 | $\%$ | $1,037,310$ | -0.76 | $\%$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |

The most relevant aspects regarding the evolution of the loan portfolio during 4Q11 were:

- The dynamic growth of consumer loans in Colombia during 4Q11 and compared to 4Q10. Conversely, consumer loans in USD, which correspond to the operation in El Salvador, decreased 1\% during 4Q11 and $0.5 \%$ during the past 12 months.
- Demand for loans denominated in USD by Colombian companies. The increase in international trade flows played an important role in the growth of loans denominated in USD as companies demanded credit to finance their exporting activities and the working capital needs associated with them. The Colombian government, in an effort to control external debt in dollars that could result in further appreciation of the COP, imposed a withholding tax on the interest paid by Colombian companies on loans granted to them by banks domiciled outside Colombia. This tax motivated companies with loans in USD granted by foreign banks to start taking loans in USD with domestic banks, which was one of the reasons for the growth in Bancolombia's USD denominated loan book.
- Net loans in USD correspond to loans originated in Colombia (USD 3,553 million, 42\%), El Salvador (USD 2,358 million, $28 \%$ ) and other countries (USD 2,621 million, $31 \%$ ).
- The COP depreciated $1 \%$ against the USD during 4Q11.

4Q11

- Mortgage loans denominated in COP showed a positive performance. The increased dynamism of mortgage lending in Colombia is explained by optimism regarding the economy, lower long-term interest rates, as well as by the Colombian government's interest rate subsidy programs, which have produced higher credit demand in this segment. On the other hand, the outstanding mortgage balances denominated in USD from our operation in El Salvador remained stable in 4Q11, and decreased slightly in the past 12 months.
- Financial leases, $90 \%$ of which are denominated in COP, increased $6 \%$ during the quarter and $23 \%$ as compared to 4Q10. Operating leases, net of depreciation, increased $16 \%$ during the quarter and $37 \%$ during the year.

When analyzing the performance of the loan portfolio according to the categories established by Bancolombia to manage its commercial strategy, it becomes clear that retail and SME loans were key drivers of the growth of the total loan portfolio during the quarter as they increased $7 \%$ with respect to 3Q11. This increase is explained by higher demand for working capital and financing by SMEs, personal loans and car loans. On the other hand, corporate loans increased $7 \%$ in the same period due to higher demand for working capital and financing by corporations.

Reserves for loan losses increased $6 \%$ during 4Q11 and totaled COP 2,813 billion, or $4.6 \%$ of total loans at the end of the quarter. For further explanation regarding coverage of the loan portfolio and credit quality trends, please see Section 2.4. "Asset Quality, Provision Charges and Balance Sheet Strength" of this report.

The following table summarizes Bancolombia's total loan portfolio:

| LOAN PORTFOLIO |  | As of |  | Growth |  |  |  | $\%$ of <br> Total <br> loans | \% of |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| (COP million) | Dec-10 | Sep-11 | Dec-11 | 4Q11/3Q14Q11/4Q10 |  |  |  |  | Category |  |  |
| CORPORATE |  |  |  |  |  |  |  |  |  |  |  |
| Working capital loans | 22,004,869 | 24,316,016 | 26,236,561 | 7.90 | \% | 19.23 | \% | 42.74 | \% | 84.98 | \% |
| Funded by domestic development banks | 319,333 | 269,850 | 263,995 | -2.17 | \% | -17.33 | \% | 0.43 | \% | 0.86 | \% |
| Trade Financing | 2,897,022 | 4,138,336 | 4,228,396 | 2.18 | \% | 45.96 | \% | 6.89 | \% | 13.70 | \% |
| Overdrafts | 43,753 | 100,583 | 95,834 | -4.72 | \% | 119.03 | \% | 0.16 | \% | 0.31 | \% |
| Credit Cards | 38,009 | 44,398 | 47,369 | 6.69 | \% | 24.63 | \% | 0.08 | \% | 0.15 | \% |
| TOTAL CORPORATE | 25,302,986 | 28,869,183 | 30,872,155 | 6.94 | \% | 22.01 | \% | 50.29 | \% | 100.00 | \% |
| RETAIL AND SMEs |  |  |  |  |  |  |  |  |  |  |  |
| Working capital loans | 4,722,945 | 5,930,290 | 6,393,396 | 7.81 | \% | 35.37 | \% | 10.41 | \% | 34.55 | \% |

Edgar Filing: BANCOLOMBIA SA - Form 6-K

| Personal loans | $4,539,948$ | $5,369,049$ | $5,819,639$ | 8.39 | $\%$ | 28.19 | $\%$ | 9.48 | $\%$ | 31.45 | $\%$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Loans funded by <br> domestic development <br> banks | 679,442 | 667,109 | 693,703 | 3.99 | $\%$ | 2.10 | $\%$ | 1.13 | $\%$ | 3.75 | $\%$ |
| Credit Cards | $2,634,703$ | $3,158,648$ | $3,329,334$ | 5.40 | $\%$ | 26.36 | $\%$ | 5.42 | $\%$ | 17.99 | $\%$ |
| Overdrafts | 174,693 | 253,217 | 187,113 | $-26.11 \%$ | 7.11 | $\%$ | 0.30 | $\%$ | 1.01 | $\%$ |  |
| Automobile loans | $1,334,880$ | $1,788,166$ | $1,993,814$ | 11.50 | $\%$ | 49.36 | $\%$ | 3.25 | $\%$ | 10.78 | $\%$ |
| Trade Financing | 35,063 | 64,796 | 86,795 | 33.95 | $\%$ | 147.54 | $\%$ | 0.14 | $\%$ | 0.47 | $\%$ |
| TOTAL RETAIL AND | $14,121,674$ | $17,231,275$ | $18,503,794$ | 7.38 | $\%$ | 31.03 | $\%$ | 30.14 | $\%$ | 100.00 | $\%$ |
| SMEs | $3,342,881$ | $4,542,280$ | $4,840,668$ | 6.57 | $\%$ | 44.81 | $\%$ | 7.89 | $\%$ | 100.00 | $\%$ |
| MORTGAGE | $5,833,549$ | $6,756,251$ | $7,171,811$ | 6.15 | $\%$ | 22.94 | $\%$ | 11.68 | $\%$ | 100.00 | $\%$ |
| FINANCIAL LEASES | Total loans and financial | $48,601,090$ | $57,398,989$ | $61,388,428$ | 6.95 | $\%$ | 26.31 | $\%$ | $100.00 \%$ | 100.00 | $\%$ |
| leases | $(2,509,213)$ | $(2,653,723)$ | $(2,812,582)$ | 5.99 | $\%$ | 12.09 | $\%$ |  |  |  |  |
| Allowance for loan losses | $(24,51,877$ | $54,745,266$ | $58,575,846$ | 7.00 | $\%$ | 27.08 | $\%$ |  |  |  |  |
| Total loans and financial | $46,091,87$ |  |  |  |  |  |  |  |  |  |  |

1.3 .

Investment Portfolio

As of December 31, 2011, Bancolombia's net investment portfolio totaled COP 9,958 billion, decreasing $10 \%$ compared to 3Q11 and increasing $15 \%$ compared to 4Q10. The investment portfolio is mainly composed of debt investment securities, which represented $92 \%$ of Bancolombia's total investments and $11 \%$ of assets at the end of 4Q11. Investments denominated in USD totaled USD 1,027 million and represented $20 \%$ of the investment portfolio. Additionally, the Bank has COP 1,861 billion in mortgage backed securities, which represent $19 \%$ of the investment portfolio. The duration of the debt securities portfolio was 21 months with a yield to maturity of $4.39 \%$ at the end of 4Q11.

4Q11

## 1.4.

Goodwill

As of 4Q11, Bancolombia's goodwill totaled COP 680 billion and decreased 5\% compared to the amount reported in 3Q11. This variation is explained by the amortization of goodwill reported during the past year (under COL GAAP, goodwill is amortized within a period of 20 years). As of December 31, 2011, Bancolombia's goodwill included USD 342 million related mostly to the acquisition of Banagrícola in 2007.
1.5. Funding

As of December 31, 2011, Bancolombia's liabilities totaled COP 76.470 billion and increased $6 \%$ compared to 3Q11 and $27 \%$ compared to 4 Q 10 . The ratio of net loans to deposits (including borrowings from domestic development banks) was $105 \%$ at the end of 4Q11, decreasing compared to the figure reported in 3Q11 ( $106 \%$ ), and increasing compared to the figure for 4Q10 ( $100 \%$ ). The growth of the loan portfolio and Bancolombia's ability to obtain funds through long-term bond issuances resulted in the higher ratio of net loans to deposits for the quarter.

Deposits totaled COP 52,434 billion (or $69 \%$ of liabilities) at the end of 4Q11 and increased $8 \%$ during the quarter and $20 \%$ over the last 12 months. CDs represented $35 \%$ of deposits in 4Q10, and $34 \%$ of deposits in 4Q11. This decrease is in line with the funding strategy executed by the Bank during the past year, which has consisted of taking advantage of the greater liquidity and low interest rates through increasing savings and checking accounts. As a result of this recomposition of the funding mix, demand deposits went from representing $65 \%$ of the Bank's total deposits in 4Q10, to representing $66 \%$ as of the end of $4 Q 11$.

| DEPOSIQ MIX | 4 Q 10 | 3 Q 11 |  |  |  | 4 Q 11 |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| COP Million |  | $\%$ |  | $\%$ |  | $\%$ |
| Checking accounts | $9,555,933$ | $21.95 \%$ | $9,819,942$ | $20.26 \%$ | $10,293,894$ | $19.63 \%$ |
| Saving accounts | $18,060,869$ | $41.48 \%$ | $20,290,667$ | $41.86 \%$ | $23,263,051$ | $44.37 \%$ |
| Time deposits | $15,270,271$ | $35.07 \%$ | $17,787,650$ | $36.70 \%$ | $17,973,117$ | $34.28 \%$ |
| Other | 651,894 | $1.50 \%$ | 573,819 | $1.18 \%$ | 904,430 | $1.72 \%$ |
| Total deposits | $43,538,967$ |  | $48,472,078$ |  | $52,434,492$ |  |

At the end of 4Q11, Bancolombia had outstanding bonds for USD 2,540 million in international markets and COP 5,375 billion in local markets. The maturities of these bonds range from 2 to 10 years.
1.6.

Shareholders' equity at the end of 4Q11 was COP 8,993 billion, increasing $13 \%$ or COP 1,046 billion with respect to the COP 7,947 billion reported at the end of 4Q10.

Bancolombia's capital adequacy ratio was $12.46 \%, 51$ basis points below the $12.97 \%$ for 3 Q 11 and 221 bps below the $14.67 \%$ for 4 Q 10 . The decrease in the capital adequacy ratio is explained by the dynamic growth of the Bank's loan portfolio and assets.

Bancolombia's capital adequacy ratio was 346 basis points above the minimum level required by Colombia's regulator, while the basic capital ratio (tier 1) was $8.98 \%$ and the tangible capital ratio, which is equal to shareholders' equity minus goodwill and intangible assets divided by tangible assets, was $8.96 \%$ at the end of 4 Q 11 .

4Q11

## TECHNICAL CAPITAL RISK WEIGHTED ASSETS

| Consolidated (COP millions) | 4 Q 10 | $\%$ | 3 Q 11 | $\%$ | 4 Q 11 | $\%$ |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Basic capital (Tier I) | $6,343,769$ | $10.32 \%$ | $6,817,714$ | $9.31 \%$ | $6,979,026$ | $8.99 \%$ |  |
| Additional capital (Tier II) | $2,673,679$ | 4.35 | $\%$ | $2,684,736$ | $3.67 \%$ | $2,696,112$ | $3.47 \%$ |
| Technical capital (1) | $9,017,448$ |  | $9,502,451$ |  | $9,675,138$ |  |  |
| Risk weighted assets included market risk | $61,449,661$ |  | $73,237,366$ |  | $77,651,096$ |  |  |
| CAPITAL ADEQUACY (2) | 14.67 | $\%$ |  | 12.97 | $\%$ |  | 12.46 |

(1) Technical capital is the sum of basic and additional capital.
(2) Capital adequacy is technical capital divided by risk weighted assets.

## INCOME STATEMENT

Net income totaled COP 504 billion in 4Q11, or COP 640 per share - USD 1.32 per ADR, which represents an increase of $19 \%$ compared to 3Q11 and of $17 \%$ compared to 4 Q10. Bancolombia's ROE was $23.1 \%$ for 4 Q11, higher than the annualized ROE of $20.6 \%$ for 3 Q11 and the $22 \%$ of 4 Q10.
2.1. Net Interest Income

Net interest income totaled COP 1,020 billion in 4Q11, $1 \%$ higher than that reported in 3Q11, and $19 \%$ higher than the figure for 4 Q 10 . Interest income increased $6 \%$ during the quarter, and interest expense increased $11 \%$. The increase of interest paid on liabilities was lead by the interest on bonds outstanding, which increased 17\% in 4Q11 due to growth in the amount of bonds outstanding resulting from the issuance that took place in November 2011, and the payment of coupons in dollars at a higher exchange rate.

During 4Q11, income generated by the investment portfolio totaled COP 120 billion, a figure $33 \%$ lower than the COP 181 billion for 3Q11 and $11 \%$ higher than the COP 109 billion for 4Q10. The decrease in income from investments during the quarter is explained by the lower value of Colombian government securities, associated presumably to the lower appetite of investors for these titles due to the uncertainty that the European crisis generated in the markets.

## Net Interest Margin

Annualized net interest margin ended 4Q11 at 5.6\%. Annualized net interest margin for investments was $1.4 \%$, while the annualized net interest margin for loans, financial leases and overnight funds was $6.3 \%$.

Annualized Interest

| Margin | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 | 2Q11 | 3Q11 | 4Q11 |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Loans'Interest margin | 7.1 | $\%$ | 7.1 | $\%$ | 6.7 | $\%$ | 6.6 | $\%$ | 6.4 | $\%$ | 6.3 | $\%$ | 6.3 |

## Edgar Filing: BANCOLOMBIA SA - Form 6-K

The funding cost increased during 4Q11 as deposits continued to reflect the increase in interest rates by the Colombian Central Bank. The annualized weighted average cost of deposits reached $2.8 \%$ in 4Q11, higher than the $2.7 \%$ for 3Q11 and the $2.4 \%$ for 4Q10.

| Deposits' weighted |  |  |  |
| :--- | :--- | :--- | :--- |
| average cost | 4 Q 10 | 3Q11 | 4 Q 11 |
| Checking accounts | $0.48 \%$ | $0.44 \%$ | $0.42 \%$ |
| Time deposits | $3.98 \%$ | $4.18 \%$ | $4.46 \%$ |
| Saving accounts | $1.96 \%$ | $2.63 \%$ | $2.72 \%$ |
| Total deposits | $2.39 \%$ | $2.73 \%$ | $2.84 \%$ |

2.2.

Fees and Income from Services

During 4Q11, net fees and income from services totaled COP 467 billion, increasing $14 \%$ compared to those reported in 3Q11 and $11 \%$ higher than those reported in 4Q10. In particular, fees from credit and debit cards increased $12 \%$ with respect to 3 Q11, and $21 \%$ with respect to 4 Q 10 , and fees from banking services increased $5 \%$ with respect to 3Q11 and $20 \%$ with respect to 4Q10. Fees from brokerage services increased $197 \%$ in 4Q11 and $190 \%$ compared to 4Q10 due to the income generated from the distribution of the different equity issuances that took place in Colombia during the quarter.

7

4Q11

The following table summarizes Bancolombia's participation in the credit card business in Colombia:

| ACCUMULATED CREDIT CARD BILLING | As of |  | $\%$ |  | 2011 |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| (COP millions) | Dec-10 | Dec-11 | Growth |  | Market Share |  |
| Bancolombia VISA | $1,912,045$ | $2,247,043$ | 17.52 | $\%$ | 7.86 | $\%$ |
| Bancolombia Mastercard | $2,318,740$ | $2,675,815$ | 15.40 | $\%$ | 9.36 | $\%$ |
| Bancolombia American Express | $2,459,915$ | $2,992,160$ | 21.64 | $\%$ | 10.46 | $\%$ |
| Total Bancolombia | $6,690,699$ | $7,915,018$ | 18.30 | $\%$ | 27.68 | $\%$ |
| Colombian Credit Card Market | $24,382,998$ | $28,595,486$ | 17.28 | $\%$ |  |  |

CREDIT CARD MARKET SHARE
(Outstanding credit cards) Dec-10 Dec-11 Growth Market Share
Bancolombia VISA
Bancolombia Mastercard
Bancolombia American Express
Total Bancolombia
Colombian Credit Card Market

|  |  | $\%$ |  | 2011 |  |
| :--- | :---: | :--- | :---: | :--- | :--- |
| Dec-10 | Dec-11 | Growth |  | Market Share |  |
| 327,787 | 376,475 | 14.85 | $\%$ | 5.88 | $\%$ |
| 350,271 | 390,561 | 11.50 | $\%$ | 6.10 | $\%$ |
| 456,055 | 571,006 | 25.21 | $\%$ | 8.91 | $\%$ |
| $1,134,113$ | $1,338,042$ | 17.98 | $\%$ | 20.89 | $\%$ |
| $5,608,067$ | $6,405,140$ | 14.21 | $\%$ |  |  |

Source: Credibanco y Redeban multicolor

Total other operating income was COP 342 billion in 4Q11, $192 \%$ higher than in 3Q11, and $113 \%$ higher than in 4 Q 10 . Income from foreign exchange gains and derivatives denominated in foreign currencies increased $35 \%$ in the quarter due to the depreciation of the COP against the USD.

Notably, revenues aggregated in the communication, postage, rent and others totaled COP 66 billion in 4Q11, 17\% higher as compared to 3Q11 and $37 \%$ higher as compared to 4Q10. This line includes commercial discounts and operating leases payments, which have grown as the value of assets rented under operating leasing contract has increased. Finally, a gain of COP 138 billion was recorded for the sale of AFP Crecer in El Salvador.

> 2.4. Asset Quality, Provision Charges and Balance Sheet Strength

The deterioration of the loan portfolio (new past due loans before charge-offs) was COP 89 billion in 4Q11. The new vintages of loans have a low deterioration and contribute to the improvement of the loan portfolio quality.

Past due loans (those overdue more than 30 days) totaled COP 1,341 billion at the end of 4Q11, which represents $2.2 \%$ of total gross loans. The PDL ratio decreased from $2.5 \%$ in 3Q11 and $2.9 \%$ at the end of 4Q10. Loan charge-offs totaled COP 188 billion in 4Q11.

Provision charges (net of recoveries) totaled COP 328 billion in 4Q11. The greater provision charges in 4Q11 are explained by countercyclical provisions associated to the new loans originated in 2011, and to the change in the parameters used in the models required by the Superintendency of Finance for calculating expected loss. The change in these parameters resulted in additional provisions of COP 25 billion in 4Q11.

8

Bancolombia maintains a strong balance sheet in terms of loan loss reserves. Allowances for loan losses totaled COP 2,812 billion, or $4.6 \%$ of total loans at the end of 4 Q 11 , remaining stable with respect to the $4.6 \%$ presented at the end of 3 Q11, and decreasing with respect to the $5.2 \%$ at the end of 4Q10. Additionally, coverage, measured by the ratio of allowances for loans losses (principal) to PDLs (overdue 30 days), was $210 \%$ at the end of 4Q11. Likewise, coverage measured by the ratio of allowances for loans losses to loans classified as C, D and E, was $120 \%$ at the end of 4 Q 11 .

The following tables present key metrics for asset quality:

| ASSET QUALITY <br> ( COP millions) | Dec-10 |  | As of Sep-11 |  | Dec-11 |  | Growth |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Total performing past due loans ${ }^{(1)}$ | 467,140 |  | 518,33 |  | 410,152 |  | -20.8 |  | -12.20 | \% |
| Total non-performing past due loans | 928,759 |  | 921,05 |  | 930,540 |  | 1.03 | \% | 0.19 | \% |
| Total past due loans | 1,395,89 |  | 1,439,3 |  | 1,340,692 |  | -6.86 | \% | -3.95 | \% |
| Allowance for loans interest losses | 2,509,2 |  | 2,653,723 |  | 2,812,582 |  | 5.99 | \% | 12.09 | \% |
| Past due loans to total loans | 2.87 | \% | 2.51 | \% | 2.18 | \% |  |  |  |  |
| Non-performing loans as a percentage of total loans | 1.91 | \% | 1.60 | \% | 1.52 | \% |  |  |  |  |
| "C", "D" and "E" loans as a percentage of total loan | nst. 32 | \% | 3.92 | \% | 3.82 | \% |  |  |  |  |
| Allowances to past due loans ${ }^{(2)}$ | 179.76 | \% | 184.36 | \% | 209.79 | \% |  |  |  |  |
| Allowance for loan losses as a percentage of "C", and "E" loarf (2) | $\text { "D" }{ }_{19.59}$ | \% | 117.91 | \% | 119.83 | \% |  |  |  |  |
| Allowance for loan losses as a percentage of non-performing loans ${ }^{(2)}$ | 270.17 | \% | 288.12 | \% | 302.25 | \% |  |  |  |  |
| Allowance for loan losses as a percentage of total loans | 5.16 | \% | 4.62 | \% | 4.58 | \% |  |  |  |  |
| Percentage of performing loans to total loans | 98.09 | \% | 98.40 | \% | 98.48 | \% |  |  |  |  |

(1) "Performing" past due loans are loans upon which Bancolombia continues to recognize income although interest in respect of such loans has not been received. Mortgage loans cease to accumulate interest on the statement of operations when they are more than 60 days past due. For all other loans and financial leasing operations of any type, interest is no longer accumulated after they are more than 30 days past due.
(2) Under Colombian Bank regulations, a loan is past due when it is at least 31 days past the actual due date.

PDL Per Category ( $\mathbf{3 0}$ days)
\% Of loan Portfolio
Commercial loans
Consumer loans
Microcredit
Mortgage loans
Finance lease
PDL TOTAL

PDL Per Category (90 days)
\% Of loan Portfolio
Commercial loans
Consumer loans
Microcredit
Mortgage loans
Finance lease
TOTAL LOAN PORTFOLIO

4Q10 3Q11 4Q11
62.25 \% 2.1 \% $1.76 \% 1.4$ \% 17.67 \% 3.6 \% $3.51 \% 3.3 \%$ 0.52 \% 8.7 \% $9.22 \% \quad 8.6$ \% 7.89 \% $9.1 \% \quad 6.67 \% \quad 6.6 \%$ 11.68 \% 2.1 \% $1.87 \% 1.7 \%$ $100.00 \% \quad 2.87 \% \quad 2.51 \% \quad 2.18 \%$

|  | 4 Q 10 |  |  | 3 Q 11 | 4 Q 11 |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :---: |
| 62.25 | $\%$ | 1.5 | $\%$ | 1.27 | $\%$ |  |
| 1.0 | $\%$ |  |  |  |  |  |
| 17.67 | $\%$ | 1.7 | $\%$ | 1.55 | $\%$ |  |
| 1.6 | $\%$ |  |  |  |  |  |
| 0.52 | $\%$ | 5.3 | $\%$ | $5.81 \%$ | 5.0 |  |
| 7.89 | $\%$ | 4.4 | $\%$ | 3.15 | $\%$ |  |
| 3.0 | $\%$ |  |  |  |  |  |
| 11.68 | $\%$ | 1.4 | $\%$ | 1.18 | $\%$ |  |
| 1.2 | $\%$ |  |  |  |  |  |
| 100.00 | $\%$ | 1.7 | $\%$ | 1.48 | $\%$ |  | $1.28 \%$

4Q11

LOANS AND FINANCIAL LEASES
CLASSIFICATION
( COP millions)
"A" Normal $\quad 44,914,187 \quad 92.4 \% ~ 53,822,788 \quad 93.8 \% ~ 57,095,160 \quad 93.0 \%$
"B"Subnormal
"C" Deficient
"D" Doubtful recovery
"E" Unrecoverable
Total

Dec-10

| $44,914,187$ | $92.4 \%$ | $53,822,788$ | $93.8 \%$ | $57,095,160$ | $93.0 \%$ |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| $1,588,798$ | 3.3 | $\%$ | $1,325,637$ | 2.3 | $\%$ | $1,946,067$ | 3.2 |$\%$

## Loans and financial leases classified as $\mathbf{C}$,

 $\begin{array}{llllllll}\mathrm{D} \text { and } \mathrm{E} \text { as a percentage of total loans and } & 4.3 & \% & 3.9 & \% & 3.8 & \%\end{array}$ financial leases2.5.

Operating Expenses

During 4Q11, operating expenses totaled COP 904 billion, decreasing $2 \%$ compared to 3Q11 and increasing $11 \%$ compared to 4Q10.

Personnel expenses (the sum of salaries and employee benefits, bonus plan payments and compensation) totaled COP 389 billion in 4Q11, increasing $9 \%$ as compared to 3 Q11 and $12 \%$ as compared to 4Q10.

During 4Q11, administrative and other expenses totaled COP 421 billion, decreasing $13 \%$ compared to 3Q11, and increasing $9 \%$ compared to 4 Q10. This variation during the quarter is explained by lower expenses for advisory fees.

Depreciation expenses totaled COP 65 billion in 4 Q 11 , increasing $17 \%$ as compared to 3 Q 11 and $31 \%$ compared to 4Q10.

At the end of 4Q11 Bancolombia had 24,119 employees and 952 branches.

4Q11

Bancolombia is a full service financial institution incorporated in Colombia that offers a wide range of banking products and services to a diversified individual and corporate customer base of more than 7 million customers. Bancolombia delivers its products and services via its regional network comprised of Colombia's largest non-government owned banking network, El Salvador's leading financial conglomerate (Banagricola S.A.), off-shore banking subsidiaries in Panama, Cayman and Puerto Rico, as well as an agency in Miami. Together, Bancolombia and its subsidiaries provide stock brokerage, investment banking, leasing, factoring, consumer finance, fiduciary and trust services, asset management, and insurance, among others.

Contact Information

## Bancolombia's investor Relations

Phone (574) 4041837 / (574) 4041838
E-mail: investorrelations@bancolombia.com.co
Alejandro Mejia (IR Manager) /Catalina Botero (Analyst)
Website: http://www.grupobancolombia.com/investorrelations/

4Q11

## BALANCE SHEET

| (COP million) | Dec-10 | Sep-11 | Dec-11 | Last Quarter | Annual | \% of Assets | \% of <br> Liabilities |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ASSETS |  |  |  |  |  |  |  |
| Cash and due from banks | 5,312,398 | 5,278,593 | 6,818,307 | 29.17 \% | 28.35 \% | 7.98 | \% |
| Overnight funds sold | 842,636 | 806,053 | 910,690 | 12.98 \% | 8.08 \% | 1.07 | \% |
| Total cash and equivalents | 6,155,034 | 6,084,646 | 7,728,997 | 27.02 \% | 25.57 \% | 9.04 | \% |
| Debt securities | 8,226,811 | 10,165,627 | 9,201,210 | -9.49 \% | 11.84 \% | 10.77 | \% |
| Trading | 2,230,533 | 4,780,614 | 3,706,039 | -22.48 \% | 66.15 \% | 4.34 | \% |
| Available for Sale | 2,245,951 | 1,756,172 | 1,759,483 | 0.19 \% | -21.66\% | 2.06 | \% |
| Held to Maturity | 3,750,327 | 3,628,841 | 3,735,688 | 2.94 \% | -0.39 \% | 4.37 | \% |
| Equity securities | 539,318 | 906,053 | 838,973 | -7.40 \% | 55.56 \% | 0.98 | \% |
| Trading | 266,135 | 296,487 | 305,764 | 3.13 \% | 14.89 \% | 0.36 | \% |
| Available for Sale | 273,183 | 609,566 | 533,209 | -12.53 \% | 95.18 \% | 0.62 | \% |
| Market value allowance | -90,367 | -59,194 | -81,992 | 38.51 \% | -9.27 \% | -0.10 | \% |
| Net investment securities | 8,675,762 | 11,012,486 | 9,958,191 | -9.57 \% | 14.78 \% | 11.65 | \% |
| Commercial loans | 30,992,403 | 35,744,366 | 38,212,997 | 6.91 \% | 23.30 \% | 44.71 | \% |
| Consumer loans | 8,177,175 | 10,042,690 | 10,846,046 | 8.00 \% | 32.64 \% | 12.69 | \% |
| Microcredit | 255,082 | 313,539 | 316,906 | 1.07 \% | 24.24 \% | 0.37 | \% |
| Mortgage loans | 3,342,881 | 4,542,143 | 4,840,668 | 6.57 \% | 44.81 \% | 5.66 | \% |
| Finance lease | 5,833,549 | 6,756,251 | 7,171,811 | 6.15 \% | 22.94 \% | 8.39 | \% |
| Allowance for loan losses | -2,509,213 | -2,653,723 | -2,812,582 | 5.99 \% | 12.09 \% | -3.29 | \% |
| Net total loans and financial leases | 46,091,877 | 54,745,266 | 58,575,846 | 7.00 \% | 27.08 \% | 68.54 | \% |
| Accrued interest receivable on loans | 356,484 | 464,760 | 482,833 | 3.89 \% | 35.44 \% | 0.56 | \% |
| Allowance for accrued interest losses | -38,952 | -40,427 | -43,644 | 7.96 \% | 12.05 \% | -0.05 | \% |
| Net total interest accrued | 317,532 | 424,333 | 439,189 | 3.50 \% | 38.31 \% | 0.51 | \% |
| Customers' acceptances and derivatives | 784,888 | 930,191 | 741,296 | -20.31 \% | -5.55 \% | 0.87 | \% |
| Net accounts receivable | 797,715 | 840,161 | 1,016,985 | 21.05 \% | 27.49 \% | 1.19 | \% |
| Net premises and equipment | 1,174,625 | 1,595,994 | 1,622,311 | 1.65 \% | 38.11 \% | 1.90 | \% |
| Foreclosed assets, net | 70,277 | 53,461 | 53,194 | -0.50 \% | -24.31\% | 0.06 | \% |
| Prepaid expenses and deferred charges | 319,864 | 759,692 | 785,456 | 3.39 \% | 145.56\% | 0.92 | \% |
| Goodwill | 750,968 | 718,637 | 679,861 | -5.40 \% | -9.47 \% | 0.80 | \% |
| Operating leases, net | 1,006,108 | 1,193,919 | 1,380,057 | 15.59 \% | 37.17 \% | 1.61 | \% |
| Other | 1,185,977 | 1,482,911 | 1,697,648 | 14.48 \% | 43.14 \% | 1.99 | \% |
| Reappraisal of assets | 764,529 | 780,512 | 783,989 | 0.45 \% | 2.55 \% | 0.92 | \% |
| Total assets | 68,095,156 | 80,622,209 | 85,463,020 | 6.00 \% | 25.51 \% | 100.00 |  |

## LIABILITIES AND

SHAREHOLDERS'
EQUITY
LIABILITIES
DEPOSITS
Non-interest bearing
Checking accounts
Other
Interest bearing
Checking accounts
Time deposits
Savings deposits
Total deposits
Overnight funds
Bank acceptances
outstanding
Interbank borrowings
Borrowings from domestic
development banks
Accounts payable
Accrued interest payable
Other liabilities
Bonds
Accrued expenses
Minority interest in consolidated subsidiaries
Total liabilities
SHAREHOLDERS'
EQUITY

| Subscribed and paid in | 393,914 | 393,914 | 393,914 | 0.00 | $\%$ | 0.00 | $\%$ | 0.46 | $\%$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| capital | $6,483,741$ | $7,117,518$ | $7,639,808$ | 7.34 | $\%$ | 17.83 | $\%$ | 8.94 | $\%$ |
| Retained earnings | $5,047,247$ | $5,957,466$ | $5,975,914$ | 0.31 | $\%$ | 18.40 | $\%$ | 6.99 | $\%$ |
| Appropiated | $1,436,494$ | $1,160,052$ | $1,663,894$ | 43.43 | $\%$ | 15.83 | $\%$ | 1.95 | $\%$ |
| Unappropiated | $1,051,856$ | 952,303 | 947,790 | -0.47 | $\%$ | -9.89 | $\%$ | 1.11 | $\%$ |
| Reappraisal and others | 17,629 | 2,257 | 11,847 | $424.90 \%$ | -32.80 | $\%$ | 0.01 | $\%$ |  |
| Gross unrealized gain or loss | 1,970 |  |  |  |  |  |  |  |  |
| on debt securities | $7,947,140$ | $8,465,992$ | $8,993,359$ | 6.23 | $\%$ | 13.16 | $\%$ | 10.52 | $\%$ |

4Q11

| INCOME STATEMENT | As of |  | Growth |  |  |  |  | Growth |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| (COP million) | Dec-10 | Dec-11 | Dic-11/ | ic- | HQ10 | 3Q11 | 4Q11 | 4Q11/3 | Q11 | 4Q11 |  |
| Interest income and expenses |  |  |  |  |  |  |  |  |  |  |  |
| Interest on loans | 3,892,114 | 4,660,580 | 19.74 | \% | 991,475 | 1,200,725 | 1,339,611 | 11.57 | \% | 35.11 | \% |
| Interest on investment securities | 454,368 | 625,559 | 37.68 | \% | 108,735 | 180,678 | 120,278 | -33.43 | \% | 10.62 | \% |
| Overnight funds | 41,998 | 18,820 | -55.19 | \% | 6,694 | 3,117 | 6,575 | 110.94 | \% | -1.78 | \% |
| Leasing | 572,160 | 640,635 | 11.97 | \% | 146,097 | 164,200 | 180,685 | 10.04 | \% | 23.67 | \% |
| Total interest income | 4,960,640 | 5,945,594 | 19.86 | \% | 1,253,001 | 1,548,720 | 1,647,149 | 6.36 | \% | 31.46 | \% |
| Interest expense | - | - |  |  | - | - | - |  |  |  |  |
| Checking accounts | 38,858 | 39,926 | 2.75 | \% | 11,329 | 10,955 | 11,248 | 2.67 | \% | -0.71 | \% |
| Time deposits | 693,746 | 690,457 | -0.47 | \% | 159,920 | 181,702 | 199,273 | 9.67 | \% | 24.61 | \% |
| Savings deposits | 321,662 | 479,442 | 49.05 | \% | 85,516 | 130,515 | 148,177 | 13.53 | \% | 73.27 | \% |
| Total interest on deposits | 1,054,266 | 1,209,825 | 14.76 | \% | 256,765 | 323,172 | 358,698 | 10.99 | \% | 39.70 | \% |
| Interbank borrowings | 19,537 | 45,840 | 134.63 | \% | 5,923 | 8,396 | 21,900 | 160.84 | \% | 269.75 | \% |
| Borrowings from domestic development banks | 139,032 | 159,909 | 15.02 | \% | 31,590 | 44,971 | 45,689 | 1.60 | \% | 44.63 | \% |
| Overnight funds | 40,451 | 85,260 | 110.77 | \% | 13,701 | 18,460 | 27,682 | 49.96 | \% | 102.04 | \% |
| Bonds | 318,295 | 541,172 | 70.02 | \% | 84,242 | 147,970 | 172,883 | 16.84 | \% | 105.22 | \% |
| Total interest expense | 1,571,581 | 2,042,006 | 29.93 | \% | 392,221 | 542,969 | 626,852 | 15.45 | \% | 59.82 | \% |
| Net interest income | 3,389,059 | 3,903,588 | 15.18 | \% | 860,780 | 1,005,751 | 1,020,297 | 1.45 | \% | 18.53 | \% |
| Provision for loan and accrued interest losses, net | (788,794 ) | (840,558 ) | 6.56 | \% | (179,920 ) | (173,103 ) | (353,970 ) | 104.49 | \% | 96.74 | \% |
| Recovery of charged-off loans | 276,209 | 244,141 | -11.61 | \% | 96,701 | 69,942 | 57,586 | -17.67 | \% | -40.45 | \% |
| Provision for foreclosed assets and other assets | (67,187 ) | (123,994 ) | 84.55 | \% | (12,009 ) | (34,451 ) | (46,467 ) | 34.88 | \% | 286.93 | \% |
|  | 32,057 | 121,706 | 279.65 |  | 14,436 | 50,947 | 14,443 | -71.65 | \% | 0.05 | \% |

Recovery of provisions for foreclosed assets and other assets
Total net
provisions $(547,715)(598,705) 9.31 \%(80,792)(86,665)(328,408) 278.94 \% \quad 306.49 \%$ Net interest income after provision for loans
and accrued interest losses
Commissions
from banking
services and
other services
Electronic
$\begin{array}{llllllllllll}\text { services and } & 57,019 & 67,267 & 17.97 & \% & 15,999 & 17,945 & 18,689 & 4.15 & \% & 16.81 & \%\end{array}$
ATM fees
Branch network
services
Payment fees
Credit card
merchant fees
Credit and debit card annual fees
Checking fees
Fiduciary
activities
Pension plan
administration
Brokerage fees
Check
remittance
International operations
Fees and other
service income
Fees and other service expenses Total fees and $\begin{array}{llllllllllll}\text { income from } & 1,580,914 & 1,668,584 & 5.55 & \% & 420,031 & 409,191 & 466,994 & 14.13 & \% & 11.18 & \%\end{array}$ services, net Other operating income
Net foreign
exchange gains
Derivatives
Financial $39,536 \quad 11,034 \quad-72.09 \% 3,225 \quad(5,943)(13,990) 135.40 \%-533.80 \%$
Contracts
$2,841,344 \quad 3,304,883$
$307,890 \quad 383,984 \quad 24.71 \quad \% \quad 85,755 \quad 98,224 \quad 103,001 \quad 4.86 \quad \% \quad 20.11 \quad \%$

| 118,647 | 125,835 | 6.06 | $\%$ | 32,684 | 31,930 | 34,356 | 7.60 | $\%$ | 5.12 | $\%$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| 226,537 | 224,878 | -0.73 | $\%$ | 62,306 | 55,937 | 60,141 | 7.52 | $\%$ | -3.47 | $\%$ |
| 18,355 | 16,725 | -8.88 | $\%$ | 7,052 | 4,064 | 4,024 | -0.98 | $\%$ | -42.94 | $\%$ |
| 564,457 | 617,526 | 9.40 | $\%$ | 139,818 | 150,999 | 169,428 | 12.20 | $\%$ | 21.18 | $\%$ |
| 69,425 | 74,514 | 7.33 | $\%$ | 17,622 | 19,418 | 18,675 | -3.83 | $\%$ | 5.98 | $\%$ |
| 165,075 | 188,340 | 14.09 | $\%$ | 40,042 | 47,449 | 46,283 | -2.46 | $\%$ | 15.59 | $\%$ |


| 90,131 | - | -100.00 \% 24,107 |  |  | 0.00 | \% |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |

Gains(loss) on sales of investments on equity securities

| Securitization <br> income | 85,862 | 48,714 | -43.26 | $\%$ | 41,648 | 12,715 | 15,358 | 20.79 | $\%$ | -63.12 | $\%$ |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Dividend <br> income | 34,699 | 27,700 | -20.17 | $\%$ | 2,200 | 3,393 | 908 | -73.24 | $\%$ | -58.73 | $\%$ |
| Revenues from <br> commercial | 87,625 | 100,647 | 14.86 | $\%$ | 23,160 | 25,670 | 26,623 | 3.71 | $\%$ | 14.95 | $\%$ |
| subsidiaries |  |  |  |  |  |  |  |  |  |  |  |
| Insurance | 2,808 | 45,690 | $1527.14 \%$ | $(1,788$ | $)$ | - | 45,690 | 0.00 | $\%$ | $2655.37 \%$ |  | income

Communication, $\begin{array}{llllllllllll}\text { postage, rent } & 176,700 & 224,512 & 27.06 & \% & 48,351 & 56,481 & 66,224 & 17.25 & \% & 36.97 & \%\end{array}$ and others Total other $\begin{array}{llllllllllll}\text { operating } & 535,056 & 691,237 & 29.19 & \% & 160,344 & 116,892 & 341,557 & 192.20 & \% & 113.02 & \%\end{array}$ income
Total income
Operating expenses
Salaries and employee benefits
Bonus plan payments
Compensation
Administrative
and other
expenses
Deposit
insurance net
Donation
expenses
Depreciation
Total operating
expenses
Net operating income
Goodwill
amortization ${ }^{(1)}$
Non-operating income
(expense)
Other income
Minority
interest
Other expense
Total
non-operating
income
Income before income taxes
Income tax expense
Net income
$\begin{array}{llllllllllll}1,944,911 & 2,134,411 & 9.74 & \% & 553,812 & 510,768 & 637,196 & 24.75 & \% & 15.06 & \%\end{array}$
(508,417) (470,517)-7.45 \% (124,685 ) (86,326 ) (133,354) 54.48 \% 6.95 \%
$1,436,494 \quad 1,663,894 \quad 15.83 \quad \% \quad 429,127 \quad 424,442 \quad 503,842 \quad 18.71 \quad \% \quad 17.41 \quad \%$

13

