

BANCOLOMBIA SA  
Form 6-K  
August 05, 2010  
UNITED STATES

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 1934

For the month of August, 2010.

Commission 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  Form 40-F

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):

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  No

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

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2Q10

BANCOLOMBIA S.A. (NYSE: CIB; BVC: BCOLOMBIA, PFBCOLOM) REPORTS CONSOLIDATED NET INCOME OF COP 291 BILLION FOR THE SECOND QUARTER OF 2010 (COP 370 PER SHARE - USD 0.77 PER ADR), WHICH REPRESENTS AN INCREASE OF 15% COMPARED TO THE SAME QUARTER LAST YEAR.

- Net loans grew 4.92% compared to 1Q10. There was still a reduction of 2% in net loans with respect to 2Q09; however, the positive trend in credit demand that began to show at the end of 1Q10 became stronger during 2Q10.
- Net Interest Margin recovered in 2Q10 due to the better performance of investment securities and an effective funding strategy. Net interest margin increased 37 basis points (“bp”) during the quarter and ended 2Q10 at 6.45%. This increase is explained by the better performance of investment securities and a funding strategy that decreased the cost of funds from 2.73% in 1Q10 to 2.56% in 2Q10.
- Net income from fees and other services continued to increase consistently during the quarter and totaled COP 396 billion, 5.7% higher than in 1Q10 and 4% higher than in 2Q09. This positive performance is explained by greater income from the Bank’s investment banking and asset management businesses, and by solid levels of credit and debit card fees.
- There was less deterioration of the loan portfolio in 2Q10 vs. 1Q10. The deterioration of the loan portfolio in 2Q10 totaled COP 35 billion, a figure 88% lower than that for 1Q10 and 85% lower than that 2Q09. Loan charge-offs were COP 225 billion, 64% higher than those reported in 1Q10 and 32% lower than those reported in 2Q09. Net provision charges were COP 187 billion in 2Q10.
- The balance sheet remains strong due in part to the solid level of loan loss reserves, which represented 5.6% of total loans and 154% of past due loans at the end of 2Q10. The capital adequacy ratio increased during the past 12 months and ended at 13.37% (Tier 1 of 10.7%), a figure that is considerably higher than the 12.9% (Tier 1 de 10%) reported at the end of 2Q09.
- Solid liquidity position. The ratio of net loans to deposits (including borrowings from domestic development banks) was 95% at the end of 2Q10, and net investment securities totaled COP 9,009 billion, 4.7% higher as compared to 1Q10 and 19.3% as compared to 2Q09.

August 4, 2010. Medellín, Colombia – Today, BANCOLOMBIA S.A. (“Bancolombia” or “the Bank”) announced its earnings results for the second quarter of 2010.

For the quarter ended June 30, 2010 (“2Q10”), Bancolombia reported consolidated net income of COP 291 billion, or COP 370 per share - USD 0.77 per ADR, which represents an increase of 15% as compared to the results for the quarter ended June 30, 2009 (“2Q09”) and a decrease of 15% as compared to the results for the quarter ended March 31, 2010 (“1Q10”). Bancolombia’s annualized return on equity (“ROE”) was 16.7% for 2Q10, and 18.03% for the first semester of 2010.

Bancolombia ended 2Q10 with COP 62,489 billion in assets, 3% higher than at the end of 1Q10 and 1% lower than at the end 2Q09. At the same time, liabilities totaled COP 55,387 billion and decreased 3% as compared to the figure reported in 2Q09.

<sup>1</sup> 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 June 30, 2010. The statements of income for the quarter

ended June 30, 2010 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](http://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 July 1, 2010: COP 1,913.15 =USD 1      Average Representative Market Rate for  
2Q10: COP1,947.57=USD 1

2Q10

BANCOLOMBIA: Summary of consolidated financial quarterly results2

**CONSOLIDATED BALANCE SHEET**
**AND INCOME STATEMENT**

| (COP million)                   | Quarter           |                   |                   | Growth       |               |
|---------------------------------|-------------------|-------------------|-------------------|--------------|---------------|
|                                 | 2Q 09             | 1Q 10             | 2Q 10             | 2Q 10/1Q 10  | 2Q 10/2Q 09   |
| <b>ASSETS</b>                   |                   |                   |                   |              |               |
| Loans and financial leases, net | 42,383,700        | 39,493,643        | 41,436,323        | 4.92%        | -2.24%        |
| Investment securities, net      | 7,549,268         | 8,608,550         | 9,009,171         | 4.65%        | 19.34%        |
| Other assets                    | 13,334,336        | 12,668,389        | 12,044,002        | -4.93%       | -9.68%        |
| <b>Total assets</b>             | <b>63,267,304</b> | <b>60,770,582</b> | <b>62,489,496</b> | <b>2.83%</b> | <b>-1.23%</b> |

**LIABILITIES AND SHAREHOLDERS' EQUITY**

|   |                   |                   |                   |                |               |
|---|-------------------|-------------------|-------------------|----------------|---------------|
| Deposits  | 42,888,356        | 40,113,266        | 41,039,287        | 2.31%          | -4.31%        |
| Non-interest bearing                              | 5,008,486         | 5,570,111         | 5,402,692         | -3.01%         | 7.87%         |
| Interest bearing                                  | 37,879,870        | 34,543,155        | 35,636,595        | 3.17%          | -5.92%        |
| Other liabilities                                 | 14,165,459        | 13,855,066        | 14,347,892        | 3.56%          | 1.29%         |
| <b>Total liabilities</b>                          | <b>57,053,815</b> | <b>53,968,332</b> | <b>55,387,179</b> | <b>2.63%</b>   | <b>-2.92%</b> |
| Shareholders' equity                              | 6,213,489         | 6,802,250         | 7,102,317         | 4.41%          | 14.30%        |
| <b>Total liabilities and shareholders' equity</b> | <b>63,267,304</b> | <b>60,770,582</b> | <b>62,489,496</b> | <b>2.83%</b>   | <b>-1.23%</b> |
| Interest income                                   | 1,652,790         | 1,208,967         | 1,250,203         | 3.41%          | -24.36%       |
| Interest expense                                  | 726,356           | 408,565           | 383,671           | -6.09%         | -47.18%       |
| Net interest income                               | 926,434           | 800,402           | 866,532           | 8.26%          | -6.47%        |
| Net provisions                                    | (344,957)         | (142,498)         | (186,647)         | 30.98%         | -45.89%       |
| Fees and income from service, net                 | 379,719           | 374,411           | 395,614           | 5.66%          | 4.19%         |
| Other operating income                            | 20,025            | 159,119           | 94,610            | -40.54%        | 372.46%       |
| <b>Total operating expense</b>                    | <b>(681,306)</b>  | <b>(730,854)</b>  | <b>(742,683)</b>  | <b>1.62%</b>   | <b>9.01%</b>  |
| Goodwill amortization                             | (18,104)          | (15,142)          | (15,041)          | -0.67%         | -16.92%       |
| Non-operating income, net                         | 24,920            | 37,968            | (4,489)           | -111.82%       | -118.01%      |
| Income tax expense                                | (53,608)          | (142,422)         | (116,646)         | -18.10%        | 117.59%       |
| <b>Net income</b>                                 | <b>253,123</b>    | <b>340,984</b>    | <b>291,250</b>    | <b>-14.59%</b> | <b>15.06%</b> |

**PRINCIPAL RATIOS**

|  | 2Q 09  | Quarter<br>1Q 10 | 2Q 10  | As of  |        |
|--|--------|------------------|--------|--------|--------|
|  |        |                  |        | Jun-09 | Jun-10 |
| <b>PROFITABILITY</b>                       |        |                  |        |        |        |
| Net interest margin (1)                    | 6.66%  | 6.07%            | 6.45%  | 6.88%  | 6.25%  |
| Return on average total assets (2)         | 1.58%  | 2.22%            | 1.89%  | 1.77%  | 2.05%  |
| Return on average shareholders' equity (3) | 16.54% | 19.44%           | 16.75% | 18.22% | 18.03% |
| <b>EFFICIENCY</b>                          |        |                  |        |        |        |
| Operating expenses to net operating income | 52.74% | 55.92%           | 55.85% | 51.21% | 55.89% |
| Operating expenses to average total assets | 4.37%  | 4.86%            | 4.91%  | 4.50%  | 4.88%  |

## CAPITAL ADEQUACY

|   |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|
| Shareholders' equity to total assets      | 9.82%  | 11.19% | 11.37% | 9.82%  | 11.37% |
| Technical capital to risk weighted assets | 12.94% | 13.62% | 13.37% | 12.94% | 13.37% |

## KEY FINANCIAL HIGHLIGHTS

|                                 |             |             |             |
|---------------------------------|-------------|-------------|-------------|
| Net income per ADS (USD)        | 0.60        | 0.90        | 0.77        |
| Net income per share \$COP      | 321.29      | 432.82      | 369.69      |
| P/BV ADS (4)                    | 2.07        | 2.54        | 2.66        |
| P/BV Local (5) (6)              | 2.08        | 2.58        | 2.64        |
| P/E (7)                         | 12.75       | 12.80       | 16.12       |
| ADR price (8)                   | 30.50       | 45.66       | 50.13       |
| Common share price (8)          | 16,400      | 22,280      | 23,760      |
| Shares outstanding (9)          | 787,827,003 | 787,827,003 | 787,827,003 |
| USD exchange rate (quarter end) | 2,145.21    | 1,921.88    | 1,913.15    |

2 (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.

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1. BALANCE SHEET

1.1. Assets

As of June 30, 2010, Bancolombia's assets totaled COP 62,489 billion, which represents an increase of 3% compared to 1Q10 and a decrease of 1% compared to 2Q09.

Assets denominated in COP totaled COP 46,278 billion at the end of 2Q10, decreasing 3% compared to 1Q10 and remaining stable compared to 2Q09. Assets denominated in currencies other than COP (mainly American dollars ("USD")) represented 26% of total assets (or USD 8.5 billion) at the end of 2Q10, increasing 23% compared to 1Q10 and 7% compared to 2Q09.

Loans and financial leases, net of provisions, represented 66% of assets at the end of 2Q10, decreasing as compared to the 67% they represented at the end of 2Q09. Net investments were 14% of total assets at the end of the quarter, increasing their participation in assets from 12% at the end of de 2Q09.

1.2. Loan Portfolio

During the second quarter of 2010, there was growth of the loan portfolio in our operation in Colombia. Loans denominated in COP totaled COP 33,574 billion at the end of 2Q10, remained stable compared to 2Q09 but increased 4% compared to 1Q10. On the other hand, loans denominated in USD totaled USD 5,390 million (23% of the loan portfolio), increasing 7% compared to 1Q10 and 3% compared to 2Q09. These USD denominated loans correspond to loans in Colombia (USD 1,250 million or 23% of loans in USD), El Salvador (USD 2,453 million or 46% of loans in USD) and other countries (USD 1,687 million or 31% of loans in USD).

The appreciation of the COP against de USD was of 1% in 2Q10 and has been of 11% since 2Q09. This appreciation of the peso, negatively affected the conversion to COP of loans denominated in USD. Overall, Bancolombia's gross loans totaled COP 43,886 billion at the end of 2Q10 and increased 4.62% compared to the COP 41,946 billion at the end of 1Q10.

In annual terms, gross loans decreased 2% compared to the COP 44,714 billion in loans reported as of the end of 2Q09. This decrease is explained by the contraction of loans in USD resulting from their conversion to COP. When converted to COP, USD denominated loans showed a decrease of 8% in 2Q10 compared to 2Q09. In general, the higher volume of loans denominated in USD during the quarter, reveal an increase in lending activity in our subsidiaries of Panama (off-shore banking), an operation that already begins to reflect the pick-up in economic activity and the greater financing needs of our clients. The recovery of international trade flows played a key role in the increase of loans denominated in USD. Similarly, loans denominated in COP, which constitute the majority of our loan portfolio, didn't show significant growth in annual terms.

Commercial loans denominated in COP ended 2Q10 at COP 20,447 billion and showed a significant increase of 5% with respect to 1Q10. Commercial loans denominated in USD totaled USD 3,683 million at the end of the quarter and increased 10% compared to 1Q10.

Consumer loans also began to show dynamism during the quarter, reaching COP 5,130 billion, a figure 5% higher than that reported at the end of 1Q10. In contrast, consumer loans originated in El Salvador continue to be subdued and don't show significant growth. Overall, consumer loans denominated in USD totaled USD 1,009 million and

decreased 1% with respect to 2Q09, but increased 1% with respect to 1Q10.

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In 2Q10, mortgage loans expressed in COP grew 48 billion, and reached COP 3,639 billion. Additionally, COP 276 billion in mortgages were securitized in the same period, taking the outstanding balance of securitized mortgages to 2,413 billion at the end of 2Q10. When taking into account securitizations, mortgage loans increased 3% during the quarter and 10% during the past 12 months. The increased dynamism of mortgage lending in Colombia is explained by the lower long-term interest rates, as well as by the Colombian government's interested rate subsidy program, 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 totaled USD 433 million, 1% and 6% lower than the outstanding mortgage balances in USD reported in 1Q10 and 2Q09, respectively.

Financial leases, 91% of which are denominated in COP, remained constant during the quarter and showed a decrease of 1% with respect to 2Q09.

When analyzing the performance of the loan portfolio, it becomes clear that corporate loans were key drivers of the growth of the total loan portfolio during the quarter as they increased 9% with respect to 1Q10. This increase is explained by higher demand for working capital and financing by businesses. On the other hand, retail and SME loans increased 1% in the same period due to greater demand for consumer loans.

Reserves for loan losses remained stable during 2Q10 and totaled COP 2,449 billion, or 5.6% 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<br>(COP million)           | 2Q09              | As of<br>1Q10     | 2Q10              | Growth<br>2Q10/1Q10 | 2Q10/2Q09     |
|---|-------------------|-------------------|-------------------|---------------------|---------------|
| <b>CORPORATE</b>                          |                   |                   |                   |                     |               |
| Working capital loans                     | 20,480,489        | 18,155,416        | 19,788,703        | 9.00%               | -3.38%        |
| Funded by domestic<br>development banks   | 754,878           | 416,809           | 395,026           | -5.23%              | -47.67%       |
| Trade Financing                           | 1,536,181         | 1,419,113         | 1,602,804         | 12.94%              | 4.34%         |
| Overdrafts                                | 108,467           | 86,468            | 91,362            | 5.66%               | -15.77%       |
| Credit Cards                              | 38,577            | 38,798            | 37,147            | -4.26%              | -3.71%        |
| <b>TOTAL CORPORATE</b>                    | <b>22,918,592</b> | <b>20,116,604</b> | <b>21,915,042</b> | <b>8.94%</b>        | <b>-4.38%</b> |
| <b>RETAIL AND SMEs</b>                    |                   |                   |                   |                     |               |
| Working capital loans                     | 4,139,241         | 4,496,309         | 4,424,178         | -1.60%              | 6.88%         |
| Personal loans                            | 4,009,022         | 3,611,806         | 3,820,676         | 5.78%               | -4.70%        |
| Loans funded by domestic<br>development b | 841,001           | 772,129           | 762,168           | -1.29%              | -9.37%        |
| Credit Cards                              | 2,409,140         | 2,379,969         | 2,414,429         | 1.45%               | 0.22%         |
| Overdrafts                                | 305,275           | 251,934           | 251,938           | 0.00%               | -17.47%       |
| Automobile loans                          | 1,228,467         | 1,211,770         | 1,178,490         | -2.75%              | -4.07%        |
| Trade Financing                           | 98,344            | 74,424            | 43,983            | -40.90%             | -55.28%       |
| <b>TOTAL RETAIL AND SMEs</b>              | <b>13,030,490</b> | <b>12,798,341</b> | <b>12,895,862</b> | <b>0.76%</b>        | <b>-1.03%</b> |
| <b>MORTGAGE</b>                           | <b>3,271,842</b>  | <b>3,603,657</b>  | <b>3,638,968</b>  | <b>0.98%</b>        | <b>11.22%</b> |
| <b>FINANCIAL LEASES</b>                   | <b>5,492,600</b>  | <b>5,427,246</b>  | <b>5,435,666</b>  | <b>0.16%</b>        | <b>-1.04%</b> |
| <b>Total loans and financial leases</b>   | <b>44,713,524</b> | <b>41,945,848</b> | <b>43,885,538</b> | <b>4.62%</b>        | <b>-1.85%</b> |
| Allowance for loan losses                 | (2,329,824)       | (2,452,205)       | (2,449,215)       | -0.12%              | 5.12%         |



|  |            |            |            |       |        |
|--|------------|------------|------------|-------|--------|
| Total loans and financial leases,<br>net | 42,383,700 | 39,493,643 | 41,436,323 | 4.92% | -2.24% |
|--|------------|------------|------------|-------|--------|

### 1.3. Investment Portfolio

As of June 30, 2010, Bancolombia's investment portfolio totaled COP 9,009 billion, increasing 5% compared to 1Q10 and 19% compared to 2Q09. The investment portfolio is mainly composed of debt investment securities, which represented 96% of Bancolombia's total investments and 14% of assets at the end of 2Q10. Investments denominated in USD totaled USD 1,122 million and represented 24% of the investment portfolio. Additionally, the Bank has COP 1,721 billion in TIPS, which represents 19% of the investment portfolio.

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## 1.4. Goodwill

As of 2Q10, Bancolombia's goodwill totaled COP 777 billion and decreased 16% compared to the amount reported in 2Q09. This variation is explained by the appreciation of the Colombian peso in the quarter and the amortization of goodwill reported during the past year (it is important to remember that under COL GAAP, goodwill is amortized within a period of 20 years). As of June 30, 2010, Bancolombia's goodwill included USD 403 million related mostly to the acquisition of Banagrícola in 2007 and COP 6 billion related to the acquisition of a participation of Renting Bancolombia by Leasing Bancolombia.

## 1.5. Funding

As of June 30, 2010, Bancolombia's liabilities totaled COP 55,387 billion and increased 3% compared to 1Q10, but decreased 3% compared to 2Q09. During 2Q10, the Bank maintained a solid liquidity position. The ratio of net loans to deposits (including borrowings from domestic development banks) was 95% at the end of 2Q10 and increased compared to the 92% reported in 1Q10 and 2Q09.

Deposits totaled COP 41,039 billion (or 74% of liabilities) at the end of 2Q10 and increased 2% during the quarter. The composition of deposits during 2Q10 showed little change compared to 1Q10; however, the decrease in the proportion of CDs compared to 2Q09 is notable. CDs represented 50% of deposits in 2Q09, but represented only 42% in 2Q10. This decrease is in line with the funding strategy executed by the Bank in the last few quarters, which is aimed at taking advantage of the greater liquidity and low interest rates through increasing savings and checking accounts and decreasing the cost of CDs. As a result of this recomposition of the funding mix, demand deposits went from representing 50% of the Bank's total deposits in 2Q09, to representing 58% as of the end of 2Q10.

| DEPOSIT MIX       | 2Q09       |       | 1Q10       |       | 2Q10       |       |
|-------------------|------------|-------|------------|-------|------------|-------|
| COP Million       |            | %     |            | %     |            | %     |
| Checking accounts | 6,878,151  | 16.0% | 7,594,986  | 18.9% | 7,606,010  | 18.5% |
| Saving accounts   | 14,133,895 | 33.0% | 15,428,560 | 38.5% | 15,956,900 | 38.9% |
| Time deposits     | 21,508,359 | 50.1% | 16,687,250 | 41.6% | 17,090,686 | 41.6% |
| Other             | 367,951    | 0.9%  | 402,470    | 1.0%  | 385,691    | 0.9%  |
| Total deposits    | 42,888,356 |       | 40,113,266 |       | 41,039,287 |       |

## 1.6. Shareholders' Equity and Regulatory Capital

Shareholders' equity at the end of 2Q10 was COP 7,102 billion, increasing 14%, or COP 889, with respect to the COP 6,213 billion reported at the end of 2Q09.

Bancolombia's capital adequacy ratio decreased slightly during the quarter, ending the period at 13.37%, 25 basis points below the 13.62% for 1Q10 but considerably higher than the 12.94% for 2Q09.

Bancolombia's capital adequacy ratio was 437 basis points above the minimum level required by Colombia's regulator, while the basic capital ratio (tier 1) was 10.68% and the tangible capital ratio, which is equal to shareholders' equity minus goodwill and intangible assets divided by tangible assets, was 9.9% at the end of 2Q10.

2Q10

TECHNICAL CAPITAL  
RISK WEIGHTED  
ASSETS

Consolidated  
(COP  
millions)

|                                     | 2Q09       | %     | 1Q 10      | %      | 2Q10       | %      |
|-------------------------------------|------------|-------|------------|--------|------------|--------|
| Basic capital<br>(Tier I)           | 5,540,492  | 9.99% | 5,877,736  | 10.84% | 6,004,109  | 10.68% |
| Additional<br>capital (Tier<br>II)  | 1,632,250  | 2.94% | 1,503,888  | 2.77%  | 1,510,970  | 2.69%  |
| Technical<br>capital (1)            | 7,172,742  |       | 7,381,624  |        | 7,515,080  |        |
| Risk weighted<br>assets<br>included |            |       |            |        |            |        |
| market risk                         | 55,434,962 |       | 54,207,462 |        | 56,217,651 |        |
| CAPITAL<br>ADEQUACY<br>(2)          | 12.94%     |       | 13.62%     |        | 13.37%     |        |

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

(2) Capital adequacy is technical capital divided by risk weighted assets.

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## 2. INCOME STATEMENT

Net income totaled COP 291 billion in 2Q10 or COP 370 per share – USD 0.77 per ADR, which represents an increase of 15% compared to 2Q09 and a decrease of 15% compared to 1Q10. Bancolombia's ROE was 16.75% for 2Q10, similar to the ROE of 16.54% for 2Q09 but inferior to the 19.4% ROE for 1Q10.

## 2.1. Net Interest Income

Net interest income totaled COP 866 billion in 2Q10, 6% lower than that reported in 2Q09, and 8% higher than the figure for 1Q10. There was a change in the net interest margin for 1T10 with respect to the figure reported in the first quarter of the year due to a reclassification of expenses generated by derivatives, for COP 31 billion, which used to be recorded as part of net income from investments and is now recorded in the line item "derivative financial instruments" under other operating income. This quarterly variation is explained by the recovery in income from investment securities. Notably, as interest income increased and interest expenses decreased in 2Q10, there was a recovery in net interest income that reflects the lower funding cost associated with a better funding mix and the re-pricing of deposits.

During 2Q10, income generated by the investment portfolio totaled COP 126 billion, a figure 8% lower than the COP 138 billion for 2Q09, but 67% higher than the COP 76 billion for 1Q10. During 2Q10, income generated by the investment portfolio increased due to higher bond prices in the secondary markets. These mark-to-market gains were realized primarily in Colombia where interest rates in the secondary bond markets showed downward trends in the second quarter of the year.

## Net Interest Margin

Annualized net interest margin ended 2Q10 at 6.45%, significantly higher than the annualized interest margin of 6.07% (after the reclassification explained in Section 2.1 "Net Interest Income" in this report) in 1Q10. Annualized net interest margin for investments was 3.1% in 2Q10, evidencing a recovery of part of the losses incurred in 1Q10. Additionally, annualized net interest margin for loans, financial leases and overnight funds was 7.1% in 2Q10, remaining stable with respect to 1Q10, although lower than the 7.4% margin reported in 2Q09.

| Annualized Interest Margin | 2Q09 | 3Q09 | 4Q09  | 1Q10 (*) | 2Q10 |
|----------------------------|------|------|-------|----------|------|
| Loan Interest margin       | 7.4% | 7.0% | 7.3%  | 7.1%     | 7.1% |
| Net investments' margin    | 2.0% | 2.3% | 11.1% | 0.6%     | 3.1% |
| Net interest margin        | 6.7% | 6.3% | 7.9%  | 6.1%     | 6.4% |

(\*)There was a change in the net interest margin for 1T10 with respect to the figure reported in the first quarter of the year due to a reclassification of expenses generated by derivatives, for COP 30,727 million, which used to be recorded as part of net income from investments and is now recorded in the line item "derivative financial instruments" under Other Operating Income.

Notably, funding cost continued to decrease during 2Q10. The lower funding cost is the result of the liability re-pricing effort undertaken during the last quarters and the changes in the funding mix composition. The annualized average weighted cost of deposits reached 2.56% in 2Q10, decreasing as compared to the 2.73% and 4.86% for 1Q10 and 2Q09, respectively.



2Q10

| Deposits' weighted average cost | 2Q09  | 1Q10  | 2Q10  |
|---------------------------------|-------|-------|-------|
| Checking accounts               | 0.62% | 0.41% | 0.47% |
| Time deposits                   | 7.33% | 4.41% | 4.05% |
| Saving accounts                 | 3.28% | 2.08% | 2.03% |
| Total deposits                  | 4.86% | 2.73% | 2.56% |

## 2.2. Fees and Income from Services

During 2Q10, net fees and income from services totaled COP 396 billion, 4% higher than those reported in 2Q09 and 6% higher than those reported in 1Q10. In particular, credit and debit card annual fees, the biggest contributor to total fees (33%), increased 3% compared to 2Q09. On the other hand, fees from collection and payment services decreased 4% with respect to 1Q10, but increased 15% with respect to 2Q09. Fees from fiduciary activities, pension fund management and brokerage, showed important increases during 2Q10, and although the two latter fee categories showed decreases with respect to 2Q09, they are already evidencing a positive change in the trend and are recovering.

Variation with respect to 1Q10 responds to seasonal effects and higher fees generated by the greater value of assets under management. Notably, fees from banking services and other services, which include fees from investment banking, were 17% higher than those for 2Q09 and 19% higher than those for 1Q10. Among the most significant transactions completed by Banca de Inversión Bancolombia (Bancolombia's investment banking unit) are the structuring of a project finance deal for USD 350 million for AEI in Guatemala and the structuring of a syndicated credit for USD 205 million for IDEAL in Panama.

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

### ACCUMULATED CREDIT CARD BILLING

| (COP millions)               | Jun-09     | Jun-10     | % Growth | Jul-05 Market Share |
|------------------------------|------------|------------|----------|---------------------|
| Bancolombia VISA             | 845.281    | 889.307    | 5,21%    | 7,84%               |
| Bancolombia Mastercard       | 1.124.231  | 1.091.473  | -2,91%   | 9,63%               |
| Bancolombia American Express | 818.916    | 1.088.642  | 32,94%   | 9,60%               |
| Total Bancolombia            | 2.788.427  | 3.069.423  | 10,08%   | 27,08%              |
| Colombian Credit Card Market | 10.259.263 | 11.336.604 | 10,50%   |                     |

Source: Credibanco y Redeban multicolor

### CREDIT CARD MARKET SHARE

| (Outstanding credit cards)   | Jun-09    | Jun-10    | % Growth | Jul-05 Market Share |
|------------------------------|-----------|-----------|----------|---------------------|
| Bancolombia VISA             | 306.966   | 317.344   | 3,38%    | 6,02%               |
| Bancolombia Mastercard       | 365.572   | 344.520   | -5,76%   | 6,53%               |
| Bancolombia American Express | 324.541   | 401.525   | 23,72%   | 7,61%               |
| Total Bancolombia            | 997.079   | 1.063.389 | 6,65%    | 20,16%              |
| Colombian Credit Card Market | 5.232.858 | 5.275.517 | 0,82%    |                     |

Source: Credibanco y Redeban multicolor

2.3.

Other Operating Income

Total other operating income was COP 95 billion in 2Q10, 41% lower than in 1Q10, and 372% higher than in 2Q09.

Communication, postage, rent and others (primarily comprising income related to operating leases and commercial discounts) totaled COP 43 billion in 2Q10, 4% higher as compared to 1Q10 and 12% higher as compared to 2Q09.

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2Q10

Dividend income, obtained from investments in participations in non-subsiary companies totaled COP 11 billion in 2Q10, 28% lower than in 1Q10 but 174% higher than in 2Q09.

#### 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 35 billion in 2Q10, a figure 88% lower than that presented in 1Q10 (COP 285 billion) and 85% than that presented in 2Q09 (COP 238 billion). This slower pace of deterioration is in line with the seasonal behavior of credit quality, which tends to have peaks at the beginning of the year and then improves. Credit quality continues to be impacted by a persistently high level of unemployment, although in general the pick-up in economic activity contributes to the improvement of loan quality.

Past due loans (those overdue more than 30 days) totaled COP 1,586 billion at the end of 2Q10, which represents 3.6% of total gross loans. The PDL ratio decreased from 4.23% at the end of 1Q10 and 3.9% at the end of 2Q09. Loan charge-offs totaled COP 225 billion in 2Q10, 64% higher than charge-offs for 1Q10 (COP 137 billion).

Provision charges (net of recoveries), totaled COP 187 billion in 2Q10, 31% higher than provision charges for 1Q10 and 46% lower than those for 2Q09.

Bancolombia maintains a strong balance sheet in terms of loan loss reserves. Allowances for loan losses totaled COP 2,449 billion, or 5.6% of total loans at the end of 2Q10, increasing with respect to the 5.2% of loans they represented as of June 30, 2009. Additionally, coverage, measured by the ratio of allowances for loans losses to PDLs (overdue 30 days), was 154% at the end of 2Q10, increasing with respect to the 138% at the end of 1Q10, and the 134% at the end of 2Q09. Likewise, coverage measured by the ratio of allowances for loans losses to loans classified as C, D and E, was 111% at the end of the second quarter of 2010, showing no variation compared to 1Q10.

The following tables present key metrics for asset quality:

| ASSET QUALITY<br>(COP millions)   | As of     |           |           | Growth           |                  |
|---|-----------|-----------|-----------|------------------|------------------|
|   | Jun-09    | Mar-10    | Jun-10    | 2Q 10 /<br>1Q 10 | 2Q 10 /<br>2Q 09 |
| Total performing past due loans (1)                                     | 774,928   | 723,348   | 584,149   | -19.24%          | -24.62%          |
| Total non-performing past due loans                                     | 962,163   | 1,052,315 | 1,002,246 | -4.76%           | 4.17%            |
| Total past due loans  | 1,737,091 | 1,775,663 | 1,586,395 | -10.66%          | -8.68%           |
| Allowance for loans interest losses                                     | 2,329,824 | 2,452,205 | 2,449,215 | -0.12%           | 5.12%            |
| Past due loans to total loans   | 3.88%     | 4.23%     | 3.61%     |                  |                  |
| Non-performing loans as a percentage of total loans                     | 2.15%     | 2.51%     | 2.28%     |                  |                  |
| “C”, “D” and “E” loans as a percentage of total loans                   | 4.00%     | 5.25%     | 5.04%     |                  |                  |
| Allowances to past due loans (2)  | 134.12%   | 138.10%   | 154.39%   |                  |                  |
| Allowance for loan losses as a percentage of “C”, “D” and “E” loans (2) | 130.36%   | 111.29%   | 110.69%   |                  |                  |

|   |         |         |         |
|---|---------|---------|---------|
| Allowance for loan losses as a percentage of non-performing loans (2) | 242.14% | 233.03% | 244.37% |
| Allowance for loan losses as a percentage of total loans              | 5.21%   | 5.85%   | 5.58%   |
| Percentage of performing loans to total loans                         | 97.85%  | 97.49%  | 97.72%  |

(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<br>% Of loan Portfolio | 2Q09  | 1Q10  | 2Q10  |      |
|---|-------|-------|-------|------|
| Commercial loans                        | 62.7% | 2.7%  | 3.3%  | 2.6% |
| Consumer loans                          | 16.1% | 6.2%  | 6.2%  | 4.9% |
| Microcredit                             | 0.5%  | 10.6% | 10.0% | 8.8% |
| Mortgage loans                          | 8.3%  | 9.3%  | 8.4%  | 8.4% |
| Finance lease                           | 12.4% | 3.7%  | 3.2%  | 3.4% |
| PDL TOTAL                               | 3.9%  | 4.2%  | 3.6%  |      |

2Q10

LOANS AND  
FINANCIAL LEASES

| CLASSIFICATION<br>(COP millions) | 2Q09       |       | 1Q10       |       | 2Q10       |       |
|----------------------------------|------------|-------|------------|-------|------------|-------|
| "A" Normal                       | 41,324,933 | 92.4% | 37,845,118 | 90.2% | 40,045,941 | 91.3% |
| "B" Subnormal                    | 1,601,358  | 3.6%  | 1,897,276  | 4.5%  | 1,626,884  | 3.7%  |
| "C" Deficient                    | 574,681    | 1.3%  | 739,608    | 1.8%  | 723,440    | 1.6%  |
| "D" Doubtful recovery            | 908,207    | 2.0%  | 1,125,766  | 2.7%  | 1,138,996  | 2.6%  |
| "E" Unrecoverable                | 304,343    | 0.7%  | 338,080    | 0.8%  | 350,276    | 0.8%  |
| Total                            | 44,713,522 | 100%  | 41,945,848 | 100%  | 43,885,537 | 100%  |

Loans and financial  
leases classified as C, D  
and E as a percentage of  
total loans and financial  
leases

4.0%

5.3%

5.0%

2.5.

## Operating Expenses

During 2Q10, operating expenses totaled COP 743 billion, increasing 2% compared to 1Q10 and 9% compared to 2Q09.

Personnel expenses (the sum of salaries and employee benefits, bonus plan payments and compensation) totaled COP 314 billion in 2Q10, 1% lower than in 1Q10, but 12% higher than in 2Q09. The increase with respect to 2Q09 is mainly explained by the annual increment in salaries and bonus plan payments related to Bancolombia's variable compensation program in which compensation is determined taking into account the economic value added by the firm.

Administrative and other expenses increased 3% en 2Q10 compared to 1Q10 and 7% compared to 2Q09, totaling COP 356 billion. This variation is explained by higher expenses from the rental and leasing of technology during the year.

Depreciation expense totaled COP 49 billion in 2Q10, increasing 3% compared to 1Q10 and 7% compared to 2Q09. This variation is explained by the growth in the depreciation of assets that are part of the operating lease business of Bancolombia. These assets totaled COP 914 billion en 2Q10, increasing 6% compared to 1Q10 and 15% compared to 2Q09. In particular, COP 20 billion, or 41% of the quarter's depreciation expense, is associated with operating lease.

3.

## BANCOLOMBIA Descripción de la compañía (NYSE: CIB)

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 6.9 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, pension fund administration, and insurance, among others.

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2Q10

| BALANCE SHEET<br>(COP million)                  | Jun-09     | Mar-10     | Jun-10     | Growth  |         |
|---|------------|------------|------------|---------|---------|
|   |            |            |            | QoQ     | YoY     |
| <b>ASSETS</b>                                   |            |            |            |         |         |
| Cash and due from banks                         | 4,725,276  | 4,592,302  | 4,180,009  | -8.98%  | -11.54% |
| Overnight funds sold                            | 2,054,241  | 1,736,629  | 1,013,705  | -41.63% | -50.65% |
| Total cash and equivalents                      | 6,779,517  | 6,328,931  | 5,193,714  | -17.94% | -23.39% |
| Debt securities                                 | 7,366,892  | 8,222,999  | 8,629,835  | 4.95%   | 17.14%  |
| Trading   | 2,220,649  | 2,866,781  | 3,216,523  | 12.20%  | 44.85%  |
| Available for Sale                              | 2,032,017  | 2,217,319  | 2,146,980  | -3.17%  | 5.66%   |
| Held to Maturity                                | 3,114,226  | 3,138,899  | 3,266,332  | 4.06%   | 4.88%   |
| Equity securities                               | 250,629    | 474,600    | 468,588    | -1.27%  | 86.96%  |
| Trading   | 61,509     | 230,441    | 227,226    | -1.40%  | 269.42% |
| Available for Sale                              | 189,120    | 244,159    | 241,362    | -1.15%  | 27.62%  |
| Market value allowance                          | -68,253    | -89,049    | -89,252    | 0.23%   | 30.77%  |
| Net investment securities                       | 7,549,268  | 8,608,550  | 9,009,171  | 4.65%   | 19.34%  |
| Commercial loans                                | 28,639,686 | 25,871,666 | 27,513,576 | 6.35%   | -3.93%  |
| Consumer loans                                  | 7,157,808  | 6,824,949  | 7,059,906  | 3.44%   | -1.37%  |
| Microcredit                                     | 151,588    | 218,330    | 237,422    | 8.74%   | 56.62%  |
| Mortgage loans                                  | 3,271,842  | 3,603,657  | 3,638,968  | 0.98%   | 11.22%  |
| Finance lease                                   | 5,492,600  | 5,427,246  | 5,435,666  | 0.16%   | -1.04%  |
| Allowance for loan losses                       | -2,329,824 | -2,452,205 | -2,449,215 | -0.12%  | 5.12%   |
| Net total loans and financial leases            | 42,383,700 | 39,493,643 | 41,436,323 | 4.92%   | -2.24%  |
| Accrued interest receivable on loans            | 512,409    | 382,918    | 359,663    | -6.07%  | -29.81% |
| Allowance for accrued interest losses           | -55,820    | -48,052    | -47,399    | -1.36%  | -15.09% |
| Net total interest accrued                      | 456,589    | 334,866    | 312,264    | -6.75%  | -31.61% |
| Customers' acceptances and derivatives          | 129,448    | 628,622    | 776,967    | 23.60%  | 500.22% |
| Net accounts receivable                         | 782,705    | 681,351    | 676,926    | -0.65%  | -13.51% |
| Net premises and equipment                      | 1,268,141  | 1,022,101  | 1,081,336  | 5.80%   | -14.73% |
| Foreclosed assets, net                          | 31,684     | 80,000     | 80,586     | 0.73%   | 154.34% |
| Prepaid expenses and deferred charges           | 143,062    | 210,944    | 219,326    | 3.97%   | 53.31%  |
| Goodwill  | 929,702    | 795,640    | 777,328    | -2.30%  | -16.39% |
| Operating leases, net                           | 795,070    | 864,839    | 913,735    | 5.65%   | 14.93%  |
| Other   | 1,364,256  | 1,020,466  | 1,299,099  | 27.30%  | -4.78%  |
| Reappraisal of assets                           | 654,162    | 700,629    | 712,721    | 1.73%   | 8.95%   |
| Total assets                                    | 63,267,304 | 60,770,582 | 62,489,496 | 2.83%   | -1.23%  |
| <b>LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b> |            |            |            |         |         |
| <b>LIABILITIES</b>                              |            |            |            |         |         |
| <b>DEPOSITS</b>                                 |            |            |            |         |         |
| Non-interest bearing                            | 5,008,486  | 5,570,111  | 5,402,692  | -3.01%  | 7.87%   |
| Checking accounts                               | 4,640,535  | 5,167,641  | 5,017,001  | -2.92%  | 8.11%   |
| Other   | 367,951    | 402,470    | 385,691    | -4.17%  | 4.82%   |
| Interest bearing                                | 37,879,870 | 34,543,155 | 35,636,595 | 3.17%   | -5.92%  |
| Checking accounts                               | 2,237,616  | 2,427,345  | 2,589,009  | 6.66%   | 15.70%  |
| Time deposits                                   | 21,508,359 | 16,687,250 | 17,090,686 | 2.42%   | -20.54% |
| Savings deposits                                | 14,133,895 | 15,428,560 | 15,956,900 | 3.42%   | 12.90%  |

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|  |            |            |            |        |          |
|--|------------|------------|------------|--------|----------|
| Total deposits                                   | 42,888,356 | 40,113,266 | 41,039,287 | 2.31%  | -4.31%   |
| Overnight funds                                  | 2,472,605  | 1,894,116  | 1,714,331  | -9.49% | -30.67%  |
| Bank acceptances outstanding                     | 33,086     | 453,057    | 635,061    | 40.17% | 1819.43% |
| Interbank borrowings                             | 876,344    | 1,191,429  | 1,428,948  | 19.94% | 63.06%   |
| Borrowings from domestic development banks       | 3,260,963  | 2,730,401  | 2,670,756  | -2.18% | -18.10%  |
| Accounts payable                                 | 1,809,332  | 1,874,519  | 2,055,007  | 9.63%  | 13.58%   |
| Accrued interest payable                         | 517,775    | 293,956    | 266,926    | -9.20% | -48.45%  |
| Other liabilities                                | 521,279    | 622,227    | 654,314    | 5.16%  | 25.52%   |
| Bonds  | 3,893,681  | 4,127,958  | 4,198,459  | 1.71%  | 7.83%    |
| Accrued expenses                                 | 588,149    | 600,646    | 655,736    | 9.17%  | 11.49%   |
| Minority interest in consolidated subsidiaries   | 192,245    | 66,757     | 68,354     | 2.39%  | -64.44%  |
| Total liabilities                                | 57,053,815 | 53,968,332 | 55,387,179 | 2.63%  | -2.92%   |
| <b>SHAREHOLDERS' EQUITY</b>                      |            |            |            |        |          |
| Subscribed and paid in capital                   | 393,914    | 393,914    | 393,914    | 0.00%  | 0.00%    |
| Retained earnings                                | 4,995,206  | 5,388,839  | 5,680,638  | 5.41%  | 13.72%   |
| Appropriated                                     | 4,430,958  | 5,047,855  | 5,048,404  | 0.01%  | 13.93%   |
| Unappropriated                                   | 564,248    | 340,984    | 632,234    | 85.41% | 12.05%   |
| Reappraisal and others                           | 817,229    | 985,147    | 991,985    | 0.69%  | 21.38%   |
| Gross unrealized gain or loss on debt securities | 7,140      | 34,350     | 35,780     | 4.16%  | 401.12%  |
| Total shareholder's equity                       | 6,213,489  | 6,802,250  | 7,102,317  | 4.41%  | 14.30%   |

2Q10

| INCOME STATEMENT (COP million)                                | As of Jun-09 | As of Jun-10 | Growth Jun-10/Jun-09 | 2Q09      | 1Q10      | 2Q10      | Growth QoQ | Growth YoY |
|---|--------------|--------------|----------------------|-----------|-----------|-----------|------------|------------|
| Interest income and expenses                                  |              |              |                      |           |           |           |            |            |
| Interest on loans   | 2,700,263    | 1,942,468    | -28.06%              | 1,306,041 | 969,360   | 973,108   | 0.39%      | -25.49%    |
| Interest on investment securities                             | 291,752      | 202,708      | -30.52%              | 137,689   | 76,349    | 126,359   | 65.50%     | -8.23%     |
| Overnight funds   | 45,577       | 27,136       | -40.46%              | 17,319    | 16,747    | 10,389    | -37.97%    | -40.01%    |
| Leasing   | 406,015      | 286,858      | -29.35%              | 191,741   | 146,511   | 140,347   | -4.21%     | -26.80%    |
| Total interest income   | 3,443,607    | 2,459,170    | -28.59%              | 1,652,790 | 1,208,967 | 1,250,203 | 3.41%      | -24.36%    |
| Interest expense  |              |              |                      | -         |           |           |            |            |
| Checking accounts   | 23,653       | 17,863       | -24.48%              | 11,644    | 8,498     | 9,365     | 10.20%     | -19.57%    |
| Time deposits   | 811,342      | 363,876      | -55.15%              | 399,900   | 192,963   | 170,913   | -11.43%    | -57.26%    |
| Savings deposits  | 257,760      | 159,095      | -38.28%              | 113,867   | 79,543    | 79,552    | 0.01%      | -30.14%    |
| Total interest on deposits                                    | 1,092,755    | 540,834      | -50.51%              | 525,411   | 281,004   | 259,830   | -7.54%     | -50.55%    |
| Interbank borrowings  | 35,620       | 9,359        | -73.73%              | 12,618    | 4,819     | 4,540     | -5.79%     | -64.02%    |
| Borrowings from domestic development banks                    | 154,119      | 74,867       | -51.42%              | 67,022    | 39,047    | 35,820    | -8.26%     | -46.55%    |
| Overnight funds   | 67,613       | 18,531       | -72.59%              | 29,629    | 8,990     | 9,541     | 6.13%      | -67.80%    |
| Bonds   | 181,895      | 148,645      | -18.28%              | 91,676    | 74,705    | 73,940    | -1.02%     | -19.35%    |
| Total interest expense  | 1,532,002    | 792,236      | -48.29%              | 726,356   | 408,565   | 383,671   | -6.09%     | -47.18%    |
| Net interest income   | 1,911,605    | 1,666,934    | -12.80%              | 926,434   | 800,402   | 866,532   | 8%         | -6%        |
| Provision for loan and accrued interest losses, net           | (768,211)    | (421,019)    | -45.19%              | (384,604) | (185,989) | (235,030) | 26.37%     | -38.89%    |
| Recovery of charged-off loans                                 | 81,719       | 118,235      | 44.68%               | 48,560    | 55,736    | 62,499    | 12.13%     | 28.70%     |
| Provision for foreclosed assets and other assets              | (39,064)     | (39,616)     | 1.41%                | (15,753)  | (19,164)  | (20,452)  | 6.72%      | 29.83%     |
| Recovery of provisions for foreclosed assets and other assets | 40,686       | 13,255       | -67.42%              | 6,840     | 6,919     | 6,336     | -8.43%     | -7.37%     |
|   | (684,870)    | (329,145)    | -51.94%              | (344,957) | (142,498) | (186,647) | 30.98%     | -45.89%    |

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|   |           |           |          |           |          |          |          |          |
|---|-----------|-----------|----------|-----------|----------|----------|----------|----------|
| Total net provisions  |           |           |          |           |          |          |          |          |
| Net interest income after provision for loans and accrued interest losses | 1,226,735 | 1,337,789 | 9.05%    | 581,477   | 657,904  | 679,885  | 3.34%    | 16.92%   |
| Commissions from banking services and other services                      | 130,695   | 149,019   | 14.02%   | 69,042    | 68,061   | 80,958   | 18.95%   | 17.26%   |
| Electronic services and ATM fees  | 30,424    | 27,190    | -10.63%  | 14,961    | 13,775   | 13,415   | -2.61%   | -10.33%  |
| Branch network services   | 53,396    | 56,138    | 5.14%    | 26,806    | 27,566   | 28,572   | 3.65%    | 6.59%    |
| Collections and payments fees   | 88,813    | 107,960   | 21.56%   | 45,924    | 55,147   | 52,813   | -4.23%   | 15.00%   |
| Credit card merchant fees   | 13,807    | 7,893     | -42.83%  | 6,591     | 4,203    | 3,690    | -12.21%  | -44.01%  |
| Credit and debit card annual fees   | 274,458   | 280,836   | 2.32%    | 137,253   | 140,008  | 140,828  | 0.59%    | 2.60%    |
| Checking fees   | 34,435    | 34,299    | -0.39%   | 17,476    | 17,407   | 16,892   | -2.96%   | -3.34%   |
| Fiduciary activities  | 81,633    | 83,568    | 2.37%    | 42,692    | 40,105   | 43,463   | 8.37%    | 1.81%    |
| Pension plan administration   | 51,499    | 46,431    | -9.84%   | 25,336    | 22,243   | 24,188   | 8.74%    | -4.53%   |
| Brokerage fees  | 18,312    | 15,865    | -13.36%  | 10,410    | 7,477    | 8,388    | 12.18%   | -19.42%  |
| Check remittance  | 12,898    | 9,059     | -29.76%  | 6,748     | 4,639    | 4,420    | -4.72%   | -34.50%  |
| International operations  | 26,940    | 26,948    | 0.03%    | 13,308    | 11,493   | 15,455   | 34.47%   | 16.13%   |
| Fees and other service income   | 817,310   | 845,206   | 3.41%    | 416,547   | 412,124  | 433,082  | 5.09%    | 3.97%    |
| Fees and other service expenses   | (70,544)  | (75,181)  | 6.57%    | (36,828)  | (37,713) | (37,468) | -0.65%   | 1.74%    |
| Total fees and income from services, net                                  | 746,766   | 770,025   | 3.11%    | 379,719   | 374,411  | 395,614  | 5.66%    | 4.19%    |
| Other operating income  |           |           |          | -         |          |          |          |          |
| Net foreign exchange gains  | (116,648) | 22,969    | 119.69%  | (321,943) | 5,098    | 17,871   | 250.55%  | 105.55%  |
| Derivatives   |           |           |          |           |          |          |          |          |
| Financial Contracts   | 75,728    | 11,703    | -84.55%  | 261,793   | 27,772   | (16,069) | -157.86% | -106.14% |
| Gains(loss) on sales of investments on equity securities                  | 538       | 33,587    | 6142.94% | 532       | 34,212   | (625)    | -101.83% | -217.48% |



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|   |           |           |         |          |           |           |          |          |
|---|-----------|-----------|---------|----------|-----------|-----------|----------|----------|
| Securitization income                   | 27,162    | 25,516    | -6.06%  | 13,494   | 9,876     | 15,640    | 58.36%   | 15.90%   |
| Dividend income                         | 20,772    | 27,564    | 32.70%  | 4,202    | 16,069    | 11,495    | -28.46%  | 173.56%  |
| Revenues from commercial subsidiaries   | 51,875    | 43,495    | -16.15% | 23,219   | 23,148    | 20,347    | -12.10%  | -12.37%  |
| Insurance income                        | 12,178    | 4,581     | -62.38% | 367      | 1,540     | 3,041     | 97.47%   | 728.61%  |
| Communication, postage, rent and others | 74,792    | 84,314    | 12.73%  | 38,361   | 41,404    | 42,910    | 3.64%    | 11.86%   |
| Total other operating income            | 146,397   | 253,729   | 73.32%  | 20,025   | 159,119   | 94,610    | -40.54%  | 372.46%  |
| Total income                            | 2,119,898 | 2,361,543 | 11.40%  | 981,221  | 1,191,434 | 1,170,109 | -1.79%   | 19.25%   |
| Operating expenses                      |           |           |         | -        |           |           |          |          |
| Salaries and employee benefits          | 519,644   | 553,317   | 6.48%   | 264,992  | 270,414   | 282,903   | 4.62%    | 6.76%    |
| Bonus plan payments                     | 37,936    | 61,926    | 63.24%  | 11,913   | 37,422    | 24,504    | -34.52%  | 105.69%  |
| Compensation                            | 10,224    | 17,387    | 70.06%  | 5,390    | 9,889     | 7,498     | -24.18%  | 39.11%   |
| Administrative and other expenses       | 699,863   | 701,474   | 0.23%   | 333,675  | 345,090   | 356,384   | 3.27%    | 6.81%    |
| Deposit security, net                   | 38,639    | 41,145    | 6.49%   | 19,022   | 19,427    | 21,718    | 11.79%   | 14.17%   |
| Donation expenses                       | 1,393     | 1,503     | 7.90%   | 687      | 864       | 639       | -26.04%  | -6.99%   |
| Depreciation                            | 90,274    | 96,785    | 7.21%   | 45,627   | 47,748    | 49,037    | 2.70%    | 7.47%    |
| Total operating expenses                | 1,397,973 | 1,473,537 | 5.41%   | 681,306  | 730,854   | 742,683   | 1.62%    | 9.01%    |
| Net operating income                    | 721,925   | 888,006   | 23.01%  | 299,915  | 460,580   | 427,426   | -7.20%   | 42.52%   |
| Goodwill amortization (1)               | 38,297    | 30,183    | -21.19% | 18,104   | 15,142    | 15,041    | -0.67%   | -16.92%  |
| Non-operating income (expense)          |           |           |         | -        |           |           |          |          |
| Other income                            | 119,174   | 99,479    | -16.53% | 56,408   | 72,176    | 27,303    | -62.17%  | -51.60%  |
| Minority interest                       | (10,743)  | (4,942)   | -54.00% | (5,607)  | (2,702)   | (2,240)   | -17.10%  | -60.05%  |
| Other expense                           | (56,330)  | (61,058)  | 8.39%   | (25,881) | (31,506)  | (29,552)  | -6.20%   | 14.18%   |
| Total non-operating income              | 52,101    | 33,479    | -35.74% | 24,920   | 37,968    | (4,489)   | -111.82% | -118.01% |
| Income before income taxes              | 735,729   | 891,302   | 21.15%  | 306,731  | 483,406   | 407,896   | -15.62%  | 32.98%   |
| Income tax expense                      | (171,481) | (259,068) | 51.08%  | (53,608) | (142,422) | (116,646) | -18.10%  | 117.59%  |

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|            |         |         |        |         |         |         |         |        |
|------------|---------|---------|--------|---------|---------|---------|---------|--------|
| Net income | 564,248 | 632,234 | 12.05% | 253,123 | 340,984 | 291,250 | -14.59% | 15.06% |
|------------|---------|---------|--------|---------|---------|---------|---------|--------|

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SIGNATURE

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

BANCOLOMBIA S.A.  
(Registrant)

Date: August 4, 2010

By:

/s/ JAIME ALBERTO VELÁSQUEZ B.  
Name: Jaime Alberto Velásquez  
B.  
Title: Vice President of Finance

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