

BANCOLOMBIA SA
Form 6-K
August 01, 2018

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, 2018

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

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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-_____.

2Q18

BANCOLOMBIA S.A. (NYSE: CIB; BVC: BCOLOMBIA, PFBCOLOM) REPORTS CONSOLIDATED NET INCOME OF COP 592 BILLION FOR THE SECOND QUARTER OF 2018 WHICH REPRESENTS AN INCREASE OF 13% COMPARED TO 1Q18 AND A DECREASE OF 9% COMPARED TO 2Q17.

Gross loans grew 3.2% when compared to 2Q17 and 2.9% during the quarter. This annual growth shows moderation in the credit demand in Colombia. Peso-denominated loans grew 8.7% when compared to 2Q17.

Net interest income was COP 2.55 trillion for 2Q18, decreasing by 3.3% when compared to 2Q17. This slowdown in NII is mainly explained by the adoption of IFRS 9 during 2018, which cause a reduction of COP 106 billion compared to 2Q17. The compression of the net interest margin during the year also affected the number. Net interest income increased by 1.3% during the quarter.

The annualized net interest margin for the quarter was 5.9%. The margin increased by 6 basis points during the quarter and decreased by 31 basis points when compared to 2Q17, mainly affected by the decrease in the NII product of the adoption of IFRS 9, as well as the reductions in the reference rate in Colombia. The control of the cost of deposits allowed moderating the decrease of the margin during the quarter.

Provision charges for the quarter were COP 972 billion and the coverage ratio for 90-day past due loans was 157.3%. Provision charges increased by 23.1% when compared to 2Q17 and by 11.1% compared to 1Q18, these provisions allow us to maintain a solid coverage ratio amid a challenging environment. New past due loans totaled COP 1,151 billion for the quarter explain largely by corporate clients.

Efficiency was 49.1% during the last twelve months. Operating expenses decreased by 1.2% when compared to 2Q17. The annual decrease in operating expenses is explained by the reduction in the network of branches, automation and optimization of processes and the rationalization of personal expenses. Operating expenses increased by 1.6% during the quarter.

Net fees were COP 645 billion and increased by 4.8% compared to 2Q17. This growth was mainly driven by an increase in fees related to credit and debit cards, payments and collections, as well as trust services. Net fees decreased by 5.2% during the quarter.

Tier 1 ratio was 10.02% at June 30, 2018 and decreased by 38 basis points when compared to June 30, 2017. The capital adequacy ratio was 13.5%.

August 1, 2018. Medellin, Colombia – Today, BANCOLOMBIA S.A. (“Bancolombia” or “the Bank”) announced its earnings results for the second quarter of 2018¹. For the quarter ended on June 30, 2018 (“2Q18”), Bancolombia reported consolidated net income of COP 592 billion, or COP 615.20 per share - USD 0.84 per ADR. This net income represents an increase of 13.4% compared to the quarter ended on March 31, 2018 (“1Q18”) and a decrease of 9.5% compared to the quarter ended on June 30, 2017 (“2Q17”).

1. This report corresponds to the interim unaudited consolidated financial information of BANCOLOMBIA S.A. and its subsidiaries (“BANCOLOMBIA” or “The Bank”) which Bancolombia controls, amongst others, by owning directly or indirectly, more than 50% of the voting capital stock. This financial information has been prepared based on financial records generated in accordance with International Financial Reporting Standards – IFRS. BANCOLOMBIA maintains accounting records in Colombian pesos, referred to herein as “Ps.” or “COP”. The financial information for the quarter ended June 30, 2018 is 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.

. BANCOLOMBIA’s first IFRS financial statements will cover the year ending in 2015. **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, 2018 \$2,930.80 = US\$ 1

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BANCOLOMBIA: Summary of consolidated financial quarterly resultsCONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT

| (COP million) | Quarter | | | Growth | |
|---|-------------|-----------------|-------------|---------------|-----------|
| | 2Q17 | 1Q18 | 2Q18 | 2Q18/1Q18 | 2Q18/2Q17 |
| ASSETS | | | | | |
| Net Loans | 150,747,014 | 149,654,067 | 153,812,437 | 2.78% | 2.03% |
| Investments | 15,273,122 | 16,720,642 | 15,606,305 | -6.66% | 2.18% |
| Other assets | 37,684,231 | 34,570,861 | 35,134,604 | 1.63% | -6.77% |
| Total assets | 203,704,367 | 200,945,570 | 204,553,346 | 1.80% | 0.42% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Deposits | 128,476,933 | 130,164,630 | 130,318,773 | 0.12% | 1.43% |
| Other liabilities | 52,144,322 | 47,591,297 | 50,209,372 | 5.50% | -3.71% |
| Total liabilities | 180,621,255 | 177,755,927 | 180,528,145 | 1.56% | -0.05% |
| Non-controlling interest | 1,252,130 | 1,237,585 | 1,285,815 | 3.90% | 2.69% |
| Shareholders' equity | 21,830,982 | 21,952,058 | 22,739,386 | 3.59% | 4.16% |
| Total liabilities and shareholders' equity | 203,704,367 | 200,945,570 | 204,553,346 | 1.80% | 0.42% |
| Interest income | 4,227,227 | 3,946,739 | 3,945,743 | -0.03% | -6.66% |
| Interest expense | (1,593,836) | (1,434,194) | (1,399,639) | -2.41% | -12.18% |
| Net interest income | 2,633,391 | 2,512,545 | 2,546,104 | 1.34% | -3.31% |
| Net provisions | (789,735) | (875,016) | (972,136) | 11.10% | 23.10% |
| Fees and income from service, net | 615,215 | 679,917 | 644,684 | -5.18% | 4.79% |
| Other operating income | 367,191 | 318,457 | 343,666 | 7.92% | -6.41% |
| Total Dividends received and equity method | 21,105 | 48,166 | 114,967 | 138.69% | 444.74% |
| Total operating expense | (1,880,723) | (1,828,882) | (1,859,001) | 1.65% | -1.15% |
| Profit before tax | 966,444 | 855,187 | 818,284 | -4.32% | -15.33% |
| Income tax | (281,050) | (311,138) | (195,002) | -37.33% | -30.62% |
| Net income before non-controlling interest | 685,394 | 544,049 | 623,282 | 14.56% | -9.06% |
| Non-controlling interest | (31,855) | (22,289) | (31,566) | 41.62% | -0.91% |
| Net income | 653,539 | 521,760 | 591,716 | 13.41% | -9.46% |
| PRINCIPAL RATIOS | | | | | |
| | 2Q17 | Quarter 1Q18 | 2Q18 | As of 2Q17 | 2Q18 |
| PROFITABILITY | | | | | |
| Net interest margin (1) from continuing operations | 6.16% | 5.79% | 5.85% | 6.23% | 5.82% |
| Return on average total assets (2) from continuing operations | 1.31% | 1.04% | 1.17% | 1.28% | 1.10% |
| Return on average shareholders' equity (3) | 12.29% | 9.21% | 10.57% | 11.83% | 9.85% |
| EFFICIENCY | | | | | |
| Operating expenses to net operating income | 51.71% | 51.39% | 50.94% | 51.45% | 51.16% |

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| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Operating expenses to average total assets | 3.77% | 3.64% | 3.66% | 3.79% | 3.65% |
| Operating expenses to productive assets | 4.40% | 4.22% | 4.27% | 4.43% | 4.24% |
| CAPITAL ADEQUACY | | | | | |
| Shareholders' equity to total assets | 10.72% | 10.92% | 11.12% | 10.72% | 11.12% |
| Technical capital to risk weighted assets | 14.34% | 13.73% | 13.52% | 14.34% | 13.52% |
| KEY FINANCIAL HIGHLIGHTS | | | | | |
| Net income per ADS from continuing operations | 0.89 | 0.78 | 0.84 | 1.72 | 1.58 |
| Net income per share \$COP from continuing operations | 679.48 | 542.47 | 615.20 | 1,312.39 | 1,157.67 |
| P/BV ADS (4) | 1.50 | 1.28 | 1.48 | 1.50 | 1.48 |
| P/BV Local (5) (6) | 1.40 | 1.32 | 1.49 | 1.40 | 1.49 |
| P/E (7) from continuing operations | 12.07 | 13.71 | 14.29 | 12.50 | 15.19 |
| ADR price | 44.55 | 42.02 | 47.78 | 44.55 | 47.78 |
| Common share price (8) | 31,780 | 30,220 | 35,320 | 31,780 | 35,320 |
| Weighted average of Preferred Shares outstanding | 961,827,000 | 961,827,000 | 961,827,000 | 961,827,000 | 961,827,000 |
| USD exchange rate (quarter end) | 3,050.43 | 2,780.47 | 2,930.80 | 3,050.43 | 2,930.80 |

(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.

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1. BALANCE SHEET

1.1. Assets

As of June 30, 2018, Bancolombia's assets totaled COP 204,553 billion, which represents an increase of 1.8% compared to 1Q18 and of 0.4% compared to 2Q17.

During the quarter, the COP depreciated 5.4% versus the USD and over the past 12 months, it appreciated 3.9%.

The increase in total assets during the quarter is largely explained by the growth in the loan book, reverse purchase agreements and investment in associates and joint ventures.

1.2. Loan Portfolio

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

| (COP Million) (1 USD = 2930,80 COP) | Amounts in COP | | Amounts in USD converted to COP | | Amounts in USD (thousands) | | Total | |
|--|----------------|-----------|------------------------------------|-----------|----------------------------|-----------|-------------|-------|
| | 2Q18 | 2Q18/1Q18 | 2Q18/1Q18 | 2Q18/1Q18 | 2Q18/1Q18 | 2Q18/1Q18 | 2Q18/1Q18 | |
| Commercial loans | 76,310,672 | -0.01% | 36,249,250 | 8.01% | 12,368,381 | 2.47% | 112,559,923 | 2.4% |
| Consumer loans | 19,732,895 | 2.85% | 8,680,689 | 6.74% | 2,961,884 | 1.27% | 28,413,584 | 4.0% |
| Mortgage loans | 12,059,218 | 2.95% | 9,197,506 | 5.53% | 3,138,224 | 0.11% | 21,256,724 | 4.0% |
| Small business loans | 626,894 | -0.32% | 439,703 | 11.26% | 150,028 | 5.55% | 1,066,597 | 4.1% |
| Interests paid in advance | (3,013) | -11.27% | (1,650) | 18.46% | (563) | 12.38% | (4,662) | -2.6% |
| Gross loans | 108,726,667 | 0.82% | 54,565,499 | 7.41% | 18,617,954 | 1.90% | 163,292,166 | 2.9% |

In 2Q18, gross loans increased by 2.9% when compared to 1Q18. Peso-denominated loans grew 8.7% and the dollar-denominated loans decreased by 2.4% when compared to 2Q17. In comparison with 2Q17, total gross loans grew 3.2%.

As of June 30, 2018, the operations in Banco Agricola in El Salvador, Banistmo in Panama and BAM in Guatemala, represented 25% of total gross loans.

Gross loans denominated in currencies other than COP, originated by the operations in Central America, the offshore operation of Bancolombia Panama and the USD denominated loans in Colombia, accounted for 33.4% and increased by 7.4% during 2Q18 (when expressed in COP), explained mainly by the depreciation of the COP against the USD during the quarter.

Total reserves (allowances in the balance sheet) for loan losses increased by 5.4% during the quarter and totaled COP 9,480 billion, equivalent to 5.8% of gross loans at the end of the quarter.

For further explanation regarding coverage of the loan portfolio and credit quality trends, (see section 2.4. Asset Quality, Provision Charges and Balance Sheet Strength).

The following table summarizes Bancolombia's total loan portfolio:

| LOAN PORTFOLIO (COP million) | 2Q17 | 1Q18 | 2Q18 | 2Q18/1Q18 | 2Q18/2Q17 | % of total loans |
|---------------------------------|-------------|-------------|-------------|-----------|-----------|------------------|
| Commercial | 111,015,493 | 109,877,417 | 112,559,923 | 2.44% | 1.39% | 68.93% |
| Consumer | 25,853,481 | 27,318,286 | 28,413,584 | 4.01% | 9.90% | 17.40% |
| Mortgage | 20,274,141 | 20,430,405 | 21,256,724 | 4.04% | 4.85% | 13.02% |
| Microcredit | 1,089,093 | 1,024,140 | 1,066,597 | 4.15% | -2.07% | 0.65% |
| Interests received in advance | - | (4,788) | (4,662) | -2.62% | 100.00% | 0.00% |
| Total loan portfolio | 158,232,208 | 158,645,460 | 163,292,166 | 2.93% | 3.20% | 100.00% |
| Allowance for loan losses | (7,485,194) | (8,991,393) | (9,479,729) | 5.43% | 26.65% | |
| Total loans, net | 150,747,014 | 149,654,067 | 153,812,437 | 2.78% | 2.03% | |

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1.3. Investment Portfolio

As of June 30, 2018, Bancolombia's net investment portfolio totaled COP 15,606 billion, decreasing by 6.7% from the end of 1Q18 and increasing by 2.2% from the end of 2Q17. The investment portfolio consists primarily of debt securities, which represent 70.5% of Bancolombia's total investments and 5.4% of assets at the end of 2Q18.

At the end of 2Q18, the debt securities portfolio had a duration of 19.6 months and a weighted average yield to maturity of 4.7%.

1.4. Goodwill and intangibles

As of 2Q18, Bancolombia's goodwill and intangibles totaled COP 6,501 billion, increasing by 5.3% compared to 1Q18. This variation is explained by the depreciation of the COP against the USD during the quarter.

1.5. Funding

As of June 30, 2018, Bancolombia's liabilities totaled COP 180,528 billion, increasing by 1.6% from the end of 1Q18 and decreasing by 0.1% compared to 2Q17.

Deposits by customers totaled COP 130,319 billion (or 72.2% of liabilities) at the end of 2Q18, increasing by 0.1% during the quarter and by 1.4% over the last 12 months. The net loans to deposits ratio was 118.0% at the end of 2Q18.

Bancolombia's funding strategy during the last months has been to reduce the average life of time deposits and promote saving and checking accounts in the consumer segment in order to keep the funding cost at a minimum. The objective is to build and maintain ample liquidity and reduce the sensitivity of the balance sheet to cuts in interest rates.

| Funding mix | 2Q17 | 1Q18 | 2Q18 |
|-------------------|----------------|----------------|----------------|
| COP Million | | | |
| Checking accounts | 20,212,416 12% | 20,246,222 12% | 20,405,763 12% |

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| | | | |
|------------------|------------------|------------------|------------------|
| Saving accounts | 50,142,758 30% | 54,549,203 33% | 54,286,041 32% |
| Time deposits | 56,974,773 34% | 54,213,615 33% | 54,543,374 32% |
| Other deposits | 5,664,360 3% | 5,187,212 3% | 5,917,969 3% |
| Long term debt | 18,298,359 11% | 18,380,881 11% | 18,729,888 11% |
| Loans with banks | 18,523,104 11% | 13,784,738 8% | 15,357,472 9% |
| Total Funds | 169,815,770 100% | 166,361,871 100% | 169,240,507 100% |

1.6. Shareholders' Equity and Regulatory Capital

Shareholders' equity at the end of 2Q18 was COP 22,739 billion, increasing by 3.6% or COP 787 billion, compared to the value reported at the end of 1Q18. Bancolombia's capital adequacy ratio was 13.5% in 2Q18.

Bancolombia's capital adequacy ratio was 452 basis points above the minimum 9% required by the Colombian regulator, while the basic capital ratio (Tier 1) to risk weighted assets was 10.02%, 552 basis points above the regulatory minimum of 4.5%. The tangible capital ratio, defined as shareholders' equity minus goodwill and intangible assets divided by tangible assets, was 8.1% at the end of 2Q18.

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In the last months, Bancolombia has generated capital organically due to the appropriation of earnings in March 2018 and to the efficient allocation of capital in different products. The annual increase in the RWA is mainly explained by the growth in the loan book.

**TECHNICAL CAPITAL RISK WEIGHTED
ASSETS**

| Consolidated (COP millions) | 2Q17 | % | 1Q18 | % | 2Q18 | % |
|--|-------------|---------------|-------------|---------------|-------------|---------------|
| Basic capital (Tier I) | 18,110,213 | 10.40% | 18,557,539 | 10.16% | 18,856,171 | 10.02% |
| Additional capital (Tier II) | 6,864,575 | 3.94% | 6,513,470 | 3.57% | 6,584,425 | 3.50% |
| Technical capital ⁽¹⁾ | 24,974,788 | | 25,071,009 | | 25,440,595 | |
| Risk weighted assets including market risk | 174,199,865 | | 182,615,322 | | 188,204,931 | |
| CAPITAL ADEQUACY ⁽²⁾ | | 14.34% | | 13.73% | | 13.52% |

(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 592 billion in 2Q18, or COP 615.20 per share - USD 0.84 per ADR. This net income represents an increase of 13.4% compared to 1Q18 and a decrease of 9.5% compared to 2Q17. Bancolombia's annualized ROE for 2Q18 was 10.6%.

2.1. Net Interest Income

Net interest income totaled COP 2,546 billion in 2Q18, 1.3% more than the one reported in 1Q18, and 3.3% less than the figure for 2Q17. During the quarter, the Net Interest Income was impacted negatively by the implementation of IFRS 9, which caused a reduction of COP 106 billion.

During 2Q18, the investment, interest rate derivatives and repos portfolio generated COP 127 billion, up by 10.9% from 1Q18.

Net Interest Margin

The annualized net interest margin increased to 5.9% in 2Q18. The annualized net interest margin for investments was 1.3%, and the annualized net interest margin of the loan portfolio was 6.2%, equal to the one reported in 1Q18.

| Annualized Interest Margin | 2Q17 | 1Q18 | 2Q18 |
|----------------------------|------|------|------|
| Loans' Interest margin | 6.5% | 6.2% | 6.2% |
| Debt investments' margin | 2.3% | 0.5% | 1.3% |
| Net interest margin | 6.2% | 5.8% | 5.9% |

Total funding cost decreased during 2Q18, due to the reduction of long-term debt, as well as a reduction of the average life of time deposits. Savings and checking accounts represented the same proportion of the total cost of funding as in 1Q18, and the annualized average weighted cost of deposits was 2.95% in 2Q18, decreasing 7 basis point compared to 1Q18 and 55 basis points compared to 2Q17.

| Average weighted | 2Q17 | 1Q18 | 2Q18 |
|--------------------|-------|-------|-------|
| funding cost | | | |
| Checking accounts | 0.00% | 0.00% | 0.00% |
| Saving accounts | 2.46% | 1.94% | 1.84% |
| Time deposits | 5.71% | 5.29% | 5.16% |
| Total deposits | 3.50% | 3.02% | 2.95% |
| Long term debt | 6.43% | 6.00% | 5.91% |
| Loans with banks | 2.53% | 2.31% | 2.24% |
| Total funding cost | 3.65% | 3.25% | 3.17% |

2.2.

Fees and Income from Services

During 2Q18, net fees and income from services totaled COP 645 billion, decreasing by 5.2% compared to 1Q18, and increasing by 4.8% compared to 2Q17. The positive annual performance in fees compared with 2Q17 is due to higher volumes of transactions and the good performance of credit and debit cards, payments and collections and trust services.

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Fees from credit and debit cards increased by 13.9% compared to 1Q18, and 30.2% compared to 2Q17. Fees from asset management and trust services increased by 4.2% compared to 1Q18 and 12.1% compared to 2Q17, due to an increase in the assets under management. Fees from our bancassurance business increased by 3.9% compared to 1Q18 and by 7.7% with respect to 2Q17, thanks to the continuation of cross-selling initiatives led by our sales teams.

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

| ACCUMULATED CREDIT CARD BILLING (COP millions) | May-17 | May-18 | % Growth | 2018 Market Share |
|---|-----------|-----------|-------------|----------------------|
| Bancolombia VISA | 2,636,544 | 3,350,163 | 27.07% | 56.55% |
| Bancolombia Mastercard | 2,341,448 | 2,617,508 | 11.79% | 44.19% |
| Bancolombia American Express | 1,590,891 | 1,481,481 | -6.88% | 25.01% |
| Total Bancolombia | 6,568,883 | 7,449,152 | 13.40% | 125.75% |
| Colombian Credit Card Market | 5,324,040 | 5,923,872 | 11.27% | |

| CREDIT CARD MARKET SHARE (Outstanding credit cards) | May-17 | May-18 | % Growth | 2018 Market Share |
|--|------------|------------|-------------|----------------------|
| Bancolombia VISA | 763,790 | 843,865 | 10.48% | 5.08% |
| Bancolombia Mastercard | 872,089 | 952,375 | 9.21% | 5.73% |
| Bancolombia American Express | 596,033 | 508,596 | -14.67% | 3.06% |
| Total Bancolombia | 2,231,912 | 2,304,836 | 3.27% | 13.87% |
| Colombian Credit Card Market | 16,623,403 | 16,621,157 | -0.01% | |

Source: Superintendencia Financiera de Colombia

2.3.**Other Operating Income**

Total other operating income was COP 344 billion in 2Q18, increasing by 7.9% compared to 1Q18, and decreasing by 6.4% compared to 2Q17.

Revenues from the operating leases totaled COP 156 billion in 2Q18, increasing by 8.1% compared to 1Q18 and by 15.3% compared to those reported in 2Q17. The annual increase is due to higher volumes of operations and delivered assets under leasing.

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

The principal balance for past due loans (those that are overdue for more than 30 days) totaled COP 8,228 billion at the end of 2Q18 and represented 5.2% of total gross loans, increasing by 5.7% compared to 1Q18, when past due loans represented 5.1% of total gross loans. During 2Q18, Charge-offs totaled COP 705 billion.

The coverage, measured by the ratio of allowances for loans losses (principal) to PDLs (overdue 30 days), was 105.4% at the end of 2Q18, decreasing compared to 105.5% at the end of 1Q18.

The deterioration of the loan portfolio (new past due loans including charge-offs) was COP 1,151 billion in 2Q18. During the quarter, the 30-day NPLs in SMEs improved significantly, however the 90-day NPLs showed some run-offs. Corporate clients contributed to the new past due loan formation; however, several of these clients were already provisioned. Provision charges (net of recoveries) totaled COP 972 billion in 2Q18. Provisions as a percentage of the average gross loans were 2.4% for 2Q18 and 2.3% for the last 12 months.

Bancolombia maintains a strong balance sheet supported by an adequate level of loan loss reserves. Allowances (for the principal) for loan losses totaled COP 8,672 billion, or 5.5% of total loans at the end of 2Q18, increasing as compared to 1Q18.

2Q18

The following tables present key metrics related to asset quality:

| ASSET QUALITY (COP millions) | As of | | |
|--|-----------|-----------|-----------|
| | 2Q17 | 1Q18 | 2Q18 |
| Total 30-day past due loans | 6,520,508 | 7,782,225 | 8,228,079 |
| Allowance for loan losses (1) | 6,818,600 | 8,213,979 | 8,672,006 |
| Past due loans to total loans | 4.27% | 5.06% | 5.20% |
| Allowances to past due loans | 104.57% | 105.55% | 105.40% |
| Allowance for loan losses as a percentage of total loans | 4.46% | 5.34% | 5.48% |

(1) Allowances are reserves for the principal of loans.

| PDL Per Category | % Of loan Portfolio | 30 days | | |
|------------------|---------------------|---------|--------|--------|
| | | 2Q17 | 1Q18 | 2Q18 |
| Commercial loans | 68.9% | 3.19% | 4.04% | 4.42% |
| Consumer loans | 17.4% | 5.72% | 6.40% | 5.78% |
| Mortgage loans | 13.0% | 7.69% | 8.18% | 8.10% |
| Microcredit | 0.7% | 13.47% | 13.88% | 12.30% |
| PDL TOTAL | | 4.27% | 5.06% | 5.20% |

| PDL Per Category | % Of loan Portfolio | 90 days | | |
|------------------|---------------------|---------|-------|-------|
| | | 2Q17 | 1Q18 | 2Q18 |
| Commercial loans | 68.9% | 2.40% | 2.85% | 3.48% |
| Consumer loans | 17.4% | 2.81% | 3.34% | 3.18% |
| Mortgage loans* | 13.0% | 3.10% | 3.65% | 3.65% |
| Microcredit | 0.7% | 8.65% | 8.82% | 8.39% |
| PDL TOTAL | | 2.60% | 3.08% | 3.48% |

* Mortgage loans that were overdue were calculated for past due loans for 120 days instead of 90 days.

2.5.**Operating Expenses**

During 2Q18, operating expenses totaled COP 1,859 billion, increasing by 1.6% with respect to 1Q18 and decreasing by 1.2% with respect to 2Q17. The annual decrease in operating expenses is explained by several strategies done on this front, which includes the reduction in the network of branches, automation and optimization of processes and the rationalization of personal expenses.

Personnel expenses (salaries, bonus plan payments and compensation) totaled COP 746 billion in 2Q18, decreasing by 2.3% compared to 1Q18 and by 2.8% compared to 2Q17.

During 2Q18, administrative expenses totaled COP 728 billion, increasing by 3.7% compared to 1Q18 and by 1.4% as compared to 2Q17.

Depreciation and amortization expenses totaled COP 113 billion in 2Q18, decreasing by 4.6% compared to 1Q18 and by 3.2% compared to 2Q17.

As of June 30, 2018, Bancolombia had 31,000 employees, owned 1,045 branches, 5,746 ATMs, 11,269 banking agents and served more than 12 million customers.

2.6.

Taxes

Income tax expense was COP 195 billion for 2Q18, decreasing by 37.3% when compared to the income tax registered in 1Q18, and by 30.6% compared to 2Q17. These variations are mainly explained by the depreciation of the peso versus the dollar in the second quarters of 2017 and 2018 since the operation in Colombia, which has the highest tax rate, represents a lower proportion in the consolidated results. Central America on the other hand, has a lower tax rate and gains weight in the consolidated results.

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3. BREAK DOWN OF OPERATIONS

The following table summarizes the financial statements of our operations in each country.

BANCOLOMBIA S.A. (STAND ALONE) - COLOMBIA
**CONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT**

| (COP million) | Quarter | | | Growth | |
|---|-------------|-------------|-------------|-----------|-----------|
| | 2Q17 | 1Q18 | 2Q18 | 2Q18/1Q18 | 2Q18/2Q17 |
| ASSETS | | | | | |
| Gross loans | 109,866,045 | 114,433,308 | 115,783,278 | 1.18% | 5.39% |
| Allowances for loans | (6,236,394) | (7,550,734) | (7,856,741) | 4.05% | 25.98% |
| Investments | 17,713,990 | 18,788,259 | 17,475,344 | -6.99% | -1.35% |
| Other assets | 18,027,600 | 16,937,072 | 16,591,837 | -2.04% | -7.96% |
| Total assets | 139,371,241 | 142,607,906 | 141,993,718 | -0.43% | 1.88% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Deposits | 81,440,484 | 86,488,060 | 84,699,371 | -2.07% | 4.00% |
| Other liabilities | 42,193,749 | 39,673,487 | 40,878,095 | 3.04% | -3.12% |
| Total liabilities | 123,634,233 | 126,161,547 | 125,577,467 | -0.46% | 1.57% |
| Shareholders' equity | 15,737,008 | 16,446,360 | 16,416,251 | -0.18% | 4.32% |
| Total liabilities and shareholders' equity | 139,371,241 | 142,607,906 | 141,993,718 | -0.43% | 1.88% |
| Interest income | 3,400,130 | 3,099,988 | 3,095,540 | -0.14% | -8.96% |
| Interest expense | (1,324,747) | (1,153,345) | (1,123,555) | -2.58% | -15.19% |
| Net interest income | 2,075,383 | 1,946,643 | 1,971,985 | 1.30% | -4.98% |
| Net provisions | (792,724) | (762,128) | (859,887) | 12.83% | 8.47% |
| Fees and income from service, net | 384,870 | 452,777 | 411,235 | -9.17% | 6.85% |
| Other operating income | 151,498 | 254,375 | 125,722 | -50.58% | -17.01% |
| Total operating expense | (1,335,779) | (1,255,722) | (1,300,889) | 3.60% | -2.61% |
| Profit before tax | 483,249 | 635,946 | 348,166 | -45.25% | -27.95% |
| Income tax | (193,595) | (235,600) | (59,446) | -74.77% | -69.29% |
| Net income | 289,654 | 400,345 | 288,720 | -27.88% | -0.32% |

BANISTMO- PANAMA
CONSOLIDATED BALANCE SHEET

| AND INCOME STATEMENT (COP million) | Quarter | | | Growth | |
|---|------------|------------|------------|-----------|-----------|
| | 2Q17 | 1Q18 | 2Q18 | 2Q18/1Q18 | 2Q18/2Q17 |
| ASSETS | | | | | |
| Gross loans | 22,974,293 | 21,027,872 | 22,167,293 | 5.42% | -3.51% |
| Allowances for loans | (518,661) | (584,021) | (661,934) | 13.34% | 27.62% |
| Investments | 2,319,278 | 2,896,912 | 2,931,835 | 1.21% | 26.41% |
| Other assets | 3,559,302 | 2,968,978 | 3,043,765 | 2.52% | -14.48% |
| Total assets | 28,334,211 | 26,309,742 | 27,480,959 | 4.45% | -3.01% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Deposits | 19,889,085 | 18,374,672 | 18,889,905 | 2.80% | -5.02% |
| Other liabilities | 5,471,294 | 5,202,423 | 5,684,741 | 9.27% | 3.90% |
| Total liabilities | 25,360,379 | 23,577,095 | 24,574,646 | 4.23% | -3.10% |
| Shareholders' equity | 2,973,832 | 2,732,647 | 2,906,313 | 6.36% | -2.27% |
| Total liabilities and shareholders' equity | 28,334,211 | 26,309,742 | 27,480,959 | 4.45% | -3.01% |
| Interest income | 375,474 | 364,248 | 373,342 | 2.50% | -0.57% |
| Interest expense | (132,208) | (135,511) | (137,495) | 1.46% | 4.00% |
| Net interest income | 243,265 | 228,737 | 235,847 | 3.11% | -3.05% |
| Net provisions | 53,089 | (53,630) | (55,805) | 4.05% | -205.11% |
| Fees and income from service, net | 53,577 | 41,986 | 47,691 | 13.59% | -10.99% |
| Other operating income | 3,216 | 2,882 | 13,914 | 382.87% | 332.65% |
| Total operating expense | (122,426) | (133,287) | (156,007) | 17.05% | 27.43% |
| Profit before tax | 230,722 | 86,688 | 85,641 | -1.21% | -62.88% |
| Income tax | (56,574) | (17,587) | (17,049) | -3.06% | -69.86% |
| Net income | 174,149 | 69,101 | 68,592 | -0.74% | -60.61% |

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BANCO AGRÍCOLA- EL SALVADOR**CONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT**

| (COP million) | Quarter | | | Growth | |
|---|------------|------------|------------|-----------|-----------|
| | 2Q17 | 1Q18 | 2Q18 | 2Q18/1Q18 | 2Q18/2Q17 |
| ASSETS | | | | | |
| Gross loans | 9,345,820 | 8,709,879 | 9,256,233 | 6.27% | -0.96% |
| Allowances for loans | (366,684) | (326,604) | (359,688) | 10.13% | -1.91% |
| Investments | 486,303 | 621,129 | 635,680 | 2.34% | 30.72% |
| Other assets | 3,711,472 | 3,269,668 | 3,386,062 | 3.56% | -8.77% |
| Total assets | 13,176,911 | 12,274,074 | 12,918,288 | 5.25% | -1.96% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Deposits | 8,989,096 | 8,663,548 | 9,256,571 | 6.85% | 2.98% |
| Other liabilities | 2,621,702 | 2,171,409 | 2,095,057 | -3.52% | -20.09% |
| Total liabilities | 11,610,798 | 10,834,957 | 11,351,628 | 4.77% | -2.23% |
| Shareholders' equity | 1,566,114 | 1,439,117 | 1,566,659 | 8.86% | 0.03% |
| Total liabilities and shareholders' equity | 13,176,911 | 12,274,074 | 12,918,288 | 5.25% | -1.96% |
| Interest income | 192,260 | 216,751 | 223,878 | 3.29% | 16.45% |
| Interest expense | (61,145) | (60,005) | (61,597) | 2.65% | 0.74% |
| Net interest income | 131,115 | 156,745 | 162,282 | 3.53% | 23.77% |
| Net provisions | (34,619) | (32,009) | (13,731) | -57.10% | -60.34% |
| Fees and income from service, net | 44,153 | 41,571 | 44,980 | 8.20% | 1.87% |
| Other operating income | 1,689 | 3,771 | 929 | -75.38% | -45.02% |
| Total operating expense | (105,827) | (106,475) | (104,647) | -1.72% | -1.12% |
| Profit before tax | 36,510 | 63,604 | 89,812 | 41.21% | 145.99% |
| Income tax | (10,475) | (17,130) | (29,394) | 71.60% | 180.61% |
| Net income | 26,035 | 46,474 | 60,417 | 30.00% | 132.06% |

GRUPO AGROMERCANTIL HOLDING – GUATEMALA**CONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT**

| (COP million) | Quarter | | | Growth | |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| | 2Q17 | 1Q18 | 2Q18 | 2Q18/1Q18 | 2Q18/2Q17 |
| ASSETS | | | | | |
| Gross loans | 8,759,827 | 8,481,592 | 9,106,278 | 7.37% | 3.95% |
| Allowances for loans | (151,156) | (310,379) | (384,277) | 23.81% | 154.23% |
| Investments | 1,858,021 | 1,357,455 | 1,437,613 | 5.91% | -22.63% |
| Other assets | 1,967,098 | 1,609,287 | 2,030,708 | 26.19% | 3.23% |

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| | | | | | |
|---|------------|------------|------------|---------|---------|
| Total assets | 12,433,791 | 11,137,955 | 12,190,322 | 9.45% | -1.96% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Deposits | 8,465,417 | 7,770,806 | 8,533,909 | 9.82% | 0.81% |
| Other liabilities | 2,624,674 | 2,223,253 | 2,470,407 | 11.12% | -5.88% |
| Total liabilities | 11,090,090 | 9,994,059 | 11,004,317 | 10.11% | -0.77% |
| Non-controlling interest | 19,714 | 19,119 | 19,531 | 2.16% | -0.93% |
| Shareholders' equity | 1,323,987 | 1,124,778 | 1,166,475 | 3.71% | -11.90% |
| Total liabilities and shareholders' equity | 12,433,791 | 11,137,955 | 12,190,322 | 9.45% | -1.96% |
| Interest income | 211,071 | 211,327 | 202,170 | -4.33% | -4.22% |
| Interest expense | (87,241) | (84,842) | (88,918) | 4.80% | 1.92% |
| Net interest income | 123,830 | 126,485 | 113,252 | -10.46% | -8.54% |
| Net provisions | (31,313) | (32,833) | (45,573) | 38.80% | 45.54% |
| Fees and income from service, net | 24,394 | 25,330 | 30,440 | 20.17% | 24.78% |
| Other operating income | 12,751 | 12,291 | 12,207 | -0.68% | -4.27% |
| Total operating expense | (105,685) | (109,353) | (100,934) | -7.70% | -4.50% |
| Profit before tax | 23,977 | 21,919 | 9,391 | -57.16% | -60.83% |
| Income tax | (8,096) | (4,651) | (1,203) | -74.13% | -85.14% |
| Net income before non-controlling interest | 15,881 | 17,268 | 8,188 | -52.59% | -48.44% |
| Non-controlling interest | (919) | (308) | (611) | 98.33% | -33.56% |
| Net income | 14,962 | 16,960 | 7,577 | -55.32% | -49.36% |

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4. RECENT DEVELOPMENTS

April 23, 2018. the Board of Directors of Bancolombia S.A. (“Bancolombia”) approved the issuance of up to Colombian Pesos (“COP”) 3,000,000,000,000 (approximately USD 1 billion) in aggregate principal amount of Ordinary Notes, Ordinary Green Notes and Subordinated Notes denominated in COP and real unit value (“UVR”), and authorized its legal representatives to commence all the necessary acts and procedures to carry out the program. The Ordinary Notes, the Green Ordinary Notes and Subordinated Notes will be offered in Colombia in one or more issuances up to the aggregate principal amount according to the corresponding Issuance and Placement Terms.

April 30, 2018. Bancolombia S.A. (“Bancolombia”) (NYSE: CIB) announced that it has filed its annual report on Form 20-F for the year ended December 31, 2017 with the U.S. Securities and Exchange Commission (the “SEC”). The annual report can be downloaded from the SEC website www.sec.gov.

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5. BANCOLOMBIA Company Description (NYSE: CIB)

GRUPO BANCOLOMBIA is a full service financial conglomerate incorporated in Colombia that offers a wide range of banking products and services to a diversified individual and corporate customer base of more than 12 million customers. GRUPO 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 and local (Banistmo S.A.) banking subsidiaries in Panama, Guatemala, Cayman and Puerto Rico. Together, BANCOLOMBIA and its subsidiaries provide stock brokerage, investment banking, leasing, factoring, consumer finance, fiduciary and trust services, asset management, among others.

Contact Information

Bancolombia's Investor Relations

Phone: (574) 4041837 / (574) / (574) 4043917/ (574) 4041918.

E-mail: IR@bancolombia.com.co

Contacts: Alejandro Mejia (IR Manager) / Juliana Álvarez (Analyst) / Santiago López (Analista).

Website: <http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/investor-relations/>

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| BALANCE SHEET (COP million) | Jun-17 | Mar-18 | Jun-18 | Growth jun-18 / mar-18 | jun-18 / jun-17 | % of Assets | % of Liabilities |
|--|--------------------|--------------------|--------------------|------------------------------|--------------------|----------------|---------------------|
| ASSETS | | | | | | | |
| Cash and balances at central bank | 14,771,666 | 13,214,789 | 13,056,537 | -1.20% | -11.61% | 6.38% | |
| Interbank borrowings | 2,159,604 | 1,536,078 | 1,023,666 | -33.36% | -52.60% | 0.50% | |
| Reverse repurchase agreements and other similar secured lend | 2,134,230 | 2,101,645 | 2,346,958 | 11.67% | 9.97% | 1.15% | |
| Financial assets investments | 15,273,122 | 16,720,642 | 15,606,305 | -6.66% | 2.18% | 7.63% | |
| Derivative financial instruments | 1,678,633 | 1,385,187 | 1,058,922 | -23.55% | -36.92% | 0.52% | |
| Loans and advances to customers | 158,232,208 | 158,645,460 | 163,292,166 | 2.93% | 3.20% | 79.83% | |
| Allowance for loan and lease losses | (7,485,194) | (8,991,393) | (9,479,729) | 5.43% | 26.65% | -4.63% | |
| Investment in associates and joint ventures | 1,445,207 | 1,560,048 | 1,749,572 | 12.15% | 21.06% | 0.86% | |
| Goodwill and Intangible assets, net | 6,778,314 | 6,174,055 | 6,501,382 | 5.30% | -4.09% | 3.18% | |
| Premises and equipment, net | 3,092,817 | 3,046,733 | 3,072,268 | 0.84% | -0.66% | 1.50% | |
| Investment property | 1,649,433 | 1,679,465 | 1,709,787 | 1.81% | 3.66% | 0.84% | |
| Prepayments | 269,678 | 297,857 | 289,113 | -2.94% | 7.21% | 0.14% | |
| Tax receivables | 699,825 | 435,973 | 683,588 | 56.80% | -2.32% | 0.33% | |
| Deferred tax | 723,770 | 660,022 | 1,135,930 | 72.10% | 56.95% | 0.56% | |
| Assets held for sale and inventories | 288,732 | 372,794 | 466,468 | 25.13% | 61.56% | 0.23% | |
| Other assets | 1,992,322 | 2,106,215 | 2,040,413 | -3.12% | 2.41% | 1.00% | |
| Total assets | 203,704,367 | 200,945,570 | 204,553,346 | 1.80% | 0.42% | 100.00% | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | |
| LIABILITIES | | | | | | | |
| Deposit by customers | 128,476,933 | 130,164,630 | 130,318,773 | 0.12% | 1.43% | 63.71% | 72.19% |
| Interbank Deposits | 997,415 | 1,231,999 | 1,548,842 | 25.72% | 55.29% | 0.76% | 0.86% |
| Derivative financial instrument | 1,203,097 | 1,433,810 | 971,813 | -32.22% | -19.22% | 0.48% | 0.54% |
| Borrowings from other financial institutions | 17,525,689 | 12,552,739 | 13,808,630 | 10.00% | -21.21% | 6.75% | 7.65% |
| Debt securities in issue | 18,298,359 | 18,380,881 | 18,729,888 | 1.90% | 2.36% | 9.16% | 10.38% |
| Preferred shares | 553,426 | 540,374 | 554,439 | 2.60% | 0.18% | 0.27% | 0.31% |
| Repurchase agreements and other similar secured borrowing | 4,517,374 | 4,031,622 | 4,834,374 | 19.91% | 7.02% | 2.36% | 2.68% |

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| | | | | | | | |
|---|-------------|-------------|-------------|--------|---------|---------|---------|
| Liabilities relating to assets held for sale | - | 90,362 | 121,737 | 34.72% | 0.00% | 0.06% | 0.07% |
| Current tax | 650,930 | 411,045 | 404,676 | -1.55% | -37.83% | 0.20% | 0.22% |
| Deferred tax | 1,877,018 | 1,834,873 | 2,384,920 | 29.98% | 27.06% | 1.17% | 1.32% |
| Employees benefit plans | 714,583 | 131,430 | 131,171 | -0.20% | -81.64% | 0.06% | 0.07% |
| Other liabilities | 5,806,431 | 6,952,162 | 6,718,882 | -3.36% | 15.71% | 3.28% | 3.72% |
| Total liabilities | 180,621,255 | 177,755,927 | 180,528,145 | 1.56% | -0.05% | 88.25% | 100.00% |
| SHAREHOLDERS' EQUITY | | | | | | | |
| Share Capital | 480,914 | 480,914 | 480,914 | 0.00% | 0.00% | 0.24% | |
| Additional paid-in-capital | 4,857,454 | 4,857,454 | 4,857,454 | 0.00% | 0.00% | 2.37% | |
| Appropriated reserves | 9,065,570 | 9,935,857 | 9,943,469 | 0.08% | 9.68% | 4.86% | |
| Retained earnings | 4,771,639 | 4,422,159 | 4,948,950 | 11.91% | 3.72% | 2.42% | |
| Accumulated other comprehensive income (loss), net of tax | 2,655,405 | 2,255,674 | 2,508,599 | 11.21% | -5.53% | 1.23% | |
| Stockholders' equity attributable to the owners of the parent company | 21,830,982 | 21,952,058 | 22,739,386 | 3.59% | 4.16% | 11.12% | |
| Non-controlling interest | 1,252,130 | 1,237,585 | 1,285,815 | 3.90% | 2.69% | 0.63% | |
| Total liabilities and equity | 203,704,367 | 200,945,570 | 204,553,346 | 1.80% | 0.42% | 100.00% | |

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| INCOME STATEMENT (COP million) | As of | | Growth | | | Growth | | |
|--|-----------|-----------|-----------------|-----------|-----------|-----------|-------------|-------------|
| | Jun-17 | Jun-18 | jun-18 / jun-17 | 2Q 17 | 1Q 18 | 2Q 18 | 2Q18 / 1Q18 | 2Q18 / 2Q17 |
| Interest income and expenses | | | | | | | | |
| Interest on loans and financial leases | | | | | | | | |
| Commercial | 4,075,163 | 3,573,252 | -12.32% | 2,045,582 | 1,793,042 | 1,780,210 | -0.72% | -12.97% |
| Consumer | 1,809,789 | 2,017,948 | 11.50% | 937,371 | 994,257 | 1,023,691 | 2.96% | 9.21% |
| Small business loans | 117,745 | 107,715 | -8.52% | 57,195 | 53,737 | 53,978 | 0.45% | -5.62% |
| Mortgage | 985,250 | 974,412 | -1.10% | 485,827 | 495,092 | 479,320 | -3.19% | -1.34% |
| Leasing | 1,057,989 | 961,253 | -9.14% | 522,382 | 487,909 | 473,344 | -2.99% | -9.39% |
| Interest income on loans and financial leases | 8,045,936 | 7,634,580 | -5.11% | 4,048,357 | 3,824,037 | 3,810,543 | -0.35% | -5.87% |
| Interest income on overnight and market funds | 11,559 | 16,833 | 45.63% | 6,544 | 8,418 | 8,415 | -0.04% | 28.59% |
| Interest and valuation on Investments | | | | | | | | |
| Debt investments, net | 81,489 | 89,425 | 9.74% | 39,721 | 44,326 | 45,099 | 1.74% | 13.54% |
| Net gains from investment activities at fair value through income statement | | | | | | | | |
| Debt investments | 366,975 | 176,379 | -51.94% | 177,715 | 83,403 | 92,976 | 11.48% | -47.68% |
| Derivatives | (27,096) | 14,800 | 154.62% | (22,063) | 12,211 | 2,589 | -78.80% | 111.73% |
| Repos | (51,555) | (27,803) | -46.07% | (28,913) | (10,464) | (17,339) | 65.70% | -40.03% |
| Other | 2,875 | (11,732) | -508.07% | 5,866 | (15,192) | 3,460 | 122.78% | -41.02% |
| Total Net gains from investment activities at fair value through profit and loss | 291,199 | 151,644 | -47.92% | 132,605 | 69,958 | 81,686 | 16.76% | -38.40% |
| | 372,688 | 241,069 | -35.32% | 172,326 | 114,284 | 126,785 | 10.94% | -26.43% |

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| | | | | | | | | |
|--|-------------|-------------|---------|-------------|-------------|-------------|---------|---------|
| Total Interest and valuation on investments | | | | | | | | |
| Total interest and valuation | 8,430,183 | 7,892,482 | -6.38% | 4,227,227 | 3,946,739 | 3,945,743 | -0.03% | -6.66% |
| Interest expense | | | | | | | | |
| Borrowing costs | (350,606) | (271,662) | -22.52% | (171,289) | (135,269) | (136,393) | 0.83% | -20.37% |
| Overnight funds | (8,476) | (5,168) | -39.03% | (4,610) | (1,868) | (3,300) | 76.66% | -28.42% |
| Debt securities in issue | (598,929) | (559,390) | -6.60% | (292,438) | (285,113) | (274,277) | -3.80% | -6.21% |
| Deposits | (2,180,842) | (1,958,793) | -10.18% | (1,107,963) | (992,525) | (966,268) | -2.65% | -12.79% |
| Preferred Shares | (29,156) | (29,156) | 0.00% | (14,065) | (15,091) | (14,065) | -6.80% | 0.00% |
| Dividends | | | | | | | | |
| Other interest (expense) | (7,477) | (9,664) | 29.25% | (3,471) | (4,328) | (5,336) | 23.29% | 53.73% |
| Total interest expenses | (3,175,486) | (2,833,833) | -10.76% | (1,593,836) | (1,434,194) | (1,399,639) | -2.41% | -12.18% |
| Net interest margin and valuation income on financial instruments | | | | | | | | |
| before impairment on loans and financial leases and off balance sheet credit instruments | 5,254,697 | 5,058,649 | -3.73% | 2,633,391 | 2,512,545 | 2,546,104 | 1.34% | -3.31% |
| Credit impairment charges on loans and advance and financial leases | (1,754,029) | (2,061,348) | 17.52% | (890,739) | (964,038) | (1,097,310) | 13.82% | 23.19% |
| Recovery of charged-off loans | 167,366 | 205,472 | 22.77% | 95,211 | 84,403 | 121,069 | 43.44% | 27.16% |
| Credit impairment charges on recoveries on off balance sheet credit instruments | 22,470 | 8,724 | -61.17% | 5,793 | 4,619 | 4,105 | -11.13% | -29.14% |

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| | | | | | | | | |
|---|-------------|-------------|---------|-----------|-----------|-----------|---------|----------|
| Total credit impairment charges, net | (1,564,193) | (1,847,152) | 18.09% | (789,735) | (875,016) | (972,136) | 11.10% | 23.10% |
| Net interest margin and valuation income on financial instruments after impairment on loans and financial leases and off balance sheet credit instruments | 3,690,504 | 3,211,497 | -12.98% | 1,843,656 | 1,637,529 | 1,573,968 | -3.88% | -14.63% |
| Fees and commissions income | | | | | | | | |
| Banking services | 431,949 | 392,123 | -9.22% | 224,483 | 215,444 | 176,679 | -17.99% | -21.30% |
| Credit and debit card fees and commercial establishments | 578,882 | 698,006 | 20.58% | 285,422 | 326,250 | 371,756 | 13.95% | 30.25% |
| Brokerage | 11,430 | 14,635 | 28.04% | 6,095 | 5,783 | 8,852 | 53.07% | 45.23% |
| Acceptances and Guarantees | 26,829 | 29,673 | 10.60% | 12,804 | 10,994 | 18,679 | 69.90% | 45.88% |
| Trust | 172,040 | 195,880 | 13.86% | 89,180 | 95,934 | 99,946 | 4.18% | 12.07% |
| Bancassurance | 171,638 | 198,257 | 15.51% | 93,777 | 97,217 | 101,040 | 3.93% | 7.74% |
| Payments and Collections | 104,274 | 127,570 | 22.34% | 48,934 | 62,491 | 65,079 | 4.14% | 32.99% |
| Other | 225,593 | 211,592 | -6.21% | 116,782 | 111,907 | 99,685 | -10.92% | -14.64% |
| Fees and commission income | 1,722,635 | 1,867,736 | 8.42% | 877,477 | 926,020 | 941,716 | 1.69% | 7.32% |
| Fees and commission expenses | | | | | | | | |
| Banking services | (189,751) | (210,975) | 11.19% | (96,464) | (105,464) | (105,511) | 0.04% | 9.38% |
| Other | (292,831) | (332,160) | 13.43% | (165,798) | (140,639) | (191,521) | 36.18% | 15.51% |
| Fees and commission expenses | (482,582) | (543,135) | 12.55% | (262,262) | (246,103) | (297,032) | 20.69% | 13.26% |
| Total fees and commissions, net | 1,240,053 | 1,324,601 | 6.82% | 615,215 | 679,917 | 644,684 | -5.18% | 4.79% |
| Other operating income | (17,410) | (49,950) | 186.90% | (2,787) | (185,628) | 135,678 | 173.09% | 4968.25% |

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| | | | | | | | | |
|---|-----------|-----------|---------|-----------|-----------|-----------|----------|----------|
| Derivatives FX contracts | | | | | | | | |
| Net foreign exchange | 202,612 | 124,091 | -38.75% | 105,401 | 228,464 | (104,373) | -145.68% | -199.02% |
| Hedging | (2,812) | 6,587 | 334.25% | (2,785) | (436) | 7,023 | 1710.78% | 352.17% |
| Operating leases | 274,449 | 301,276 | 9.77% | 135,688 | 144,787 | 156,489 | 8.08% | 15.33% |
| Gains (or losses) on sale of assets | 11,477 | 19,896 | 73.36% | 4,244 | 11,371 | 8,525 | -25.03% | 100.87% |
| Other reversals | 1,264 | 1,907 | 50.87% | 590 | 828 | 1,079 | 30.31% | 82.88% |
| Other | 251,012 | 258,317 | 2.91% | 126,840 | 119,071 | 139,246 | 16.94% | 9.78% |
| Total other operating income | 720,592 | 662,123 | -8.11% | 367,191 | 318,457 | 343,666 | 7.92% | -6.41% |
| Dividends received, and share of profits of equity method investees | | | | | | | | |
| Dividends | 16,745 | 29,187 | 74.30% | 5,608 | 11,713 | 17,474 | 49.18% | 211.59% |
| Equity investments | (39,910) | 20,328 | 150.93% | (41,916) | (2,802) | 23,130 | 925.48% | 155.18% |
| Equity method | 76,688 | 113,618 | 48.16% | 57,413 | 39,255 | 74,363 | 89.44% | 29.52% |
| Impairment charges on joint ventures | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Total dividends received, and share of profits of equity method investees | 53,523 | 163,133 | 204.79% | 21,105 | 48,166 | 114,967 | 138.69% | 444.74% |
| Total operating income, net | 5,704,672 | 5,361,354 | -6.02% | 2,847,167 | 2,684,069 | 2,677,285 | -0.25% | -5.97% |

2Q18

| INCOME STATEMENT (COP million) | As of | | Growth | | | Growth | | |
|--|-------------|-------------|-----------------|-------------|-------------|-------------|-------------|-------------|
| | Jun-17 | Jun-18 | jun-18 / jun-17 | 2Q 17 | 1Q 18 | 2Q 18 | 2Q18 / 1Q18 | 2Q18 / 2Q17 |
| Operating expenses | | | | | | | | |
| Salaries and employee benefits | (1,254,962) | (1,296,051) | 3.27% | (610,943) | (642,082) | (653,969) | 1.85% | 7.04% |
| Bonuses | (302,138) | (212,808) | -29.57% | (156,328) | (120,993) | (91,815) | -24.12% | -41.27% |
| Other administrative and general expenses | (1,333,291) | (1,429,818) | 7.24% | (718,000) | (701,972) | (727,846) | 3.69% | 1.37% |
| Tax contributions and other tax burden | (440,243) | (390,861) | -11.22% | (224,158) | (179,180) | (211,681) | 18.14% | -5.57% |
| Impairment, depreciation and amortization | (236,251) | (231,332) | -2.08% | (116,718) | (118,384) | (112,948) | -4.59% | -3.23% |
| Other expenses | (121,385) | (127,013) | 4.64% | (61,122) | (66,271) | (60,742) | -8.34% | -0.62% |
| Equity Tax | (51,220) | - | -100.00% | 6,546 | - | - | 0.00% | -100.00% |
| Total operating expenses | (3,739,490) | (3,687,883) | -1.38% | (1,880,723) | (1,828,882) | (1,859,001) | 1.65% | -1.15% |
| Profit before tax | 1,965,182 | 1,673,471 | -14.84% | 966,444 | 855,187 | 818,284 | -4.32% | -15.33% |
| Income tax | (647,735) | (506,140) | -21.86% | (281,050) | (311,138) | (195,002) | -37.33% | -30.62% |
| Profit for the year from continuing operations | 1,317,447 | 1,167,331 | -11.39% | 685,394 | 544,049 | 623,282 | 14.56% | -9.06% |
| Non-controlling interest | (55,154) | (53,855) | -2.36% | (31,855) | (22,289) | (31,566) | 41.62% | -0.91% |
| Net income | 1,262,293 | 1,113,476 | -11.79% | 653,539 | 521,760 | 591,716 | 13.41% | -9.46% |

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 01, 2018 By: /s/ JAIME ALBERTO VELÁSQUEZ B.
Name: Jaime Alberto Velásquez B.
Title: Vice President of Strategy and Finance