

BANCOLOMBIA SA
Form 6-K
November 07, 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 November, 2018

Comission File Number 001-32535

Bancolombia S.A.

(Translation of registrant's name into English)

Cra. 48 # 26-85
Medellín, Colombia

(Address of principal executive offices)

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

Form 20-F

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-_____.

3Q18

BANCOLOMBIA S.A. (NYSE: CIB; BVC: BCOLOMBIA, PFBCOLOM) REPORTS CONSOLIDATED NET INCOME OF COP 543 BILLION FOR THE THIRD QUARTER OF 2018 WHICH REPRESENTS A DECREASE OF 8% COMPARED TO 2Q18 AND AN INCREASE OF 20% COMPARED TO 3Q17.

Gross loans grew 4.0% when compared to 3Q17 and 0.9% during the quarter. This annual growth shows moderation in the credit demand in Colombia. Peso-denominated loans grew 5.8% when compared to 3Q17.

Net interest income was COP 2.57 trillion for 3Q18, increasing by 0.6% when compared to 3Q17. This positive performance is mainly explained by the growth in the loan book. Net interest income increased by 0.9% during the quarter.

The annualized net interest margin for the quarter was 5.8%. The margin decreased by 10 basis points during the quarter and registered the same number when compared to 3Q17, mainly affected by the reductions in the reference rate in Colombia that were reflected in the repricing of the loan portfolio. The control of the cost of deposits allowed moderating the decrease of the margin during the quarter.

Provision charges for the quarter were COP 1.0 trillion and the coverage ratio for 90-day past due loans was 160.7%. Provision charges increased by 4.3% when compared to 3Q17 and by 3.8% compared to 2Q18, these provisions allow us to maintain a solid coverage ratio amid a challenging environment. New past due loans totaled COP 847 billion for the quarter.

Efficiency was 48.6% during the last twelve months. Operating expenses decreased by 1.3% when compared to 3Q17. The annual decrease in operating expenses is explained by the reduction in the network of branches, personal expenses and tax contributions and other tax burden. Operating expenses decreased by 0.8% during the quarter.

Net fees were COP 631 billion and increased by 4.1% compared to 3Q17. This growth was mainly driven by an increase in fees related to credit and debit cards and trust services. Net fees decreased by 2.1% during the quarter.

Tier 1 ratio was 10.2% at September 30, 2018 and decreased by 4 basis points when compared to September 30, 2017. The capital adequacy ratio was 13.7%.

November 7, 2018. Medellin, Colombia – Today, BANCOLOMBIA S.A. (“Bancolombia” or “the Bank”) announced its earnings results for the third quarter of 2018¹. For the quarter ended on September 30, 2018 (“3Q18”), Bancolombia reported consolidated net income of COP 543 billion, or COP 564.78 per share - USD 0.76 per ADR. This net income represents a decrease of 8.2% compared to the quarter ended on June 30, 2018 (“2Q18”) and an increase of 20.5% compared to the quarter ended on September 30, 2017 (“3Q17”).

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 September 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, October 1, 2018 \$2,972.18 = US\$ 1

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BANCOLOMBIA: Summary of consolidated financial quarterly results**CONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT**

(COP million)

| | Quarter | | | Growth | |
|---|--------------------|-------------------------|--------------------|-----------------------|---------------|
| | 3Q17 | 2Q18 | 3Q18 | 3Q18/2Q18 | 3Q18/3Q17 |
| ASSETS | | | | | |
| Net Loans | 150,576,426 | 153,812,437 | 154,728,427 | 0.60% | 2.76% |
| Investments | 16,664,585 | 15,606,305 | 15,721,358 | 0.74% | -5.66% |
| Other assets | 36,851,865 | 35,134,604 | 36,205,543 | 3.05% | -1.75% |
| Total assets | 204,092,876 | 204,553,346 | 206,655,328 | 1.03% | 1.26% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Deposits | 127,891,132 | 130,318,773 | 130,334,802 | 0.01% | 1.91% |
| Other liabilities | 52,840,013 | 50,209,372 | 51,453,512 | 2.48% | -2.62% |
| Total liabilities | 180,731,145 | 180,528,145 | 181,788,314 | 0.70% | 0.58% |
| Non-controlling interest | 1,244,883 | 1,285,815 | 1,715,901 | 33.45% | 37.84% |
| Shareholders' equity | 22,116,848 | 22,739,386 | 23,151,113 | 1.81% | 4.68% |
| Total liabilities and shareholders' equity | 204,092,876 | 204,553,346 | 206,655,328 | 1.03% | 1.26% |
| Interest income | 4,103,889 | 3,945,743 | 3,965,553 | 0.50% | -3.37% |
| Interest expense | (1,551,894) | (1,399,639) | (1,397,178) | -0.18% | -9.97% |
| Net interest income | 2,551,995 | 2,546,104 | 2,568,375 | 0.87% | 0.64% |
| Net provisions | (967,284) | (972,136) | (1,008,624) | 3.75% | 4.27% |
| Fees and income from service, net | 606,512 | 644,684 | 631,346 | -2.07% | 4.09% |
| Other operating income | 353,391 | 343,666 | 374,336 | 8.92% | 5.93% |
| Total Dividends received and equity method | 36,916 | 114,967 | 78,085 | -32.08% | 111.52% |
| Total operating expense | (1,868,169) | (1,859,001) | (1,844,363) | -0.79% | -1.27% |
| Profit before tax | 713,361 | 818,284 | 799,155 | -2.34% | 12.03% |
| Income tax | (245,307) | (195,002) | (213,442) | 9.46% | -12.99% |
| Net income before non-controlling interest | 468,054 | 623,282 | 585,713 | -6.03% | 25.14% |
| Non-controlling interest | (17,248) | (31,566) | (42,494) | 34.62% | 146.37% |
| Net income | 450,806 | 591,716 | 543,219 | -8.20% | 20.50% |
| PRINCIPAL RATIOS | | | | | |
| | 3Q17 | Quarter 2Q18 | 3Q18 | As of 3Q17 | 3Q18 |
| PROFITABILITY | | | | | |
| Net interest margin (1) from continuing operations | 5.84% | 5.85% | 5.81% | 6.11% | 5.81% |
| Return on average total assets (2) from continuing operations | 0.89% | 1.17% | 1.05% | 1.15% | 1.08% |
| Return on average shareholders' equity (3) | 8.22% | 10.57% | 9.43% | 10.61% | 9.70% |
| EFFICIENCY | | | | | |
| Operating expenses to net operating income | 52.64% | 50.94% | 50.50% | 51.84% | 50.94% |
| Operating expenses to average total assets | 3.67% | 3.66% | 3.57% | 3.75% | 3.62% |

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| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Operating expenses to productive assets | 4.28% | 4.27% | 4.17% | 4.39% | 4.22% |
| CAPITAL ADEQUACY | | | | | |
| Shareholders' equity to total assets | 10.84% | 11.12% | 11.20% | 10.84% | 11.20% |
| Technical capital to risk weighted assets | 13.42% | 13.52% | 13.66% | 13.42% | 13.66% |
| KEY FINANCIAL HIGHLIGHTS | | | | | |
| Net income per ADS from continuing operations | 0.64 | 0.84 | 0.76 | 2.43 | 2.32 |
| Net income per share \$COP from continuing operations | 468.70 | 615.20 | 564.78 | 1,781.09 | 1,722.45 |
| P/BV ADS (4) | 1.46 | 1.48 | 1.29 | 1.46 | 1.29 |
| P/BV Local (5) (6) | 1.42 | 1.49 | 1.33 | 1.42 | 1.33 |
| P/E (7) from continuing operations | 17.68 | 14.29 | 13.93 | 13.96 | 13.71 |
| ADR price | 45.79 | 47.78 | 41.72 | 45.79 | 41.72 |
| Common share price (8) | 32,740 | 35,320 | 31,900 | 32,740 | 31,900 |
| 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) | 2,936.67 | 2,930.80 | 2,972.18 | 2,936.67 | 2,972.18 |

(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 September 30, 2018, Bancolombia's assets totaled COP 206,655 billion, which represents an increase of 1.0% compared to 2Q18 and of 1.3% compared to 3Q17.

During the quarter, the COP depreciated 1.4% versus the USD and over the past 12 months, it depreciated 1.2%.

The increase in total assets during the quarter is largely explained by the growth in the loan book and Interbank borrowings.

1.2. Loan Portfolio

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

| (COP Million) | Amounts in COP | | Amounts in USD converted to COP | | Amounts in USD (thousands) | | Total | |
|---------------------------|--------------------|---------------|------------------------------------|--------------|-------------------------------|--------------|--------------------|--------------|
| | 3Q18 | 3Q18/2Q18 | 3Q18 | 3Q18/2Q18 | 3Q18 | 3Q18/2Q18 | 3Q18 | 3Q18/2Q18 |
| Commercial loans | 74,995,180 | -1.72% | 37,489,526 | 3.42% | 12,613,478 | 1.98% | 112,484,706 | -0.07% |
| Consumer loans | 20,602,944 | 4.41% | 8,949,192 | 3.09% | 3,010,986 | 1.66% | 29,552,136 | 4.01% |
| Mortgage loans | 12,303,075 | 2.02% | 9,302,435 | 1.14% | 3,129,836 | -0.27% | 21,605,510 | 1.64% |
| Small business loans | 627,745 | 0.14% | 450,335 | 2.42% | 151,517 | 0.99% | 1,078,080 | 1.08% |
| Interests paid in advance | (2,502) | -16.95% | (1,878) | 13.85% | (632) | 12.27% | (4,380) | -6.05% |
| Gross loans | 108,526,442 | -0.18% | 56,189,610 | 2.98% | 18,905,184 | 1.54% | 164,716,053 | 0.87% |

In 3Q18, gross loans increased by 0.9% when compared to 2Q18. Peso-denominated loans grew 5.8% and the dollar-denominated loans decreased by 0.6% when compared to 3Q17. In comparison with 3Q17, total gross loans grew 4.0%.

As of September 30, 2018, the operations in Banco Agrícola 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 34.1% and increased by 3.0% during 3Q18 (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 9,988 billion, equivalent to 6.1% 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) | 3Q17 | 2Q18 | 3Q18 | 3Q18/2Q18 | 3Q18/3Q17 | % of total loans |
|--|--------------------|--------------------|--------------------|------------------|------------------|-------------------------|
| Commercial | 110,537,937 | 112,559,923 | 112,484,706 | -0.07% | 1.76% | 68.3% |
| Consumer | 26,505,346 | 28,413,584 | 29,552,136 | 4.01% | 11.50% | 17.9% |
| Mortgage | 20,287,544 | 21,256,724 | 21,605,510 | 1.64% | 6.50% | 13.1% |
| Microcredit | 1,078,436 | 1,066,597 | 1,078,080 | 1.08% | -0.03% | 0.7% |
| Interests received in advance | - | (4,662) | (4,380) | -6.05% | 100.00% | 0.0% |
| Total loan portfolio | 158,409,263 | 163,292,166 | 164,716,053 | 0.87% | 3.98% | 100.0% |
| Allowance for loan losses | (7,832,837) | (9,479,729) | (9,987,626) | 5.36% | 27.51% | |
| Total loans, net | 150,576,426 | 153,812,437 | 154,728,427 | 0.60% | 2.76% | |

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1.3. Investment Portfolio

As of September 30, 2018, Bancolombia's net investment portfolio totaled COP 15,721 billion, increasing by 0.7% from the end of 2Q18 and decreasing by 5.7% from the end of 3Q17. The investment portfolio consists primarily of debt securities, which represent 68.1% of Bancolombia's total investments and 5.2% of assets at the end of 3Q18.

At the end of 3Q18, the debt securities portfolio had a duration of 19.6 months and a weighted average yield to maturity of 4.3%.

1.4. Goodwill and intangibles

As of 3Q18, Bancolombia's goodwill and intangibles totaled COP 6,597 billion, increasing by 1.5% compared to 2Q18. This variation is explained by the depreciation of the COP against the USD during the quarter.

1.5. Funding

As of September 30, 2018, Bancolombia's liabilities totaled COP 181,788 billion, increasing by 0.7% from the end of 2Q18 and by 0.6% compared to 3Q17.

Deposits by customers totaled COP 130,335 billion (or 71.7% of liabilities) at the end of 3Q18, same figure when compared to 2Q18 and increasing by 1.9% over the last 12 months. The net loans to deposits ratio was 118.7% at the end of 3Q18.

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 | 3Q17 | | 2Q18 | | 3Q18 | |
|--------------------|-------------|-----|-------------|-----|-------------|-----|
| COP Million | | | | | | |
| Checking accounts | 20,232,549 | 12% | 20,405,763 | 12% | 20,436,265 | 12% |
| Saving accounts | 51,418,374 | 30% | 54,286,041 | 32% | 53,926,535 | 32% |

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| | | | | | | |
|--------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| Time deposits | 55,100,729 | 33% | 54,543,374 | 32% | 54,742,421 | 32% |
| Other deposits | 5,358,634 | 3% | 5,917,969 | 3% | 5,577,801 | 3% |
| Long term debt | 19,365,423 | 11% | 18,729,888 | 11% | 19,176,927 | 11% |
| Loans with banks | 17,935,827 | 11% | 15,357,472 | 9% | 16,922,913 | 10% |
| Total Funds | 169,411,536 | 100% | 169,240,507 | 100% | 170,782,862 | 100% |

1.6. Shareholders' Equity and Regulatory Capital

Shareholders' equity at the end of 3Q18 was COP 23,151 billion, increasing by 1.8% compared to 2Q18 and by 4.7% when compared to 3Q17.

Bancolombia's capital adequacy ratio was 13.66% in 3Q18, 466 basis points above the minimum 9% required by the Colombian regulator, while the basic capital ratio (Tier 1) to risk weighted assets was 10.24%, 574 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 3Q18.

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

TECHNICAL CAPITAL RISK WEIGHTED**ASSETS**

| Consolidated (COP millions) | 3Q17 | % | 2Q18 | % | 3Q18 | % |
|--|-------------|---------------|-------------|---------------|-------------|---------------|
| Basic capital (Tier I) | 17,897,207 | 10.28% | 18,856,171 | 10.02% | 19,331,181 | 10.24% |
| Additional capital (Tier II) | 5,474,092 | 3.14% | 6,584,425 | 3.50% | 6,449,636 | 3.42% |
| Technical capital ⁽¹⁾ | 23,371,299 | | 25,440,595 | | 25,780,818 | |
| Risk weighted assets including market risk | 174,129,964 | | 188,204,931 | | 188,734,013 | |
| CAPITAL ADEQUACY ⁽²⁾ | | 13.42% | | 13.73% | | 13.66% |

(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 543 billion in 3Q18, or COP 564.78 per share - USD 0.76 per ADR. This net income represents a decrease of 8.2% compared to 2Q18 and an increase of 20.5% compared to 3Q17. Bancolombia's annualized ROE for 3Q18 was 9.4%.

2.1. Net Interest Income

Net interest income totaled COP 2,568 billion in 3Q18, 0.9% more than the one reported in 2Q18, and 0.6% more than the figure for 3Q17. During the quarter, the Net Interest Income was impacted negatively by the implementation of IFRS 9 during 2018, which caused a reduction of COP 107 billion.

During 3Q18, the investment, interest rate derivatives and repos portfolio generated COP 133 billion, up by 4.6% from 2Q18.

Net Interest Margin

The annualized net interest margin decreased to 5.8% in 3Q18. The annualized net interest margin for investments was 1.9%, and the annualized net interest margin of the loan portfolio was 6.1%, decreasing compared to the one reported in 2Q18.

| Annualized Interest Margin | 3Q17 | 2Q18 | 3Q18 |
|-----------------------------------|-------------|-------------|-------------|
| Loans' Interest margin | 6.3% | 6.2% | 6.1% |
| Debt investments' margin | 0.9% | 1.3% | 1.9% |
| Net interest margin | 5.8% | 5.9% | 5.8% |

Total funding cost decreased during 3Q18, 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 funding as in 2Q18, and the annualized average weighted cost of deposits was 2.86% in 3Q18, decreasing 9 basis point compared to 2Q18 and 46 basis points compared to 3Q17.

Average weighted

| funding cost | 3Q17 | 2Q18 | 3Q18 |
|---------------------------|--------------|--------------|--------------|
| Checking accounts | 0.00% | 0.00% | 0.00% |
| Saving accounts | 2.28% | 1.84% | 1.82% |
| Time deposits | 5.46% | 5.16% | 4.97% |
| Total deposits | 3.32% | 2.95% | 2.86% |
| Long term debt | 6.11% | 5.91% | 6.01% |
| Loans with banks | 2.52% | 2.24% | 2.31% |
| Total funding cost | 3.49% | 3.17% | 3.13% |

2.2.

Fees and Income from Services

During 3Q18, net fees and income from services totaled COP 631 billion, decreasing by 2.1% compared to 2Q18, and increasing by 4.1% compared to 3Q17. The positive annual performance in fees compared with 3Q17 is due to higher volumes of transactions and the good performance of credit and debit cards and trust services.

3Q18

Fees from credit and debit cards decreased by 3.1% compared to 2Q18 and increased by 24.9% compared to 3Q17. Fees from asset management and trust services increased by 2.5% compared to 2Q18 and 11.5% compared to 3Q17, due to an increase in the assets under management. Fees from our bancassurance business increased by 2.9% compared to 2Q18 and decreased by 2.3% with respect to 3Q17.

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

| ACCUMULATED CREDIT CARD BILLING | | | % | 2018 |
|--|------------------|-------------------|---------------|---------------|
| (COP millions) | Jul-17 | Jul-18 | Growth | Market Share |
| Bancolombia VISA | 3,802,517 | 4,730,834 | 24.41% | 11.36% |
| Bancolombia Mastercard | 3,292,170 | 3,693,732 | 12.20% | 8.87% |
| Bancolombia American Express | 2,206,341 | 2,063,843 | -6.46% | 4.96% |
| Total Bancolombia | 9,301,029 | 10,488,410 | 12.77% | 25.19% |
| Colombian Credit Card Market | 38,132,076 | 41,630,259 | 9.17% | |

| CREDIT CARD MARKET SHARE | | | % | 2018 |
|---------------------------------|------------------|------------------|--------------|---------------|
| (Outstanding credit cards) | Jul-17 | Jul-18 | Growth | Market Share |
| Bancolombia VISA | 768,281 | 848,018 | 10.38% | 5.03% |
| Bancolombia Mastercard | 897,269 | 951,642 | 6.06% | 5.64% |
| Bancolombia American Express | 582,746 | 565,617 | -2.94% | 3.35% |
| Total Bancolombia | 2,248,296 | 2,365,277 | 5.20% | 14.02% |
| Colombian Credit Card Market | 16,689,834 | 16,875,543 | 1.11% | |

Source: Superintendencia Financiera de Colombia

2.3.**Other Operating Income**

Total other operating income was COP 374 billion in 3Q18, increasing by 8.9% compared to 2Q18 and by 5.9% compared to 3Q17.

Revenues from the operating leases totaled COP 159 billion in 3Q18, increasing by 1.4% compared to 2Q18 and by 11.6% compared to those reported in 3Q17. 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 8,119 billion at the end of 3Q18 and represented 5.1% of total gross loans, decreasing by 1.3% compared to 2Q18, when past due loans represented 5.2% of total gross loans. During 3Q18, Charge-offs totaled COP 956 billion.

The coverage, measured by the ratio of allowances for loans losses (principal) to PDLs (overdue 30 days), was 112.2% at the end of 3Q18, increasing compared to 105.4% at the end of 2Q18.

Regarding IFRS 9 implementation, during 2018 the bank has been refining the estimates of ECL models (Expected Credit Loss) as revealed in 1Q18 and during 3Q18, the bank adjusted the initial impact to COP 1,004 billion from COP 599 billion as reported in 1Q18. The bank is still fine tuning the final impact for the year.

The effect of this increase in allowances for loans losses (principal) improved the coverage ratio during the 3Q18.

3Q18

The deterioration of the loan portfolio (new past due loans including charge-offs) was COP 847 billion in 3Q18. During the quarter, the 30-day NPLs in SMEs improved significantly. Provision charges (net of recoveries) totaled COP 1,009 billion in 3Q18.

Provisions as a percentage of the average gross loans were 2.5% for 3Q18 and 2.4% for the last 12 months.

Cost of risk excluding the corporate cases (Electricaribe, Ruta del Sol and Consorcio Express) was 1.7% for 3Q18 and 1.9% 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 9,111 billion, or 5.7% of total loans at the end of 3Q18, increasing as compared to 2Q18.

The following tables present key metrics related to asset quality:

| ASSET QUALITY (COP millions) | As of | | |
|--|--------------|-------------|-------------|
| | 3Q17 | 2Q18 | 3Q18 |
| Total 30-day past due loans | 6,873,306 | 8,228,079 | 8,118,514 |
| Allowance for loan losses (1) | 7,111,020 | 8,672,006 | 9,111,049 |
| Past due loans to total loans | 4.50% | 5.20% | 5.09% |
| Allowances to past due loans | 103.46% | 105.40% | 112.23% |
| Allowance for loan losses as a percentage of total loans | 4.65% | 5.48% | 5.71% |

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

| PDL Per Category | % Of loan Portfolio | 30 days | | |
|-------------------------|----------------------------|----------------|--------------|--------------|
| | | 3Q17 | 2Q18 | 3Q18 |
| Commercial loans | 68.3% | 3.42% | 4.42% | 4.29% |
| Consumer loans | 17.9% | 5.81% | 5.78% | 5.61% |
| Mortgage loans | 13.1% | 8.01% | 8.10% | 8.06% |
| Microcredit | 0.7% | 13.38% | 12.30% | 11.75% |
| PDL TOTAL | | 4.50% | 5.20% | 5.09% |

| PDL Per Category | % Of loan Portfolio | 90 days | | |
|-------------------------|----------------------------|----------------|-------------|-------------|
| | | 3Q17 | 2Q18 | 3Q18 |

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| | | | | |
|------------------|-------|--------------|--------------|--------------|
| Commercial loans | 68.3% | 2.69% | 3.48% | 3.64% |
| Consumer loans | 17.9% | 3.02% | 3.18% | 2.97% |
| Mortgage loans* | 13.1% | 3.37% | 3.65% | 3.63% |
| Microcredit | 0.7% | 9.39% | 8.39% | 8.08% |
| PDL TOTAL | | 2.88% | 3.48% | 3.55% |

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

2.5.

Operating Expenses

During 3Q18, operating expenses totaled COP 1,844 billion, decreasing by 0.8% with respect to 2Q18 and by 1.3% with respect to 3Q17. The annual decrease in operating expenses is explained by the reduction in the network of branches, personal expenses and tax contributions and other tax burden

Personnel expenses (salaries, bonus plan payments and compensation) totaled COP 754 billion in 3Q18, increasing by 1.0% compared to 2Q18 and by 1.8% compared to 3Q17.

During 3Q18, administrative expenses totaled COP 735 billion, increasing by 0.9% compared to 2Q18 and by decreasing 1.4% as compared to 3Q17.

3Q18

Depreciation and amortization expenses totaled COP 132 billion in 3Q18, increasing by 16.8% compared to 2Q18 and by 9.8% compared to 3Q17.

As of September 30, 2018, Bancolombia had 30,973 employees, owned 1,041 branches, 5,849 ATMs, 11,495 banking agents and served more than 13 million customers.

2.6.

Taxes

Income tax expense was COP 213 billion for 3Q18, increasing by 9.5% when compared to the income tax registered in 2Q18, and decreasing by 13.0% compared to 3Q17.

3Q18

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)

ASSETS

| | Quarter | | | Growth | |
|----------------------|--------------------|--------------------|--------------------|---------------|--------------|
| | 3Q17 | 2Q18 | 3Q18 | 3Q18/2Q18 | 3Q18/3Q17 |
| Gross loans | 111,608,945 | 115,783,278 | 115,612,740 | -0.15% | 3.59% |
| Allowances for loans | (6,712,563) | (7,856,741) | (8,276,291) | 5.34% | 23.30% |
| Investments | 18,625,027 | 17,475,344 | 17,353,442 | -0.70% | -6.83% |
| Other assets | 16,749,333 | 16,591,837 | 17,203,478 | 3.69% | 2.71% |
| Total assets | 140,270,741 | 141,993,718 | 141,893,370 | -0.07% | 1.16% |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | | |
|---|--------------------|--------------------|--------------------|----------------|----------------|
| Deposits | 82,093,223 | 84,699,371 | 84,645,861 | -0.06% | 3.11% |
| Other liabilities | 41,925,678 | 40,878,095 | 40,921,449 | 0.11% | -2.40% |
| Total liabilities | 124,018,901 | 125,577,467 | 125,567,310 | -0.01% | 1.25% |
| Shareholders' equity | 16,251,839 | 16,416,251 | 16,326,059 | -0.55% | 0.46% |
| Total liabilities and shareholders' equity | 140,270,741 | 141,993,718 | 141,893,370 | -0.07% | 1.16% |
| Interest income | 3,236,032 | 3,095,540 | 3,011,024 | -2.73% | -6.95% |
| Interest expense | (1,257,962) | (1,123,555) | (1,085,060) | -3.43% | -13.74% |
| Net interest income | 1,978,069 | 1,971,985 | 1,925,963 | -2.33% | -2.63% |
| Net provisions | (869,353) | (859,887) | (895,289) | 4.12% | 2.98% |
| Fees and income from service, net | 387,612 | 411,235 | 402,785 | -2.05% | 3.91% |
| Other operating income | 201,592 | 125,722 | 151,372 | 20.40% | -24.91% |
| Total operating expense | (1,276,077) | (1,300,889) | (1,248,111) | -4.06% | -2.19% |
| Profit before tax | 421,844 | 348,166 | 336,721 | -3.29% | -20.18% |
| Income tax | (169,069) | (59,446) | (154,113) | 159.25% | -8.85% |
| Net income | 252,775 | 288,720 | 182,608 | -36.75% | -27.76% |

BANISTMO- PANAMA**CONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT**

(COP million)

ASSETS

| | Quarter | | | Growth | |
|--|---------|------|------|-----------|-----------|
| | 3Q17 | 2Q18 | 3Q18 | 3Q18/2Q18 | 3Q18/3Q17 |

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| | | | | | |
|----------------------|-------------------|-------------------|-------------------|--------------|---------------|
| Gross loans | 22,322,227 | 22,167,293 | 22,519,736 | 1.59% | 0.88% |
| Allowances for loans | (406,655) | (661,934) | (708,515) | 7.04% | 74.23% |
| Investments | 2,737,570 | 2,931,835 | 3,067,872 | 4.64% | 12.07% |
| Other assets | 4,296,165 | 3,043,765 | 3,272,935 | 7.53% | -23.82% |
| Total assets | 28,949,307 | 27,480,959 | 28,152,028 | 2.44% | -2.75% |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | | |
|---|-------------------|-------------------|-------------------|--------------|---------------|
| Deposits | 18,810,084 | 18,889,905 | 18,694,296 | -1.04% | -0.62% |
| Other liabilities | 7,231,648 | 5,684,741 | 6,444,067 | 13.36% | -10.89% |
| Total liabilities | 26,041,732 | 24,574,646 | 25,138,364 | 2.29% | -3.47% |
| Shareholders' equity | 2,907,575 | 2,906,313 | 3,013,664 | 3.69% | 3.65% |
| Total liabilities and shareholders' equity | 28,949,307 | 27,480,959 | 28,152,028 | 2.44% | -2.75% |

| | | | | | |
|-----------------------------------|----------------|----------------|----------------|---------------|----------------|
| Interest income | 376,618 | 373,342 | 405,220 | 8.54% | 7.59% |
| Interest expense | (144,872) | (137,495) | (149,987) | 9.09% | 3.53% |
| Net interest income | 231,746 | 235,847 | 255,233 | 8.22% | 10.13% |
| Net provisions | (69,109) | (55,805) | (60,257) | 7.98% | -12.81% |
| Fees and income from service, net | 47,669 | 47,691 | 46,634 | -2.22% | -2.17% |
| Other operating income | 4,625 | 13,914 | 10,886 | -21.77% | 135.35% |
| Total operating expense | (154,744) | (156,007) | (154,720) | -0.83% | -0.02% |
| Profit before tax | 60,188 | 85,641 | 97,776 | 14.17% | 62.45% |
| Income tax | (22,617) | (17,049) | (17,133) | 0.49% | -24.25% |
| Net income | 37,571 | 68,592 | 80,642 | 17.57% | 114.64% |

3Q18

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

(COP million)

ASSETS

| | Quarter | | | Growth | |
|----------------------|-------------------|-------------------|-------------------|--------------|--------------|
| | 3Q17 | 2Q18 | 3Q18 | 3Q18/2Q18 | 3Q18/3Q17 |
| Gross loans | 9,040,300 | 9,256,233 | 9,629,506 | 4.03% | 6.52% |
| Allowances for loans | (352,015) | (359,688) | (388,956) | 8.14% | 10.49% |
| Investments | 478,909 | 635,680 | 673,037 | 5.88% | 40.54% |
| Other assets | 3,420,320 | 3,386,062 | 3,143,424 | -7.17% | -8.10% |
| Total assets | 12,587,515 | 12,918,288 | 13,057,010 | 1.07% | 3.73% |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | | |
|---|-------------------|-------------------|-------------------|----------------|---------------|
| Deposits | 8,689,015 | 9,256,571 | 9,331,147 | 0.81% | 7.39% |
| Other liabilities | 2,342,984 | 2,095,057 | 2,094,468 | -0.03% | -10.61% |
| Total liabilities | 11,031,999 | 11,351,628 | 11,425,615 | 0.65% | 3.57% |
| Shareholders' equity | 1,555,516 | 1,566,659 | 1,631,395 | 4.13% | 4.88% |
| Total liabilities and shareholders' equity | 12,587,515 | 12,918,288 | 13,057,010 | 1.07% | 3.73% |
| Interest income | 228,409 | 223,878 | 227,039 | 1.41% | -0.60% |
| Interest expense | (67,324) | (61,597) | (62,622) | 1.66% | -6.98% |
| Net interest income | 161,085 | 162,282 | 164,417 | 1.32% | 2.07% |
| Net provisions | (28,304) | (13,731) | (26,953) | 96.29% | -4.77% |
| Fees and income from service, net | 43,033 | 44,980 | 45,789 | 1.80% | 6.40% |
| Other operating income | (8,025) | 929 | 721 | -22.31% | -108.99% |
| Total operating expense | (98,675) | (104,647) | (104,288) | -0.34% | 5.69% |
| Profit before tax | 69,114 | 89,812 | 79,686 | -11.27% | 15.30% |
| Income tax | (20,880) | (29,394) | (35,665) | 21.33% | 70.81% |
| Net income | 48,234 | 60,417 | 44,021 | -27.14% | -8.73% |

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

(COP million)

ASSETS

| | Quarter | | | Growth | |
|----------------------|-------------------|-------------------|-------------------|--------------|--------------|
| | 3Q17 | 2Q18 | 3Q18 | 3Q18/2Q18 | 3Q18/3Q17 |
| Gross loans | 8,511,380 | 9,106,278 | 9,182,744 | 0.84% | 7.89% |
| Allowances for loans | (155,975) | (384,277) | (433,581) | 12.83% | 177.98% |
| Investments | 1,721,330 | 1,437,613 | 1,452,086 | 1.01% | -15.64% |
| Other assets | 1,864,607 | 2,030,708 | 2,102,252 | 3.52% | 12.75% |
| Total assets | 11,941,343 | 12,190,322 | 12,303,501 | 0.93% | 3.03% |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | | |
|---|-------------------|-------------------|-------------------|----------------|----------------|
| Deposits | 8,261,134 | 8,533,909 | 8,552,252 | 0.21% | 3.52% |
| Other liabilities | 2,371,227 | 2,470,407 | 2,568,322 | 3.96% | 8.31% |
| Total liabilities | 10,632,361 | 11,004,317 | 11,120,574 | 1.06% | 4.59% |
| Non-controlling interest | 20,261 | 19,531 | 19,987 | 2.34% | -1.35% |
| Shareholders' equity | 1,288,720 | 1,166,475 | 1,162,940 | -0.30% | -9.76% |
| Total liabilities and shareholders' equity | 11,941,343 | 12,190,322 | 12,303,501 | 0.93% | 3.03% |
| Interest income | 212,929 | 202,170 | 246,278 | 21.82% | 15.66% |
| Interest expense | (89,680) | (88,918) | (96,249) | 8.24% | 7.32% |
| Net interest income | 123,248 | 113,252 | 150,030 | 32.47% | 21.73% |
| Net provisions | (24,915) | (45,573) | (47,990) | 5.30% | 92.62% |
| Fees and income from service, net | 25,263 | 30,440 | 26,700 | -12.28% | 5.69% |
| Other operating income | 12,496 | 12,207 | 10,576 | -13.36% | -15.36% |
| Total operating expense | (110,422) | (100,934) | (122,841) | 21.70% | 11.25% |
| Profit before tax | 25,670 | 9,391 | 16,475 | 75.44% | -35.82% |
| Income tax | (8,441) | (1,203) | 287 | -123.83% | -103.40% |
| Net income before non-controlling interest | 17,229 | 8,188 | 16,762 | 104.72% | -2.71% |
| Non-controlling interest | (853) | (611) | (746) | 22.12% | -12.56% |
| Net income | 16,376 | 7,577 | 16,016 | 111.38% | -2.20% |

3Q18

4. RECENT DEVELOPMENTS

July 18, 2018. Bancolombia S.A. announced that it issued and placed in the Colombian market its public offering of its Green Notes in an aggregate amount of COP 300,000 million. The amount being offered is of up to COP 200,000 million, with the possibility of increasing the size of the issue by allocating up to COP 100,000 million more. Demand for this issuance was for COP 565,516 million, equivalent to approximately 2.83 times the offered amount.

Banca de Inversión Bancolombia S.A. Corporación Financiera acted as lead arranger and Bancolombia S.A. and Valores Bancolombia S.A. Comisionista de Bolsa acted as joint bookrunners for the offering.

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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 13 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)

| | Sep-17 | Jun-18 | Sep-18 | Growth sep-18 / jun-18 | sep-18 / sep-17 | % of Assets |
|--|--------------------|--------------------|--------------------|------------------------------|--------------------|----------------|
| ASSETS | | | | | | |
| Cash and balances at central bank | 14,945,466 | 13,056,537 | 13,860,509 | 6.16% | -7.26% | 6.71% |
| Interbank borrowings | 2,810,198 | 1,023,666 | 1,797,802 | 75.62% | -36.03% | 0.87% |
| Reverse repurchase agreements and other similar secured lend | 810,128 | 2,346,958 | 1,693,536 | -27.84% | 109.05% | 0.82% |
| Financial assets investments | 16,664,585 | 15,606,305 | 15,721,358 | 0.74% | -5.66% | 7.61% |
| Derivative financial instruments | 1,316,828 | 1,058,922 | 1,168,618 | 10.36% | -11.26% | 0.57% |
| Loans and advances to customers | 158,409,263 | 163,292,166 | 164,716,053 | 0.87% | 3.98% | 79.71% |
| Allowance for loan and lease losses | (7,832,837) | (9,479,729) | (9,987,626) | 5.36% | 27.51% | -4.83% |
| Investment in associates and joint ventures | 1,595,238 | 1,749,572 | 1,802,640 | 3.03% | 13.00% | 0.87% |
| Goodwill and Intangible assets, net | 6,526,087 | 6,501,382 | 6,597,390 | 1.48% | 1.09% | 3.19% |
| Premises and equipment, net | 3,150,714 | 3,072,268 | 3,171,141 | 3.22% | 0.65% | 1.53% |
| Investment property | 1,690,594 | 1,709,787 | 1,702,201 | -0.44% | 0.69% | 0.82% |
| Prepayments | 357,337 | 289,113 | 316,419 | 9.44% | -11.45% | 0.15% |
| Tax receivables | 871,142 | 683,588 | 867,368 | 26.88% | -0.43% | 0.42% |
| Deferred tax | 711,680 | 1,135,930 | 732,206 | -35.54% | 2.88% | 0.35% |
| Assets held for sale and inventories | 302,437 | 466,468 | 566,908 | 21.53% | 87.45% | 0.27% |
| Other assets | 1,764,016 | 2,040,413 | 1,928,805 | -5.47% | 9.34% | 0.93% |
| Total assets | 204,092,876 | 204,553,346 | 206,655,328 | 1.03% | 1.26% | 100.00% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| Deposit by customers | 127,891,132 | 130,318,773 | 130,334,802 | 0.01% | 1.91% | 63.07% |
| Interbank Deposits | 1,087,444 | 1,548,842 | 1,889,628 | 22.00% | 73.77% | 0.91% |
| Derivative financial instrument | 966,207 | 971,813 | 969,802 | -0.21% | 0.37% | 0.47% |
| Borrowings from other financial institutions | 16,848,383 | 13,808,630 | 15,033,285 | 8.87% | -10.77% | 7.27% |
| Debt securities in issue | 19,365,423 | 18,729,888 | 19,176,927 | 2.39% | -0.97% | 9.28% |
| Preferred shares | 568,005 | 554,439 | 569,017 | 2.63% | 0.18% | 0.28% |
| Repurchase agreements and other similar secured borrowing | 4,219,154 | 4,834,374 | 4,348,220 | -10.06% | 3.06% | 2.10% |
| Liabilities relating to assets held for sale | - | 121,737 | 154,790 | 27.15% | 0.00% | 0.07% |
| Current tax | 857,168 | 404,676 | 571,045 | 41.11% | -33.38% | 0.28% |
| Deferred tax | 1,885,322 | 2,384,920 | 1,873,392 | -21.45% | -0.63% | 0.91% |
| Employees benefit plans | 127,867 | 131,171 | 130,911 | -0.20% | 2.38% | 0.06% |
| Other liabilities | 6,915,040 | 6,718,882 | 6,736,495 | 0.26% | -2.58% | 3.26% |
| Total liabilities | 180,731,145 | 180,528,145 | 181,788,314 | 0.70% | 0.58% | 87.97% |
| SHAREHOLDERS' EQUITY | | | | | | |
| Share Capital | 480,914 | 480,914 | 480,914 | 0.00% | 0.00% | 0.23% |
| Additional paid-in-capital | 4,857,454 | 4,857,454 | 4,857,454 | 0.00% | 0.00% | 2.35% |
| Appropriated reserves | 9,061,138 | 9,943,469 | 9,940,172 | -0.03% | 9.70% | 4.81% |
| Retained earnings | 5,226,878 | 4,948,950 | 5,288,377 | 6.86% | 1.18% | 2.56% |
| Accumulated other comprehensive income (loss), net of tax | 2,490,464 | 2,508,599 | 2,584,195 | 3.01% | 3.76% | 1.25% |
| Stockholders' equity attributable to the owners of the parent company | 22,116,848 | 22,739,386 | 23,151,113 | 1.81% | 4.68% | 11.20% |
| Non-controlling interest | 1,244,883 | 1,285,815 | 1,715,901 | 33.45% | 37.84% | 0.83% |
| Total liabilities and equity | 204,092,876 | 204,553,346 | 206,655,328 | 1.03% | 1.26% | 100.00% |

3Q18

| INCOME STATEMENT (COP million) | As of | | Growth | | | | Growth | |
|---|-------------------|-------------------|-----------------|------------------|------------------|------------------|---------------|---------------|
| | Sep-17 | Sep-18 | sep-18 / sep-17 | 3Q 17 | 2Q 18 | 3Q 18 | 3Q18 / 2Q18 | 3Q18 / 3Q |
| Interest income and expenses | | | | | | | | |
| Interest on loans and financial leases | | | | | | | | |
| Commercial | 6,043,797 | 5,385,931 | -10.88% | 1,968,634 | 1,780,210 | 1,812,679 | 1.82% | -7.92% |
| Consumer | 2,800,098 | 3,067,506 | 9.55% | 990,309 | 1,023,691 | 1,049,558 | 2.53% | 5.98% |
| Small business loans | 178,411 | 165,859 | -7.04% | 60,666 | 53,978 | 58,144 | 7.72% | -4.16% |
| Mortgage | 1,419,479 | 1,415,765 | -0.26% | 434,229 | 479,320 | 441,353 | -7.92% | 1.64% |
| Leasing | 1,559,348 | 1,424,001 | -8.68% | 501,359 | 473,344 | 462,748 | -2.24% | -7.70% |
| Interest income on loans and financial leases | 12,001,133 | 11,459,062 | -4.52% | 3,955,197 | 3,810,543 | 3,824,482 | 0.37% | -3.30% |
| Interest income on overnight and market funds | 20,256 | 25,323 | 25.01% | 8,697 | 8,415 | 8,490 | 0.89% | -2.38% |
| Interest and valuation on Investments | | | | | | | | |
| Debt investments, net | 120,110 | 91,669 | -23.68% | 38,621 | 45,099 | 2,244 | -95.02% | -94.19% |
| Net gains from investment activities at fair value through income statement | | | | | | | | |
| Debt investments | 500,080 | 319,654 | -36.08% | 133,105 | 92,976 | 143,275 | 54.10% | 7.64% |
| Derivatives | (34,234) | 11,396 | 133.29% | (7,138) | 2,589 | (3,404) | -231.48% | -52.31% |
| Repos | (79,787) | (40,583) | -49.14% | (28,232) | (17,339) | (12,780) | -26.29% | -54.73% |
| Other | 6,514 | (8,486) | -230.27% | 3,639 | 3,460 | 3,246 | -6.18% | -10.80% |
| Total Net gains from investment activities at fair value through profit and loss | 392,573 | 281,981 | -28.17% | 101,374 | 81,686 | 130,337 | 59.56% | 28.57% |
| Total Interest and valuation on | 512,683 | 373,650 | -27.12% | 139,995 | 126,785 | 132,581 | 4.57% | -5.30% |

investments

| | | | | | | | | |
|---|--------------------|--------------------|----------------|--------------------|--------------------|--------------------|----------------|----------------|
| Total interest and valuation | 12,534,072 | 11,858,035 | -5.39% | 4,103,889 | 3,945,743 | 3,965,553 | 0.50% | -3.37% |
| Interest expense | | | | | | | | |
| Borrowing costs | (524,306) | (420,795) | -19.74% | (173,700) | (136,393) | (149,133) | 9.34% | -14.14% |
| Overnight funds | (13,376) | (12,117) | -9.41% | (4,900) | (3,300) | (6,949) | 110.58% | 41.82% |
| Debt securities in issue | (886,522) | (844,390) | -4.75% | (287,593) | (274,277) | (285,000) | 3.91% | -0.90% |
| Deposits | (3,247,786) | (2,896,754) | -10.81% | (1,066,944) | (966,268) | (937,961) | -2.93% | -12.09% |
| Preferred Shares Dividends | (43,734) | (43,734) | 0.00% | (14,578) | (14,065) | (14,578) | 3.65% | 0.00% |
| Other interest (expense) | (11,656) | (13,221) | 13.43% | (4,179) | (5,336) | (3,557) | -33.34% | -14.88% |
| Total interest expenses | (4,727,380) | (4,231,011) | -10.50% | (1,551,894) | (1,399,639) | (1,397,178) | -0.18% | -9.97% |
| Net interest margin and valuation income on financial instruments before impairment on loans and financial leases and off balance sheet credit instruments | 7,806,692 | 7,627,024 | -2.30% | 2,551,995 | 2,546,104 | 2,568,375 | 0.87% | 0.64% |
| Credit impairment charges on loans and advance and financial leases | (2,807,138) | (3,221,594) | 14.76% | (1,053,109) | (1,097,310) | (1,160,246) | 5.74% | 10.17% |
| Recovery of charged-off loans | 251,232 | 329,258 | 31.06% | 83,866 | 121,069 | 123,786 | 2.24% | 47.60% |
| Credit impairment charges on/recoveries on off balance sheet credit instruments | 24,429 | 25,891 | 5.98% | 1,959 | 4,105 | 17,167 | 318.20% | 776.31% |
| Credit impairment charges/recoveries on investments | - | 10,669 | 0.00% | - | - | 10,669 | 0.00% | 0.00% |
| Total credit impairment charges, net | (2,531,477) | (2,855,776) | 12.81% | (967,284) | (972,136) | (1,008,624) | 3.75% | 4.27% |
| Net interest margin and valuation income on financial instruments after | 5,275,215 | 4,771,248 | -9.55% | 1,584,711 | 1,573,968 | 1,559,751 | -0.90% | -1.58% |

**impairment on
loans and financial
leases and off
balance sheet
credit instruments**

**Fees and
comissions income**

| | | | | | | | | |
|---|------------------|------------------|--------------|----------------|----------------|----------------|--------------|--------------|
| Banking services | 651,681 | 583,312 | -10.49% | 219,732 | 176,679 | 191,189 | 8.21% | -12.99% |
| Credit and debit card fees and commercial establishments | 867,316 | 1,058,300 | 22.02% | 288,434 | 371,756 | 360,294 | -3.08% | 24.91% |
| Brokerage | 15,753 | 21,274 | 35.05% | 4,323 | 8,852 | 6,639 | -25.00% | 53.57% |
| Acceptances and Guarantees | 42,658 | 43,749 | 2.56% | 15,829 | 18,679 | 14,076 | -24.64% | -11.07% |
| Trust | 263,931 | 298,345 | 13.04% | 91,891 | 99,946 | 102,465 | 2.52% | 11.51% |
| Bancassurance | 278,082 | 302,241 | 8.69% | 106,444 | 101,040 | 103,984 | 2.91% | -2.31% |
| Payments and Collections | 166,097 | 194,143 | 16.89% | 61,823 | 65,079 | 66,573 | 2.30% | 7.68% |
| Other | 320,564 | 311,981 | -2.68% | 94,971 | 99,685 | 100,389 | 0.71% | 5.70% |
| Fees and comission income | 2,606,082 | 2,813,345 | 7.95% | 883,447 | 941,716 | 945,609 | 0.41% | 7.04% |

**Fees and comission
expenses**

| | | | | | | | | |
|--|------------------|------------------|---------------|------------------|------------------|------------------|--------------|---------------|
| Banking services | (288,482) | (320,834) | 11.21% | (98,731) | (105,511) | (109,859) | 4.12% | 11.27% |
| Other | (471,035) | (536,564) | 13.91% | (178,204) | (191,521) | (204,404) | 6.73% | 14.70% |
| Fees and comission expenses | (759,517) | (857,398) | 12.89% | (276,935) | (297,032) | (314,263) | 5.80% | 13.48% |

| | | | | | | | | |
|---|------------------|------------------|--------------|----------------|----------------|----------------|---------------|--------------|
| Total fees and comissions, net | 1,846,565 | 1,955,947 | 5.92% | 606,512 | 644,684 | 631,346 | -2.07% | 4.09% |
|---|------------------|------------------|--------------|----------------|----------------|----------------|---------------|--------------|

**Other operating
income**

| | | | | | | | | |
|---|------------------|------------------|---------------|----------------|----------------|----------------|--------------|--------------|
| Derivatives FX contracts | (12,474) | 17,242 | 238.22% | 4,936 | 135,678 | 67,192 | -50.48% | 1261.26% |
| Net foreign exchange | 251,382 | 72,242 | -71.26% | 48,770 | (104,373) | (51,849) | -50.32% | -206.31% |
| Hedging | (2,900) | 10,244 | 453.24% | (88) | 7,023 | 3,657 | -47.93% | 4255.68% |
| Operating leases | 416,597 | 459,912 | 10.40% | 142,148 | 156,489 | 158,636 | 1.37% | 11.60% |
| Gains (or losses) on sale of assets | 13,448 | 38,154 | 183.72% | 1,971 | 8,524 | 18,259 | 114.21% | 826.38% |
| Other reversals | 1,628 | 2,581 | 58.54% | 364 | 1,079 | 674 | -37.53% | 85.16% |
| Other | 406,302 | 436,084 | 7.33% | 155,290 | 139,246 | 177,767 | 27.66% | 14.47% |
| Total other operating income | 1,073,983 | 1,036,459 | -3.49% | 353,391 | 343,666 | 374,336 | 8.92% | 5.93% |

**Dividends
received, and
share of profits of
equity method
investees**

| | | | | | | | | |
|--|------------------|------------------|----------------|------------------|------------------|------------------|----------------|----------------|
| Dividends | 21,096 | 44,475 | 110.82% | 4,351 | 17,474 | 15,288 | -12.51% | 251.37% |
| Equity investments | (35,150) | 25,202 | 171.70% | 4,760 | 23,130 | 4,874 | -78.93% | 2.39% |
| Equity method | 104,493 | 171,541 | 64.17% | 27,805 | 74,363 | 57,923 | -22.11% | 108.32% |
| Impairment charges on joint ventures | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Total dividends received, and share of profits of equity method investees | 90,439 | 241,218 | 166.72% | 36,916 | 114,967 | 78,085 | -32.08% | 111.52% |
| Total operating income, net | 8,286,202 | 8,004,872 | -3.40% | 2,581,530 | 2,677,285 | 2,643,518 | -1.26% | 2.40% |

3Q18

| INCOME STATEMENT (COP million) | As of | | Growth | | | | Growth | |
|--|--------------------|--------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Sep-17 | Sep-18 | sep-18 / sep-17 | 3Q 17 | 2Q 18 | 3Q 18 | 3Q18 / 2Q18 | 3Q18 / 2Q17 |
| Operating expenses | | | | | | | | |
| Salaries and employee benefits | (1,862,659) | (1,946,538) | 4.50% | (607,697) | (653,969) | (650,487) | -0.53% | 7.04% |
| Bonuses | (434,478) | (315,893) | -27.29% | (132,340) | (91,815) | (103,085) | 12.27% | -22.1% |
| Other administrative and general expenses | (2,078,597) | (2,164,458) | 4.13% | (745,306) | (727,846) | (734,640) | 0.93% | -1.4% |
| Tax contributions and other tax burden | (643,969) | (549,817) | -14.62% | (203,726) | (211,681) | (158,956) | -24.91% | -21.1% |
| Impairment, depreciation and amortization | (356,395) | (363,211) | 1.91% | (120,144) | (112,948) | (131,879) | 16.76% | 9.77% |
| Other expenses | (180,341) | (192,329) | 6.65% | (58,956) | (60,742) | (65,316) | 7.53% | 10.7% |
| Equity Tax | (51,220) | - | -100.00% | - | - | - | 0.00% | 0.00% |
| Total operating expenses | (5,607,659) | (5,532,246) | -1.34% | (1,868,169) | (1,859,001) | (1,844,363) | -0.79% | -1.2% |
| Profit before tax | 2,678,543 | 2,472,626 | -7.69% | 713,361 | 818,284 | 799,155 | -2.34% | 12.0% |
| Income tax | (893,042) | (719,582) | -19.42% | (245,307) | (195,002) | (213,442) | 9.46% | -12.1% |
| Profit for the year from continuing operations | 1,785,501 | 1,753,044 | -1.82% | 468,054 | 623,282 | 585,713 | -6.03% | 25.1% |
| Non-controlling interest | (72,402) | (96,349) | 33.08% | (17,248) | (31,566) | (42,494) | 34.62% | 146.1% |
| Net income attributable to equity holders of the Parent Company | 1,713,099 | 1,656,695 | -3.29% | 450,806 | 591,716 | 543,219 | -8.20% | 20.5% |

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: November 7, 2018 By: /s/ JAIME ALBERTO VELÁSQUEZ B.

Name: Jaime Alberto Velásquez B.

Title: Vice President of Strategy and Finance