

BANCOLOMBIA SA  
Form 6-K  
February 21, 2017

**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 February, 2017

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 ☐

Edgar Filing: BANCOLOMBIA SA - Form 6-K

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

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 p

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

**BANCOLOMBIA S.A. (NYSE: CIB; BVC: BCOLOMBIA, PFBCOLOM) REPORTS CONSOLIDATED NET INCOME OF 2.86 TRILLION FOR 2016 WHICH REPRESENTS AN INCREASE OF 14% COMPARED TO 2015 AND 1.13 TRILLION FOR THE FOURTH QUARTER OF 2016, WHICH REPRESENTS AN INCREASE OF 87% COMPARED TO THE PREVIOUS QUARTER.**

**Net interest income was 9.69 trillion and grew 34.1% for 2016.** This strong growth is explained by an expansion of the net interest margin and by higher volumes in peso-denominated loans. Net interest income grew 28.1% for the quarter when compared to 4Q15.

**The net interest margin was 6.0% for the year.** The margin increased 90 basis points in the last year.

**Net fees were 2.31 trillion and increased by 16.4% for 2016.** This solid growth was mainly driven by an increase in fees related to banking services, credit and debit cards, and distribution of insurance products through the bank's network. Net fees increased by 16.9% for the quarter when compared to 4Q15.

**Net income before taxes was 3.96 trillion and grew 22.6% for 2016.** This growth shows the good performance of the business and tighter cost control. Net income before taxes grew 4.7% in 4Q16 when compared to 4Q15.

**Efficiency was 51.0% for 2016.** Higher net interest income as well as a tighter control on the growth of expenses led to an improvement in efficiency for the year. Efficiency was 54.1% for the quarter.

**Tier 1 was 9.02% for 2016.** The capital adequacy ratio was 13.26%. The current levels of capital respond to a suitable capital structure for the performance of the business.

**ROE was 14.5% for 2016.** Higher than the one reported in 2015 of 13.62%, which shows the good results of the business combined with the tighter cost control during the year. The ROE for the quarter was 22.1%.

February 21, 2017. Medellin, Colombia – Today, BANCOLOMBIA S.A. (“Bancolombia” or “the Bank”) announced its earnings results for the fourth quarter of 2016<sup>1</sup>. For the quarter ended on December 31, 2016 (“4Q16”), Bancolombia reported consolidated net income of COP 1.13 trillion, or COP 1,175.87 per share - USD 1.57 per ADR. This net income represents 87.3% increase compared to the quarter ended on September 30, 2016 (“3Q16”) and an increase of 72.3% compared to the quarter ended on December 31, 2015 (“4Q15”).

All data, results, and analyses shown in this report, treat Tuya S.A. as a discontinued operation. For this reason, Bancolombia does not consolidate this operation in its financial statements and makes reference to it through a separate line on its Balance Sheet and Income Statement.

1. This report corresponds to the interim unaudited consolidated financial statements 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. These financial statements have been prepared in accordance with International Financial Reporting Standards – IFRS. BANCOLOMBIA maintains accounting records in Colombian pesos, referred to herein as “Ps.” or “COP”. The statements of income for the quarter ended December 31, 2016 are not necessarily indicative of the results for any other future interim period. For more information, please refer to the Bank's filings with the Securities and Exchange Commission, which are available on the Commission's website at [www.sec.gov](http://www.sec.gov). **CAUTIONARY NOTE REGARDING CHANGES IN THE BANK’S ACCOUNTING POLICIES:** Beginning on January 1, 2015, the financial statements of BANCOLOMBIA are being prepared under IFRS. 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, January 1, 2017 \$3,000.71 = US\$ 1

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

| (COP million)                               | Quarter<br>4Q15 | 3Q16         | 4Q16         | Growth    |            |   |  |
|---------------------------------------------|-----------------|--------------|--------------|-----------|------------|---|--|
|                                             |                 |              |              | 4Q16/3Q16 | 4Q16/4Q15  |   |  |
| <b>ASSETS</b>                               |                 |              |              |           |            |   |  |
| Net Loans                                   | 140,371,884     | 142,554,723  | 145,125,575  | 1.80      | % 3.39     | % |  |
| Investments                                 | 14,277,824      | 13,123,822   | 13,060,653   | -0.48     | % -8.52    | % |  |
| Other assets                                | 38,323,159      | 35,467,695   | 38,074,816   | 7.35      | % -0.65    | % |  |
| Total assets                                | 192,972,867     | 191,146,240  | 196,261,044  | 2.68      | % 1.70     | % |  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                 |              |              |           |            |   |  |
| Deposits                                    | 122,202,090     | 118,676,308  | 124,965,867  | 5.30      | % 2.26     | % |  |
| Other liabilities                           | 50,362,858      | 51,440,546   | 48,818,197   | -5.10     | % -3.07    | % |  |
| Total liabilities                           | 172,564,948     | 170,116,854  | 173,784,064  | 2.16      | % 0.71     | % |  |
| Non-controlling interest                    | 1,128,470       | 1,134,566    | 1,209,397    | 6.60      | % 7.17     | % |  |
| Shareholders' equity                        | 19,279,449      | 19,894,820   | 21,267,583   | 6.90      | % 10.31    | % |  |
| Total liabilities and shareholders' equity  | 192,972,867     | 191,146,240  | 196,261,044  | 2.68      | % 1.70     | % |  |
| Interest income                             | 3,088,030       | 4,093,446    | 4,094,749    | 0.03      | % 32.60    | % |  |
| Interest expense                            | (1,165,072 )    | (1,592,914 ) | (1,631,492 ) | 2.42      | % 40.03    | % |  |
| Net interest income                         | 1,922,958       | 2,500,532    | 2,463,257    | -1.49     | % 28.10    | % |  |
| Net provisions                              | (463,810 )      | (791,399 )   | (771,510 )   | -2.51     | % 66.34    | % |  |
| Fees and income from service, net           | 505,699         | 590,871      | 590,991      | 0.02      | % 16.87    | % |  |
| Other operating income                      | 377,671         | 311,190      | 473,105      | 52.03     | % 25.27    | % |  |
| Total Dividends received and equity method  | 96,388          | 62,854       | 16,165       | -74.28    | % -83.23   | % |  |
| Total operating expense                     | (1,622,285 )    | (1,647,567 ) | (1,916,395 ) | 16.32     | % 18.13    | % |  |
| Profit before tax                           | 816,621         | 1,026,481    | 855,613      | -16.65    | % 4.77     | % |  |
| Income tax                                  | (98,904 )       | (388,950 )   | 125,866      | -132.36   | % -227.26  | % |  |
| Net income before non-controlling interest  | 717,717         | 637,531      | 981,479      | 53.95     | % 36.75    | % |  |
| Non-controlling interest                    | (45,752 )       | (26,349 )    | (6,304 )     | -76.07    | % -86.22   | % |  |
| Net income before Discontinued Operations   | 671,965         | 611,182      | 975,175      | 59.56     | % 45.12    | % |  |
| Discontinued Operations Net Income          | (15,613 )       | (7,258 )     | 155,804      | -2246.65  | % -1097.91 | % |  |
| Net income                                  | 656,352         | 603,924      | 1,130,979    | 87.27     | % 72.31    | % |  |

| PRINCIPAL RATIOS                                              | 4Q 15 | Quarter<br>3Q 16 | 4Q 16  | As of<br>4Q15 | 4Q16   |   |  |
|---------------------------------------------------------------|-------|------------------|--------|---------------|--------|---|--|
| <b>PROFITABILITY</b>                                          |       |                  |        |               |        |   |  |
| Net interest margin (1) from continuing operations            | 5.11  | % 6.18           | % 5.98 | % 5.25        | % 5.96 | % |  |
| Return on average total assets (2) from continuing operations | 1.51  | % 1.29           | % 2.34 | % 1.53        | % 1.49 | % |  |

Edgar Filing: BANCOLOMBIA SA - Form 6-K

|                                                       |             |   |             |   |             |   |             |   |             |   |
|-------------------------------------------------------|-------------|---|-------------|---|-------------|---|-------------|---|-------------|---|
| Return on average shareholders' equity (3)            | 13.83       | % | 12.43       | % | 22.06       | % | 13.62       | % | 14.52       | % |
| <b>EFFICIENCY</b>                                     |             |   |             |   |             |   |             |   |             |   |
| Operating expenses to net operating income            | 56.03       | % | 47.54       | % | 54.08       | % | 54.57       | % | 51.02       | % |
| Operating expenses to average total assets            | 3.65        | % | 3.48        | % | 3.97        | % | 3.62        | % | 3.64        | % |
| Operating expenses to productive assets               | 4.32        | % | 4.07        | % | 4.65        | % | 4.28        | % | 4.29        | % |
| <b>CAPITAL ADEQUACY</b>                               |             |   |             |   |             |   |             |   |             |   |
| Shareholders' equity to total assets                  | 9.96        | % | 10.41       | % | 10.84       | % | 9.96        | % | 10.84       | % |
| Technical capital to risk weighted assets             | 12.46       | % | 13.47       | % | 13.26       | % | 12.46       | % | 13.26       | % |
| <b>KEY FINANCIAL HIGHLIGHTS</b>                       |             |   |             |   |             |   |             |   |             |   |
| Net income per ADS from continuing operations         | 0.89        |   | 0.88        |   | 1.57        |   | 3.30        |   | 3.97        |   |
| Net income per share \$COP from continuing operations | 698.63      |   | 635.44      |   | 1,175.87    |   | 2,595.45    |   | 2,979.05    |   |
| P/BV ADS (4)                                          | 1.05        |   | 1.36        |   | 1.24        |   | 1.05        |   | 1.24        |   |
| P/BV Local (5) (6)                                    | 1.05        |   | 1.26        |   | 1.14        |   | 1.05        |   | 1.14        |   |
| P/E (7) from continuing operations                    | 7.52        |   | 10.64       |   | 5.59        |   | 8.10        |   | 8.83        |   |
| ADR price                                             | 26.75       |   | 39.04       |   | 36.68       |   | 26.75       |   | 36.68       |   |
| Common share price (8)                                | 20,980      |   | 26,100      |   | 25,220      |   | 20,980      |   | 25,220      |   |
| 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)                       | 3,149.47    |   | 2,880.08    |   | 3,000.71    |   | 3,149.47    |   | 3,000.71    |   |

(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.

# 1. BALANCE SHEET

## 1.1. Assets

As of December 31, 2016, Bancolombia's assets totaled COP 196,261 billion, which represents an increase of 2.7% compared to 3Q16 and of 1.7% compared to 4Q15.

During the quarter, the COP depreciated 4.2% versus the USD and appreciated 4.7% over the past 12 months. The increase in total assets is largely explained by the growth in cash and an increase in the position of investment and Interbank Deposits.

## 1.2. Loan Portfolio

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

| (COP Million)             | Amounts in COP |           |           | Amounts in USD<br>converted to COP |           | Amounts in USD<br>(thousands) |           | Total       |           |
|---------------------------|----------------|-----------|-----------|------------------------------------|-----------|-------------------------------|-----------|-------------|-----------|
| (1 USD = 3000.71 COP)     | 4Q16           | 4Q16/3Q16 | 4Q16/3Q16 | 4Q16                               | 4Q16/3Q16 | 4Q16                          | 4Q16/3Q16 | 4Q16        | 4Q16/3Q16 |
| Commercial loans          | 68,267,153     | 1.89 %    |           | 39,083,051                         | 1.38 %    | 13,024,601                    | -2.69 %   | 107,350,204 | 1.70 %    |
| Consumer loans            | 15,312,697     | 7.99 %    |           | 8,867,014                          | 5.60 %    | 2,954,972                     | 1.36 %    | 24,179,711  | 7.10 %    |
| Mortgage loans *          | 10,351,905     | -8.13 %   |           | 8,801,804                          | 6.31 %    | 2,933,241                     | 2.04 %    | 19,153,710  | -2.01 %   |
| Small business loans      | 674,290        | -1.45 %   |           | 389,657                            | 8.57 %    | 129,855                       | 4.20 %    | 1,063,947   | 2.00 %    |
| Interests paid in advance | (86 )          | -99.60 %  |           | -                                  | -         | -                             | -         | (86 )       | -99.60 %  |
| Gross loans               | 94,605,959     | 1.58 %    |           | 57,141,527                         | 2.80 %    | 19,042,669                    | -1.33 %   | 151,747,486 | 2.04 %    |

\* A portion of mortgage loans was reclassified into Commercial loans because of the merger between Leasing Bancolombia S.A. and Bancolombia S.A.

The quarter 4Q16 shows an increase in gross loans of 2.0%. Consumer loans grew the fastest for the quarter. In addition, in comparison with a year ago, total gross loans grew 4.2%.

Gross loans denominated in currencies different from COP product of our operation in El Salvador, Panama and Guatemala decreased 1.33% and accounted for 37.7% at the end of 4Q16.

Total reserves (allowances in the balance sheet) for loan losses increased by 7.8% during 4Q16 and totaled COP 6,622 billion, equivalent to 4.4% 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)                 | 4Q15         | 3Q16         | 4Q16         | 4Q16/3Q16 | 4Q16/4Q15 | % of total loans |   |       |   |
|-------------------------------|--------------|--------------|--------------|-----------|-----------|------------------|---|-------|---|
| Commercial                    | 104,359,215  | 105,552,675  | 107,350,204  | 1.70      | %         | 2.87             | % | 70.7  | % |
| Consumer                      | 21,391,494   | 22,576,659   | 24,179,711   | 7.10      | %         | 13.03            | % | 15.9  | % |
| Mortgage                      | 18,981,641   | 19,548,639   | 19,153,710   | -2.02     | %         | 0.91             | % | 12.6  | % |
| Microcredit                   | 889,157      | 1,043,099    | 1,063,947    | 2.00      | %         | 19.66            | % | 0.7   | % |
| Interests received in advance | (868 )       | (21,560 )    | (86 )        | -99.60    | %         | -90.09           | % | 0.0   | % |
| Total loan portfolio          | 145,620,639  | 148,699,512  | 151,747,486  | 2.05      | %         | 4.21             | % | 100.0 | % |
| Allowance for loan losses     | (5,248,755 ) | (6,144,789 ) | (6,621,911 ) | 7.76      | %         | 26.16            | % |       |   |
| Total loans, net              | 140,371,884  | 142,554,723  | 145,125,575  | 1.80      | %         | 3.39             | % |       |   |

#### 1.3.

#### Investment Portfolio

As of December 31, 2016, Bancolombia's net investment portfolio totaled COP 13,060 billion, decreasing 0.5% compared to the figure reported in 3Q16 and 8.5% compared to 4Q15. The investment portfolio consists primarily of debt securities, which represent 65.4% of Bancolombia's total investments and 4.4% of assets at the end of 4Q16.



At the end of 4Q16, the debt securities portfolio had a duration of 17.3 months and a yield to maturity of 6.51%.

#### 1.4. Goodwill and intangibles

As of 4Q16, Bancolombia's goodwill and intangibles totaled COP 6,694 billion, increasing 3.9% compared to 3Q16. This variation is explained by the depreciation of the COP against the USD during the quarter.

#### 1.5. Funding

As of December 31, 2016, Bancolombia's liabilities totaled COP 173,784 billion, increasing 2.2% with respect to 3Q16 and 0.7% compared to 4Q15.

Deposits by customers totaled COP 124,624 billion (or 71.7% of liabilities) at the end of 4Q16, increasing 5.5% during the quarter and 2.3% over the last 12 months. The net loans to deposits ratio (including borrowings from domestic development banks) was 111% at the end of 4Q16, which marks a decrease in comparison to the 115% reported in 3Q16.

Bancolombia's funding strategy during the last months has been to extend the average life of time deposits and promote saving 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 increase the sensitivity of the balance sheet to changes in the interest rates, which has been reflected in the stability of the loans net interest margin. This strategy, added to the Central Bank's rate hikes, increased the cost of deposits during the year.

| <b>Funding mix</b> | <b>4Q15</b> |       | <b>3Q16</b> |       | <b>4Q16</b> |       |
|--------------------|-------------|-------|-------------|-------|-------------|-------|
| COP Million        |             |       |             |       |             |       |
| Checking accounts  | 23,646,578  | 15 %  | 19,931,491  | 13 %  | 21,443,002  | 13 %  |
| Saving accounts    | 47,813,680  | 29 %  | 44,887,650  | 29 %  | 48,693,702  | 30 %  |
| Time deposits      | 48,713,789  | 30 %  | 48,178,387  | 31 %  | 52,673,385  | 32 %  |
| Other deposits     | 2,860,437   | 2 %   | 3,053,935   | 2 %   | 3,737,932   | 2 %   |
| Long term debt     | 19,435,865  | 12 %  | 17,732,263  | 12 %  | 18,704,809  | 11 %  |
| Loans with banks   | 20,121,246  | 12 %  | 20,220,384  | 13 %  | 19,247,699  | 12 %  |
| Total Funds        | 162,591,595 | 100 % | 154,004,110 | 100 % | 164,500,529 | 100 % |

#### 1.6. Shareholders' Equity and Regulatory Capital

Shareholders' equity at the end of 4Q16 was COP 21,268 billion, increasing 6.9% or COP 1,373 billion, with respect to the COP 19,895 billion reported at the end of 3Q16.

Bancolombia's capital adequacy ratio was 13.26% in 4Q16. This figure highlights the company's solid capital position.

Bancolombia's capital adequacy ratio was 426 basis points above the minimum 9% required by the Colombian regulator, while the basic capital ratio (Tier 1) to risk weighted assets was 9.02%, 452 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 7.54% at the end of 4Q16.

In the last months, Bancolombia has generated capital organically due to the appropriation of earnings and to the best allocation of capital in different products, at the same time Bancolombia has reduced the VaR consumption in several segments.

TECHNICAL CAPITAL RISK

WEIGHTED ASSETS

| Consolidated (COP millions)               | 4Q15        | %       | 3Q16        | %       | 4Q16        | %       |
|-------------------------------------------|-------------|---------|-------------|---------|-------------|---------|
| Basic capital (Tier I)                    | 12,552,622  | 7.51 %  | 15,007,177  | 9.05 %  | 15,042,396  | 9.02 %  |
| Additional capital (Tier II)              | 8,268,887   | 4.95 %  | 7,331,326   | 4.42 %  | 7,069,448   | 4.24 %  |
| Technical capital <sup>(1)</sup>          | 20,821,509  |         | 22,338,504  |         | 22,111,844  |         |
| Risk weighted assets included market risk | 167,168,400 |         | 165,869,856 |         | 166,781,426 |         |
| <b>CAPITAL ADEQUACY <sup>(2)</sup></b>    |             | 12.46 % |             | 13.47 % |             | 13.26 % |

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

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

## 2. INCOME STATEMENT

Net income totaled COP 1.13 trillion in 4Q16, or COP 1,175.87 per share - USD 1.57 per ADR (excluding discontinued operations). This net income represents an increase of 87.3% compared to 3Q16 and 72.3% compared to 4Q15. This increase in net income, in the quarter, is explained by a good performance in fees and income from Interest-rate derivatives, a valuation of the TUYA S.A investment and a decrease in the tax income provision. Bancolombia's annualized ROE for 4Q16 was 22.1% and 14.5% for 2016.

### 2.1. Net Interest Income

Net interest income totaled COP 2,463 billion in 4Q16, 1.5% less than that reported in 3Q16, and 28.1% higher than the figure for 4Q15. Higher volumes in peso-denominated loans and increases in loan margin drove the positive annual and quarterly performance of this line. Of this annual increase in revenue, BAM contributes 6.4% (23% of marginal variation).

During 4Q16, the investment, interest rate derivatives and repos portfolio generated COP 139 billion.

### Net Interest Margin

The annualized net interest margin decreased to 6.0% in 4Q16. The annualized net interest margin for investments was -0.5%, and the annualized net interest margin of the loan portfolio was 6.5%.

The re-pricing of existing loans, the origination of new loans at higher rates and higher volumes in the peso-denominated loan portfolio were the factors that drove the net interest margin expansion of 90 basis points during the year.

| Annualized Interest Margin | 4Q15   | 3Q16  | 4Q16   |
|----------------------------|--------|-------|--------|
| Loans' Interest margin     | 5.6 %  | 6.4 % | 6.5 %  |
| Debt investments' margin   | -0.5 % | 3.2 % | -0.5 % |
| Net interest margin        | 5.1 %  | 6.2 % | 6.0 %  |

The funding cost was kept under control during 4Q16 despite the increases in the reference rate of the Colombian Central Bank in the first half of the year. Savings and checking accounts represented the same proportion of the total cost of funding as the one presented last quarter, and the annualized average weighted cost of deposits was 3.58% in 4Q16, increasing 13 basis points compared to 3Q16.

| Average weighted<br>funding cost | 4Q15   | 3Q16   | 4Q16   |
|----------------------------------|--------|--------|--------|
| Checking accounts                | 0.00 % | 0.00 % | 0.00 % |
| Saving accounts                  | 1.63 % | 1.80 % | 2.36 % |
| Time deposits                    | 4.41 % | 6.31 % | 6.08 % |
| Total deposits                   | 2.47 % | 3.45 % | 3.58 % |
| Long term debt                   | 6.36 % | 7.56 % | 7.13 % |
| Loans with banks                 | 2.37 % | 2.86 % | 2.86 % |
| Total funding cost               | 2.92 % | 3.88 % | 3.89 % |

## 2.2.

## Fees and Income from Services

During 4Q16, net fees and income from services totaled COP 591 billion, which was the same when compared to 3Q16, and increasing 16.9% with respect to 4Q15. The positive performance in fees is due to higher volumes of transactions and the good performance of banking services, trust and trade products and bancassurance.

Fees from credit and debit cards decreased 1.7% compared to 3Q16 and increased 1.5% compared to 4Q15. Fees from asset management and trust services increased 5.8% compared to 3Q16 and 15.7% compared to 4Q15. Fees from our bancassurance business increased 30.0% compared to 3Q16 and 26.0% with respect to 4Q15, thanks to the successful cross-selling initiatives led by our sales teams.

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

| ACCUMULATED CREDIT CARD BILLING<br>(COP millions) | Nov-15     | Nov-16     | %<br>Growth | 2016<br>Market Share |   |
|---------------------------------------------------|------------|------------|-------------|----------------------|---|
| Bancolombia VISA                                  | 3,555,511  | 4,645,212  | 30.65 %     | 8.82                 | % |
| Bancolombia Mastercard                            | 4,017,227  | 4,614,562  | 14.87 %     | 8.76                 | % |
| Bancolombia American Express                      | 3,735,152  | 3,582,770  | -4.08 %     | 6.80                 | % |
| Total Bancolombia                                 | 11,307,890 | 12,842,544 | 13.57 %     | 24.37                | % |
| Colombian Credit Card Market                      | 44,125,204 | 52,687,967 | 19.41 %     |                      |   |

| CREDIT CARD MARKET SHARE<br>(Outstanding credit cards) | Nov-15     | Nov-16     | %<br>Growth | 2016<br>Market Share |   |
|--------------------------------------------------------|------------|------------|-------------|----------------------|---|
| Bancolombia VISA                                       | 592,854    | 677,623    | 14.30 %     | 5.66                 | % |
| Bancolombia Mastercard                                 | 739,876    | 80,534     | 8.85 %      | 6.73                 | % |
| Bancolombia American Express                           | 659,952    | 600,523    | -9.01 %     | 5.02                 | % |
| Total Bancolombia                                      | 1,992,682  | 2,083,486  | 4.56 %      | 17.41                | % |
| Colombian Credit Card Market                           | 10,690,977 | 11,964,444 | 11.91 %     |                      |   |

Source: Superintendencia Financiera de Colombia

### 2.3.

### Other Operating Income

Total other operating income was COP 473 billion in 4Q16, increasing by 52.0% compared to 3Q16, and by 25.3% with respect to 4Q15.

Revenues aggregated in the operating leases line totaled COP 139 billion in 4Q16, increasing by 16.6% compared to 3Q16 and 11.1% compared to those reported in 4Q15.

Additionally, an income of COP 95 billion associated to valuation of investment property (real estate) was registered during the quarter.

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

The capital balance for past due loans (those that are overdue for more than 30 days) totaled COP 4,835 billion at the end of 4Q16 and represented 3.3% of total gross loans, showing a slight decrease compared to 3Q16. During 4Q16, Charge-offs totaled COP 358 billion in 4Q16.

The coverage, measured by the ratio of allowances for loans losses (principal) to PDLs (overdue 30 days), was 125.9% at the end of 4Q16, increasing compared to 115.9% in 3Q16. Likewise, the coverage measured by the ratio of allowances for loans losses to loans classified as C, D and E, was 82.1% at the end of 4Q16, decreasing with respect to the 88.0% reported in 3Q16.

The deterioration of the loan portfolio (new past due loans including charge-offs) was COP 347 billion in 4Q16. During the quarter, the rhythm in loan deterioration was reduced due to strict criteria of origination in new loans. Provision charges (net of recoveries) totaled COP 772 billion in 4Q16. Provisions as a percentage of the average gross loans were 2.1% for 4Q16 and 1.8% for the year.

Bancolombia maintains a strong balance sheet supported by an adequate level of loan loss reserves. Allowances for loan losses totaled COP 6,088 billion, or 4.0% of total loans at the end of 4Q16. This proportion is equal to the one presented at the end of 3Q16.

The following tables present key metrics related to asset quality:

| ASSET QUALITY<br>(COP millions)                                     | As of<br>4Q15 |   | 3Q16      |   | 4Q16      |   |
|---------------------------------------------------------------------|---------------|---|-----------|---|-----------|---|
| Total 30-day past due loans                                         | 4,188,287     |   | 4,846,737 |   | 4,835,329 |   |
| Allowance for loan losses (1)                                       | 4,823,393     |   | 5,618,658 |   | 6,087,510 |   |
| Past due loans to total loans                                       | 2.98          | % | 3.38      | % | 3.31      | % |
| “C”, “D” and “E” loans as a percentage of total loans               | 3.95          | % | 4.45      | % | 5.07      | % |
| Allowances to past due loans                                        | 115.16        | % | 115.93    | % | 125.90    | % |
| Allowance for loan losses as a percentage of “C”, “D” and “E” loans | 87.00         | % | 87.95     | % | 82.08     | % |
| Allowance for loan losses as a percentage of total loans            | 3.43          | % | 3.92      | % | 4.17      | % |

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

| PDL Per Category |                     |   | 30 days |        |         |
|------------------|---------------------|---|---------|--------|---------|
|                  | % Of loan Portfolio |   | 4Q15    | 3Q16   | 4Q16    |
| Commercial loans | 70.7                | % | 2.08 %  | 2.28 % | 2.16 %  |
| Consumer loans   | 15.9                | % | 4.74 %  | 5.24 % | 5.23 %  |
| Microcredit      | 0.7                 | % | 7.59 %  | 8.61 % | 10.46 % |
| Mortgage loans   | 12.6                | % | 6.03 %  | 7.05 % | 6.73 %  |
| PDL TOTAL        |                     |   | 2.98 %  | 3.38 % | 3.31 %  |

| PDL Per Category |                     |   | 90 days |        |        |
|------------------|---------------------|---|---------|--------|--------|
|                  | % Of loan Portfolio |   | 4Q15    | 3Q16   | 4Q16   |
| Commercial loans | 70.7                | % | 1.33 %  | 1.69 % | 1.69 % |
| Consumer loans   | 15.9                | % | 3.06 %  | 3.62 % | 3.60 % |
| Microcredit      | 0.7                 | % | 5.05 %  | 5.75 % | 6.47 % |
| Mortgage loans*  | 12.6                | % | 2.81 %  | 2.78 % | 2.81 % |
| PDL TOTAL        |                     |   | 1.79 %  | 2.15 % | 2.18 % |

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



|                                                      |             |        |   |             |        |   |             |        |
|------------------------------------------------------|-------------|--------|---|-------------|--------|---|-------------|--------|
| (millions)                                           |             |        |   |             |        |   |             |        |
| Normal                                               | 127,370,372 | 90.66  | % | 128,474,109 | 89.56  | % | 131,568,504 | 90.03  |
| Subnormal                                            | 7,585,730   | 5.40   | % | 8,583,528   | 5.98   | % | 7,163,549   | 4.90   |
| Deficient                                            | 2,366,866   | 1.68   | % | 2,836,803   | 1.98   | % | 3,460,961   | 2.37   |
| Doubtful recovery                                    | 1,684,517   | 1.20   | % | 2,065,667   | 1.44   | % | 2,338,717   | 1.60   |
| Unrecoverable                                        | 1,492,441   | 1.07   | % | 1,486,034   | 1.04   | % | 1,616,607   | 1.10   |
|                                                      | 140,499,927 | 100.00 | % | 143,446,141 | 100.00 | % | 146,148,339 | 100.00 |
| Assets and financial leases classified as C, D and E |             |        |   |             |        |   |             |        |
| Percentage of total loans and financial leases       | 3.95        |        | % | 4.45        |        | % | 5.07        | %      |

## 2.5.

## Operating Expenses

During 4Q16, operating expenses totaled COP 1,916 billion, increasing 16.3% with respect to 3Q16 and 18.1% with respect to 4Q15. Of this annual increase in personnel expenses, BAM contributes 5.6% (31% of the marginal increase). The operating expenses of 2016 increased 18.3% when compared to 2015 and of this annual increase; BAM contributes 7.4% (40% of the marginal increase). The operating expenses of 2016 were impacted by a higher average FX, which caused dollar-denominated expenses to represent more pesos when converted.

Personnel expenses (salaries, bonus plan payments and compensation) totaled COP 780 billion in 4Q16, increasing 20.2% compared to 3Q16 and 33.7% compared to 4Q15. Of this annual growth in personnel expenses, BAM contributes 7.0% (21% of the marginal increase). During the quarter, we had additional charges for vacation, employee benefits and bonuses.

During 4Q16, administrative expenses totaled COP 766 billion, increasing 15.6% compared to 3Q16 and 15.1% as compared to 4Q15. Of this annual growth in administrative expenses, BAM contributes 3.2% (21% of the marginal increase).

Depreciation and amortization expenses totaled COP 118 billion in 4Q16, decreasing 9.6% compared to 3Q16 and 9.3% compared to 4Q15.

As of December 31, 2016, Bancolombia had 31,598 employees (34,567 including TUYA S.A. employees), owned 1,167 branches, 5,943 ATMs, 8,212 banking agents and served more than 11 million customers.

## 2.6.

## Taxes

The income tax was COP 1.17 billion for the year 2016, which in turn led to an effective tax rate of 30%. There was a tax reversion on the income tax of COP 126 billion in 4Q16.

This tax reversion in the provision of the income tax during the fourth quarter occurred after the income statement was finalized, meaning there was certainty about the payable taxes based on the income generated during the fiscal period. Usually, this adjustment occurs at the end of each year.

Additionally, there was a reversion for the compensation of fiscal credits. Also, the tax reform approved in December 2016, had an impact on deferred taxes due to the fact that statutory tax rates were lower than those previously estimated.

3. RECENT DEVELOPMENTS

October 21, 2016, Bancolombia announced that, the sale agreement announced on a press release on July 1st, 2015, pursuant to which Bancolombia, transferred to Almacenes Éxito S.A 50% of the shares of Compañía de Financiamiento Tuya S.A (“Tuya”), entered into effect. The total purchase price of the transaction was COP 79 billion. As a result of this transaction, Tuya will be controlled jointly by Éxito and Bancolombia.

The valuation of the joint venture generated a revenue net of taxes of COP 161 billion. This net income is shown under “Discontinued Operations Net Income”.

Bancolombia announced the completion of an offering of ordinary bonds in an aggregate principal amount of COP 350 billion, with a term of 7 years and a rate of IBR + 2.20% monthly (30/360).

The bonds are referred to as Green Bonds because the proceeds from the offering will be used to finance sustainability projects to combat the climate changes, associated with renewable energies and sustainable constructions. The International Finance Corporation IFC, member of the World Bank Group, acquired all the bonds of the offering.

4. 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 11 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) 4041838 / (574) 4043917.

**E-mail:** IR@bancolombia.com.co

**Contacts:** Alejandro Mejia (IR Manager) / Camilo Arbelaez (Analyst) / Juliana Álvarez (Analyst)

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

## BALANCE SHEET

(COP million)

## ASSETS

|                                                              | Dec-15       | Sep-16       | Dec-16       | Growth<br>dec-16 /<br>sep-16 |   |
|--------------------------------------------------------------|--------------|--------------|--------------|------------------------------|---|
| Cash and balances at central bank                            | 14,295,163   | 13,087,952   | 16,216,907   | 23.91                        | % |
| Interbank borrowings                                         | 999,220      | 2,212,050    | 1,606,506    | -27.37                       | % |
| Reverse repurchase agreements and other similar secured lend | 3,303,231    | 914,849      | 2,636,832    | 188.23                       | % |
| Investments                                                  | 14,277,824   | 13,123,822   | 13,060,653   | -0.48                        | % |
| Derivative financial instruments - Assets                    | 2,382,168    | 1,933,884    | 1,677,970    | -13.23                       | % |
| Loans and advances to customers                              | 145,620,639  | 148,699,512  | 151,747,486  | 2.05                         | % |
| Allowance for loan and lease losses                          | (5,248,755 ) | (6,144,789 ) | (6,621,911 ) | 7.76                         | % |
| Investment in associates and joint ventures                  | 546,549      | 548,942      | 1,298,246    | 136.50                       | % |
| Goodwill and Intangible assets                               | 7,092,255    | 6,440,741    | 6,694,037    | 3.93                         | % |
| Premises and equipment                                       | 3,052,266    | 3,225,383    | 3,115,697    | -3.40                        | % |
| Investment property                                          | 1,505,046    | 1,560,880    | 1,581,689    | 1.33                         | % |
| Prepayments                                                  | 292,416      | 299,532      | 310,759      | 3.75                         | % |
| Tax receivables                                              | 899,485      | 1,002,199    | 581,153      | -42.01                       | % |
| Deferred tax                                                 | 170,482      | 633,097      | 222,862      | -64.80                       | % |
| Assets held for sale                                         | 1,950,808    | 2,365,713    | 273,187      | -88.45                       | % |
| Other assets                                                 | 1,834,070    | 1,242,473    | 1,858,971    | 49.62                        | % |
| Total assets                                                 | 192,972,867  | 191,146,240  | 196,261,044  | 2.68                         | % |

## LIABILITIES AND SHAREHOLDERS' EQUITY

## LIABILITIES

|                                                           |             |             |             |         |   |
|-----------------------------------------------------------|-------------|-------------|-------------|---------|---|
| Deposit by customers                                      | 121,802,028 | 118,173,035 | 124,624,011 | 5.46    | % |
| Interbank Deposits                                        | 400,062     | 503,273     | 341,856     | -32.07  | % |
| Derivative financial instrument - Liabilities             | 1,930,609   | 1,569,061   | 1,312,450   | -16.35  | % |
| Borrowings from other financial institutions              | 19,721,184  | 19,717,111  | 18,905,843  | -4.11   | % |
| Debt securities in issue                                  | 19,435,865  | 17,732,263  | 18,704,809  | 5.48    | % |
| Preferred shares                                          | 580,959     | 566,992     | 581,972     | 2.64    | % |
| Repurchase agreements and other similar secured borrowing | 1,232,456   | 1,878,382   | 1,924,010   | 2.43    | % |
| Tax liabilities                                           | 193,949     | 984,342     | 124,802     | -87.32  | % |
| Deferred tax liabilities                                  | 834,392     | 1,554,015   | 1,325,354   | -14.71  | % |
| Employee pension plan                                     | 546,422     | 133,042     | 650,802     | 389.17  | % |
| Liabilities relating to assets held for sale              | 1,605,133   | 1,989,799   | -           | -100.00 | % |
| Other liabilities                                         | 4,281,889   | 5,315,539   | 5,288,155   | -0.52   | % |
| Total liabilities                                         | 172,564,948 | 170,116,854 | 173,784,064 | 2.16    | % |

## SHAREHOLDERS' EQUITY

|                                                                    |             |             |             |       |   |
|--------------------------------------------------------------------|-------------|-------------|-------------|-------|---|
| Capital                                                            | 480,914     | 480,914     | 480,914     | 0.00  | % |
| Additional paid-in-capital                                         | 4,857,454   | 4,857,454   | 4,857,454   | 0.00  | % |
| Appropriate reserves                                               | 5,877,379   | 7,144,904   | 7,472,409   | 4.58  | % |
| Retained earnings                                                  | 5,850,588   | 5,520,896   | 6,380,657   | 15.57 | % |
| Cumulative other comprehensive income                              | 2,213,114   | 1,890,652   | 2,076,149   | 9.81  | % |
| Stockholders' equity attributable the owners of the parent company | 19,279,449  | 19,894,820  | 21,267,583  | 6.90  | % |
| Non-controlling interest                                           | 1,128,470   | 1,134,566   | 1,209,397   | 6.60  | % |
| Total liabilities and stockholders' equity                         | 192,972,867 | 191,146,240 | 196,261,044 | 2.68  | % |



| INCOME STATEMENT<br>(COP million)                                                | As of<br>Dec-15 | Dec-16      | Growth<br>dec-16 /<br>dec-15 |   | 4Q 15       | 3Q 16       | 4Q 16       | Growth<br>4Q 16 /<br>3Q 16 |   | 4Q 16<br>4Q 15 |
|----------------------------------------------------------------------------------|-----------------|-------------|------------------------------|---|-------------|-------------|-------------|----------------------------|---|----------------|
| Interest income and expenses                                                     |                 |             |                              |   |             |             |             |                            |   |                |
| Interest on loans                                                                |                 |             |                              |   |             |             |             |                            |   |                |
| Commercial                                                                       | 5,487,993       | 7,952,627   | 44.91                        | % | 1,524,846   | 2,072,964   | 2,130,624   | 2.78                       | % | 39.73          |
| Consumer                                                                         | 2,333,173       | 3,069,124   | 31.54                        | % | 619,699     | 812,667     | 856,279     | 5.37                       | % | 38.18          |
| Small business loans                                                             | 188,438         | 236,979     | 25.76                        | % | 50,489      | 59,712      | 64,765      | 8.46                       | % | 28.28          |
| Mortgage                                                                         | 1,396,002       | 1,767,761   | 26.63                        | % | 398,620     | 418,798     | 365,283     | -12.78                     | % | -8.36          |
| Leasing                                                                          | 1,547,634       | 1,993,851   | 28.83                        | % | 414,122     | 522,558     | 534,417     | 2.27                       | % | 29.05          |
| Total Interest on loans                                                          | 10,953,240      | 15,020,342  | 37.13                        | % | 3,007,776   | 3,886,699   | 3,951,368   | 1.66                       | % | 31.37          |
| Overnight and market funds                                                       | 14,564          | 20,968      | 43.97                        | % | 4,930       | 5,279       | 4,027       | -23.72                     | % | -18.33         |
| Investment                                                                       |                 |             |                              |   |             |             |             |                            |   |                |
| Debt investments, net                                                            | 71,091          | 163,311     | 129.72                       | % | 22,475      | 30,236      | 46,076      | 52.39                      | % | 105.00         |
| Net gains from investment activities at fair value through income statement      |                 |             |                              |   |             |             |             |                            |   |                |
| Debt investments                                                                 | 294,979         | 579,403     | 96.42                        | % | 72,108      | 182,155     | 58,448      | -67.91                     | % | -18.90         |
| Derivatives                                                                      | 31,835          | (4,750)     | -114.92                      | % | (17,720)    | (2,976)     | 48,987      | 1746.07                    | % | 376.40         |
| Repos                                                                            | (50,081)        | (7,636)     | -84.75                       | % | 15,695      | (5,188)     | 6,428       | 223.90                     | % | -59.00         |
| Other                                                                            | (45,984)        | (22,833)    | -50.35                       | % | (17,234)    | (2,759)     | (20,585)    | 646.10                     | % | 19.40          |
| Total Net gains from investment activities at fair value through profit and loss | 230,749         | 544,184     | 135.83                       | % | 52,849      | 171,232     | 93,278      | -45.53                     | % | 76.50          |
| Total interest on investment securities                                          | 301,840         | 707,495     | 134.39                       | % | 75,324      | 201,468     | 139,354     | -30.83                     | % | 85.00          |
| Total interest income                                                            | 11,269,644      | 15,748,805  | 39.75                        | % | 3,088,030   | 4,093,446   | 4,094,749   | 0.03                       | % | 32.60          |
| Interest expense                                                                 |                 |             |                              |   |             |             |             |                            |   |                |
| Borrowing costs                                                                  | (454,326)       | (723,385)   | 59.22                        | % | (132,585)   | (194,319)   | (180,307)   | -7.21                      | % | 35.99          |
| Overnight funds                                                                  | (6,836)         | (6,345)     | -7.18                        | % | (839)       | (2,337)     | (1,186)     | -49.25                     | % | 41.30          |
| Debt securities in issue                                                         | (1,057,748)     | (1,335,192) | 26.23                        | % | (299,541)   | (338,786)   | (324,900)   | -4.10                      | % | 8.47           |
| Deposits                                                                         | (2,415,187)     | (3,878,528) | 60.59                        | % | (711,376)   | (1,036,291) | (1,087,747) | 4.97                       | % | 52.90          |
| Preferred Shares Dividends                                                       | (58,714)        | (58,714)    | 0.00                         | % | (14,980)    | (14,578)    | (14,980)    | 2.76                       | % | 0.00           |
| Other interest (expense)                                                         | (45,130)        | (50,936)    | 12.87                        | % | (5,751)     | (6,603)     | (22,372)    | 238.82                     | % | 289.00         |
| Total interest expense                                                           | (4,037,941)     | (6,053,100) | 49.91                        | % | (1,165,072) | (1,592,914) | (1,631,492) | 2.42                       | % | 40.00          |
| Net interest income                                                              | 7,231,703       | 9,695,705   | 34.07                        | % | 1,922,958   | 2,500,532   | 2,463,257   | -1.49                      | % | 28.10          |
| Loan loss provisions                                                             | (1,884,857)     | (2,930,239) | 55.46                        | % | (578,058)   | (849,654)   | (801,047)   | -5.72                      | % | 38.58          |
| Recovery of charged-off loans                                                    | 217,177         | 286,529     | 31.93                        | % | 58,432      | 111,191     | 37,530      | -66.25                     | % | -35.70         |
| Other assets impairment                                                          | (7,421)         | (87,442)    | 1078.30                      | % | 55,816      | (52,936)    | (7,993)     | -84.90                     | % | -114.00        |
| Total net provisions                                                             | (1,675,101)     | (2,731,152) | 63.04                        | % | (463,810)   | (791,399)   | (771,510)   | -2.51                      | % | 66.30          |
|                                                                                  | 5,556,602       | 6,964,553   | 25.34                        | % | 1,459,148   | 1,709,133   | 1,691,747   | -1.02                      | % | 15.90          |

Edgar Filing: BANCOLOMBIA SA - Form 6-K

Net interest income after  
provision, net  
Fees and other service  
income

|                                                              |            |            |        |   |            |            |            |         |   |        |
|--------------------------------------------------------------|------------|------------|--------|---|------------|------------|------------|---------|---|--------|
| Banking services                                             | 630,616    | 816,839    | 29.53  | % | 175,235    | 203,029    | 222,915    | 9.79    | % | 27.2   |
| Credit and debit card fees                                   | 1,015,253  | 1,092,919  | 7.65   | % | 269,275    | 278,299    | 273,454    | -1.74   | % | 1.55   |
| Brokerage                                                    | 23,453     | 23,431     | -0.09  | % | 5,201      | 5,445      | 5,351      | -1.73   | % | 2.88   |
| Acceptances, Guarantees<br>and Standby letters of<br>credits | 44,539     | 55,724     | 25.11  | % | 11,087     | 13,443     | 17,103     | 27.23   | % | 54.2   |
| Trust                                                        | 265,215    | 294,499    | 11.04  | % | 67,293     | 73,610     | 77,885     | 5.81    | % | 15.74  |
| Bancassurance                                                | 260,224    | 336,692    | 29.39  | % | 77,889     | 75,577     | 98,048     | 29.73   | % | 25.8   |
| Payments and<br>Collections                                  | 203,772    | 229,940    | 12.84  | % | 55,803     | 57,036     | 64,189     | 12.54   | % | 15.03  |
| Other                                                        | 347,485    | 435,191    | 25.24  | % | 88,113     | 119,068    | 110,780    | -6.96   | % | 25.72  |
| Total Fees and other<br>service income                       | 2,790,557  | 3,285,235  | 17.73  | % | 749,896    | 825,507    | 869,725    | 5.36    | % | 15.9   |
| Fees and other service<br>expenses                           |            |            |        |   |            |            |            |         |   |        |
| Banking services                                             | (298,415 ) | (354,640 ) | 18.84  | % | (82,509 )  | (86,123 )  | (94,776 )  | 10.05   | % | 14.8   |
| Other                                                        | (499,098 ) | (611,631 ) | 22.55  | % | (161,688 ) | (148,513 ) | (183,958 ) | 23.87   | % | 13.7   |
| Total Fees and other<br>service expenses                     | (797,513 ) | (966,271 ) | 21.16  | % | (244,197 ) | (234,636 ) | (278,734 ) | 18.79   | % | 14.14  |
| Total fees and income<br>from services, net                  | 1,993,044  | 2,318,964  | 16.35  | % | 505,699    | 590,871    | 590,991    | 0.02    | % | 16.8   |
| Other operating income                                       |            |            |        |   |            |            |            |         |   |        |
| Derivatives FX contracts                                     | 527,137    | 164,172    | -68.86 | % | 337,615    | (32,235 )  | 150,291    | 566.24  | % | -55.4  |
| Net foreign exchange                                         | (157,933 ) | 132,292    | 183.76 | % | (250,209 ) | 85,011     | (86,210 )  | -201.41 | % | -65.5  |
| Hedging                                                      | (20,509 )  | (5,985 )   | -70.82 | % | (831 )     | 2,095      | 10,121     | 383.10  | % | 1317   |
| Operating leases                                             | 448,754    | 493,486    | 9.97   | % | 125,170    | 119,324    | 139,108    | 16.58   | % | 11.14  |
| Gains (or losses) on sale<br>of assets                       | 8,408      | 60,282     | 616.96 | % | 5,134      | 11,714     | 23,961     | 104.55  | % | 366.7  |
| Other reversals                                              | 2,534      | 4,178      | 64.88  | % | 251        | 876        | 2,631      | 200.34  | % | 948.2  |
| Other income                                                 | 564,311    | 638,698    | 13.18  | % | 160,541    | 124,405    | 233,203    | 87.45   | % | 45.2   |
| Total other operating<br>income                              | 1,372,702  | 1,487,123  | 8.34   | % | 377,671    | 311,190    | 473,105    | 52.03   | % | 25.27  |
| Dividends received and<br>equity method                      |            |            |        |   |            |            |            |         |   |        |
| Dividends                                                    | 23,833     | 39,785     | 66.93  | % | 3,116      | 6,456      | 11,043     | 71.05   | % | 254.4  |
| Equity investments                                           | 95,595     | 77,799     | -18.62 | % | 44,208     | 28,687     | (2,903 )   | -110.12 | % | -106.6 |
| Equity method                                                | 122,477    | 60,254     | -50.80 | % | 65,192     | 28,857     | 8,025      | -72.19  | % | -87.6  |
| Gains (Losses) on sale of<br>Discontinued Operations         | (30,331 )  | (1,146 )   | -96.22 | % | (16,128 )  | (1,146 )   | -          | -100.00 | % | -100.0 |
| Total Dividends received<br>and equity method                | 211,574    | 176,692    | -16.49 | % | 96,388     | 62,854     | 16,165     | -74.28  | % | -83.2  |
| Total income                                                 | 9,133,922  | 10,947,332 | 19.85  | % | 2,438,906  | 2,674,048  | 2,772,008  | 3.66    | % | 13.6   |



| INCOME STATEMENT                           | As of       |             | Growth |        |             |             |             | Growth  |         |        |
|--------------------------------------------|-------------|-------------|--------|--------|-------------|-------------|-------------|---------|---------|--------|
| (COP million)                              | Dec-15      | Dec-16      | /      | dec-15 | 4Q 15       | 3Q 16       | 4Q 16       | 4Q 16 / | 4Q 16 / |        |
|                                            |             |             |        | dec-15 |             |             |             | 3Q 16   | 4Q 15   |        |
| Operating expenses                         |             |             |        |        |             |             |             |         |         |        |
| Salaries and employee benefits             | (1,933,660) | (2,356,512) | 21.87  | %      | (502,897 )  | (559,567 )  | (604,601 )  | 8.05    | %       | 20.22  |
| Bonuses                                    | (321,731 )  | (452,419 )  | 40.62  | %      | (80,281 )   | (89,293 )   | (175,391 )  | 96.42   | %       | 118.47 |
| Administration and general expenses        | (2,237,598) | (2,651,334) | 18.49  | %      | (665,720 )  | (662,856 )  | (766,371 )  | 15.62   | %       | 15.12  |
| Contributions and other tax burden         | (515,424 )  | (596,474 )  | 15.72  | %      | (164,613 )  | (139,204 )  | (177,032 )  | 27.17   | %       | 7.54   |
| Provision, depreciation and amortization   | (477,285 )  | (517,809 )  | 8.49   | %      | (129,537 )  | (130,012 )  | (117,526 )  | -9.60   | %       | -9.27  |
| Other expenses                             | (252,626 )  | (259,792 )  | 2.84   | %      | (79,237 )   | (66,635 )   | (75,474 )   | 13.26   | %       | -4.75  |
| Equity Tax                                 | (159,963 )  | (144,710 )  | -9.54  | %      | -           | -           | -           | 0.00    | %       | 0.00   |
| Total operating expenses                   | (5,898,287) | (6,979,050) | 18.32  | %      | (1,622,285) | (1,647,567) | (1,916,395) | 16.32   | %       | 18.13  |
| Profit before tax                          | 3,235,635   | 3,968,282   | 22.64  | %      | 816,621     | 1,026,481   | 855,613     | -16.65  | %       | 4.77   |
| Income tax                                 | (649,250 )  | (1,176,832) | 81.26  | %      | (98,904 )   | (388,950 )  | 125,866     | 132.36  | %       | 227.26 |
| Net income before non-controlling interest | 2,586,385   | 2,791,450   | 7.93   | %      | 717,717     | 637,531     | 981,479     | 53.95   | %       | 36.75  |
| Non-controlling interest                   | (90,008 )   | (89,619 )   | -0.43  | %      | (45,752 )   | (26,349 )   | (6,304 )    | -76.07  | %       | -86.22 |
| Net income before Discontinued Operations  | 2,496,377   | 2,701,831   | 8.23   | %      | 671,965     | 611,182     | 975,175     | 59.56   | %       | 45.12  |
| Discontinued Operations                    | 22,513      | 163,497     | 626.23 | %      | (15,613 )   | (7,258 )    | 155,804     | 2246.65 | %       | 1097.9 |
| Net Income                                 |             |             |        |        |             |             |             |         |         |        |
| Net income                                 | 2,518,890   | 2,865,328   | 13.75  | %      | 656,352     | 603,924     | 1,130,979   | 87.27   | %       | 72.31  |

**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: February 21, 2017      By: /s/ JAIME ALBERTO VELÁSQUEZ  
B.  
Name: Jaime Alberto Velásquez B.  
Title: Vice President of Strategy and Finance