

BANCOLOMBIA SA
Form 6-K
November 07, 2008

**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, 2008.

Comission File Number 001-32535

Bancolombia S.A.

(Translation of registrant's name into English)

Calle 50 No. 51-66

Medellín, Colombia

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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

3Q08

**CONSOLIDATED FINANCIAL RESULTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

November 6, 2008. Medellín, Colombia Today, BANCOLOMBIA S.A. (BANCOLOMBIA or the Bank) (NYSE: CIB) announced its financial results for the third quarter of fiscal year 2008, ended September 30, 2008.¹

**CONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT**

(Ps. million)	Quarter			Growth	
	3Q07	2Q08	3Q08	3Q08 / 2Q08	3Q08 / 3Q07
ASSETS					
Loans and financial leases, net	34,188,333	37,710,491	40,474,342	7.33%	18.39%
Investment securities, net	5,331,636	6,168,070	6,947,159	12.63%	30.30%
Other assets	9,163,991	10,432,007	10,539,537	1.03%	15.01%
Total assets	48,683,960	54,310,568	57,961,038	6.72%	19.06%
LIABILITIES AND SHAREHOLDERS EQUITY					
Deposits	30,641,803	34,538,354	37,096,051	7.41%	21.06%
Non-interest bearing	4,647,520	4,764,975	4,582,805	-3.82%	-1.39%
Interest bearing	25,994,283	29,773,379	32,513,246	9.20%	25.08%
Other liabilities	13,274,738	14,480,464	15,099,981	4.28%	13.75%
Total liabilities	43,916,541	49,018,818	52,196,032	6.48%	18.85%
Shareholders equity	4,767,419	5,291,750	5,765,006	8.94%	20.93%
Total liabilities and shareholders equity	48,683,960	54,310,568	57,961,038	6.72%	19.06%
Interest income	1,242,684	1,494,665	1,614,618	8.03%	29.93%
Interest expense	526,607	636,839	693,547	8.90%	31.70%
Net interest income	716,077	857,826	921,071	7.37%	28.63%
Net provisions	(192,709)	(241,685)	(243,584)	0.79%	26.40%
Fees and income from service, net	280,966	298,984	346,717	15.97%	23.40%
Other operating income	106,806	195,761	130,622	-33.27%	22.30%
Total operating expense	(531,375)	(609,566)	(637,920)	4.65%	20.05%
Goodwill amortization	(19,399)	(10,497)	(11,287)	7.53%	-41.82%
Non-operating income, net	5,374	29,883	(14,229)	-147.62%	-364.77%
Income tax expense	(49,007)	(145,359)	(124,423)	-14.40%	153.89%
Net income	316,733	375,347	366,967	-2.23%	15.86%

¹ This report corresponds to the consolidated financial

statements of BANCOLOMBIA and its affiliates of which it owns, directly or indirectly more than 50% of the voting capital stock. These financial statements have been prepared in accordance with generally accepted accounting principles in Colombia and the regulations of Superintendency of Finance in Colombia, collectively COL GAAP. BANCOLOMBIA maintains accounting records in Colombian pesos, referred to herein as Ps. or COP . Certain monetary amounts, percentages and other figures included in this report have been subject to rounding adjustments. There have been no changes to the Bank's principal accounting policies in the quarter ended September 30, 2008. The statements of income for the quarter ended September 30, 2008 are not necessarily

indicative of the results for any other future interim period. For more information, please refer to the Bank's filings with the Securities and Exchange Commission, which are available on the Commission's website at www.sec.gov.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This release contains statements that may be considered forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. All forward-looking statements, whether made in this release or in future filings or press releases or orally, address matters that involve risks and uncertainties; consequently, there are or will be factors, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptances of new products or services by our targeted customers, changes in business strategy and various others factors, that could cause actual results to differ materially from those indicated in such statements. We do not intend, and do not assume any obligation, to update these forward-looking statements. Certain monetary amounts, percentages and other figures included in this report have been subject to rounding adjustments.

Any reference to BANCOLOMBIA means the Bank together with its affiliates, unless otherwise specified.

Representative Market Rate: October 1 2008 Ps. 2,184.76 = US\$ 1 Average Representative Market Rate September 2008 Ps. 1,859.46 = US\$ 1

3Q08**1. SUMMARY:**

BANCOLOMBIA announces that during the quarter ended September 30, 2008 (3Q08), it recorded net income of Ps. 367.0 billion, which represents an increase of 15.9% as compared to the Ps. 316.7 billion for the quarter ended September 30, 2007 (3Q07). Net income for the first nine months of 2008 totaled Ps. 996.2 billion, representing an increase of 30.3% as compared to the same period of 2007.

As of September 30, 2008, BANCOLOMBIA s gross loans totaled Ps. 42,289 billion, increasing 19.3% as compared to 3Q07 and 7.5% as compared to the quarter ended June 30, 2008 (2Q08). As in previous quarters, loan growth has slowed due in part to a lower level of economic growth and higher interest rates in Colombia.

BANCOLOMBIA s ratio of past due loans (i.e. loans overdue for more than 30 days) to total loans as of September 30, 2008 remained stable at 3.5%. Charge-offs for 3Q08 totaled Ps. 132.4 billion and the coverage ratio, measured as the ratio of allowances for loan losses (including allowances for accrued interest losses) to past due loans, increased to 124.1% from 120.1% in 2Q08.

As of September 30, 2008, BANCOLOMBIA s total deposits totaled Ps. 37,096 billion, increasing 21.1% as compared to 3Q07 and 7.4% as compared to 2Q08.

BANCOLOMBIA s efficiency ratio, measured as the ratio between operating expenses and net operating income, reached 46.4% for 3Q08 compared to 50.3% in 3Q07.

BANCOLOMBIA s annualized average return on equity for 3Q08 was 26.7%. The Bank s earnings per share for 3Q08 were Ps. 466 or US\$0.85 per ADR.

BANCOLOMBIA s results in 3Q08 were mainly driven by the following factors (and are compared to the results for the same period in 2007):

Net interest income that totaled Ps. 921.1 billion in 3Q08, resulting in an increase of 28.6%.

Net fees and income from services that amounted to Ps. 346.7 billion in 3Q08, representing an increase of 23.4%.

Total other operating income that amounted to Ps. 130.6 billion in 3Q08, representing an increase of 22.3%.

Total net provisions that amounted to Ps. 243.6 billion for 3Q08, representing an increase of 26.4%.

Income tax expense totaling Ps 124.4 billion in 3Q08, representing an increase of 153.9%.

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KEY FINANCIAL HIGHLIGHTS	3Q07	Quarter	3Q08	As of	
		2Q08		Sep-07	Sep-08
Net Income (Ps millions)	316,733	375,347	366,967	764,427	996,190
Basic and Diluted net income per ADS US\$	0.80	0.99	0.85	1.92	2.32
Basic and Diluted net income per share COP ⁽⁷⁾	402.03	476.43	465.80	970.30	1,264.48
Return on average total assets ⁽¹⁾	2.70%	2.86%	2.66%	2.24%	2.49%
Return on average shareholders equity ⁽²⁾	28.81%	29.48%	26.66%	24.35%	25.14%
P/BV ADS ⁽³⁾	2.90	2.24	2.12		
P/BV Local ⁽⁴⁾⁽⁵⁾	2.71	2.12	2.14		
P/E ⁽⁶⁾	10.45	7.62	8.38		
ADR price	34.65	31.30	28.45		
Common share price ⁽⁷⁾	16,400	14,220	15,640		
Weighted average of Preferred and Common Shares outstanding	787,827,003	787,827,003	787,827,003		

(1) Defined as annualized quarterly net income divided by monthly average assets.

(2) Defined as annualized quarterly net income divided by monthly average equity.

(3) Defined as ADS price divided by ADS book value.

(4) Defined as share price divided by share book value.

(5) Share prices on the Colombian Stock Exchange.

(6) Defined as market capitalization divided by annualized quarter results.

(7) Prices by the end of the respective quarter.

2. CONSOLIDATED BALANCE SHEET

2.1. Assets

BANCOLOMBIA's assets totaled Ps. 57,961 billion as of September 30, 2008, representing an increase of 6.7% compared to Ps. 54,311 billion as of June 30, 2008 and an increase of 19.1% compared to Ps. 48,684 billion as of September 30, 2007.

2.1.1. Loan Portfolio

BANCOLOMBIA's gross loan portfolio reached Ps 42,289 billion by the end of 3Q08, increasing 19.3% as compared to 3Q07. As in previous quarters, loan growth slowed, due in part to lower economic growth and higher interest rates in Colombia. COP denominated loans, which represent 70.8% of the loan portfolio, increased 4.3% over the quarter and 16.3% as compared to 3Q07 while U.S. dollar denominated loans increased 2.4% over the quarter and 18.0% over the year, when measured in US dollars. Accordingly, loan growth figures, measured in Colombian Peso (COP), were impacted positively by the 13.6% COP depreciation occurred in 3Q08, as it increases the US dollar denominated loans conversion (The Bank maintains accounting records in Colombian pesos).

The composition of the loan portfolio did not change significantly during the quarter. The loan portfolio mix at the end of 3Q08, in terms of the gross loans as compared to total loans, was as follows:

Corporate loans represented 47.9%.

Retail and SME's segment comprised 31.6%.

Financial leases represented 12.5%.

Mortgage loans represented 8.0%.

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Corporate loans amounted to Ps. 20,268 billion as of September 30, 2008, increasing 10.2% as compared to 2Q08 and 13.4% as compared to 3Q07, where trade finance loans were the most dynamic category over the quarter.

Retail and small and medium-sized enterprise (SME) loans amounted to Ps. 13,358 billion as of September 30, 2008. This represents an increase of 5.3% as compared to 2Q08 and 30.7% as compared to 3Q07.

Financial leases amounted to Ps. 5,289 billion, increasing 3.8% as compared to 2Q08 and 22.1% as compared to 3Q07.

Mortgage loans amounted to Ps. 3,373 billion in 3Q08, increasing 7.1% as compared to 2Q07 and 11.8% as compared to 3Q08. During 3Q08 BANCOLOMBIA securitized mortgage loans amounting to Ps. 191.1 billion. If the outstanding securitized loans are added to the outstanding loans in the Bank's balance sheet, this segment would have recorded an increase of 23.2% compared to 3Q07 and 7.0% as compared to 2Q08.

Net loans and financial leases represented 69.8% of the total assets as of September 30, 2008, amounting to Ps. 40,474 billion.

LOAN PORTFOLIO (Ps. million)	As of			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	Sep-08 / Jun-08	Sep-08 / Sep-07
CORPORATE					
Working capital loans	15,719,266	16,147,393	17,339,568	7.38%	10.31%
Loans funded by domestic development banks	852,098	983,613	950,134	-3.40%	11.51%
Trade Financing	1,002,428	993,021	1,817,194	83.00%	81.28%
Overdrafts	140,692	227,848	111,717	-50.97%	-20.59%
Credit Cards	156,576	43,414	49,510	14.04%	-68.38%
TOTAL CORPORATE	17,871,060	18,395,289	20,268,123	10.18%	13.41%
RETAIL AND SMEs					
Working capital loans	2,874,562	3,913,770	4,096,301	4.66%	42.50%
Personal loans	3,554,436	3,982,508	4,242,273	6.52%	19.35%
Loans funded by domestic development banks	553,915	807,006	861,001	6.69%	55.44%
Credit Cards	1,701,169	2,220,956	2,376,832	7.02%	39.72%
Overdrafts	234,653	306,272	313,605	2.39%	33.65%
Automobile loans	1,214,440	1,358,355	1,340,500	-1.31%	10.38%
Trade Financing	90,820	96,566	127,259	31.78%	40.12%
TOTAL RETAIL AND SMEs	10,223,995	12,685,433	13,357,771	5.30%	30.65%
MORTGAGE	3,017,151	3,149,911	3,373,317	7.09%	11.80%
FINANCIAL LEASES	4,332,769	5,096,379	5,289,495	3.79%	22.08%
Total loans and financial leases	35,444,975	39,327,012	42,288,706	7.53%	19.31%
Allowance for loan losses and financial leases	(1,256,642)	(1,616,521)	(1,814,364)	12.24%	44.38%
	34,188,333	37,710,491	40,474,342	7.33%	18.39%

**Total loans and financial
leases, net**

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2.1.2. Investment Portfolio

As of September 30, 2008, BANCOLOMBIA's net investment securities amounted to Ps. 6,947 billion and represented an increase of 12.6% when compared to the figures as of June 30, 2008, and an increase of 30.3% when compared to the figures as of September 30, 2007.

As of September 30, 2008, investments in debt securities amounted to Ps. 6,705 billion, increasing 11.5% as compared to Ps. 6,014 billion as of June 30, 2008, and 29.6% as compared to the Ps. 5,174 billion as of September 30, 2007. This increase is due in part to the increase experienced by U.S. dollar denominated debt securities portfolio which increased 7.9% over the quarter (not taking into account the 13.6% COP depreciation against the U.S. dollar in 3Q08.) As of September 30, 2008, the debt securities portfolio represented 11.6% of total assets, slightly increasing its relative size from 11.1% of total assets in the previous quarter, and comprised 96.5% of BANCOLOMBIA's net investment securities.

2.1.3. Asset Quality

Asset quality indicators remained stable during 3Q08. The ratio of past due loans (i.e. loans overdue for more than 30 days) to total loans was 3.5% at the end of 3Q08, Coverage measured by the ratio of allowances to past due loans increased to 124.1% at the end of 3Q08 from 120.1% in 2Q08. The ratio of allowances to loans classified as C, D and E (i.e. loans of an inferior quality as measured by their number of days past due) at the end of 3Q08 decreased to 120.9% from 125.9% in 2Q08.

Some asset deterioration occurred during the quarter as past due loans increased 8.8% as compared to the figures presented for the end of 2Q08. Nevertheless, allowances for loan losses increased 12.4% over the period, reaching Ps 1,857 billion and representing 4.4% of gross loans and financial leases. Non-performing loans represented 2.1% of gross loans and financial leases.

Under Colombian bank regulations, a loan is past due when it is at least 31 days past its due date. When a loan is overdue more than 30 days, its total outstanding balance is considered in the calculation of the past due loans. The following table presents past due loans per loan category:

LOAN CLASSIFICATION	% of loan portfolio	Past due loans / Gross loans as of	
		30-Jun-08	30-Sep-08
Commercial loans	61.7%	2.1%	2.3%
Consumer loans	17.4%	6.2%	5.8%
Small business loans	0.3%	10.2%	9.9%
Mortgage loans	8.0%	7.5%	8.5%
Finance lease	12.5%	3.7%	3.1%
TOTAL LOAN PORTFOLIO	100%	3.5%	3.5%

LOANS AND FINANCIAL LEASES CLASSIFICATION

(Ps. million)	As of 30-Sep-07		As of 30-Jun-08		As of 30-Sep-08	
A Normal	33,732,877	95.1%	36,597,476	93.1%	39,112,111	92.5%
B Subnormal	776,157	2.2%	1,417,227	3.6%	1,641,326	3.9%
C Deficient	248,459	0.7%	374,663	1.0%	507,581	1.2%
D Doubtful recovery	456,216	1.3%	621,091	1.5%	738,867	1.7%
E Unrecoverable	231,266	0.7%	316,555	0.8%	288,821	0.7%
Total	35,444,975	100%	39,327,012	100%	42,288,706	100%

loans and financial leases classified as C, D and E as a percentage of total loans and financial leases	2.6%	3.3%	3.6%
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ASSET QUALITY (Ps. million)	As of			Growth	
	Sep-07	Jun-08	Sep-08	3Q08 / 2Q08	3Q08 / 3Q07
Total performing past due loans (1)	435,868	589,206	615,605	4.48%	41.24%
Total non-performing past due loans	544,985	786,658	880,600	11.94%	61.58%
Total past due loans	980,853	1,375,864	1,496,205	8.75%	52.54%
Allowance for loans and accrued interest losses	1,286,330	1,652,491	1,856,606	12.35%	44.33%
Past due loans to total loans	2.77%	3.50%	3.54%		
Non-performing loans as a percentage of total loans	1.54%	2.00%	2.08%		
C , D and E loans as a percentage of total loans	2.64%	3.34%	3.63%		
Allowances to past due loans (2)	131.14%	120.11%	124.09%		
Allowance for loan and accrued interest losses as a percentage of C , D and E ⁽²⁾ loans	137.44%	125.92%	120.93%		
Allowance for loan and accrued interest losses as a percentage of non-performing loans (2)	236.03%	210.06%	210.83%		
Allowance for loan and accrued interest losses as a percentage of total loans	3.63%	4.20%	4.39%		
Percentage of performing loans to total loans	98.46%	98.00%	97.92%		

(1) Performing past due loans are loans upon which the Bank continues to recognize income although interest in respect of such loans has not been received. Mortgage loans cease to accumulate interest on the statement of operations when they are more than 60 days

past due. For all other loans and financial leasing operations of any type, interest is no longer accumulated after they are more than 30 days past due.

- (2) Under Colombian Bank regulations, a loan is past due when it is at least 31 days past the actual due date.

2.2. Liabilities

As of September 30, 2008, BANCOLOMBIA's liabilities reached Ps. 52,196 billion, increasing 6.5% as compared to 2Q08 and 18.9% as compared to 3Q07. COP denominated liabilities, which represent 69.0% of total liabilities, increased 4.1% over the quarter and 16.9% as compared to 3Q07 while U.S. dollar denominated increased 14.3% over the year (not taking into account the variation experienced by COP against the U.S. dollar).

During 3Q08 BANCOLOMBIA's deposits reached Ps. 37,096 billion, increasing 7.4% as compared to 2Q08 and 21.1% as compared to 3Q07. COP denominated deposits, 71.8% of total deposits, increased 6.2% and 23.7% as compared to 2Q08 and 3Q07 respectively while U.S. dollar denominated deposits measured in U.S. dollars increased 6.4% as compared to 3Q07.

Deposit composition continued its trend in favor of interest bearing deposits in Colombia, a consequence of the higher interest rate scenario. Non-interest bearing deposits reached 12.4% of total deposits from 15.2% in 3Q07, while interest bearing deposits increased their share of deposits to 87.6%, coming from 84.8% in 3Q07.

By the end of 3Q08, bonds totaled Ps 3,801 billion of which Ps 2,098 billion are COP denominated. During 3Q08, BANCOLOMBIA and some of its subsidiaries successfully completed the issuance and offering of ordinary notes increasing its COP denominated outstanding bonds by 59.9% as compared to 2Q08. The outstanding amount of U.S. dollar denominated bonds totaled US\$ 780 million as of September 30, 2008, which represents an increase of 3.0% over the previous quarter and 11.5% over the previous year.

At a meeting held October 24, 2008, the central bank of Colombia (the Central Bank) reduced the existing ordinary reserve requirement to 11% from 11.5% for demand deposits and to 4.5% from 6% for time deposits under 540 days. The Central Bank estimates that this measure will provide liquidity of approximately COP \$1 trillion to the Colombian economy. This is one of several measures implemented by the Central Bank to provide adequate liquidity in Colombia for year end.

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	Sep-07	Participation	Jun-08	Participation	Sep-08	Participation
Checking Accounts	5,472,186	17.9%	5,892,512	17.1%	6,031,361	16.3%
Time Deposits	12,952,902	42.3%	16,097,667	46.6%	17,431,652	47.0%
Savings deposits	11,737,909	38.3%	12,150,236	35.2%	13,260,107	35.7%
Other	478,806	1.6%	397,939	1.2%	372,931	1.0%
Total Deposits	30,641,803	100%	34,538,354	100%	37,096,051	100%

2.3. Shareholders Equity

BANCOLOMBIA's shareholders' equity amounted to Ps. 5,765 billion at the end of 3Q08, which represents an increase of 8.9% as compared to 2Q08, mostly due to the Bank's operating results in 3Q08. As compared to 3Q07, this represents an increase of 20.9%.

At the end of 3Q08, the Bank's consolidated ratio of technical capital to risk-weighted assets was 11.37%, which is 237 basis points above the minimum established by Colombian regulators.

Unrealized losses on debt securities amounted to Ps. 57.8 billion as of September 30, 2008, decreasing slightly from Ps. 63.7 billion presented by the end of 2Q08.

TECHNICAL CAPITAL RISK WEIGHTED ASSETS

Consolidated (Ps. million)	Sep-07	Jun-08	Sep-08
Basic capital (Tier I)	4,526,042	4,569,691	4,805,333
Additional capital (Tier II)	1,124,654	1,122,139	1,198,724
Technical capital ⁽¹⁾	5,650,696	5,691,830	6,004,058
Risk weighted assets included market risk	42,549,517	48,139,875	52,784,581
CAPITAL ADEQUACY ⁽²⁾	13.28%	11.82%	11.37%