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BANCOLOMBIA SA
Form 6-K
November 07, 2006

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 1933

For the month of November 2006

BANCOLOMBIA S.A.

(Translation of Registrant's name into English)

Calle 50 No. 51-66

Medellin, 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 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-_____.)

This Report on Form 6-K shall be incorporated by reference into the registrant's registration statement on Form F-3 (File No. 001-32535).

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.

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BANCOLOMBIA S.A.
(Registrant)

Date: November 7, 2006

By /s/ JAIME ALBERTO VELASQUEZ B.

Name: Jaime Alberto Velasquez B.
Title: Vice President of Finance

{BANCOLOMBIA LOGO}

CIB
LISTED
NYSE

CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006

NOVEMBER 7, 2006. Medellin, Colombia -- Today, BANCOLOMBIA S.A. (NYSE: CIB) announced its financial results for the third quarter of fiscal year 2006, ended September 30, 2006.1

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT (Ps millions)

| | QUARTER | | GROWTH |
|---|-------------------|-------------------|----------------|
| | 2Q 06 | 3Q 06 | 3Q 06/ 2Q 06 |
| ASSETS | | | |
| Loans and financial leases, net | 21,084,601 | 23,009,881 | 9.13% |
| Investment securities, net | 7,954,602 | 5,319,196 | -33.13% |
| Other assets | 4,448,419 | 4,785,233 | 7.57% |
| <hr style="border-top: 1px dashed black;"/> | | | |
| TOTAL ASSETS | 33,487,622 | 33,114,310 | -1.11% |
| <hr style="border-top: 3px double black;"/> | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| DEPOSITS | | | |
| Non-interest bearing | 3,282,769 | 3,309,870 | 0.83% |
| Interest bearing | 17,398,496 | 17,519,803 | 0.70% |
| OTHER LIABILITIES | 9,590,872 | 8,853,878 | -7.68% |
| TOTAL LIABILITIES | 30,272,137 | 29,683,551 | -1.94% |
| Shareholders' equity | 3,215,485 | 3,430,759 | 6.69% |
| <hr style="border-top: 1px dashed black;"/> | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 33,487,622 | 33,114,310 | -1.11% |
| <hr style="border-top: 3px double black;"/> | | | |
| Interest income | 484,489 | 888,288 | 83.35% |
| Interest expense | 301,759 | 323,489 | 7.20% |
| NET INTEREST INCOME | 182,730 | 564,799 | 209.09% |
| Net provisions | (7,554) | (85,803) | 1035.86% |
| Fees and income from service, net | 210,335 | 219,206 | 4.22% |
| Other operating income | 87,677 | 14,336 | -83.65% |
| Operating expense | (426,601) | (469,535) | 10.06% |
| Non-operating income, net | 55,515 | (21,628) | -138.96% |
| Income tax expense | (33,054) | (39,889) | 20.68% |
| <hr style="border-top: 1px dashed black;"/> | | | |
| NET INCOME | 69,048 | 181,486 | 162.84% |
| <hr style="border-top: 3px double black;"/> | | | |

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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 (COLGAAP), are stated in nominal terms and have not been audited. BANCOLOMBIA maintains accounting records in Colombian pesos, referred to herein as "Ps."

ANY REFERENCE TO BANCOLOMBIA MUST BE UNDERSTOOD AS REFERRING TO THE BANK TOGETHER WITH ITS AFFILIATES, UNLESS OTHERWISE SPECIFIED.

Exchange rate: September 30, 2006 Ps 2,394.31= US\$ 1
Average exchange rate September 2006 Ps 2,374.67 = US\$ 1

Contacts

| | | |
|---------------------|---------------------|---------------------|
| SERGIO RESTREPO | JAIME A. VELASQUEZ | MAURICIO BOTERO |
| EXECUTIVE VP | FINANCIAL VP | IR MANAGER |
| TEL.: (574) 5108668 | TEL.: (574) 5108666 | TEL.: (574) 5108866 |

1

(BANCOLOMBIA LOGO)
3Q06

1. HIGHLIGHTS:

- Net income amounted to Ps 181,486 million or US\$ 0.417 per ADS, for the third quarter of 2006. This represents an increase of 162.8% as compared to Ps 69,048 million, or US\$ 0.147 per ADS, for the second quarter of 2006, and a decrease of 32.6% compared to Ps 269,239 million or US\$ 0.647 per ADS, for the third quarter of 2005.
- As of September 30, 2006, BANCOLOMBIA's net loans totaled Ps 23,010 billion, increasing 9.1% as compared to Ps 21,085 billion in the previous quarter and 33.4% as compared to the third quarter of 2005. Additionally, interest on loans increased 10.8% as compared to the previous quarter and 13.7% as compared to the third quarter of 2005.
- Investments in debt securities amounted to Ps 5,141 billion, which represents a decrease of 33.2% as compared to the previous quarter and 30.0% over the year. Interest on investment securities amounted to Ps 173,771 million, increasing 209.7% as compared to the previous quarter, due mainly to a more stable environment of Colombian bond prices, and decreasing 36.4% as compared to the third quarter of 2005.
- Net fees and income from services totaled Ps 219,206 million for the quarter, increasing 4.2% as compared to the previous quarter and 5.4% as compared to the third quarter of 2005.
- Total operating expenses remained stable, increasing 1.26% on a year-to-year basis, which is lower than the growth rate in Bank's assets.
- BANCOLOMBIA's ratio of past due loans to total loans at September 30, 2006 was 2.4%, and the ratio of allowances to past due loans was 144.4%.

STOCK INDICATORS

QUARTER

AS OF

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| | 3Q 05 ----- | 2Q 06 ----- | 3Q 06 ----- | SEP-05 ----- | SEP-06 ----- |
|--------------------------|----------------|----------------|----------------|-----------------|-----------------|
| Net Income (Ps millions) | 269,239 | 69,048 | 181,486 | 690,303 | 464,636 |
| USD Earnings per ADS | 0.647 | 0.147 | 0.417 | 1.658 | 1.067 |
| ROAA | 3.77% | 0.85% | 2.20% | 3.23% | 1.93% |
| ROAE | 34.43% | 8.56% | 21.54% | 30.74% | 18.55% |
| P/BV ADS (1) | 2.83 | 3.52 | 3.63 | | |
| P/BV Local (2) (3) | 2.80 | 3.03 | 3.35 | | |
| P/E (4) | 8.43 | 37.00 | 16.24 | | |
| Shares Outstanding | 727,829,109 | 727,827,005 | 727,827,005 | | |

- (1) Defined as ADS price divided by ADS book value.
- (2) Defined as Share price divided by share book value.
- (3) Share prices on the Colombian Stock Exchange
- (4) Defined as market capitalization divided by annualized quarter results

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.

2

(BANCOLOMBIA LOGO)
3Q06

2. CONSOLIDATED BALANCE SHEET

2.1 ASSETS

BANCOLOMBIA's total assets amounted to Ps 33,114 billion as of September 30, 2006, decreasing 1.11% as compared to Ps 33,488 billion as of June 30, 2006. As described in Section 2.1.2 below, this result reflects the decrease in investment securities. This represents an increase of 14.8% as compared to Ps 28,848 billion as of September 30, 2005.

2.1.1 LOAN PORTFOLIO

The loan portfolio presented very positive figures amounting to Ps 23,010 billion as of September 30, 2006, increasing 9.1% as compared to the previous quarter and 33.4% as compared to the third quarter of 2005.

Corporate loans presented a robust growth amounting to Ps 12,287 billion for the quarter, increasing 9.5% as compared to Ps 11,224 billion for the

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previous quarter. This represents an increase of 28.6% as compared to Ps 9,556 billion for the third quarter of 2005.

The retail and small and medium-sized enterprise ("SME") loans maintained their positive growth rates. They amounted to Ps 6,231 billion as of September 30, 2006, increasing 7.3% over the quarter and 35.1% over the year. Similarly, financial leases maintained their positive trend amounting to Ps 3,336 billion, increasing 7.6% as compared to the previous quarter and 42.8% over the year.

| LOAN PORTFOLIO (Ps millions) | 30-SEP-05 ----- | AS OF 30-JUN-06 ----- | 30-SEP-06 ----- |
|---|--------------------|-----------------------------|--------------------|
| CORPORATE | | | |
| Working capital loans | 7,958,571 | 9,983,764 | 11,173,199 |
| Loans funded by domestic development banks | 1,042,505 | 394,049 | 382,448 |
| Trade Financing | 423,198 | 649,875 | 574,632 |
| Overdrafts | 87,557 | 147,057 | 102,168 |
| Credit Cards | 44,396 | 49,363 | 54,641 |
| TOTAL CORPORATE | 9,556,227 | 11,224,108 | 12,287,088 |
| RETAIL AND SMES | | | |
| Working capital loans | 1,442,580 | 1,878,090 | 2,021,631 |
| Personal loans | 1,498,279 | 1,807,138 | 1,991,947 |
| Loans funded by domestic development banks | 385,205 | 405,651 | 383,444 |
| Credit Cards | 550,927 | 700,157 | 766,744 |
| Overdrafts | 134,639 | 176,774 | 143,390 |
| Automobile loans | 541,223 | 760,980 | 849,855 |
| Trade Financing | 60,056 | 77,305 | 74,488 |
| TOTAL RETAIL AND SMES | 4,612,909 | 5,806,095 | 6,231,499 |
| MORTGAGE | 1,483,011 | 1,719,002 | 1,980,240 |
| FINANCIAL LEASES | 2,336,170 | 3,099,021 | 3,335,723 |
| TOTAL LOANS AND FINANCIAL LEASES | 17,988,317 | 21,848,226 | 23,834,550 |
| ALLOWANCE FOR LOAN LOSSES AND FINANCIAL LEASES | (742,459) | (763,625) | (824,669) |
| TOTAL LOANS AND FINANCIAL LEASES, NET | 17,245,858 | 21,084,601 | 23,009,881 |

3

(BANCOLOMBIA LOGO)
3Q06

Mortgage loans also presented a positive growth, amounting to Ps 1,980 billion as of September 30, 2006. This represents an increase of 15.2% as compared to Ps 1,719 billion for the previous quarter and 33.5% as compared to Ps 1,483 billion for the third quarter of 2005.

2.1.2 INVESTMENT PORTFOLIO

BANCOLOMBIA's investments in debt securities amounted to Ps 5,141 billion, decreasing 33.2% over the quarter. This decrease was mainly due to both an

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increase in credit demand and the Government's repurchase program, announced on October 11, 2006, in which the Bank sold government securities (TES) to the National Treasury amounting to approximately Ps 586,000 million. On a year-to-year basis, this represents a decrease of 30.0%, from Ps 7,343 billion at September 30, 2005.

2.1.3 ASSET QUALITY

As of September 30, 2006, the Bank's past due loans accounted for 2.4% of total loans. Loans classified as C, D and E comprised 2.5% of total loans. In addition, the ratio of allowances to past due loans at the end of the quarter was 144.4%, while the ratio of allowances to loans classified as C, D and E at the end of the quarter was 138.3%.

LOANS AND FINANCIAL LEASES CLASSIFICATION

| (Ps millions) | AS OF 30-SEP-05 | | AS OF 30-SEP-06 |
|--|-------------------|-------------|-------------------|
| | ----- | ----- | ----- |
| "A" Normal | 16,853,001 | 93.7% | 20,437,368 |
| "B" Subnormal | 503,075 | 2.8% | 814,255 |
| "C" Deficient | 158,943 | 0.9% | 199,243 |
| "D" Doubtful recovery | 278,559 | 1.5% | 247,670 |
| "E" Unrecoverable | 194,739 | 1.1% | 149,690 |
| TOTAL | 17,988,317 | 100% | 21,848,226 |
| | | | |
| LOANS AND FINANCIAL LEASES CLASSIFIED AS C, D AND E AS A PERCENTAGE OF TOTAL LOANS AND FINANCIAL LEASES | | 3.5% | 2.7% |

ASSET QUALITY

| (Ps millions) | 30-SEP-05 | AS OF | |
|---|-----------|-----------|-----------|
| | ----- | 30-JUN-06 | 30-SEP-06 |
| | ----- | ----- | ----- |
| Total performing past due loans | 240,335 | 281,598 | 256,995 |
| Total non-performing past due loans (1) | 339,514 | 310,069 | 321,038 |
| Total past due loans | 579,849 | 591,667 | 578,033 |
| Allowance for loans and accrued interest losses | 755,290 | 773,157 | 834,934 |
| Past due loans to total loans | 3.22% | 2.71% | 2.43% |
| Non-performing loans to total loans | 1.89% | 1.42% | 1.35% |
| C, D, and E loans to total loans | 3.51% | 2.73% | 2.53% |
| Allowances to past due loans (2) | 130.26% | 130.67% | 144.44% |
| Allowances to C, D, and E loans (2) | 119.46% | 129.59% | 138.27% |
| Allowances to non-performing loans (2) | 222.46% | 249.35% | 260.07% |
| Allowances to total loans | 4.20% | 3.54% | 3.50% |
| Performing loans to total loans | 98.11% | 98.58% | 98.65% |

(1) Non-performing loans comprised of consumer loans that are past due 60 days or more, commercial loans that are past due 90 days or more, small business loans that are past due 30 days or more and mortgage loans that are past due 60 days or more.

(2) Allowance means allowance for loan and accrued interest losses.

(BANCOLOMBIA LOGO)
3Q06

2.2 LIABILITIES

Total deposits increased 0.7% as compared to the previous quarter and 18.9% over the year, amounting to Ps 20,830 billion as of September 30, 2006. As compared to the third quarter of 2005, interest-bearing deposits increased 17.6% while non-interest bearing deposits increased 26.6%.

2.3 SHAREHOLDERS' EQUITY

BANCOLOMBIA's shareholders' equity amounted to Ps 3,431 billion at the end of the third quarter of 2006. This represents an increase of 6.7% as compared to the previous quarter and 6.2% over the year. Unrealized gains on available-for-sale debt securities amounted to Ps 3.3 billion as of September 30, 2006.

Due to the strong growth of the loan portfolio, the Bank's consolidated ratio of technical capital to risk-weighted assets decreased as compared to the previous quarter to 11.2%.

TECHNICAL CAPITAL RISK WEIGHTED ASSETS

| Consolidated (Ps millions) | 30-SEP-05 ----- | 30-JUN-06 ----- | 30-SEP-06 ----- |
|---|--------------------|--------------------|--------------------|
| Basic capital (Tier I) | 2,123,055 | 2,835,435 | 2,883,305 |
| Additional capital (Tier II) | 464,592 | 369,393 | 430,877 |
| Technical capital (1) | 2,587,647 | 3,204,828 | 3,314,182 |
| Risk weighted assets included market risk | 22,371,981 | 28,282,884 | 29,582,049 |
| CAPITAL ADEQUACY (2) | 11.57% | 11.33% | 11.20% |

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

(2) Capital Adequacy is Technical capital divided by Risk weighted assets

(BANCOLOMBIA LOGO)
3Q06

3. INCOME STATEMENT

BANCOLOMBIA's net income amounted to Ps 181,486 million for the quarter ended September 30, 2006, as compared to Ps 69,048 million for the previous quarter and Ps 269,239 million for the third quarter of 2005. This represents an increase of 162.8% and a decrease of 32.6%, respectively, due to the losses that resulted from the mark-to-market valuation of Colombian bond prices during the second quarter of 2006.

3.1 NET INTEREST INCOME

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Interest on loans totaled Ps 602,301 million for the third quarter of 2006, increasing 10.8% as compared to Ps 543,606 million for the previous quarter and 13.7% as compared to Ps 529,527 million for the third quarter of 2005. On the other hand, interest on investment securities amounted to Ps 173,771 million, which represents an increase of 209.7% as compared to the previous quarter loss of Ps 158,401 million and a decrease of 36.4% as compared to Ps 273,298 million during the third quarter of 2005.

The most representative bond in the market is the COLOMBIA TES 20, which matures in July 2020. As illustrated below, this bond was traded at a yield of 10.50% as of June 30, 2006 and 9.56% at the end of the third quarter of 2006.

(LINE GRAPH)

6

(BANCOLOMBIA LOGO)
3Q06

3.2 PROVISIONS

During the third quarter of 2006, provisions for loan and interest losses amounted to Ps 104,044 million, increasing 54.8% and 62.1% as compared to the previous quarter and to the third quarter of 2005, respectively. Approximately Ps 18,000 million from these provisions corresponds to adjustments made by the new provisioning regulation.

3.3 FEES AND INCOME FROM SERVICES

Net fees and income from services amounted to Ps 219,206 million, increasing 4.2% as compared to the previous quarter and 5.4% as compared to Ps 207,961 million for the third quarter of 2005.

BANCOLOMBIA's accumulated unconsolidated credit card billing increased 18.6% during the year, resulting in a 21.1% market share of the Colombian credit card business. In addition, the Bank's number of outstanding credit cards increased 20.2%, resulting in a 15.2% market share.

| ACCUMULATED CREDIT CARD BILLING | Sep-05 | Sep-06 | % |
|--|-----------|------------|--------|
| | ----- | ----- | |
| (Millions of pesos as of September 30, 2006) | | | Growth |
| | | | ----- |
| Bancolombia VISA | 626.896 | 774.066 | 23,48% |
| Bancolombia Mastercard | 1.010.854 | 1.148.472 | 13,61% |
| Bancolombia American Express | 373.167 | 462.647 | 23,98% |
| TOTAL BANCOLOMBIA | 2.010.917 | 2.385.185 | 18,61% |
| ----- | | | |
| Colombian credit card market | 8.788.743 | 11.325.769 | 28,87% |
| ===== | | | |

Source: Credibanco, American Express and Red Multicolor

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| CREDIT CARD MARKET SHARE | Sep-05 | Sep-06 | % |
|---|-----------|-----------|--------|
| | ----- | ----- | |
| Outstanding credit cards as of September 30, 2006 | | | Growth |
| | | | ----- |
| Bancolombia VISA | 184.648 | 231.649 | 25,45% |
| Bancolombia Mastercard | 255.250 | 285.188 | 11,73% |
| Bancolombia American Express | 101.819 | 134.081 | 31,69% |
| TOTAL BANCOLOMBIA | 541.717 | 650.918 | 20,16% |
| ----- | ----- | ----- | ----- |
| Colombian credit card market | 3.224.653 | 4.275.988 | 32,60% |
| ===== | ===== | ===== | ===== |

Source: Credibanco, American Express and Red Multicolor.

3.4 OPERATING EXPENSES

Total operating expenses increased 8.8% as compared to the previous quarter, amounting to Ps 448,797 million, which represents a 1.3% increase as compared to Ps 443,199 million for the third quarter 2005.

BANCOLOMBIA's operating expenses to net operating income efficiency ratio decreased to 58.8% as compared to the previous quarter. On a nine-month accumulated basis, the income efficiency ratio reached 64.8%.

The Bank's efficiency measured as operating expenses over average total assets was 5.68% as compared to the previous quarter and 5.46% during the first nine months of 2006.

7

(BANCOLOMBIA LOGO)
3Q06

| PRINCIPAL RATIOS | 3Q 05 | QUARTER 2Q 06 | 3Q |
|--|--------|------------------|-------|
| | ----- | ----- | ----- |
| PROFITABILITY | | | |
| Net interest margin (1) | 9.34% | 2.48% | 7.5% |
| Return on average total assets (2) | 3.77% | 0.85% | 2.2% |
| Return on average shareholders' equity (3) | 34.43% | 8.56% | 21.5% |
| EFFICIENCY | | | |
| ----- | ----- | ----- | ----- |
| Operating expenses to net operating income (4) | 54.78% | 88.74% | 58.8% |
| Operating expenses to average total assets (4) | 6.56% | 5.27% | 5.6% |
| CAPITAL ADEQUACY | | | |
| ----- | ----- | ----- | ----- |
| Shareholders' equity to total assets | 11.20% | 9.60% | 10.3% |

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Technical capital to risk weighted assets 11.57% 11.33% 11.2

(1) Defined as Net Interest Income divided by monthly average interest-earning assets.

(2) Net income divided by monthly average assets.

(3) Net income divided by monthly average shareholders' equity.

(4) Operating income includes net interest income, total net fees and income from services, and total other operating income. Operating expenses include merger expenses and good will amortization.

8

(BANCOLOMBIA LOGO)
3Q06

CONSOLIDATED BALANCE SHEET

AS OF

| (Ps millions) | SEP-05 ----- | JUN-06 ----- | SEP-06 ----- |
|---|-------------------|-------------------|-------------------|
| ASSETS | | | |
| Cash and due from banks | 1,040,224 | 1,123,060 | 1,603,443 |
| Overnight funds sold | 410,735 | 647,403 | 340,346 |
| TOTAL CASH AND EQUIVALENTS | 1,450,959 | 1,770,463 | 1,943,789 |
| DEBT SECURITIES | | | |
| Trading | 4,591,826 | 3,990,245 | 2,567,227 |
| Available for Sale | 1,879,456 | 2,508,292 | 1,793,975 |
| Held to Maturity | 871,696 | 1,200,116 | 780,017 |
| EQUITY SECURITIES | | | |
| Trading | 170,980 | 137,378 | 54,005 |
| Available for Sale | 186,015 | 197,141 | 194,691 |
| Market value allowance | (63,673) | (78,570) | (70,719) |
| NET INVESTMENT SECURITIES | 7,636,300 | 7,954,602 | 5,319,196 |
| Commercial loans | | | |
| Commercial loans | 11,769,986 | 14,052,561 | 15,204,992 |
| Consumer loans | 2,300,528 | 2,903,674 | 3,219,063 |
| Small business loans | 98,622 | 73,968 | 94,532 |
| Mortgage loans | 1,483,011 | 1,719,002 | 1,980,240 |
| Finance lease | 2,336,170 | 3,099,021 | 3,335,723 |
| Allowance for loan losses | (742,459) | (763,625) | (824,669) |
| NET TOTAL LOANS AND FINANCIAL LEASES | 17,245,858 | 21,084,601 | 23,009,881 |
| Accrued interest receivable on loans | | | |
| Accrued interest receivable on loans | 197,061 | 210,003 | 248,006 |
| Allowance for accrued interest losses | (12,831) | (9,532) | (10,265) |
| NET TOTAL INTEREST ACCRUED | 184,230 | 200,471 | 237,741 |
| Customers' acceptances and derivatives | | | |
| Net accounts receivable | 102,755 | 54,707 | 127,704 |
| Net premises and equipment | 289,699 | 396,608 | 404,822 |
| Foreclosed assets, net | 652,828 | 649,493 | 690,489 |
| Prepaid expenses and deferred charges | 39,180 | 25,859 | 24,338 |
| Goodwill | 31,602 | 50,516 | 54,475 |
| Operating leases, net | 56,024 | 53,991 | 47,077 |
| Other | 143,024 | 149,800 | 159,050 |
| Reappraisal of assets | 591,032 | 725,965 | 714,787 |
| | 424,839 | 370,546 | 380,961 |

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| | | | |
|--|------------|------------|------------|
| TOTAL ASSETS | 28,848,330 | 33,487,622 | 33,114,310 |
| ===== | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| DEPOSITS | | | |
| NON-INTEREST BEARING | 2,613,728 | 3,282,769 | 3,309,870 |
| Checking accounts | 2,246,240 | 3,006,549 | 2,994,107 |
| Other | 367,488 | 276,220 | 315,763 |
| ----- | | | |
| INTEREST BEARING | 14,902,718 | 17,398,496 | 17,519,803 |
| Checking accounts | 1,115,689 | 1,281,143 | 1,229,213 |
| Time deposits | 6,413,490 | 7,306,274 | 7,530,088 |
| Savings deposits | 7,373,539 | 8,811,079 | 8,760,502 |
| ----- | | | |
| TOTAL DEPOSITS | 17,516,446 | 20,681,265 | 20,829,673 |
| Overnight funds | 1,032,610 | 1,818,644 | 1,672,061 |
| Bank acceptances outstanding | 57,209 | 62,563 | 78,987 |
| Interbank borrowings | 1,543,154 | 1,899,892 | 1,257,125 |
| Borrowings from domestic development banks | 1,833,188 | 2,439,329 | 2,387,699 |
| Accounts payable | 916,552 | 1,001,489 | 919,267 |
| Accrued interest payable | 185,168 | 218,011 | 220,120 |
| Other liabilities | 292,033 | 392,553 | 374,707 |
| Bonds | 1,768,280 | 1,382,430 | 1,475,909 |
| Accrued expenses | 419,172 | 320,850 | 417,107 |
| Minority interest in consolidated subsidiaries | 54,319 | 55,111 | 50,896 |
| ----- | | | |
| TOTAL LIABILITIES | 25,618,131 | 30,272,137 | 29,683,551 |
| ===== | | | |
| SHAREHOLDERS' EQUITY | | | |
| SUBSCRIBED AND PAID IN CAPITAL | 363,580 | 366,027 | 363,914 |
| RETAINED EARNINGS | 2,118,885 | 2,325,159 | 2,466,967 |
| Appropriated | 1,428,582 | 2,042,009 | 2,002,331 |
| Unappropriated | 690,303 | 283,150 | 464,636 |
| REAPPRAISAL AND OTHERS | 651,457 | 580,639 | 596,537 |
| GROSS UNREALIZED GAIN OR LOSS ON DEBT SECURITIES | 96,277 | (56,340) | 3,341 |
| ----- | | | |
| TOTAL SHAREHOLDER'S EQUITY | 3,230,199 | 3,215,485 | 3,430,759 |
| ===== | | | |

9

(BANCOLOMBIA LOGO)
3Q06

CONSOLIDATED INCOME STATEMENT
(Ps Millions)

AS OF
SEP-05 SEP-06 SEP-06/SEP-05 3Q 05 QUARTER
----- ----- ----- ----- 2Q 06 3Q

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| | | | | | | |
|---|-----------|-----------|-----------|----------|-----------|-------|
| INTEREST INCOME AND EXPENSES | | | | | | |
| Interest on loans | 1,516,770 | 1,665,223 | 9.79% | 529,527 | 543,606 | 602 |
| Interest on investment securities | 655,313 | 150,749 | -77.00% | 273,298 | (158,401) | 173 |
| Overnight funds | 24,784 | 31,079 | 25.40% | 9,141 | 8,620 | 13 |
| Leasing | 209,249 | 273,631 | 30.77% | 73,160 | 90,664 | 98 |
| TOTAL INTEREST INCOME | 2,406,116 | 2,120,682 | -11.86% | 885,126 | 484,489 | 888 |
| ----- | | | | | | |
| Interest expense | | | | | | |
| Checking accounts | 14,158 | 24,035 | 69.76% | 5,068 | 8,132 | 8 |
| Time deposits | 345,846 | 336,178 | -2.80% | 115,189 | 112,536 | 117 |
| Savings deposits | 179,283 | 184,275 | 2.78% | 60,902 | 56,844 | 72 |
| TOTAL INTEREST ON DEPOSITS | 539,287 | 544,488 | 0.96% | 181,159 | 177,512 | 198 |
| ----- | | | | | | |
| Interbank borrowings | 33,527 | 79,633 | 137.52% | 12,834 | 27,584 | 23 |
| Borrowings from domestic development banks | 117,699 | 129,847 | 10.32% | 39,176 | 42,326 | 46 |
| Overnight funds | 55,237 | 74,966 | 35.72% | 15,001 | 26,280 | 27 |
| Bonds | 117,530 | 86,075 | -26.76% | 36,791 | 28,057 | 26 |
| TOTAL INTEREST EXPENSE | 863,280 | 915,009 | 5.99% | 284,961 | 301,759 | 323 |
| ----- | | | | | | |
| NET INTEREST INCOME | 1,542,836 | 1,205,673 | -21.85% | 600,165 | 182,730 | 564 |
| Provision for loan and accrued interest losses, net | (141,556) | (235,477) | 66.35% | (64,171) | (67,228) | (104) |
| Recovery of charged-off loans | 46,603 | 50,234 | 7.79% | 15,297 | 15,327 | 18 |
| Provision for foreclosed assets and other assets | (44,236) | (24,102) | -45.51% | (15,562) | (7,496) | (3) |
| Recovery of provisions for foreclosed assets and other assets | 30,555 | 65,310 | 113.75% | 6,321 | 51,843 | 4 |
| TOTAL NET PROVISIONS | (108,634) | (144,035) | 32.59% | (58,115) | (7,554) | (85) |
| ----- | | | | | | |
| NET INTEREST INCOME AFTER PROVISION FOR LOANS AND ACCRUED INTEREST LOSSES | 1,434,202 | 1,061,638 | -25.98% | 542,050 | 175,176 | 478 |
| ----- | | | | | | |
| Commissions from banking services and other services | 61,663 | 113,565 | 84.17% | 26,186 | 41,357 | 44 |
| Electronic services and ATM fees | 78,771 | 64,839 | -17.69% | 24,743 | 21,825 | 22 |
| Branch network services | 35,643 | 40,296 | 13.05% | 12,837 | 13,318 | 14 |
| Collections and payments fees | 41,683 | 51,566 | 23.71% | 14,640 | 18,680 | 17 |
| Credit card merchant fees | 7,387 | 5,994 | -18.86% | 2,647 | 2,079 | 1 |
| Credit and debit card annual fees | 152,967 | 180,184 | 17.79% | 53,196 | 59,003 | 61 |
| Checking fees | 40,886 | 44,358 | 8.49% | 14,104 | 14,292 | 15 |
| Warehouse services | 41,706 | 52,731 | 26.44% | 14,182 | 16,031 | 18 |
| Fiduciary activities | 45,328 | 43,699 | -3.59% | 16,501 | 13,275 | 14 |
| Brokerage fees | 52,753 | 51,574 | -2.23% | 23,896 | 12,728 | 15 |
| Check remittance | 7,723 | 8,337 | 7.95% | 2,725 | 2,737 | 2 |
| International operations | 27,640 | 25,048 | -9.38% | 13,013 | 8,838 | 9 |
| FEES AND OTHER SERVICE INCOME | 594,150 | 682,191 | 14.82% | 218,670 | 224,163 | 238 |
| ----- | | | | | | |
| Fees and other service expenses | (38,598) | (46,531) | 20.55% | (10,709) | (13,828) | (19) |
| TOTAL FEES AND INCOME FROM SERVICES, NET | 555,552 | 635,660 | 14.42% | 207,961 | 210,335 | 219 |
| ----- | | | | | | |
| OTHER OPERATING INCOME | | | | | | |
| Net foreign exchange gains | (77,664) | 104,414 | 234.44% | (16,189) | 132,194 | (39) |
| Forward contracts in foreign currency | 136,613 | (30,728) | -122.49% | 31,447 | (67,807) | 32 |
| Gains on sales of investments on equity securities | 399 | 48,948 | 12167.67% | 302 | 8,894 | 5 |
| Dividend income | 41,195 | 21,314 | -48.26% | 1,831 | 98 | 1 |
| Revenues from commercial | | | | | | |

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| | | | | | | |
|--|-----------|-----------|---------|----------|----------|------|
| subsidiaries | 76,873 | 31,223 | -59.38% | 27,884 | 8,706 | 9 |
| Communication, postage, rent and others | 8,649 | 11,780 | 36.20% | 2,226 | 5,592 | 3 |
| TOTAL OTHER OPERATING INCOME | 186,065 | 186,951 | 0.48% | 47,501 | 87,677 | 14 |
| ----- | | | | | | |
| TOTAL INCOME | 2,175,819 | 1,884,249 | -13.40% | 797,512 | 473,188 | 712 |
| OPERATING EXPENSES | | | | | | |
| Salaries and employee benefits | 459,996 | 505,151 | 9.82% | 157,833 | 171,869 | 169 |
| Bonus plan payments | 21,254 | 17,170 | -19.22% | 12,551 | 61 | 8 |
| Compensation | 6,873 | 3,222 | -53.12% | 2,188 | 882 | 1 |
| Administrative and other expenses | 628,096 | 619,749 | -1.33% | 235,245 | 199,486 | 221 |
| Deposit security, net | 42,008 | 49,418 | 17.64% | 13,203 | 13,651 | 20 |
| Donation expenses | 533 | 249 | -53.28% | 130 | 77 | |
| Depreciation | 65,232 | 74,885 | 14.80% | 22,049 | 26,436 | 26 |
| TOTAL OPERATING EXPENSES | 1,223,992 | 1,269,844 | 3.75% | 443,199 | 412,462 | 448 |
| ----- | | | | | | |
| NET OPERATING INCOME | 951,827 | 614,405 | -35.45% | 354,313 | 60,726 | 263 |
| Merger expenses | 38,236 | 26,303 | -31.21% | 19,814 | 7,814 | 13 |
| Goodwill amortization (1) | 16,986 | 18,900 | 11.27% | 5,662 | 6,325 | 6 |
| NON-OPERATING INCOME (EXPENSE) | | | | | | |
| Other income | 50,322 | 158,120 | 214.22% | 12,331 | 121,284 | 16 |
| Minority interest | (4,518) | (5,740) | 27.05% | (1,430) | (1,545) | (1) |
| Other expense | (67,656) | (116,224) | 71.79% | (27,321) | (64,224) | (36) |
| TOTAL NON-OPERATING INCOME | (21,852) | 36,156 | 265.46% | (16,420) | 55,515 | (21) |
| INCOME BEFORE INCOME TAXES | 874,753 | 605,358 | -30.80% | 312,417 | 102,102 | 221 |
| Income tax expense | (184,450) | (140,722) | -23.71% | (43,178) | (33,054) | (39) |
| ----- | | | | | | |
| NET INCOME | 690,303 | 464,636 | -32.69% | 269,239 | 69,048 | 181 |
| ===== | | | | | | |

(1) Includes Banco de Colombia and Comercia S.A.