

BANCOLOMBIA SA
Form 20-F/A
June 29, 2009

Table of Contents

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 29, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 20-F/A

AMENDMENT NO 1

(Mark One)

- o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
- þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2007
OR
- o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
OR
- o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report _____
Commission file number: 001-32535
BANCOLOMBIA S.A.
(Exact name of Registrant as specified in its charter)
N/A
(Translation of Registrant's name into English)
Republic of Colombia
(Jurisdiction of incorporation or organization)
Avenida Los Industriales Carrera 48 No. 26-85
Medellin, Colombia
(Address of principal executive offices)
Juan Esteban Toro Valencia, Investor Relations Manager
Avenida Los Industriales Carrera 48 No. 26-85, Medellín, Colombia
Tel. +574 440 1837, Fax. + 574 404 5146, e-mail: juatoro@bancolombia.com
(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)
Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each Class
American Depositary Shares
Preferred Shares

Name of each exchange on which registered
New York Stock Exchange
New York Stock Exchange*

* Bancolombia's preferred shares are not listed for trading directly, but only in connection with its American Depositary Shares, which are evidenced by American Depositary Receipts, each representing 4 preferred shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Not applicable

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not applicable

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Common Shares

509,704,584

Preferred Shares

278,122,419

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow

Item 17 Item 18

Edgar Filing: BANCOLOMBIA SA - Form 20-F/A

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the precedent 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS.)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

Table of Contents

EXPLANATORY NOTE

This Amendment No. 1 on Form 20-F/A (this Amendment No. 1) to the Bank's annual report on Form 20-F for the year ended December 31, 2007, filed with the Securities and Exchange Commission (the SEC) on July 8, 2008 (the original filing), is filed to restate the Bank's Supplemental Consolidated Condensed Balance Sheets, Supplemental Consolidated Condensed Statement of Operations and Supplemental Consolidated Condensed Statements of Cash Flows prepared in accordance with U.S. GAAP and included in the Bank's consolidated financial statements filed in Item 18 of the Form 20-F/A.

During the preparation of the Bank's 2008 financial statements, the Bank reviewed certain of its service agreements with vehicles used to securitize the Bank's performing loans and reconsidered the analysis under SFAS 140 and concluded that such vehicles did not meet the definition of a qualified special-purpose entity under SFAS 140. Consequently, the Bank restated the Supplemental Consolidated Condensed Balance Sheets, Supplemental Consolidated Condensed Statements of Operations and the Supplemental Consolidated Condensed Statements of Cash Flows in order to consolidate the vehicles in which the Bank is the primary beneficiary under FIN 46R Consolidation of Variable Interest Entities (Revised).

In addition, the Bank restated the Supplemental Consolidated Condensed Statements of Cash Flows to correct errors related to (i) for all years presented, the inappropriate classification of the changes in the loan portfolio as operating activities rather than investing activities, (ii) for all years presented, clerical errors in the elimination and reclassification of cash flows related to the different accounting treatment for business combinations under Colombian GAAP and U.S. GAAP (see note 31 (m)), (iii) for the fiscal years ended on December 31, 2006 and 2007, the presentation of the effects of exchange rate changes on cash and cash equivalents. In addition, as noted above, the restatement relating to the treatment of vehicles used to securitize the Bank's performing loans also affects the Supplemental Consolidated Condensed Statements of Cash Flows for the years ended December 31, 2006 and 2007.

The foregoing restatements did not have affect Consolidated Net Income and Stockholders' Equity under U.S. GAAP for any of the years presented in the original filing. The effects of the corrections and reclassifications are being presented as restatements in Note 32 to the financial statements included in this Amendment No. 1.

This Amendment No. 1 also amends Item 15 in the original filing to update the opinion of the Bank's President Jorge Londono Saldarriaga and Finance Vice-President Jaime Alberto Velasquez Botero with respect to the effectiveness of the Bank's internal controls over financial reporting as of December 31, 2007, in light of the restatement described above and in Note 32 to the financial statements included in this Amendment No. 1. Accordingly, the Bank hereby amends Item 15 beginning on page 164 of the original filing by adding the language that appears in Part II of this Amendment No. 1 after the first paragraph of Item 15.

As a result of and to reflect the restatements described above, certain disclosures have been added to or amended in Item 18 *Financial Statements* and updated CEO and CFO Certifications have been included in *Item 19 Exhibits*.

The revisions mentioned above appear on the following pages or exhibits:

ITEM 18. FINANCIAL STATEMENTS

Page F-2 and F-3 (Report of independent registered public accounting firm);

Page F-4 (Report of independent registered public accounting firm);

Table of Contents

Page F-5 and F-6 (Report of independent registered public accounting firm about internal control over financial reporting);

Page F-99 (Supplemental Consolidated Condensed Balance Sheets);

Page F-100 (Supplemental Consolidated Condensed Statement of Operations);

Page F-100 (Supplemental Consolidated Condensed Statements of Cash Flows);

Page F-113 to F-118 (Investment Securities and Derivatives);

Page F-131 (Securitization);

Page F-133 to F-135 (Estimated Fair Value of Financial Instruments).

Page F-147 to F-149 (Note 32 Restatements)

ITEM 19. EXHIBITS

The following exhibits are filed as part of this Annual Report.

- 12.1 CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated June 29, 2009.
- 12.2 CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated June 29, 2009.
- 13.1 CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated June 29, 2009.
- 13.2 CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated June 29, 2009.

Except for the certifications, this Amendment No. 1 speaks as of the filing date of the original filing. Other than as set forth above, this Amendment No. 1 does not, and does not purport to, amend, update or restate any other information or disclosure included in the original filing or reflect any events that have occurred after the filing date of the original filing. This amendment should be read in conjunction with the Bank's filings made with the SEC subsequent to the original filing, as information in such reports and documents may update or supersede certain information contained in this amendment. This amendment retains the page numbering of the original filing for ease of reference.

PART II

ITEM 15. CONTROLS AND PROCEDURES

In connection with this evaluation, Bancolombia's management, including President Jorge Londono Saldarriaga and Finance Vice-President Jaime Alberto Velasquez Botero, considered whether the restatement described in Note 32 to the financial statements included herein, would change management's previous assessments of disclosures controls and procedures and internal control over financial reporting, and has concluded that, considering both quantitative and qualitative factors, the restatement of the Supplemental Consolidated Condensed Balance Sheets, the Supplemental Consolidated Condensed Statement of Operations and the Supplemental Consolidated Condensed Statements of Cash Flows prepared in accordance with U.S.GAAP included in this Form 20-F/A, did not impact the conclusion that the Bank's disclosure controls and procedures are effective as of December 31, 2007.

Table of Contents

**PART III
FINANCIAL STATEMENTS**

ITEM 18. FINANCIAL STATEMENTS

Reference is made to pages F 1 through F 149.

ITEM 19. EXHIBITS

The following exhibits are filed as part of this Annual Report.

- 12.1 CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated June 29, 2009.
- 12.2 CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated June 29, 2009.
- 13.1 CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated June 29, 2009.
- 13.2 CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated June 29, 2009.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Dated: June 29, 2009

BANCOLOMBIA S.A.

By: /s/ JAIME ALBERTO VELÁSQUEZ
BOTERO
Name: Jaime Alberto Velásquez Botero.
Title: Chief Financial Officer

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
<u>Reports of Independent Registered Public Accounting Firms</u>	F-2
<u>Consolidated Balance Sheets</u>	
<u>Year Ended December 31, 2006 and 2007</u>	F-7
<u>Consolidated Statements of Operations</u>	
<u>Year Ended December 31, 2005, 2006 and 2007</u>	F-9
<u>Consolidated Statements of Stockholders' Equity</u>	
<u>Year Ended December 31, 2005, 2006 and 2007</u>	F-11
<u>Consolidated Statements of Cash Flows</u>	
<u>Year Ended December 31, 2005, 2006 and 2007</u>	F-12
<u>Notes to Consolidated Financial Statements</u>	F-14
<u>Exhibit 12.1</u>	
<u>Exhibit 12.2</u>	
<u>Exhibit 13.1</u>	
<u>Exhibit 13.2</u>	

Table of Contents

Deloitte & Touche Ltda.
Edificio Corficolombiana
Calle 16 Sur No 43 A-49 Pisos 9 y 10
A.A 404
Nit 860.005.813-4
Medellin
Colombia

Tel: 57(4) 313 56 54
Fax: 57(4) 313 93 43
www.deloitte.com/co

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of directors and shareholders of BANCOLOMBIA S.A.:

We have audited the accompanying consolidated balance sheets of Bancolombia S.A. and subsidiaries (the Bank) as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on the financial statements based on our audits. We did not audit the consolidated financial statements of Banagrícola, S.A. (a consolidated subsidiary acquired by the Bank on May 16, 2007) and its subsidiaries, which statements reflect total assets and income before taxes constituting 16.30% and 15.30%, respectively, of the related consolidated totals for the year ended December 31, 2007. Those statements, prepared in accordance with the accounting standards prescribed by the Superintendence of Financial System of El Salvador, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Banagrícola, S.A. and its subsidiaries on such basis of accounting, is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements (including the Bank's conversion of the amounts in the financial statements of Banagrícola S.A. and its subsidiaries, prepared in conformity with accounting standards prescribed by the Superintendence of Financial System of El Salvador, to amounts in conformity with accounting principles generally accepted in Colombia and the regulations of the Colombian Superintendency of Finance (collectively Colombian GAAP) and accounting principles generally accepted in the United States of America (U.S. GAAP). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Bancolombia S.A. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with Colombian GAAP.

Table of Contents

Colombian GAAP vary in certain significant respects from U.S. GAAP. Information relating to the nature and effect of such differences is presented in Note 31 to the consolidated financial statements.

Our audits also comprehended the translation of Colombian pesos amounts into U. S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2b. Such U.S. dollar amounts are presented solely for the convenience of readers in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Bank's internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management excluded from its assessment the internal control over financial reporting of Banagrícola, S.A. and its subsidiaries which was acquired on May 16, 2007. Our report dated July 7, 2008, and June 25, 2009 as to the effects of the restatements discussed in Note 32, expressed an unqualified opinion on the Bank's internal control over financial reporting excluding Banagrícola, S.A. and its subsidiaries.

As discussed in Note 32, the accompanying financial statements have been restated.

/s/ Deloitte & Touche Ltda.

Medellin, Colombia

July 7, 2008 (June 25, 2009 as to the effects of the restatements discussed in Note 32)

Table of Contents

Consent of independent public accounting firm

We hereby consent to the use in this Registration Statement on Form 20-F/A of Bancolombia S. A. of our report dated June 28, 2008 relating to the financial statements of Banagrícola, S. A. and its subsidiaries as of December 31, 2007 prepared in conformity with accounting standards prescribed by the Superintendence of Financial System of EI Salvador, which appear in such Registration Statement.

/s/ PriceWaterhouseCoopers

June 25, 2009

Panamá, Republic of Panama

F-4

Table of Contents

Deloitte & Touche Ltda.
Edificio Corficolombiana
Calle 16 Sur No 43 A-49 Pisos 9 y 10
A.A 404
Nit 860.005.813-4
Medellin
Colombia

Tel: 57(4) 313 56 54
Fax: 57(4) 313 93 43
www.deloitte.com/co

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of BANCOLOMBIA S.A.:

We have audited the internal control over financial reporting of Bancolombia S.A. and subsidiaries (the Bank) as of December 31, 2007, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in the Management’s Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Banagrícola S.A. and its subsidiaries, which was acquired on May 16, 2007 and whose financial statements constitute 16.15% of total assets and 10.2% of income before taxes of the consolidated financial statement amounts as of and for the year ended December 31, 2007. Accordingly, our audit did not include the internal control over financial reporting at Banagrícola S.A. and its subsidiaries. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Table of Contents

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2007 of the Bank and our report dated July 7, 2008 and June 25, 2009 as to the effects of the restatements discussed in Note 32, expressed an unqualified opinion on those financial statements and included explanatory paragraphs regarding to the nature and effect of differences between accounting principles generally accepted in Colombia and in the United States of America, and that our audit also comprehended the translation of Colombian Pesos amounts into U.S. dollars amounts in accordance with note 2b. of such consolidated financial statements.

/s/ Deloitte & Touche Ltda.

Medellin, Colombia

July 7, 2008 (except for the effects of the restatement discussed in Note 32 to which the date is June 25, 2009)

Table of Contents**BANCOLOMBIA S.A. AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2006 and 2007

(Stated in millions of pesos and thousands of U.S. Dollars)

	<i>Notes</i>	<i>2006</i>	<i>2007</i>	<i>2007⁽¹⁾</i> <i>U.S. Dollar</i>
Assets				
Cash and cash equivalents:				
Cash and due from banks	4	Ps 1,548,752	Ps 3,618,619	US\$ 1,796,055
Overnight funds		457,614	1,609,768	798,987
Total cash and cash equivalents		2,006,366	5,228,387	2,595,042
Investment securities:	5			
Debt securities:		5,530,559	5,596,051	2,777,527
Trading securities		2,605,852	1,916,012	950,987
Available for sale		1,810,584	1,954,593	970,137
Held to maturity		1,114,123	1,725,446	856,403
Equity securities		224,787	253,747	125,944
Trading securities		61,640	93,125	46,221
Available for sale		163,147	160,622	79,723
Market value allowance		(77,585)	(75,547)	(37,496)
Total investment securities		5,677,761	5,774,251	2,865,975
Loans and financial leases:	6			
Commercial loans		16,028,505	23,397,058	11,612,827
Consumer loans		3,587,260	6,593,211	3,272,455
Small business loans		91,078	129,900	64,474
Mortgage loans		1,385,445	2,883,628	1,431,251
Financial leases		3,553,286	4,698,827	2,332,202
Allowance for loans and financial leases losses	7	(834,183)	(1,457,151)	(723,238)
Loans and financial leases, net		23,811,391	36,245,473	17,989,971
Accrued interest receivable on loans and financial leases:				
Accrued interest receivable on loans and financial leases		266,934	431,863	214,350
Allowance for accrued interest losses	7	(11,644)	(33,303)	(16,530)
Interest accrued, net		255,290	398,560	197,820

Edgar Filing: BANCOLOMBIA SA - Form 20-F/A

Customers acceptances and derivatives	8	166,395	196,001	97,283
Accounts receivable, net	9	562,598	716,106	355,430
Premises and equipment, net	10	712,722	855,818	424,774
Operating leases, net	11	167,307	488,333	242,378
Foreclosed assets, net	15	18,611	32,294	16,029
Prepaid expenses and deferred charges	12	46,462	137,901	68,445
Goodwill	14	40,164	977,095	484,968
Other	13	675,265	580,642	288,194
Reappraisal of assets	16	348,364	520,788	258,486
Total assets		Ps 34,488,696	Ps 52,151,649	US\$ 25,884,795
Memorandum accounts	25	Ps 153,080,705	Ps 182,209,139	US\$ 90,437,143

F-7

Table of Contents**BANCOLOMBIA S.A. AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2006 and 2007

(Stated in millions of pesos and thousands of U.S. Dollars)

	Notes	2006	2007	2007 ⁽¹⁾ U.S. Dollar
Liabilities and Stockholders Equity				
Deposits				
Non-interest bearing:				
Checking accounts		Ps 4,580,649	Ps 5,804,724	US\$ 2,881,100
Other		4,121,506	5,300,864	2,631,015
Interest bearing:		459,143	503,860	250,085
Checking accounts		18,635,818	28,569,426	14,180,064
Time deposits		1,244,348	1,567,411	777,964
Savings deposits		7,377,586	14,304,727	7,099,966
		10,013,884	12,697,288	6,302,134
Total deposits		23,216,467	34,374,150	17,061,164
Overnight funds		1,007,045	2,005,490	995,399
Bank acceptances outstanding		64,030	55,208	27,402
Interbank borrowings	17	1,066,845	1,506,611	747,787
Borrowings from development and other domestic banks ⁽³⁾	18	2,449,581	3,344,635	1,660,066
Accounts payable		988,723	1,714,418	850,929
Accrued interest payable		190,121	286,627	142,264
Other liabilities	19	387,697	503,433	249,871
Long-term debt	20	1,302,702	2,850,730	1,414,923
Accrued expenses	21	119,984	218,860	108,628
Minority interest in consolidated subsidiaries		48,889	92,217	45,771
Total liabilities		30,842,084	46,952,379	23,304,204
Stockholders equity ⁽²⁾	22, 24			
Subscribed and paid in capital:				
Nonvoting preference shares		430,684	460,684	228,655
Common shares		121,422	151,422	75,157
Retained earnings:		309,262	309,262	153,498
Appropriated	23	3,063,136	4,446,527	2,206,976
Unappropriated		2,313,607	3,359,604	1,667,496
Reappraisal of assets	16	749,529	1,086,923	539,480
Gross unrealized net gain or loss on investments		140,693	319,646	158,652
		12,099	(27,587)	(13,692)
Stockholders equity		3,646,612	5,199,270	2,580,591

Total liabilities and stockholders equity		Ps 34,488,696	Ps 52,151,649	US\$ 25,884,795
Memorandum accounts	25	Ps 153,080,705	Ps 182,209,139	US\$ 90,437,143

The accompanying notes, numbered 1 to 32, form an integral part of these Consolidated Financial Statements

- (1) See note 2 (ff)
- (2) A summary of significant adjustments to stockholders equity that would be required if U.S. GAAP had been applied is disclosed in Note 31.
- (3) Included Domestic banks borrowings.

Table of Contents**BANCOLOMBIA S.A. AND SUBSIDIARIES**

Consolidated Statements of Operations

Years ended December 31, 2005, 2006 and 2007

(Stated in millions of pesos and thousands of U.S. Dollars, except per share data)

	<i>Note</i>	<i>2005⁽²⁾</i>	<i>2006</i>	<i>2007</i>	<i>2007⁽¹⁾</i> <i>U.S. Dollar</i>
Interest income:					
Interest on loans		Ps 2,050,274	Ps 2,312,525	Ps 3,707,751	US\$ 1,840,294
Interest on investment securities		824,709	273,197	416,644	206,796
Overnight funds		33,629	43,863	115,324	57,240
Leasing		291,472	384,147	570,689	283,254
Total interest income		3,200,084	3,013,732	4,810,408	2,387,584
Interest expense:					
Checking accounts		20,311	32,676	39,076	19,396
Time deposits		449,367	459,513	816,688	405,352
Saving deposits		241,889	264,381	461,437	229,028
Total interest expense on deposits		711,567	756,570	1,317,201	653,776