

BANCOLOMBIA SA
Form 6-K
May 05, 2014

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 May, 2014

Comission File Number 001-32535

Bancolombia S.A.

(Translation of registrant's name into English)

Cra. 48 # 26-85
Medellín, Colombia
(Address of principal executive offices)

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

Form 20-F Form 40-F

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):

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)(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-_____.

1Q14

BANCOLOMBIA S.A. (NYSE: CIB; BVC: BCOLOMBIA, PFBCOLOM) REPORTS CONSOLIDATED NET INCOME OF COP 508 BILLION FOR THE FIRST QUARTER OF 2014 (COP 580 PER SHARE - USD 1.18 PER ADR). NET INCOME REPRESENTS AN INCREASE OF 4% COMPARED TO THE LAST QUARTER.

The bank showed a solid and healthy growth in the loan portfolio during 1Q14. Bancolombia's loan portfolio grew 2.3% during the quarter and 26.9% during the last twelve months. The annual growth was explained, 16.5% by the contribution of Banistmo (formerly HSBC Panama) and 10.4% by the organic growth of the existing operation before the consolidation of Banistmo.

Net interest income increased 8% and fees increased by 3% during 1Q14. Net interest income increased due to higher yields on assets and lower cost of funding. Fees increased due to higher volume of banking transactions.

The bank reduced its funding cost and maintained its liquidity position. The annualized average weighted cost of deposits was 2.3% in 1Q14, lower than the 2.6% for 4Q13 and the 3.2% for 1Q13. Deposits decreased 4% during the quarter and increased 24% compared to 1Q13, and the ratio of net loans to deposits ended at 99%. This annual growth was explained, 17.5% by the contribution of Banistmo (formerly HSBC Panama) and 6.5% by the organic growth of the existing operation before the acquisition of Banistmo.

Past due loans as a percentage of total loans remain low in 1Q14. 30 days (or more) past due loans as a percentage of total gross loans were 3.2%. Net provision charges for past due loans and foreclosed assets totaled COP 308 billion, which represents 1.36% of gross loans when annualized.

Loan portfolio coverage remains at high levels. At the end of 1Q14, the ratio between allowances for loans losses and 30-days past due loans was 142%, indicating that Bancolombia has sufficient reserves to maintain its business operation and has a strong and healthy balance sheet.

May 5, 2014. Medellín, Colombia – Today, BANCOLOMBIA S.A. (“Bancolombia” or “the Bank”) announced its earnings results for the first quarter of 2014.

For the quarter ended on March 31, 2014 (“1Q14”), Bancolombia reported consolidated net income of COP 508 billion, or COP 580 per share - USD 1.18 per ADR. Net income represents an increase of 4% as compared to the results for the quarter ended on December 31, 2013 (“4Q13”) and an increase of 3.2% as compared to the results for the quarter ended on March 31, 2013 (“1Q13”).

Bancolombia ended 1Q14 with COP 130,443 billion in assets, 0.3% lower than those at the end of 4Q13 and 26.5% greater than those at the end of 1Q13. At the same time, liabilities totaled COP 115,481 billion, decreasing 2.4% as compared to the figure presented in 4Q13 and increasing 25.9% as compared to 1Q13¹.

¹ This report corresponds to the consolidated financial statements of BANCOLOMBIA S.A. and its affiliates (“BANCOLOMBIA” or “The Bank”) 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 Superintendencia Financiera de 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 March 31, 2014. The statements of income for the quarter ended March 31, 2014 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 April 1, 2014 \$1.969,45 = US\$ 1

1Q14

BANCOLOMBIA: Summary of consolidated financial quarterly results²CONSOLIDATED BALANCE SHEET
AND INCOME STATEMENT

(COP millions)	Quarter			Growth			
	1Q13	4Q13	1Q14	1Q14/4Q13	1Q14/1Q13		
ASSETS							
Loans and financial leases, net	68,817,162	85,394,012	87,334,646	2.27	%	26.91	%
Investment securities, net	14,233,292	13,805,790	15,384,799	11.44	%	8.09	%
Other assets	20,097,854	31,616,439	27,723,651	-12.31	%	37.94	%
Total assets	103,148,308	130,816,241	130,443,096	-0.29	%	26.46	%
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	67,146,387	86,556,579	83,043,278	-4.06	%	23.67	%
Non-interest bearing	8,584,903	14,680,487	13,904,799	-5.28	%	61.97	%
Interest bearing	58,561,484	71,876,092	69,138,479	-3.81	%	18.06	%
Other liabilities	24,564,684	31,766,816	32,437,333	2.11	%	32.05	%
Total liabilities	91,711,071	118,323,395	115,480,611	-2.40	%	25.92	%
Shareholders' equity	11,437,237	12,492,846	14,962,485	19.77	%	30.82	%
Total liabilities and shareholders' equity	103,148,308	130,816,241	130,443,096	-0.29	%	26.46	%
Interest income	2,196,919	2,151,683	2,252,750	4.70	%	2.54	%
Interest expense	792,676	803,137	798,189	-0.62	%	0.70	%
Net interest income	1,404,243	1,348,546	1,454,561	7.86	%	3.58	%
Net provisions	(302,868)	(272,919)	(307,523)	12.68	%	1.54	%
Fees and income from service, net	436,328	525,018	542,322	3.30	%	24.29	%
Other operating income	228,514	257,790	260,651	1.11	%	14.06	%
Total operating expense	(1,091,382)	(1,207,369)	(1,171,770)	-2.95	%	7.37	%
Goodwill amortization	(15,348)	(38,335)	(53,375)	39.23	%	247.77	%
Non-operating income, net	19,859	20,061	(11,558)	-157.61	%	-158.20	%
Income tax expense	(186,610)	(144,052)	(204,957)	42.28	%	9.83	%
Net income	492,736	488,740	508,351	4.01	%	3.17	%

PRINCIPAL RATIOS

	Quarter			As of	
	1Q13	4Q13	1Q14	Mar-13	Mar-14
PROFITABILITY					
Net interest margin ⁽¹⁾	6.78	% 5.33	% 5.54	% 6.78	% 5.54
Return on average total assets ⁽²⁾	1.99	% 1.56	% 1.56	% 1.99	% 1.56
Return on average shareholders' equity ⁽³⁾	16.83	% 15.97	% 15.31	% 16.83	% 15.31
EFFICIENCY					
Operating expenses to net operating income	53.49	% 58.45	% 54.27	% 53.49	% 54.27
Operating expenses to average total assets	4.47	% 3.99	% 3.76	% 4.47	% 3.76
CAPITAL ADEQUACY					

Edgar Filing: BANCOLOMBIA SA - Form 6-K

Shareholders' equity to total assets	11.09	% 9.55	% 11.47	% 11.09%	11.47 %
Technical capital to risk weighted assets	16.96	% 10.61	% 13.66	% 16.96%	13.66 %
KEY FINANCIAL HIGHLIGHTS					
Net income per ADS (USD)	1.26	1.19	1.18		
Net income per share \$COP	578.45	573.75	580.13		
P/BV ADS ⁽⁴⁾	2.16	1.61	1.63		
P/BV Local ^{(5) (6)}	2.14	1.62	1.58		
P/E ⁽⁷⁾	12.48	10.34	11.77		
ADR price ⁽⁸⁾	63.25	49.02	56.48		
Common share price ⁽⁸⁾	28,800	23,820	26,940		
Weighted average shares outstanding ⁽⁹⁾	851,827,000	851,827,000	876,271,445		
USD exchange rate (quarter end)	1,832.20	1,926.83	1,969.45		

(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. (9) Common and preferred.

1Q14**1. BALANCE SHEET****1.1. Assets**

As of March, 2014, Bancolombia's assets totaled COP 130,443 billion, which represents a decrease of 0.3% compared to 4Q13 and an increase of 26.5% compared to 1Q13. The annual growth was explained 16.5% by the contribution of Banistmo (formerly HSBC Panama) and 10.4% by the organic growth of the existing operation before the consolidation of Banistmo.

The decrease in assets in the quarter was explained by the reduction of cash that was used to reduce the most expensive liabilities. The annual growth of the assets was mainly explained by the consolidation of Banistmo's assets in 4Q13 and the organic growth of loans and finance leases, which represented 67% of the assets at the end of 1Q14

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 converted to COP			Amounts in USD (thousands)		
	1Q14/4Q13	1Q14/1Q13		1Q14/4Q13	1Q14/1Q13		1Q14/4Q13	1Q14/1Q13	
(1 USD = 1969.45 COP)									
Net investment securities	11,158,126	10.91 %	-6.21 %	4,226,673	12.85 %	80.87 %	2,146,118	10.41 %	68.26
Gross Loans	62,662,801	1.84 %	13.80 %	28,807,439	3.14 %	68.21 %	14,627,149	0.90 %	56.49
Commercial loans	34,552,274	2.26 %	13.75 %	19,194,378	3.34 %	44.66 %	9,746,060	1.10 %	34.58
Consumer loans	12,100,575	0.21 %	10.87 %	4,620,267	2.06 %	114.31 %	2,345,968	-0.14 %	99.37
Small business loans	406,301	3.83 %	23.04 %	127,579	1.69 %	316.24 %	64,779	-0.51 %	287.24
Mortgage loans	6,818,058	3.05 %	22.55 %	3,854,942	4.76 %	387.38 %	1,957,370	2.50 %	353.44
Finance lease	8,785,593	1.49 %	11.49 %	1,010,273	-1.43 %	14.90 %	512,972	-3.56 %	6.89
Allowance for loan losses	(3,448,566)	1.65 %	13.40 %	(687,028)	2.09 %	108.28 %	(348,843)	-0.12 %	93.77
Net total loans and fin. leases	59,214,235	1.86 %	13.83 %	28,120,411	3.16 %	67.42 %	14,278,307	0.93 %	55.76
Operating leases, net	2,969,701	5.11 %	30.11 %	95,123	1.26 %	-5.56 %	48,299	-0.93 %	-12.14
Total assets	87,092,406	-1.99 %	10.33 %	43,350,690	3.33 %	79.04 %	22,011,572	1.09 %	66.56
Total deposits	58,497,718	-7.30 %	5.83 %	24,545,560	4.65 %	106.77 %	12,463,155	2.38 %	92.36
Total liabilities	73,575,451	-5.13 %	6.94 %	41,905,160	2.79 %	82.91 %	21,277,595	0.57 %	70.16

The most relevant aspects regarding the evolution of the loan portfolio during 1Q14 were:

- The growth of commercial, mortgage loans and financial leases in Colombia during 1Q14 indicate a sustained credit demand.

- Net loans in USD correspond to loans originated in Colombia (USD 4,123 million, 29%), El Salvador (USD 2,644 million, 19%), Panamá (USD 7,098 million, 50%), and other countries (USD 412 million, 3%). USD denominated loans represented 31% of total loans as of 1Q14.

- COP depreciated 2.2% versus USD during 1Q14 and 7.5% in the last 12 months.

- Mortgage loans denominated in COP presented a dynamic performance, growing 22.5% year on year. The dynamism of mortgage lending in Colombia is explained by the lower long-term interest rates, as well as by the Colombian government's interest rate subsidy programs. On the other hand, the mortgage balance denominated in USD from our operation in El Salvador and Panama represented 36% of the mortgage loans at the end of 1Q14.

- Financial leases, of which 90% are denominated in COP, increased 1.2% during the quarter and 11.8% as compared to 1Q13. Operating leases, net of depreciation, increased 5.0% during 1Q14 and 28.6% in the last 12 months. These two products are mainly used by enterprises in order to finance equipment, commercial real estate and commercial vehicles.

1Q14

When analyzing the loan portfolio according to the customer categories established by Bancolombia in order to manage its commercial strategy (see table below), it becomes clear that commercial loans led the growth during 1Q14, as they increased 2.9% with respect to 4Q13. The growth is explained by the credit demand for business investment. This is the segment that contributes the most to the nominal growth of the total loan book. Consumer and SMEs loans increased by 1.1% when compared with 4Q13, which indicates a moderate credit demand versus the growth of previous quarters.

Total reserves (allowances in balance sheet) for loan losses increased by 1.7% during 1Q14 and totaled COP 4,136 billion, or 4.5% 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	As of	Growth
----------------	-------	--------