Fitch Ratings-New York-04 September 2012: Fitch Ratings expects to assign a 'BBB-' rating to Bancolombia's upcoming 10-year U.S. dollar subordinated notes. A list of Bancolombia's current ratings follows the end of this press release.

The notes (for an amount to be determined) will pay a fixed interest to be set at the time of the issuance. The notes will mature in 10 years and interest payments will be made semi-annually until maturity. The final rating is contingent upon the receipt of final documents conforming to information already received.

The notes will be subordinated to Bancolombia's existing and future senior obligations and structurally subordinated to the existing and future obligations of Bancolombia's subsidiaries (including trade payables) and to labor, tax and other obligations that are privileged by law. The notes will rank pari-passu with all of Bancolombia's existing and future subordinated debt and will be senior in right of pay to Bancolombia's capital stock and to any other instruments that may qualify as Tier I capital according to Colombian regulation.

Fitch currently rates Bancolombia's long-term foreign and local currency Issuer Default Ratings (IDRs) 'BBB' with a Stable Outlook, and Bancolombia's Viability Rating (VR) is 'bbb'. The notes do not meet the characteristics required to achieve any equity credit; namely they lack coupon deferral flexibility. As such, Fitch deems these notes as debt (as per its rating criteria). Accordingly, Fitch will rate the notes one notch below Bancolombia's Viability Rating. This reflects their subordinated nature and the higher than average losses that these securities typically incur in case of a default. The rating of the notes is sensitive to changes in Bancolombia's IDR and Viability ratings and would move in line with them.

Bancolombia will use the proceeds of the issuance of the notes to strengthen its regulatory capital structure, regulatory compliance and general corporate purposes. However, the notes do not meet Fitch's criteria for eligible capital. As such, Fitch expects Bancolombia's leverage to increase slightly in the short run. Fitch expects that continued growth and positive returns will allow the bank to sustain adequate Fitch core capital levels.

Fitch currently rates Bancolombia as follows:

--Long-term foreign currency IDR 'BBB'; Outlook Stable;
--Short-term foreign currency IDR 'F2';
--Long-term local currency IDR 'BBB'; Outlook Stable;
--Short-term local currency IDR 'F2';
--Viability rating 'bbb';
--Support Rating '3';
--Support floor 'BB+';
--Senior Unsecured Debt 'BBB'
--Subordinated Debt 'BBB-'
--National Scale Long Term Rating 'AAA(col)';
--National Scale Short Term Rating 'F1+(col)';
--National Scale Senior Unsecured Debt 'AAA(col)';
--National Scale Subordinated Debt 'AA+(col)'.

Bancolombia is a top contender in its core markets (21% market share by assets in Colombia, 30% in El Salvador) and an increasingly active competitor in Central and South America.

Contact: