

Sientra, Inc.  
Form 10-Q  
August 13, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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Commission file number: 001-36709

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**SIENTRA, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation or  
Organization)

**20-5551000**

(I.R.S. Employer Identification No.)

**420 South Fairview Avenue, Suite 200  
Santa Barbara, California**

(Address of Principal Executive Offices)

**93117**

(Zip Code)

**(805) 562-3500**

(Registrant's Telephone Number, Including Area Code)

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 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 preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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As of August 7, 2015, the number of outstanding shares of the registrant's common stock, par value \$0.01 per share, was 14,986,946.

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**SIENTRA, INC.**

**FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2015**

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****SIENTRA, INC.****Condensed Balance Sheets**

(In thousands, except per share and share amounts)

(Unaudited)

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 89,659	\$ 96,729
Accounts receivable, net of allowances of \$10,771 and \$10,330 at June 30, 2015 and December 31, 2014, respectively	6,936	5,198
Inventories, net	19,814	20,174
Prepaid expenses and other current assets	2,427	1,782
Total current assets	118,836	123,883
Property and equipment, net	985	555
Goodwill	14,278	14,278
Other intangible assets, net	83	114
Other assets	231	248
Total assets	\$ 134,413	\$ 139,078
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 8,441	\$ 3,757
Accounts payable	2,067	2,589
Accrued and other current liabilities	6,691	5,772
Customer deposits	8,198	8,614
Total current liabilities	25,397	20,732
Long-term debt, net of current portion	17,245	21,671
Warranty reserve and other long-term liabilities	1,334	1,036
Total liabilities	43,976	43,439
Commitments and contingencies (note 10)		
Stockholders' equity:		
Preferred stock, \$0.01 par value Authorized 10,000,000 shares; none issued or outstanding		
Common stock, \$0.01 par value Authorized 200,000,000; issued 15,015,423 and 14,985,704 and outstanding 14,942,696 and 14,912,977 shares at June 30, 2015 and December 31, 2014, respectively	150	150
Additional paid-in capital	230,969	229,795
Treasury stock, at cost (72,727 shares at June 30, 2015 and December 31, 2014)	(260)	(260)
Accumulated deficit	(140,422)	(134,046)

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Total stockholders' equity		90,437		95,639
Total liabilities and stockholders' equity	\$	134,413	\$	139,078

See accompanying notes to condensed financial statements.

Table of Contents**SIENTRA, INC.****Condensed Statements of Operations**

(In thousands, except per share and share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	\$ 14,206	\$ 11,719	\$ 26,640	\$ 21,947
Cost of goods sold	3,937	2,881	7,174	5,455
Gross profit	10,269	8,838	19,466	16,492
Operating expenses:				
Sales and marketing	6,951	6,289	13,805	11,863
Research and development	1,497	1,112	2,753	2,305
General and administrative	3,943	2,641	7,664	4,908
Total operating expenses	12,391	10,042	24,222	19,076
Loss from operations	(2,122)	(1,204)	(4,756)	(2,584)
Other (expense) income, net:				
Interest income	7		7	
Interest expense	(671)	(411)	(1,339)	(842)
Other (expense) income, net:	(206)	1,455	(288)	2,264
Total other (expense) income, net	(870)	1,044	(1,620)	1,422
Loss before income taxes	(2,992)	(160)	(6,376)	(1,162)
Income taxes				
Net loss	\$ (2,992)	\$ (160)	\$ (6,376)	\$ (1,162)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.20)	\$ (0.77)	\$ (0.43)	\$ (5.58)
Weighted average outstanding common shares used for net loss per share attributable to common stockholders:				
Basic and diluted	14,931,931	208,799	14,927,558	208,294

See accompanying notes to condensed financial statements.

Table of Contents**SIENTRA, INC.****Condensed Statements of Cash Flows**

(In thousands)

(Unaudited)

	<b>Six Months Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (6,376)	\$ (1,162)
<b>Adjustments to reconcile net loss to net cash (used in) provided by operating activities:</b>		
Depreciation and amortization	153	125
Provision for sales return reserve	527	1,906
Provision for (recovery of) doubtful accounts	4	(64)
Provision for warranties	286	246
Provision for inventory	55	
Change in fair value of warrants	288	93
Noncash interest expense	288	208
Stock-based compensation expense	1,082	199
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(2,269)	(841)
Prepaid expenses, other current assets and other assets	(657)	(421)
Inventories	305	2,025
Accounts payable	(520)	(1,269)
Accrued and other liabilities	670	(237)
Customer deposits	(416)	1,395
Net cash (used in) provided by operating activities	(6,580)	2,203
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(511)	(149)
Net cash used in investing activities	(511)	(149)
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	92	9
Proceeds from issuance of long-term debt		10,000
Deferred financing costs		(148)
Deferred equity issuance costs	(71)	
Net cash provided by financing activities	21	9,861
Net (decrease) increase in cash and cash equivalents	(7,070)	11,915
<b>Cash and cash equivalents at:</b>		
Beginning of period	96,729	9,722
End of period	\$ 89,659	\$ 21,637
<b>Supplemental disclosure of cash flow information:</b>		
<b>Cash paid during the year for:</b>		
Interest	\$ 1,051	\$ 596
<b>Supplemental disclosure of noncash investing and financing activities:</b>		
Accrued equity issuance costs	\$	\$ 759
Property and equipment in accounts payable	85	



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See accompanying notes to condensed financial statements.

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**SIENTRA, INC.**

Notes to the Condensed Financial Statements

(In thousands, except per share and share amounts)

(Unaudited)

**1. Formation and Business of the Company**

***a. Formation***

Sientra, Inc., or the Company, was incorporated in the State of Delaware on August 29, 2003 under the name Juliet Medical, Inc. and subsequently changed its name to Sientra, Inc. in April 2007. The Company acquired substantially all the assets of Silimed, Inc., on April 4, 2007. The purpose of the acquisition was to acquire the rights to the silicone breast implant clinical trials. Following this acquisition, the Company focused on completing the clinical trials to gain Food and Drug Administration, or FDA, approval to offer its silicone gel breast implants in the United States.

In March 2012, Sientra announced it had received approval from the FDA for its portfolio of silicone gel breast implants, and in the second quarter of 2012 the Company began commercial efforts to sell its products in the United States. The Company, based in Santa Barbara, California, is a medical aesthetics company that focuses on serving board-certified plastic surgeons and offers a portfolio of silicone shaped and round breast implants, tissue expanders, and body contouring products.

***b. Reverse Stock Split***

On October 10, 2014, our board of directors and stockholders approved an amendment to the Company's fourth amended and restated certificate of incorporation, which was filed on October 17, 2014, which effected a 2.75-to-1 reverse stock split of the Company's issued and outstanding shares of common stock. The par value of the common stock was not adjusted as a result of the reverse stock split. All issued and outstanding shares of common stock, stock options and warrants and the related per share amounts contained in the Company's condensed financial statements have been retroactively adjusted to reflect this reverse stock split for all periods presented. Also, as a result of the reverse stock split of the common stock, the conversion ratios for all of the Company's convertible preferred stock have been adjusted such that the preferred stock became convertible into shares of common stock at a conversion rate of 2.75-to-1 instead of 1-to-1.

***c. Initial Public Offering***

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On November 3, 2014, the Company completed an initial public offering, or IPO, whereby it sold a total of 5,750,000 shares of common stock at \$15.00 per share inclusive of 750,000 shares sold to underwriters for the exercise of their option to purchase additional shares. The Company received net proceeds from the IPO of approximately \$77,035, after deducting underwriting discounts and commissions and offering expenses of approximately \$9,215. These expenses were recorded against the proceeds received from the IPO.

The interest-only period for the tranche D term loan (see Note 8) was extended from August 1, 2015 to August 1, 2016 as a result of having raised at least \$50,000 in gross proceeds in the IPO and the completion of the IPO before June 30, 2015.

The outstanding shares of convertible preferred stock were converted on a 2.75-to-1 basis into shares of common stock concurrent with the closing of the IPO. All of the outstanding shares of Series A, Series B and Series C preferred stock converted into 8,942,925 shares of common stock. Following the closing of the IPO, there were no shares of preferred stock outstanding.

## 2. Summary of Significant Accounting Policies

### a. Basis of Presentation

The accompanying unaudited condensed financial statements in this Quarterly Report on Form 10-Q have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, and the rules and regulations of the U.S. Securities and Exchange Commission, or SEC. Accordingly, they do not include certain footnotes and financial presentations normally required under accounting principles generally accepted in the United States of America for complete financial reporting. The interim financial information is unaudited, but reflects all normal adjustments and accruals which are, in the opinion of management, considered necessary to provide a fair presentation for the interim periods presented. The accompanying condensed financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on March 18, 2015, or the Annual Report. The results for the three and six months ended June 30, 2015 are not necessarily indicative of results to be expected for the year ending December 31, 2015, any other interim periods, or any future year or period.

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**b. Use of Estimates**

The preparation of the condensed financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**c. Significant Accounting Policies**

There have been no significant changes to the accounting policies during the three and six months ended June 30, 2015, as compared to the significant accounting policies described in the Notes to Financial Statements in the Annual Report.

**d. Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board, or FASB, issued accounting standard update 2014-09, *Revenue from Contracts with Customers*. The standard was issued to provide a single framework that replaces existing industry and transaction specific US GAAP with a five step analysis of transactions to determine when and how revenue is recognized. The accounting standard update will replace most existing revenue recognition guidance in US GAAP when it becomes effective. In July 2015, the FASB voted to approve the deferral of the effective date of ASU 2014-09 by one year. Therefore, ASU 2014-09 will become effective for the Company beginning in fiscal year 2018. Under the exposure draft, early adoption would be permitted for the Company beginning in fiscal year 2017. The standard permits the use of either the retrospective or cumulative transition method. The Company is currently evaluating the accounting, transition and disclosure requirements of the standard and cannot currently estimate the financial statement impact of adoption.

In April 2015, the FASB issued accounting standard update 2015-03, *Interest Imputation of Interest*. The standard was issued to simplify the presentation of debt issuance costs and require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This accounting standard update will be effective for the Company beginning in fiscal year 2016. The Company anticipates there will be no material impact on its financial statement upon adoption of this guidance.

In April 2015, the FASB issued accounting standard update 2015-05, *Intangibles Goodwill and Other Internal-Use Software*. The standard was issued to provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. This accounting standard update will be effective for the Company beginning in fiscal year 2016. The Company anticipates there will be no material impact on its financial statement upon adoption of this guidance.

**3. Fair Value of Financial Instruments**

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The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and customer deposits are reasonable estimates of their fair value because of the short maturity of these items. The fair value of the common stock warrant liability is discussed in Note 4. The fair value of our long-term debt is based on the amount of future cash flows associated with the instrument discounted using our current market rate. At June 30, 2015, the carrying value of the long-term debt was not materially different from the fair value.

Table of Contents**4. Fair Value Measurements**

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- **Level 1** Quoted prices in active markets for identical assets or liabilities.
- **Level 2** Observable inputs (other than Level 1 quoted prices) such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- **Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The Company's common stock warrant liabilities are carried at fair value determined according to the fair value hierarchy described above. The Company has utilized an option pricing valuation model to determine the fair value of its outstanding common stock warrant liabilities. The inputs to the model include fair value of the common stock related to the warrant, exercise price of the warrant, expected term, expected volatility, risk-free interest rate and dividend yield. Prior to the IPO, the Company determined the fair value per share of the underlying common stock by taking into consideration its most recent sale of its convertible preferred stock as well as additional factors that the Company deems relevant. Subsequent to the IPO, the warrants are valued using the fair value of common stock as of the measurement date. The Company historically has been a private company and lacks company-specific historical and implied volatility information of its stock. Therefore, it estimates its expected stock volatility based on the historical volatility of publicly traded peer companies for a term equal to the remaining contractual term of the warrants. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve for time periods approximately equal to the remaining contractual term of the warrants. The Company has estimated a 0% dividend yield based on the expected dividend yield and the fact that the Company has never paid or declared dividends. As several significant inputs are not observable, the overall fair value measurement of the warrants is classified as Level 3.

The following tables present information about the Company's liabilities that are measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014 and indicate the level of the fair value hierarchy utilized to determine such fair value:

	Fair Value Measurements as of			Total
	Level 1	Level 2	Level 3	
<b>Liabilities:</b>				

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Liability for common stock warrants \$ 708 708

				Fair Value Measurements as of December 31, 2014 Using:	
			Level 1	25,040,470	25,138,364
Shareholders' equity	3,079,035	3,013,664	3,355,320	11.34%	8.97%
<b>Total liabilities and shareholders' equity</b>	<b>28,119,504</b>	<b>28,152,028</b>	<b>31,116,800</b>	<b>10.53%</b>	<b>10.66%</b>
Interest income	385,109	405,220	434,627	7.26%	12.86%
Interest expense	(143,521)	(149,987)	(165,620)	10.42%	15.40%
<b>Net interest income</b>	<b>241,589</b>	<b>255,233</b>	<b>269,006</b>	<b>5.40%</b>	<b>11.35%</b>
Net provisions	7,594	(60,257)	(99,557)	65.22%	-1411.05%
Fees and income from service, net	55,145	46,634	52,691	12.99%	-4.45%
Other operating income	5,129	10,886	15,783	44.99%	207.74%
Total operating expense	(174,296)	(154,720)	(165,779)	7.15%	-4.89%
<b>Profit before tax</b>	<b>135,160</b>	<b>97,776</b>	<b>72,144</b>	<b>-26.21%</b>	<b>-46.62%</b>
Income tax	(38,712)	(17,133)	(15,492)	-9.58%	-59.98%
<b>Net income</b>	<b>96,448</b>	<b>80,642</b>	<b>56,653</b>	<b>-29.75%</b>	<b>-41.26%</b>

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**BANCO AGRÍCOLA- EL SALVADOR****CONSOLIDATED BALANCE SHEET  
AND INCOME STATEMENT**

(COP million)

**ASSETS**

	Quarter			Growth	
	4Q17	3Q18	4Q18	4Q18/3Q18	4Q18/4Q17
Gross loans	9,114,167	9,629,506	10,582,502	29.90%	16.11%
Allowances for loans	(357,496)	(388,956)	(463,651)	19.20%	29.69%
Investments	622,865	673,037	669,032	-0.59%	7.41%
Other assets	3,564,526	3,143,424	3,884,908	23.59%	8.99%
<b>Total assets</b>	<b>12,944,062</b>	<b>13,057,010</b>	<b>14,672,792</b>	<b>12.37%</b>	<b>13.36%</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Deposits	9,191,818	9,331,147	10,318,187	10.58%	12.25%
Other liabilities	2,111,769	2,094,468	2,631,684	25.65%	24.62%
<b>Total liabilities</b>	<b>11,303,586</b>	<b>11,425,615</b>	<b>12,949,871</b>	<b>13.34%</b>	<b>14.56%</b>
Shareholders' equity	1,640,476	1,631,395	1,722,920	5.61%	5.03%
<b>Total liabilities and shareholders' equity</b>	<b>12,944,062</b>	<b>13,057,010</b>	<b>14,672,792</b>	<b>12.37%</b>	<b>13.36%</b>
Interest income	248,671	227,039	263,451	16.04%	5.94%
Interest expense	(64,133)	(62,622)	(68,631)	9.60%	7.01%
<b>Net interest income</b>	<b>184,538</b>	<b>164,417</b>	<b>194,820</b>	<b>18.49%</b>	<b>5.57%</b>
Net provisions	(20,486)	(26,953)	(21,889)	-18.79%	6.85%
Fees and income from service, net	46,069	45,789	50,702	10.73%	10.06%
Other operating income	433	721	1,591	120.57%	267.35%
Total operating expense	(116,638)	(104,288)	(117,655)	12.82%	0.87%
<b>Profit before tax</b>	<b>93,916</b>	<b>79,686</b>	<b>107,569</b>	<b>34.99%</b>	<b>14.54%</b>
Income tax	(34,016)	(35,665)	(31,325)	-12.17%	-7.91%
<b>Net income</b>	<b>59,900</b>	<b>44,021</b>	<b>76,244</b>	<b>73.20%</b>	<b>27.29%</b>

**GRUPO AGROMERCANTIL HOLDING – GUATEMALA****CONSOLIDATED BALANCE SHEET  
AND INCOME STATEMENT**

(COP million)

**ASSETS**

	Quarter			Growth	
	4Q17	3Q18	4Q18	4Q18/3Q18	4Q18/4Q17
Gross loans	8,902,627	9,182,744	10,352,272	12.74%	16.28%
Allowances for loans	(188,369)	(433,581)	(427,747)	-1.35%	127.08%



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Investments	1,584,745	1,452,086	1,497,059	3.10%	-5.53%
Other assets	1,892,866	2,102,252	2,134,666	1.54%	12.77%
<b>Total assets</b>	<b>12,191,869</b>	<b>12,303,501</b>	<b>13,556,250</b>	<b>10.18%</b>	<b>11.19%</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Deposits	8,472,200	8,552,252	9,522,702	11.35%	12.40%
Other liabilities	2,375,695	2,568,322	2,687,282	4.63%	13.12%
<b>Total liabilities</b>	<b>10,847,895</b>	<b>11,120,574</b>	<b>12,209,984</b>	<b>9.80%</b>	<b>12.56%</b>
<b>Non-controlling interest</b>	<b>20,709</b>	<b>19,987</b>	<b>20,644</b>	<b>3.28%</b>	<b>-0.32%</b>
Shareholders' equity	1,323,265	1,162,940	1,325,623	13.99%	0.18%
<b>Total liabilities and shareholders' equity</b>	<b>12,191,869</b>	<b>12,303,501</b>	<b>13,556,250</b>	<b>10.18%</b>	<b>11.19%</b>

Interest income	232,356	246,278	238,537	-3.14%	2.66%
Interest expense	(91,336)	(96,249)	(102,345)	6.33%	12.05%
<b>Net interest income</b>	<b>141,021</b>	<b>150,030</b>	<b>136,193</b>	<b>-9.22%</b>	<b>-3.42%</b>
Net provisions	(40,232)	(47,990)	(10,541)	-78.04%	-73.80%
Fees and income from service, net	27,067	26,700	29,463	10.35%	8.85%
Other operating income	19,499	10,576	17,793	68.23%	-8.75%
Total operating expense	(121,182)	(122,841)	(125,236)	1.95%	3.34%
<b>Profit before tax</b>	<b>26,172</b>	<b>16,475</b>	<b>47,672</b>	<b>189.36%</b>	<b>82.15%</b>
Income tax	(1,863)	287	(10,343)	-3707.90%	455.11%
<b>Net income before non-controlling interest</b>	<b>24,309</b>	<b>16,762</b>	<b>37,329</b>	<b>122.70%</b>	<b>53.56%</b>
Non-controlling interest	(709)	(746)	(1,060)	42.18%	49.51%
<b>Net income</b>	<b>23,600</b>	<b>16,016</b>	<b>36,269</b>	<b>126.45%</b>	<b>53.68%</b>

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**4. RECENT DEVELOPMENTS**

November 26, 2018. Bancolombia S.A. announced that its subsidiaries Fiduciaria Bancolombia and Banca de Inversión Bancolombia have entered into an agreement for the sale of 100% of the shares of FiduPerú S.A. Sociedad Fiduciaria, a trust services company incorporated in Peru.

The sale transaction described above is not considered material to the financial statements of Bancolombia S.A. The disclosure of the transaction as a material event is done in compliance with the obligation to disclose the sale of a subsidiary company under Colombian laws (as imposed by Decree 2555 of 2010, Art. 5.2.4.1.2).

December 5, 2018. Bancolombia S.A. announced the appointment of Federico Bolaños Coloma as General Manager of Banco Agromercantil de Guatemala - BAM and the other Grupo Bancolombia companies in Guatemala, effective December 19, 2018. Federico Bolaños, who had been working as Manager of the BAM Personal Banking Division, has more than 15 years of experience in the financial sector.

December 21, 2018. Bancolombia S.A. announced the signing of an agreement for the sale by Banagrícola S.A., a Bancolombia subsidiary, of Banagrícola S.A.'s shareholdings in Sura Asset Management S.A. – SURA AM, a company specializing in pensions, deposits and investments in Latin America. The shares will be sold to Caisse de Dépôt et Placement du Québec (CDPQ). The transaction is subject to the receipt of certain regulatory approvals.

The shares, totalling 3.65% of the share capital of SURA AM, will be sold for one hundred thirty-five million one hundred seventy-three thousand two hundred thirty-six dollars (US\$135,173,236), a sum which will be payable in cash by the buyer once the sale is closed.

**4Q18**

**5. BANCOLOMBIA Company Description (NYSE: CIB)**

GRUPO BANCOLOMBIA is a full service financial conglomerate incorporated in Colombia that offers a wide range of banking products and services to a diversified individual and corporate customer base of more than 13 million customers. GRUPO BANCOLOMBIA delivers its products and services via its regional network comprised of: Colombia's largest non-government owned banking network, El Salvador's leading financial conglomerate (Banagricola S.A.), off-shore and local (Banistmo S.A.) banking subsidiaries in Panama, Guatemala, Cayman and Puerto Rico. Together, BANCOLOMBIA and its subsidiaries provide stock brokerage, investment banking, leasing, factoring, consumer finance, fiduciary and trust services, asset management, among others.

**Contact Information**

**Bancolombia's Investor Relations**

**Phone:** (574) 4041837 / (574) 4043917 / (574) 4041918

**E-mail:** IR@bancolombia.com.co

**Contacts:** Alejandro Mejia (IR Manager) / Juliana Álvarez (Analyst) / Santiago López (Analyst)

**Website:** <http://www.grupobancolombia.com/wps/portal/about-us/corporate-information/investor-relations/>

## 4Q18

**BALANCE SHEET**

(COP million)

**ASSETS**

	<b>Dec-17</b>	<b>Sep-18</b>	<b>Dec-18</b>	<b>Growth dec-18 / sep-18</b>	<b>dec-18 / dec-17</b>	<b>% of Assets</b>	<b>% of Liabilities</b>
Cash and balances at central bank	15,523,123	13,860,509	15,833,017	14.23%	2.00%	7.19%	
Interbank borrowings	1,761,460	1,797,802	1,965,973	9.35%	11.61%	0.89%	
Reverse repurchase agreements and other similar secured lend	881,061	1,693,536	931,820	-44.98%	5.76%	0.42%	
Financial assets investments	16,377,253	15,721,358	17,361,475	10.43%	6.01%	7.89%	
Derivative financial instruments	1,134,372	1,168,618	1,843,708	57.77%	62.53%	0.84%	
Loans and advances to customers	160,468,094	164,716,053	173,819,116	5.53%	8.32%	78.97%	
Allowance for loan and lease losses	(8,223,103)	(9,987,626)	(10,235,831)	2.49%	24.48%	-4.65%	
Investment in associates and joint ventures	1,565,059	1,802,640	2,149,579	19.25%	37.35%	0.98%	
Goodwill and Intangible assets, net	6,631,424	6,597,390	7,201,855	9.16%	8.60%	3.27%	
Premises and equipment, net	3,127,405	3,171,141	3,368,647	6.23%	7.71%	1.53%	
Investment property	1,657,409	1,702,201	1,732,873	1.80%	4.55%	0.79%	
Prepayments	287,550	316,419	346,012	9.35%	20.33%	0.16%	
Tax receivables	256,721	867,368	634,855	-26.81%	147.29%	0.29%	
Deferred tax	148,614	732,206	271,177	-62.96%	82.47%	0.12%	
Assets held for sale and inventories	377,003	566,908	636,028	12.19%	68.71%	0.29%	
Other assets	1,934,766	1,928,805	2,253,314	16.82%	16.46%	1.02%	
<b>Total assets</b>	<b>203,908,211</b>	<b>206,655,328</b>	<b>220,113,618</b>	<b>6.51%</b>	<b>7.95%</b>	<b>100.00%</b>	

**LIABILITIES AND****SHAREHOLDERS' EQUITY****LIABILITIES**

Deposit by customers	131,959,215	130,334,802	142,128,471	9.05%	7.71%	64.57%	73.47%
Interbank Deposits	1,084,591	1,889,628	1,374,222	-27.28%	26.70%	0.62%	0.71%
Derivative financial instrument	945,853	969,802	1,295,070	33.54%	36.92%	0.59%	0.67%
Borrowings from other financial institutions	13,822,152	15,033,285	16,337,964	8.68%	18.20%	7.42%	8.45%
Debt securities in issue	19,648,714	19,176,927	20,287,233	5.79%	3.25%	9.22%	10.49%
Preferred shares	582,985	569,017	583,997	2.63%	0.17%	0.27%	0.30%
Repurchase agreements and other similar secured borrowing	3,236,128	4,348,220	2,315,555	-46.75%	-28.45%	1.05%	1.20%
Liabilities relating to assets held for sale	102,976	154,790	163,596	5.69%	58.87%	0.07%	0.08%
Current tax	161,966	571,045	166,472	-70.85%	2.78%	0.08%	0.09%
Deferred tax	1,440,198	1,873,392	1,318,295	-29.63%	-8.46%	0.60%	0.68%
Employees benefit plans	697,401	130,911	719,265	449.43%	3.14%	0.33%	0.37%
Other liabilities	5,796,482	6,736,496	6,768,253	0.47%	16.76%	3.07%	3.50%
<b>Total liabilities</b>	<b>179,478,661</b>	<b>181,788,315</b>	<b>193,458,393</b>	<b>6.42%</b>	<b>7.79%</b>	<b>87.89%</b>	<b>100.00%</b>

**SHAREHOLDERS' EQUITY**

Share Capital	480,914	480,914	480,914	0.00%	0.00%	0.22%	
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Additional paid-in-capital	4,857,454	4,857,454	4,857,454	0.00%	0.00%	2.21%
Appropriated reserves	9,045,155	9,940,172	9,741,774	-2.00%	7.70%	4.43%
Retained earnings	6,183,182	5,288,377	6,565,809	24.16%	6.19%	2.98%
Accumulated other comprehensive income (loss), net of tax	2,546,259	2,584,195	3,202,969	23.94%	25.79%	1.46%
<b>Stockholders' equity attributable to the owners of the parent company</b>	<b>23,112,964</b>	<b>23,151,112</b>	<b>24,848,920</b>	<b>7.33%</b>	<b>7.51%</b>	<b>11.29%</b>
<b>Non-controlling interest</b>	<b>1,316,586</b>	<b>1,715,901</b>	<b>1,806,305</b>	<b>5.27%</b>	<b>37.20%</b>	<b>0.82%</b>
<b>Total liabilities and equity</b>	<b>203,908,211</b>	<b>206,655,328</b>	<b>220,113,618</b>	<b>6.51%</b>	<b>7.95%</b>	<b>100.00%</b>

## 4Q18

<b>INCOME STATEMENT</b> (COP million)	<b>As of</b> <b>Dec-17</b>	<b>Dec-18</b>	<b>Growth</b> <b>dec-18 / dec-17</b>	<b>4Q 17</b>	<b>3Q 18</b>	<b>4Q 18</b>	<b>Growth</b> <b>4Q18 / 3Q18</b>	<b>4Q18 / 4Q17</b>
<b>Interest income and expenses</b>								
<b>Interest on loans and financial leases</b>								
Commercial	8,027,598	7,322,453	-8.78%	1,983,801	1,812,679	1,936,522	6.83%	-2.38%
Consumer	3,822,743	4,220,032	10.39%	1,022,645	1,049,558	1,152,526	9.81%	12.70%
Small business loans	237,266	229,446	-3.30%	58,855	58,144	63,587	9.36%	8.04%
Mortgage	1,831,716	1,881,297	2.71%	412,237	441,353	465,532	5.48%	12.93%
Leasing	2,064,978	1,913,196	-7.35%	505,630	462,748	489,195	5.72%	-3.25%
<b>Interest income on loans and financial leases</b>	<b>15,984,301</b>	<b>15,566,424</b>	<b>-2.61%</b>	<b>3,983,168</b>	<b>3,824,482</b>	<b>4,107,362</b>	<b>7.40%</b>	<b>3.12%</b>
<b>Interest income on overnight and market funds</b>	<b>26,779</b>	<b>36,449</b>	<b>36.11%</b>	<b>6,523</b>	<b>8,490</b>	<b>11,126</b>	<b>31.05%</b>	<b>70.57%</b>
<b>Interest and valuation on Investments</b>								
Debt investments, net	159,890	129,017	-19.31%	39,780	2,244	37,348	1564.35%	-6.11%
<b>Net gains from investment activities at fair value through income statement</b>								
Debt investments	699,841	472,357	-32.51%	199,761	143,275	152,703	6.58%	-23.56%
Derivatives	(61,667)	(22,575)	-63.39%	(27,433)	(3,404)	(33,971)	897.97%	23.83%
Repos	(116,860)	(51,388)	-56.03%	(37,073)	(12,780)	(10,805)	-15.45%	-70.85%
Other	4,109	(13,784)	-435.46%	(2,405)	3,246	(5,298)	-263.22%	120.29%
<b>Total Net gains from investment activities at fair value through profit and loss</b>	<b>525,423</b>	<b>384,610</b>	<b>-26.80%</b>	<b>132,850</b>	<b>130,337</b>	<b>102,629</b>	<b>-21.26%</b>	<b>-22.75%</b>
<b>Total Interest and valuation on investments</b>	<b>685,313</b>	<b>513,627</b>	<b>-25.05%</b>	<b>172,630</b>	<b>132,581</b>	<b>139,977</b>	<b>5.58%</b>	<b>-18.92%</b>
<b>Total interest and valuation</b>	<b>16,696,393</b>	<b>16,116,500</b>	<b>-3.47%</b>	<b>4,162,321</b>	<b>3,965,553</b>	<b>4,258,465</b>	<b>7.39%</b>	<b>2.31%</b>
<b>Interest expense</b>								
Borrowing costs	(672,472)	(583,321)	-13.26%	(148,166)	(149,133)	(162,526)	8.98%	9.69%
Overnight funds	(15,860)	(18,134)	14.34%	(2,484)	(6,949)	(6,017)	-13.41%	142.23%
Debt securities in issue	(1,191,000)	(1,139,456)	-4.33%	(304,478)	(285,000)	(295,066)	3.53%	-3.09%
Deposits	(4,279,316)	(3,852,061)	-9.98%	(1,031,530)	(937,961)	(955,307)	1.85%	-7.39%
Preferred Shares	(58,714)	(58,714)	0.00%	(14,980)	(14,578)	(14,980)	2.76%	0.00%
Dividends								

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Other interest (expense)	(15,624)	(18,530)	18.60%	(3,968)	(3,557)	(5,309)	49.25%	33.80%
<b>Total interest expenses</b>	<b>(6,232,986)</b>	<b>(5,670,216)</b>	<b>-9.03%</b>	<b>(1,505,606)</b>	<b>(1,397,178)</b>	<b>(1,439,205)</b>	<b>3.01%</b>	<b>-4.41%</b>
<b>Net interest margin and valuation income on financial instruments before impairment on loans and financial leases and off balance sheet credit instruments</b>	<b>10,463,407</b>	<b>10,446,284</b>	<b>-0.16%</b>	<b>2,656,715</b>	<b>2,568,375</b>	<b>2,819,260</b>	<b>9.77%</b>	<b>6.12%</b>
<b>Credit impairment charges on loans and advance and financial leases</b>	<b>(3,879,559)</b>	<b>(4,311,485)</b>	<b>11.13%</b>	<b>(1,072,421)</b>	<b>(1,160,246)</b>	<b>(1,089,891)</b>	<b>-6.06%</b>	<b>1.63%</b>
<b>Recovery of charged-off loans</b>	<b>410,860</b>	<b>459,860</b>	<b>11.93%</b>	<b>159,628</b>	<b>123,786</b>	<b>130,602</b>	<b>5.51%</b>	<b>-18.18%</b>
<b>Credit impairment charges on/recoveries on off balance sheet credit instruments</b>	<b>7,082</b>	<b>5,668</b>	<b>-19.97%</b>	<b>(17,347)</b>	<b>17,166</b>	<b>(20,222)</b>	<b>-217.80%</b>	<b>16.57%</b>
<b>Credit impairment charges/recoveries on investments</b>	<b>-</b>	<b>2,885</b>	<b>0.00%</b>	<b>-</b>	<b>10,669</b>	<b>(7,784)</b>	<b>-172.96%</b>	<b>0.00%</b>
<b>Total credit impairment charges, net</b>	<b>(3,461,617)</b>	<b>(3,843,072)</b>	<b>11.02%</b>	<b>(930,140)</b>	<b>(1,008,625)</b>	<b>(987,295)</b>	<b>-2.11%</b>	<b>6.14%</b>
<b>Net interest margin and valuation income on financial instruments after impairment on loans and financial leases and off balance sheet credit instruments</b>	<b>7,001,790</b>	<b>6,603,212</b>	<b>-5.69%</b>	<b>1,726,575</b>	<b>1,559,750</b>	<b>1,831,965</b>	<b>17.45%</b>	<b>6.10%</b>
<b>Fees and comissions income</b>								
Banking services	648,167	575,248	-11.25%	167,482	140,811	155,653	10.54%	-7.06%
Credit and debit card fees and commercial establishments	1,304,543	1,611,114	23.50%	336,170	384,802	446,227	15.96%	32.74%
Brokerage	22,930	27,074	18.07%	1,794	6,624	5,804	-12.38%	223.52%
Acceptances and Guarantees	63,470	57,366	-9.62%	14,784	13,481	14,916	10.64%	0.90%
Trust	360,364	405,769	12.60%	95,897	102,672	106,904	4.12%	11.48%
Investment banking	39,070	32,204	-17.57%	27,885	6,296	9,140	45.18%	-67.22%
Bancassurance	451,122	523,810	16.11%	142,500	133,370	159,443	19.55%	11.89%
Payments and Collections	535,936	563,223	5.09%	143,606	134,700	145,901	8.32%	1.60%
Other	195,511	198,451	1.50%	64,139	51,545	65,894	27.84%	2.74%
<b>Fees and comission income</b>	<b>3,621,114</b>	<b>3,994,259</b>	<b>10.30%</b>	<b>994,258</b>	<b>974,302</b>	<b>1,109,882</b>	<b>13.92%</b>	<b>11.63%</b>
<b>Fees and comission expenses</b>								
Banking services	(508,462)	(542,628)	6.72%	(133,832)	(137,063)	(146,193)	6.66%	9.24%
Other	(566,653)	(670,428)	18.31%	(173,925)	(169,928)	(228,716)	34.60%	31.50%

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<b>Fees and comission expenses</b>	<b>(1,075,115)</b>	<b>(1,213,056)</b>	<b>12.83%</b>	<b>(307,757)</b>	<b>(306,991)</b>	<b>(374,909)</b>	<b>22.12%</b>	<b>21.82%</b>
<b>Total fees and comissions, net</b>	<b>2,545,999</b>	<b>2,781,203</b>	<b>9.24%</b>	<b>686,501</b>	<b>667,311</b>	<b>734,973</b>	<b>10.14%</b>	<b>7.06%</b>
<b>Other operating income</b>								
Derivatives FX contracts	21,917	267,189	1119.09%	34,391	67,192	249,947	271.99%	626.78%
Net foreign exchange	294,068	(205,798)	-169.98%	42,686	(51,849)	(278,040)	436.25%	-751.36%
Hedging	(3,678)	14,158	484.94%	(778)	3,657	3,914	7.03%	603.08%
Operating leases	563,861	624,062	10.68%	147,264	158,636	164,150	3.48%	11.47%
Gains (or losses) on sale of assets	40,600	75,975	87.13%	27,152	18,258	37,821	107.15%	39.29%
Other reversals	2,546	3,570	40.22%	885	674	989	46.74%	11.75%
Other	658,895	424,646	-35.55%	278,332	144,495	72,086	-50.11%	-74.10%
<b>Total other operating income</b>	<b>1,578,209</b>	<b>1,203,802</b>	<b>-23.72%</b>	<b>529,932</b>	<b>341,064</b>	<b>250,867</b>	<b>-26.45%</b>	<b>-52.66%</b>
<b>Dividends received, and share of profits of equity method investees</b>								
Dividends	32,248	67,582	109.57%	11,152	15,288	23,107	51.14%	107.20%
Equity investments	(19,680)	86,399	539.02%	15,470	4,874	61,197	1155.58%	295.59%
Equity method	253,602	187,814	-25.94%	149,109	57,923	16,273	-71.91%	-89.09%
Recoveries/Impairment charges on CGU	(173,339)	168,756	197.36%	(173,339)	-	168,756	0.00%	197.36%
<b>Total dividends received, and share of profits of equity method investees</b>	<b>92,831</b>	<b>510,551</b>	<b>449.98%</b>	<b>2,392</b>	<b>78,085</b>	<b>269,333</b>	<b>244.92%</b>	<b>11159.74</b>
<b>Total operating income, net</b>	<b>11,218,829</b>	<b>11,098,768</b>	<b>-1.07%</b>	<b>2,945,400</b>	<b>2,646,210</b>	<b>3,087,138</b>	<b>16.66%</b>	<b>4.81%</b>



## 4Q18

<b>INCOME STATEMENT</b> (COP million)	<b>As of</b> <b>Dec-17</b>	<b>Dec-18</b>	<b>Growth</b> <b>dec-18 / dec-17</b>	<b>4Q 17</b>	<b>3Q 18</b>	<b>4Q 18</b>	<b>Growth</b> <b>4Q18 / 3Q18</b>	<b>4Q18 / 4Q17</b>
<b>Operating expenses</b>								
Salaries and employee benefits	(2,418,323)	(2,563,561)	6.01%	(555,664)	(650,487)	(617,023)	-5.14%	11.04%
Bonuses	(374,056)	(440,493)	17.76%	60,422	(103,085)	(124,600)	20.87%	-306.22%
Other administrative and general expenses	(2,977,884)	(3,024,769)	1.57%	(912,060)	(737,306)	(853,579)	15.77%	-6.41%
Tax contributions and other tax burden	(727,661)	(692,666)	-4.81%	(32,472)	(158,956)	(142,849)	-10.13%	339.91%
Impairment, depreciation and amortization	(479,111)	(493,902)	3.09%	(122,716)	(131,879)	(130,691)	-0.90%	6.50%
Other expenses	(249,023)	(267,507)	7.42%	(68,682)	(65,342)	(75,152)	15.01%	9.42%
<b>Total operating expenses</b>	<b>(7,226,058)</b>	<b>(7,482,898)</b>	<b>3.55%</b>	<b>(1,631,172)</b>	<b>(1,847,055)</b>	<b>(1,943,894)</b>	<b>5.24%</b>	<b>19.17%</b>
<b>Profit before tax</b>	<b>3,992,771</b>	<b>3,615,870</b>	<b>-9.44%</b>	<b>1,314,228</b>	<b>799,155</b>	<b>1,143,244</b>	<b>43.06%</b>	<b>-13.01%</b>
Income tax	(1,238,598)	(978,022)	-21.04%	(345,556)	(213,442)	(208,224)	-2.44%	-39.74%
Income tax (Prior periods)	-	148,587	0.00%	-	-	98,371	0.00%	0.00%
<b>Profit for the year from continuing operations</b>	<b>2,754,173</b>	<b>2,786,435</b>	<b>1.17%</b>	<b>968,672</b>	<b>585,713</b>	<b>1,033,391</b>	<b>76.43%</b>	<b>6.68%</b>
Non-controlling interest	(139,173)	(127,571)	-8.34%	(66,771)	(42,494)	(31,222)	-26.53%	-53.24%
<b>Net income attributable to equity holders of the Parent Company</b>	<b>2,615,000</b>	<b>2,658,864</b>	<b>1.68%</b>	<b>901,901</b>	<b>543,219</b>	<b>1,002,169</b>	<b>84.49%</b>	<b>11.12%</b>

**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.

**BANCOLOMBIA S.A.**  
(Registrant)

Date: February 21, 2019 By: /s/ JAIME ALBERTO VELÁSQUEZ B.  
Name: Jaime Alberto Velásquez B.  
Title: Vice President of Strategy and Finance