

**INVESTOR  
PRESENTATION**



# Disclaimer

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This presentation may contain certain forward-looking statements and information relating to Grupo Aval that reflects the current views and/or expectations of Grupo Aval and its management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. Estimates and forward-looking statements are mainly based on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Factors that may cause actual results to differ materially from those expressed in the forward-looking statements in this presentation include, among others: changes in Colombian, Central American, regional and international business and economic, political or other conditions; developments affecting Colombian and international capital and financial markets; government regulation and tax matters and developments affecting our company and industry; increases in defaults by our customers; increases in goodwill impairment losses; decreases in deposits, customer loss or revenue loss; increases in provisions for contingent liabilities; our ability to sustain or improve our financial performance; increases in inflation rates; changes in interest rates which may, among other effects, adversely affect margins and the valuation of our treasury portfolio; decreases in the spread between investment yields and implied interest rates in annuities; movements in exchange rates; competition in the banking and financial services, credit card services, insurance, asset management, pension fund administration and related industries; adequacy of risk management procedures and credit, market and other risks of lending and investment activities; decreases in our level of capitalization; changes in market values of Colombian and Central American securities, particularly Colombian government securities; adverse legal or regulatory disputes or proceedings; internal security issues affecting countries where we will operate and natural disasters; loss of key members of our senior management; and other factors that may affect our financial condition, liquidity and results of operations.

Any forward-looking statement contained in this presentation reflects the current views of Grupo Aval with respect to future events, and it assumes no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons why actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future, except as otherwise required by applicable law.

The market and competitive position data, including market forecasts and statistical data, used throughout this presentation was obtained from internal surveys, market research, independent consultant reports, publicly available information, governmental agencies and industry publications. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, we have not independently verified such data. Grupo Aval and its shareholders do not make any representation as to the accuracy of such information.

Except where otherwise indicated, our balance sheet and statement of income data included in this presentation reflects consolidated Colombian Banking GAAP information, while comparative disclosures of our financial and operating performance against that of our competitors are based on unconsolidated information prepared on the basis of Colombian GAAP reported to the Superintendency of Finance. Our banking subsidiaries report unconsolidated financial data to the Superintendency of Finance; however, Grupo Aval, as a holding company, is not required to report such unconsolidated data. Unless otherwise indicated or the context otherwise requires, market share and other data comparing our performance and that of our competitors reflects the unconsolidated results of our banking subsidiaries, Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. ("Porvenir") and Corporación Financiera Colombiana S.A. ("Corficolombiana"). Aggregate market share data throughout this document pertaining to Grupo Aval reflects the summation of unconsolidated results of our banking subsidiaries.

In this presentation, references to beneficial ownership are calculated and disclosed pursuant to the rules applicable to our Form 20-F annual report. Unless otherwise indicated, certain Colombian peso amounts are translated into U.S. dollars at the representative market rates as computed and certified by the Superintendency of Finance of Ps 2,028.48 as of September 30, 2014.

# Highlights



1

Attractive macroeconomic environment and financial sector with strong growth prospects

2

Successful business model with experienced leadership and profitability

3

Strong track record of growth and profitability

4

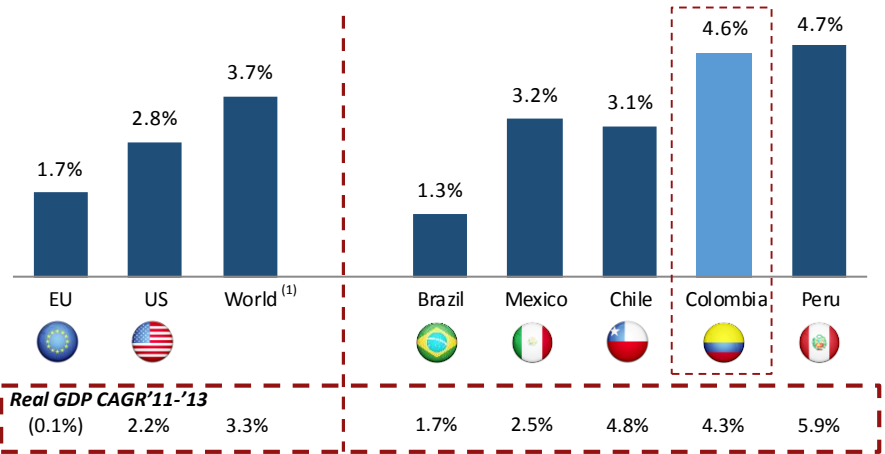
Strategically positioned to capture growth opportunities



# Colombia is one of the best performing economies in the region, well-positioned for high growth and sustainable development...

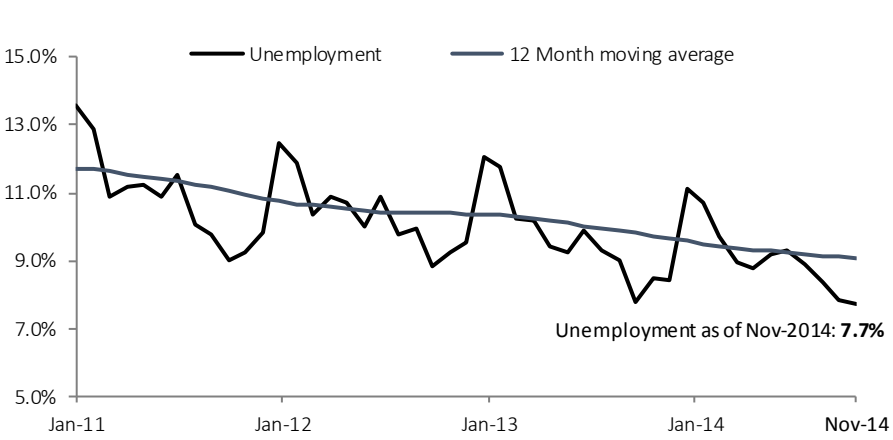


## Strong expected real GDP growth – Real GDP CAGR '13-'16E



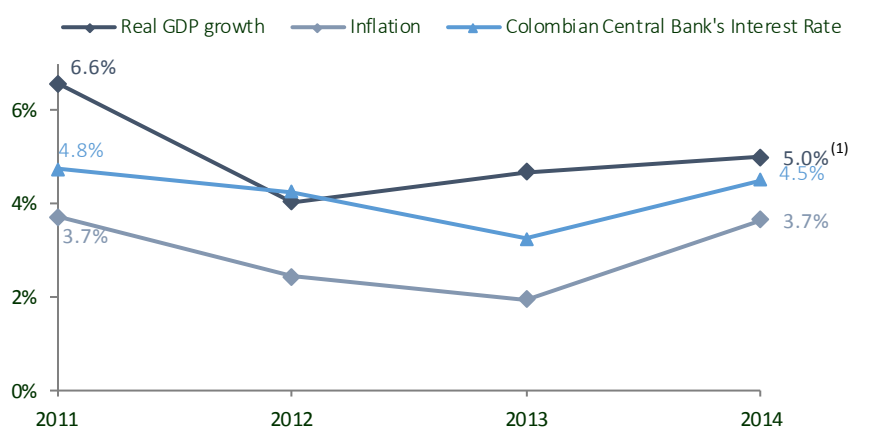
Source: IMF  
<sup>(1)</sup> Includes the 189 countries which report to the IMF

## Decreasing unemployment



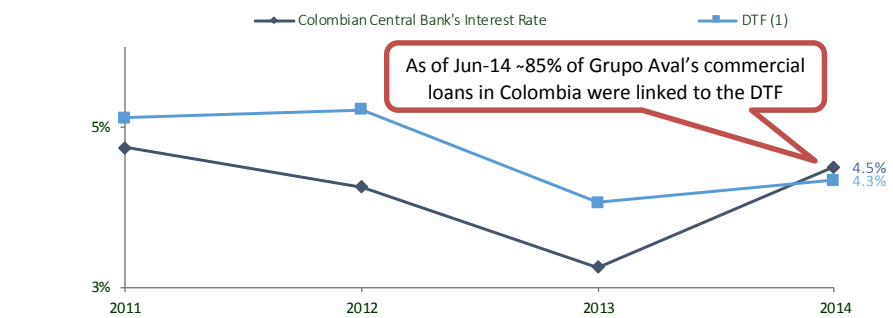
Source: DANE, and Banco de la República de Colombia

## Strict monetary policy



Source: Banco de la República de Colombia, and DANE  
<sup>(1)</sup> Real GDP growth figure is for the 9M period up to September 2014 vs. 2013

## Rising interest rates



Year	Spread DTF <sup>(1)</sup> – Banrep	Fx (EoP)	Fx variations
2011	0.4%	1,943	1.5%
2012	1.0%	1,768	(9.0%)
2013	0.8%	1,927	9.0%
2014	(0.2%)	2,392	24.2%

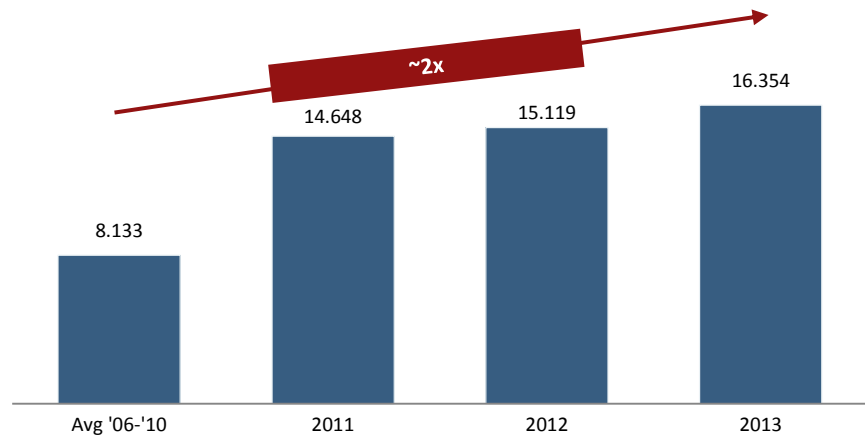
Source: Banco de la República de Colombia, Superintendency of Finance, and DANE  
Note: The DTF rate is a benchmark interest rate that represents the financial system's average rate for 90-day term deposits; <sup>(1)</sup> End of period DTF rate





# ...with increasing investment and undertaking a series of projects to further boost its growth prospects

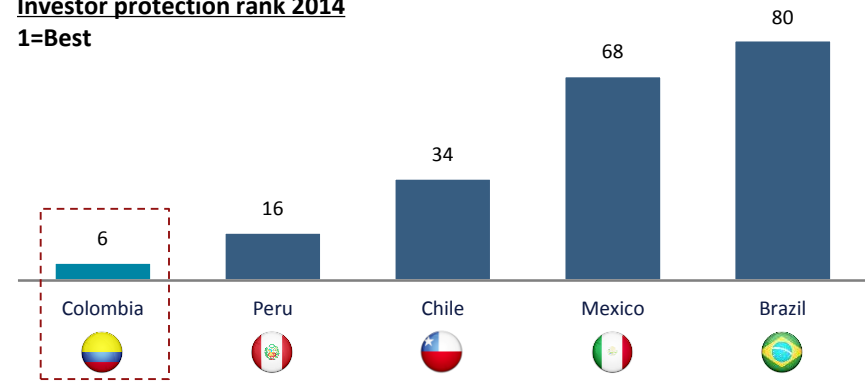
## Increasing foreign direct investment (US\$m)



Source: Banco de la República de Colombia

## Strong protection to investors

### Investor protection rank 2014 1=Best



Source: The World Bank as of June 2013, ranking done in June 2013 for year 2014

## Fourth Generation (4G) infrastructure projects as a key driver

### Program overview

- ✓ US\$23bn investment (16.3% of Colombia's banking loans as of Sept 2014)
- ✓ More than 40 new concessions across 24 of the 32 departments in Colombia
  - ✓ As of today, the first phase has concluded with 9 concessions being awarded and amounting to ~US\$6.3bn (~27% of total investment)
- ✓ Transformation of more than 8,000km of roads
  - ✓ More than 1,370km of dual carriageways
  - ✓ 159 tunnels (totaling 141km)
  - ✓ 1,335 viaducts (totaling 150km)
- ✓ Some of the expected socioeconomic benefits to highlight are:
  - ✓ ~30% travel time savings
  - ✓ ~20% cost savings in the vehicular operation
- ✓ 180,000 direct jobs

### Expected impact on the economy

- ✓ Additional 1.5% of real GDP growth during the construction years
- ✓ Potential long term real GDP growth estimated to increase 0.7%
- ✓ Reduction in the long term unemployment rate of 1%

### Impact on the financial sector

- ✓ The banking sector could fund up to ~70% of the total investment expected for the 4G infrastructure projects (~US\$16bn)
  - ✓ US\$16bn represents ~11% of the banking sector's loan portfolio as of September 30, 2014

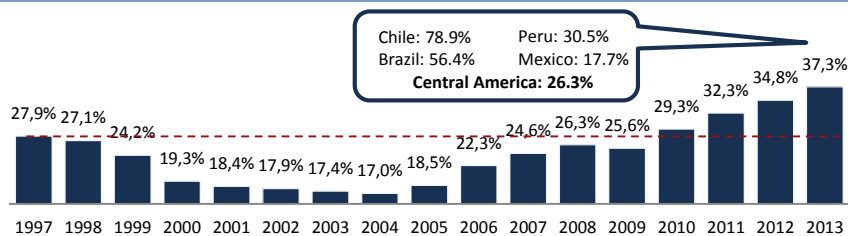
Source: Agencia Nacional de Infraestructura



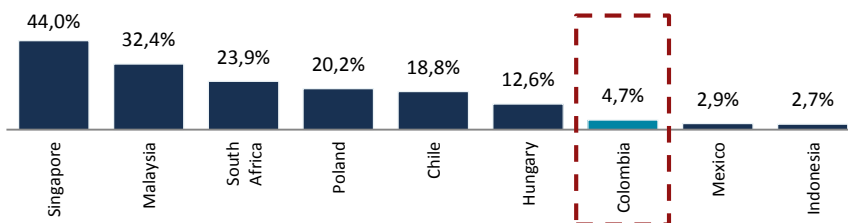
# Banking system with high growth, robust regulatory framework and poised for further expansion based on low penetration of the Colombian market

## Future expected growth based on low penetration

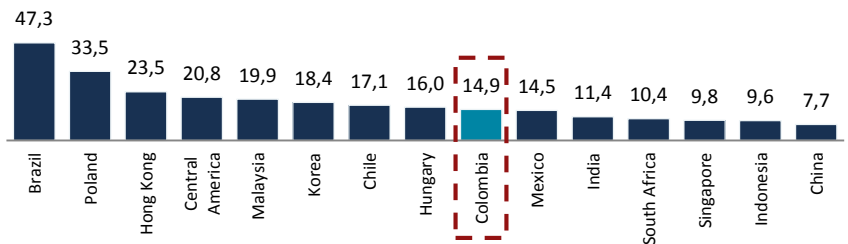
### Banking system gross loans / GDP in Colombia<sup>(1)</sup>



### Mortgage loans / GDP 2012<sup>(3)</sup>



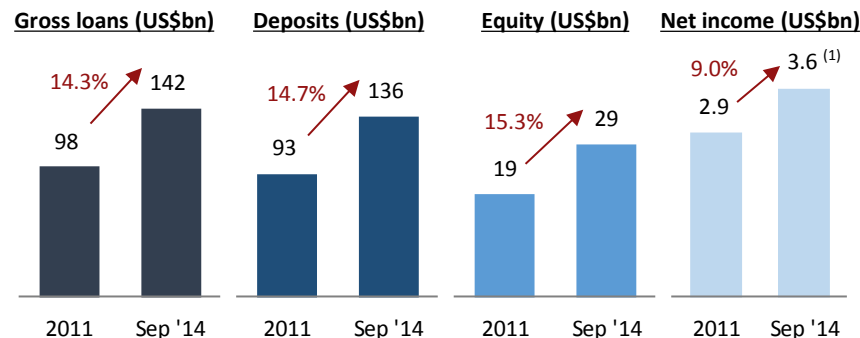
### Commercial bank branches per 100,000 adults 2012<sup>(4)</sup>



<sup>(1)</sup> Source: DANE, Superintendency of Finance, Latam countries' finance superintendencies and IMF; <sup>(2)</sup> Colombian nominal GDP per capita converted with the representative market rates as computed and certified by the Superintendency of Finance of Ps 2,028.48 as of September 30, 2014; <sup>(3)</sup> Source: Helgi Library database as of December 31, 2013; <sup>(4)</sup> Source: World Bank Development Indicators as of December 31, 2012

## Track record of growth of the banking system

→ Denotes CAGR '11 - '3Q14



Source: Superintendency of Finance

<sup>(1)</sup> Annualized figure for 3Q14

## Robust banking sector

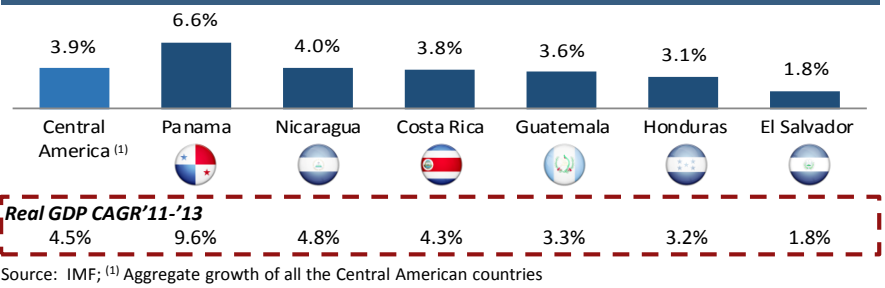
- Capital adequacy requirements regulation adapting to international standards
  - Decree 1771 of 2012 added elements from Basel III and included a minimum tier I capital ratio of 4.5%, while maintaining a minimum solvency ratio of 9.0%
- Healthy deposits to net loans ratio of 100.1% as of September 30, 2014
- Strong credit quality of loan portfolio, with current PDLs 30+ day ratio of 3.1% as of September 30, 2014

Source: Superintendency of Finance

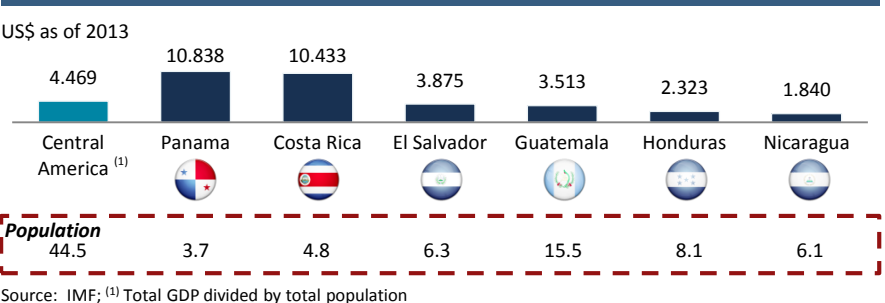
# Central American countries with a robust growth outlook, set to benefit from positive momentum in the US economic recovery



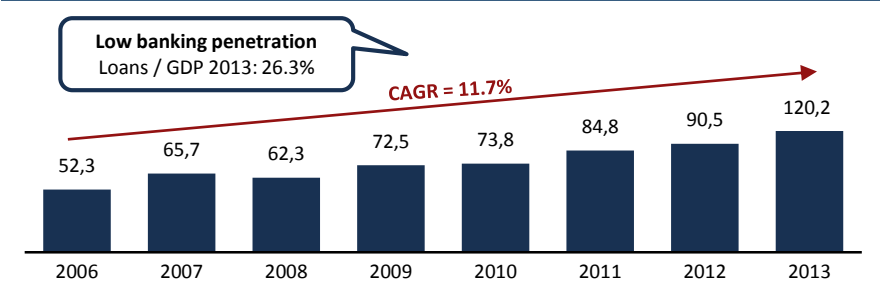
## Promising growth outlook – Real GDP CAGR '13-'16E



## Ample room for economic development – GDP per capita

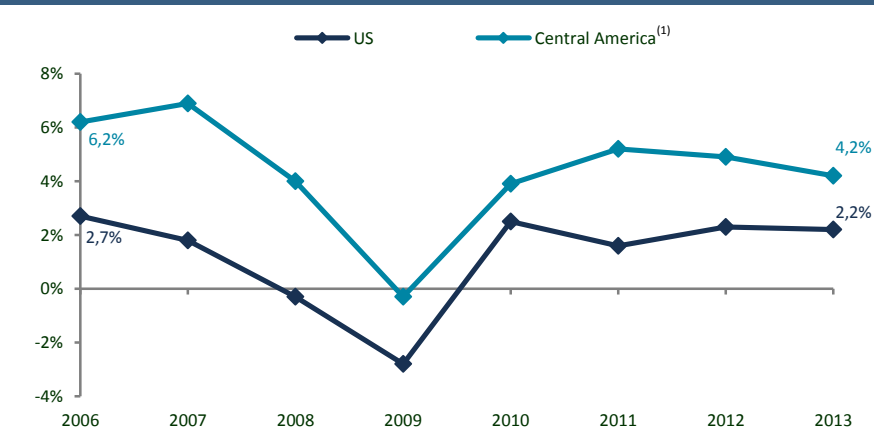


## Growing banking sector – Net loans (US\$bn)(1)

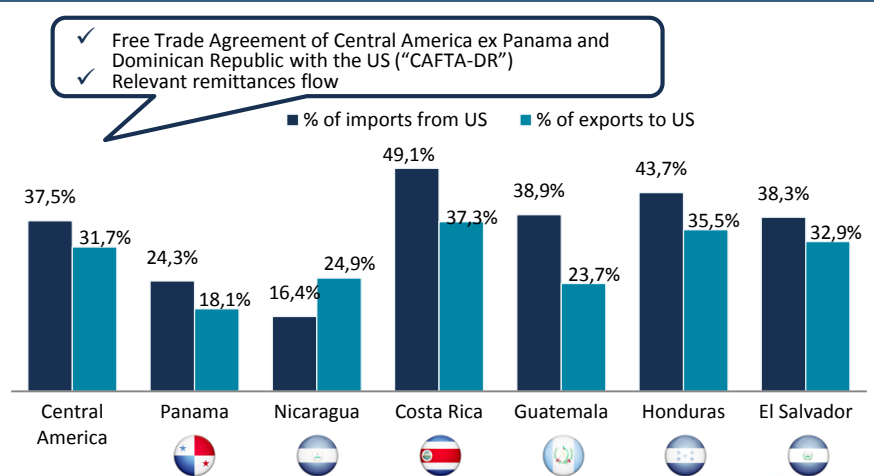


Source: Superintendency of Finance from respective countries and BAC Credomatic  
(1) Aggregate including Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama

## Economies linked to the US – Real GDP growth evolution



## Economies linked to the US – Imports and exports as of 2013



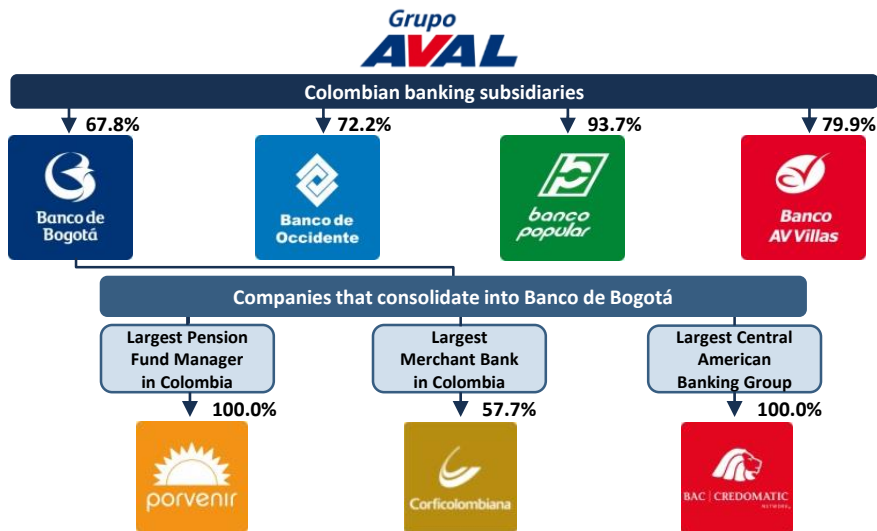
Source: Central Banks and Research Departments from respective countries, and BID



# Grupo Aval is the leading banking group in Colombia and Central America



## Organizational Structure as of September 30, 2014



## Highlights

- Largest banking group in Colombia, with over US\$83bn in total assets and US\$165bn<sup>(1)</sup> in assets under management as of September 30, 2014
- Multi-brand banking model allows for maximum penetration and profitability
- Merchant banking and pension fund businesses further leverage Colombia's macroeconomic growth
- Expansion into Central America has created the only regionally integrated banking player and largest by consolidated assets in Central America
- 12.7 million banking clients (9.5 million in Colombia and 3.2 million in Central America) as of September 30, 2014
- Wide banking network with 1,397 branches and 3,764 ATMs in Colombia, as well as 353 full-service branches and 1,630 ATMs in Central America as of September 30, 2014

Source: Company filings

<sup>(1)</sup> Includes owned and third party assets


## Grupo Aval's diversified Business Platform

- Full-service bank with nationwide coverage
- Focus on commercial lending (19% market share)
- Focus on enterprise customers and affluent segments
- Leading presence in the southwest region of Colombia and in niche products such as auto loans and leasing
- Market leader in payroll loans
- Leading provider of financial solutions to government entities throughout Colombia
- Consumer-focused bank
- Targets mid-income segments of the population
- Leading Central American bank
- Full-service financial institution with the leading credit card issuance and merchant-acquiring franchises in the region
- Leading merchant bank in Colombia
- Actively managed equity portfolio through controlling and non-controlling investments
- Leading private pension and severance fund manager in Colombia
- Defines guiding principles and strategy that create value for its subsidiaries and shareholders through multi-brand management, capital adequacy analysis, M&A execution, budget and control, risk management, shared services and compliance



# Successful multi-brand and diversified business model

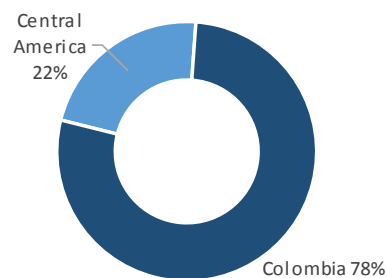
## Key figures (9 month period ended September 30, 2014)

Key Figures (US\$ mm)					Consolidated
	porvenir	Caracasense	MAC CREDIT		
Net loans	30,860	9,783	6,048	3,349	49,876
Assets	55,097	15,574	8,550	5,222	83,204
Deposits	35,228	11,059	5,433	4,009	53,639
Total equity <sup>(2)</sup>	6,939	1,958	1,294	615	10,450
Attributable equity	5,087	1,952	1,262	613	7,099
Net income <sup>(3)</sup>	531	195	152	75	619
ROAA <sup>(4)</sup>	1.9%	1.7%	2.4%	2.0%	1.6% 1.7% <sup>(5)</sup>
ROAE <sup>(4)</sup>	14.2%	13.6%	16.4%	16.9%	13.9% <sup>(6)</sup> 14.8% <sup>(5)</sup>

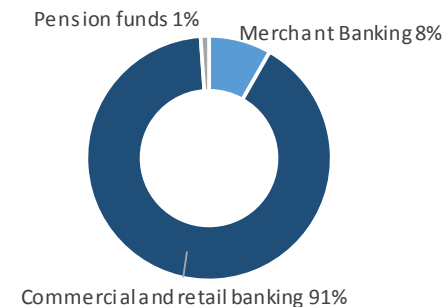
## Business Composition

### By Assets – September 30, 2014

#### Geographic

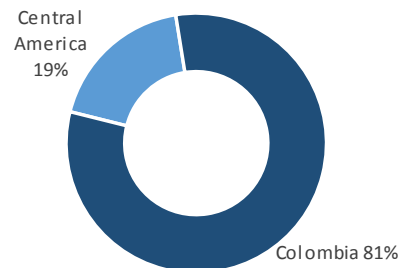


#### Business

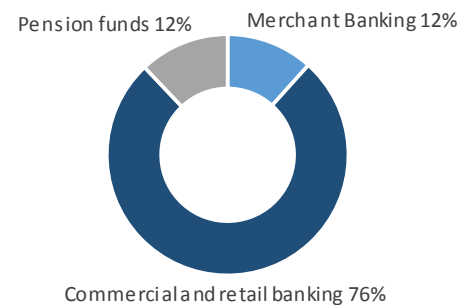


### By Net Income – 9 month period ended September 30, 2014

#### Geographic

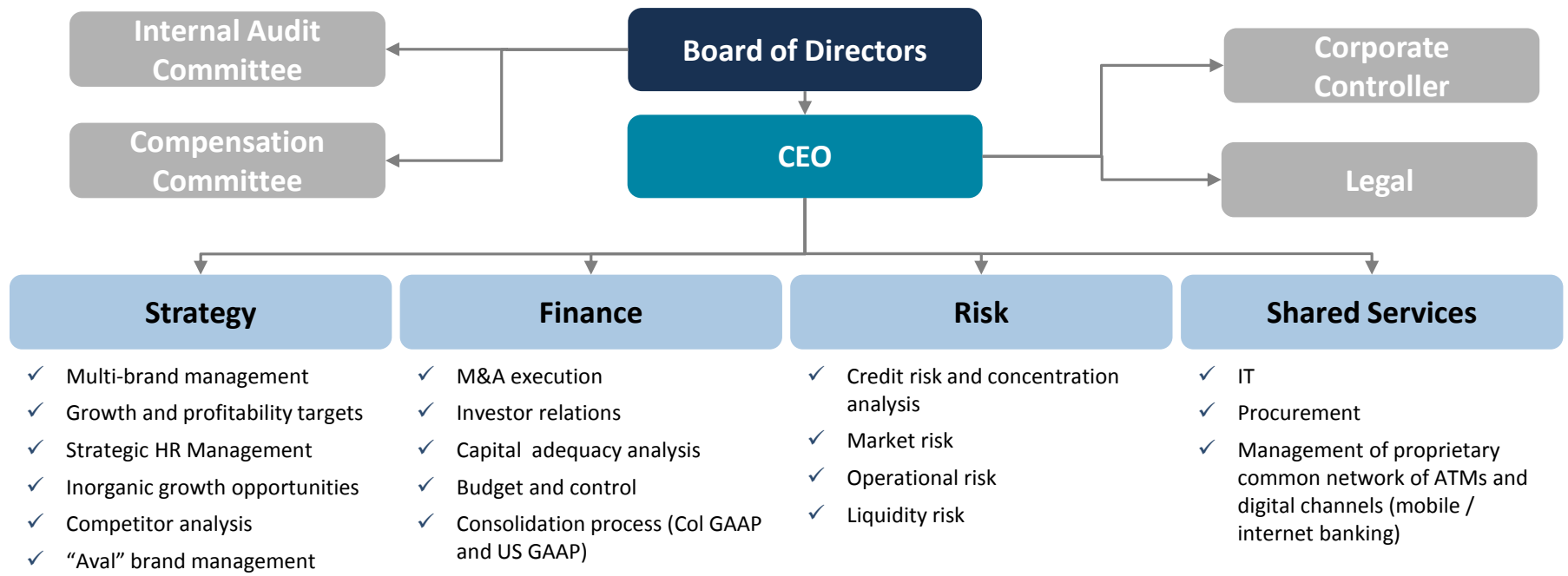


#### Business



Source: Company filings <sup>(1)</sup> Companies that consolidate into Banco de Bogotá; <sup>(2)</sup> Includes attributable equity and minority interest; <sup>(3)</sup> Net income for 9 month period ending September 30, 2014; <sup>(4)</sup> ROAA is calculated as income before non-controlling interest divided by average assets (total assets at the end of the period plus total assets at the end of the prior period, divided by two); ROAE is calculated as net income divided by average shareholders' equity (shareholders' equity at the end of the period plus shareholders' equity at the end of the prior period, divided by two); <sup>(5)</sup> Excluding the US\$41.2mm pre-tax non-recurring charge taken in 1Q14 related to FX stop loss procedures at Grupo Aval Ltd. %, ROAE for the 9 month period ended in September 30 2014 was adjusted to exclude the ADR issuance, if included, ROAE would have been 13.6%. <sup>(6)</sup> ROAE for the 9 month period was also adjusted to exclude the ADR issuance, if included, ROAE would have been 12.8%. Figures were converted with the representative market rates as computed and certified by the Superintendency of Finance of Ps 2,028.48 as of September 30, 2014.

# Grupo Aval's holding company creates value for its subsidiaries and shareholders through guiding principles and strategy



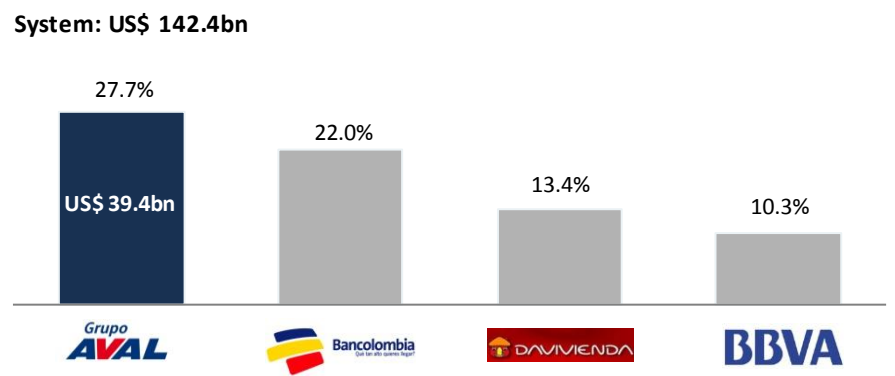
Source: Grupo Aval



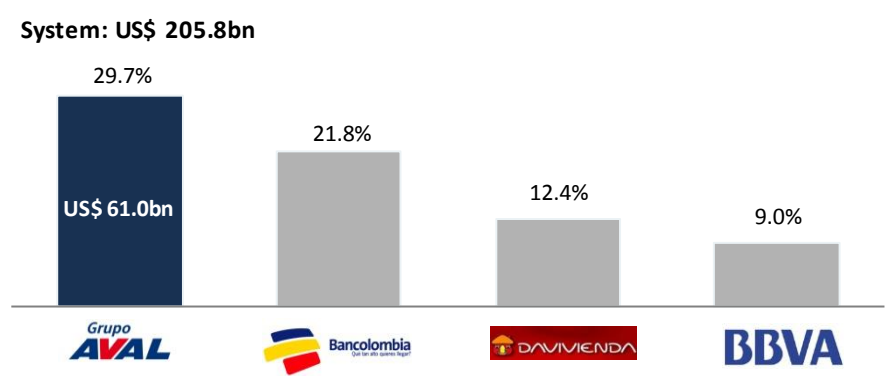
# Dominant market share in a dynamic Colombian market

## Colombia market share as of September 30, 2014

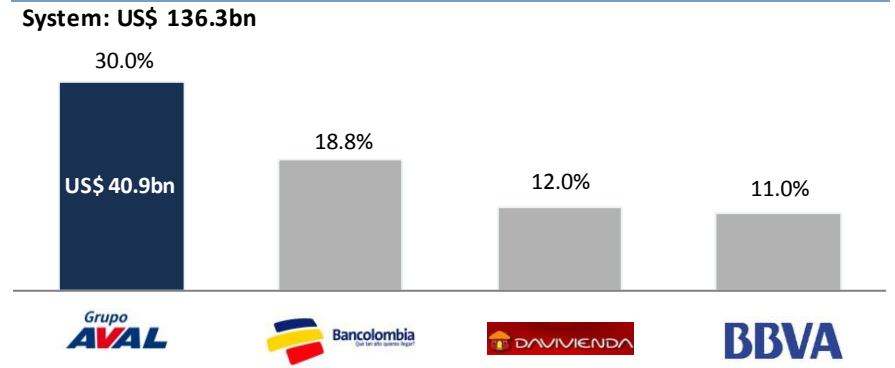
### Gross loans



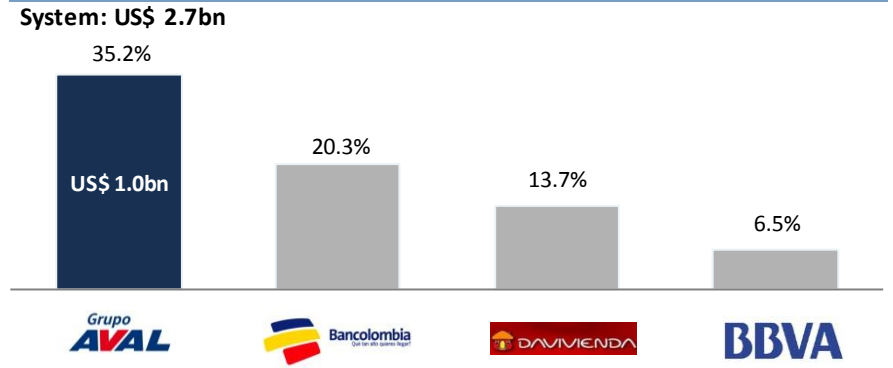
### Total assets



### Deposits



### Net income – 9 months ended September 30th, 2014



Source: Unconsolidated information filed with the Colombian Superintendency of Finance and published monthly; as of September 2014. System: Sum of total banks. Grupo Aval is the sum of Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas. Figures were converted with the representative market rates as computed and certified by the Superintendency of Finance of Ps 2,028.48 as of September 30, 2014

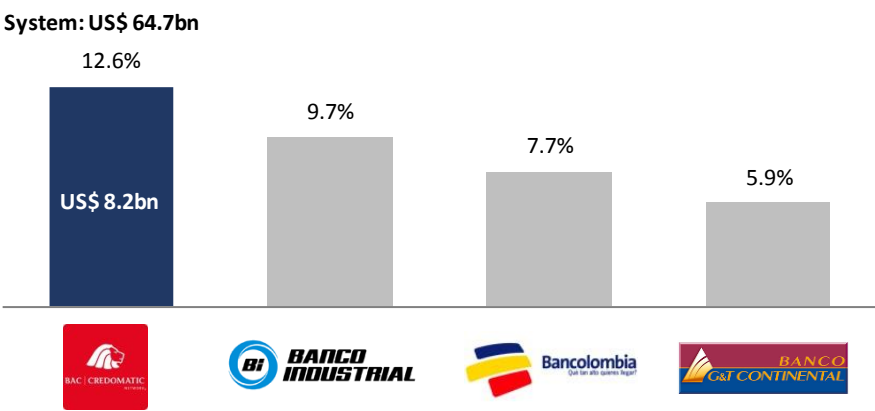


# Leading Central American banking group with integrated regional presence

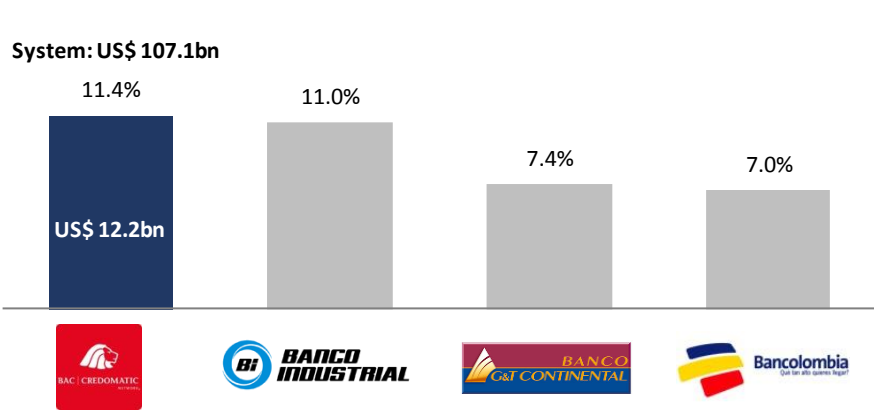


## Central America market share as of September 30, 2014

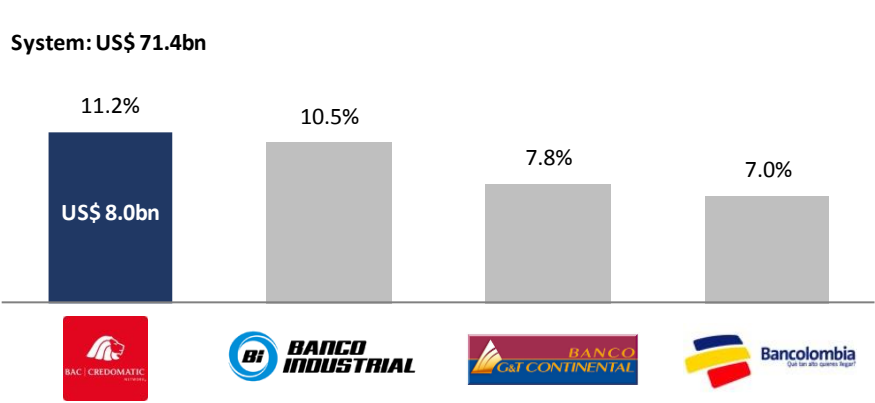
### Gross loans %<sup>(1)</sup>



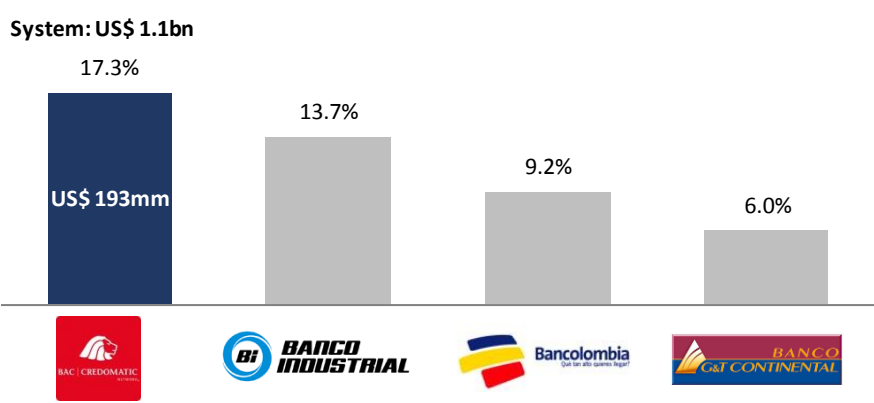
### Total assets<sup>(1)</sup>



### Deposits %<sup>(1)</sup>



### Net income – 9 months ended September 30, 2014<sup>(1)</sup>

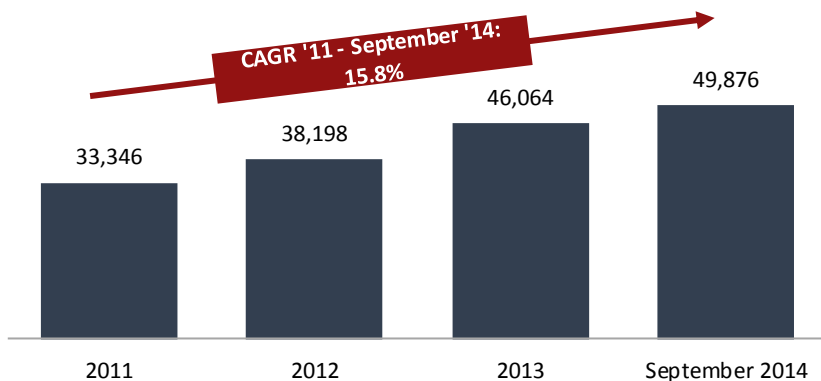


Source: Company filings

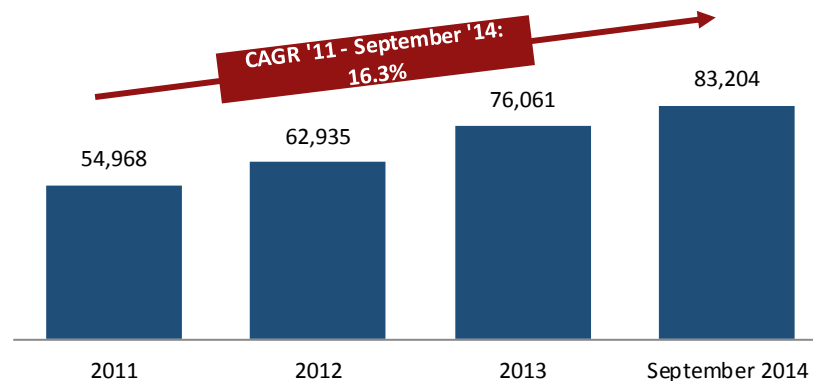
<sup>(1)</sup> Calculated based on publicly disclosed data aggregated from the local superintendencies of Costa Rica, Honduras, El Salvador, Guatemala and Nicaragua. Market share is determined based on the sum of each bank's operations in the aforementioned countries. Excludes Panama.

## Strong track record of growth

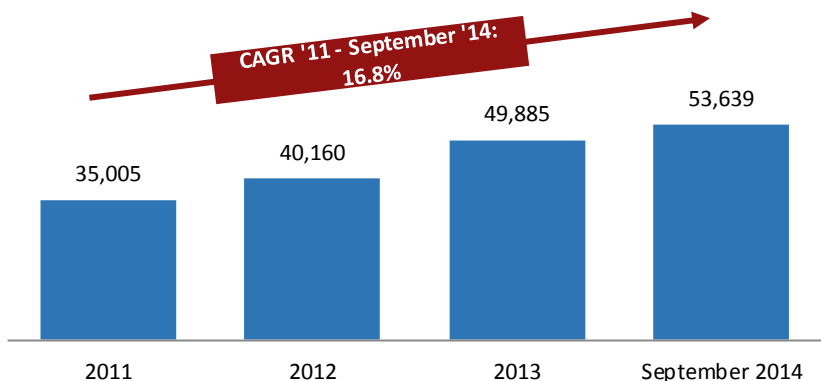
Net loans and financial leases (US\$mm) – Grupo Aval



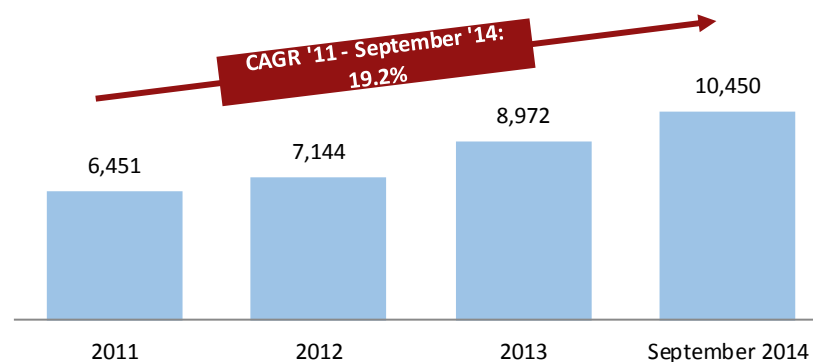
Assets (US\$mm) – Grupo Aval



Deposits (US\$mm) – Grupo Aval



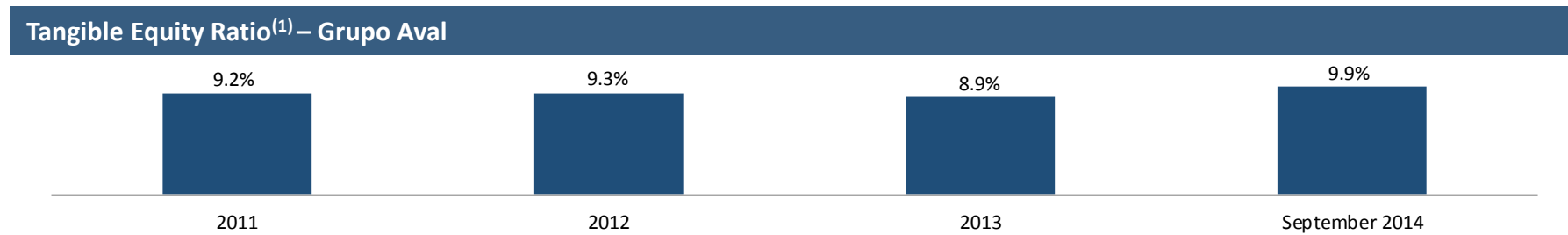
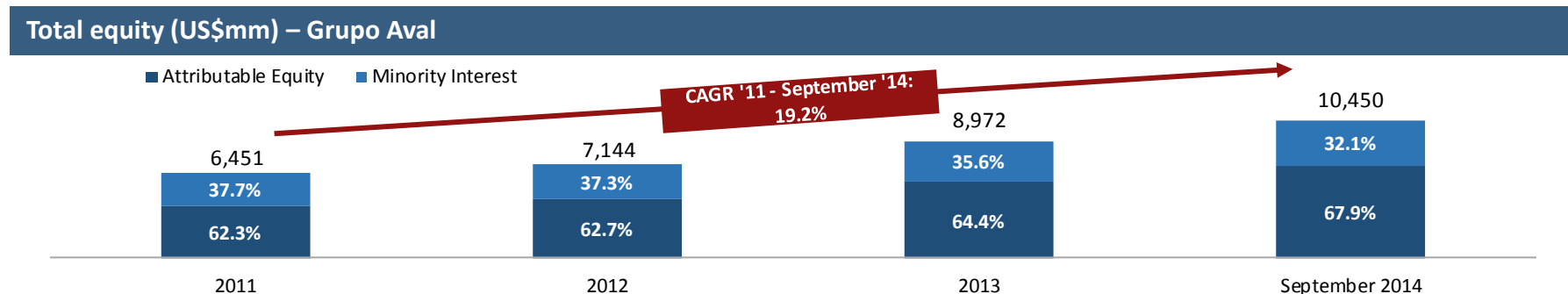
Total equity<sup>(1)</sup> (US\$mm) – Grupo Aval



Source: Company filings

<sup>(1)</sup> Total equity including non-controlling interest. All figures were converted with the representative market rate as computed and certified by the Superintendency of Finance of Ps 2,028.48 as of September 30, 2014, to maintain comparability.

## Strong capital composition and capitalization ratios



### Capital Ratios of Banks (3Q14) (%)

	Banco de Bogotá	Banco de Occidente	Banco popular	Banco AV Villas
	3Q14	4Q14E <sup>(4)</sup>		
Tier 1 Capital <sup>(2)</sup>	7.6	9.3	10.9	11.2
Solvency Ratio <sup>(3)</sup>	11.1	12.8	12.3	12.3
Tangible Equity Ratio <sup>(1)</sup>	9.2	10.5	15.1	11.8

Source: Company filings

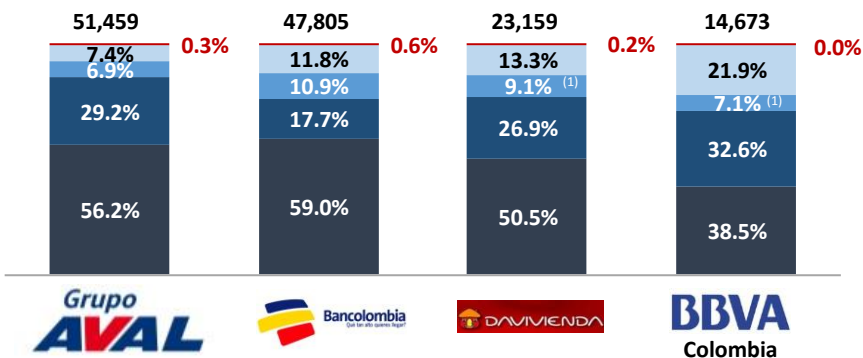
<sup>(1)</sup> Calculated as shareholders' equity plus non-controlling interest, minus goodwill, divided by total assets minus goodwill; <sup>(2)</sup> Calculated as primary capital divided by risk-weighted assets;

<sup>(3)</sup> Calculated as technical capital divided by risk-weighted assets; <sup>(4)</sup> Grupo Aval and Banco de Bogota's estimates including Ps. 1.5 trillion preemptive rights offering

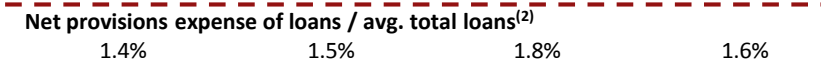
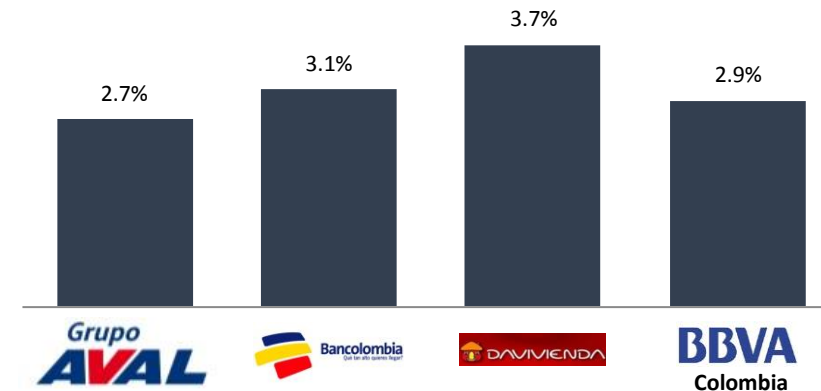
# Healthy funding and lending composition with a conservative approach to risk management

## Portfolio composition (US\$mm)

■ Commercial ■ Consumer ■ Financial leases ■ Mortgages ■ Microcredit

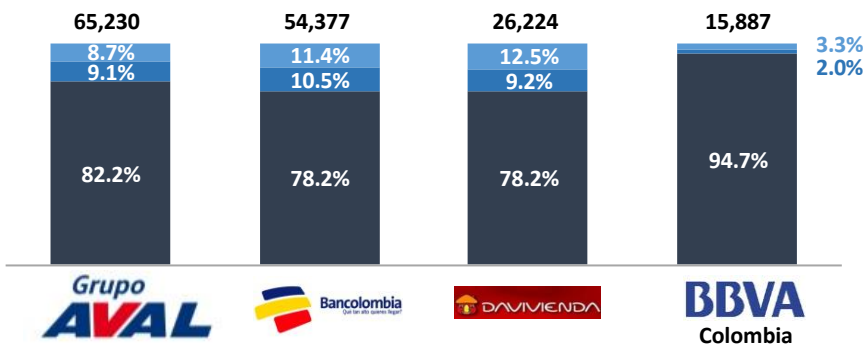


## Loan portfolio quality (PDLs 30+)



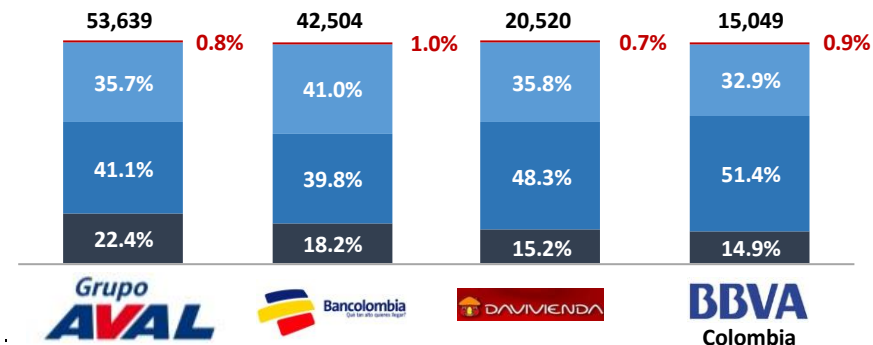
## Funding composition (US\$mm)

■ Deposits ■ Borrowings from banks ■ Bonds / long term debt



## Deposit composition (US\$mm)

■ Checking accounts ■ Savings deposits ■ Time deposits ■ Other

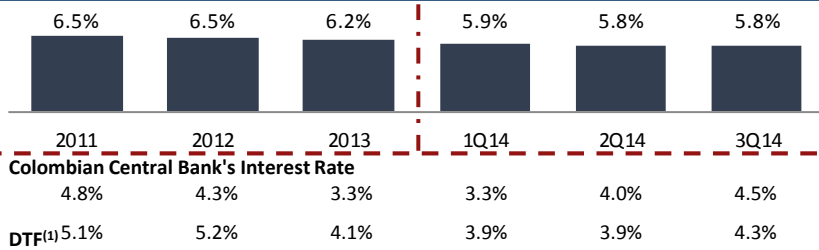


Source: Consolidated figures based on company filings as of September 30, 2014. Figures were converted with the representative market rates as computed and certified by the Superintendency of Finance of Ps 2,028.48 as of September 30, 2014. <sup>(1)</sup> Includes housing leases; <sup>(2)</sup> Calculated as 9 months as of September annualized net provisions expense of loans divided by average loans (total loans at the end of the period plus total loans at the end of the prior period, divided by two)



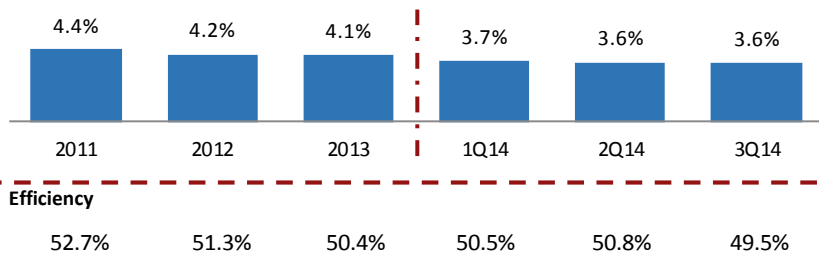
# Resilient profitability, poised for future growth

## NIM – Grupo Aval



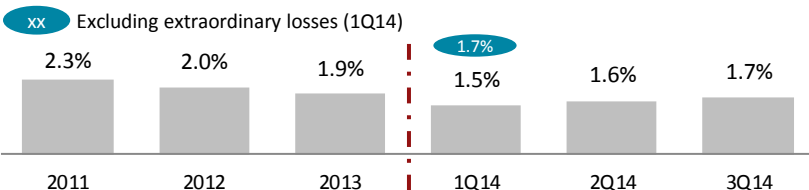
NIM calculated as Net Interest Income divided by total average interest earning assets. <sup>(1)</sup> End of period DTF rate

## OPEX ex D&A / average total assets and efficiency – Grupo Aval



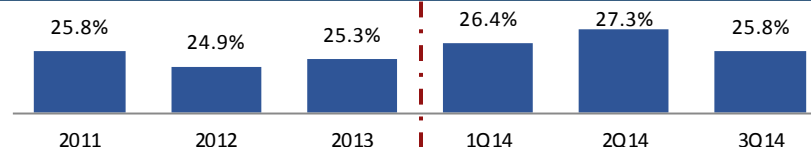
Calculated as operating expenses before depreciation and amortization divided by average total assets

## ROAA – Grupo Aval



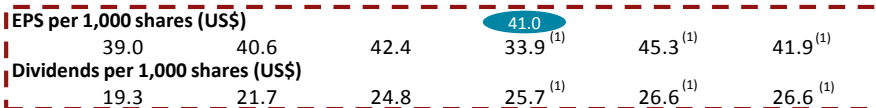
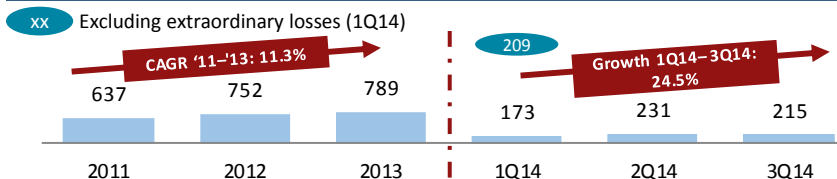
Calculated as income before non-controlling interest divided by average assets (total assets at the end of the period plus total assets at the end of the prior period, divided by two).

## Fee income ratio – Grupo Aval



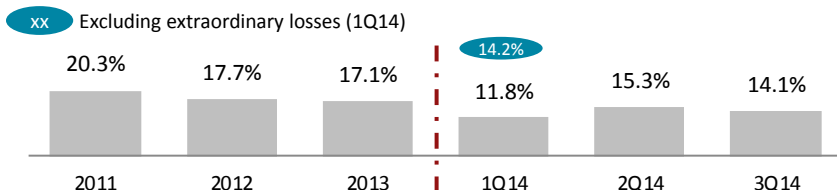
Calculated as net fee income divided by total operating income before net provisions

## Net income (US\$mm, unless noted) – Grupo Aval



EPS and dividend per share calculated as net income and declared dividend divided by total number of outstanding shares. All figures were converted with the representative market rate as computed and certified by the Superintendency of Finance of Ps 2,028.48 as of September 30, 2014, to maintain comparability. <sup>(1)</sup> Annualized figure

## ROAE – Grupo Aval



Calculated as net income divided by average shareholders' equity (shareholders' equity at the end of the period plus shareholders' equity at the end of the prior period, divided by two). ROAE adjusted to exclude the Ps 2.1tn (US\$1,097mm) raised through the issuance of 1,626,520,862 shares at December 31, 2013 in connection with the Common Share Rights Offering, since the capitalization process took place at the end of the year and had no material impact on Grupo Aval's income statement. If the Common Share Rights Offering were not excluded, ROAE for Grupo Aval for 2013 would have been 15.4%. ROAE for 3Q14 was adjusted to exclude US\$ 1,265mm ADR issuance at September 23, 2014, if included, ROAE for 3Q14 would have been 13.0%.





# Grupo Aval: Recent milestones

**AVAL**

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**LISTED**

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**NYSE**

## Key highlights



### NYSE Listing

- Grupo Aval raised Ps. 2.5 trillion (USD 1,265 million) of capital in 2014 through the issuance of 1,874,074,060 preferred shares, subscribed at a price of USD 13.50 per ADR (each ADR representing 20 preferred shares).
- This capital raise was achieved through an issuance of preferred shares in the form of American Depositary Receipts (ADRs) Level III registered in the New York Stock Exchange.



### Banco de Bogotá Capital Raise

- Banco de Bogotá raised Ps. 1.5 trillion of capital between November and December.
- This capital raise was achieved through a preemptive rights offering of 23,809,523 common shares registered in the Colombian Stock Exchange at Ps. 63,000 per share.



### Grupo Aval acquired a stake in Corficolombiana from Banco de Occidente

- Grupo Aval acquired 20,008,260 common shares of Corficolombiana from its affiliate Banco de Occidente at Ps. 38,459 per share, equivalent to 9.35% of its total outstanding share capital or Ps. 769.5 billion (US\$ 379 million).



### Leadership in 4G infrastructure projects

- Episol, a subsidiary of Corficolombiana, was awarded Conexión Pacífico I (Ps. 2.1 trillion or US\$ 1 billion) and the Mulaló-Loboguerrero (Ps. 1.5 trillion or US\$ 0.7 billion) Fourth Generation (4G) projects in Colombia. Episol holds a 60% interest in the projects in association with Iridium (Subsidiary of Spain's Grupo ACS).
- With these contracts, Corficolombiana maintains its leadership in toll road concessions in Colombia.



# Sources of growth and value creation

## Further penetrate the Colombian market



- ✓ Strong economic fundamentals
- ✓ Low banking penetration ratios
- ✓ Profitable credit segments where our market share is sub-optimal
- ✓ Cross-sell to our over 12 million banking clients and close to 10 million pension and severance fund clients
- ✓ Reach out to new underbanked population segments

## Further develop our leading Central American franchise



- ✓ Largest banking group in Central America with leading expertise in the credit card and consumer segments
- ✓ Leverage Aval's knowhow and presence to increase BAC's share in corporate lending and improve its operational efficiency
- ✓ Capitalize on the expansion of the Central American market
- ✓ Recent acquisitions of BBVA Panamá and Grupo Reformador increase share in two attractive markets in the region and expand product offering across the region

## Continue capitalizing on synergies and improving efficiencies



- ✓ Projects in place to generate important group-wide savings and economies of scale, mainly in procurement and information technology (*Red Aval*, core banking and ERPs)
- ✓ Seek savings in the design of group-wide operations procedures and risk management policies

## Pursue other selective opportunities



- ✓ Investments in the strategic sectors of Colombia
- ✓ Constantly identifying, analyzing and participating in acquisition processes in financial entities that we consider strategic for our growth
- ✓ Continue to identify countries that afford us opportunities to execute our strategic plans

## Acquire minority interests



- ✓ Acquire minority shares in subsidiaries in the open market
- ✓ Capture further upside in subsidiaries through increased ownership