

2012 Full year report of Consolidated Results

Colombian Banking GAAP

Disclaimer

Grupo Aval is an issuer in Colombia of securities registered with the National Registry of Shares and Issuers (*Registro Nacional de Valores y Emisores*), and in this capacity, it is subject to oversight by the Superintendency of Finance. Grupo Aval is not a financial institution and is not supervised or regulated as a financial institution in Colombia. Grupo Aval is required to comply with corporate governance and periodic reporting requirements to which all issuers are subject, but it is not regulated as a financial institution or as a holding company of banking subsidiaries and, thus, is not required to comply with capital adequacy regulations applicable to banks and other financial institutions. All of our banking subsidiaries (Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, and their respective Colombian financial subsidiaries, including Porvenir and Corficolombiana) are entities under the comprehensive supervision of, and subject to inspection and surveillance as financial institutions by, the Superintendency of Finance.

Our consolidated financial statements at December 31, 2011, 2010, 2009, 2008 and 2007 and for each of the years ended December 31, 2011, 2010, 2009, 2008 and 2007 have been audited, as stated in the report appearing in our 20F filings. Our consolidated financial statements at December 31, 2012 and for the year ended December 31, 2012 presented herein are unaudited. Audited financial statements at December 31, 2012 and for the year ended December 31, 2012 will appear in our 20F filing on April, 2013.

We have prepared these financial statements and other financial data included herein in accordance with the regulations of the Superintendency of Finance for financial institutions (Resolution 3600 of 1988 and External Circular 100 of 1995) and, on issues not addressed by these regulations, generally accepted accounting principles prescribed by the Superintendency of Finance for banks to operate in Colombia, consistently applied, together with such regulations, on the filing date, "Colombian Banking GAAP." Detail of the calculations of non-GAAP measures such as ROAA and ROAE, among others, are explained when required in this report.

Although we are not a financial institution, we present our consolidated financial statements under Colombian Banking GAAP in this report because we believe that presentation on that basis most appropriately reflects our activities as a holding company of a group of banks and other financial institutions. The audited consolidated financial statements have not been reviewed or approved by the Superintendency of Finance; however, consolidated financial statements for each semester, prepared on the basis of Colombian Banking GAAP for each of our subsidiaries are remitted to the Superintendency of Finance for their review. The Colombian Banking GAAP consolidated financial statements included in this annual report differ from the consolidated financial statements published by Grupo Aval in Colombia, which are prepared under Colombian GAAP. Because we are not regulated as a financial institution in Colombia, we are required to prepare our consolidated financial statements for publication in Colombia under Colombian GAAP for companies other than financial institutions (Decree 2649 of 1993 and Circular No. 100-000006 of the Superintendency of Companies (*Superintendencia de Sociedades*) and former Superintendency of Securities (*Superintendencia de Valores*), currently the Superintendency of Finance) No. 011 of 2005, which differs in certain respects from Colombian Banking GAAP. These Colombian GAAP financial statements are presented biannually to our shareholders for approval, are reviewed and published by the Superintendency of Finance and are available in Spanish to the general public on Grupo Aval's web page. We do not file consolidated financial statements prepared on the basis of Colombian Banking GAAP with the Superintendency of Finance; however, because we have filed 20F annual reports with the SEC, we may from time to time publish semi-annual or quarterly financial data for subsequent periods on a Colombian Banking GAAP basis. Our Colombian Banking GAAP financial statements will be available on Grupo Aval's webpage only to the extent that they are included in documents filed with, or furnished to, the SEC.

Colombian Banking GAAP differs in certain significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. Our yearly audited consolidated financial statements included in our 20F reports filed to the SEC provide a description of the principal differences between Colombian Banking GAAP and U.S. GAAP as they relate to our audited consolidated financial statements and provides a reconciliation of net income and shareholders' equity for the years and at the dates indicated therein. Unless otherwise indicated, all financial information of our company included in this report is stated on a consolidated basis prepared under Colombian Banking GAAP.

When applicable, in this report we refer to billions as thousands of millions.

Grupo Aval Key Financial Results of 2012

1. Colombian economy's fundamentals have performed well despite the challenging global macroeconomic environment

- a. Colombian financial system continues to show strong growth and adequately capitalized institutions.
- b. There is still significant room for credit expansion in the country.

2. Grupo Aval exhibited strong growth maintaining a healthy balance sheet structure

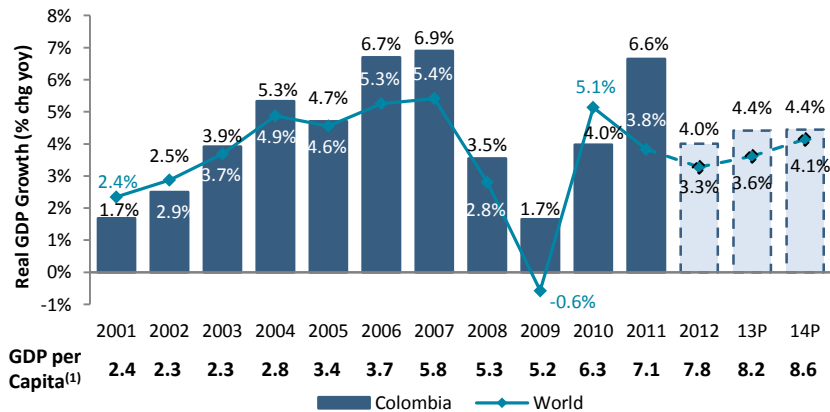
- a. Assets grew at 14.5%, loans at 14.6%, and deposits at 14.7%. Shareholder's Equity grew by 11.3% to Ps 9,083.1 billion (Ps. 489.6/ share as of December 31, 2012).
- b. Quality of loans remained strong showing a 30 days PDL ratio of 2.3% at December 31, 2012 versus 2.2% at December 31, 2011.
- c. Deposits grew at a similar pace than Loans. The ratio of Deposits to Gross Loans remained unchanged at 102% for the year ended December 31, 2012 versus the year ended December 31, 2011.

3. Net Income attributable to Grupo Aval's shareholders increased by 18.2% for the year ended December 31, 2012 to Ps 1,526.4 billion (Ps. 82.3/ share)

- a. ROAA for the year 2012 was 2.1% versus 2.3% in 2011.
- b. ROAE for the year 2012 was 17.7% versus 20.3% in 2011.
- c. Net Interest Margin remained stable at 6.5% for the year ended December 31, 2012.
- d. The efficiency ratio improved from 52.7% for the year ended December 31, 2011 to 51.3% for the year ended December 31, 2012.

The Colombian Economy continued to show strong growth and favorable macroeconomic fundamentals during 2012

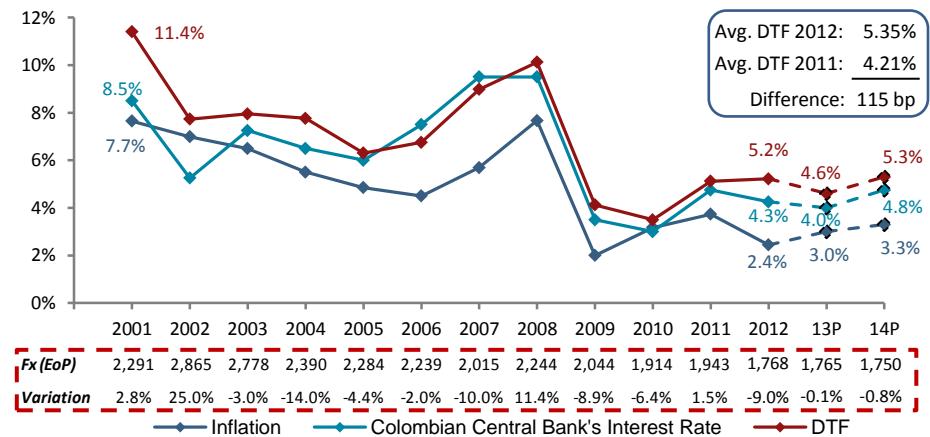
Strong GDP Growth



Source: IMF(Projections) and DANE.

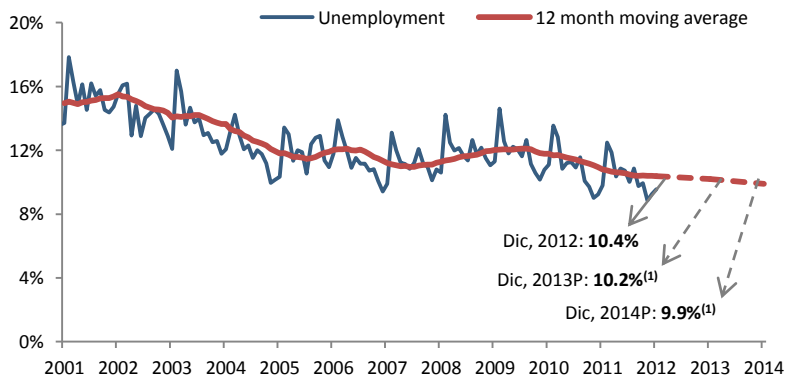
(1) Colombia nominal GDP per capita in thousands of USD, IMF

Inflation vs. Nominal Interest Rates



Source: IMF and Banco de la República de Colombia. – ANIF and Asobancaria (Projections)

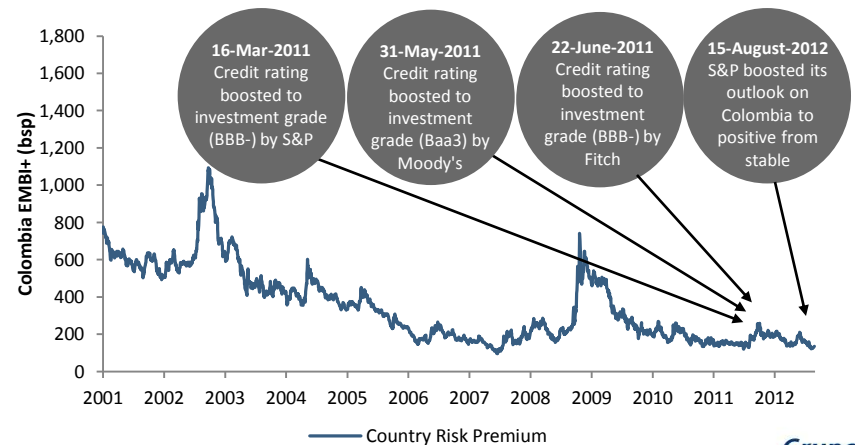
Unemployment



Source: Dane, ANIF.

(1) ANIF Projections.

Significant reduction in country risk premium

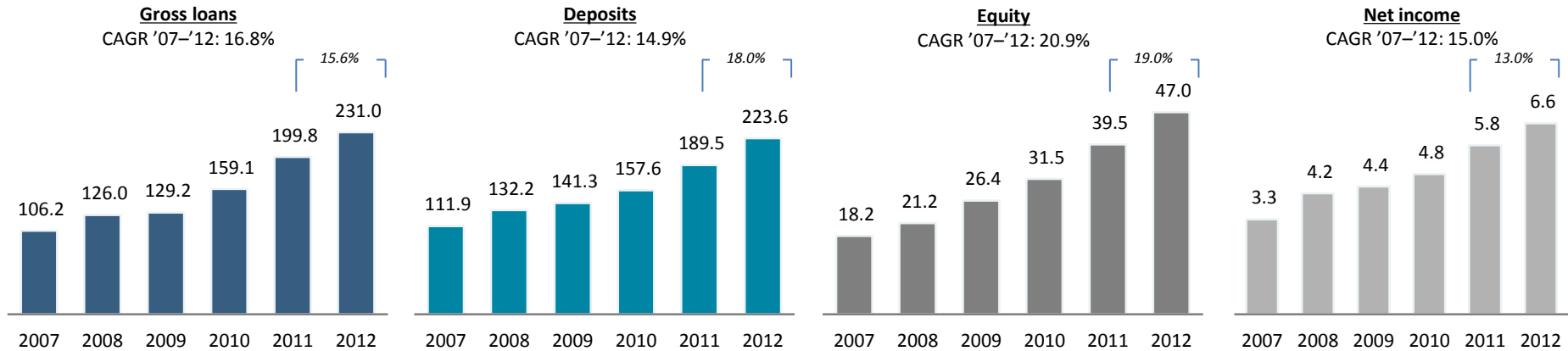


Source: Bloomberg.

2012 was another year of high growth, increasing in banking penetration, strong capitalization and sound quality of assets for the Colombian Financial System

The Colombian banking sector has grown significantly while improving capitalization...

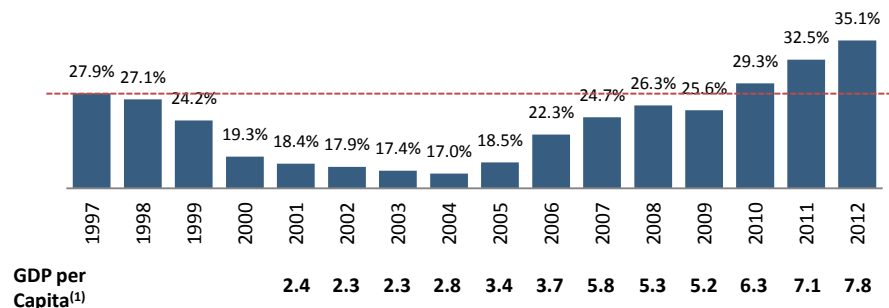
Financial System Key Figures (COP\$ trillions)



Source: Superintendency of Finance.

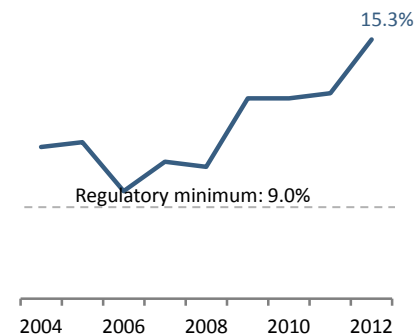
... however banking penetration remains low, with further room for healthy growth

Financial System Gross Loans / GDP

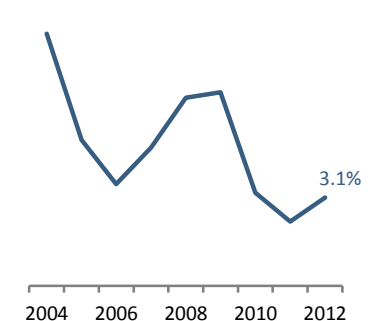


Source: DANE, Superintendency of Finance, and IMF. ⁽¹⁾ Colombia nominal GDP per capita in thousands of USD, IMF

System Solvency



30 days PDLs / Gross Loans



Source: Superintendency of Finance.

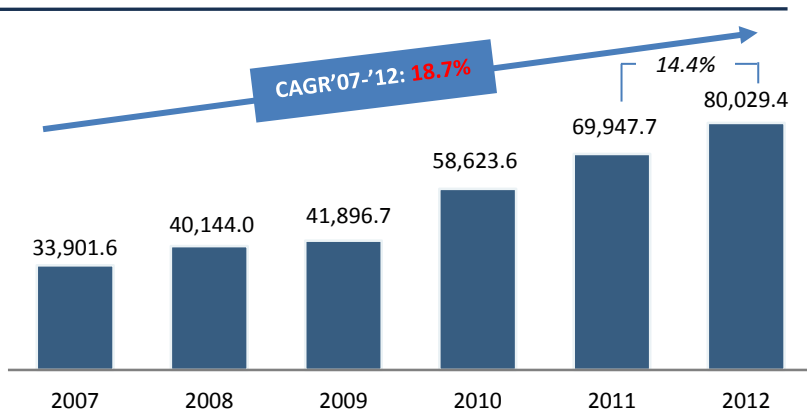
Grupo Aval grew its Balance Sheet at 15% during 2012

Consolidated Balance reported in COP billions under Colombian Banking GAAP; USD translation with an exchange rate of Ps/USD 1,768.23

	FY 2010	FY 2011	FY 2012	Change 2012 vs. 2011		FY 2012 (USD million)
				%	\$	
Cash and cash equivalents	9,682.6	11,698.6	13,398.9	14.5%	1,700.3	7,577.6
<i>Investment Securities</i>						
Total Debt Securities	17,224.1	16,319.8	19,717.1	20.8%	3,397.3	11,150.8
Total Equity Securities	2,286.0	2,664.2	3,586.5	34.6%	922.3	2,028.3
<i>Allowance for investment securities</i>	(335.1)	(8.7)	(7.8)	-10.5%	0.9	(4.4)
Investment Securities, net	19,174.9	18,975.2	23,295.8	22.8%	4,320.6	13,174.6
<i>Loans and financial leases:</i>						
Commercial loans	34,158.1	40,545.5	45,514.2	12.3%	4,968.6	25,740.0
Consumer loans	16,625.2	19,735.9	23,380.2	18.5%	3,644.3	13,222.4
Microcredit loans	250.1	284.2	290.9	2.4%	6.7	164.5
Mortgage loans	3,844.3	4,218.4	4,348.3	3.1%	130.0	2,459.1
Financial leases	3,745.9	5,163.8	6,495.7	25.8%	1,331.9	3,673.6
<i>Allowance for loans and financial lease losses</i>	(2,183.9)	(2,306.5)	(2,545.6)	10.4%	(239.1)	(1,439.6)
Loans and financial lease losses, net	56,439.7	67,641.2	77,483.8	14.6%	9,842.5	43,820.0
Goodwill, net	3,031.4	3,110.7	2,842.5	-8.6%	(268.2)	1,607.6
Other assets, net	5,918.0	7,806.4	8,324.2	6.6%	517.8	4,707.6
Reappraisal of assets	2,062.5	2,269.7	2,317.8	2.1%	48.1	1,310.8
Total Assets	96,309.3	111,501.9	127,663.0	14.5%	16,161.1	72,198.2
<i>Deposits:</i>						
Checking accounts	11,861.3	12,250.0	11,852.8	-3.2%	(397.1)	6,703.2
Other	980.6	1,047.4	950.0	-9.3%	(97.4)	537.2
Non-interest bearing	12,841.9	13,297.4	12,802.8	-3.7%	(494.6)	7,240.5
Checking accounts	6,191.1	7,167.8	8,249.6	15.1%	1,081.8	4,665.5
Time deposits	18,615.0	22,630.5	26,865.0	18.7%	4,234.5	15,193.1
Saving deposits	26,021.2	27,912.0	33,545.9	20.2%	5,634.0	18,971.5
Interest bearing	50,827.4	57,710.2	68,660.5	19.0%	10,950.2	38,830.1
Total Deposits	63,669.3	71,007.6	81,463.3	14.7%	10,455.7	46,070.5
Other Funding	18,980.1	21,352.4	25,393.2	18.9%	4,040.8	14,360.8
Other liabilities	4,629.8	6,055.7	6,315.7	4.3%	260.0	3,571.8
Total Liabilities excl. Minority Interest	87,279.2	98,415.7	113,172.2	15.0%	14,756.4	64,003.1
Minority Interest	4,475.5	4,927.0	5,407.7	9.8%	480.7	3,058.3
Shareholders' Equity	4,554.6	8,159.1	9,083.1	11.3%	924.0	5,136.8
Total Liabilities, shareholders' equity and min. interest	96,309.3	111,501.9	127,663.0	14.5%	16,161.1	72,198.2

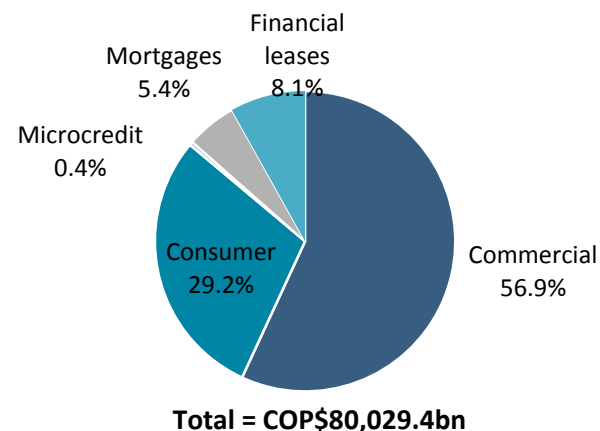
Quality of loans remained strong showing a 30 days PDL ratio of 2.3% at December 31, 2012 versus a ratio of 2.2% shown at December 2011

Gross Loan Evolution (COP\$bn)



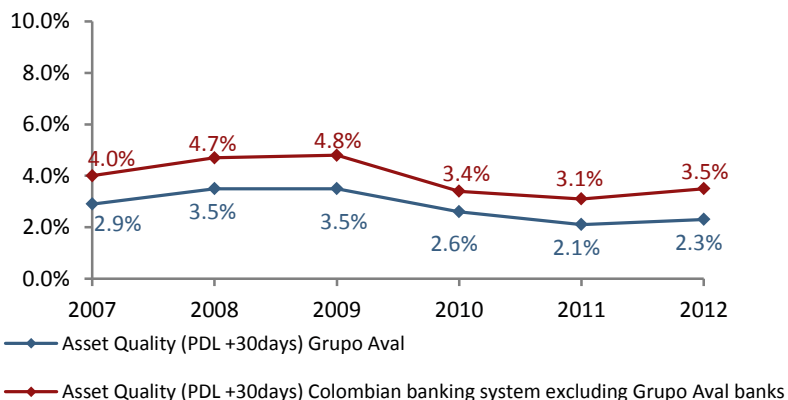
Source: Company Filings. Consolidated figures.

Gross Loan Breakdown



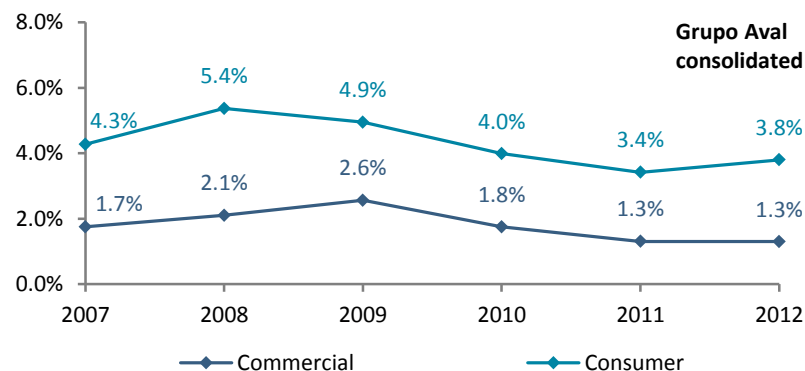
Source: Company Filings. Consolidated figures as of December 31, 2012.

Asset Quality - Colombia



Source: Company Filings. Grupo Aval is calculated as the sum of its banks.

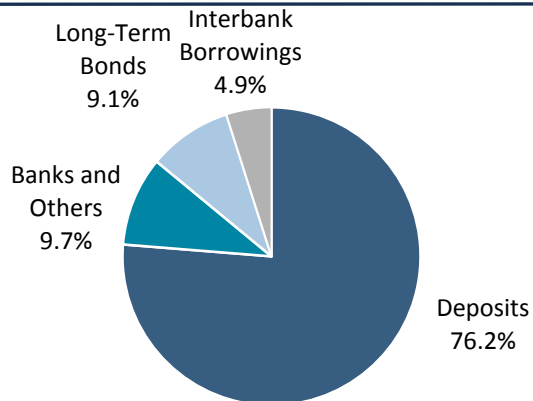
30 Day Past Due Loans / Total Loans (%)



Source: Company Filings.

Our diversified sources of funding have a competitive cost structure with a low dependency on wholesale funding

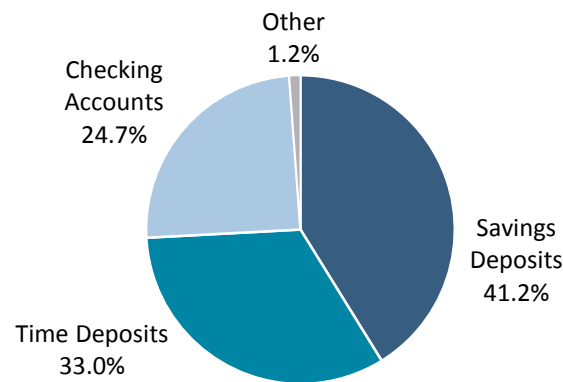
Funding



Total = COP\$106,856.3bn

Source: Company Filings. Consolidated figures as of December 31, 2012.

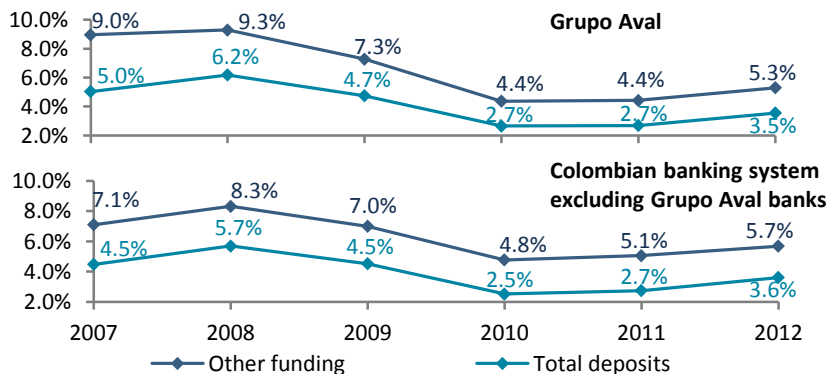
Deposits



Total = COP\$81,463.3bn

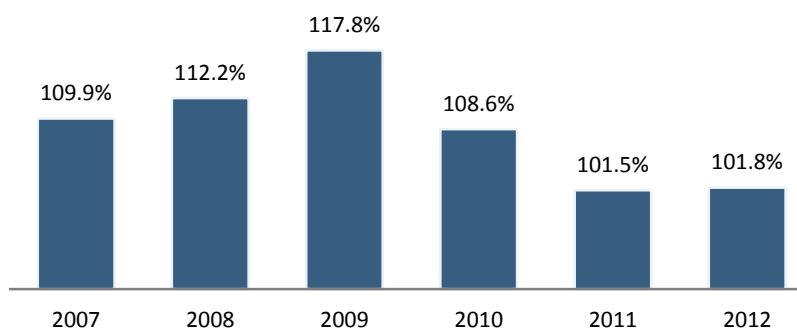
Source: Company Filings. Consolidated figures as of December 31, 2012.

Cost of Funding (%)



Source: Company Filings, Superintendency of Finance. Consolidated figures.

Deposits / Gross Loans (%)



Source: Company Filings. Consolidated figures.

Our consolidated capital ratios continued to show strong levels of adequacy



	Banco de Bogotá		Banco de Occidente		banco popular		Banco AV Villas		Grupo AVAL Combined	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Tier 1 Ratio	11.9	12.0	8.5	8.7	9.3	9.1	11.5	12.5	10.9	11.0
Solvency Ratio	13.1	13.3	10.5	10.1	11.5	11.7	13.7	14.2	12.5	12.6

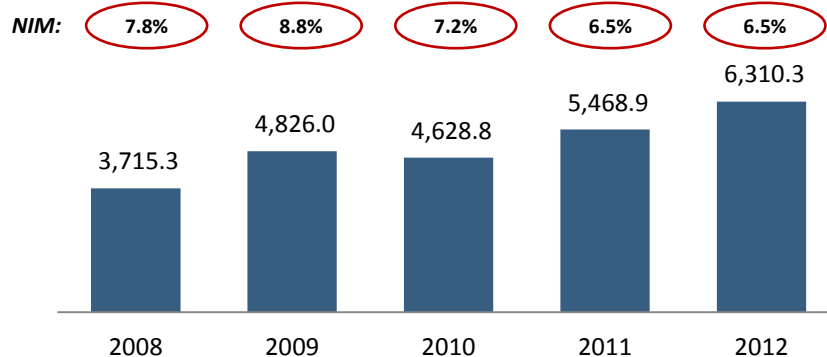
Our net income grew at 18.2% to Ps 1,526.4 billion (Ps. 82.3/ share)

Consolidated Income Statement reported in COP billions under Colombian Banking GAAP; USD translation with an exchange rate of Ps/USD 1,768.23

	FY 2010	FY 2011	FY 2012	Change 2012 vs. 2011		FY 2012 (USD million)
				%	\$	
<i>Interest Income:</i>						
Interest on loans	4,627.3	6,514.6	8,046.0	23.5%	1,531.3	4,550.3
Interest on investment securities	1,452.7	1,029.8	1,299.0	26.1%	269.2	734.6
Interbank and overnight funds	99.0	145.5	206.8	42.2%	61.3	117.0
Financial leases	363.6	460.9	653.2	41.7%	192.3	369.4
Total Interest Income	6,542.6	8,150.8	10,205.0	25.2%	2,054.1	5,771.3
Total interest expense on deposits	(1,349.4)	(1,759.6)	(2,649.3)	50.6%	(889.7)	(1,498.3)
Other Funding	(564.4)	(922.3)	(1,245.3)	35.0%	(323.0)	(704.3)
Interest expense	(1,913.8)	(2,681.9)	(3,894.7)	45.2%	1,212.7	(2,202.6)
Net Interest Income	4,628.8	5,468.9	6,310.3	15.4%	841.4	3,568.7
Provisions for loan and financial lease losses, accrued interest and other receivables, net	(820.3)	(874.9)	(1,041.8)	19.1%	(166.8)	(589.2)
Recovery of charged-off assets	109.0	167.5	142.7	-14.8%	(24.8)	80.7
Provision for investment securities, foreclosed assets and other assets	(368.3)	(65.8)	(57.3)	-12.9%	8.5	(32.4)
Recovery of provisions for investments securities, foreclosed assets and other assets	52.7	356.9	39.1	-89.1%	(317.9)	22.1
Total provisions, net	(1,026.9)	(416.3)	(917.3)	120.3%	(501.0)	(518.8)
Net interest income after provisions	3,601.9	5,052.6	5,393.0	6.7%	340.4	3,049.9
Total fees and other services income	1,980.9	2,672.8	2,844.2	6.4%	171.4	1,608.5
Fees and other services expenses	(363.1)	(438.4)	(462.1)	5.4%	(23.8)	(261.4)
Fees and other services income, net	1,617.7	2,234.4	2,382.0	6.6%	147.7	1,347.1
Other operating income	785.5	958.0	885.7	-7.6%	(72.3)	500.9
Total operating income	6,005.1	8,244.9	8,660.6	5.0%	415.7	4,897.9
Operating expenses	(3,520.0)	(4,932.9)	(5,299.5)	7.4%	(366.6)	(2,997.1)
Net operating income	2,485.1	3,312.0	3,361.1	1.5%	49.1	1,900.8
Non-operating income/(expense), net	176.9	196.2	448.1	128.3%	251.8	253.4
Income before income tax expense and non-	2,662.1	3,508.2	3,809.2	8.6%	301.0	2,154.2
Income tax expense	(831.0)	(1,136.7)	(1,371.7)	20.7%	(235.0)	(775.8)
Net Income before Minority interest	1,831.1	2,371.5	2,437.4	2.8%	66.0	1,378.5
Income attributable to Minority Interest	(874.2)	(1,080.2)	(911.1)	-15.7%	169.2	(515.2)
Net Income attributable to Grupo Aval shareholders	956.9	1,291.2	1,526.4	18.2%	235.2	863.2
Weighted average number of common and preferred shares outstanding	13,943,980,671	16,306,613,443	18,551,766,453			
Earnings per share (in pesos)	68.6	79.2	82.3			

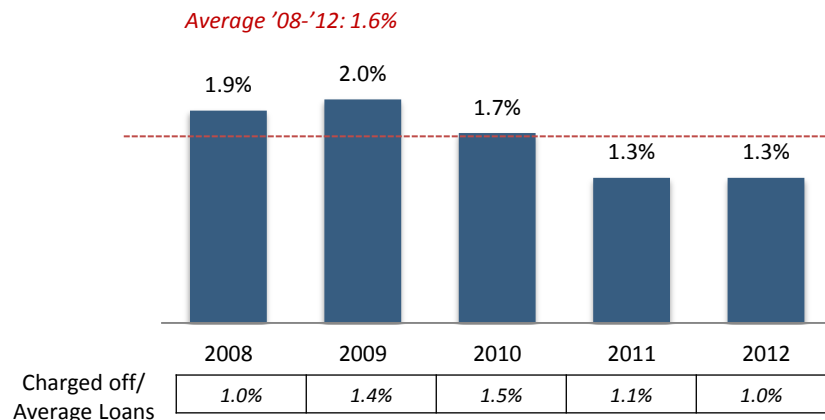
... resulting from a) stable net interest margin and asset quality, and b) an improving efficiency ratio

Net interest Income / Average Interest Earning Assets



Source: Company Filings. Consolidated figures.

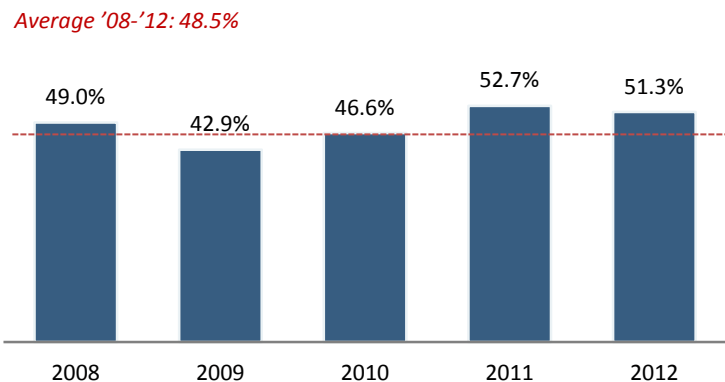
Provision expense / Avg. Loans



Source: Company Filings. Consolidated figures.

Efficiency

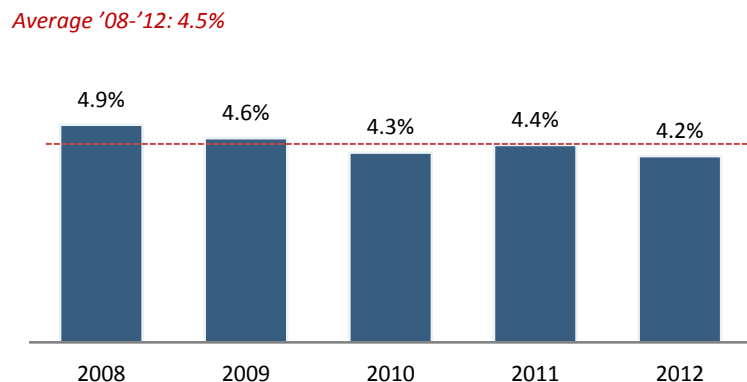
Cost / Income



Source: Company Filings. Consolidated figures.

Efficiency ratio is calculated as operating expenses before depreciation and amortization divided by operating income before net provisions.

Cost / Average Assets



Source: Company Filings. Consolidated figures.

Efficiency ratio is calculated as operating expenses before depreciation and amortization divided by average earning assets.

ROAA for the year 2012 was 2.1% versus 2.3% in 2011, ROAE for the year 2012 was 17.7% versus 20.3% in 2011

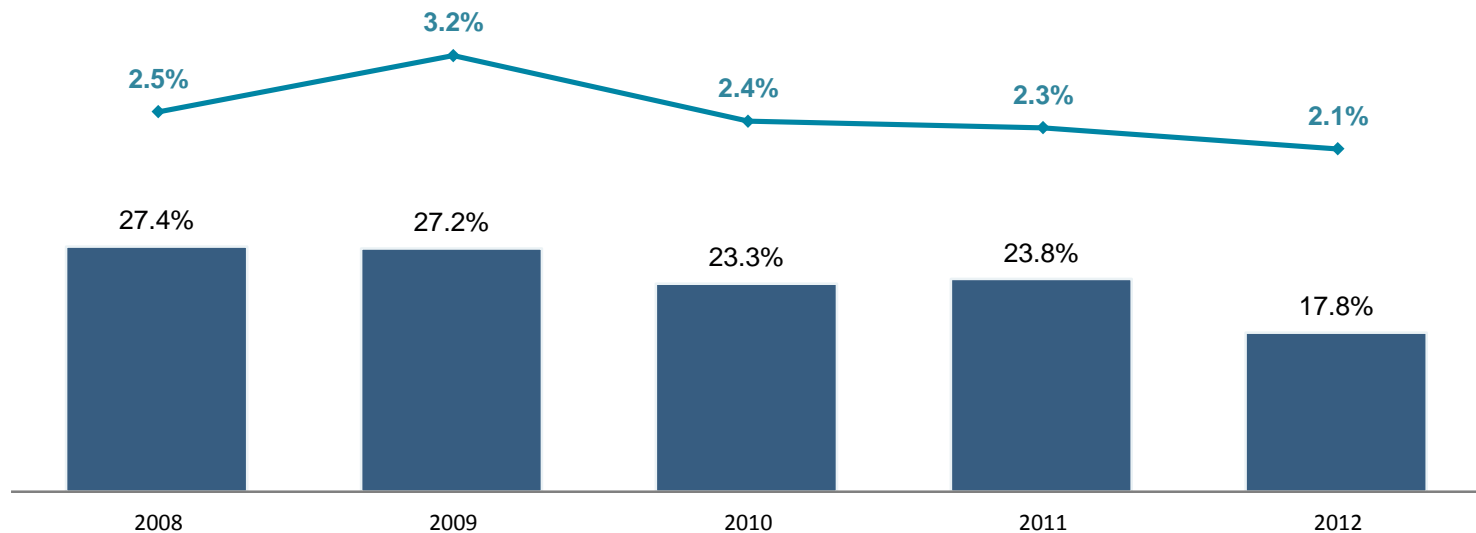
Return on Average Assets / Equity (%)

Average '08-'12: 23.9%

ROAE⁽¹⁾ (%)

Average '08-'12: 2.5%

ROAA⁽²⁾ (%)



Source: Company Filings. Consolidated figures. ⁽¹⁾ ROAE is calculated as Net Income divided by the thirteen-month average of shareholders' equity for each year ended at Dec. 31st. ⁽²⁾ ROAA is calculated as Income before non-controlling interest divided by the thirteen-month average of total assets for each year ended at Dec. 31st.

ABOUT GRUPO AVAL

Grupo Aval is Colombia's largest banking group and a leading banking group in Central America. We provide a comprehensive range of financial services and products across the Colombian and Central American markets, ranging from traditional banking services, such as making loans and taking deposits, to pension and severance fund management. Grupo Aval comprises, among other companies, Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, Porvenir and Corficolombiana in Colombia, and BAC Credomatic in Central America.

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