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PRESENTATION

Operator

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As an issuer of securities in Colombia, Grupo Aval is required to comply with periodic reporting requirements and corporate governance. However, 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 Bogota, Banco de Occidente, Banco Popular, Banco AV Villas and their respective Colombian financial subsidiaries, including Porvenir and Corficolombiana -- are subject to inspection and surveillance as financial institutions by the Superintendency of Finance.

Although we are not a financial institution, until December 31, 2014 we prepared the audited consolidated financial information included in our quarterly reports with accordance with the regulations of the Superintendency of Finance for financial institutions and generally accepted accounting principles for banks to operate in Colombia, also known as Colombian banking GAAP, because we believe that presentation on that basis most appropriately reflected our activities as a holding Company of a group of banks and other financial institutions.

However, in 2009 the Colombian Congress enacted Law 1314 establishing the implementation of IFRS in Colombia. As a result, since January 1, 2015, financial entities and Colombian issuers of publicly traded securities such as Grupo Aval must prepare financial statements in accordance with IFRS. IFRS is applicable under Colombian regulations differ in certain aspects from the IFRS as currently issued by the IASB.

The unaudited consolidated financial information included in this webcast is presented in accordance with IFRS as currently issued by the IASB. Details of the calculations of non-GAAP measures such as ROAA and ROAE among others are explained or required in this report.

Because of our recent migration to IFRS and recent implementations of IFRS accounting principles, the unaudited consolidated financial information for the first quarter 2016 and the comparative information for the relevant unaudited consolidated period of 2015 presented herein may be subject to further amendments. This report may include forward-looking statements, where actual results may vary from those stated herein as consequence of changes in general, economic and business conditions, changes in interest in currency rates, and other risk factors as evidenced in our Form 20-F available at the SEC webpage.

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When applicable on this webcast, we refer to billions as thousands of millions.

Today, the call will be conducted by Mr. Luis Carlos Sarmiento Gutierrez, Chief Executive Officer of Grupo Aval; Mr. Diego Solano, Chief Financial Officer of Grupo Aval: and Mrs. Tatiana Uribe, Investor Relations Officer of Grupo Aval. I will now turn the call over to Mr. Luis Carlos Sarmiento. Mr. Sarmiento, you may begin.

Luis Carlos Sarmiento - *Grupo Aval Acciones y Valores SA - President*

Thank you, Celia. Thank you very much. Good morning, and thank you for joining our call. It is my pleasure to report that, in line with our expectations, Aval had a good first quarter. In the next few minutes, I will highlight a few of our results. And later on in the call, Diego will address these and other points in detail.

But first, let me start by addressing an issue that has been on the minds of some of the analysts that follow us, and obviously one of high importance to us. I am referring to the capital structure of Banco de Bogota. For background, recently Moody's downgraded Banco de Bogota's standalone baseline credit assessment, as well as its long-term foreign-denominated subordinated debt, and both ratings were lowered under the investment-grade threshold. Furthermore, in accordance with Moody's rating system, Grupo Aval's rating of its long-term senior foreign-denominated debt was also downgraded as a result of the action taken on Banco de Bogota.

The mentioned downgrades accompanied by negative outlooks from Moody's. To address the negative outlooks, we agreed to present the plan to Moody's before their June meetings. Consequently, over the past month, we have been working on a plan which we are confident will get this rating agency to remove the negative outlook on the different debt instruments of Aval and Banco de Bogota and, hopefully, to upgrade these ratings.

For the past two weeks, we have discussed this plan with the regulators, accountants and lawyers, all of whom have cleared at least one of two major initiatives. We expect to present our plan to Moody's in early June. As soon as we iron out the details, we will announce the components of our plan to the market. In the meantime, as you will see later on in the presentation, Banco de Bogota's tier 1 and total solvency ratios under Colombian regulations were significantly boosted as a result of discussions with the superintendents of finance, in which it became evident that the bank's calculation of its solvency ratios had omitted the inclusion of an existing OCA account in its regulatory capital.

The good news is that, as a result of including this OCI account in the calculation of regulatory capital, the bank's tier 1 and total solvency ratios were boosted by close to 200 and 300 basis points, respectively.

And now, let me refer briefly to Colombia's current macroeconomic landscape. In the midst of high inflation and a contraction of our monetary policy, Colombia's economic -- economy continues to slow down. Analysts now expect that real GDP growth for 2016 will only reach 2.3%. We expect it to be somewhat higher and are currently estimating it somewhere between 2.5% and 2.75%, as we expect that the central bank's monetary policy will be effective in containing inflation during this year's second semester, which should give way to a reversal in the current trend in the country's economic growth. We remain confident that next year's growth will ride on expanded local manufacturing as well as on the positive impact that the 4G infrastructure program will have on the economy once new roads start to be built during 2017.

We, however, remain attentive to the announced tax reform that the government is determined to pass before year's-end. Our hope is that the tax reform will lighten the tax burden for businesses without unduly taxing dividends while raising value-added taxes. We have been positively surprised so far by the steadiness of employment numbers. Unemployment has only mildly deteriorated and remained manageable at levels of 10%.

Current account and trade-down deficit numbers continue to reflect the effect of oil prices but have steadied, as the price of this commodity seems to have stabilized in the $45 to $50 range as of lately. As I mentioned before, and as we had expected, inflation continues to show high numbers and reached on a last-12-month basis a level close to 8%. The central bank, in keeping with its mandate, has taken the discount rate up to 7% and the DTF has followed, allowing a favorable repricing of the vast majority of the loans in the bank's commercial loan portfolios. This positive effect will continue for the next few months, as more loans are different repricing.

The exchange rate, although still somewhat volatile, seems to have reached a level of relative calmness in the COP3,050 to COP3,075 per dollar area. Oil prices do not seem to be the principal driver in the exchange rate anymore, as it has held steady even with the latest price hike of this commodity to over $50 per barrel.

With respect to our other major market, Central America continues to benefit by the US economic comeback and relatively low prices of oil. As a result, the International Monetary Fund expects that the region's growth will near 4% during 2015, and we expect a similar behavior this year.

Finally, the country has started to prepare for the end of the conflict with a Farc guerilla. Reportedly, conversations are now also taking place with the other guerilla faction in Colombia, the ELM. We celebrate this and expect that the economy will benefit from it.

Now turning to Aval's financial results, these are the main highlights. Diego will refer to each of these in more detail following my summary. Attributable net income for the period, excluding the wealth tax effect, was COP645 billion or COP29 per share, showing a 19% increase versus the same period last year when we showed a result of COP543 billion or COP24 per share.

The consolidated gross loan portfolio grew by 16.7% in the last 12 months and showed a slight decrease of 0.3% during the first quarter of 2016. However, in absence of the revaluation of the peso during the first quarter, the loan portfolio would have grown 1.1%. Exclusively as a reference to illustrate this point, converted to dollars and due to the reevaluation of the peso, during the first quarter the loan portfolio would have grown 4.7%.

Deposits outgrew loans and increased by 0.7% in the quarter. As a result, the ratio of deposits to net loans improved from 96% to 98% between December 2015 and March 2016. In absence of the revaluation of the peso during the first quarter, the deposits would have grown 2.1%.

Reflecting the rise in the DTF, and as a result of our pricing strategy, average yield on loans showed an 80-basis-points increase between the fourth quarter of 2015 and this year's first quarter, closing at 10.9% as of March 31. In line with the increases in the central bank rate, during the first quarter of this year cost of funds increased by approximately 50 basis points to 4.1% from 3.6% in the last quarter of 2015. As a result, the spread between the average yield on loans and the average cost of total funds improved by 30 basis points when comparing this quarter versus the previous one, closing at 6.8% as of March 31.

As we had anticipated, NIM on loans improved by 27 basis points when compared to last year's fourth quarter, reaching 6.5%. NIM on total investments was 1.3%, showing a slight deterioration versus the 1.4% reported in the fourth quarter of 2015. And total NIM improved by 24 basis points versus last year's fourth quarter, reaching 5.7% as of March 31, 2016.

During the first quarter of this year, nonrecurrent provisions had to be made to reserve for specific events, such as Pacific Rubiales default. As a result, cost of risk during the quarter rose to 2% before recoveries of provisions, and 1.9% after such recoveries. In absence of the Pacific Rubiales provision expense, the cost of risk of the quarter would have been 1.8% before recoveries and 1.7% after recoveries.

When compared to last year's fourth quarter, efficiency improved both on a cost-to-income basis and on a cost-to-asset basis. During the quarter, efficiency ratios were 44.1% and 3.4%, respectively. As of March 31, 2016, our banks showed strong regulatory capital ratios. In fact, the range of tier 1 for all of our banks was between approximately 10% and 11%, and a range for total solvency for our banks was between approximately 11% and 14%.

Finally, during the first quarter of this year, the return on assets, excluding the wealth tax payment, was 2% and the return on equity was 17.8%.

I will now pass on the presentation to Diego, who will expand on the highlights that I just shared with you. Thank you, and you all have a good day.

Diego Solano - *Grupo Aval Acciones y Valores SA - CFO*

Thank you, Luis Carlos. I will now start with the evolution of our macroeconomic environment. Starting on page 5, we will present the evolution of some key macro drivers of our industry. Market consensus and real GDP growth as reported by Bloomberg had a slight downward revision since our last call, now standing at 2.3% for 2016 and 3% for 2017. We share the market consensus. And, as Luis Carlos mentioned, we have a slight positive bias, expecting 2016 growth to be in the 2.5% to 2.75% area.

As discussed before, we have a positive view on the impact of a more competitive peso and the contribution of the Cartagena refinery to GDP. In addition, we expect to see a minor contribution of the fourth-generation concessions and private-public initiatives during the last months of this year in a more relevant manner during 2017.

We have also seen some recovery of international oil prices that, if permanent, would be beneficial for growth. Downside risk will continue to come from oil prices and lower government spending. Uncertainty on GDP growth also comes from the potential impacts of terms of the tax reform.

Regarding unemployment, we have started to observe the mild deterioration that we had been expecting for some time. The last data point I will level is that for March 2016, with a figure of 10.1%, up from 8.9% reported a year earlier for the same month.

Finally, fourth-quarter data on current account deficit shows some improvement compared to the previous quarter. Nevertheless, absolute numbers continue to be fragile on this front.

Moving to page 6, we present inflation and some interest rate benchmarks. Twelve-month inflation was slightly -- has slightly improved since our last call. The last data point I will level is that for April 2016 the figure reported was 7.9%, doubling the central bank's upper limit of 4%.

Market expectation on inflation continues to be high, influenced by recent performance. However, we expect inflation to be lower than the latter -- in the latter part of the year, as we experienced lower transference of the currency depreciation to inflation and the effect of the central bank recent actions feeding into the economy. We expect year-end twelve-month inflation to trend down toward 6%.

Consistent with the recent inflation data, the central bank has continued to raise its rates for the last monthly meetings. Accumulating 275 basis points since August 2015, now reaching 7%, we believe that the rate increase cycle could be close to an end. With inflation close to 8% currently, the central bank continues to have a negative real interest rate. At DTF, our benchmark rate has closely tracked the repo rate that remains as well in negative territory. Even though we have been cautious on the possibility of DTF spread expansion over the repo rate given last year's performance, we continue to believe that the changes in global and local liquidity could favor an improvement on this front.

On page 7, we present oil prices' effect on foreign exchange. Colombia -- Colombian peso/US dollar exchange rate ended March at COP3,000, close to 5% stronger than three months earlier and 16% weaker than a year earlier. First-quarter average exchange rate was COP3,263, 6.6% weaker than the previous quarter and 32% weaker than the same quarter a year earlier. We have seen a recent decoupling of the peso and the US dollar. Colombian peso performance, as well as that of many other currencies, has resulted from a strengthening of the US dollar, driven by expectations of a fast-increasing rate -- a faster increase in rates than previously expected, and an overall improvement in the perception of the strength of the US economy.

On page 8, we present our chart on Central America and macro drivers with no major changes compared to our previous calls. We expect lower oil prices to affect positively the Central American region, as countries are net importers of oil. Central American GDP growth is correlated to the US economy, rather than to the Colombian economy. Therefore, we expect our operation in Central America to continue to be a positive diversification factor to our business, particularly now given the improvement in expectations on the future US economy performance.

I will now move to Grupo Aval's results, starting on page 9 with our asset evolution. Before I start, I want to highlight that our balance sheet and P&L accounts that you find on this report reflect the presentation standard used on our 20-F recently reported to the SEC. We will adopt these reporting standards on our quarterly releases starting today.

Total assets grew 12.5% from the last 12 months and presented a slight decrease of 0.8% during the last quarter. In absence of the effect of the Colombian peso fluctuations in Central America, assets will have grown 8.2% and 0.6%, respectively. Consolidated balance sheet structure was similar to that in place at the end of March and December 2015, with our net loans accounting for 65% of our assets at materially the same level three months earlier, and up from 63.3% 12 months before.

Fixed-income investments have compensated this slight increase, now accounting for 11.5% of assets, down from 14% one year ago. Colombian assets account for close to 72% of our balance sheet, slightly higher than the 70% reported three months ago. Central American assets have increased their weight over the 12 months, moving from 26% to 28%. Both changes are mainly due to the Colombian peso fluctuations.

On page 10, we present our loan portfolio evolution. Gross loans increased by 16.7% over the past 12 months. In absence of the effect of the peso fluctuation in Central America, 12-months' growth will have been 12.3%. This change resulted from our Colombian book growing at 12.4% and Central America at 29.2%. This is 11.9% in dollar terms.

Mortgage continues to be our most dynamic portfolio, growing at 26.1% over the last 12 months. Consumer and commercial loans grew at 19% and 14.3%, respectively, during the same period. Broken down by region, mortgages -- mortgage loans grew 30.2% in Colombia and 7.1% in US dollar terms in Central America. Consumer loans grew 13.1% in Colombia and 14.3% in dollar terms in Central America. Commercial loans grew 11.1% in Colombia and 12.3% in dollar terms in Central America.

During the first quarter 2016, gross loans slightly decreased by 0.3%. In absence of the effect of the peso appreciation in Central America, three-month growth would have been 1.1%. This growth resulted from the Colombian operation growing at 1.6% and the Central American operation decreasing at 4.9%. This is 0.2% growth in dollar terms.

The structure of our gross loan portfolio remains stable when compared to the previous quarter. Commercial loans account for 60.3% of our portfolio, while consumer and mortgage loans account for 29.9% and 9.5% respectively. Colombia accounted for 72% of our loan portfolio, up from 71% three months earlier and down from 75% a year ago. The increasing weight of the Central American operation had been mainly due to the Colombian peso exchange rate fluctuation.

On page 11, we present several loan portfolio quality ratios. On the top-left of the page, you will find the evolution of our past-due loans more than 30 days and of our NPLs, both as a percentage of total loans, excluding interest account receivables. In this quarter, our delinquency ratio, measured as 30-days PDLs to total loans, deteriorated from 2.4% to 2.7%. Delinquency, measured as NPLs to total loans, increased by 15 basis points from 1.6% in fourth -- during the fourth quarter or at the end of the fourth quarter to 1.8% at the end of the first quarter of 2016.

Moving to the right, unrealized net provision expense, net of recoveries of charged-off assets for the quarter, was 1.9% of average loans, up from 1.6% recorded three months earlier and from 1.3% recorded a year before. However, it's important to mention that the first quarter includes COP80 billion in provision expense related to Pacific Rubiales. Excluding this event, the cost of risk, net of charged-off assets for the quarter, would have been 1.7%.

The bottom-left, you will find the analyzed ratio of charge-offs as a share of average NPLs. This ratio was 0.9 times during the first quarter of 2016.

Finally, on the bottom-right, you will see several loan-loss reserve coverage ratios. Our allowance are 2.7% of total loans and cover 1.5 of NPLs and 1 times 30-days PDLs.

Page 10 -- 12, you will find further detail on the quality of our loan portfolio. On this page you will see the evolution of our loans past-due more than 30 days and of our NPLs as a percentage of total loans. We will also refer to 90-days PDLs, even though not included on this chart.

During this quarter, our delinquency ratio deteriorated when measured as 30-days PDLs to total loans from 2.4% to 2.7%. During the quarter, our 90-days PDLs to total loans increased by 14 basis points to 1.6%, and our NPLs increased by 15 basis points to 1.8% -- all ratios calculated as a percentage of total loans excluding interest accounts receivables.

Broken down by type of loan, commercial loans deteriorated during the quarter from 1.6% to 2% when measured as 30-days PDLs, and from 1.2% to 1.4% when measured as 90-days PDLs, and 1.2% to 1.4% when measured as NPLs. Since service providers to the other industries are partially responsible for this deterioration.

Consumer loans deteriorated from 3.8% to 4.1% when measured as 30-days PDLs and remain stable that 1.9% when measured as 90-days PDLs from -- 90-days PDLs. They increased as well from 2.6% to 2.7% when based on NPLs. Mortgage loans deteriorated from 2.7% to 2.9% when measured as 30-days PDLs and from 1.1% to 1.2% when measured based on NPLs.

Moving to page 13, you will find funding and deposit evolution. Total funding grew at 13.4% over the last 12 months and decreased 1.1% during the last quarter. In absence of the effect of the Colombian peso exchange rate fluctuations in Central America, 12-months' and three-months' growth would have been 9.1% and 0.2%, respectively.

Broken down by geography, Colombia funding grew at 10.7% over the last 12 months and 0.8% during the last quarter. Central American funding grew at 21.3% in Colombian peso terms, or 5% in dollar terms over the last 12 months. The first quarter of 2016, Central American funding decreased 5.9% in peso terms or 1.3% in US dollar terms.

Deposits increased at 12.6% during the last 12 months and 0.7% during the last quarter. In absence of the effect of the peso depreciation in Central America, 12-month and three-month growth would have been 8.5% and 2.1%, respectively. Broken down by geography, Colombia accounted for 71% of total deposits. Colombian deposits grew 8.5% over the last 12 months and 2.7% during the quarter. Central American deposits grew 25.5% in Colombian peso terms, or 8.7% in dollar terms, over the last 12 months. Over the quarter, Central American deposits decreased by 4.4% in peso terms, which is equivalent to increasing 0.3% in dollar terms.

Our funding and deposit structure slightly strengthened during the quarter. Our deposits accounted for 75.6% of our total funding at the end of period, up from 74.2% three months earlier. Our deposits cover 98% of our net loans, up from 96% three months earlier.

On page 14, we present the evolution of our total capitalization, our attributable shareholders' equity and the capital equity ratios of our banks. Our totally -- total equity, defined as attributable equity plus minority interest, was COP22.9 trillion as of the end of first-quarter 2016. This implies an 8.7% increase over the last 12 months and a 0.1% decrease during the last quarter. Attributable equity accounted for 62.8% of total equity as of March 2016. Attributable equity was COP14.4 trillion as of the end of March. This implies a 7.4% growth during the last 12 months and a 1.3% decrease during the last quarter. Equity decreased mainly resulted from dividend payments during the quarter.

This chart will also show the consolidated solvency of our banks. Solvency at the end of period was 13.7 at Banco de Bogota, 11.2 at Banco de Occidente, 11.4 at Banco de Occidente and 10.7 at [other regions]. As mentioned by Mr. Sarmiento, Banco de Bogota's December solvency was restated as a result of the discussions with the Superintendency of Finance. During the quarter, the appreciation of the Colombian peso benefited Banco de Bogota's solvency ratio.

Page 15, we present our net interest margins. Our NIM was -- had a strong recovery during the first quarter of 2016, reaching 5.7%, up from 5.5% recording the previous quarter, mainly driven by the increase on net interest margin on loans. The NIM on fixed-income investments was 1.3%, down from 1.4% a quarter earlier. The NIM on loans increased 27 basis points to 6.5% during the first quarter from 6.3% in fourth quarter of 2015. In spite of the continued pressure on funding costs resulting from the increase of the central bank rates, the banks were able to transfer cost of pricing to higher cost of lending. Quarterly net interest income grew 20.5%, increasing from COP1.9 trillion in the first quarter of 2015 to COP2.3 trillion in the first quarter of 2016.

Moving to page 16, we present net fees and other income. Fee income is presented on the top of the page. Gross fee income grew 22.2%, compared to same period of a year earlier, and 0.9% to those received during the fourth quarter of 2015. At the bottom of the page, we present other income for comparability reasons. With previous calls, we include income from derivatives currently reported as part of the net trading income. Other income was materially at the same level as the previous quarter.

On page 17, we present efficiency ratios. This page, we present our operating expense as a share of total income and as a share of average assets. Our efficiency measured as operating expenses divided by average assets show an improvement from 3.5 in the fourth quarter of 2015 to 3.4 the first quarter of 2015.

In Colombia, this ratio improved 28 basis points to 2.7%. In Central America, this ratio deteriorated 37 basis points from 4.5% to 4.9% in peso terms. Our efficiency measured as operating expenses divided by total income was 44.1% during the quarter, improving from 47.1% recorded during the previous quarter. In Colombia, this ratio improved from 44.3% during the fourth quarter to 38.5% during this quarter due to NIM expansion mainly. Central America's ratio deteriorated from 52.8% to 55.4% in peso terms.

On page 18, we present our net income and profitability ratios. (inaudible) net income for the quarter was [466 billion pesos], or COP20.9 per share. In absence of the wealth tax, our attributable net income for the quarter would have been COP645 billion, or COP29 per share. Return on average assets and return on average equity for the quarter were 1.5% and 12.9%, respectively. In absence of the wealth tax, these ratios would have been 2% and 17.8%.

Before we move to Q&A, we will give you some general guidance on 2016. Growth on loans and assets in absence of FX movements will be in the 10% area. We expect similar growth for our Colombian and Central American operations. The quality of loans might show some additional deterioration driven by a weaker GDP and a softer internal demand. This could negatively affect cost of risk in the 20 to 25 basis points relative to 2015. This view incorporates the impact of the economic cycle and consumer and SMEs, and some one-time events in our corporate portfolio (inaudible) Pacific Rubiales.

We expect the net interest margin on loans to increase as the current interest rate and liquidity scenario prevails. We expect full-year NIM on loans to be similar or slightly higher than that reported for this quarter. Our previously mentioned short-term -- as previously mentioned, short-term increases in yields are more likely in our corporate loans, given the favorable evolution of DTF.

The performance of our total net interest margin will depend on the performance of our investment portfolio. We are now more positive on this front versus our previous guidance, given the reduction in expected pace of increases in the US interest rates compared to those prevailing last year. On the other hand, successfully anchoring the long-term inflation expectations by the central bank will be key to these results.

Regarding efficiency ratios, we will continue to work to improve on this front and gain back part of what we lost during 2015 due to the impact of the peso depreciation, what it had on our mix, given that that is sufficient Central American operation.

Finally, we expect to improve slightly our ROE during 2016, trending towards 15% by the end of the year.

With this, I open it to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Domingos Falavina, JPMorgan.

Domingos Falavina - *JPMorgan - Analyst*

I have two questions, actually. My first one is -- relates to Pacific Rubiales. You mentioned it impact your NPLs, but it did not provide a lot of detail. We notice here some uptick in different business lines on NPLs, on microcredit, as well as on large corporate. Just wanted to get a better sense, like, what would have been the total NPLs if not for Pacific Rubiales. And which one of the loan lines here was most impacted? Was it the commercial? Did it spill over to microcredit, anything? How do you guys think about that?

Diego Solano - *Grupo Aval Acciones y Valores SA - CFO*

I got one question, the Pacific Rubiales question of what would have been the rate in absence of the Pacific deterioration. You had another question on quality of portfolio, Domingos? (multiple speakers) Sorry?

Domingos Falavina - *JPMorgan - Analyst*

Yes, which line did Pacific Rubiales problem impact when we look at the NPL per loan product?

Diego Solano - *Grupo Aval Acciones y Valores SA - CFO*

Okay, okay. Pacific is a corporate, therefore it affected our corporate numbers. It affected roughly -- around 10 basis points might have been the effect of Pacific Rubiales deterioration on our index. As I mentioned, it not only affected the way we have rated our loans, but it affected our cost of risk. Its effect of cost of risk, if stripped out, would have been -- or the cost of risk if stripped out, Pacific would have been of around 1.7% comparable to what we had during the last quarter of last year.

So, perhaps expanding on the guidance, we slightly increased our guidance on cost of risk. And the reason for increasing this guidance is particularly the Pacific Rubiales event and some deterioration -- additional deterioration in the service providers to the oil industry. Pacific, to give you a feel of what to expect for the remainder of the year, might have around COP70 billion left of provisioning. Part of that has already been booked during the quarter, and we expect to complete that during the second quarter of this year.

Your question on the quality of the portfolio, if I understood it right -- we expect to see some slight deterioration on consumer and SMEs. This is based more on our expectation on what macro could impact on ratios, rather than actually a substantial deterioration perceived throughout the past months.

To guide you on how to read our numbers, you might have seen some deterioration during the quarter compared to the last quarter of last year. However, if you compare it to the first quarter of 2015, numbers have not really changed a lot. Numbers for consumer during -- at the end of first quarter of 2015 was 4% and moved up to 4.1% based on PDLs -- on 30-days PDLs. And based on NPLs, the number was quite flat. Therefore, we might see some more deterioration there. But, as we have said in our past calls, it will be a mild deterioration. It will, however, impact some expansion in our cost of risk.

Operator

Nicolas Riva, Citi.

Nicolas Riva - *Citi - Analyst*

I wanted to ask you about capital. The first one is -- as you mentioned, there was a big restatement in the tier 1 ratio of Banco de Bogota for December, up 290 basis points. So first of all, really, what was this restatement about? You talked about that now you are including other comprehensive income in the tier 1 capital, but if you can be more specific.

Also, second question on capital also, I estimate, based on the risk-weighted assets that Banco de Bogota was reporting as of the end of December, that the impact of this in your tier 1 capital was about $1.1 billion. So, if you can confirm if my estimate is more or less correct, because these are big capitalizations, really, that you are doing in Banco de Bogota.

And the third one is, if I look at the tier 1 ratio of Banco de Bogota now, it is 10% as of the end of March. And that number looks to be fine. It is significantly higher than our banks in Colombia -- you know, Bank Colombia Davivienda. It is in line with the tier 1 ratio of your other subsidiaries

-- Occidente, Popular, AV Villas. So if that's the case, the tier 1 ratio right now is 10%, why do you still have the need to work on a capital plan? Why are you saying that you are going to be submitting a capital plan to Moody's? And specifically, my question here is is there any probability that you would have to undo this capital increase or this restatement that you have really done for Banco de Bogota?

Luis Carlos Sarmiento - *Grupo Aval Acciones y Valores SA - President*

This is Luis Carlos Sarmiento. Let me try to answer your questions. With respect with -- to what happened, well, first of all, you're right. The increase in Colombia's regulatory capital was about $1 billion. Why? It is as simple and as complicated as this. We had several meetings with the superintendents of banks because we weren't quite sure why it was that banks similar to ours, like Bank Colombia and Davivienda, were not suffering the same effects as we were in our regulatory capital after a devaluation of the peso. It seemed that we were being -- that we were suffering more the consequences of devaluation in our regulatory capital for Colombian standards that these other two banks were suffering.

So we sat down with the superintendents and we asked them to go line by line over the extensive calculation that it has put in place to come up with regulatory capital in Colombia. And we found out in that meeting, as we went down line by line, and comparing it to the calculations that our competitor banks do, was that there was a -- there are some devaluation effects that count towards regulatory capital, and some don't. We had been netting all these effects in one line. The superintendents asked us to detail the line, to open up the line where we had been netting all these effects.

When we did so, the superintendents pointed out that netting the results of devaluations on things like assets on the one hand and derivatives on the liability side on the other hand was done maybe conservatively but, in all fairness, incorrectly. So, when they noted that and they quantified the line, immediately they asked us to report with that line as part of regulatory capital and to restate December, going back to what that line had been in December.

It was already part of capital. Bear that in mind. It was not capitalization. It was not a line that went to augment the book value of the bank. It was just regulatory capital that had not been counted as such. So that is the long and end of it. That's what happened. As I said, the good news is that, yes, as you mentioned, it did more fairly reflect our real capital position, because what we had been doing to ourselves was misrepresenting the adequate amount of capital that we have on our books.

However, as you very fairly point out, your question is then why would you do Moody's. Well, the reason that we would do Moody's is because Moody's measures capital in a way that is pretty different than what regulatory capital is measured around the world and in Colombia.

And what Moody's does is that it starts with a book value, the consolidated book value of capital, and starts subtracting a lot of lines. So, as you can see, for Moody's -- and given that the regulatory -- the book value of capital in the bank did not increase, only the regulatory capital for Colombian standards -- then for Moody's calculations, nothing has changed in reality.

I will advance that we have had a lot of conversations with Moody's. We dove into Moody's way of calculating capital, and we did find out that there might be a slight omission on their side on how they had been calculating capital for Banco de Bogota, specifically around issues like what they deduct in terms of intangibles. And the fact that they had been deducting 100% of the intangibles booked on the consolidated balance sheet of Banco de Bogota, and not just as they themselves report on how they ought to do it, the attributable intangibles of Banco de Bogota.

So, just with that, that measurement will change. But we do have a couple plans, as I mentioned during my short presentation, that will in fact pick up significantly Moody's own calculation, or at least we expect it to do such. We will meet with them in June, and that will be the end of it. And obviously I can't advance much more than that because of that, because we will have to meet with them.

Once we get our plan in place and ready to go and looked at by everybody concerned, we will advance it to the market. At that point, we will, as your third question seemed to be, we will have to revisit all the calculations, obviously -- how regulatory capital is calculated in Columbia, how Moody's capital is calculated. And we will come up with new numbers. My feeling is that everybody should be happy.

Operator

We have no further questions. I will turn the call back over to Mr. Sarmiento for closing remarks.

Luis Carlos Sarmiento - *Grupo Aval Acciones y Valores SA - President*

I just wanted to thank everybody for being on the call, and all those that are always in our calls. I also wanted to -- this is my first call where I get a chance to listen to the new analysts from JPMorgan and Citi, and welcome to the bunch. Hopefully we will have many more of these discussions going forward. Thank you very much, and have a great day.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.
