2Q18 Consolidated Earnings Results

IFRS

Disclaimer

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All of our banking subsidiaries (Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas), Porvenir and Corficolombiana, are subject to inspection and surveillance as financial institutions by the Superintendency of Finance. Although we are not a financial institution, as a result of the enactment of Law 1870 of 2017, also known as Law of Financial Conglomerates, starting on 2018, Grupo Aval will be subject to the supervision and regulation of the Superintendency of Finance. Grupo Aval, as the holding company of its financial conglomerate will become responsible for the compliance with capital adequacy requirements, corporate governance standards, financial risk management and internal control framework and criteria for identifying, managing and revealing conflicts of interest, applicable to its financial conglomerate.

The unaudited consolidated financial information included in this document 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 when required in this report.

The results for 1Q2018 and 2Q2018 are not comparable to previous quarters due to the prospective adoption in Colombia of IFRS 9 and IFRS 15 starting in January 1, 2018. Although the adoption of this accounting standards had no impact in net income, figures for impairment loss on loans and accounts receivable and interest income on loans for 1Q2018 have been slightly adjusted to reflect the full effect of netting out of Stage 3 interest income and its impairment, both on the Statement of Financial Position and the Statement of Profit or Loss.

This report may include forward-looking statements, which actual results may vary from those stated herein as a consequence of changes in general, economic and business conditions, changes in interest and currency rates and other risks factors as evidenced in our Form 20-F available at the SEC webpage. Recipients of this document are responsible for the assessment and use of the information provided herein. Grupo Aval will not have any obligation to update the information herein and shall not be responsible for any decision taken by investors in connection with this document. The content of this document and the unaudited figures included herein are not intended to provide full disclosure on Grupo Aval or its affiliates.

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

Consolidated key results for the quarter

	COP$ tn	2Q17	1Q18	2Q18	2Q18 vs 2Q17	2Q18 vs 1Q18
Balance Sheet	Gross Loans	$ 155.7	$ 157.0	$ 160.0	2.8%	2.0%
	Deposits	$ 150.1	$ 151.8	$ 152.0	1.2%	0.1%
	Deposits/Net Loans	0.96 x	0.97 x	0.96 x	NS	NS
	Tangible Equity Ratio	7.6%	7.4%	7.7%	10 bps	32 bps
Loan Quality	PDLs 90+/Total loans	2.5%	2.8%	2.9%	45 bps	12 bps
	Cost of risk	2.7%	2.2%	1.7%	(101) bps	(44) bps
Profitability	Net interest margin	6.1%	5.6%	5.6%	(46) bps	(0) bps
	Fee income Ratio	26.3%	26.6%	27.0%	70 bps	44 bps
	Efficiency Ratio	46.9%	46.6%	47.0%	15 bps	44 bps
	Attributable net income	$ 0.47	$ 0.60	$ 0.68	44.8%	14.0%
	ROAA	1.3%	1.6%	2.0%	61 bps	33 bps
	ROAE	12.4%	15.3%	17.7%	533 bps	240 bps

- An active strategy to focus on profitable growth impacted the balance of the commercial loan portfolio.
- Stronger capital position with a Tangible Equity Ratio of 7.7%.

- Improving 30 days PDLs in line with data observed in new vintages.
- Expected improvement in 90 days PDL going forward as a consequence of better roll rates.
- Cost of Risk improving due to: better credit quality and slower growth, which requires less provisions booked at loan inception*.

- Stable and resilient NIM of 5.6% despite the impact of IFRS 9*.
- Faster growth in fee income than in balance sheet, both YTD and in quarter driven by banking and pension fund fees.
- Stronger income from non-financial entities reflecting solid results in Corficolombiana's energy and infrastructure businesses.
- Strong efficiency ratio (47%) with operating expenses growing at 1.3% 1H2018 versus 1H2017.
- Solid net income for the quarter of Ps. 30.6 pesos per share.
- 2.0% and 17.7% of ROAA and ROAE for the quarter.

Gross loans excludes interbank and overnight funds. **Tangible Capital Ratio** is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles. **PDLs 90+** defined as loans more than 90 days past due. **Net Interest Margin** includes net interest income plus net trading income from investment securities held for trading through profit or loss divided by total average interest-earning assets. **Fee income ratio** is calculated fee net income divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others). **Efficiency Ratio** is calculated as personnel plus administrative and other expenses excluding wealth tax divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others). **ROAA** is calculated as annualized Net Income divided by average of total assets. **ROAE** is calculated as Net Income attributable to Aval's shareholders divided by average attributable shareholders' equity. **NS** refers to non-significant figures. (*) According to IFRS 9 (in effect since January 1, 2018), accrued interest income on loans classified as Stage 3 is booked net of provisions, in each period. Provisions booked against interest income in relation to Stage 3 loans amounted to $250,000 mm for 1H2018. Net Income was not affected.

Grupo AVAL

Key results per region for the quarter

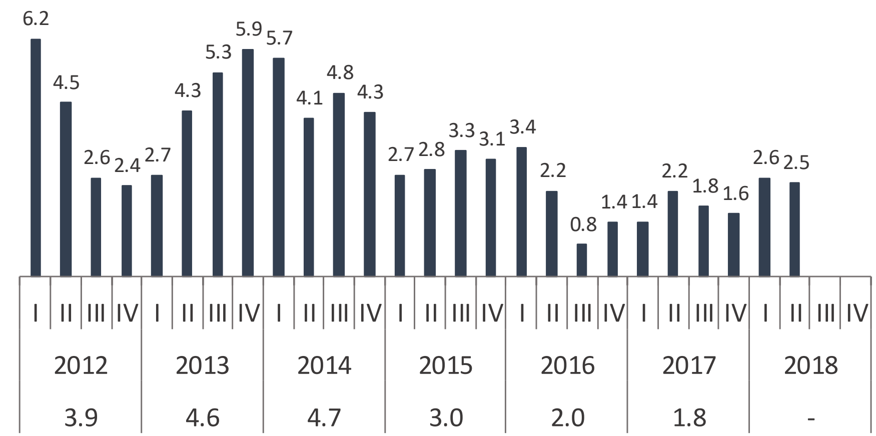
COP $ tn

		Colombia – 71% of Assets					Central America(1) – 29% of Assets				
		2Q17	1Q18	2Q18	2Q18 vs 2Q17	2Q18 vs 1Q18	2Q17	1Q18	2Q18	2Q18 vs 2Q17	2Q18 vs 1Q18
Balance Sheet	Gross Loans	$ 110.9	$ 113.6	$ 113.7	2.6%	0.1%	$ 44.8	$ 43.4	$ 46.3	3.4%	6.8%
	Deposits	$ 107.5	$ 109.1	$ 107.1	-0.3%	-1.8%	$ 42.7	$ 42.7	$ 44.8	5.1%	5.1%
	Deposits/Net Loans	0.97 x	0.98 x	0.97 x	NS	NS	0.92 x	0.95 x	0.95 x	0.02 x	NS
	Tangible Equity Ratio	6.8%	6.6%	6.8%	(1) bps	22 bps	9.8%	9.7%	10.1%	34 bps	43 bps
Loan Quality	PDLs 90+/Total loans	3.0%	3.5%	3.6%	62 bps	15 bps	1.2%	1.1%	1.3%	4 bps	16 bps
	Cost of risk	2.9%	2.3%	1.6%	(133) bps	(74) bps	2.3%	1.8%	2.1%	(21) bps	30 bps
Profitability	Net interest margin	5.9%	5.4%	5.4%	(58) bps	(9) bps	6.4%	6.1%	6.3%	(12) bps	23 bps
	Fee income Ratio	22.4%	22.1%	22.9%	54 bps	81 bps	34.4%	36.2%	35.5%	110 bps	(67) bps
	Efficiency Ratio	44.5%	43.8%	44.4%	(10) bps	53 bps	51.8%	52.5%	52.6%	72 bps	2 bps
	Attributable net income (2)	$ 0.29	$ 0.40	$ 0.49	67.8%	20.6%	$ 0.18	$ 0.19	$ 0.19	7.8%	0.4%
	ROAA	1.2%	1.6%	2.1%	82 bps	45 bps	1.6%	1.7%	1.7%	9 bps	2 bps
	ROAE	14.7%	19.8%	24.5%	974 bps	463 bps	9.9%	10.4%	10.5%	62 bps	10 bps

(1) Central America refers to Leasing Bogotá Panamá (LBP) operation expressed in Colombian Pesos, at the exchange rate of each period. **(2)** Attributable net income for Grupo Aval of Ps 681.5 bn for 2Q18 corresponds to the Ps 486.8 bn of our Colombian operation plus Ps 283.3 bn of our Central American operation multiplied by 68.7%, our stake in Banco de Bogotá. **Gross loans** excludes interbank and overnight funds. **Tangible Capital Ratio** is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles. **PDLs 90+** defined as loans more than 90 days past due. **Net Interest Margin** includes net interest income plus net trading income from investment securities held for trading through profit or loss divided by total average interest-earning assets. **Fee income ratio** is calculated fee net income divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others). **Efficiency Ratio** is calculated as personnel plus administrative and other expenses excluding wealth tax divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others). **ROAA** is calculated as annualized Net Income divided by average of total assets. **ROAE** is calculated as Net Income attributable to Aval's shareholders divided by average attributable shareholders' equity. **NS** refers to non-significant figures. Equity for Central America is calculated as LBP multiplied by our 68.7% stake in the company. Equity for Colombia is calculated as the difference between our consolidated attributable equity and the equity in Central America.

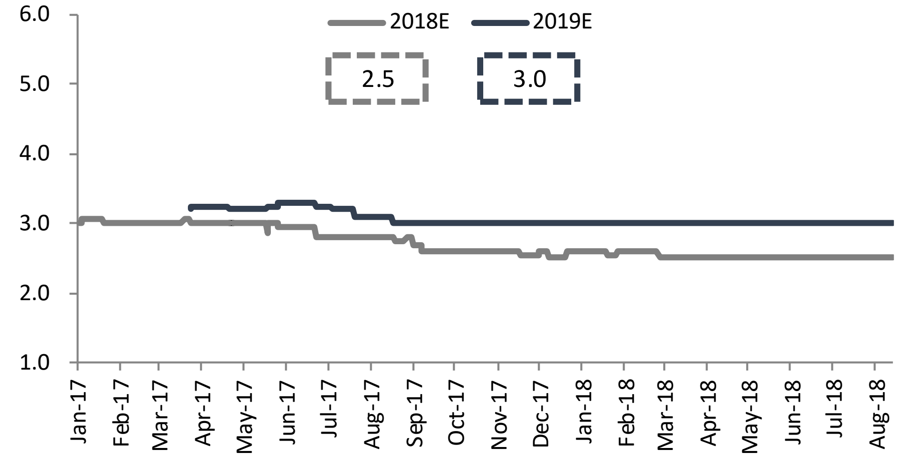
Macroeconomic context – Colombia (1/3)

GDP Growth (%)



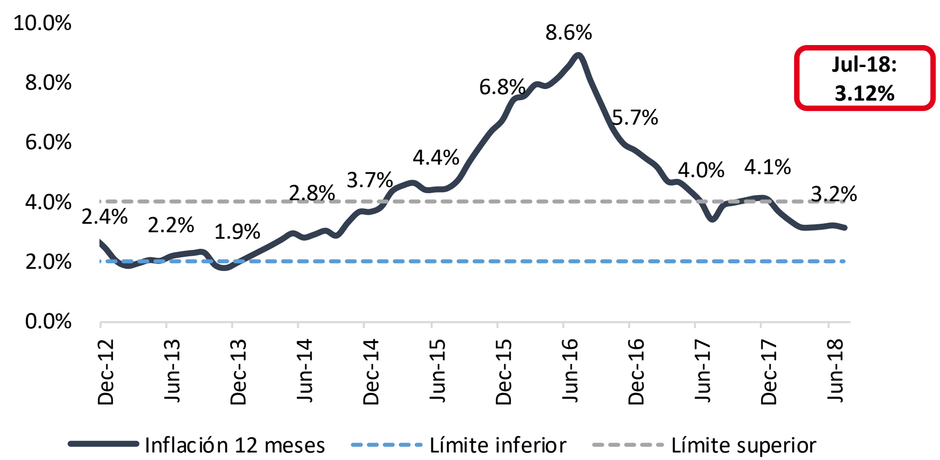
Source: DANE. Seasonally-adjusted , constant prices (2015) GDP.

GDP Growth Expectations (%)



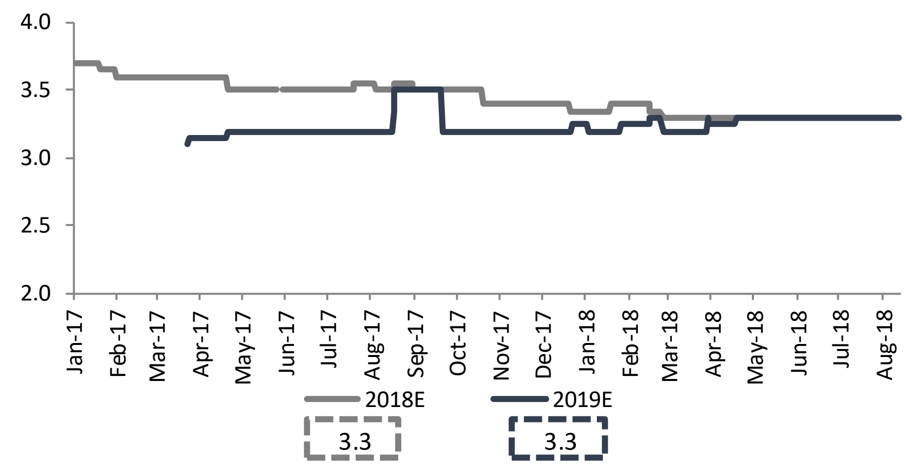
Source: Bloomberg Consensus

Inflation (%)



Source: Banco de la República de Colombia

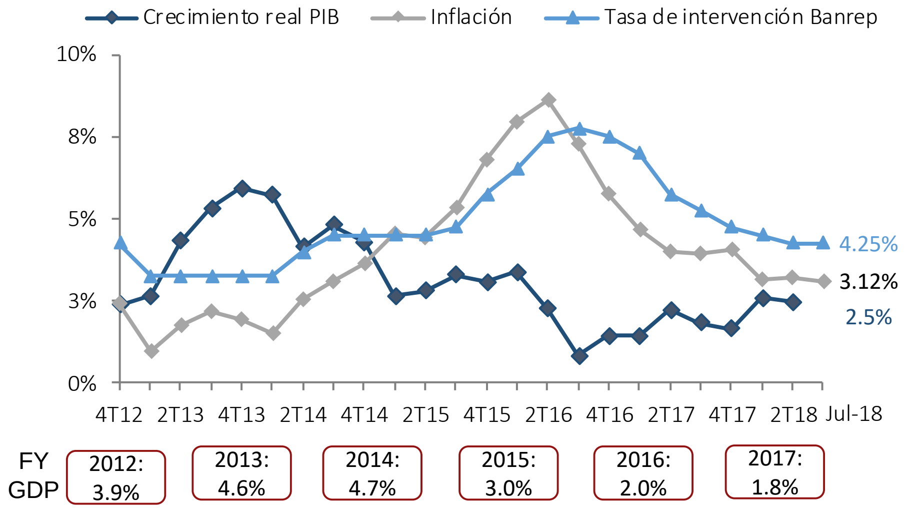
Inflation Expectations (%)



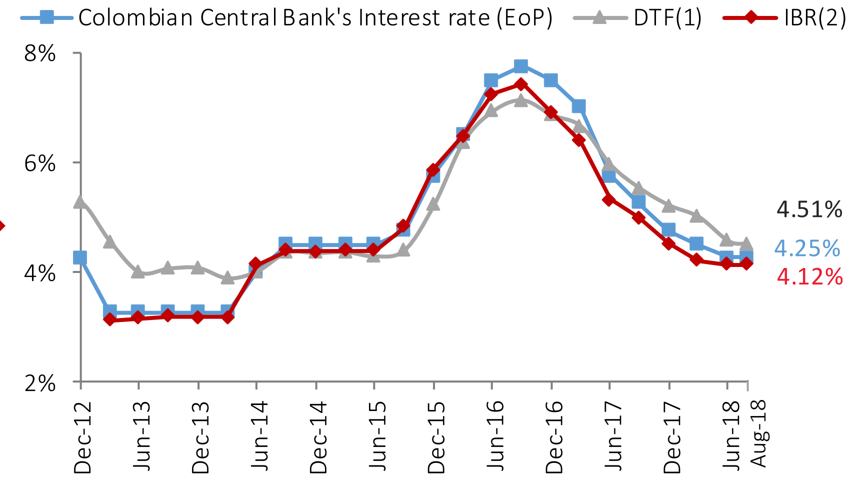
Source: Bloomberg Consensus

Macroeconomic context – Colombia (2/3)

Central Bank's Monetary Policy

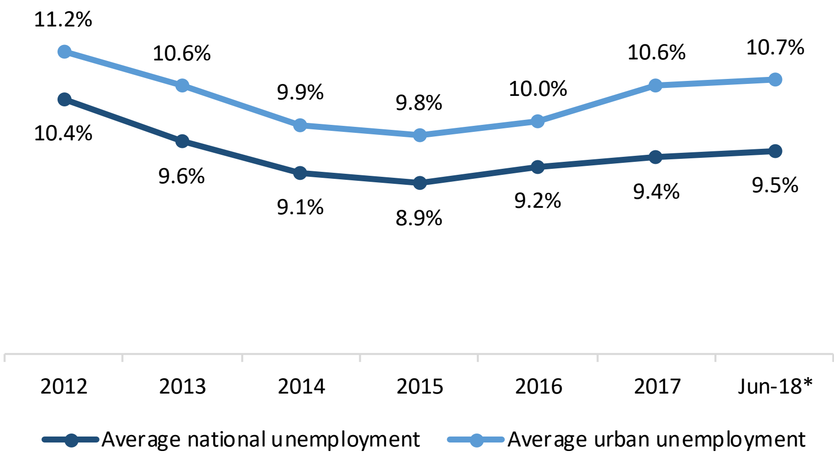


Source: Banco de la República de Colombia and DANE.. GDP as of June 2018. GDP Seasonally-adjusted, constant prices (2015 basis)



Source: Banco de la República de Colombia. [(1)]End of period DTF rate [(2)] End of period 3-month interbank (IBR) rate

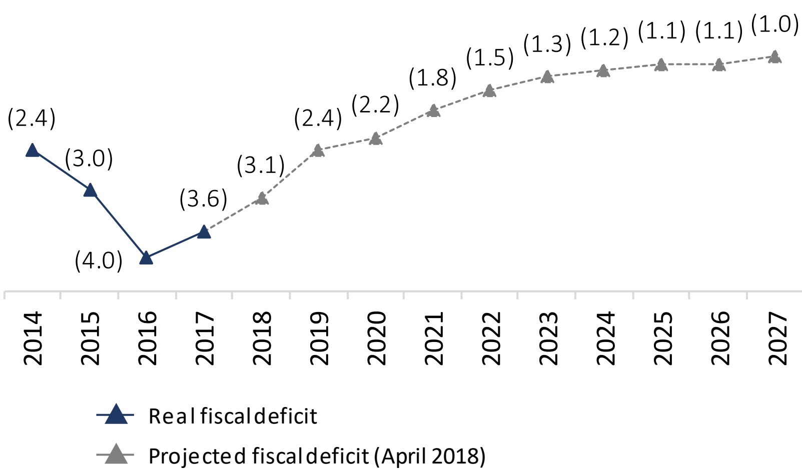
Unemployment (%)



Source: Banco de la República de Colombia. Last twelve month average. *Last twelve month average from June 2017 to July 2018

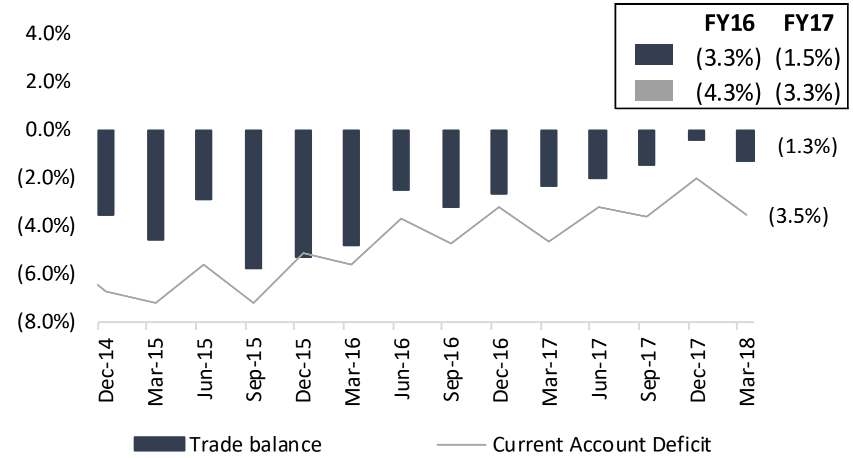
Macroeconomic context – Colombia (3/3)

Real and Projected Fiscal Deficit - Fiscal Rule (% of GDP)



Source: Ministry of Finance. Projections start in 2018.

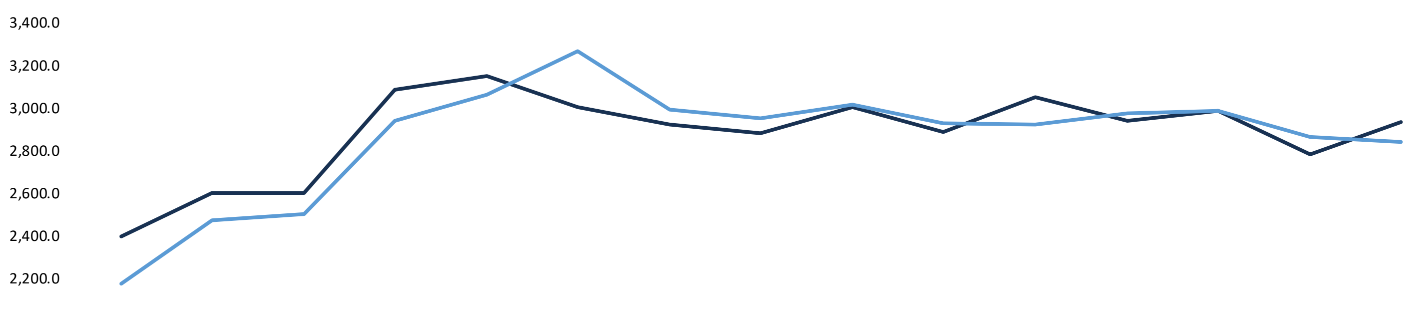
Current Account (% GDP, quarterly)



Oil Exports/Total Exports

2014:	2015:	2016:	2017:
52.2%	39.6%	33.9%	34.5%

Colombian Peso Exchange Rate



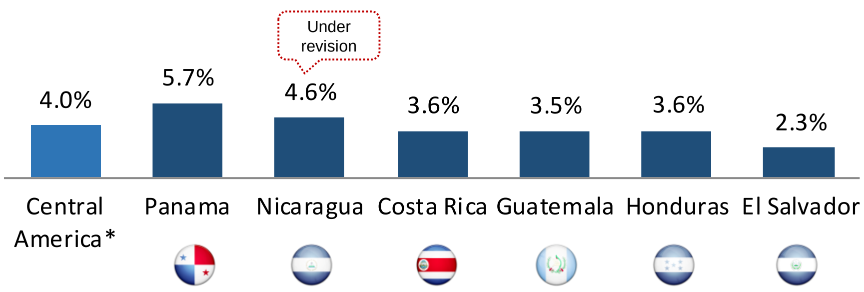
	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
End of Period	2,392.5	2,598.4	2,598.7	3,086.8	3,149.5	3,000.6	2,919.0	2,880.1	3,000.7	2,885.6	3,050.4	2,936.7	2,984.0	2,780.5	2,930.8
Quarter Average	2,173.0	2,470.2	2,496.4	2,938.9	3,061.7	3,263.5	2,993.0	2,949.0	3,016.1	2,924.3	2,920.3	2,974.6	2,985.9	2,860.3	2,839.0

2Q18 vs. 2Q17	2Q18 vs. 1Q18
(3.9%)	5.4%
(2.8%)	(0.7%)

Source: Banrep.

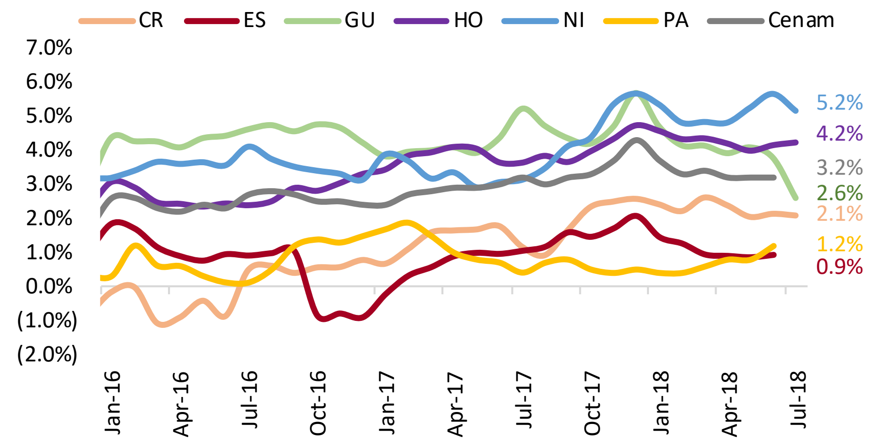
Macroeconomic context – Central America

Growth Outlook – Real GDP CAGR ’16–’19E



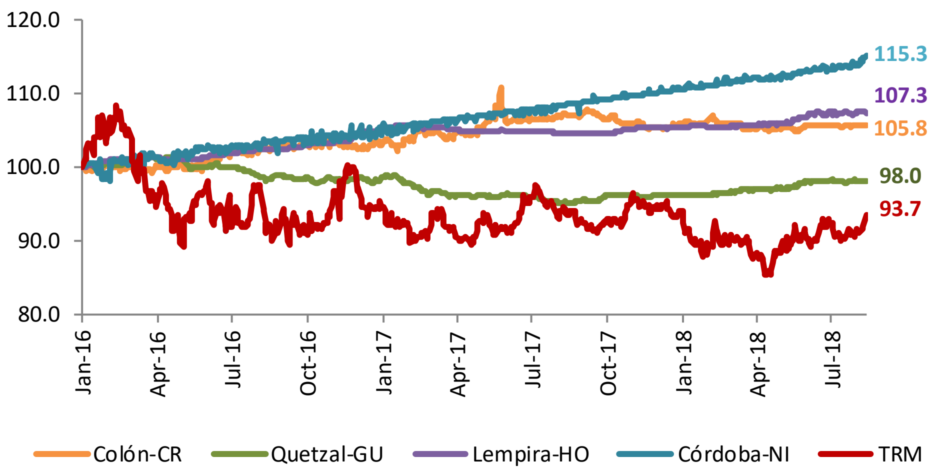
Source: IMF WEO Apr-18; (*) Aggregate growth of all the Central American countries

Inflation per Country



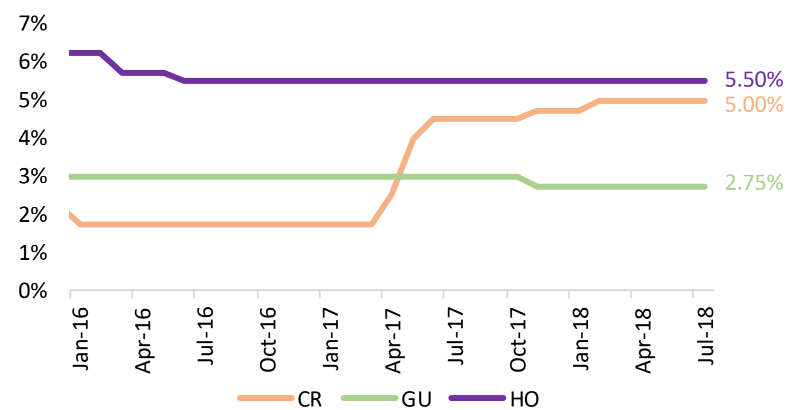
Source: SECMCA. CR: Costa Rica, ES: El Salvador, GU: Guatemala, HO: Honduras, NI: Nicaragua, PA: Panama. Inflation of El Salvador, Panamá and Cenam as of June 2018.

Regional Exchange rates



Source: Bloomberg CR: Costa Rica, ES: El Salvador, GU: Guatemala, HO: Honduras, NI: Nicaragua, PA: Panamá

Central Banks’ Interest Rates

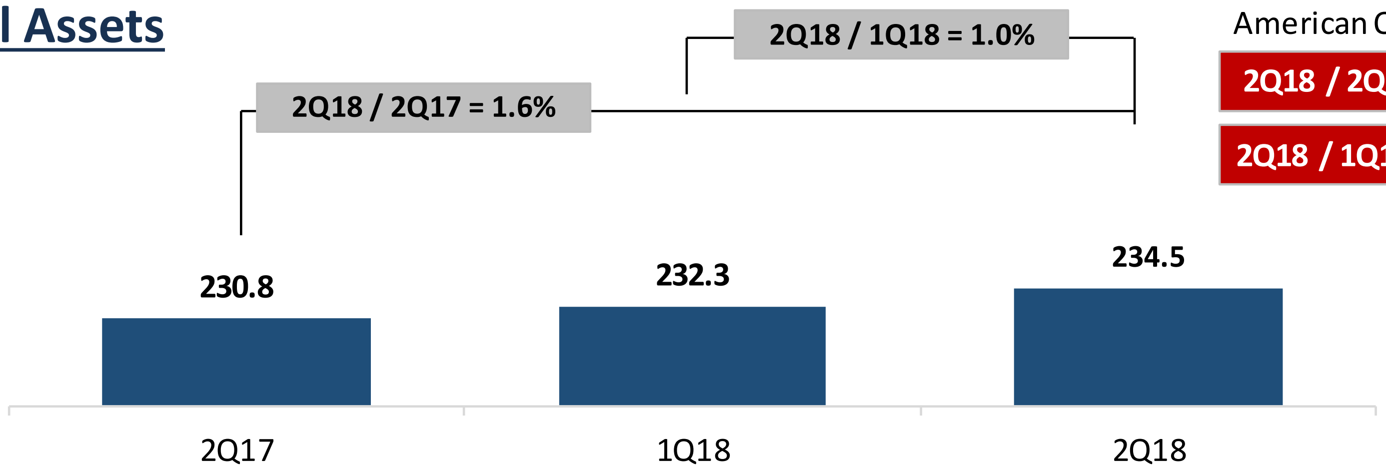


Source: SECMCA

Assets

Figures in Ps. Trillions

Total Assets

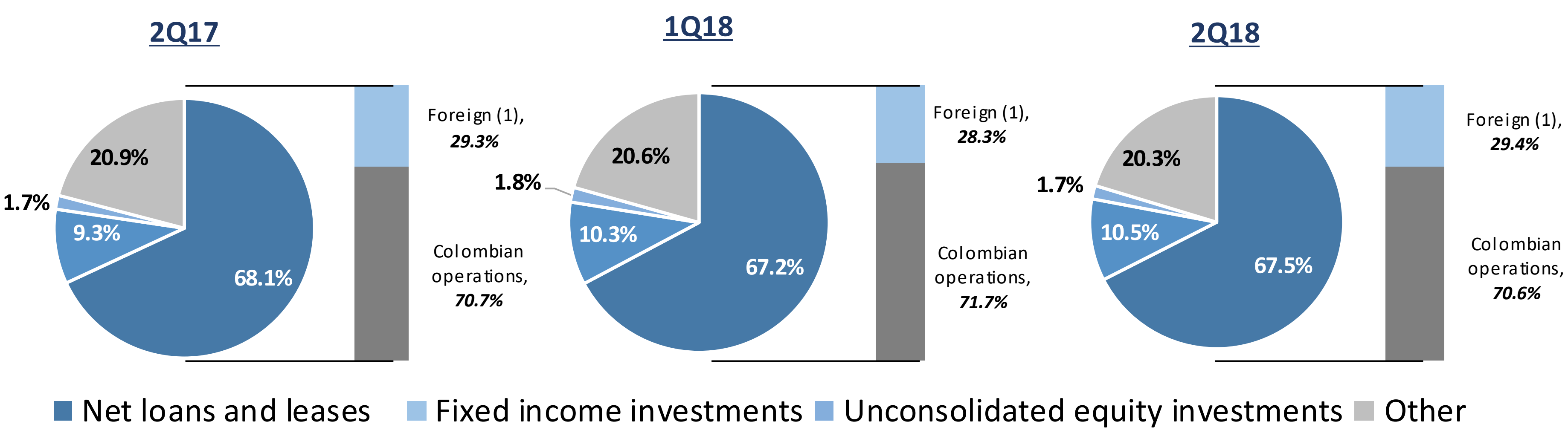


Growth excl. FX movement of Central American Operations

2Q18 / 2Q17 = 2.8%

2Q18 / 1Q18 = -0.5%

Assets Breakdown

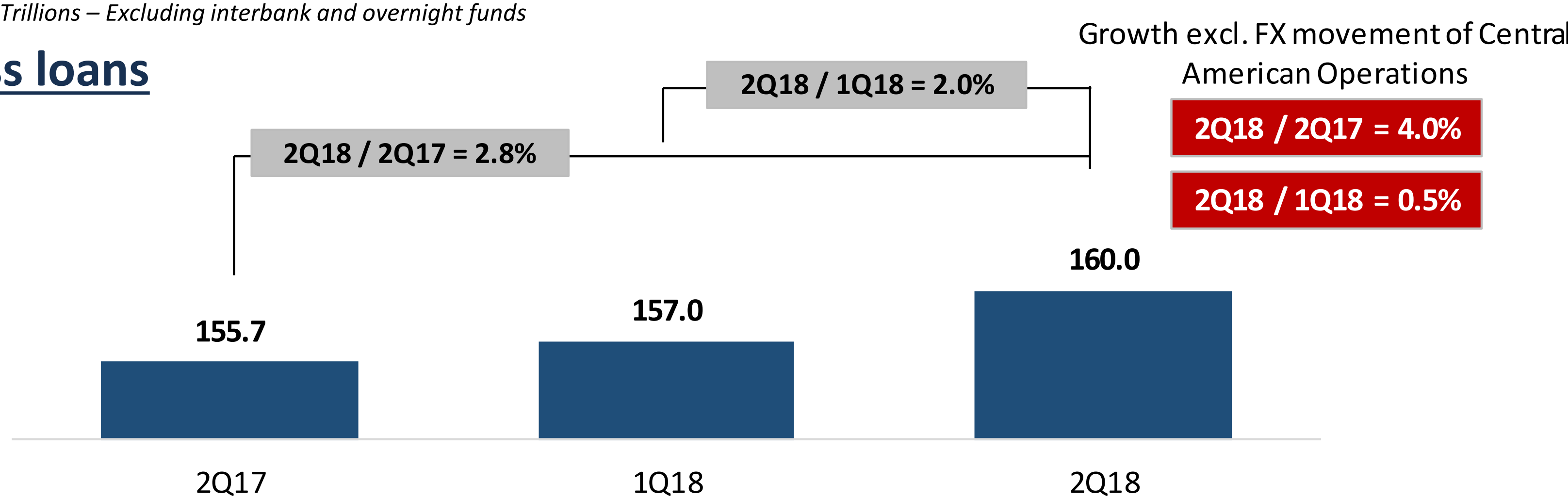


(1) Foreign operations reflect Central American operations. (2) Net loans and leases include interbank and overnight funds.

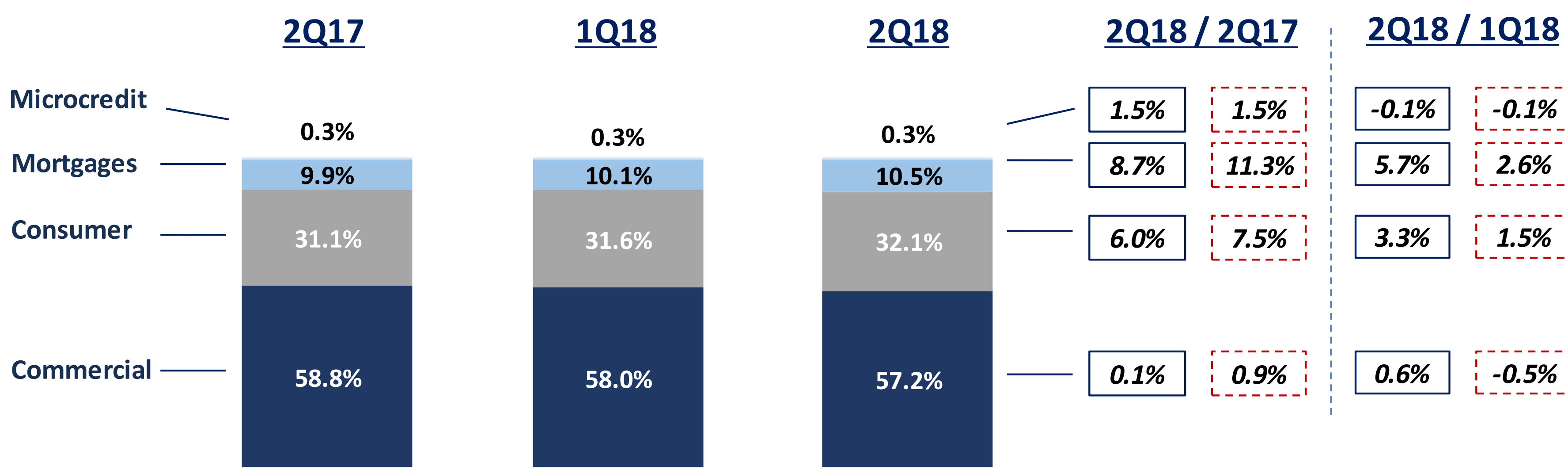
Loans and receivables

Figures in Ps. Trillions – Excluding interbank and overnight funds

Gross loans

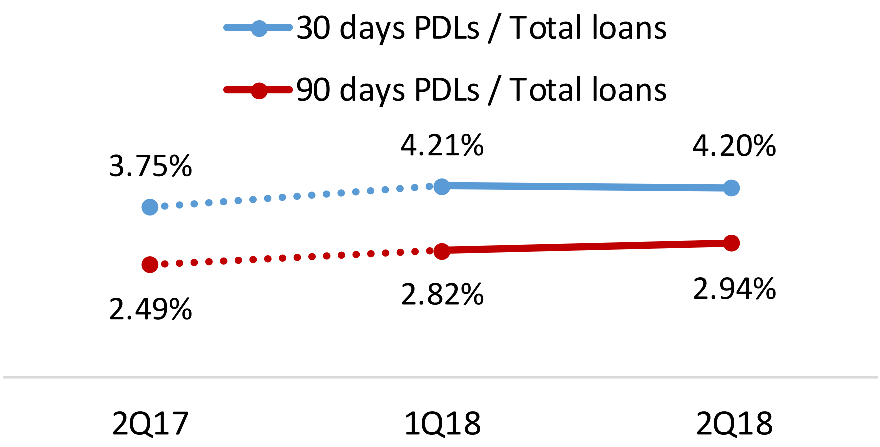


Gross loans Breakdown

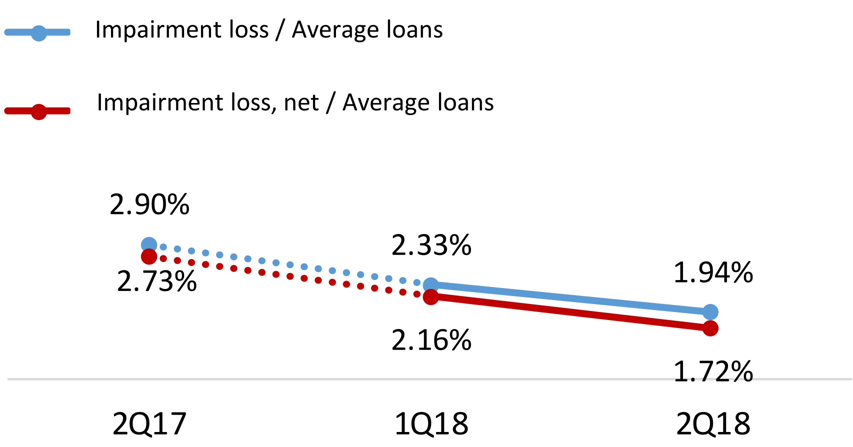


% Growth excluding FX movement of Central American Operations

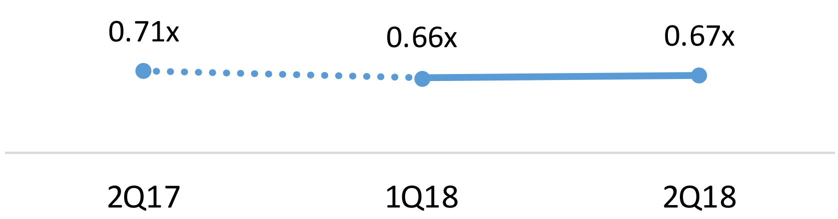
Loan portfolio quality

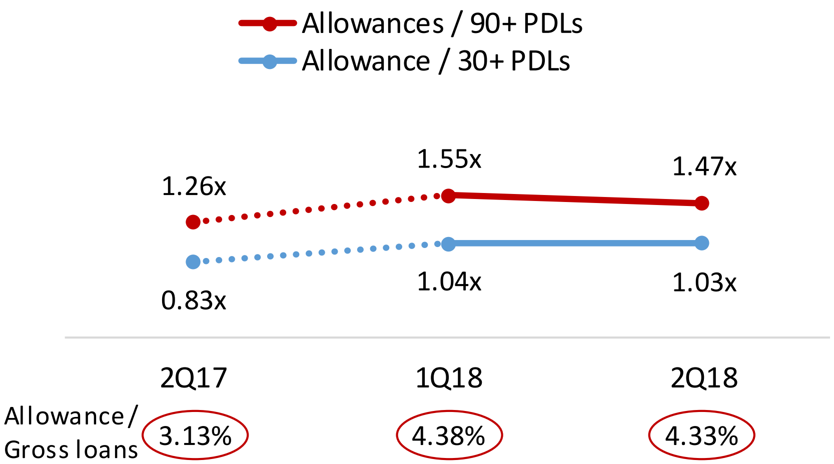


Cost of Risk



Charge offs / Average NPLs





Loan portfolio quality

Figures in Ps. Billions

	30 days past due loans (1)			90 days past due loans (2)		
	2Q17	1Q18	2Q18	2Q17	1Q18	2Q18
Commercial	3.00%	3.55%	3.63%	2.46%	2.92%	3.10%
Consumer	5.17%	5.37%	5.21%	2.68%	2.79%	2.86%
Mortgages	3.48%	4.09%	3.96%	1.87%	2.14%	2.14%
Microcredit	15.39%	15.04%	13.58%	10.65%	10.61%	9.49%
Total loans	**3.75%**	**4.21%**	**4.20%**	**2.49%**	**2.82%**	**2.94%**

	30 days past due formation					90 days past due formation				
	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	3Q17	4Q17	1Q18	2Q18
Initial PDLs	5,393	5,843	6,182	6,195	6,610	3,351	3,877	4,212	4,382	4,426
New PDLs	1,090	1,032	735	1,140	880	1,167	1,028	892	770	1,049
Charge-offs	(640)	(693)	(722)	(726)	(767)	(640)	(693)	(722)	(726)	(767)
Final PDLs	**5,843**	**6,182**	**6,195**	**6,610**	**6,723**	**3,877**	**4,212**	**4,382**	**4,426**	**4,708**

(1) Past Due Loans + 30 / Total Loans including interest accounts receivable
(2) Past Due Loans + 90 / Total Loans including interest accounts receivable

Funding

Figures in Ps. Trillions

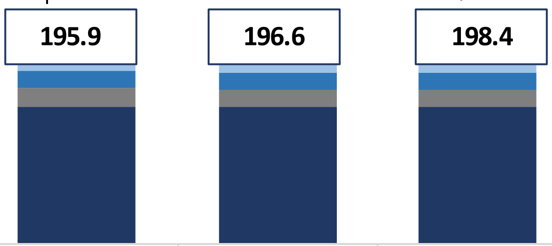
Total funding

2Q18 / 1Q18 = 0.9%
2Q18 / 2Q17 = 1.3%

Growth excl. FX movement of Central American Operations

2Q18 / 2Q17 = 2.4%

2Q18 / 1Q18 = -0.6%



Funding composition

	2Q17	1Q18	2Q18
Interbank borrowings	3.4%	3.5%	3.6%
Long term bonds	8.8%	9.4%	9.8%
Banks and others	11.2%	9.8%	10.0%
Deposits	76.6%	77.2%	76.6%

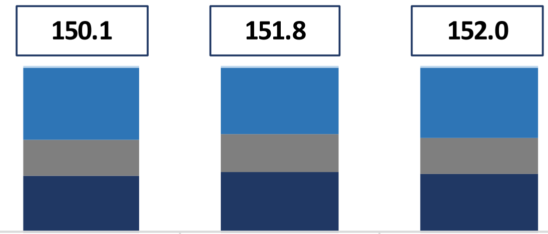
Total deposits

2Q18 / 1Q18 = 0.1%
2Q18 / 2Q17 = 1.2%

Growth excl. FX movement of Central American Operations

2Q18 / 2Q17 = 2.4%

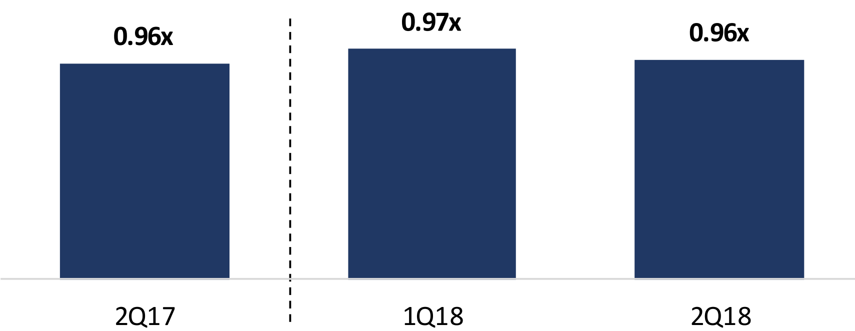
2Q18 / 1Q18 = -1.4%



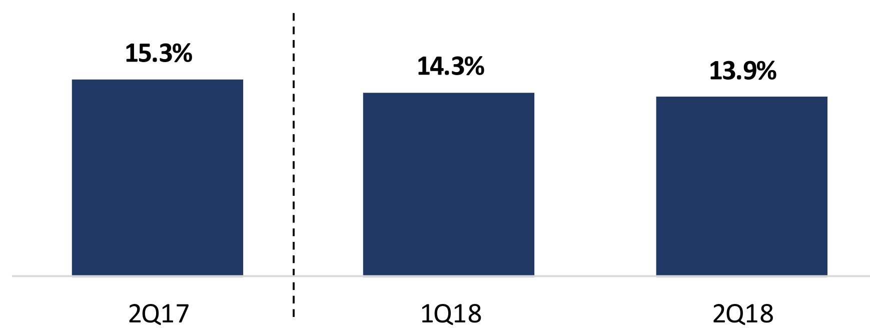
Deposit composition

	2Q17	1Q18	2Q18
Others	0.3%	0.3%	0.3%
Time deposits	43.2%	40.1%	42.0%
Checking accounts	22.0%	22.7%	22.4%
Savings accounts	34.5%	36.8%	35.3%

Deposits / Net loans (%)



Cash / Deposits (%)



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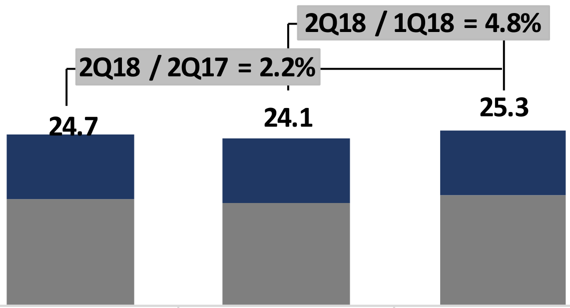
Capital

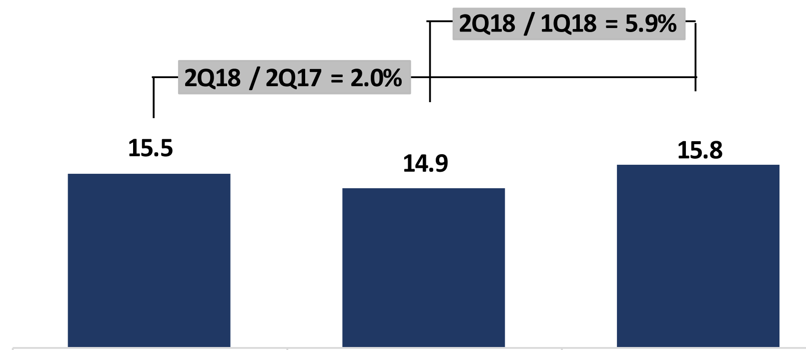
Figures in Ps. Trillions

Attributable Equity + Minority Interest



	2Q17	1Q18	2Q18
Minority interest	9.2	9.2	9.4
Attributable equity	15.5	14.9	15.8

Attributable Shareholders Equity



	2Q17	1Q18	2Q18
Total equity / Assets	10.7%	10.4%	10.8%
Tangible capital ratio (1)	7.6%	7.4%	7.7%

Consolidated Capital Adequacy of our Banks (%)

	Banco de Bogotá			Banco de Occidente			banco popular			Banco AV Villas		
	2Q17	1Q18	2Q18	2Q17	1Q18	2Q18	2Q17	1Q18	2Q18	2Q17	1Q18	2Q18
Primary capital (Tier 1)	9.4	9.0	9.1	10.5	10.5	10.5	9.6	8.5	8.3	11.2	11.0	10.6
Solvency Ratio	14.2	12.8	13.3	12.7	13.1	13.0	11.2	10.1	10.0	12.4	12.0	11.8

(1) Tangible Capital Ratio is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles.

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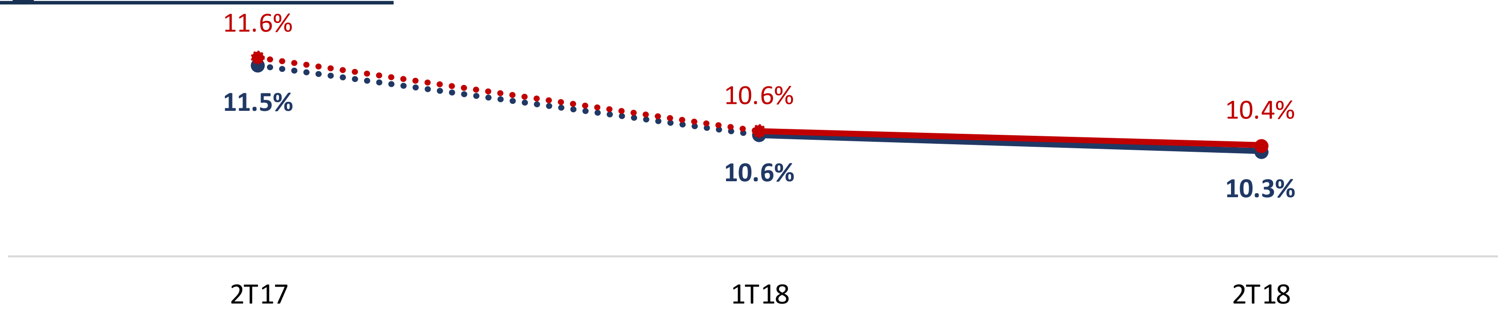
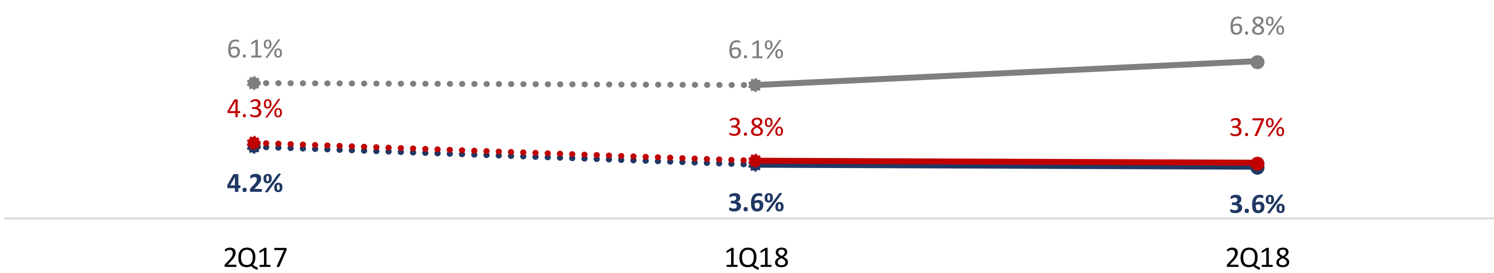
NIM – Net Interest Margin (1/2)

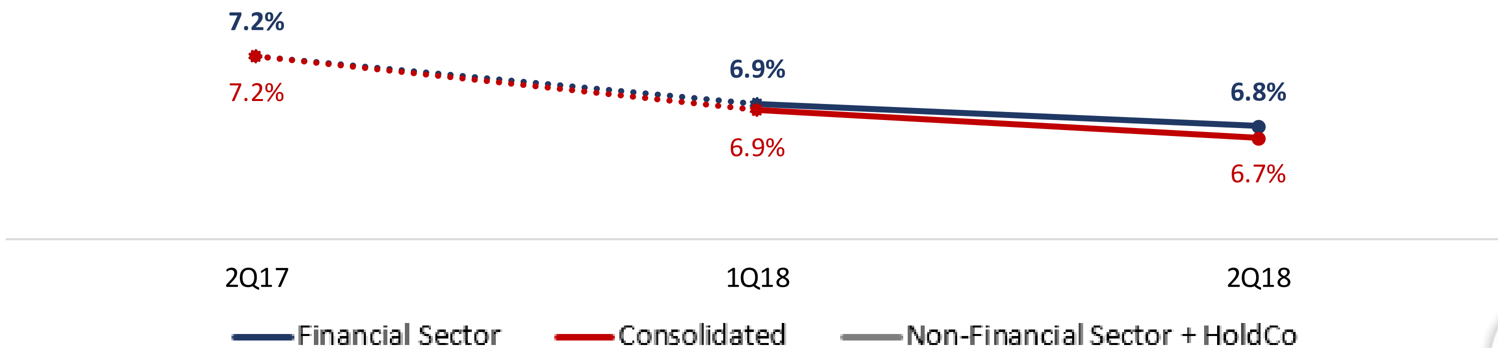
Average Yield on Loans



Average Cost of Funds



Average Spread (Yield on Loans – Cost of Funds)

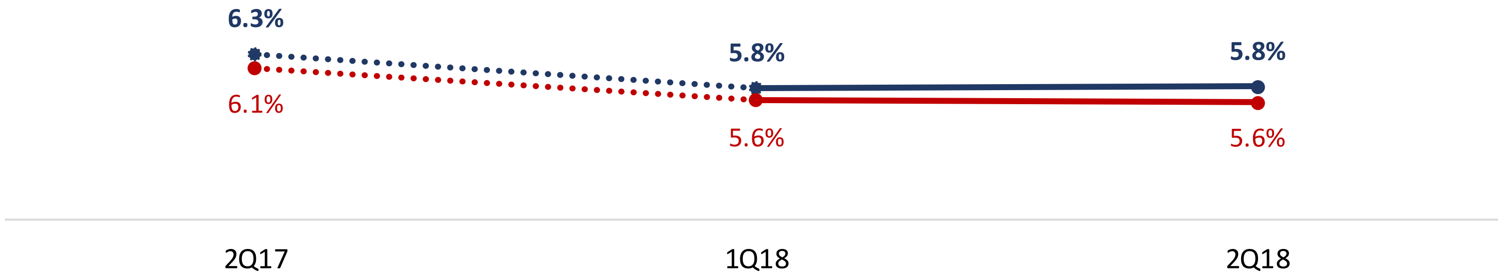


NIM – Net Interest Margin (2/2)

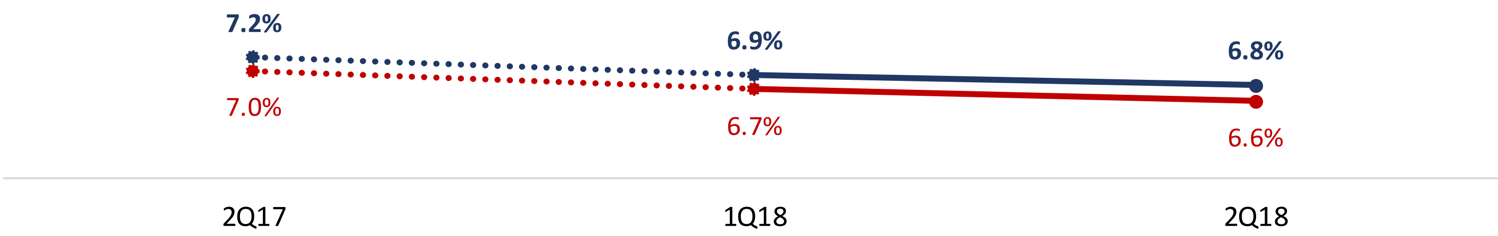
Net interest income(1) (trillions)

2Q17	1Q18	2Q18	2Q18 / 2Q17	2Q18 / 1Q18
2.8	2.7	2.7	-3.5%	0.0%

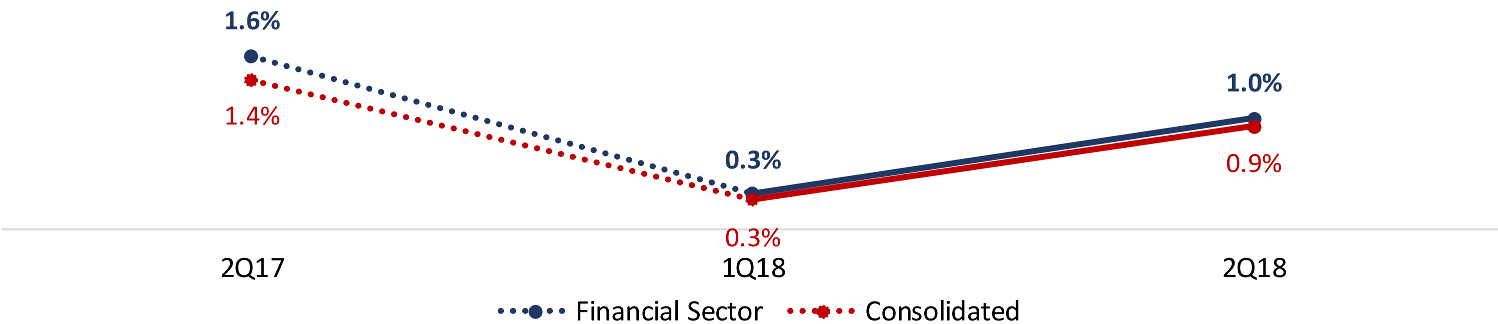
Net Interest Margin(1)



Loans Interest Margin(2)



Net Investments Margin(3)



(1) Net Interest Income and Net Interest Margin: Includes net interest income plus net trading income from investment securities held for trading through profit or loss divided by total average interest-earning assets. NIM without income from investment securities held for trading through profit or loss was 5.6% for 2Q18, 5.7% for 1Q18 and 5.9% for 2Q17.

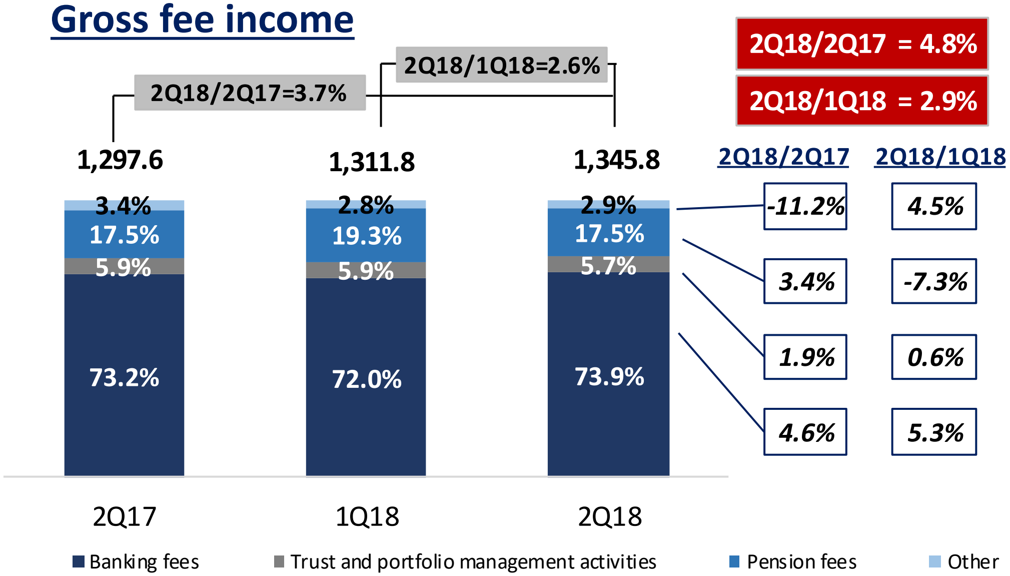
(2) Loans Interest Margin: Net Interest Income on Loans to Average loans and financial leases.

(3) Net Investments Margin: Net Interest income on fixed income securities, net trading income from equity and fixed income investment securities held for trading through profit and on interbank and overnight funds to Average securities and Interbank and overnight funds.

Fees and other operating income

Figures in Ps. Billions

Gross fee income



Growth excluding FX movement of Central American Operations

Non-financial sector

	2Q17	1Q18	2Q18
Energy & gas	108.7	161.8	145.8
Infrastructure	90.3	76.9	208.7
Hotels	4.3	9.4	0.7
Agribusiness	-6.0	3.4	0.8
Other (1)	-69.3	-45.7	-97.0
Total	**127.9**	**205.8**	**259.0**

(1) Reflects net NFS from Ventas y Servicios, Megalinea and Gestión y Contacto call-centers and other subsidiaries

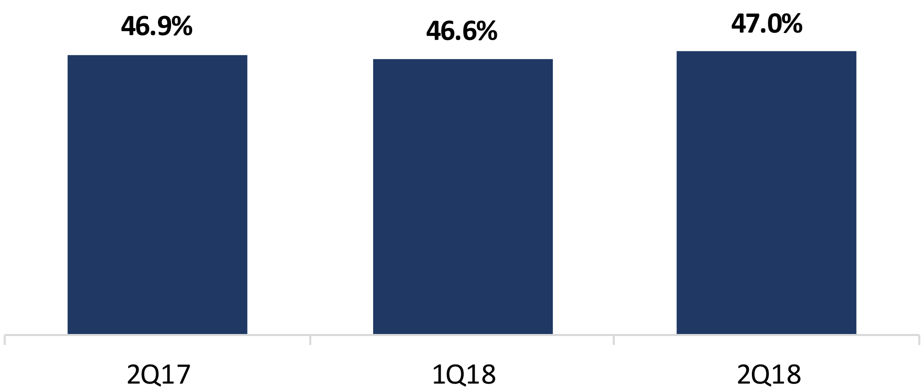
Other operating income

	2Q17	1Q18	2Q18
Foreign exchange gains (losses), net	-1.5	289.7	-24.4
Trading derivatives	74.2	-152.1	139.3
Hedging activities	71.8	48.8	40.8
Derivatives and foreign exchange gains (losses), net (1)	144.4	186.5	155.7
Gains on valuation of assets	12.8	8.2	-0.4
Net income from financial instruments designated at fair value	58.0	52.0	75.0
Net gain on sale of investments	10.9	-43.6	23.7
Gain on the sale of non-current assets held for sale	2.7	2.3	3.9
Income from non-consolidated investments	50.6	94.2	50.5
Other operating income	85.9	75.0	81.3
Total other operating income	**365.2**	**374.6**	**389.7**

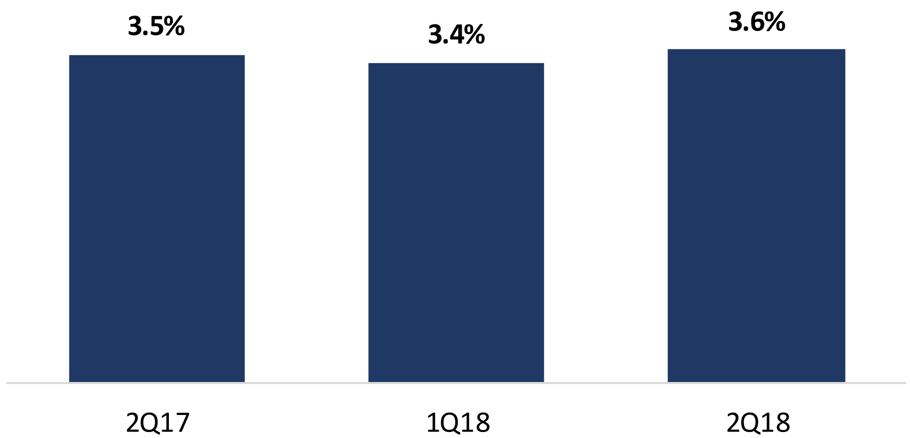
(1) Includes income from trading and hedging derivatives reflected as part of the net trading income on the Statement of Profit or Loss.
(2) Includes equity method income, dividend income and other income.

Efficiency ratio

Operating expenses / Total Income



Operating expenses / Average Assets



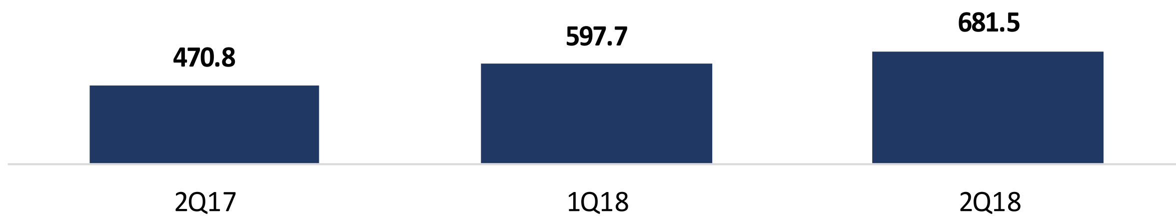
Efficiency Ratio is calculated as personnel plus administrative and other expenses excluding wealth tax divided by net interest income plus net trading income, other income and fees and other services income, net (excluding others).

Efficiency Ratio is calculated as annualized personnel plus administrative and other expenses excluding wealth tax divided by average of total assets.

Profitability

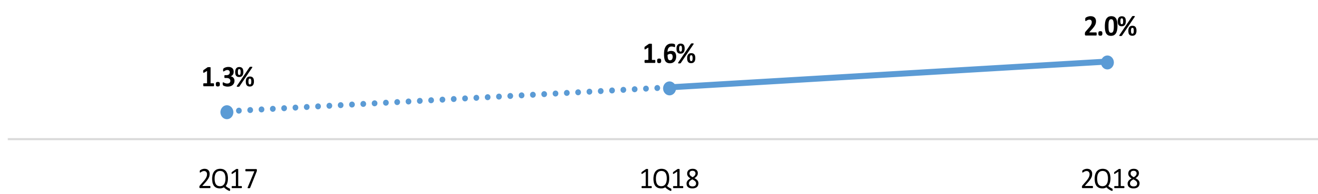
Figures in Ps. Billions

Net income attributable to controlling interest

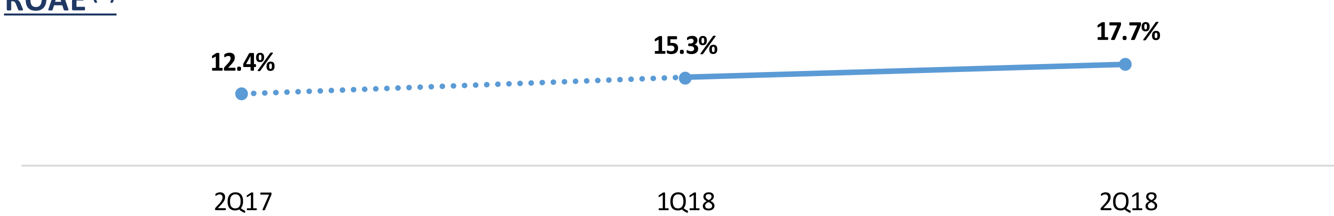


EPS $21.1 $26.8 $30.6

ROAA (1)



ROAE (2)



(1)ROAA for each quarter is calculated as annualized Net Income divided by average of total assets.
(2)ROAE for each quarter is calculated as annualized Net Income attributable to Aval's shareholders divided by average attributable shareholders' equity.

Appendix

Basel III implementation in Colombia

As per defined in Decree 1477 published on August 6th, 2018

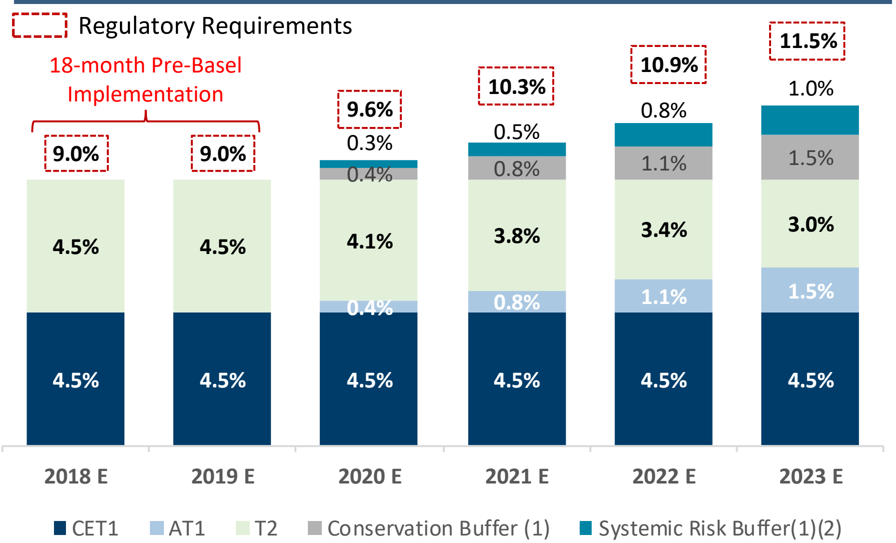
Objective

- Apply international capital adequacy standards in Colombia

Main changes vs current capital adequacy regulations

- Implements capital adequacy buffers (conservation and systemic risk)
- Establishes specific buckets for Hybrids (AT1); 1.5% at the end of transition period
- Fully deducts intangibles in CET1
- Adjusts weighing of RWAs to international standards (applying the Standardised Approach and Counterparty Risk)
- Establishes capital contribution of OCI accounts, net income and capital reserves.
- Implements "Leverage Ratio" as defined in Basel III (3% = (CET1+T2)/Exposure Measure)

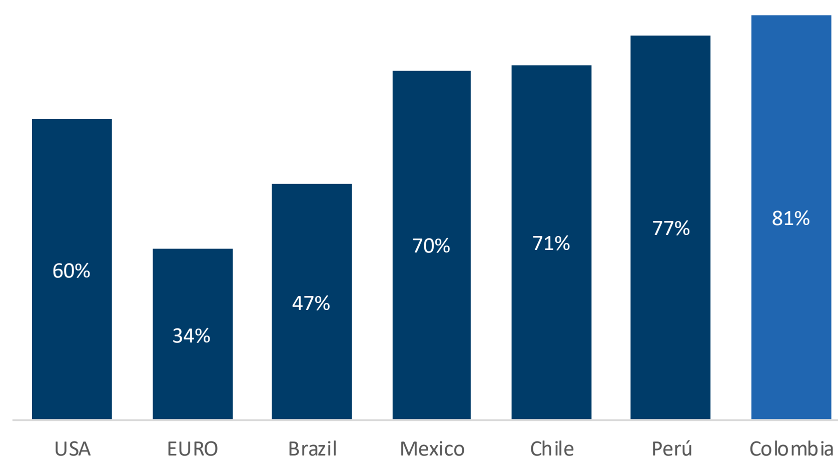
Implementation Timeline



(1) Requires highest quality of capital

(2) Will only apply to systemic important Financial Institutions as defined by the Superintendency of Finance

Overview of RWA / Total assets across regions



This ratio is expected to go down to approximately 70% in Colombia

Source: Decree 1477 of 2018

Grupo AVAL