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4Q18 and FY 2018 Consolidated Earnings Results

IFRS



Grupo Aval Acciones y Valores S.A. (“Grupo Aval”) is an issuer of securities in Colombia and in the United States, registered with Colombia’s National Registry of Shares and Issuers (Registro Nacional de Valores y Emisores) and the United States Securities and Exchange Commission (“SEC”). As such, it is subject to compliance with securities regulation in Colombia and applicable U.S. securities regulation.

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 supervision as financial institutions by the Superintendency of Finance. Grupo Aval is now also subject to the inspection and supervision of the Superintendency of Finance as a result of Law 1870 of 2017, also known as Law of Financial Conglomerates, which came in effect on February 6, 2019. Grupo Aval, as the holding company of its financial conglomerate is responsible for the compliance with capital adequacy requirements, corporate governance standards, risk management and internal control and criteria for identifying, managing and revealing conflicts of interest, applicable to its financial conglomerate.

The 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. Full year and quarterly results for 2018 are not comparable to previous periods due to the prospective adoption in Colombia of IFRS 9 and IFRS 15 starting in January 1, 2018.

This report includes forward-looking statements. In some cases, you can identify these forward-looking statements by words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of these and other comparable words. Actual results and events may differ materially from those anticipated herein as a consequence of changes in general, economic and business conditions, changes in interest and currency rates and other risk described from time to time in our filings with the Registro Nacional de Valores y Emisores and the SEC. Recipients of this document are responsible for the assessment and use of the information provided herein. Matters described in this presentation and our knowledge of them may change extensively and materially over time but we expressly disclaim any obligation to review, update or correct the information provided in this report, including any forward looking statements, and do not intend to provide any update for such material developments prior to our next earnings report. The content of this document and the figures included herein are intended to provide a summary of the subjects discussed rather than a comprehensive description.

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

Consolidated key results for the year

	COP\$ tn	2017	2018	18 vs 17
Balance Sheet	Gross Loans	\$ 159.1	\$ 169.2	6.4%
	Deposits	\$ 154.9	\$ 164.4	6.1%
	Deposits/Net Loans	0.96 x	0.97 x	0.01 x
	Tangible Equity Ratio	7.9%	8.4%	52 bps
Loan Quality	PDLs 90+/Total loans	2.8%	3.1%	31 bps
	Cost of risk	2.5%	2.4%	(12) bps
Profitability	Net interest margin	5.9%	5.7%	(25) bps
	Fee income Ratio	26.4%	24.5%	(186) bps
	Efficiency Ratio	46.5%	43.1%	(338) bps
	Attributable net income	\$ 1.96	\$ 2.91	48.4%
	ROAA	1.4%	2.2%	77 bps
	ROAE	12.5%	17.8%	527 bps

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 trading assets. **Fee income ratio** is calculated fee net income divided by net interest income plus net trading income, net income from sales of goods and services, 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, net income from sales of goods and services, 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.

Key results per region for the year

COP \$ tn



Colombia

70% of Assets

COP\$ tn

2017

2018

18 vs 17

Balance Sheet

	2017	2018	18 vs 17
Gross Loans	\$ 112.7	\$ 116.4	3.3%
Deposits	\$ 110.5	\$ 113.7	2.9%
Deposits/Net Loans	0.98 x	0.99 x	0.00 x
Tangible Equity Ratio	7.1%	7.7%	57 bps

Loan Quality

	2017	2018	18 vs 17
PDLs 90+/Total loans	3.4%	3.8%	45 bps
Cost of risk	2.7%	2.4%	(28) bps

Profitability

	2017	2018	18 vs 17
Net interest margin	5.7%	5.4%	(26) bps
Fee income Ratio	22.2%	20.0%	(220) bps
Efficiency Ratio	43.9%	39.6%	(429) bps
Attributable net income ⁽²⁾	\$ 1.22	\$ 2.10	72.4%
ROAA	1.3%	2.4%	107 bps
ROAE	14.8%	24.8%	998 bps



Central America⁽¹⁾

30% of Assets

COP\$ tn

2017

2018

18 vs 17

Balance Sheet

	2017	2018	18 vs 17
Gross Loans	\$ 46.3	\$ 52.8	13.9%
Deposits	\$ 44.4	\$ 50.7	14.1%
Deposits/Net Loans	0.92 x	0.95 x	0.03 x
Tangible Equity Ratio	10.0%	10.3%	33 bps

Loan Quality

	2017	2018	18 vs 17
PDLs 90+/Total loans	1.2%	1.3%	15 bps
Cost of risk	2.1%	2.4%	27 bps

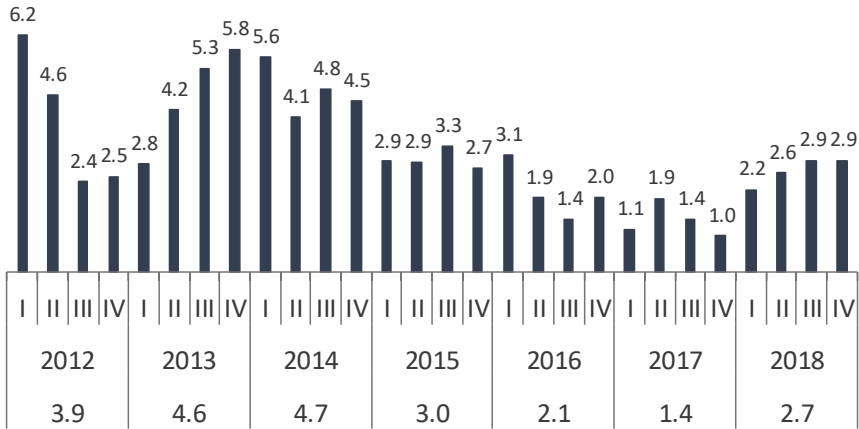
Profitability

	2017	2018	18 vs 17
Net interest margin	6.6%	6.3%	(30) bps
Fee income Ratio	35.1%	34.6%	(56) bps
Efficiency Ratio	52.0%	51.0%	(101) bps
Attributable net income ⁽²⁾	\$ 0.74	\$ 0.81	9.1%
ROAA	1.6%	1.7%	4 bps
ROAE	10.0%	10.3%	25 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 2,912.7 bn for 2018 corresponds to the Ps 2,101.9 bn of our Colombian operation plus Ps 1,179.7 bn of our Central American operation multiplied by 68.7%, our stake in Banco de Bogotá. 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.

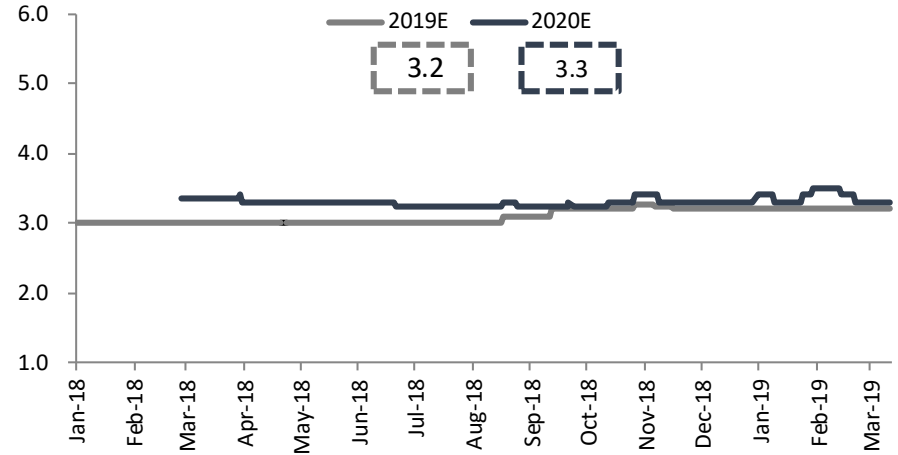
Macroeconomic context – Colombia (1/3)

GDP Growth (%)



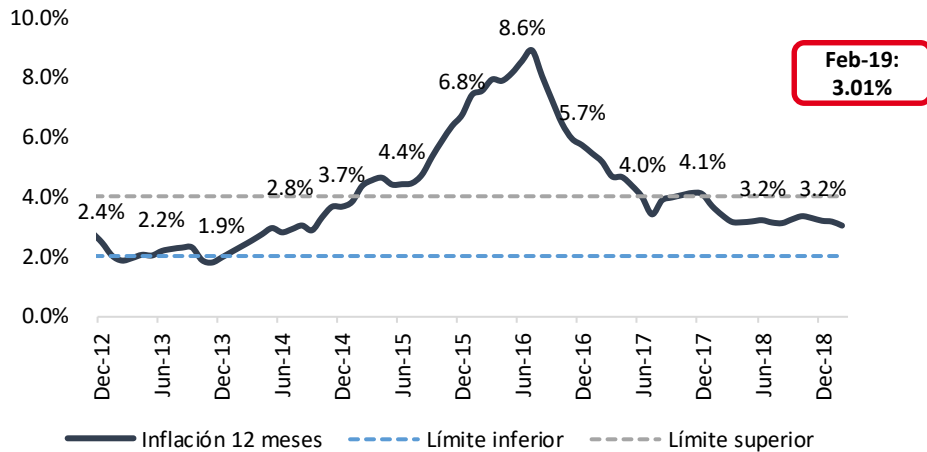
Source: DANE. Seasonally-adjusted, constant prices (2015) GDP.

GDP Growth Expectations (%)



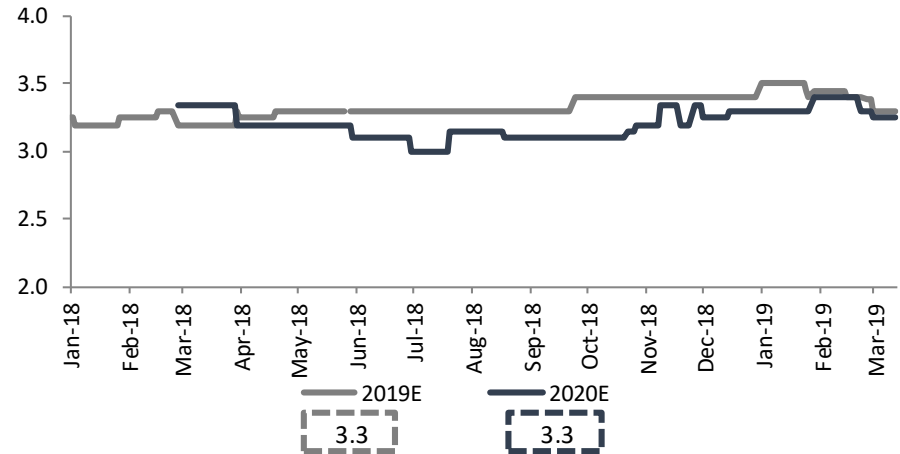
Source: Bloomberg Consensus

Inflation (%)



Source: Banco de la República de Colombia

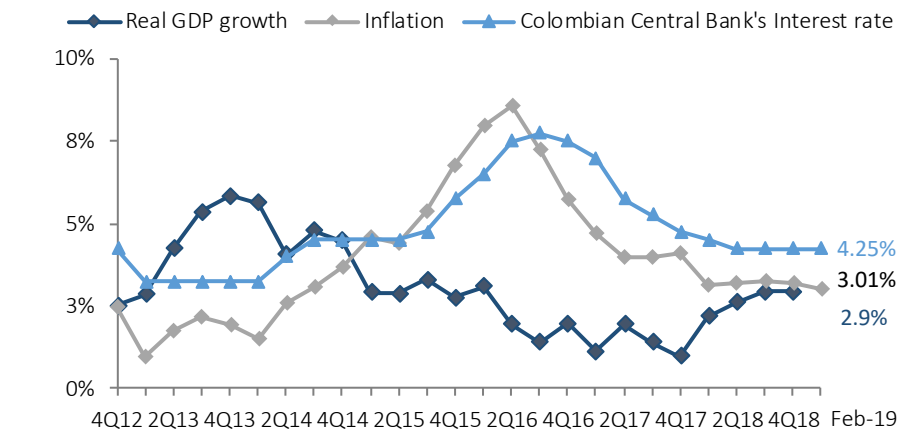
Inflation Expectations (%)



Source: Bloomberg Consensus

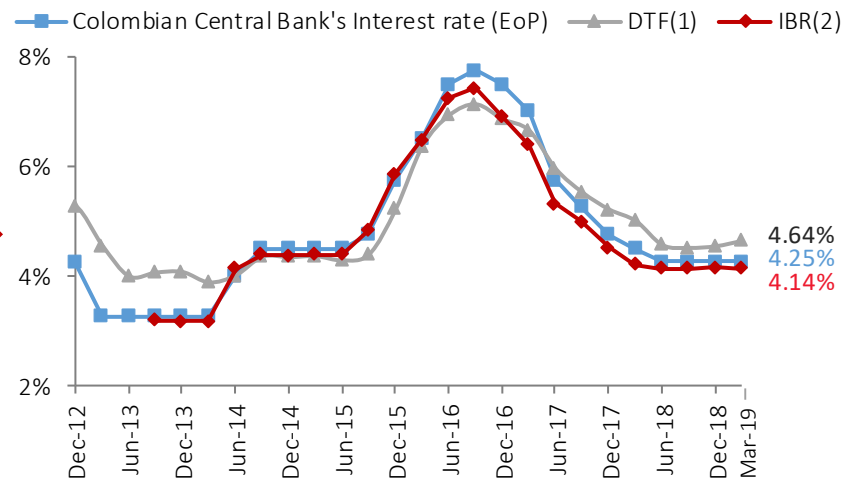
Macroeconomic context – Colombia (2/3)

Central Bank's Monetary Policy



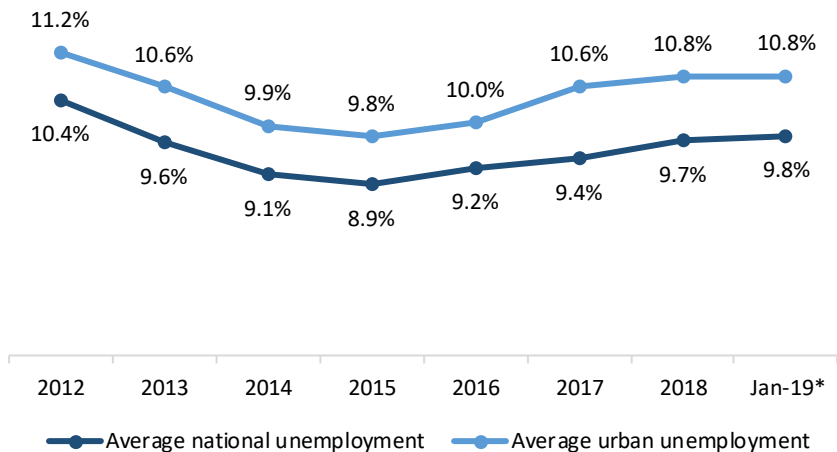
FY	2012:	2013:	2014:	2015:	2016:	2017:	2018:
GDP	3.9%	4.6%	4.7%	3.0%	2.1%	1.4%	2.7%

Source: Banco de la República de Colombia and DANE. GDP as of December 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

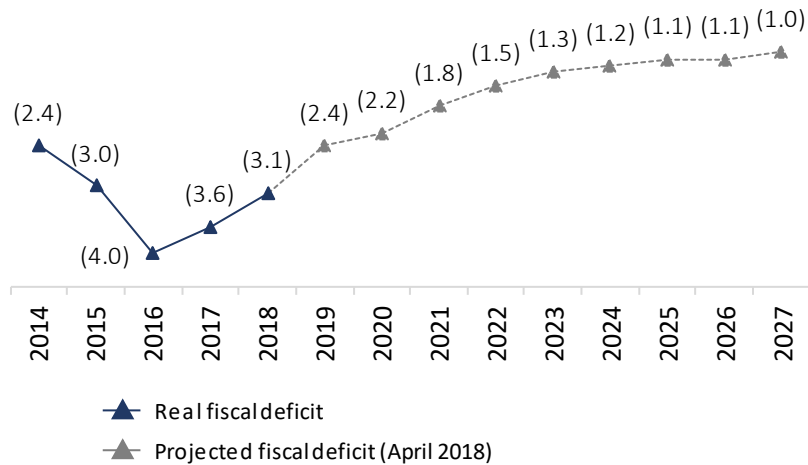
Unemployment (%)



Source: Banco de la República de Colombia. Urban unemployment defined as unemployment of 13 cities and their metropolitan areas *Last twelve month average from February 2018 to January 2019

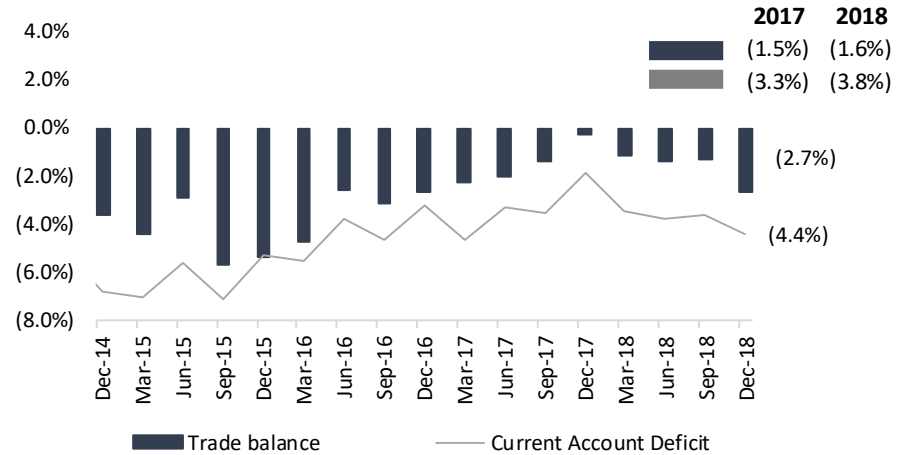
Macroeconomic context – Colombia (3/3)

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



Source: Ministry of Finance. Projections start in 2019.

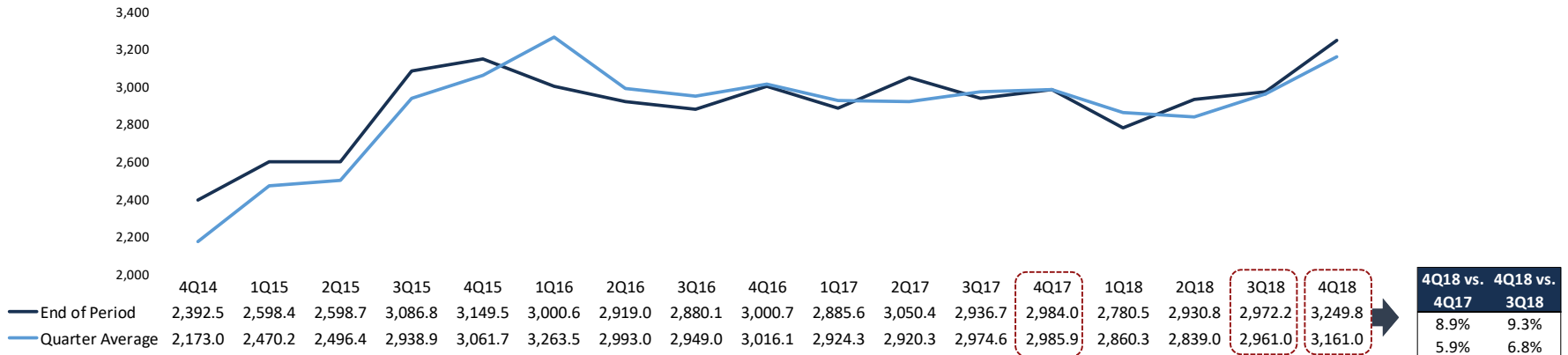
Current Account (% GDP, quarterly)



Oil Exports/Total Exports

2014:	2015:	2016:	2017:	2018:
52.8%	40.4%	34.0%	34.8%	40.1%

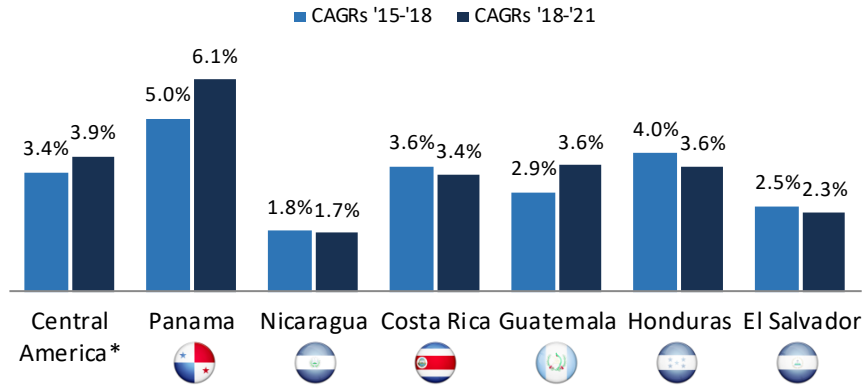
Colombian Peso Exchange Rate



Source: Banco de la República de Colombia.

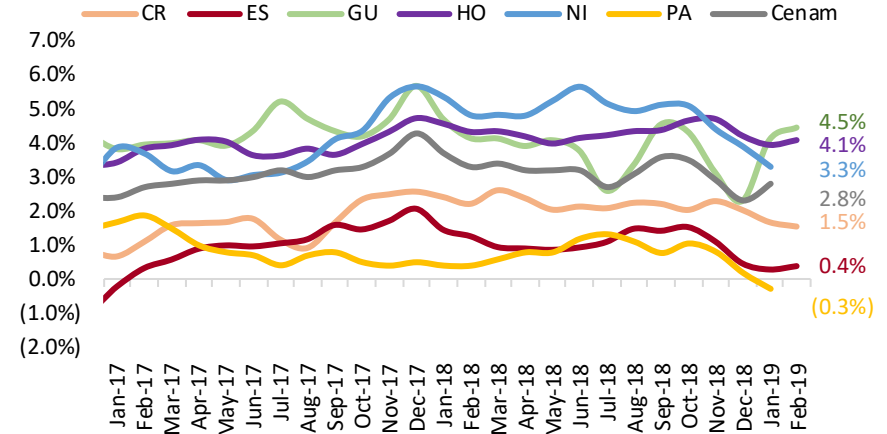
Macroeconomic context – Central America

Growth Outlook – Real GDP CAGR '18-'21E



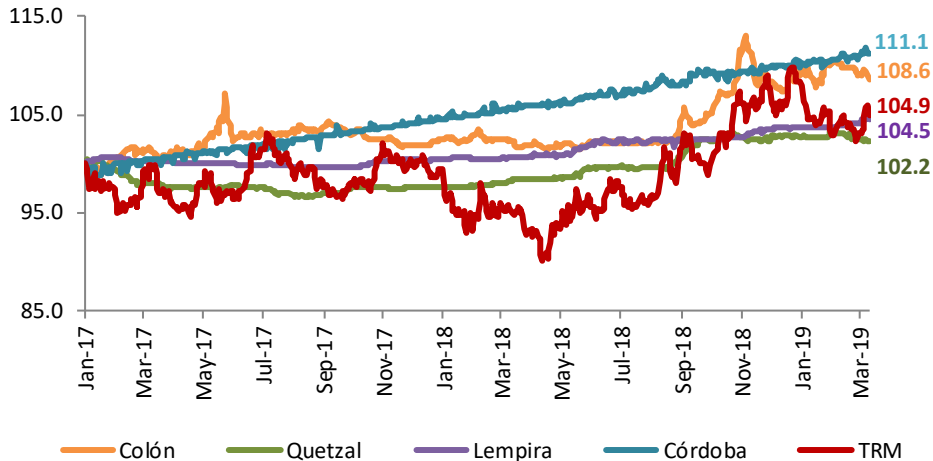
Source: IMF WEO Oct-18; (*) Aggregate growth of all the Central American countries

Inflation per Country



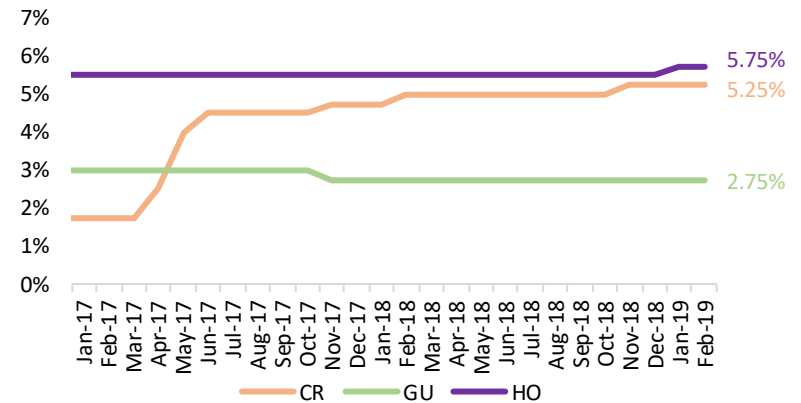
Source: SECMCA. CR: Costa Rica, ES: El Salvador, GU: Guatemala, HO: Honduras, NI: Nicaragua, PA: Panamá. Inflation of Nicaragua, Panamá and Cenam as of January 2019.

Regional Exchange rates



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

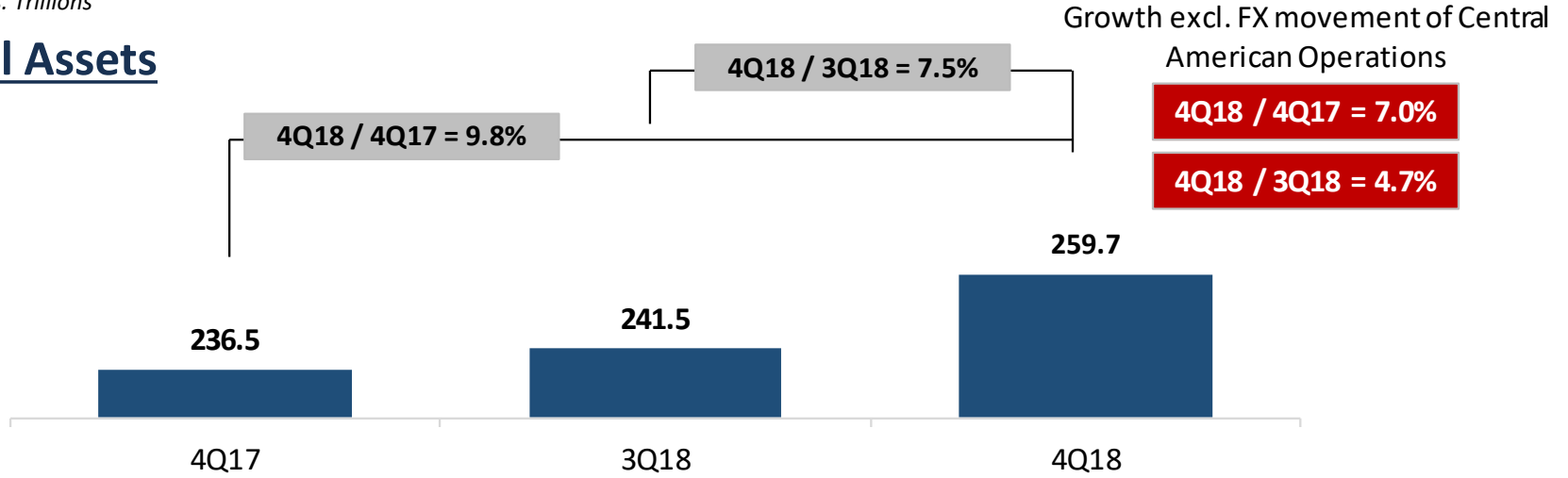
Central Banks' Interest Rates



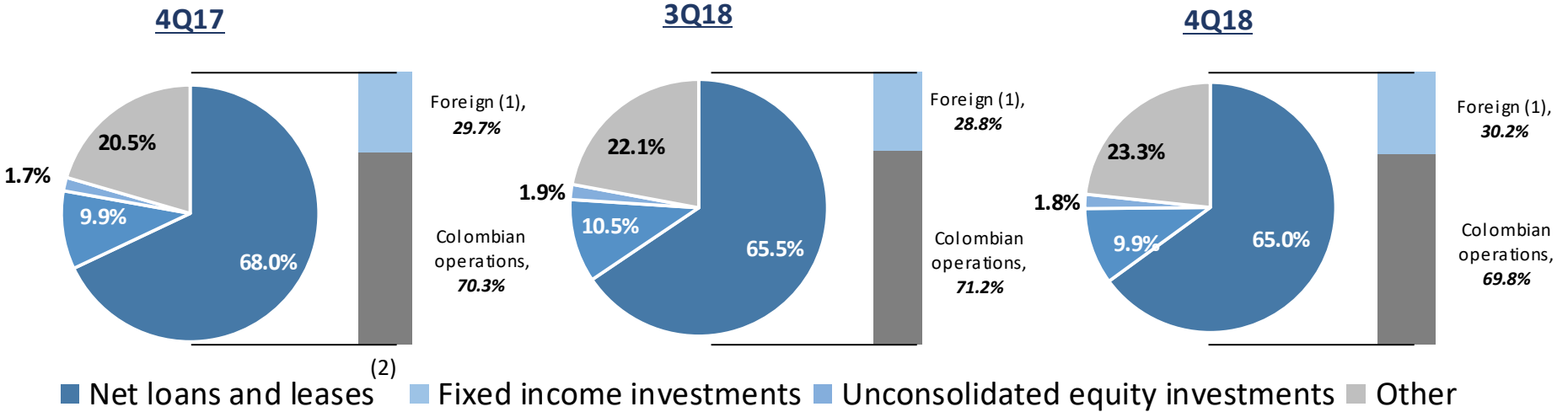
Source: SECMCA

Figures in Ps. Trillions

Total Assets



Assets Breakdown

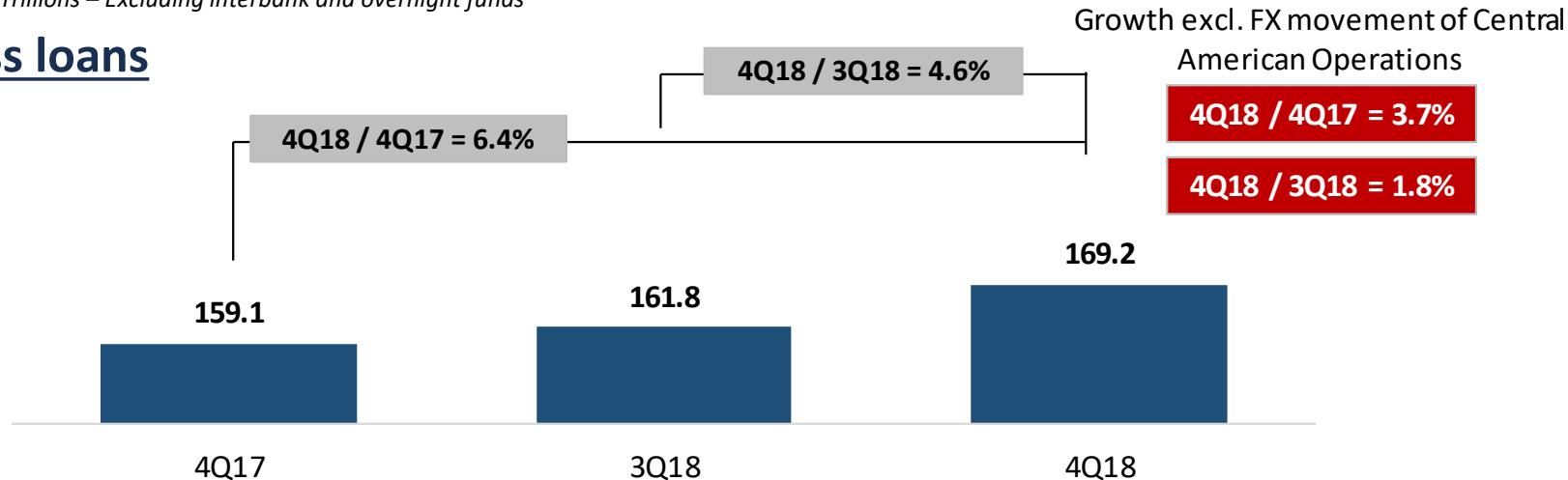


(1) Foreign operations reflect Central American operations. (2) Net loans and leases include interbank and overnight funds.

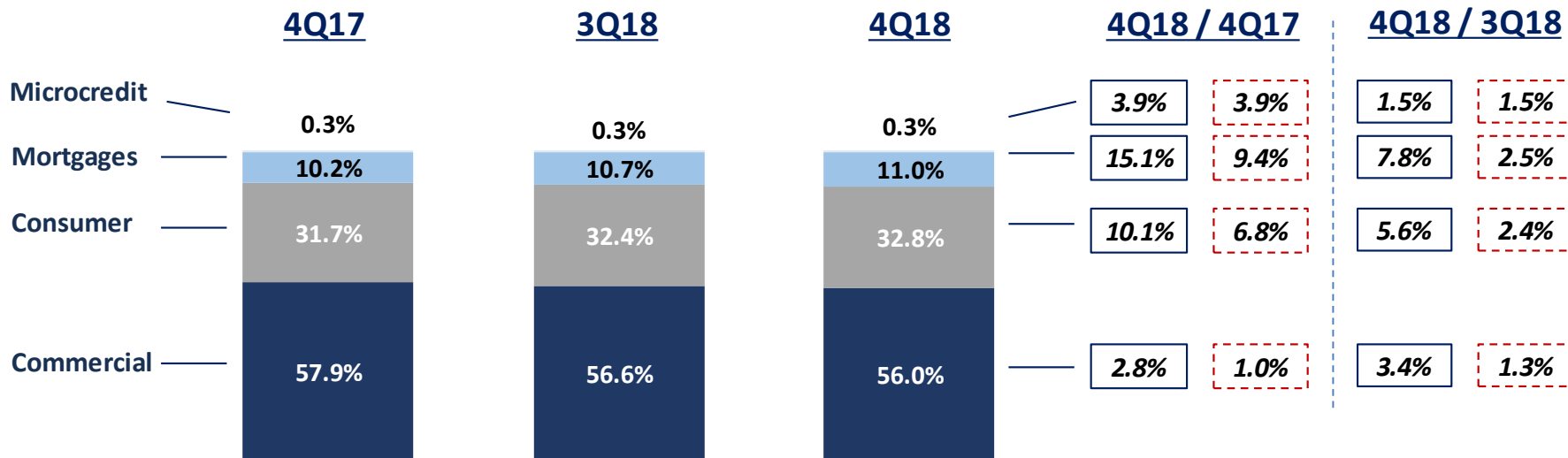
Loans and receivables

Figures in Ps. Trillions – Excluding interbank and overnight funds

Gross loans



Gross loans Breakdown

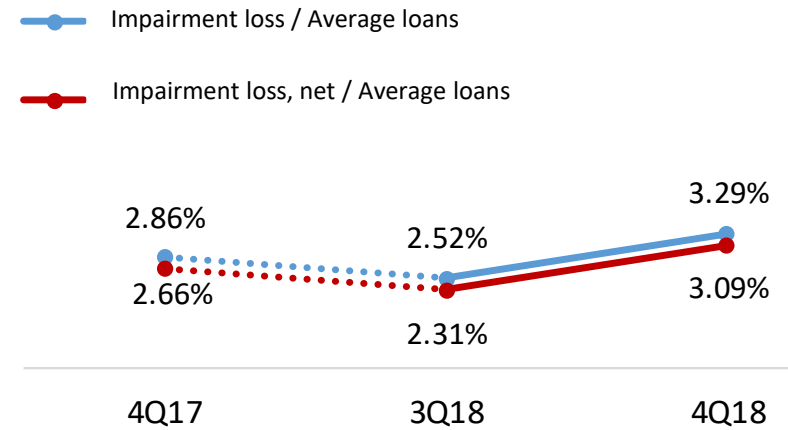
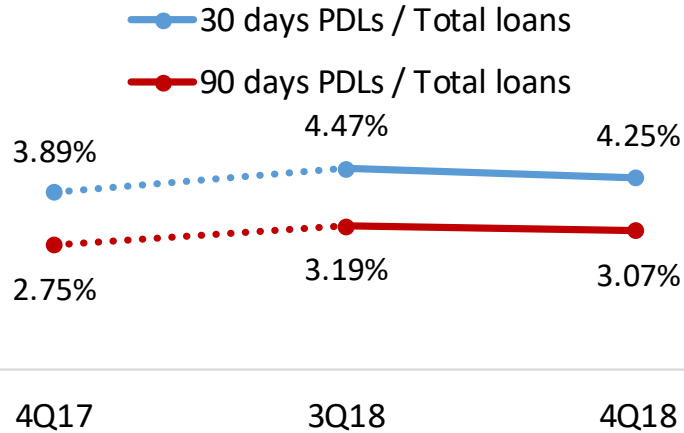


% Growth excluding FX movement of Central American Operations

Loan portfolio quality

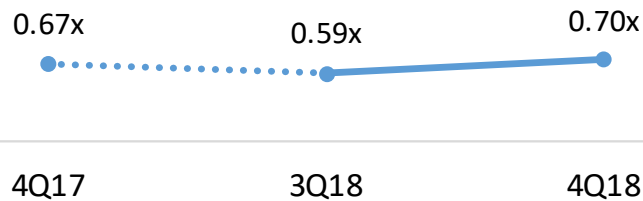
	FY17	FY18
■	2.7%	2.6%
■	2.5%	2.4%

Cost of Risk



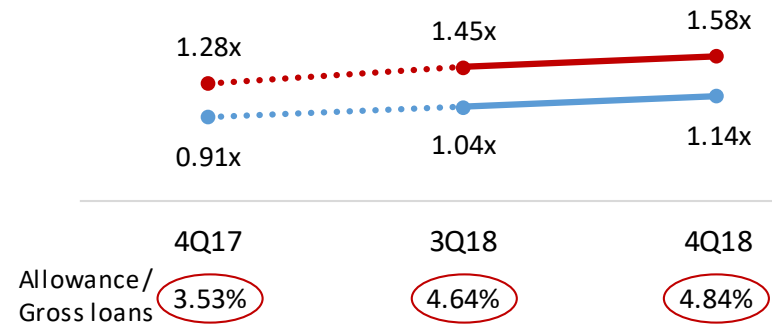
Charge offs / Average NPLs

	FY17	FY18
■	0.7x	0.7x



● Allowances / 90+ PDLs (Red line)

● Allowance / 30+ PDLs (Blue line)



Loan portfolio quality

Figures in Ps. Billions

30 days past due loans (1)

	4Q17	3Q18	4Q18
Commercial	3.21%	4.09%	3.88%
Consumer	5.09%	5.17%	4.83%
Mortgages	3.81%	4.08%	4.13%
Microcredit	15.09%	15.29%	16.52%
Total loans	3.89%	4.47%	4.25%

90 days past due loans (2)

	4Q17	3Q18	4Q18
Commercial	2.83%	3.52%	3.42%
Consumer	2.77%	2.89%	2.66%
Mortgages	2.07%	2.20%	2.25%
Microcredit	10.63%	11.32%	12.30%
Total loans	2.75%	3.19%	3.07%

30 days past due formation

	4Q17	1Q18	2Q18	3Q18	4Q18
Initial PDLs	6,182	6,195	6,675	6,975	7,229
New PDLs	735	1,205	1,067	1,005	872
Charge-offs	(722)	(726)	(767)	(751)	(905)
Final PDLs	6,195	6,675	6,975	7,229	7,195

90 days past due formation

	4Q17	1Q18	2Q18	3Q18	4Q18
Initial PDLs	4,212	4,382	4,491	4,960	5,166
New PDLs	892	835	1,236	957	927
Charge-offs	(722)	(726)	(767)	(751)	(905)
Final PDLs	4,382	4,491	4,960	5,166	5,188

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

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

Figures in Ps. Trillions

Total funding

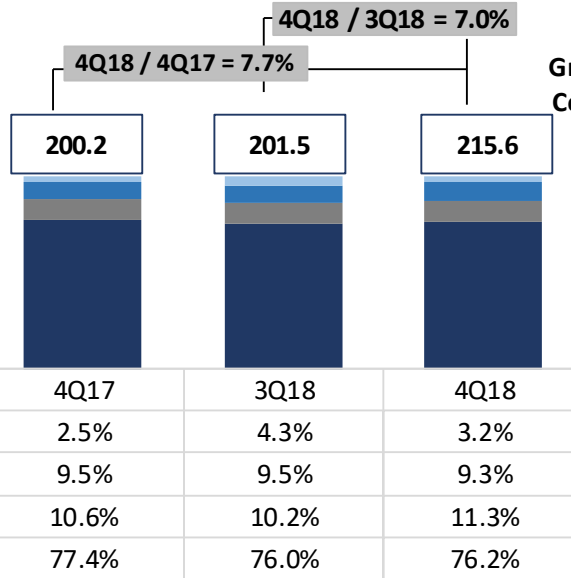
Growth excl. FX movement of Central American Operations

4Q18 / 4Q17 = 5.0%

4Q18 / 3Q18 = 4.3%

Funding composition

Interbank borrowings	2.5%	4.3%	3.2%
Bonds issued	9.5%	9.5%	9.3%
Banks and others	10.6%	10.2%	11.3%
Deposits	77.4%	76.0%	76.2%



Total deposits

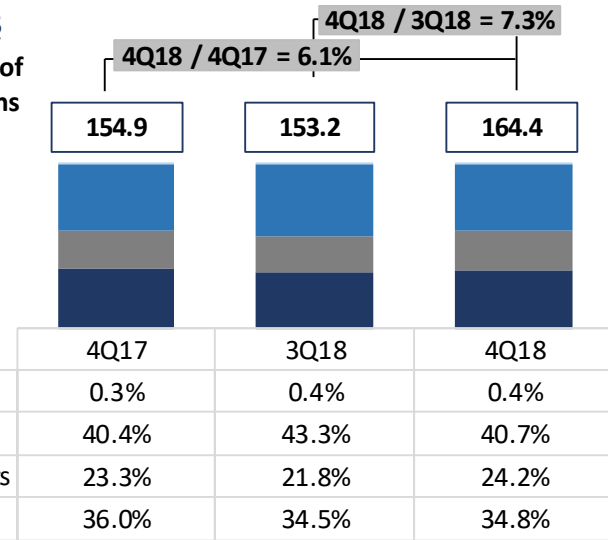
Growth excl. FX movement of Central American Operations

4Q18 / 4Q17 = 3.5%

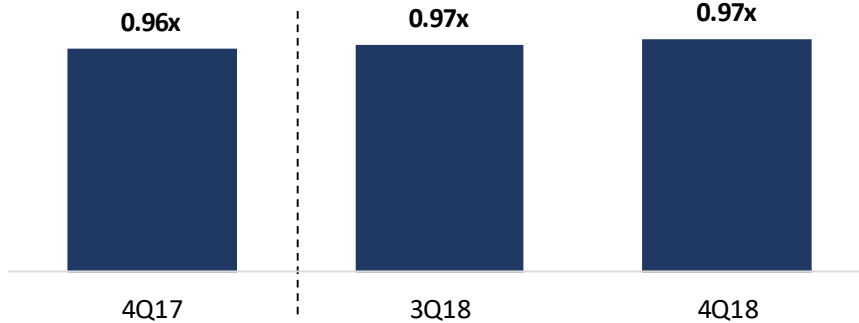
4Q18 / 3Q18 = 4.4%

Deposit composition

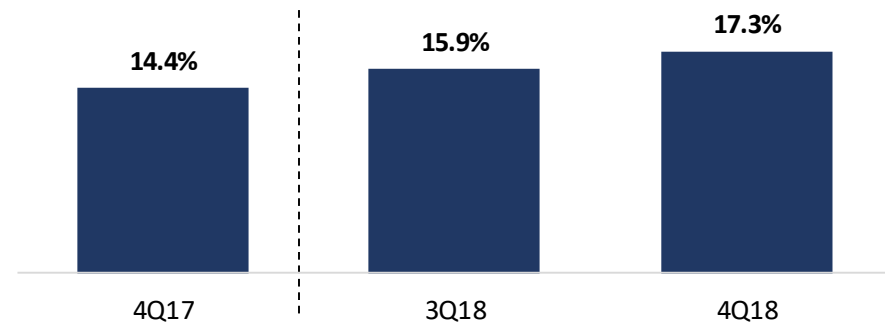
Others	0.3%	0.4%	0.4%
Time deposits	40.4%	43.3%	40.7%
Checking accounts	23.3%	21.8%	24.2%
Savings accounts	36.0%	34.5%	34.8%



Deposits / Net loans* (%)



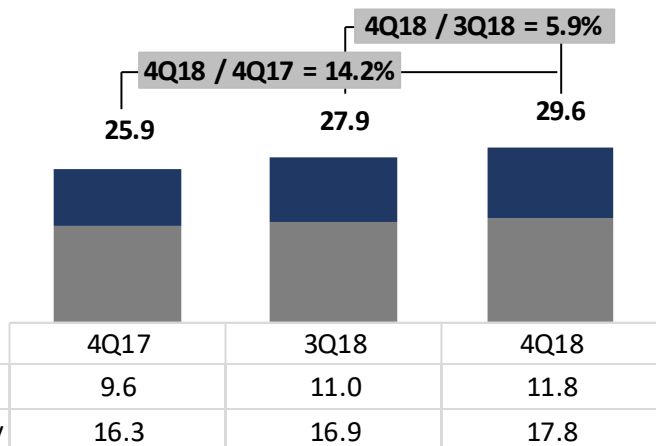
Cash / Deposits (%)



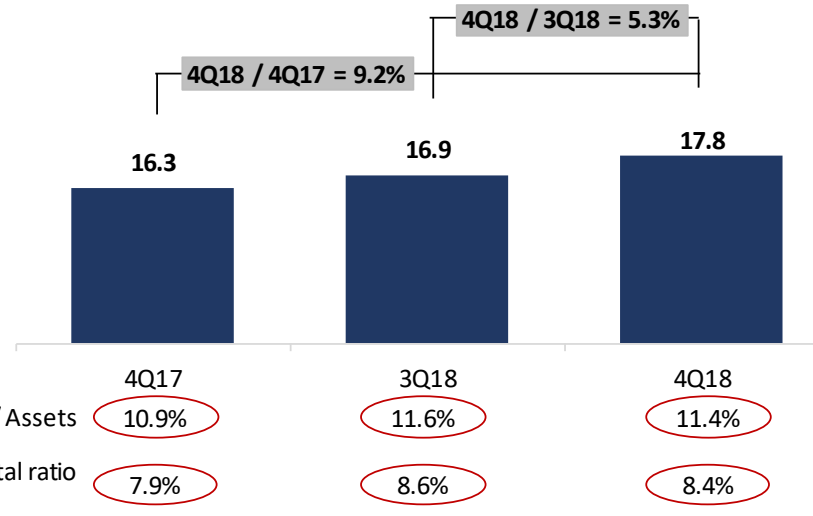
(*) Net Loans equals gross loans plus interbank and overnight funds net of allowance for impairment of loans and receivables

Figures in Ps. Trillions

Attributable Equity + Minority Interest



Attributable Shareholders Equity



Consolidated Capital Adequacy of our Banks (%)



	Banco de Bogotá			Banco de Occidente			banco popular			Banco AV Villas		
	4Q17	3Q18	4Q18	4Q17	3Q18	4Q18	4Q17	3Q18	4Q18	4Q17	3Q18	4Q18
Primary capital (Tier 1)	8.8	8.9	8.9	10.5	10.2	10.2	8.9	8.2	7.7	10.9	10.2	9.9
Solvency Ratio	13.5	13.2	13.5	13.4	12.7	12.6	10.5	10.1	10.1	12.3	10.7	10.5

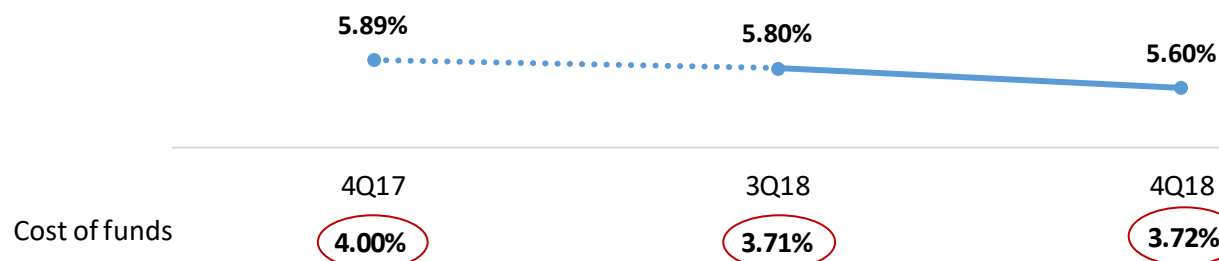
(1) Tangible Capital Ratio is calculated as Total Equity minus Goodwill and other Intangibles divided by Total Assets minus Goodwill and other Intangibles.

NIM – Net Interest Margin

Net interest income(1) (trillions)

4Q17	3Q18	4Q18	4Q18 / 4Q17	4Q18 / 3Q18
2.8	2.8	2.8	0.9%	-0.2%

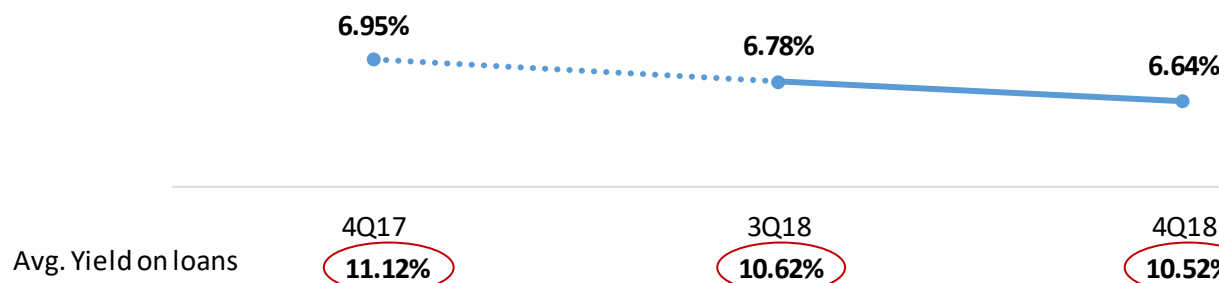
Net Interest Margin⁽¹⁾



	FY17	FY18
■	5.92%	5.67%
■	4.25%	3.71%



Loans Interest Margin⁽²⁾



	FY17	FY18
■	6.93%	6.71%
■	11.40%	10.56%



Net Investments Margin⁽³⁾



	FY17	FY18
■	0.67%	0.60%
■	5.13%	4.45%



(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 5.8% for 4Q18, 5.9% for 3Q18 and 5.8% for 4Q17.

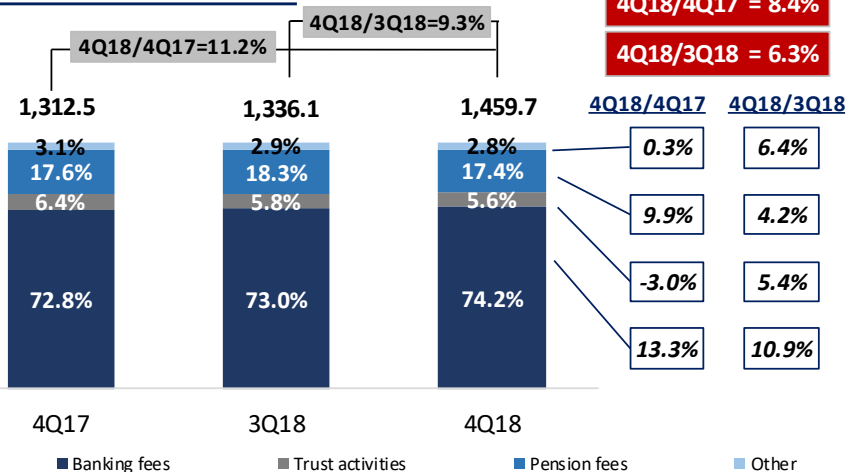
(2) Loans Interest Margin: Net Interest Income on Loans to Average loans and financial leases.

(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



Net income from sales of goods and services

	4Q17	3Q18	4Q18	FY17	FY18
Energy & gas	147	165	114	602	588
Infrastructure	220	861	1,178	412	2,325
Hotels	11	14	13	30	37
Agribusiness	-41	1	-10	-49	-5
Other (1)	-40	-69	-89	-238	-301
Total	298	972	1,207	757	2,644

Growth excluding FX movement of Central American Operations

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

Other operating income

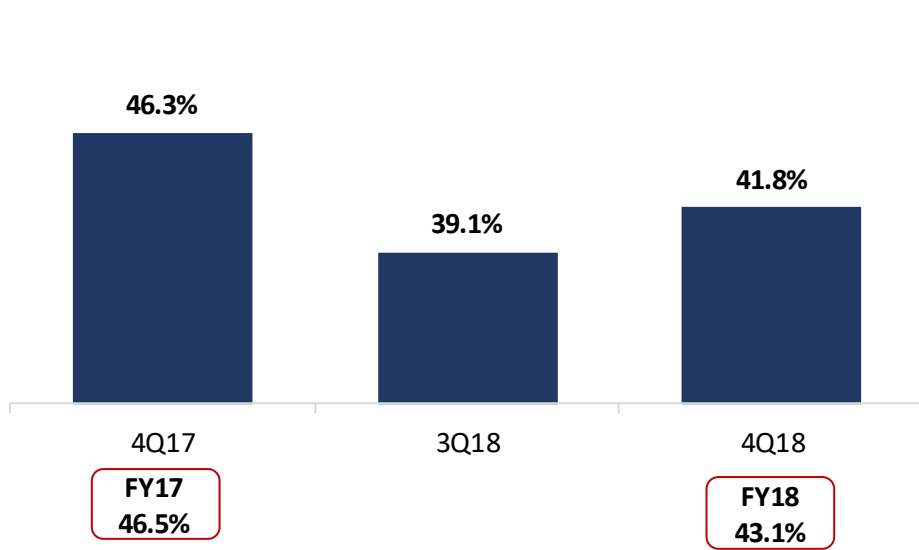
Foreign exchange gains (losses), net	
Net income (loss) on financial derivatives	
Other trading income on derivatives	
Derivatives and foreign exchange gains (losses), net (1)	
Gains on valuation of assets	
Net income from other financial instruments designated at FVTPL	
Net gain on sale of investments	
Gain on the sale of non-current assets held for sale	
Income from non-consolidated investments	
Other operating income	
Total other operating income	

	4Q17	3Q18	4Q18	FY17	FY18
	78	106	-88	424	283
	7	25	236	-75	248
	67	40	50	240	179
	152	171	198	589	711
	21	2	27	39	37
	62	50	29	210	206
	23	6	15	52	1
	2	8	6	14	20
	38	59	66	222	269
	136	116	475	401	748
Total	434	413	815	1,527	1,992

(1) Includes income from trading and hedging derivatives reflected as part of the net trading income on the Statement of Profit or Loss.

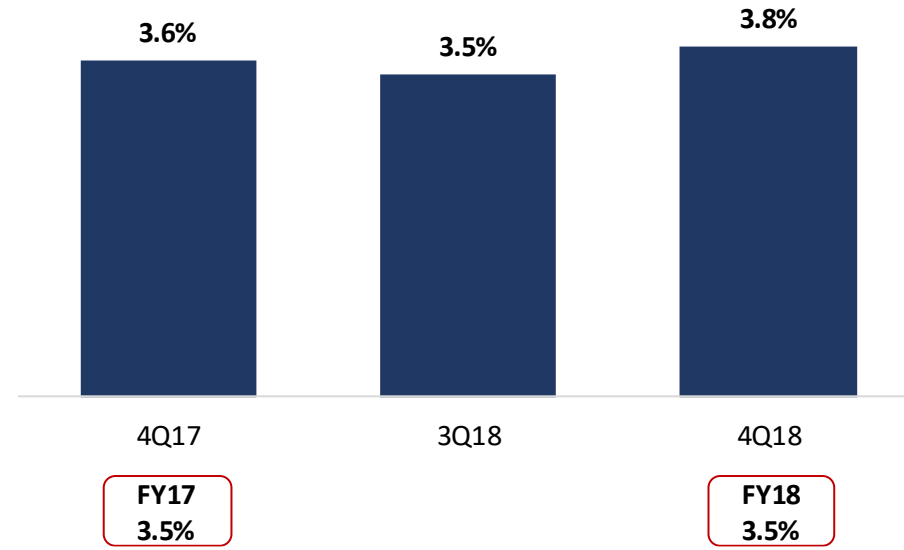
(2) Includes equity method income, dividend income and other income.

Operating expenses / Total Income



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).

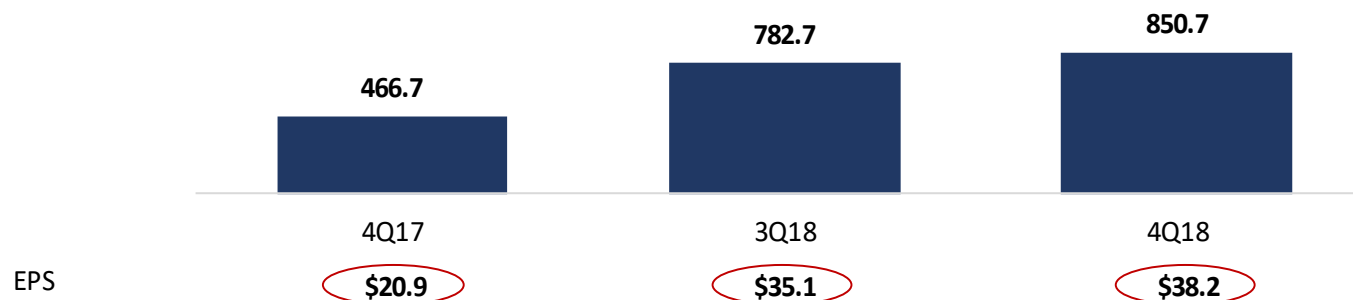
Operating expenses / Average Assets



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

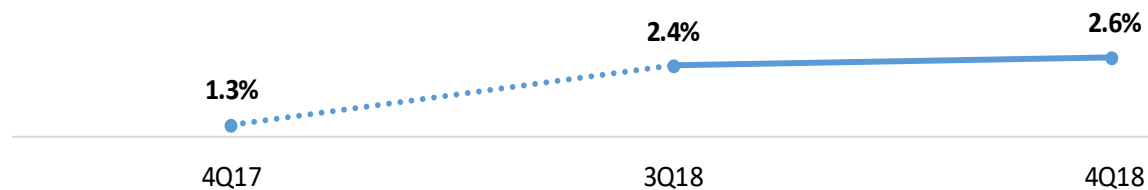
Figures in Ps. Billions

Net income attributable to controlling interest



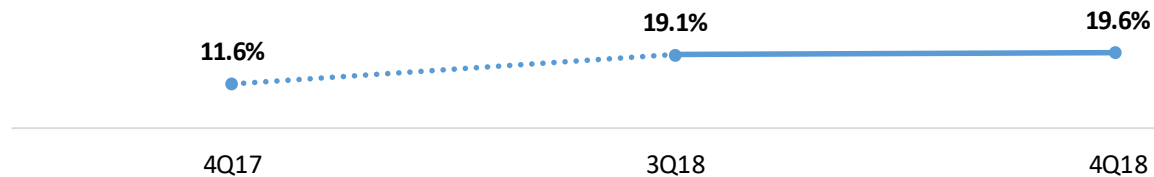
	FY17	FY18
■	1,962.4	2,912.7
○	\$ 88.1	\$ 130.7

ROAA ⁽¹⁾



	FY17	FY18
■	1.4%	2.2%

ROAE ⁽²⁾



	FY17	FY18
■	12.5%	17.8%

⁽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.

Grupo

