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# Investor Presentation

CREDICORP  XIV Andean Investor Conference

September 2016



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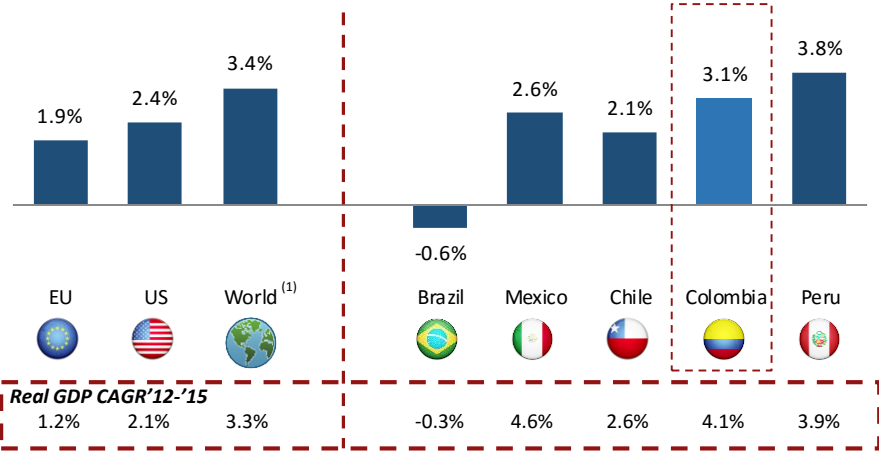
Any forward-looking statement contained in this presentation reflects the current views of Grupo Aval with respect to future events, and it assumes no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons why actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future, except as otherwise required by applicable law. The market and competitive position data, including market forecasts and statistical data, used throughout this presentation was obtained from internal surveys, market research, independent consultant reports, publicly available information, governmental agencies and industry publications. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, we have not independently verified such data. Grupo Aval and its shareholders do not make any representation as to the accuracy of such information.

Balance sheet and statement of income data included in this presentation for the year ended December 31, 2013 and previous years, reflects unconsolidated or consolidated information under Colombian Banking GAAP or U.S. GAAP, as applicable. Consolidated Financial information of Grupo Aval for the years 2015 and 2014 has been prepared under IFRS as issued by IASB. Unconsolidated information of our subsidiaries, combined information of Grupo Aval and comparative disclosures of our financial and operating performance for the years 2016, 2015 and 2014 against that of our competitors in Colombia has been prepared under IFRS as applicable under Colombian regulations reported to the Superintendency of Finance. Comparative disclosures of our financial and operating performance against that of our competitors in Central America are based on public information available in each of the countries’ financial superintendency.

Because of our recent migration to IFRS and recent implementation of IFRS accounting principles, the unaudited consolidated financial information for the 2016, and the comparative information for the relevant unaudited consolidated periods of 2015 presented herein, may be subject to further amendments. Our banking subsidiaries report unconsolidated financial data to the Superintendency of Finance; however, Grupo Aval, as a holding company, is not required to report such unconsolidated data. Unless otherwise indicated or the context otherwise requires, market share and other data comparing our performance and that of our competitors reflects the unconsolidated results of our banking subsidiaries, Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. (“Porvenir”) and Corporación Financiera Colombiana S.A. (“Corficolombiana”). Aggregate or Combined data throughout this document pertaining to Grupo Aval reflects the summation of unconsolidated results of our banking subsidiaries. Grupo Aval has been granted the IR Recognition by the Colombian Securities Exchange (Bolsa de Valores de Colombia S.A). This is not a certification of the registered securities or the solvency of the issuer. Also, does not imply an opinion on the quality and accuracy of the content, it only denotes a verification of the existence of the information on the website of the issuer. When applicable, in this report we refer to billions as thousands of millions. Unless otherwise indicated, certain Colombian peso amounts are translated into U.S. dollars at the representative market rates as computed and certified by the Superintendency of Finance of Ps 2,919.01 as of June 31, 2016.

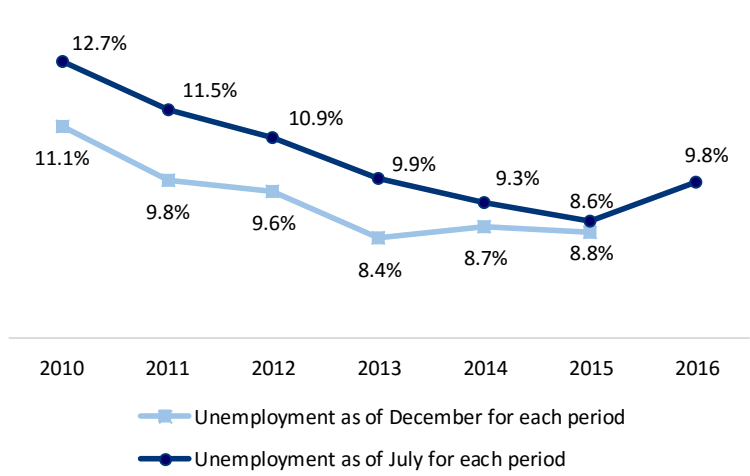
# The Colombian economy is adjusting to a new macro-economic scenario (1/2)

## Expected Real GDP Growth – Real GDP CAGR '15–'18E



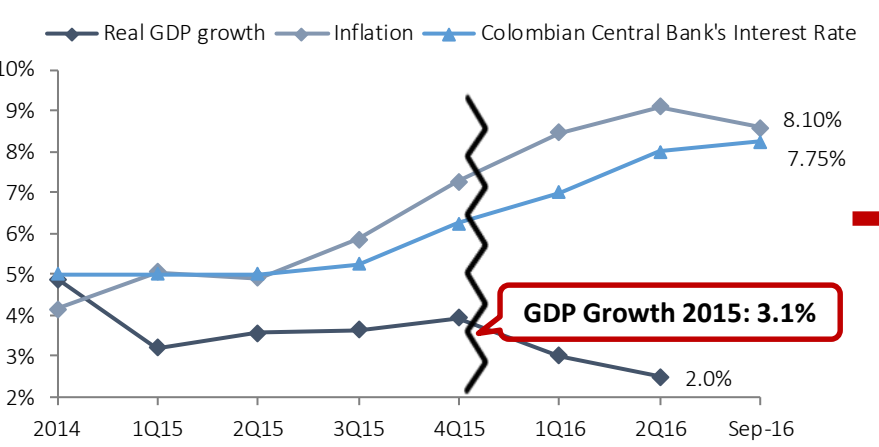
Source: IMF's WEO as of April 2016 and available information on July's update  
 (1) Includes the 189 countries which report to the IMF

## Unemployment



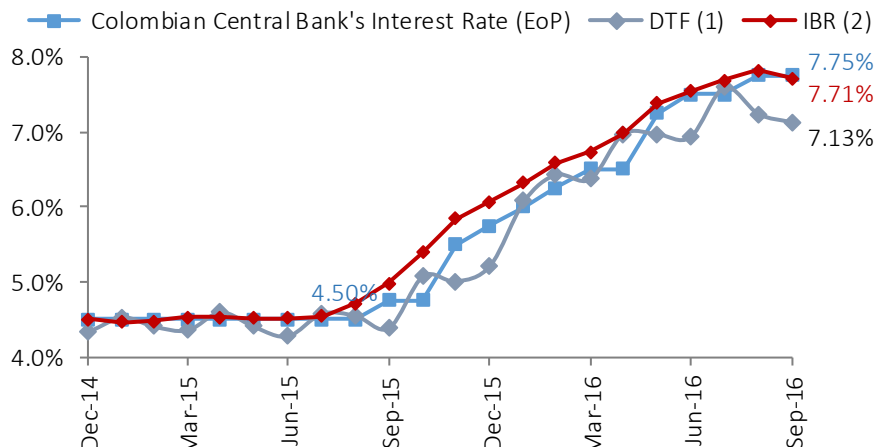
Source: DANE, and Banco de la República de Colombia

## Strict Monetary Policy



Source: Banco de la República de Colombia, and DANE.

## Central Bank, DTF and IBR Rates

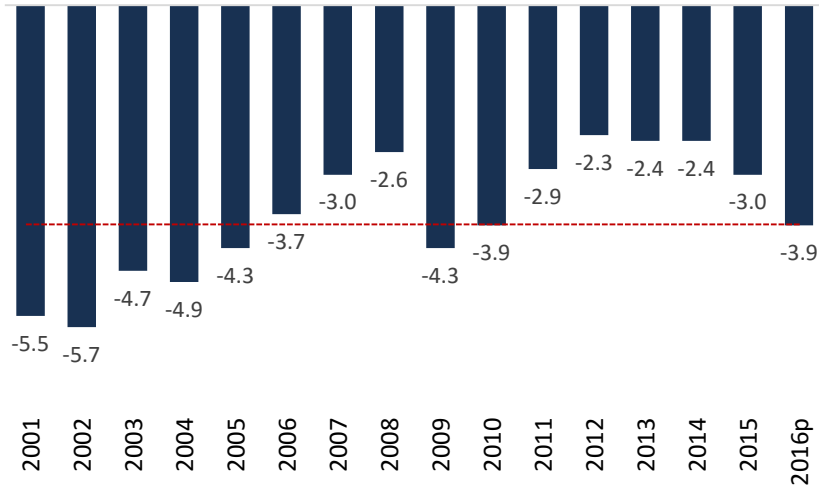


Source: Banco de la República de Colombia.  
 Note: The DTF rate is a benchmark interest rate that represents the financial system's average rate for 90-day term deposits; (1) End of period DTF rate; (2) End of period 3-month interbank (IBR) rate



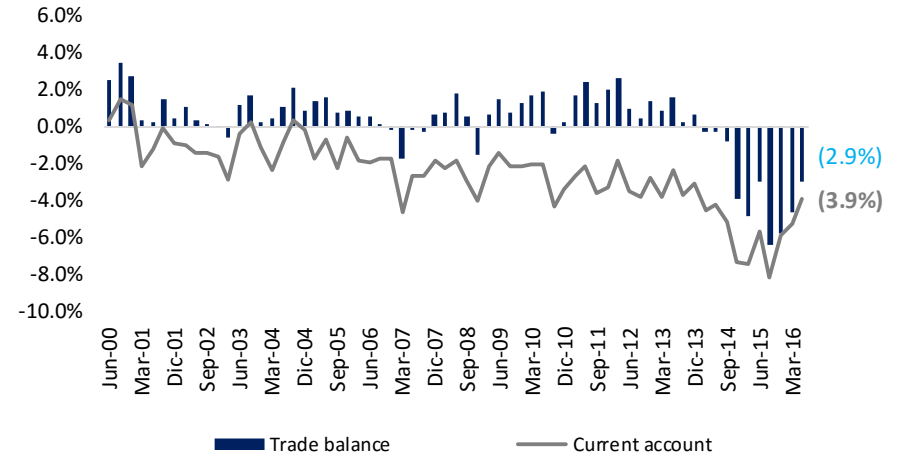
# The Colombian economy is adjusting to a new macro-economic scenario (2/2)

## Colombian Government Fiscal Deficit (% of GDP)



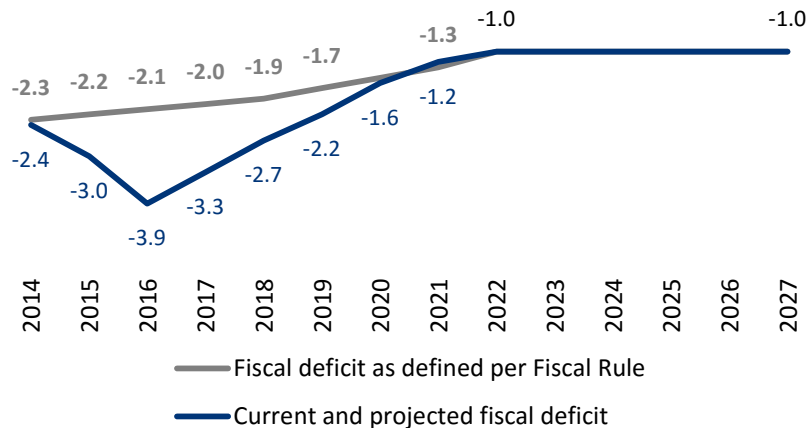
Source: Banrep and Ministry of Finance

## Current Account (% GDP, quarterly not seasonally adjusted)



Source: Grupo Aval calculations based on public information from DANE and Banco de la República de Colombia

## Current and Projected Fiscal Deficit vs. Fiscal Rule (% of GDP)

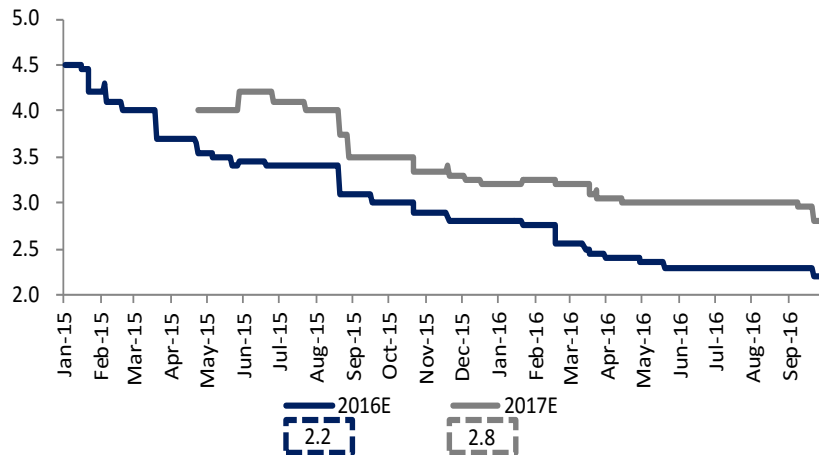


Source: Ministry of Finance. Projections according to 2016 mid-term fiscal framework.

- The Government expects that the ratio of Fiscal Deficit/ GDP will return to the levels defined by the Fiscal Rule by 2021.
- Recent data suggests that the current account deficit has passed its worst levels as the trade balance deficit has started to ease driven by a decline in imported goods.

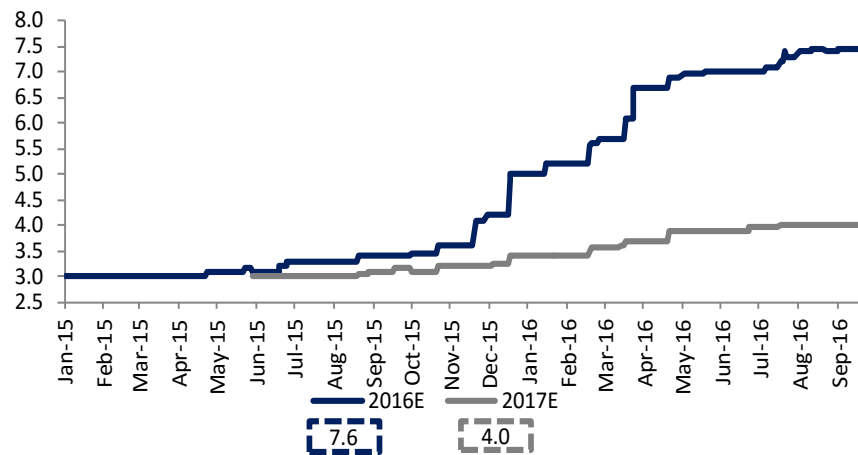
# 2016 has proven to be a challenging year and 2017 is expected to show some improvement

## Real GDP Growth (%) Forecasts



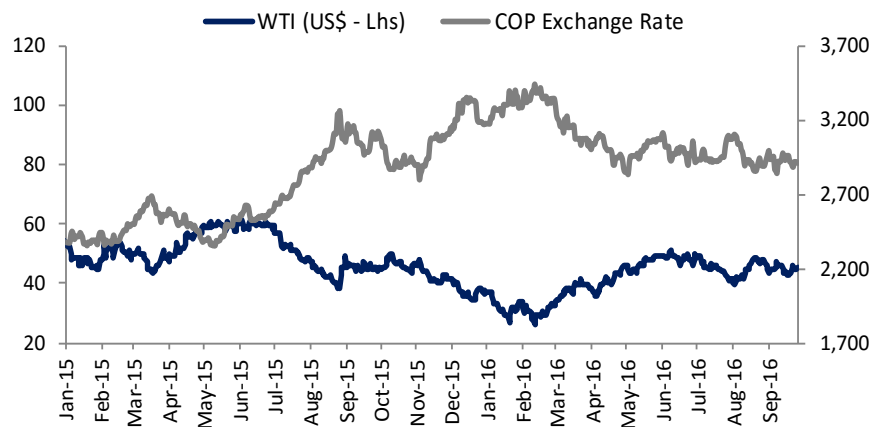
Source: Bloomberg Consensus

## Inflation Expectations (%)



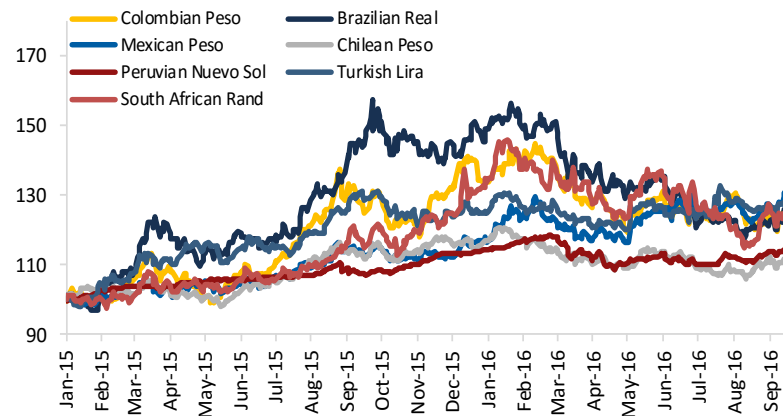
Source: Bloomberg Consensus

## Colombian Peso vs WTI US\$/barrel



Source: Bloomberg

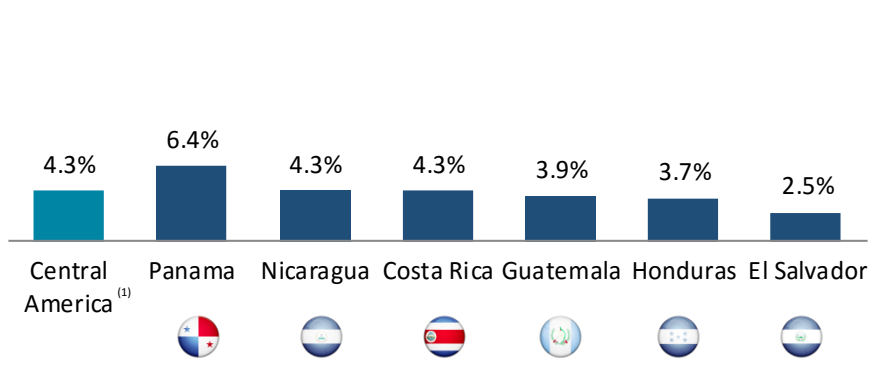
## Colombian Peso vs Emerging markets' currencies (100=Jan, 2015)



Source: Bloomberg

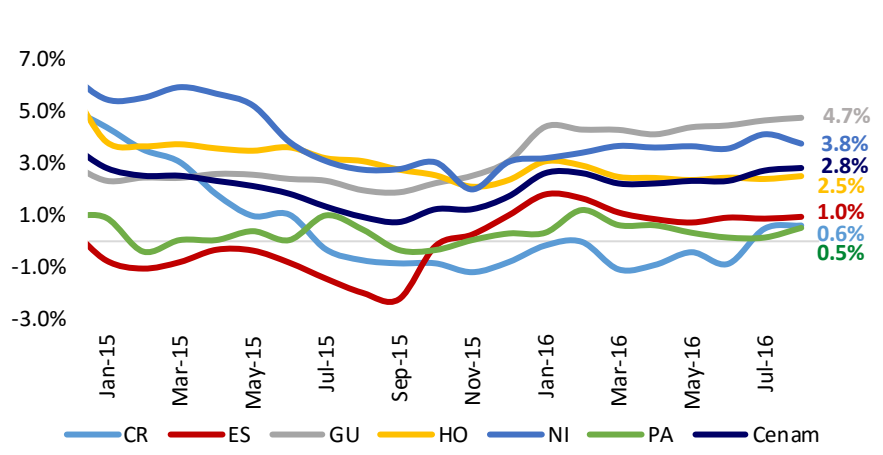
# Central American countries continue to have a robust growth outlook, set to benefit from positive momentum in the US economy

## Promising Growth Outlook – Real GDP CAGR '15–'18E



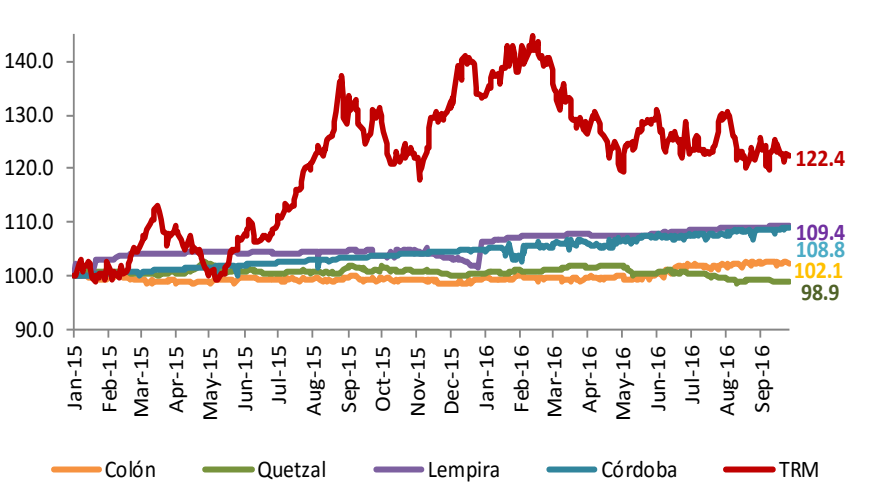
Source: IMF WEO Apr-16; (1) Aggregate growth of all the Central American countries

## Inflation per Country



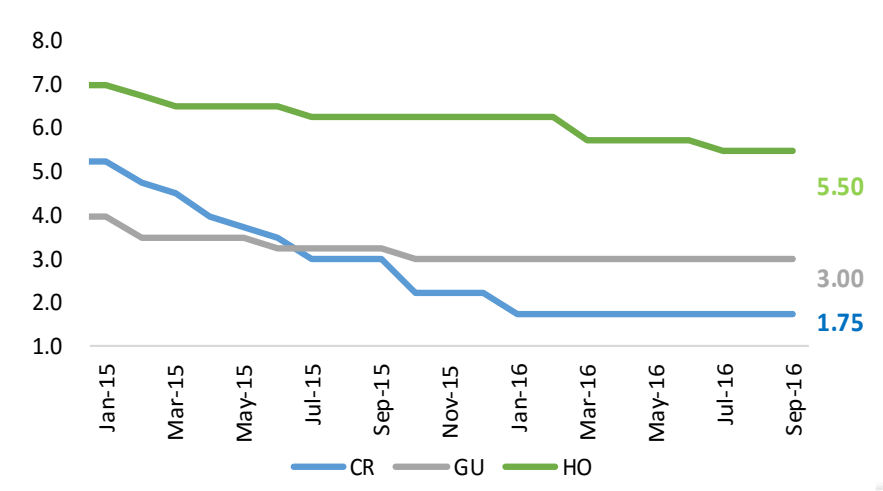
Source: SECMCA

## Regional Exchange Rates



Source: Bloomberg

## Central Banks' Interest Rates



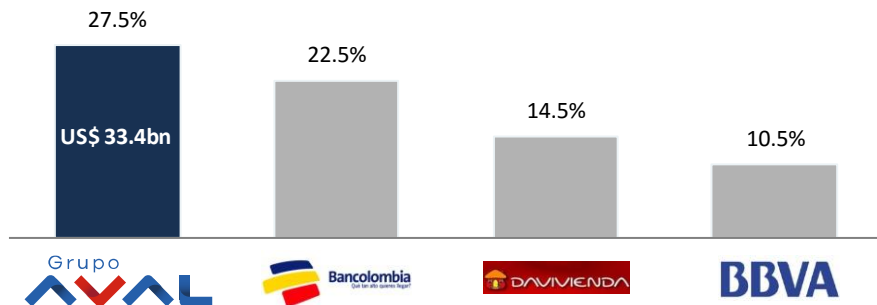
Source: SECMCA

# Grupo Aval continues to be a clear leader in the Colombian market

## Combined Unconsolidated Market Shares of our Colombian Banks as of June 30, 2016

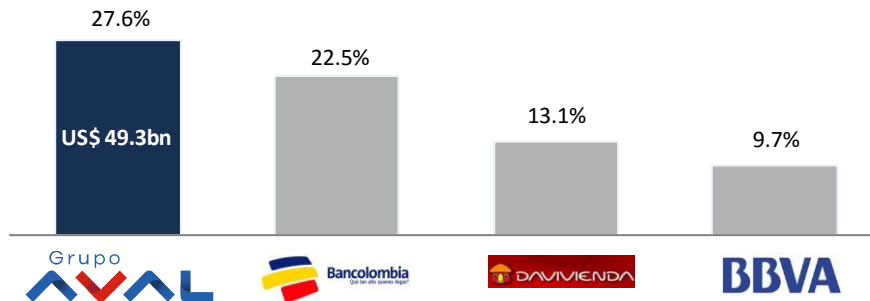
### Net Loans <sup>(1)</sup>

System: US\$ 121.5bn



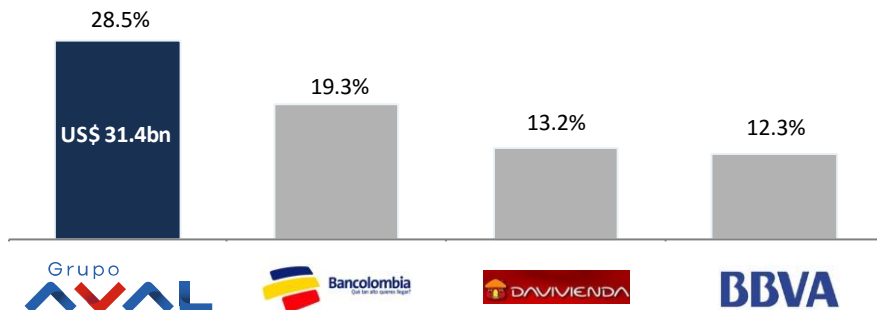
### Total Assets

System: US\$ 178.9bn



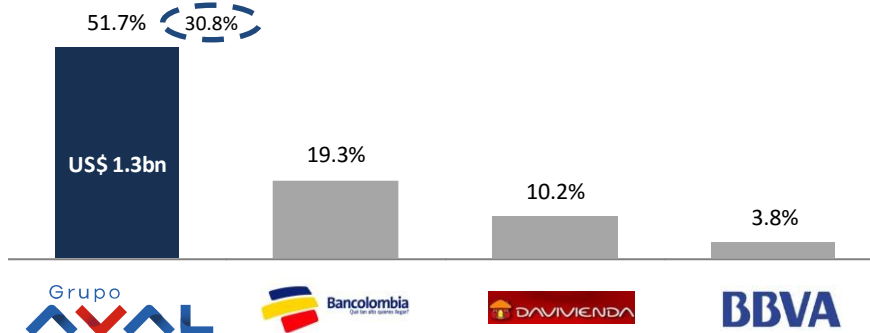
### Deposits <sup>(1)</sup>

System: US\$ 110.3bn



### Net Income for the 6 months ended June 30, 2016

System: US\$ 2.5bn

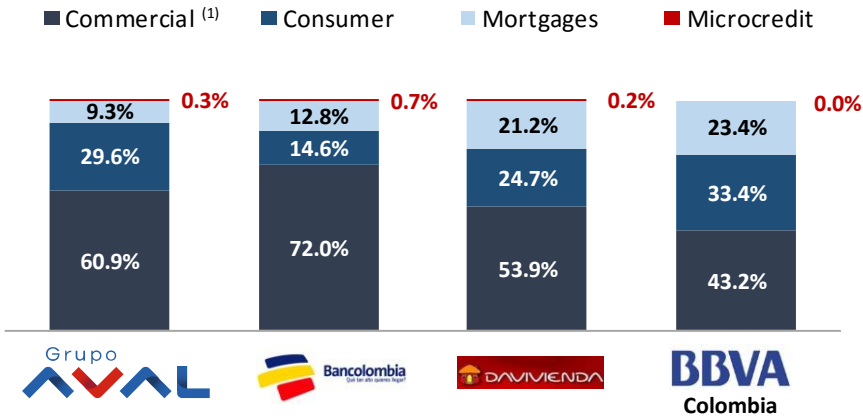


Source: Unconsolidated information under IFRS filed with the Colombian Superintendency of Finance and published monthly; as of June 30, 2016. System: Sum of banks. Grupo Aval is the sum of Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas. Figures were converted with the representative market rates as computed and certified by the Superintendency of Finance of Ps 2,919.01 as of June 30, 2016. <sup>(1)</sup> Figures refer to net loans and leases excluding interbank & overnight funds for comparative purposes; Deposits are calculated as checking accounts, savings accounts and time deposits.

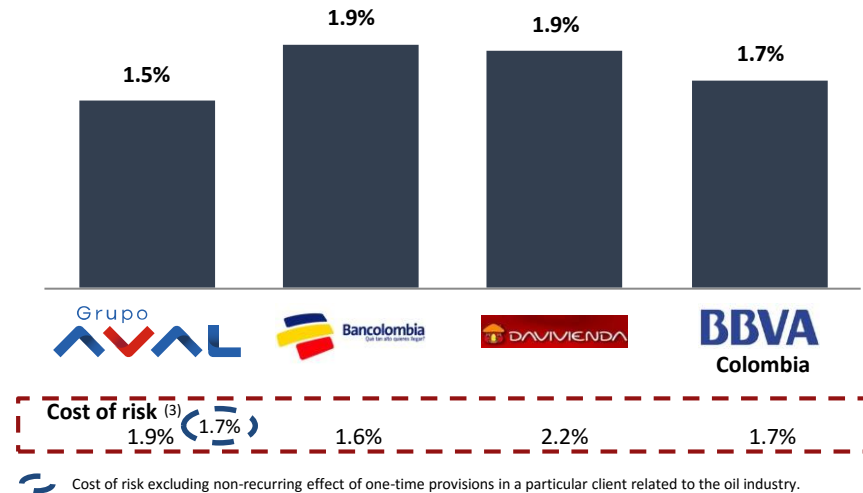
Adjusted for the non-recurring effect of US\$ 756.4 million associated with the deconsolidation of Corficolombiana at Banco de Bogotá, accounted for during June 2016.

# Grupo Aval remains a strong competitor among its peers

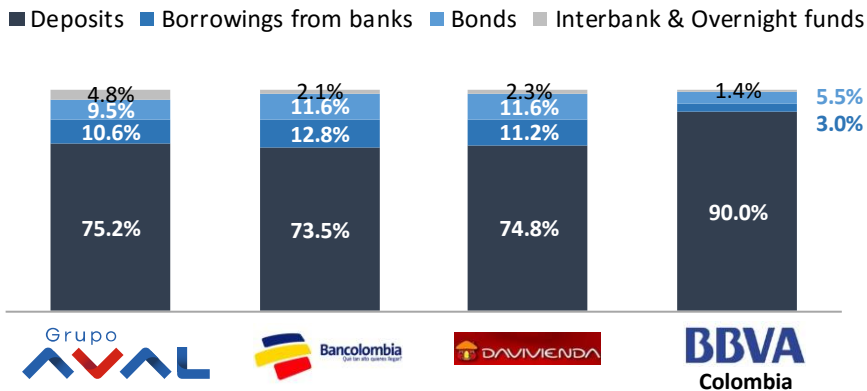
## Gross Loan Portfolio Composition – June 30, 2016



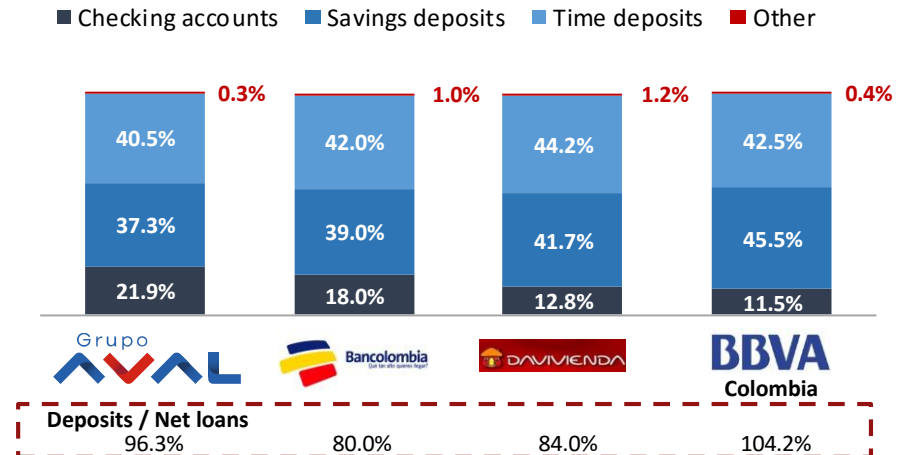
## Loan Portfolio Quality (PDLs 90+) (2) June 30, 2016



## Funding Composition – June 30, 2016



## Deposit Composition – June 30, 2016



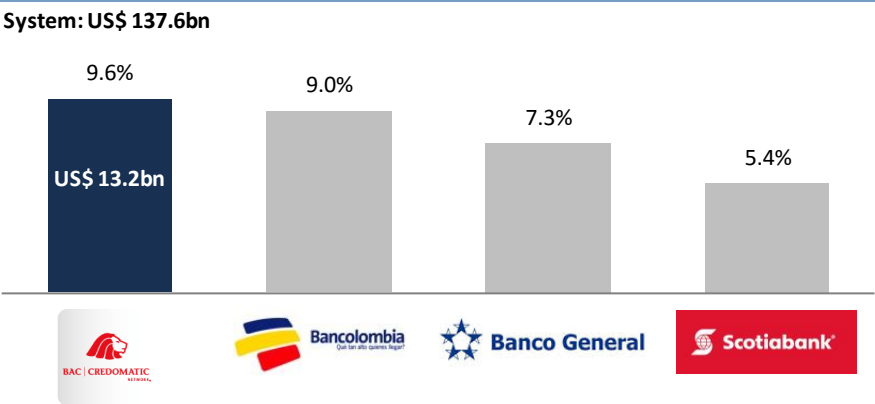
Source: Consolidated figures based on company filings as of June 30, 2016. Figures were converted with the representative market rates as computed and certified by the Superintendencia de Finance Ps 2,919.01 as of June 30, 2016. (1) Includes interbank & overnight funds and others; (2) PDLs 90+ as reported in consolidated figures, except for BBVA which refers to loan capital 90+ days past due on an unconsolidated basis as reported to the Superintendencia de Finance. For Grupo Aval, +90 days PDLs would have been 1.8% when including interest accounts receivable; (3) Calculated as 6-month Impairment loss net of recoveries of charged-off assets divided by Average gross loans excluding interbank and overnight funds (total loans at the end of the period plus total loans at the end of the prior period, divided by two)



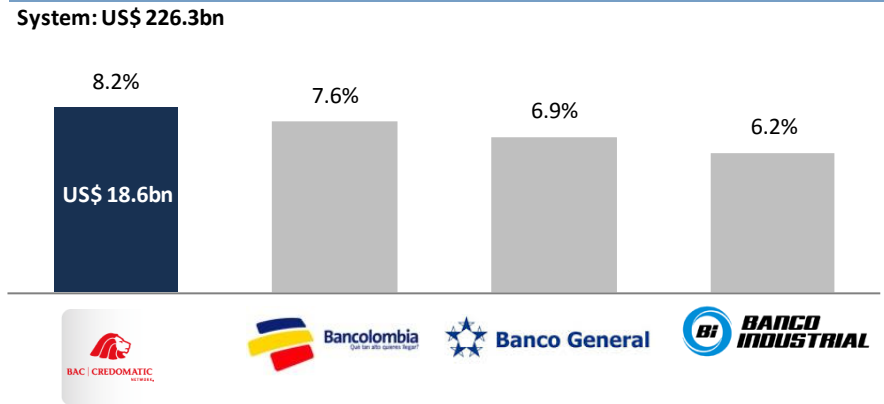
# Through BAC Credomatic, Grupo Aval is the largest and one of the most profitable regional players in Central America

## Central America Market Share as of June 30, 2016

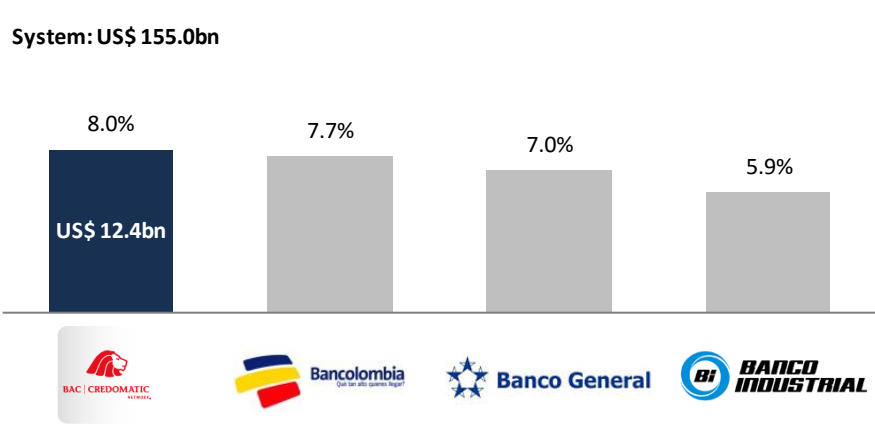
### Net Loans



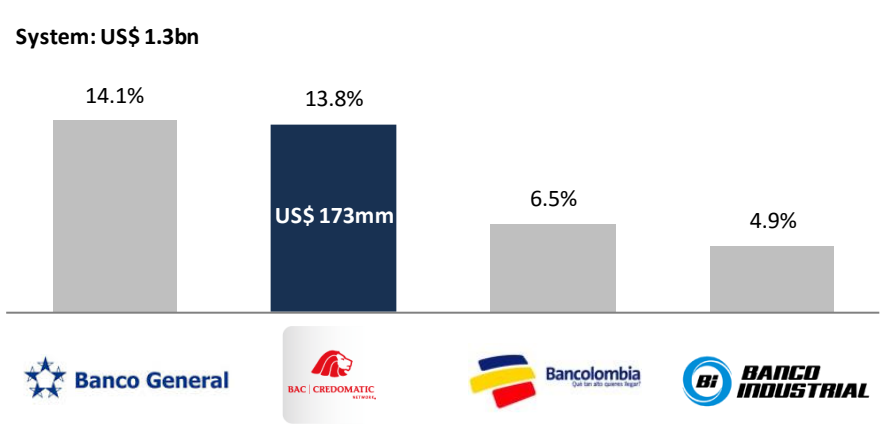
### Total Assets



### Deposits



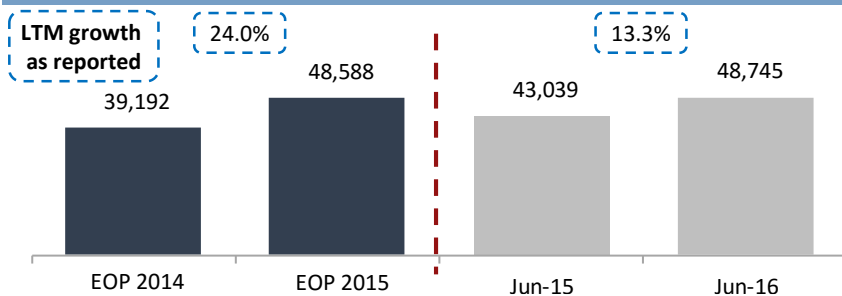
### Net Income for the 6 months ended June 30, 2016



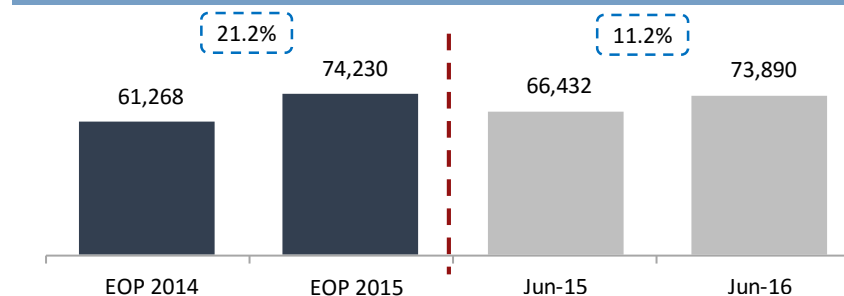
Source: Company filings. Calculated based on publicly disclosed data aggregated from the local superintendencies of Costa Rica, Honduras, El Salvador, Guatemala, Nicaragua and Panama. BAC Credomatic's net income reflects BAC Credomatic International's results, since it acts as the regional holding company in Panama. Market share is determined based on the sum of each bank's operations in the aforementioned countries. Bancolombia includes Banistmo (Panama), Bancolombia (Panama), Grupo Agromercantil (Guatemala) and Banco Agrícola (Salvador).

# Grupo Aval's track record of consolidated results (1/2)

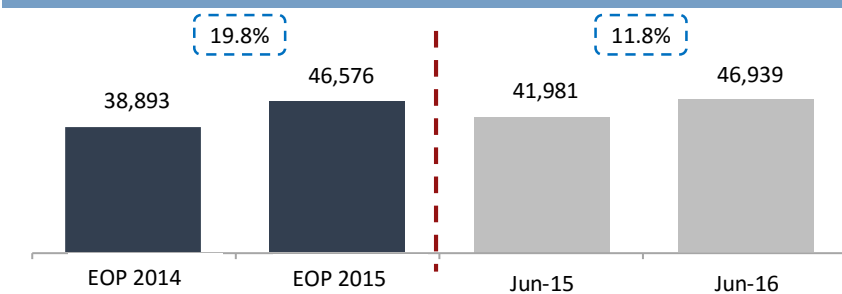
## Net Loans and Leases (US\$ mm)



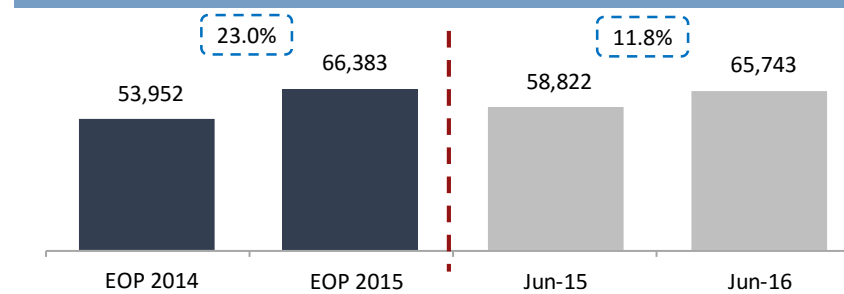
## Assets (US\$ mm)



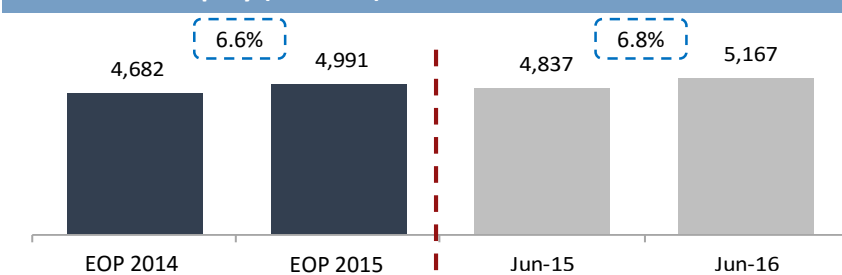
## Deposits (US\$ mm)



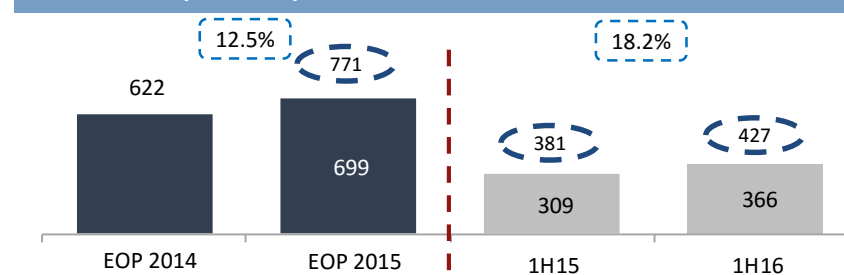
## Liabilities (US\$ mm)



## Attributable Equity (US\$ mm)



## Net Income (US\$ mm)



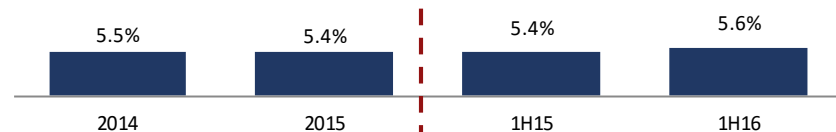
Source: Company filings. Consolidated results of Grupo Aval. All figures were converted with the representative market rate as computed and certified by the Superintendency of Finance of Ps 2,919.01 as of June 30, 2016, to maintain comparability.

<sup>(1)</sup> Net income includes US\$71.5 billion and US\$61.3 billion of attributable wealth tax paid during 1Q15 and 1Q16, respectively.

<sup>(2)</sup> Figures adjusting for one-time payment of attributable wealth tax of US\$71.5 billion and US\$61.3 billion for 2015 and 2016 respectively.

# Grupo Aval's track record of consolidated results (2/2)

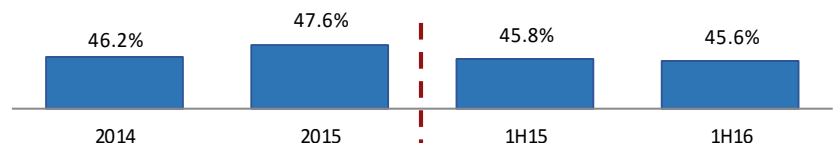
## Net Interest Margin



	2014	2015	1H15	1H16
NIM on loans <sup>(1)</sup>	6.3%	6.3%	6.3%	6.5%
NIM on investments <sup>(2)</sup>	2.0%	1.4%	1.7%	0.9%

NIM calculated as Net interest income divided by total average interest-earning assets (for 2014 and 2015 according to 20-F and for semesters total interest-earning assets at 4Q15, 1Q16 and 2Q16, divided by three)

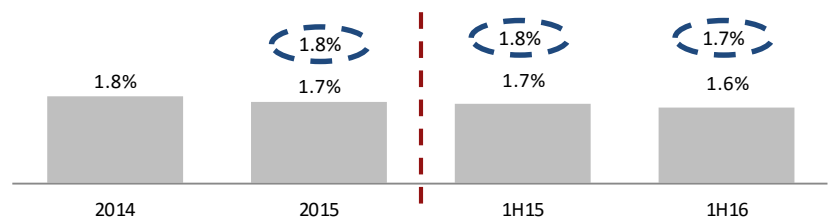
## Efficiency and Cost to Assets



	2014	2015	1H15	1H16
Cost to assets	3.3%	3.4%	3.3%	3.5%

Efficiency and Cost to assets: Calculated as operating expenses before depreciation and amortization divided by total operating income for efficiency and divided by average total assets (for 2014 and 2015 according to 20-F and for semesters total assets at 4Q15, 1Q16 and 2Q16, divided by three) for cost to assets. Both calculation exclude the full wealth tax from operating expenses.

## ROAA

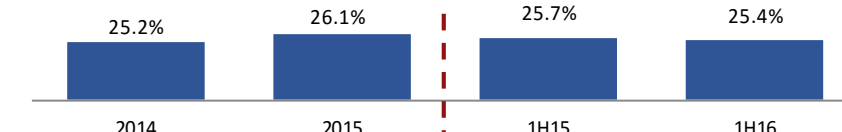


Calculated as income before non-controlling interest divided by average assets (for 2014 and 2015 according to 20-F and for semesters sum of total assets at 4Q15, 1Q16 and 2Q16, divided by three).

Source: Company filings. <sup>(1)</sup> Net Interest Income on Loans to Average loans and financial leases; <sup>(2)</sup> 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; <sup>(3)</sup> PDLs +90 days exclude interest accounts receivable, when including them quality would be 1.7%, 1.7%, 1.8% and 1.8% for the reported periods.

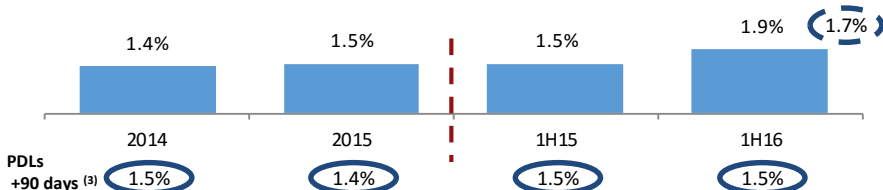
Figures adjusting for one-time payment of attributable wealth tax of US\$71.5 billion and US\$61.3 billion (for net income and ROAE) and total wealth tax of US\$103.9 billion and US\$ 91.7 (for ROAA) for 2015 and 2016 respectively. Cost of risk and charge-offs excluding non-recurring effect of one-time provisions in a particular client related to the oil industry.

## Fee Income Ratio



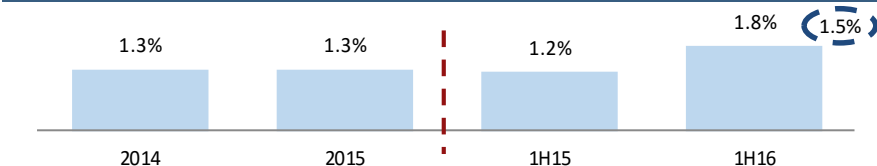
Fee Income ratio: net fee income divided by total operating income before net provisions excluding other operating income

## Cost of Risk

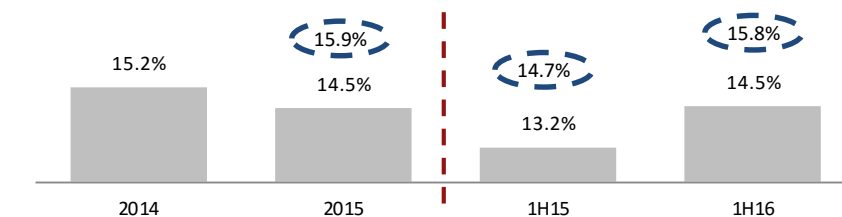


Cost of Risk: Impairment loss net of recoveries of charged-off assets divided by Average gross loans excluding interbank and overnight funds (for 2014 and 2015 according to 20-F and for semesters average gross loans at 4Q15, 1Q16 and 2Q16, divided by three)

## Charge-offs / Average Gross Loans



## ROAE



Calculated as net income divided by average equity attributable to owners of the parent company (for 2014 and 2015 according to 20-F and for semesters equity attributable to owners of the parent company at 4Q15, 1Q16 and 2Q16, divided by three).

# Grupo Aval's diverse sources of value generation

## Key Figures US\$ mm (As of June 30, 2016)

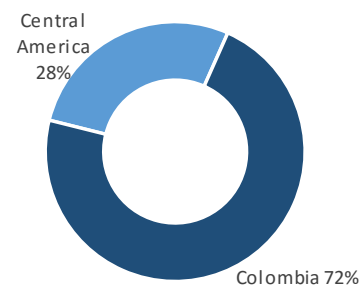


Net Loans	31,392	8,901	5,261	2,957	568	48,745
Assets	46,127	12,353	6,979	4,195	6,782	73,890
Deposits	29,944	8,504	4,772	3,160	1,357	46,939
Liabilities	40,469	10,903	6,074	3,732	5,129	65,743
Total equity (2)	5,658	1,450	906	463	1,653	8,147

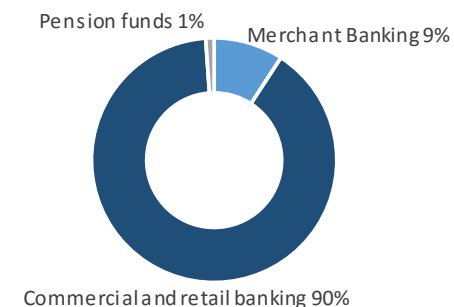
## Business Composition

### By Assets – As of June 30, 2016

#### Geographic

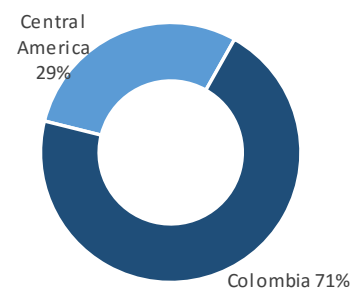


#### Business

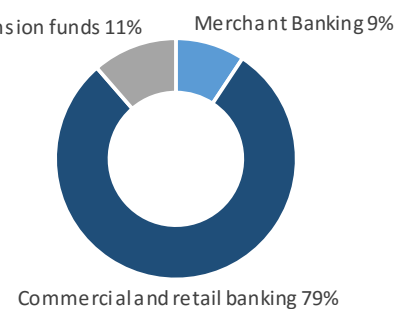


### By Net Income – 6 month period ended June 30, 2016

#### Geographic



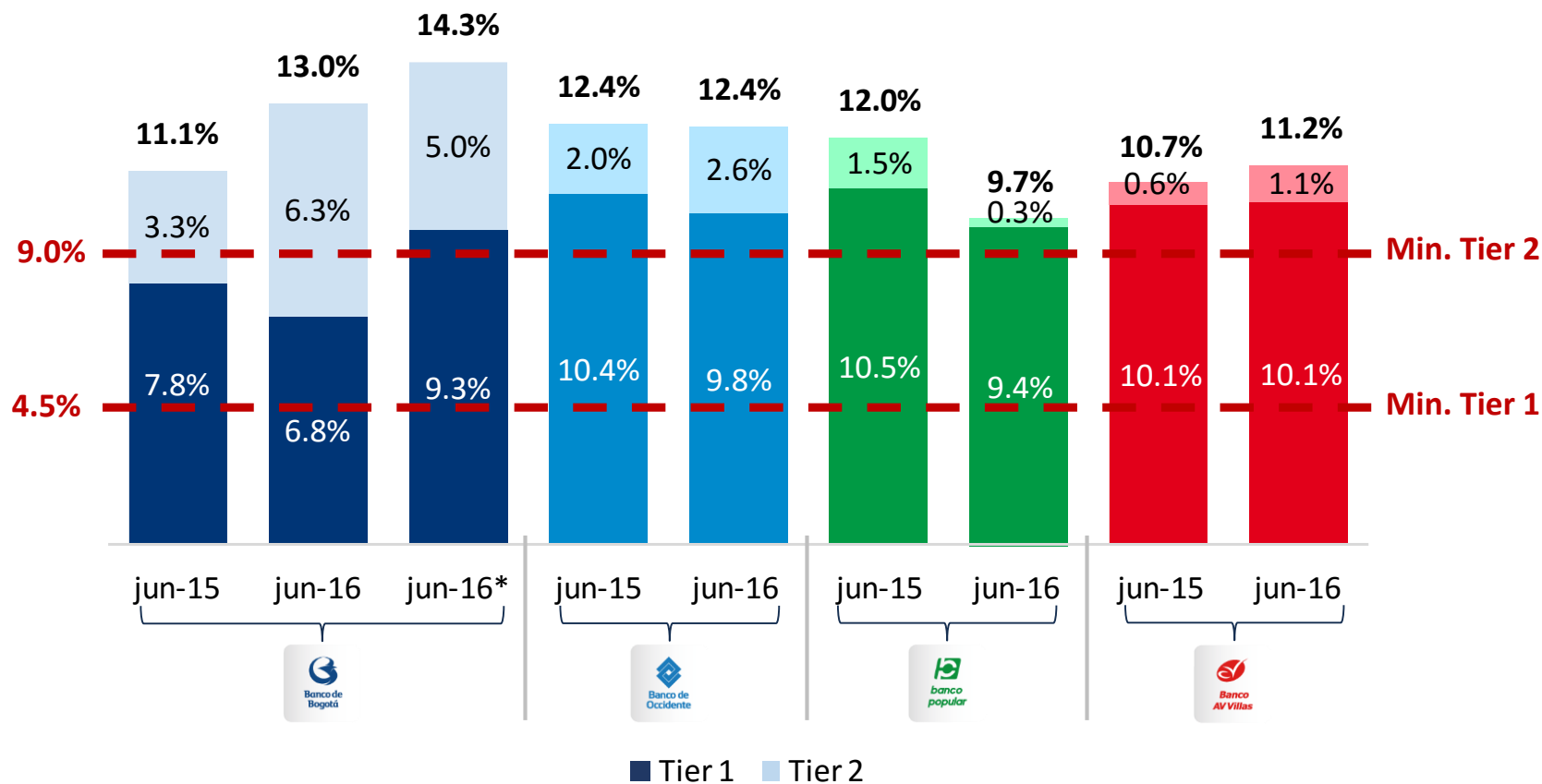
#### Business



Source: Unaudited company filings under IFRS. (1) Companies that consolidate into Banco de Bogotá; (2) Includes attributable equity and minority interest; Figures were converted with the representative market rates as computed and certified by the Superintendency of Finance of Ps 2,919.01 as of June 30, 2016.

# Recent evolution of our banks' consolidated solvency ratios

## Consolidated Solvency Ratios of our Banks



Source: Consolidated figures based on company filings.

(\*) Banco de Bogotá's pro-forma solvency ratio as estimated after the general shareholders meeting approves the capitalization of the extraordinary Ps. 2.2 trillion gain derived from the deconsolidation of Corficolombiana plus the capitalization of at least 50% of the recurring net income of the first semester of 2016..

Grupo

