3Q2021 CONSOLIDATED EARNINGS RESULTS CALL TRANSCRIPT

GRUPO AVAL ACCIONES Y VALORES S.A.

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Operator: Welcome to Grupo Aval third quarter 2021 consolidated results conference call. My name is Hilda and I will be your operator for today's call.

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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.

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 risks described from time to time in our filings with the Registro Nacional de Valores y Emisores and the SEC.

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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.

At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. I will now turn the call over to Mr. Luis Carlos Sarmiento Gutiérrez, Chief Executive Officer. Mr. Luis Carlos Sarmiento Gutiérrez, you may begin.

Luis Carlos Sarmiento Gutiérrez: Good morning and thank you all for joining this quarter's conference call.

To jump right into it, I'm happy to say that Grupo Aval posted its best pre-tax income for a quarter during the third quarter of this year. And, even despite a COP 200 billion non-recurrent tax expense, the company delivered strong net income in the quarter.

As in previous calls, I will cover the following subjects: an overview of our macro scenario, a quick update of our loan relief programs, the progress of our digital efforts, and the main highlights of our financial performance. In this call, I will also update our progress regarding our recent announcement of the BAC Spin-off transaction.

In general, during the third quarter, global economies continued to show robust growth, while inflation has crept up, causing central banks to tighten monetary policies, and supply chains, disrupted during the worst of the pandemic, struggled to regain some sense of normality.

For the most part, vaccination programs have shown effectivity and thus most countries are allowing its citizens to return to the lives they had before the pandemic, albeit mostly to those who have been vaccinated and even so, conditioned to new sanitary and presential work guidelines.

Colombia has not been an exception. As of the beginning of November, 48 million doses have been administered and 22 million persons have been fully vaccinated.

At the end of the quarter, consumer confidence has reached its highest level since the beginning of the pandemic as consumer spending made a very strong comeback.

As a result, on a seasonally adjusted basis, during the third quarter of this year, the economy grew approximately 13% versus the same quarter a year earlier, and GDP grew 10.3% in the nine months ending in September. In more detail, from the supply side, during the quarter all sectors of the economy expanded, while the most dynamic sectors were commercial activities that grew 34%, manufacturing that grew 18.7%; and government services that grew 7.9%. From the demand side, total consumption increased almost 17% and investment grew 3.6%. Consumption growth was driven by a 19.9% increase in household consumption and a 19.2% increase in government spending.

Analysts have continued to raise their forecasts of GDP growth for 2021. In its latest meeting, the Central Bank revised upward its growth forecast to 9.8%, the Ministry of Finance to 8.5%, and the IMF to 7.6%. We expect growth to continue in the last quarter given the large inflow of remittances of workers from abroad, higher prices of oil, coal and coffee, and the progress of the vaccination campaign. Therefore, we now anticipate GDP growth of approximately 9% in 2021.

For 2022, analysts anticipate a GDP growth rate close to 4%, given a market sentiment that remains optimistic despite the uncertainty associated to an electoral year. The Central Bank is now forecasting a GDP growth of 4.7% in 2022 and the

IMF of 3.8%. We expect GDP growth in the 4% area in 2022.

The labor market has also continued to improve. As of September, unemployment had recovered to 12.1%, the lowest since the beginning of the pandemic. After the loss of approximately 6 million jobs due to the pandemic, more than 5.2 million jobs have been recovered led by commerce, construction, and entertainment activities. Informality levels have fallen to 46.4% from a maximum of 48.2% registered in January 2021. We expect additional gains in the payroll numbers and expect unemployment to fall below 12% by the end of the year, reaching an average close to 14% for 2021.

Regarding consumer prices, 12-month inflation reached 4.58% in October, almost 300 basis points above 12-month inflation as of October 2020. Value Added Tax holidays have proven to be deflationary, as evidenced in October, when inflation was 0.01%. We expect that future VAT holidays could further help to ease inflationary pressures from higher transportation costs and surges in producer prices. We also expect, as does the Central Bank, that 12-month inflation will reach 4.8% by the end of the year.

Medium-term inflation expectations remain anchored at around 3% but given the pressure on producer prices and a weaker peso, it is likely that inflation will converge in 2022 towards 3.4%.

In this context, the Central Bank will probably continue tightening monetary policy in 2022. The repo rate is currently at 2.5% after two consecutive hikes of 25 and 50 basis points. Given inflation expectations and GDP growth, we share analysts' estimations which anticipate that the repo rate could increase to 4% at the end of the first half of 2022 and to 4.5% by year end.

Regarding the exchange rate, in the last few weeks, the peso has weakened to almost COP 3,900 per dollar, largely explained by a strengthening of the dollar in international markets, principally associated to the announcement that the FED will start tapering its bond purchases in the next few months. The peso has however remained stronger than currencies of other countries in the region due to the inflow of dollars from the sale of ISA to Ecopetrol, the purchase of foreign-currency reserves from the Central Bank, and the most recent issuance of global bonds by the Ministry of Finance. It is foreseeable that these inflows of dollars will return the exchange rate to the COP 3,700 to 3,800 per dollar range at the end of this year.

On the fiscal front, Congress recently approved a new tax law that extends social programs such as the transfers to the poorest households until 2022 and raised its fiscal revenues by COP 15 trillion by increasing the corporate tax rate to 35% permanently and the financial sector tax rate to 38%, until 2025. Other components of the tax reform include reducing tax deductible expenses, strengthening legal measures to fight tax evasion, and freezing government spending. The additional revenues from this bill should be enough to stabilize the path of public debt in the medium term but most probably will require yet another reform sometime in the next four years. The government continues to expect the fiscal deficit to reach 8.6% of GDP in 2021 and 7% of GDP in 2022.

Finally, the current account deficit is expected to widen to 5.3% of GDP in 2021, up from 3.3% in 2020, mostly due to imports which have proven more resilient than better priced coffee, oil and coal exports. In 2022, we expect a modest correction of the current account deficit to 4.5% of GDP in a scenario in which commodity prices continue to be high, the negative shocks to oil and coal production would be partially diluted, and net tourism receipts gradually recover.

With respect to Central America, year-on-year reported growth as of September 2021 was 13% when compared to the same nine-month period the year before. During 2020, the economy had contracted 10% versus 2019. As such, the IMF adjusted its GDP growth forecasts and now expects approximately 8% growth of the region's economy in 2021 and a 4.6% in 2022 as Central America continues to benefit from the economic recovery of the United States and the positive implications in trade and remittances. On the negative side, current oil prices may prove burdensome for a net oil importer such as Central America.

Regional inflation for the last 12 months was 3.3% as of September 2021, more than double 2020's inflation during the same period. Furthermore, countries with dollarized economies such as Panama and El Salvador have seen an acceleration in inflation in recent months when compared to the other countries in the region. Consequently, the central banks of Costa Rica and Guatemala completed 16 months without changes in their interest rates at 0.75% and 1.75%, respectively, while Honduras has remained almost a year with its reference rate at 3%.

We will continue to provide information on the status of the loan reliefs granted by our banks during 2020 until these are negligible as a percentage of our total loan portfolios.

As of September 2021, we had active reliefs, including both structural agreements and payment holidays, representing approximately 9.8% of our total consolidated loan portfolio versus 11.5% as of last June. This percentage represents approximately COP 21.5 trillion in active reliefs in September, versus 24.5 trillion as of June.

In Colombia, active reliefs amounted to COP 8.2 trillion or 6% of the Colombia loan portfolio, including COP 8.1 trillion in structural agreements.

In Central America, reliefs amounted to COP 13.3 trillion, representing 16.2% of the region's portfolio, including 10.5 trillion in structural agreements. Reliefs in Central America continue to be driven by Panama, which accounted for approximately 44% of the region's active reliefs and 89% of the remaining payment holidays.

Of all loans that have concluded the relief periods, those currently past-due 90-days or more represent approximately 1% of our total consolidated loan portfolio, while those currently past-due 30-days or more represent 1.8% of our total consolidated loan portfolio.

Our digital strategy continues to yield results.

- As of September 2021, clients actively transacting with our banks through our digital channels totaled 5.5 million, almost 40% more than 12 months ago.
- Our banks sold 1.7 million digital products during the first nine months of 2021.
- In Colombia, 60% of all sales of retail products for which a digitalized solution has been developed are currently conducted through the digital application, while in Central America, approximately 25% of total retail sales are sales of digitalized products.
- In addition, year to date, of the total value of all monetary transactions through all our channels, close to 61% was transacted through our digital channels. Our branch network now represents only 36% of total amounts transacted.
- Last June 20, we launched our mobility ecosystem through carroya.com. Carroya is currently yielding 2.5 million visits per month, with one million subscribers. We're also starting to see a sizable amount of credit leads for our banks as a result. We're in the process of developing strategies to convert those users to digital clients of our banks or of Dale.
- We continue working on developing other ecosystems through metrocuadrado and elempleo.com and expect to launch these in 2022.
- Carroya, metrocuadrado and elempleo combined currently yield more than 80 million visits per year and serve over 10 million subscribers.
- In the meantime, we continue to add potential partners to the three ecosystems.
- As a result of our recently improved mobile banking apps and banking web pages, we have increased digital adoption from our retail clients to 65%.
- Augusta, our centralized data and analytics platform, continues to improve our sales effectiveness. Campaigns using Augusta have been able to increase purchase intent by 40%, and effective disbursements in specific campaigns have increased by 15%. Our churn rate has also decreased by 15%.
- Mathilde, our programmatic ad platform, has allowed us to reduce by 41% our CPM or the cost per thousand impressions, while increasing by 3.8 times the number of impressions.
- In Central America, as of September, we have 1.9 million active digital customers, of which 84% are active users of our banking app. In fact, the number of transactions through the banking app this year is higher than transactions through our online banking platform.
- Digital sales as of September approximated 500,000, which is already higher than total digital sales during 2020.
- We recently launched a personal finance solutions app for our customers, which has more than 500,000 subscribers with a high customer satisfaction rating.
- Regarding customer service, digital clients' interaction represents approximately 60% of total interactions.
- And to finish Central America, our transactional app Cash continues to be

in the top three downloaded financial apps in Guatemala, Honduras and Costa Rica.

Moving on, as you may recall, on September 15th, we announced Banco de Bogotá's intention to spin-off to its shareholders, including Grupo Aval, 75% of its equity interest in BAC's olding company, BAC Holding International Corp. or BHI, which was previously named Leasing Bogotá Panama S.A. and Grupo Aval's intention to follow suit and spin-off to its own shareholders the shares of BHI it receives from Banco de Bogotá.

We believe that these transactions will ultimately generate value for our shareholders as a result of simplifying Banco de Bogota's and Grupo Aval's corporate structures while allowing for more efficient capital, fiscal and regulatory structures. We also believe that the proposed spin-off would allow Grupo Aval, Banco de Bogotá and BAC to strengthen their respective strategic positions to capture future growth, and to more quickly adapt to their local markets' dynamics.

These transactions require, and we are willing to the process of obtaining, approvals from regulators in Colombia, Central America, the Caribbean, and the United States, from certain creditors and from shareholders and any others required under contractual arrangements. We expect to close the transaction before the end of the first quarter of 2022.

Finally, Diego will refer next in detail to our financial performance during the third quarter of 2021, and will also provide guidance for 2021 and 2022 of Grupo Aval and BHI on a combined basis.

But before that, I would highlight the following:

- This third quarter was characterized by growth in the economy and strong loan demand in excess of what, I believe, any of us players in the financial sector had foreseen. I also think that we have been very pleasantly surprised by our debtors' commitment to serve their loans. This has been, in any case, excellent news as the most immediate result is that, as I said before, we recorded the company's best quarter ever on a pre-tax basis, and that we have exceeded our budgets for 2021.
- We have to keep in mind, however, that this growth, albeit strong, has only taken our economies to roughly what they were back at the end of 2019.
- We're still dealing with adapting to a new normality and aspects such as physical versus virtual presence of our employees and with learning how to behave in open and closed public spaces.
- This has posed a challenge to our estimations of next year's macroeconomic drivers, somewhat compounded with uncertainty surrounding future fiscal reforms that have consistently targeted the financial sector and also the current electoral environment.
- In any case, we believe that we're presenting today a somewhat conservative guidance for next year, as is our custom, and we are presenting our guidance on a combined basis, BHI plus Aval, as in theory, our current investors will hold shares of both companies after the spin-offs.

So with that, I thank you for your attention and I pass on the presentation to Diego.

Diego Fernando Solano: Thank you, Luis Carlos. I will now move to the consolidated results of Grupo Aval under IFRS.

As highlighted in our report, Grupo Aval registered its best pre-tax income results ever for a quarter. This was driven by a controlled cost of risk, strong retail growth and steady NIM on loans, in spite of some emerging pressures on funding rates in Colombia.

Now, starting on page 10, consolidated assets grew 2.2% over the quarter and 5.3% year on year. Colombian asset growth recorded a 2.0% increase during the quarter and 6.1% year on year, while Central American assets recorded 0.8% quarterly and 5.5% year on year growth in dollar terms.

A quarterly depreciation of 1.7% and a 12-month appreciation of 1.4% take quarterly and annual growth in pesos of Central America to 2.5% and 4%, respectively. The share of Central America in our book remained at 36%.

Moving to page 11, our total loans grew 2.4% over the quarter and 4.3% year on year. Loan growth continued to show a positive trend in both regions. Colombian gross loan portfolio increased 1.5% during the quarter, faster than a quarter earlier, while 12-month growth was 3.8%. Demand for consumer loans was strong in Colombia, resulting in a 3.4% increase during the quarter and 12.7% year on year.

Competition remains high in low-risk products such as payroll loans. However, as pointed out in our last quarterly call, unsecured products continue to gain traction, which reflects an increase in the risk appetite of banks.

Payroll lending, that accounts for 61% of our Colombian consumer portfolio grew 3.7% over the quarter and 20.6% year on year.

Credit cards grew 2.5% and personal loans 2.7% over the quarter, the first positive figures in the year. These products account for 12% and 20% of our Colombian consumer portfolio, respectively.

As seen in other secured retail products in Colombia, mortgages remain dynamic, expanding 3.9% over the quarter and 13% year on year.

As experienced in Colombia with the recent quarters, the strong growth of retail lending products was partially dampened by a still sluggish performance of commercial loans. Our Colombian commercial loan portfolio continued its mild recovery, growing at a still shy 0.2%. Our growth in this segment versus that of our peers continues to be affected by our pricing discipline, where we privilege profitable customer relationships over market share. Cumulative 12-month commercial growth was negative at minus 1.8%, with a still high comparison base a year ago. This portfolio has grown 1.6% year to date.

Moving to Central America, our gross loan portfolio showed the best quarterly performance since 4Q 2019, with a 2.2% quarterly increase and a 6.5% increase year on year in dollar terms. Quarterly performance in Central America was driven by a 2.4% growth of consumer loans. This performance resulted from a 3.4% growth in credit cards and 1.1% in payroll loans. Quarterly growth in credit cards took the year on year growth of this product to 9.9%.

Commercial loans and mortgages grew 2.5% and 1%, respectively, during the quarter in Central America.

Looking forward, fundamentals for loan growth continue to be strong in both geographies. On the commercial loan front we expect competition to remain high supported by further improvements in economic activity and business confidence. On the retail lending front, we expect our banks to continue to extend their risk appetites allowing for further growth in high-risk products that had been deemphasized during the last year.

On pages 12 and 13 we present several loan portfolio quality ratios. As discussed on our last call, the COVID-19 credit juncture continued unwinding favorably for our banks during the third quarter, driven by the continued and stronger than initially forecasted recovery in both economies. This has translated into a better evolution of reliefs and a better performance of the rest of our portfolio, resulting in a significantly lower cost of risk than initially forecasted.

Loan reliefs continued to expire and returned to active payment schedules, particularly in Panama. As expected, these loans have higher delinquency ratios than average. However, the remainder of our loan portfolio, 90.2% of it, has benefited by a stronger economy, offsetting the burden of relieved loans.

As of September, we had 1.3% of our total gross loans under payment holidays and 8.5% under structural payment programs, together accounting for 9.8% of our loan portfolio.

In Colombia, 6% of our loans have some type of relief. Only 0.1% of our Colombian gross loans are still under payment holidays. The majority of reliefs are under structural payment programs.

In Central America, 16.2% of our loans still have some type of relief, 4.7% percentage points lower than last quarter. This is broken down in 12.7% of gross loans under structural payment programs and 3.5% under payment holidays. Although payment holidays persist, the outstanding balance in the region contracted by 53% over the quarter, down to USD $750 million with Panama accounting for 88.5% of those.

At the end of period, 4.4% of our total loans that in the past had benefited either from payment holidays or were restructured and that had returned to active payment schedules were past due more than 90 days. These past due loans continued representing 1% of our total gross loans. These numbers were 7.5% and 1.8% for loans past due more than 30 days.

In Colombia, 6.2% of loans previously relieved that had resumed active payment schedules, were 90-days past due, representing 1.1% of gross loans. For 30-days PDLs, these numbers were 9.2% and 1.6%.

In Central America, 2.9% of loans previously relieved, that had returned to active payment schedules where 90-days past due, representing 1% of gross loans. For 30-days PDLs, these numbers were 6.1% and 2.1%.

As mentioned before, the deterioration in relief loans was offset by the improvement of the rest of the loan portfolio. This resulted in the improvement of overall metrics for 30-day and 90-day PDLs during the quarter. Our allowance coverage for 30-day and 90-day PDLs improved over the quarter.

PDL formation was particularly low during the quarter due to a positive performance of our vintages in Colombia. This added to the return of COP 583 billion of Avianca-Taca Group loans to current. Almost the entire PDL formation, or the remaining PDL formation, was explained by retail products.

The quality of our loan portfolio improved relative to a quarter and to a year ago to 4.4% on a 30-day PDL basis and 3.1% on a 90-day PDL basis.

The breakdown of our loan portfolio by stages continues to improve, with stage one loans gaining 88 bps in the mix, compensated by 70 bps and 18 bps decrease in Stage 2 and Stage 3 loans.

The improvement was mainly driven by our consumer loan portfolio in both geographies, which recorded 216 bps increase in the share of Stage 1 loans to 81.6%, a 201 bps decrease in Stage 2 loans to 13.8%.

Cost of risk, net of recoveries was 1.5%, 47 bps lower than the 2% for the previous quarter and 140 bps lower than the 2.9% a year earlier. This quarter incorporates 77 bps and 14 bps improvement in commercial and retail loans, respectively. Quarterly cost of risk fell 79 bps in Colombia and increased 5 bps in Central America. In Colombia, the cost of risk fell 89 bps for commercial loans and 66 bps for retail loans. In Central America, the cost of risk for commercial loans fell 51 bps, while that for retail loans increased 55 bps.

Finally, the ratio of charge-offs to average 90-day PDL was 0.69 times. This figure was 17 percentage points lower than that a year ago, when we charged off Ruta del Sol.

On page 14, we present funding and deposit evolution.

Our funding structure shifted slightly over the quarter. This reflects our banks' efforts to control a rising pressure on cost of funds by deleveraging part of the excess liquidity built during the pandemic. Deposits account for 76.2% of total funding, down from 77.9% a quarter earlier. This was offset by an increase in the share of interbank borrowings. Deposits contracted 0.3% during the quarter and grew 3.7% year on year. Colombian deposits decreased 1.9% during the quarter, while Central America grew 0.5% in dollar terms. Over the 12-month period, Colombian deposits grew 0.6% and Central America 10.1% in dollar terms. We recorded 107% in deposits to net loans and 15.9% in cash to deposits at the end of quarter.

On page 15, we present the evolution of our total capitalization, our attributable shareholders equity, and the capital adequacy ratio of our banks.

Our total equity grew 3.9% over the quarter and 8.4% year on year, while our attributable equity increased 4.1% over the quarter and 7.3% year on year. Growth was mainly driven by our earnings.

As mentioned on our last call, effective on July 31st, changes in the control structure of Porvenir were completed. Banco de Bogotá no longer consolidates Porvenir, as Grupo Aval will go on to consolidate it directly. This change explains most of the changes in core equity tier one of Banco de Bogotá and of Banco de Occidente.

On page 16, we present our yield on loans, cost of funds, spread and net interest margin.

NIM performance during the quarter was driven by a stable NIM both on loans and on investments. NIM on loans remained at 5.8% during the quarter as the spread between yield on loans and cost of funds remained materially flat at 6%. As previously mentioned, the anticipated increase in reference rates began to be priced into our floating loans. Our banks successfully contained the pressure of cost of funds, resulting from floating and short-term funds incorporating expected changes in the Central Bank rate. NIM on investments was materially stable at 1.4% during the quarter.

On page 17, we present net fees and other income. Gross fee income increased 13.1% year on year and 9.4% quarter on quarter. Large contributors to this performance were: the recovery of our merchant acquiring business in Central America and the strong performance based pension management fees in Colombia. In Central America, the advance in vaccination programs has enabled a stronger consumer activity, that translated in an increase in merchant sales through POS across the region, business in which BAC holds a privileged share.

The decrease in income from the non-financial sector primarily reflects a lower performance of the infrastructure sector, mainly due to a deceleration in the construction progress of our toll roads.

On the bottom of the page, the quarterly increase in other income is explained by an extraordinary dividend from Grupo Energía de Bogotá that was partially compensated by a lower contribution from FX and derivatives.

On page 18, we present some efficiency ratios. Cost to income increased to 47.1% and cost to assets to 3.3%. Increases in both metrics reflect costs associated with higher commercial and operational levels given the recovery in dynamics in both regions. In fact, year to date Opex compared to 2019, a pre-pandemic year, grew 1.8% in Colombia and 1.6% in Central America in dollar terms, excluding the effect of the MFG operation acquisition.

Given the low 2020 comparison base due to the pandemic, year to date other expenses increased 4.2% year on year, resulting from growths of 2.2% in Colombia and 3% in dollar terms in Central America, excluding the effect of MFG.

Quarterly expenses grew 7.9% year on year, with Colombia growing 5.6% and Central America growing 7.5% in dollar terms. Compared to last quarter, other expenses increased 3.4%, with Colombia decreasing 1.3% and Central America growing 5.3% in dollar terms. Higher expenses during the quarter in Central America were affected by an uptick in the merchant acquiring business as reflected in gross fees.

Finally, on page 19, we present our net income and profitability ratios.

Attributable net income for 3Q 2021 was COP 780 billion or COP 35 per share. This quarter included the negative effect of the tax bill passed in Colombia, which impacted our attributable net income by COP 201 billion.

Despite this effect, quarterly net income was 12.9% higher than a year earlier. Our ROAA for the quarter was 1.4% and 1.7% year to date. Our ROAE for the quarter was 14.2% and 15.9% year to date.

I will now summarize our guidance for 2021 and 2022. For comparison purposes, this guidance refers to our business as is, that includes 75% of the BAC Holding International operation that we intend to spin-off early next year.

We expect 2022 loan growth to be in the 9% area, slightly lower than the 10% foreseen for 2021.

We expect NIM on loans and total NIM for 2022 to be stable compared to 2021 at 5.8% and 4.8%, respectively.

Cost of risk will continue to be lower than previously foreseen and trend down, closing 2021 in 1.9% area and falling to 1.7% in 2022.

Net fee growth is expected to close in the 12.5% area in 2021 and to be in the 6% area in 2022.

2021 Non-Financial Sector is expected to close at a level similar to that of 2020. The contribution of the Non-Financial Sector in 2022 is expected to be 75% of that observed in 2021.

Expenses are expected to grow 3.5% in 2021 and to grow in the 6.5% to 7% range in 2022.

As discussed earlier, ROAE is affected by the recent tax reform that implied a one-time impact on 2021 attributable net income of COP 201 billion or around 1 percentage point of ROAE. Absent of this effect, 2021 ROAE would be in the 15.5% area. When including this impact ROAE is expected to close in the 14.5% area in 2021. Starting 2022, we estimate a permanent effect of close to half of a percent of return on average equity per annum from this tax reform. Therefore, we expect ROAE to be in the 14.5% to 15% range in 2022.

We are now open to address your questions.

Operator: Thank you. We will now begin the question and answer session. If you have a question, please press star (*) and then one (1) using your touchtone phone. If you wish to be removed from the queue, please press the pound sign or hash key (#). If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press star (*) and then one (1) using your touchtone phone.

We have a question from Jason Mollin, from Scotiabank. Please go ahead.

Jason Mollin: Hello, everyone. I have two questions. The first is on the previously announced plan to raise capital, if you can provide any details or how that would work if that's going to be at the Aval level or at the Banco de Bogotá level or what we should expect on that front?

And a second question is on the spin-off related to the Central American operations. If you can speak to the stock expectations for stock trading liquidity for the entity that will be spun off and if you think this will impact the trading for Aval. Thank you.

Luis Carlos Sarmiento Gutiérrez: I'll take the first one. Ok. Hi, Jason. With regards to your first question as to the capital raised, what we're thinking is, well, first we have to gauge what the capital needs of Banco de Bogotá might need be after the spin-off. What we know right now is that the regulatory capital ratios of Banco de Bogotá will look even stronger than they look today after the spin-off. However, what we've decided is that we'll put a big push for growth in Banco de Bogotá. As I think we've probably mentioned in the past, we've always been very satisfied with the level of P&L and net income at the bank level, but not as much with growth. So that's what the push is going to be for, meaning then that we still have to gauge what the capital need at Banco de Bogotá would be.

And to address your question specifically so one, yeah, if we raise capital, it will be at the Banco de Bogotá level. But because Aval is obviously Banco de Bogotá's largest shareholder, then we would probably raise capital level at the Aval level first and then use that to intern capitalize Banco de Bogotá. So that's with regard to your first question.

Diego Fernando Solano: Yeah. And regarding the liquidity after the spin-off, bear in mind that what we are planning to do is basically give to the shareholders of Banco de Bogotá first and then of Aval exactly the same share that they had before in the spun-off company. Therefore, indeed you're breaking down Banco de Bogotá into two different buckets. However, when the new vehicle goes up to the Aval level, it will pick up both the minorities of Banco de Bogotá, as well as of Aval. Therefore, the float of the resulting company will be the sum of the flows of both levels.

Luis Carlos Sarmiento Gutiérrez: The shares will trade initially in the Colombian stock exchange and in the Panamanian stock exchange so that shareholders will be able to trade them.

Operator: Thank you. The next question comes from Yuri Fernandes, from JP Morgan.

Yuri Fernandes: Hi all, thank you and congrats on the quarter. I have a question regarding the guidance on NIMs. I guess you mentioned for the next year stable margins. But I was thinking that given Stage 3 loans are improving, higher rates in Colombia and like this higher appetite for loan growth, why shouldn't NIMs move up next year? So that's the first question.

And I have just a follow-up regarding the capital increase. So basically, the potential proceeds from this capital increase is growth, it's growth for Banco de Bogotá. Or do you see other needs? Like you said, "Well, I want to invest more in technology." Is there any other needs on the capital, on the potential use of proceeds of this capital increase? Thank you.

Diego Fernando Solano: Let me start with the second question first. Yes, the main purpose is growth, the main purpose is to give Banco de Bogotá the instruments it might need to be able to claim a higher position, a larger share in the Colombian market. There is other uses of funds, but those are uses of funds that had been planned in advance. Particularly, you mentioned some of those in which we are working quite hard at this point, and it is modernizing Banco de Bogotá and all the process around digital where we are actively working.

Then, moving to your question on NIMs, this is a very good question. Because what we found over the past few cycles in Colombia is you actually need to be able to give NIM less cost of risk to get a sense of how the market is behaving. Indeed, when you take those into consideration, the margin that you would get that would be NIM after subtracting cost of risk will increase and that's implied in our guidance.

However, what we expect to see is even though some of our business will expand its NIM, particularly the corporate business will have a larger portion of NIM. We are also having competition on prices and then on the consumer side, most of our loans or some of our loans, particularly the payroll loans, are fixed rate. Therefore, those do not react as well to increases in rates. You get some contraction there. So when you add those to what happens on the corporate side, the consumer side and combine it with, this is an increase in rates that is tied to a better economy. What we expect to see is all those add up to something that is quite flat compared to what we have. However, we are getting the benefit of a lower cost of risk.

Operator: Thank you. Our next question comes from Julian Ausique, from Davivienda Corredores.

Julian Ausique: Hi, everyone, and thank you for having us. I have two questions regarding some follow-ups about the listing of BAC Holding International. I just heard that you mentioned that you will list the company in the Panama and in the Colombian stock exchange. I just want to confirm that.

And my second question is regarding the NIM, also, if you have any sensitivity about if the effective interest rate increase, what will be the impact in the NIM? And regarding that, I would like to know if you have, for example, if the Central Bank decided to increase the interest rate really high, if it will have some impact on the loan growth. Thank you.

Luis Carlos Sarmiento Gutiérrez: Hi, Julian. Thank you. Yeah, regarding your first question, the answer is yes, both in Panama and in BBC, in Colombia.

And regarding the second, Diego is going to take it.

Diego Fernando Solano: Yeah. Regarding your second question, I think that when you look at scenarios, you need to be consistent in how the scenarios look like. And you have two different sorts of interest rates going up, one can be a bear market increase in interest rates and the other can be a bull market increase in interest rates. The one we're facing is a bull market, increase in interest rates. In that sense, it will come at the same time where you should expect to see a stronger growth in loans and in that sense this is consistent with the kind of scenario for interest rates that I think the market is looking into. The market is looking into a scenario where we could go up to around 4% to 4.5%. We are also building in competition into that process, combined with a lower cost of risk.

You take all those into consideration. The way we build our pricing and we assume that most of our competitors do the same, we build that out of how our yield curve looks like, plus our Opex that is tied to the volume that we are dealing with and built in also the expected cost of risk that we have there. So you have to take all those pieces together. And that's why, even though in the past we had guided, and this is years ago how the Colombian market behaved, we have guided into something in the 10 to 15 basis points area as the kind of elasticity that we had to the Central Bank rate. What we observed over time is, as the Colombian market has become much more intelligent for pricing.

As I just described, you have the positives of what I mentioned before when you take the overall portfolio, but you also have the negatives coming from competition and lower cost of risk. That is why that elasticity that used to hold doesn't seem to hold any longer.

And then to your question, what happens if the Central Bank goes crazy into a strange number? We are not looking into that kind of scenario. We're looking into a scenario where we could have around 100 basis points increase in Central Bank rate and in that kind of magnitude, all those things that I just described still hold.

Operator: Thank you. Our next question comes from Carlos Gomez, from HSBC New York.

Carlos Gomez: Hi, good morning and thank you for taking my questions. Three short questions. The first one is regarding the list in BAC. We understand you're going to list it in Bogotá and in Panama. Could you explain why not go for an ADR? Since that would be the logical step for most of the shareholders of Aval to be able to take advantage of this new listing.

The second one is the relationship between BAC and Aval in the future. You will maintain a 25% stake. But should we understand that BAC will continue to be controlled by Aval and it's strategically determined by the group? Or will it carry out an independent strategy? So, for instance, if there is an acquisition, let's say in Dominican Republic, is that something that would go to BAC or it would go to Aval?

And finally, we have always been waiting for a simplification of the structure of the group. Is this a step towards a more simplified structure or this is what you consider a permanent structure that you will have in the future? Thank you.

Luis Carlos Sarmiento Gutiérrez: Hi, Carlos. Thanks for the questions. On the first one, why not an ADR? We are under some time constraints and there was no time for an ADR. Secondly, we didn't see an immediate need to do so. So we ruled it out. Haven't ruled it out for the future, but for now, we ruled it out. So we feel that with those two stock exchanges, those two would be enough for our purposes and the shareholders.

And the second question is about the relationship going forward between Aval and BAC. We won't consolidate in our statements BAC anymore and neither will

Banco de Bogotá, obviously. So we won't control it. We will be a very active shareholder with our 25% and there are some synergies that we will still take advantage of. And so that would be the relationship. We will participate up to our percentage of shareholding in BAC. But obviously, it's a really important subsidiary so we will make sure to keep an eye on it.

Going forward with acquisitions. Actually, we'll do it as we've always done it, which is to decide who is the best suited to acquire a new bank. And in that respect, it's on a case-by-case basis and we'll keep on looking at those acquisitions in the same way.

And regarding the simplification of the structure, for now, that's what we've decided. We will simplify to that point and then we'll see if towards the future, further simplification or different structures are needed to better run the company and more importantly, to give more value to our shareholders.

You have to bear in mind again that the ultimate controlling shareholder remains the same. So, sthat's an important attribute of this whole transaction, which is that at the top, the control remains exactly the same.

Operator: Thank you. Our next question comes from Andres Soto, from Santander.

Andres Soto: Good morning. Thank you for the presentation. My question is related to the infrastructure business. I want to confirm if I heard correctly that you expect revenue from this line to decline 25% in 2022. And what will be the drivers of this performance?

The second question related to this is if you are expecting to receive any cash dividends from Corficolombiana or Corficolombiana will continue to use the current financial position to expand into infrastructure in Colombia. Thank you.

Diego Fernando Solano: Thank you, Andres. Yes, you're right, what we said is there is some change as has been discussed in the past, in the maturity process of the current projects that we have. However, we are working on a pipeline of initiatives to replenish some of the things that are in the process of reducing their contribution.

That ties to your second question and it's basically a result of those two forces together. One, as the toll roads reach operation, that's the point in time where they start to pay back in cash and allow us to pay back or allows Corficol to pay dividends in cash to its shareholders. So the dividend policy of Corficol will be dependent of those two options. One is that the toll roads starting to provide actual cash, not only earnings, and the new projects that we start.

Operator: Thank you. At this moment, we show no further questions in queue. I would like to turn the call over to Mr. Sarmiento Gutiérrez for final remarks.

Luis Carlos Sarmiento Gutiérrez: Thank you very much. Well, so this concludes our quarterly call. Hopefully the next call we'll still have Aval exactly the same way it is right now, but the one after that will be a bit different, a bit strange in a way for us. But we'll keep on bringing the numbers so that for anybody who is a shareholder of both BHI and Aval will have a very good understanding of what's going on.

In the meantime, we expect to keep yielding the results and expect to keep adding value to our shareholders. And with that, I would like to conclude the presentation and thank you all for assisting and we'll see you next time.

Operator: Thank you. Ladies and gentlemen, this concludes today's conference. We thank you for participating. You may now disconnect.

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