Grupo AVAL

November 2014

3Q14 Consolidated Earnings Results

Colombian Banking GAAP

Disclaimer

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As an issuer of securities in Colombia, Grupo Aval is required to comply with periodic reporting requirements and corporate governance, however, it is not regulated as a financial institution or as a holding company of banking subsidiaries and, thus, is not required to comply with capital adequacy regulations applicable to banks and other financial institutions.
All of our banking subsidiaries, Banco de Bogotá, Banco de Occidente, Banco Popular, Banco AV Villas, and their respective Colombian financial subsidiaries, including Porvenir and Corficolombiana, are subject to inspection and surveillance as financial institutions by, the Superintendency of Finance.

Quarterly information included herein has not been audited and has been prepared in accordance with the regulations of the Superintendency of Finance for financial institutions (Resolution 3600 of 1988 and External Circular 100 of 1995) and, on issues not addressed by these regulations, generally accepted accounting principles prescribed by the Superintendency of Finance for banks to operate in Colombia, consistently applied, together with such regulations, on the filing date, “Colombian Banking GAAP.” Details of the calculations of non-GAAP measures such as ROAA and ROAE, among others, are explained when required in this report.

Although we are not a financial institution, we present our consolidated financial statements under Colombian Banking GAAP in this quarterly report because we believe that presentation on that basis most appropriately reflects our activities as a holding company of a group of banks and other financial institutions. Our Colombian Banking GAAP consolidated financial statements are not been reviewed or approved by the Superintendency of Finance; however, consolidated financial statements for each semester, prepared on the basis of Colombian Banking GAAP for each of our subsidiaries are remitted to the Superintendency of Finance for their review. The Colombian Banking GAAP consolidated financial statements included in this annual report differ from the consolidated financial statements published by Grupo Aval in Colombia, which are prepared under Colombian GAAP. Because we are not regulated as a financial institution in Colombia, we are required to prepare our consolidated financial statements for publication in Colombia under Colombian GAAP for companies other than financial institutions (Decree 2649 of 1993 and Circular No. 100-000006 of the Superintendency of Companies (Superintendencia de Sociedades) and former Superintendency of Securities (Superintendencia de Valores), currently the Superintendency of Finance) No. 011 of 2005, which differs in certain respects from Colombian Banking GAAP. These Colombian GAAP financial statements are presented biannually to our shareholders for approval, are reviewed and published by the Superintendency of Finance and are available in Spanish to the general public on Grupo Aval’s web page. We do not file consolidated financial statements prepared on the basis of Colombian Banking GAAP with the Superintendency of Finance; however, because we have filed 20F annual reports with the SEC, we may from time to time publish semi-annual or quarterly financial data for subsequent periods on a Colombian Banking GAAP basis.

Colombian Banking GAAP differs in certain significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. Our yearly audited consolidated financial statements included in our Form 20-F reports filed to the SEC provide a description of the principal differences between Colombian Banking GAAP and U.S. GAAP as they relate to our audited consolidated financial statements and provides a reconciliation of net income and shareholders’ equity for the years and at the dates indicated therein. Unless otherwise indicated, all financial information of our company included in this report is stated on a consolidated basis prepared under Colombian Banking GAAP.

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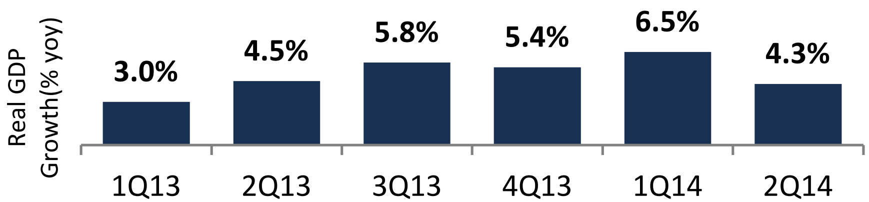
Highlights

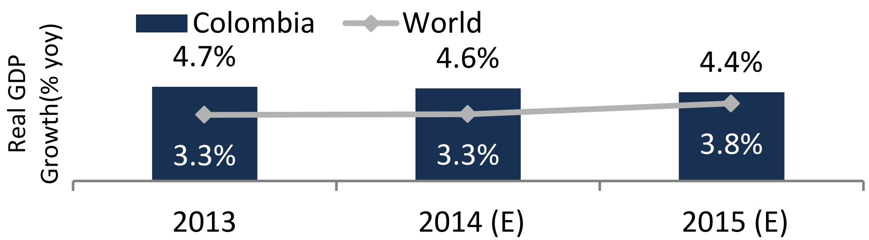
<u>Grupo Aval financials for 3Q14 show strong results of our banking operations with</u>:

- ✓Strong loan growth (18.5% YoY and 3.2% QoQ) with a better than market quality of loan portfolio;
- ✓Constant and low cost of funding structure with deposits representing 78% of total funding and checking and saving accounts representing 64% of total deposits;
- ✓Improving tangible capital ratio up to 9.9% in September 30, 2014 from 8.3% in September 30, 2013.
- ✓Stable NIM at 5.8%
- ✓Improving efficiency ratio on a cost to income basis to 49.5% in 3Q14 from 50.8% in 2Q14 and 51.1% in 3Q13. Efficiency measured as annualized operational expenses to average total assets was 3.6% for 3Q14, improving from 4.1% for 3Q13.
- ✓ROAA for the quarter was 1.8% and ROAE for the quarter, partially affected by the equity issuance of late September, was 13.4%.

Macroeconomic fundamentals

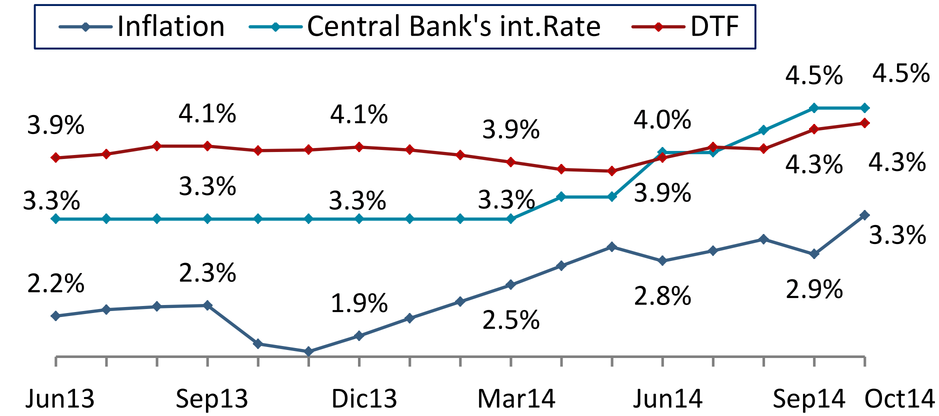
Strong GDP Growth





Source: IMF(Projections), DANE and ANIF

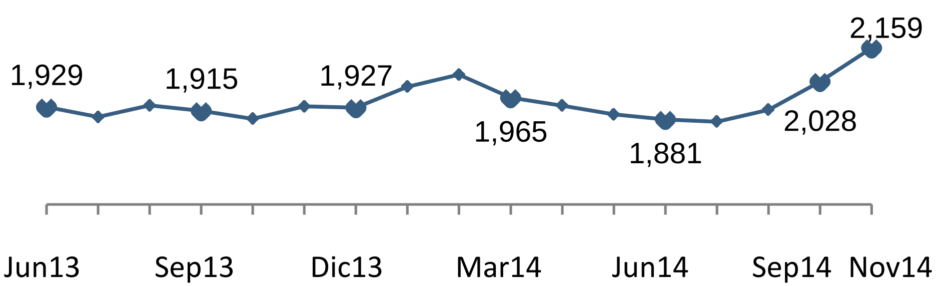
Inflation vs. Nominal Interest Rates



Quarterly Average Central Bank Rate and DTF

CBR [(1)]	**3.25%**	**3.25%**	**3.25%**	**3.52%**	**4.25%**
DTF [(2)]	**4.04%**	**4.04%**	**3.96%**	**3.85%**	**4.12%**

Exchange rate



% Δ QoQ

-0.7%	**0.6%**	**2.0%**	**-4.3%**	**7.8%**

- Strong GDP growth expected for 2014 and 2015.
- Stable intervention rate at 4.50% with DTF rate of 4.41% for the week of November 17 to November 22 of 2014.
- Continued depreciation of the currency with COP/USD at 2,159 as of Nov. 19th, 2014. Devaluation of peso was 7.8% between June 30, 2014 and September 30, 2014 and 5.9% between September 30, 2013 and September 30, 2014.

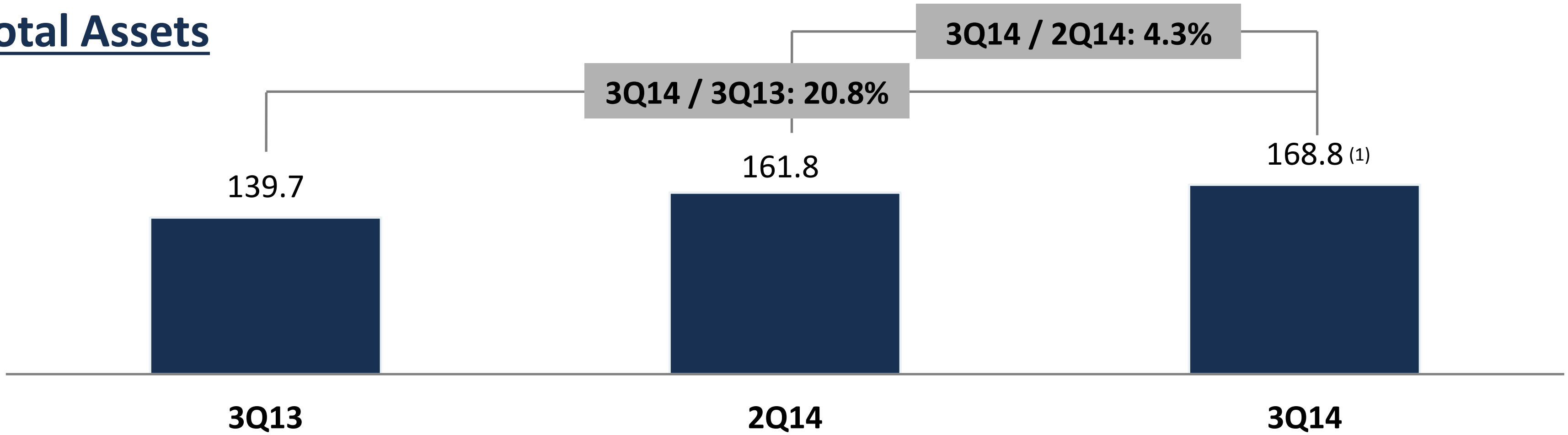
Source: Banco de la República de Colombia

(1) Average of daily rates for each quarter as per reported by Banco de la República. (2) Average of monthly average rates reported by Banco de la República for each month of each quarter.

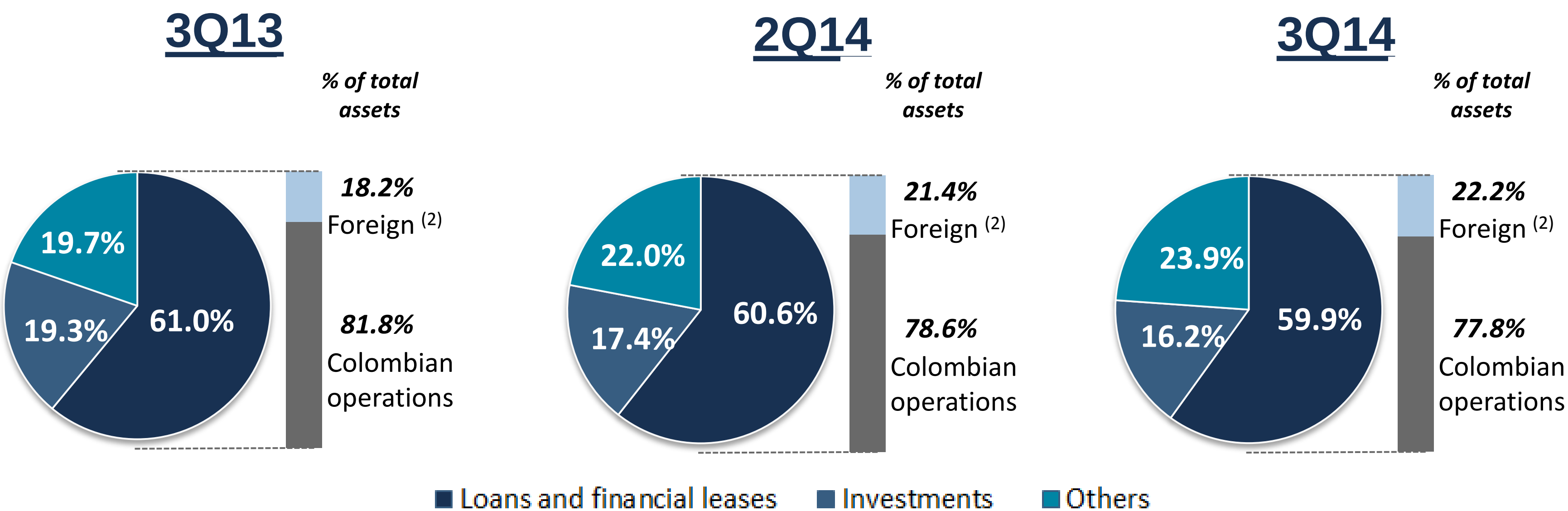
Assets

Figures in Ps. Trillions

Total Assets



Assets Breakdown

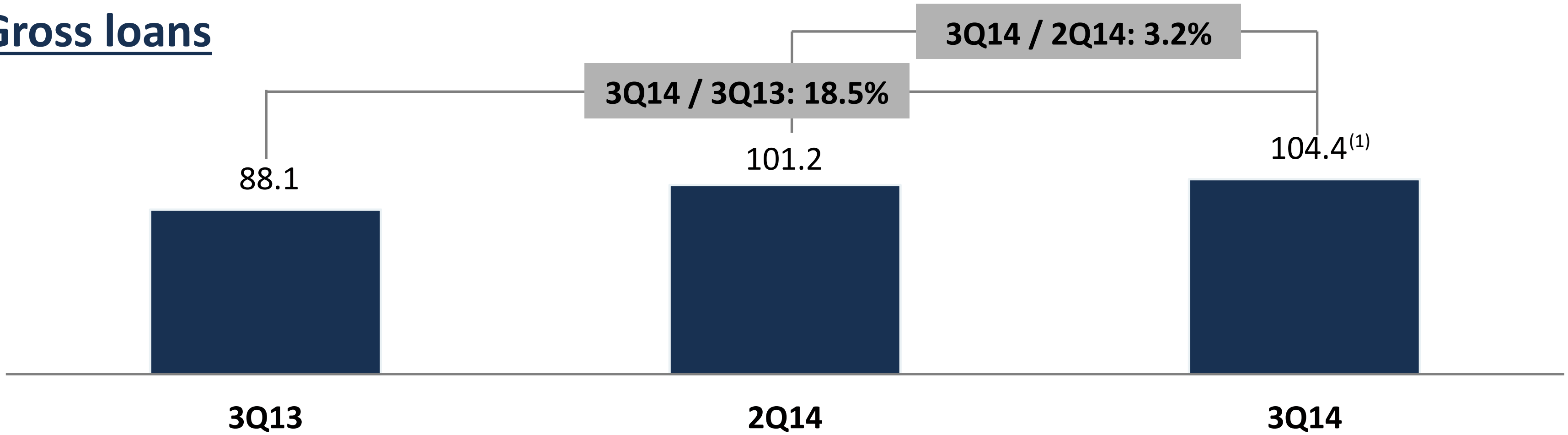


(1) Includes Ps. 6.7 trillion of assets acquired in Central America. Growth excluding acquisitions would have been 16.0% vs.3Q13. (2) Foreign operations reflect Central American operations.

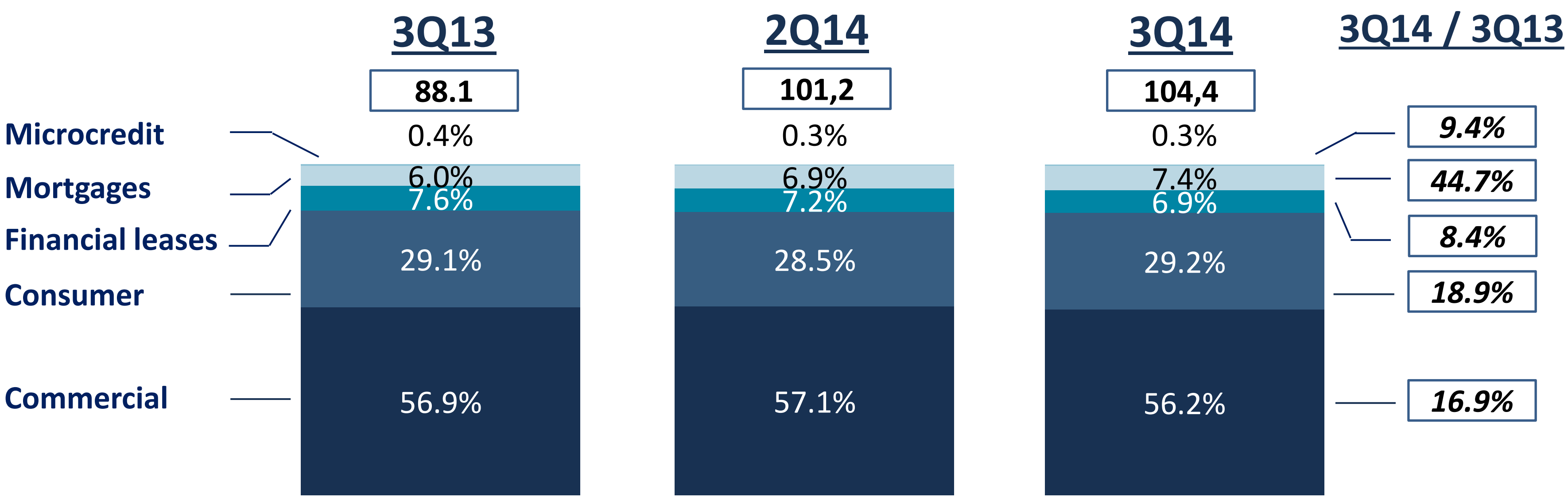
Loans

Figures in Ps. Trillions

Gross loans



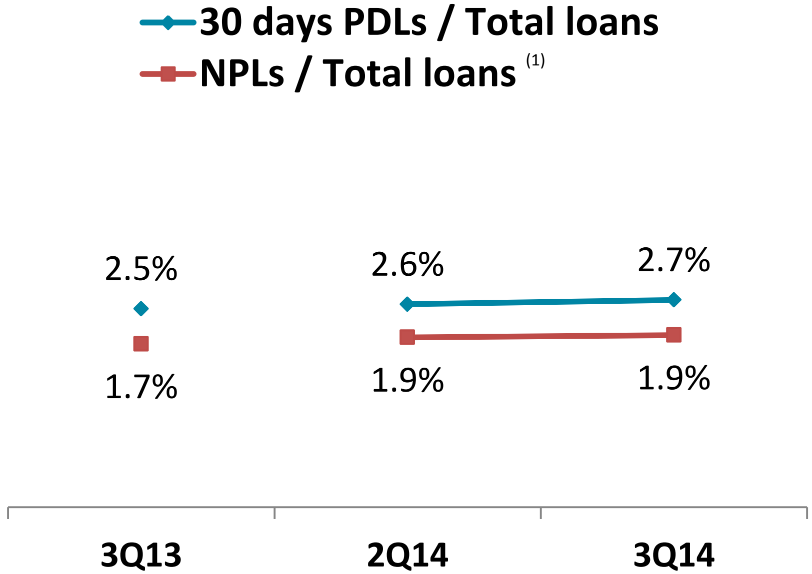
Gross loans Breakdown



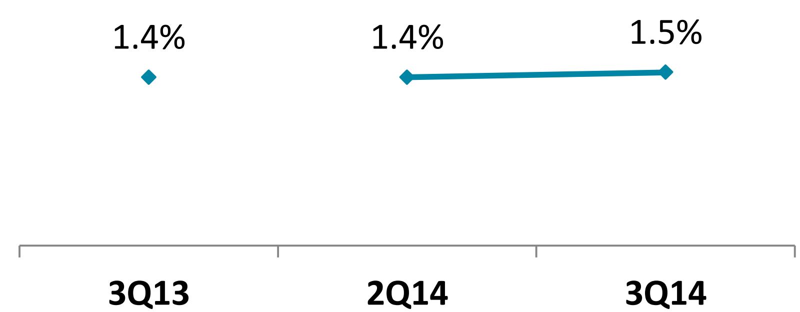
(1) Includes Ps. 4.7 trillion of loans acquired in Central America. Growth excluding acquisitions would have been 13.2% vs.3Q13.

Grupo AVAL

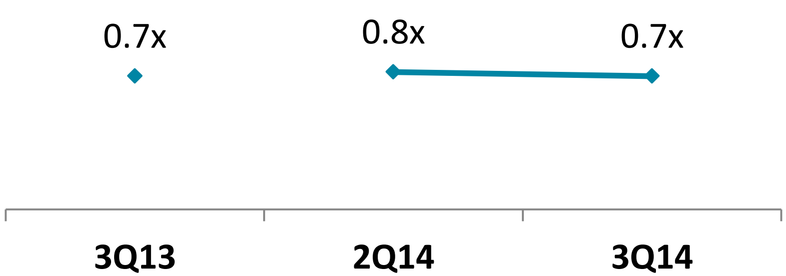
Loan portfolio quality

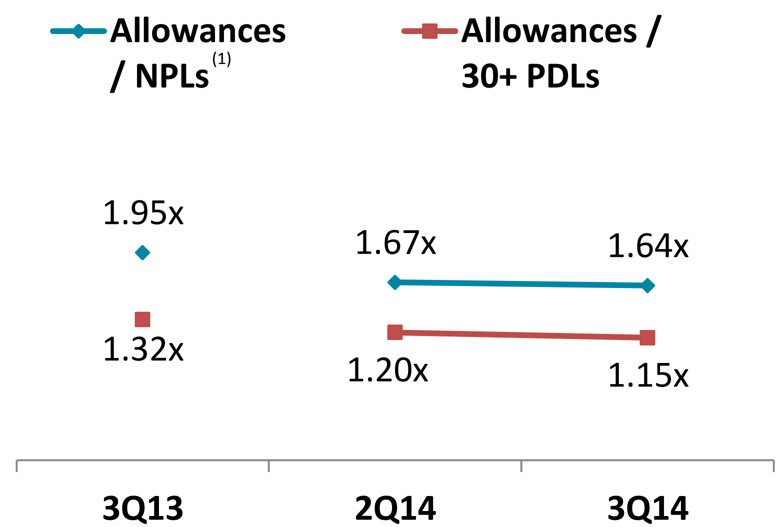


Loan provision expense / Average Loans



Charge offs / Average NPLs [(1)]





	3Q13	2Q14	3Q14
Allowances / Total loans	3.3%	3.1%	3.1%

(1) NPL defined as microcredit loans more than 30 days past due, consumer, mortgage and financial leases more than 60 days past due and commercial loans more than 90 days past due.
Balance sheet ratios are calculated with end of period figures.

Loan portfolio quality – GRUPO AVAL

Banco de Bogotá | Banco de Occidente | banco popular | Banco AV Villas

Portfolio Composition

	3Q14
Commercial	56.2%
Consumer	29.2%
Mortgages	7.4%
Financial Leases	6.9%
Microcredit	0.3%
Total Loans	**100.0%**

Past Due Loans [1]

	3Q13	2Q14	3Q14
Commercial	1.4%	1.6%	1.7%
Consumer	4.2%	4.3%	4.1%
Mortgages	2.8%	2.9%	2.9%
Financial Leases	3.7%	3.4%	4.0%
Microcredit	10.0%	10.0%	10.0%
Total Loans	**2.5%**	**2.6%**	**2.7%**

Non-performing Loans [2]

	3Q13	2Q14	3Q14
Commercial	1.0%	1.2%	1.2%
Consumer	2.9%	3.0%	2.9%
Mortgages	2.4%	2.6%	2.6%
Financial Leases	1.6%	1.7%	2.0%
Microcredit	9.9%	10.0%	10.0%
Total Loans	**1.7%**	**1.9%**	**1.9%**

Asset Quality Evolution

Ps. billions	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Initial PDLs	1,828.3	2,141.0	2,069.2	2,173.0	2,305.0	2,717.6	2,616.0
New PDLs	510.5	160.9	351.3	384.1	646.4	257.6	517.3
Charge-offs	(197.8)	(232.7)	(247.5)	(252.1)	(233.7)	(359.1)	(339.3)
Final PDLs	**2,141.0**	**2,069.2**	**2,173.0**	**2,305.0**	**2,717.6**	**2,616.0**	**2,794.1**

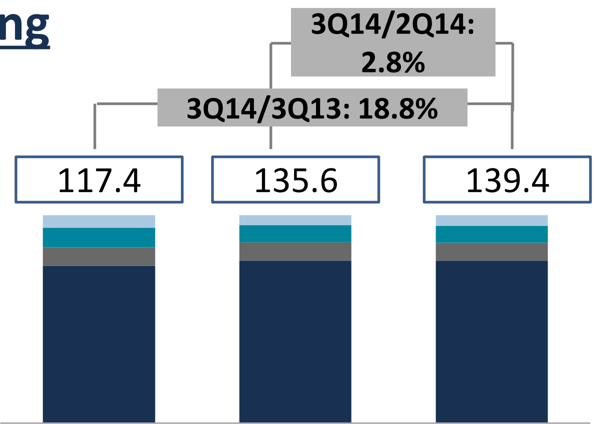
(1) Past Due Loans + 30 days / Total Loans.
(2) NPL defined as microcredit loans more than 30 days past due, consumer, mortgage and financial leases more than 60 days past due and commercial loans more than 90 days past due.

Grupo AVAL

Funding

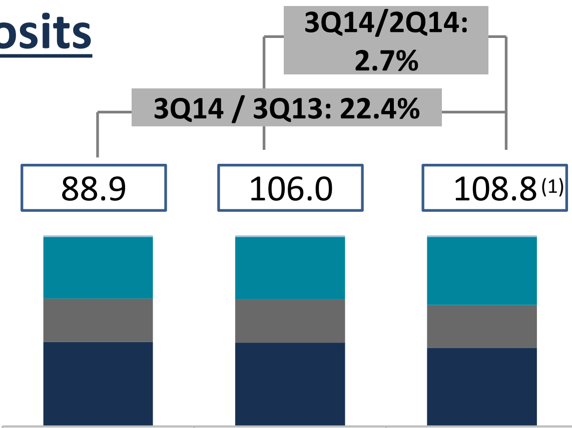
Figures in Ps. Trillions

Total Funding



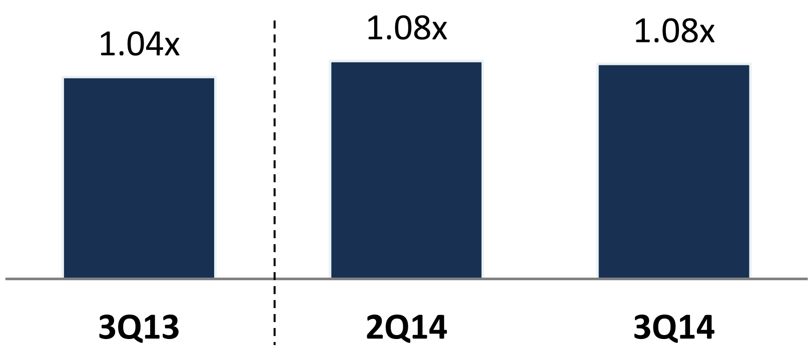
	3Q13	2Q14	3Q14
Interbank Borrowings	6.0%	4.8%	5.1%
Long-Term Bonds	9.4%	8.3%	8.2%
Banks and Others	8.9%	8.7%	8.6%
Deposits	75.7%	78.1%	78.1%

Total Deposits



	3Q13	2Q14	3Q14
Others	0.9%	0.8%	0.8%
Time deposits	32.2%	32.7%	35.7%
Checking accounts	22.8%	22.8%	22.4%
Savings deposits	44.2%	43.7%	41.1%

Deposits / Net Loans (%)

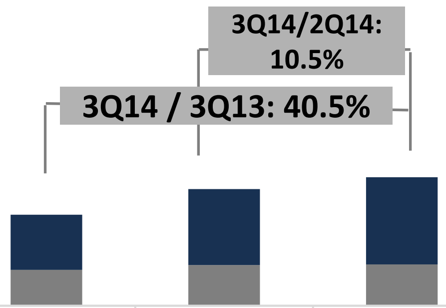


[1] Includes Ps. 5.5 trillion of total deposits acquired in Central America. Growth excluding acquisitions would have been 16.3% vs.3Q13

Capital

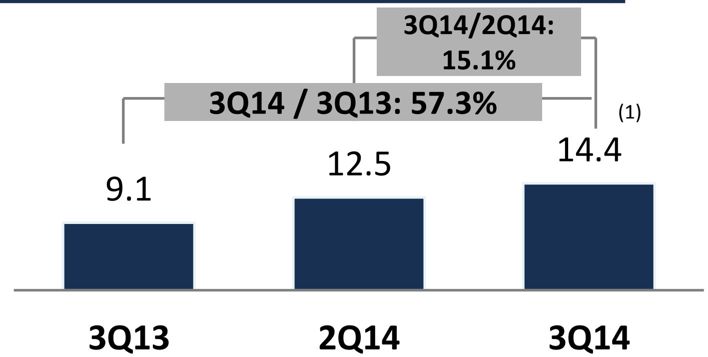
Figures in Ps. Trillions

Attributable Equity + Minority Interest



	3Q13	2Q14	3Q14
Attributable Shareholders' Equity	9.1	12.5	14.4 [1]
Minority interest	5.9	6.7	6.8
Total Equity	15.1	19.2	21.2

Attributable Shareholders Equity



	3Q13	2Q14	3Q14
Equity + minority interest / Assets	10.8%	11.9%	12.6%
Tangible capital ratio [2]	8.3%	9.1%	9.9%

Consolidated Capital Adequacy of our Banks (%)

	Banco de Bogotá			Banco de Occidente			Banco Popular			Banco AV Villas		
	3Q13	2Q14	3Q14	3Q13	2Q14	3Q14	3Q13	2Q14	3Q14	3Q13	2Q14	3Q14
Primary capital (Tier 1)	8.1	7.5	7.6	9.5	8.9	9.1	10.1	10.0	10.9	10.6	10.5	11.2
Solvency Ratio	11.4	11.2	11.1	13.3	12.2	12.7	11.7	11.9	12.3	11.7	11.5	12.3
Tangible Capital Ratio [2]	10.4	9.9	9.2	13.1	12.6	12.5	14.4	14.9	15.1	11.9	11.8	11.8

[1] Includes Ps. 2.4 trillion of capital raised in Dec, 2013 and January, 2014 through a common share rights offering and Ps. 2.1 trillion of capital raised in Sep, 2014 through a preferred share offering in the NY Stock Exchange. [2] Tangible Capital Ratio is calculated as Shareholders Equity plus Minority Interest minus Goodwill divided by Total Assets minus Goodwill.

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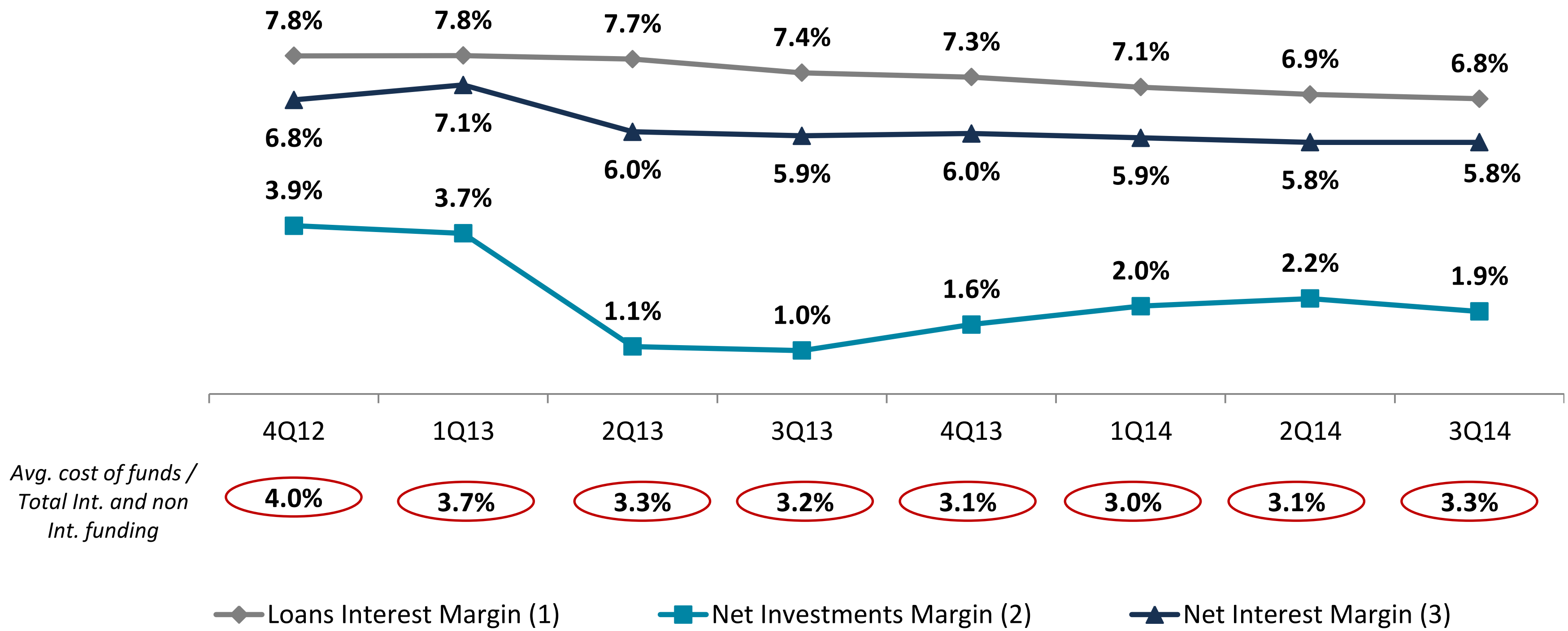
NIM – Net Interest Margin

Net interest income *(trillions)*

3Q13	2Q14	3Q14	3Q14/ 3Q13	3Q14/ 2Q14
1.69	1.86	1.88	11.5%	1.2%

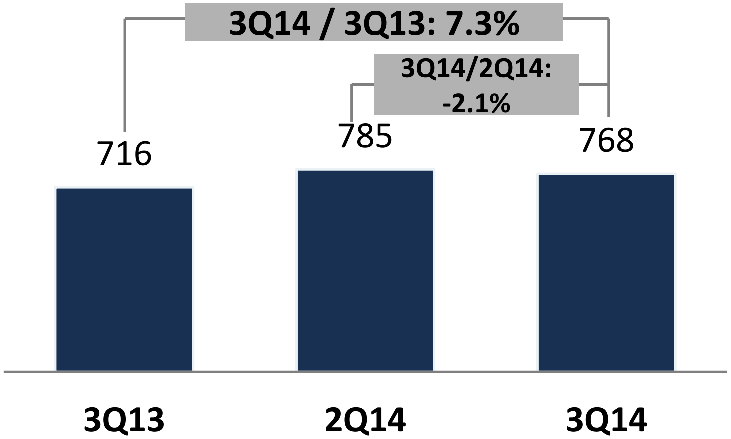


(1) Loans Interest Margin: Net Interest Income on Loans to Average loans and financial leases.
(2) Net Investment Margin: Net Interest income on Fixed Income securities and on Interbank and Overnight funds to Average Fixed Income securities and Interbank and overnight funds.
(3) Net Interest Margin: Net interest income divided by total average interest-earning assets.

Net Fees and other operating income

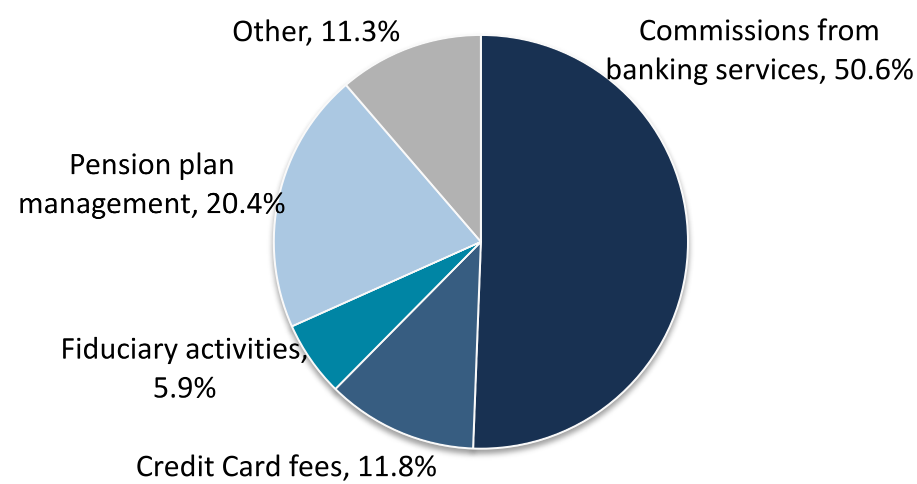
Figures in Ps. Billions

Net Fees[1]

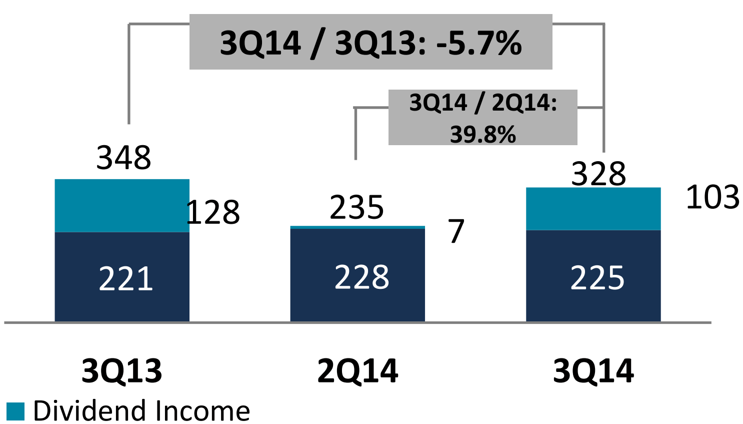


[1] Total fees and other service income minus fees and other services expenses.

Fee Income 3Q14



Other operating income

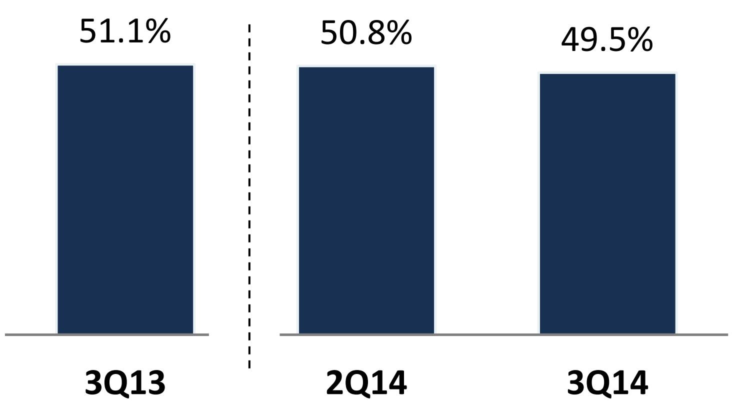


Other operating income

	3Q13	2Q14	3Q14
Dividend Income	128	7	103
Foreign exchange (losses) gains, net	72	120	93
Income from non-financial sector, net	105	56	87
Other	43	53	46
Total other operating income	**348**	**235**	**328**

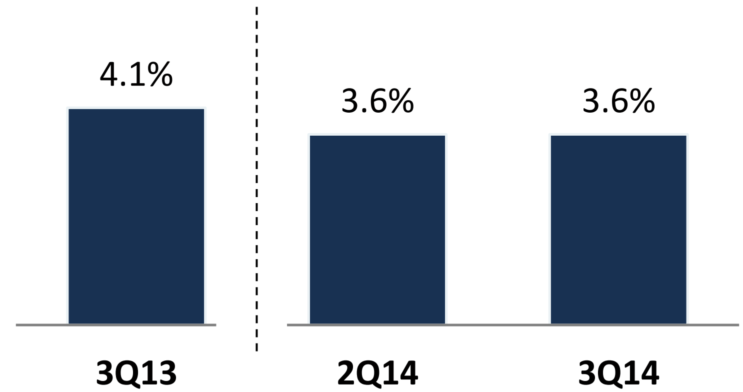
Efficiency and non operating income, net

Operating expenses / Operating Income



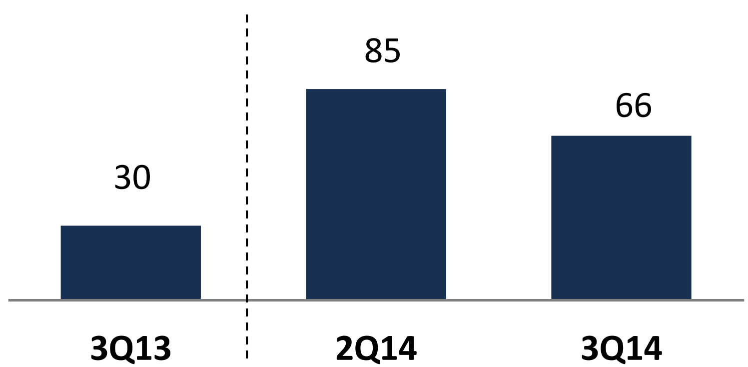
Efficiency Ratio is calculated as Operating Expenses before D&A divided by Operating Income before net provisions.

Operating expenses / Average Assets



Efficiency Ratio is calculated as annualized Operating Expenses before D&A divided by average of total assets.

Non operating income, net



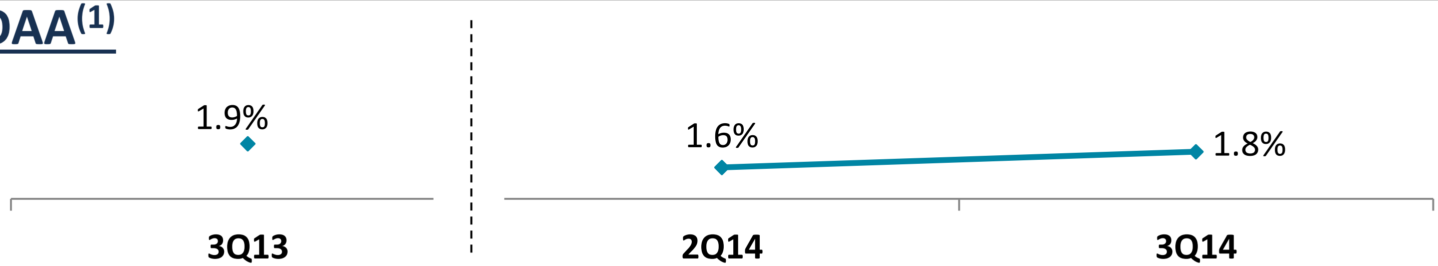
Profitability

Figures in Ps. Billions

Net income

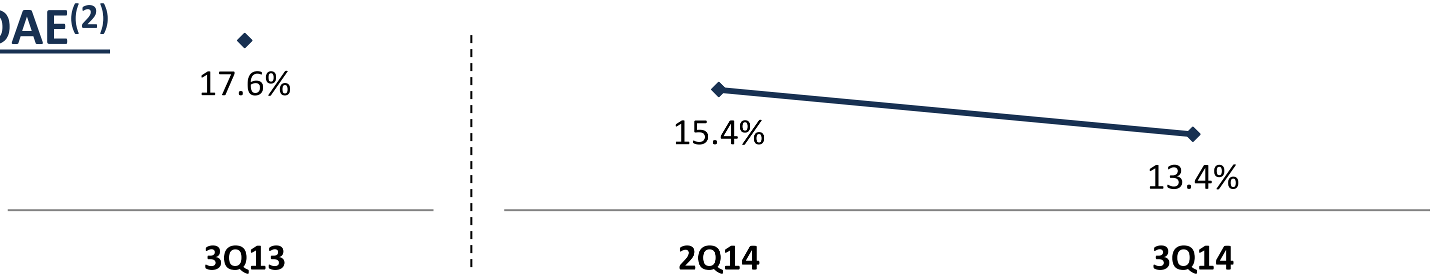
EPS	$21.7	$23.0	$21.2

ROAA(1)



ROAA 12 months	2.2%		1.6%

ROAE(2)



ROAE 12 months	19.0%		13.9%

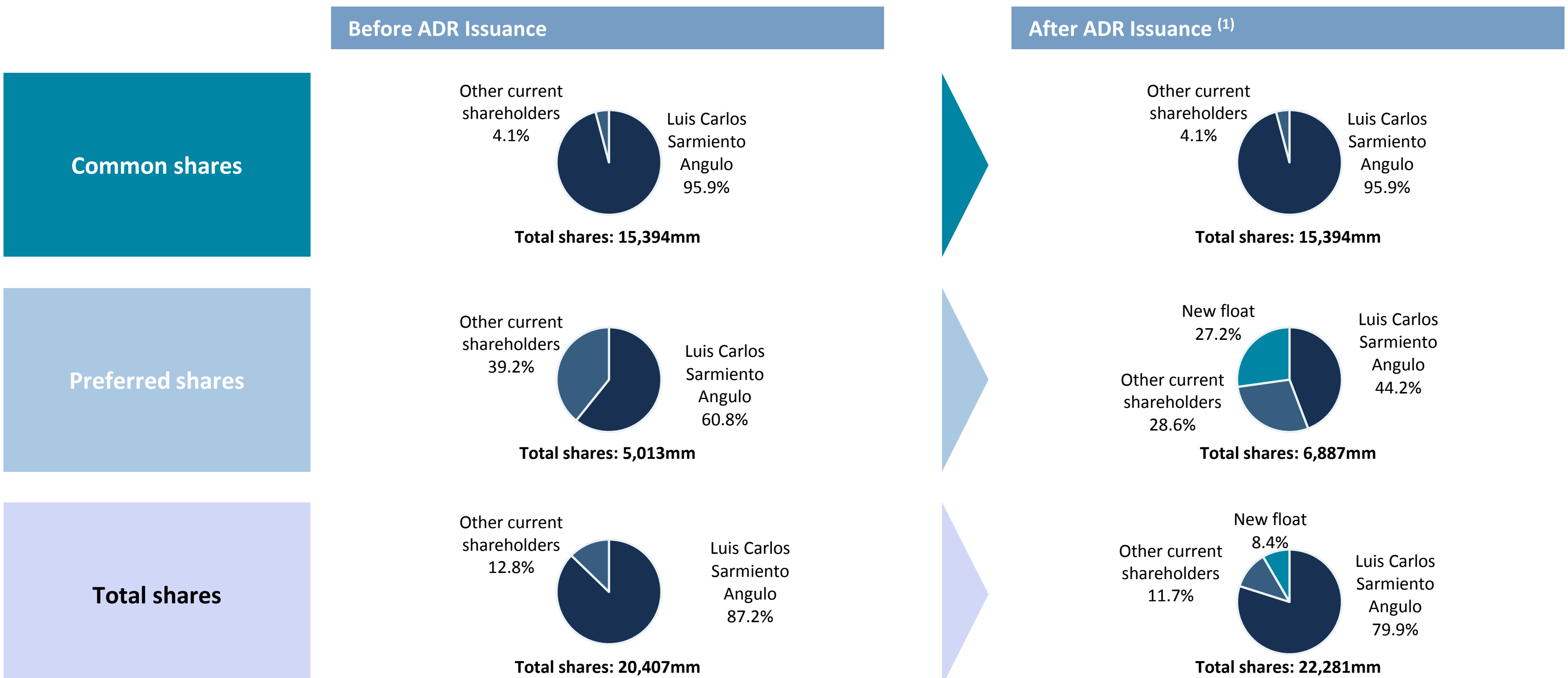
(1) ROAA for each quarter is calculated as annualized Net Income before Minority Interest divided by average of total assets.(2) ROAE for each quarter is calculated as annualized Net Income attributable for Aval's shareholders divided by average shareholders' equity.

APPENDIX

Other corporate matters to report

✓ Grupo Aval raised Ps. 2,432.1 billion of capital between September and October of 2014. As of September 30, 2014, Ps. 2,114.9 billion, corresponding to 1,629,629,620 preferred shares, were subscribed. The remaining Ps. 317.2 billion which correspond to 244,444,440 preferred shares of the green-shoe mechanism were subscribed during October 2014.

Total Offering: 1,874,074,060 preferred shares in the form of 93,703,703 ADRs (US$1,265mm)



Ownership structure of main subsidiaries

Ownership as of September 30, 2014

Grupo AVAL

Grupo Aval Ownership

Banco de Bogotá	Banco de Occidente	Banco Popular	Banco AV Villas
67.8%	**72.2%**	**93.7%**	**79.9%**

Banking subsidiaries

Main subsidiaries of Banco de Bogotá

Ownership	Porvenir	Corficolombiana	BAC Credomatic
Grupo Aval	20.0%		
Banco de Bogotá	46.9%	38.2%	100.0%
Banco de Occidente	33.1%	13.8%	
Banco Popular		5.7%	
Total	**100.0%**	**57.7%**	**100.0%**
% Cons. Aval	**75.2%**	**41.2%**	**67.8%**
	Pension fund	**Merchant bank**	**Central America banking group**

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